

SECOND SEMESTER B.Com. DEGREE EXAMINATION, MAY 2018**(CUCBCSS—UG)****Core Course****BCM 2B 02—FINANCIAL ACCOUNTING****(2016 Admissions)****Time : Three Hours****Maximum : 80 Marks****Part A***Answer all questions.**Each question carries 1 mark.***I. Choose the correct answer :****1 Consumable stores are :**

- (a) Inventories. (b) PPE.
(c) Investment property. (d) Intangible asset.

2 Income received in advance is an _____.

- (a) Income. (b) Liability.
(c) Asset. (d) Loss.

3 Interest on Debenture is _____.

- (a) Adjustment of profit. (b) Appropriation of profit.
(c) Charge on profit. (d) All of the above.

4 The amount set aside to meet the loss of bad debt is _____.

- (a) Provision. (b) Liability.
(c) Reserve. (d) An asset.

5 Specific principles, bases, conventions, rules and practices applied in presenting financial statements are called _____.

- (a) Accounting estimates. (b) Accounting policies.
(c) Prospective application. (d) Retrospective application.

Turn over

II. Fill up the blanks :

- 6 Net profit is transferred to _____ account.
- 7 _____ is a system of accounting which ignores real and nominal accounts.
- 8 _____ is the amount for which an asset could be exchanged between willing parties.
- 9 IASB stands for _____.
- 10 Prepaid expense is _____ asset.

(10 × 1 = 10 marks)

Part B (Short Answer Questions)

Answer any eight questions.

Each question carries 2 marks.

- 11 What is trading A/c ?
- 12 What is Single Entry System ?
- 13 What is depreciation ?
- 14 What is reserve ?
- 15 What are contingent assets ?
- 16 What is a cash flow statement ?
- 17 What are overheads ?
- 18 Define impairment.
- 19 What is a debenture ?
- 20 What are nominal accounts ?

(8 × 2 = 16 marks)

Part C (Short Essay Questions)

Answer any six questions.

Each question carries 4 marks.

- 21 Distinguish between direct and indirect methods of cash flow statement.
- 22 Distinguish between provision and contingent liability .

23 Prepare the P/L a/c of M/s. Ram bros. for the year ending 31st December 2016 :

		Rs.
Gross profit	–	2,00,000
Salary	–	50,000
Discount Allowed	–	4,000
Bad debts	–	17,000
Discount Received	–	2,000
Printing	–	1,000
Depreciation	–	10,000
Insurance	–	10,000
Carriage Outwards	–	3,000
Interest received	–	6,000
Rent	–	25,000

24 From the following particulars calculate cash from operating activities :

		Rs.
Salary	–	10,000
Rent	–	2,000
Depreciation	–	4,000
Loss on sale of plant	–	2,000
Goodwill written-off	–	8,000
Proposed dividend	–	10,000
Provision for taxation	–	10,000
Profit on sale of land	–	10,000
Income tax refund	–	6,000
Net profit	–	20,000

25 Explain the limitations of single entry systems.

Turn over

26 From the following data ascertain total sales :

		Rs.
Opening balance of debtors	...	24,000
Sales Returns	...	10,000
Cash received from customers	...	90,000
Discount allowed	...	6,000
Bills receivable received	...	34,000
Bad debts	...	3,000
B/R dishonoured	...	7,000
Closing balance of debtors	...	20,000
Cash sales	...	50,000

27 Explain the different categories of share capital.

28 Discuss various methods of depreciation.

(6 × 4 = 24 marks)

Part D (Essay Questions)

Answer any two questions.

Each question carries 15 marks.

29 From the following balances of ABC Co. Ltd., on 31 March 2015, prepare final accounts in the prescribed :

		Rs.
Stock (1-4-2014)	...	75,000
Purchases	...	2,45,000
Sales	...	3,50,000
Wages	...	50,000
P/L account (31-3-2014)	...	15,030
Share capital (10,000 equity shares of Rs. 10 each)	...	1,00,000
Creditors	...	17,500
Reserve fund	...	15,500

Discount received	...	5,000
Furniture	...	17,000
Salary	...	7,500
Rent	...	4,950
Sundry expenses	...	7,050
Dividend paid	...	9,000
Debtors	...	37,500
Machinery	...	29,000
Cash in hand	...	10,200
Cash at bank	...	6,000
Patent	...	4,830

Adjustments :

- 1 Closing stock Rs. 82,000.
- 2 Depreciation 10% on fixed assets.
- 3 Provision for income tax @ 50%.

30 From the following information extracted from the books of Jain and Co., prepare final accounts for the year ended 31st December 2016 :

		Rs.
Purchases	...	90,300
Sales	...	1,37,200
Return Inwards	...	2,200
Opening stock	...	40,000
Drawings	...	5,000
Building	...	30,000
Machinery	...	20,000
Furniture	...	8,000
Debtors	...	25,000

Turn over

Wages	...	3,000
Carriage Inwards	...	2,000
Rent	...	1,500
Bad debts	...	1,000
Cash	...	3,500
Investment	...	10,000
Postages	...	2,500
Insurance	...	2,000
Return outwards	...	1,300
Capital	...	50,000
Creditors	...	24,000
Interest	...	500
Commission	...	3,250
Provision for bad debts	...	750
Bank over draft	...	40,000
Salaries	...	11,000

Adjustments :

- 1) Closing stock Rs. 65,000.
- 2) Goods worth Rs. 800 for his personal use of the proprietor.
- 3) Rs. 400 of insurance paid is nothing but advance payment.
- 4) Salary Rs. 1,000 for the month of December has not yet paid.
- 5) Depreciation : Building 2% p.a. ; Machinery 10% p.a ; Furniture 15 % p.a
- 6) Maintain provision for doubtful debts @5 % on sundry debtors.

31 What is IFRS ? What are the objectives of IFRS ? Explain in brief the various International Financial Reporting Standards formulated by IASB.

(2 × 15 = 30 marks)