

C 27460

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Name.....

Reg. No.....

SECOND SEMESTER B.Com. / B.B.A. DEGREE EXAMINATION, JUNE 2012

(CCSS)

Core Course

BC 2B 02—BB II B02—FINANCIAL ACCOUNTING

(Private / SDE)

Time : Three Hours

Maximum : 30 Weightage

Part I

Answer all nine questions.

Each question carries a weightage of 1.

1. What is meant by Dual aspect concept ?
2. What are special journals ? Give *two* examples.
3. Define Trial Balance.
4. What is meant by Capital Expenditure ? Give an example.
5. What are the functions of Accounting ?
6. Define Statement of Affairs.
7. What do you understand by Branch Adjustment Account ?
8. How will you apportion (a) depreciation ; and (b) rent in departmental accounts ?
9. What is a non-trading concern ? Give *one* example.

(9 × 1 = 9 weightage)

Part II

Answer any five questions.

Each question carries a weightage of 2.

10. Distinguish between Receipts and Payments Account and Income and Expenditure Account.
11. Distinguish between Statement of Affairs and Balance Sheet.
12. What are inter-departmental transfers ? How are they accounted ?
13. State how the various common expenses are allocated among departments in Departmental accounting ?

Turn over

14. Prepare a Trial Balance from the following ledger balances :—

	Rs.
Sales	4,00,000
Purchases	3,00,000
Opening stock	20,000
Sales returns	5,000
Purchase returns	3,000
Land and building	3,00,000
Furniture	50,000
Drawings	15,000
Debtors	1,00,000
Creditors	80,000
Capital	3,00,000
Wages	35,000
Salaries	30,000
Bank loan	72,000

15. On 1st January 2008, Ramlal purchased a machine from Krishnalal on hire-purchase. Particulars are as follows :—

- Cash price of the machine—Rs. 10,000
- Rs. 4,000 to be paid on signing the agreement.
- Balance in three instalments of Rs. 2,000 plus interest.
- Interest charged on outstanding balance at 5 %.

Depreciation at the rate of 10 % per annum, on written down value method.

Prepare Krishnalal's account in the books of Ramlal.

16. From the following details, obtained from the books of a trader, Prepare Trading, Profit and Loss Account for the year ending 31 March 2012 :—

	Rs.		
Stock (1-4-2011)	55,555	Discount Received	
Purchases	1,92,500	Loss on sale of furniture	
Wages	12,500	Sales	2,9
Carriage in	5,000	Rates and tax	1
Insurance	3,500	Carriage out	
Commission paid	3,500	Bad debts	
Interest paid	3,500	Depreciation	
Sales returns	3,500	Stock (31-3-2012)	77

Part III

Answer any two questions.

Each question carries a weightage of 4.

17. The Delhi Head Office has an independent branch at Calcutta. From the following particulars, give journal entries to close the books of the Calcutta branch. Show also the Delhi Head Office Account in the books of Calcutta Branch.

Trial Balance of Calcutta branch as on 31st-December 2011

	Rs.		Rs.
Stock on 1 st January	8,200	Creditors	2,700
Purchases	12,800	Sales	34,950
Wages	6,550	Head Office	14,000
Manufacturing expenses	3,400	Discount	150
Rent	1,700	Purchase returns	300
Salaries	5,500		
Debtors	4,000		
General expenses	2,000		
Goods received from HO	7,200		
Cash at bank	750		
	52,100		52,100

- (a) Closing stock at branch Rs. 14,350.
 (b) The branch fixed assets maintained at HO. Books were Machinery Rs. 25,000, Furniture Rs. 1,000. Depreciation is to be allowed at 10 percent on machinery, and 15 percent on furniture.
 (c) Rent due Rs. 150.
 (d) A remittance of Rs. 4,000 made by the branch on 28 December 2011 was received by the HO on 3rd January 2012.
18. Mr. Balaji commenced business with a capital of Rs. 20,000 on October 2010. He closed the account on the 30th September 2011. During the year the proprietor had withdrawn Rs. 2,000 for his personal use. In addition to the above the ledger accounts showed the following balances :

	Rs.		Rs.
Bill Payable	... 18,000	Machinery and tools	... 15,000
Carriage on Purchases	... 2,000	Manufacturing wages	... 9,000
Carriage on sales	... 4,000	Opening stock	... 10,000
Cash	... 5,000	Postage and stationery	... 4,000
Commission earned	... 2,000	Purchases	... 50,000
Creditors	... 25,000	Salaries	... 3,000
Debtors	... 35,000	Sales	... 80,000
Discount allowed	... 1,000	Furniture and fixtures	... 5,000

Turn over

Additional Information :

Closing stock—Rs. 8,000

Manufacturing Wages outstanding—Rs. 1,000.

