

SECOND SEMESTER B.Com. DEGREE EXAMINATION, MAY 2018

(CUCBCSS—UG)

Core Course

BCM 2B 02—FINANCIAL ACCOUNTING

(2017 Admissions)

Time : Three Hours

Maximum : 80 Marks

Part A*Answer all questions.**Each question carries 1 mark.*

(A) Choose the correct answer :

- 1 Revenue is recognized before cash is received in the case of _____.
 - (a) Deferred revenue.
 - (b) Accrued revenue.
 - (c) Capitalized value.
 - (d) None of these.
- 2 Goods sent as free sample is debited in _____ accounts.
 - (a) Capital.
 - (b) Advertisement.
 - (c) Drawings.
 - (d) Trading.
- 3 Unclaimed dividend shown in _____.
 - (a) Profit and Loss Account.
 - (b) Profit and Loss appropriation Account.
 - (c) Balance Sheet.
 - (d) None of these.
- 4 Statement of affairs is prepared to find out _____.
 - (a) Profit.
 - (b) Loss.
 - (c) Capital.
 - (d) Drawings.
- 5 Under the diminishing balance method depreciation it :
 - (a) Increases every year.
 - (b) Decreases every year.
 - (c) Remain constant every year.
 - (d) None of them.

(B) Fill in the blanks :

- 6 _____ an annual payment which a life insurance company guarantees to pay for a lump sum money received in the beginning.

Turn over

- 7 _____ liability is a liability which may or may not arise in future.
- 8 _____ is a bonus which is paid by the insurance company along with the maturity value of the policy.
- 9 FASB is based in _____.
- 10 Cost of goods sold plus closing stock minus opening stock will be equal to _____.

(10 × 1 = 10 marks)

Part B (Short Answer Questions)

Answer any eight questions.

Each question carries 2 marks.

- 11 Define financial elements.
- 12 What do you mean by SLR ?
- 13 What is surrender value ?
- 14 Explain NPA.
- 15 What do you mean by incomplete records ?
- 16 State the meaning of calls in arrears.
- 17 What is Sweat equity ?
- 18 What do you mean by scrip dividend ?
- 19 What is revaluation method of depreciation ?
- 20 What is substandard assets ?

(8 × 2 = 16 marks)

Part C (Short Essay Questions)

Answer any six questions.

Each question carries 4 marks.

- 21 State the benefits of accounting standards.
- 22 Explain the role of IASB in development of IFRS.
- 23 Discuss the benefits of convergence with IFRS.
- 24 Explain the method followed for arriving at profit in the life insurance business.

25 On 1st April, 2010, Saturn Ltd. purchased a plant for ₹10,00,000. On 1st October 2010, an additional plant was purchased costing ₹ 5,00,000. On 1st October, 2011, the plant purchased on 1st April 2010 was sold off for ₹ 4,00,000. On 1st October, 2012, a new plant was purchased for ₹ 12,00,000 and plant purchased on 1st October, 2010 was sold for ₹ 4,20,000 on the same date. Depreciation to be provided at the rate of 10 percent per annum on the written down value on 31st March every year. Prepare Plant Account for three years ended 31st March, 2013.

26 From the following financial data calculate Basic EPS and Diluted EPS Sun Pharma Ltd.:

	Rs.
Net profit for current year	85,50,000
No. of equity shares	40,00,000
Number of 6 % convertible debentures of Rs. 100 each.	1,00,000
Each debenture is convertible into 10 equity shares Interest expense for the current year	6,00,000
Tax relating to interest expense	40 %

27 On 31st March 2015 Vijay Bank Ltd. finds its advances classified as follows :

<i>Particulars</i>	<i>Amount :</i>
	(Rs.'000)
Standard Assets	7,45,650
Sub-standard Assets	46,400
Doubtful Assets (Fully Secured)	
Upto one year	12,830
One year to three years	7,820
More than three years	3,290
Loss Assets	5,175

Calculate the amount of Provision to be made by the bank against the above mentioned Advances. Assume that a provision of 0.50 % is required on Standard Assets.

