

SECOND SEMESTER B.Com. DEGREE EXAMINATION, MAY 2018

(CUCBCSS—UG)

Core Course

BCM 2B 02—FINANCIAL ACCOUNTING

(2014 and 2015 Admissions)

Time : Three Hours

Maximum : 80 Marks

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

A. Choose the correct answer :

- 1 A special type of donation which is given as per will is called :
 - (a) Honorarium.
 - (b) Legacy.
 - (c) Ex-gratia payment.
 - (d) None of the above.
- 2 Accumulated depreciation has a :
 - (a) Debit balance.
 - (b) Credit balance.
 - (c) Debit or Credit balance.
 - (d) Cash balance.
- 3 Goods supplied from H.O. less goods received from H.O. represent :
 - (a) Goods returned to H.O.
 - (b) Goods in transit.
 - (c) Profit on goods.
 - (d) None of these.
- 4 How should 'Interest earned but not received' be classified ?
 - (a) Accrued liability.
 - (b) Unearned revenue.
 - (c) Accrued asset.
 - (d) Prepaid expense.
- 5 Goodwill account is a ———— account.
 - (a) Real.
 - (b) Personal.
 - (c) Nominal.
 - (d) None of these.

B. Fill in the blanks :

- 6 Recurring incomes that a business gets refer to ———— receipts.
- 7 ———— assets would denote those that are very easily convertible into cash.

Turn over

- 8 In the case of independent branches, the branch account prepared is in the nature of _____ account.
- 9 A statement of affairs contains _____.
- 10 Stock in trade is valued at _____.

(10 × 1 = 10 marks)

Part B (Short Answer Questions)

Answer any eight questions.

Each question carries 2 marks.

- 11 State the need of IFRS.
- 12 What do you mean by Hire Purchase Agreement ?
- 13 What is a dependent branch ?
- 14 How will you treat accommodation provided to a staff ?
- 15 What is the purpose of preparing manufacturing account ?
- 16 What do you mean by partial repossession ?
- 17 What is adjusting entry ?
- 18 What is donation ?
- 19 State the differences between reserves and provisions.
- 20 A five star hotel in Kolkata has 600 rooms in all, out of which 50 rooms are used for operational purposes and 10 rooms are used by the departmental managers. If 450 rooms are occupied by the guest on 1st January 2015, calculate the room occupancy rate.

(8 × 2 = 16 marks)

Part C (Short Essay Questions)

Answer any six questions.

Each question carries 4 marks.

- 21 Differentiate between Receipts and Payments account and balance sheet.
- 22 State the features of departmental accounts.
- 23 What are final accounts ? What purpose do they serve ?
- 24 What is hire purchase system ? How it differ from sale ?

- 25 A company has two departments, viz., A and B. Department A sells goods to department B at normal market prices. From the following particulars prepare a Trading and Profit and Loss account of the two departments for the year ended March 31, 2015 :

		Dep. A Rs.	Dep. B Rs.	General Rs.
Opening stock	...	10,000		
Purchases	...	2,30,000	20,000	
Goods from A dep	...		70,000	
Wages	...	10,000	16,000	
Salaries (Departmental)	...	6,800	4,200	
Closing stock at cost to departments	...	50,000	18,000	
Sales	...	2,30,000	1,45,000	
Printing and stationery	...	2,000	1,600	
Machinery	...		12,000	
Advertisement	...			10,000
Salaries (general)	...			18,000

- (a) Depreciate machinery by 10 %.
- (b) The general unallocated expenses are to be apportioned in the ratio of A3 : B2.
- (c) The entire stock of B department represents that received from Department A.
- 26 A tailor purchases a sewing machine on hire purchase system the cash price being Rs. 41,600. Rs 10,000 is paid on the signing of the contract and there after Rs. 7,500 being paid annually for the five years. Interest was charged 6% per annum. Calculate interest for the various years ?
- 27 State how you would deal with the following, as between Capital and Revenue :—
- A motor van costing Rs. 2,40,000 (written down value Rs. 1,20,000) was sold for Rs. 2,60,000.
 - Rs. 10,000 contributed by one of the partners as additional capital.
 - Rs. 20,000 invested in Government securities.
 - Interest received on investment Rs. 1,000.
 - Purchase of patent rights Rs. 7,500.
 - Legal expenses on the purchase of patent rights Rs. 200.
 - Annual fees for renewal of Patent Rs. 500.