28 Y Ltd. forfeited 400 shares of ₹ 10 each (issued at a premium of ₹ 2 per share, which was included in the allotment amount) for the non-payment of first and final calls of ₹ 2 and ₹ 2 respectively. Half of these share were re-issued as fully paid at ₹ 11 per share. Show the journal entries.

(6 × 4 = 24 marks)

Turn over

Part D (Essay Questions)

Answer any two questions.

Each question carries 15 marks.

29. From the following Trial Balances prepared from the books of M/s. Sun Agencies on 31st March 2015, prepare Trading and Profit and Loss account and Balance Sheet.

	Dr.	Cr
	Rs.	Rs.
Purchases	2, 20,000	
Opening stock	30,000	
Goods sent as Gratis	3,000	
Freight and duty	12,000	
Sales		3,30,000
Debtors and creditors	32,000	20,000
Drawings	8,000	
Interest on capital	2,000	
Advertisement	5,000	
Goodwill	10,000	
Travelling expense	300	
Bank overdraft		3,250
Horses and cart	2,600	
Bills receivable and payable	1,200	2,100
Depreciation on furniture	150	
Interest on overdraft	200	
Office expenses	1,500	
Plant and machinery	61,900	
Capital		40,000
	3,95,350	3,95,350

- (a) Closing stock on 31st March 2015 was valued Rs. 2,000.
- (b) Goods sent as gratis to be recorded amount to Rs. 500.
- (c) Bad debts written off 2,000 and provision of 5 % is required for doubtful debts.
- (d) Closing stock includes goods of the cost of Rs. 3,000 bought on 29th March 2015., for which invoice is not received and hence not recorded in the book.
- (e) 10 % net profit be carried to general reserve.

30 Mr. Y keeps his books on single entry system. He gives you the following information :—

	31 st December 2015	31 st December 2016
Furniture ...	5,000	6,000
Stock of materials ...	3,000	1,000
Sundry debtors ...	6,000	7,000
Sundry creditor ...	2,000	-
Prepaid expenses ...	-	200
Unpaid expenses ...	600	1,000
Cash in hand ...	1,100	300

Receipts and payments during the year :

Receipts from debtors Rs. 21,000. paid to creditors Rs. 10,000 cartage Rs. 2,000. Drawings Rs. 12,000, sundry expenses Rs. 16,000 furniture purchased for cash Rs. 1,000.

Prepare trading and profit and loss account for the year ended December 31st 2016 and Balance Sheet after providing for bad debts at 10 % there was a considerable amount of cash sales.

31 From the following Ledger balances of Chennai Bank Limited as on the March 2015 prepare the Profit and Loss Account for same period :—

	Rs. ('000)		Rs. ('000)
Fixed Deposits ..	325	Share capital :	
Saving Deposits ..	1,775	5,000 Equity Shares of Rs. 100 each	
Current Accounts ..	3,875	Rs. 50 paid ✓	.. 250
Money at Call and Short Notice ..	240	Statutory Reserve	.. 150
Investments ..	1,550	Profit and Loss Account ✓	..
		(Cr.) on 1.4.2014	.. 130
✓ Interest accrued and paid ..	100	Bills payable	.. 400
✓ Payment to Employees ..	40	Unclaimed Dividend	.. 5
✓ Rent, Taxes and Lighting 16 ..	10	Sundry Creditors	.. 25
✓ General Expenses 16 ..	5	Bills for Collection	.. 70
Dividend for 2015-16 ..	25	Acceptances on behalf of Customers ✓	.. 100

	Rs. ('000)		Rs. ('000)
Premises (after Rs. 50,000)		Non-Banking Assets	.. 120
Depreciation up to 31.3.2015 ..	600	Bills Discounted and Purchased	.. 250
Cash in hand ..	75	Loans, Overdrafts and Cash Credits	.. 3,500
Cash at Reserve Bank ..	705	Interest and Discount	.. 325
Cash at other Banks ..	520		
Borrowed from Banks ..	280		

Rebate on Bills Discounted amounted to Rs. 2,500. Allow 50 % Depreciation on premises at original cost. Provide Rs. 25,000 for Doubtful Debts.

(2 × 15 = 30 marks)