Turn over

28 From the following information calculate Sales and Purchases :—

Opening stock	..	Rs. 20,000
Closing stock	..	Rs. 25,000
Cost of goods sold	..	Rs. 1,05,300
Gross profit ratio	..	25 % on sales

(6 × 4 = 24 marks)

Part D (Essay Questions)

Answer any two questions.

Each question carries 15 marks.

29 Define Accounting Standard ? List out various accounting standards issued by IASC.

30 Following are the balances extracted from the ledger of Samudra Inn on 31st March 2014 :

Capital 56,865; Freehold premises 46,800 ;Glass and china 1101; Furniture and Fittings 8,934 ; Linen 840 ; Cutlery and plates 390 ; Rates Taxes and Insurance 1713 ; Salaries 2,400 ; Wages 4,305 ; Laundry 951 ; coal and Gas 2,160 ; Electric Light 1,128 ; General Expenses 1710 ; Visitors Account 1,354 ; Sundry Creditors 2,575.

Stock on 1-4-2013 :

Wines 1,239 ; Spirits 378 ; Beers 165; Minerals 147 ; Cigars and Cigarettes 114 ; Sundry Provisions and Stores 183; Coal 150.

Purchases :

Meat 3,627 ; Fish and poultry 3,960 ; Sundry Provisions and Stores 5,220 ; Wines 1,881 ; Spirits 2,190 ; Beers 1,152 ; Minerals 1,050 ; Cigars and Cigarettes 240.

Sales :

Wines 3,870 ; Spirits 4,335 ; Beers 1,863 ; Minerals 2,160 ; Cigars and Cigarettes 390.

Charges :

Meals 23,829 ; Rooms 9,375 ; Fires in bed rooms 582 ; washing charges 219.

Repairs, Renewals and Depreciations :

Premises 348 ; Furniture and Fittings 660 ; Glass and china 609 ; Linen 390 ; Cutlery and plates 207.

Cash Book - Debit Balances :

Bank 8,148. ; In hand 219.

Stock on 31-3-2014 :

Wines 1,197 ; Spirits 333 ; Beers 174 ; Minerals 357 ; Cigars and cigarettes 69 ; Sundry Provisions and stores 141 ; Coal 99.

Prepare Final Accounts for the year ended 31st March 2014.

- 31 The following is the Receipt and Payments Account of a Arts Club for the year ended December 31st, 2014

<i>Receipts</i>	Rs.	<i>Payments</i>	Rs.
Cash in hand on 1-1-2009	1,500	Bank overdraft on 1-1-2014	3,100
Subscriptions :		Investment in securities	3,000
2013 300		Furniture	1,450
2014 16,200		Salaries	6,200
2015 150	16,650	Stationery and Printing	890
Proceeds from Entertainments	2,000	Cost of entertainments	1,710
Entrance fees	670	Miscellaneous Expenses	1,420
Interest on securities	480	Balances on 31 -12-2014	
Sales proceeds of old chairs	120	Cash in hand 550	
		With bank <u>3,100</u>	3,650
	21,420		21,420

Turn over

You are required to prepare Income and Expenditure account of the society in respect of the year ended December 31, 2014 and a Balance Sheet as at that date having due regard to the following additional facts :—

- (a) The club has 1,800 members each paying an annual subscription of Rs. 10. Subscriptions amounting to Rs. 90 are in arrears of in respect of the year 2013.
- (b) Stock of stationery at December 31, 2013 was Rs. 125 and at December 31, 2014 was Rs. 87.
- (c) Entrance fees are to be capitalized.
- (d) Salaries Rs. 125 for December 2014 is outstanding. Expenses accruing at December 31, 2014 amounted to Rs. 132. The club had paid Rs. 500 in the year 2013 towards telephone charges, of which Rs. 125 pertained to the year 2014.
- (e) At December 31, 2013, Premise stand in the books at Rs. 24,500 and Investments at Rs. 6,500. Depreciate Premises and Furniture by 5%.

(2 × 15 = 30 marks)