Stock of Stationery at hand—Rs. 5,000.

Prepare Trading and Profit and Loss account for the year ended 30th September 2011 and Balance Sheet on that date.

19. From the following particulars prepare an Income and Expenditure Account for the year ended 31st March 2012 and a Balance Sheet as at that date :—

Receipts and Payments Account for the year ended 31st March 2012.

<i>Receipts</i>	<i>Rs.</i>	<i>Payments</i>
Cash in Hand	1,150	Rent
Balance at bank	11,550	Establishment
Donations	20,000	Printing
Subscriptions :		Meeting expenses
2010—11	2,000	Postage
2011—12	50,000	Library
2012—13	5,000	Furniture
Interest on Investment	850	Investment in 4 % Government Bonds
		Cash in Hand
		Cash at Bank
	90,550	

The assets and Liabilities as on 1st April 2011 were as follows :—

Furniture Rs. 5,000. Investment Rs. 30,000, Outstanding rent Rs. 1,800.

Establishment Rs. 400. Printing Rs. 500.

The following adjustments are to be taken into consideration :

Subscription outstanding Rs. 2,000. Rent unpaid Rs. 1100.

20% of the year's revenue surplus is to be capitalized for contribution to the "Flood Relief

(2 × 4 = 8 weig

Multiple Choice Questions :

1. Outstanding expenditure is a _____ account.
 - (a) Nominal.
 - (b) Personnel.
 - (c) Real.
 - (d) Current.
2. _____ deals with depreciation account.
 - (a) AS4.
 - (b) AS6.
 - (c) AS10.
 - (d) AS13.
3. According to which concept, proprietor of a business is treated as a creditors to the extent of his capital :
 - (a) Money measurement.
 - (b) Cost.
 - (c) Dual aspect.
 - (d) Business entity.
4. Net worth of business means :
 - (a) Total assets.
 - (b) Fixed assets—current assets.
 - (c) Equity capital.
 - (d) Total assets—total liabilities.
5. The policy of anticipate no profit and provide for all possible losses arises due to :
 - (a) Convention of Consistency.
 - (b) Convention of Conservatism.
 - (c) Convention of materiality.
 - (d) Convention of full disclosure.
6. Capital account is a :
 - (a) Fictitious account.
 - (b) Personal account.
 - (c) Liability account.
 - (d) Nominal account.
7. Revenue is generally recognized as being earned at the point of time :
 - (a) Sale is effected.
 - (b) Cash is effected.
 - (c) Production is completed.
 - (d) All of the above.
8. The fundamental accounting equation $\text{Assets} = \text{liabilities}$ is the formal expression of :
 - (a) Matching concept.
 - (b) Entity concept.
 - (c) Going concern concept.
 - (d) Dual aspect concept.

9. Depreciation is :
- (a) An accounting necessity only. (b) Tax necessity only.
(c) Tax and accounting necessity. (d) Tax, account and audit necessity.
10. 'Every debit has a corresponding credit' it is the concept of :
- (a) Incomplete records. (b) Cost sheets.
(c) Single entry system. (d) Double entry system.
11. Bank loan account is a _____.
- (a) Real account. (b) Nominal account.
(c) Personal account. (d) Current account.
12. The process of recording transactions in a journal is known as _____.
- (a) Journalizing. (b) Journal.
(c) Posting. (d) Journal entry.
13. Accounting records transactions in term of :
- (a) Commodity units. (b) Production units.
(c) Monetary units. (d) Expense units.
14. Income received in advance by a business units is :
- (a) A liability. (b) An assets.
(c) A loss. (d) Gain.
15. Expenditure incurred by a publisher for acquiring copyright is a :
- (a) Deferred revenue expenditure. (b) Capital expenditure.
(c) Revenue expenditure. (d) Assets.
16. Loss of cash by theft committed by cashier after business hours is a :
- (a) Revenue loss. (b) Deferred revenue loss.
(c) Capital loss. (d) Business loss.
17. An expenditure incurred to derive long term advantage is :
- (a) Revenue expenditure. (b) Expense.
(c) Capital expenditure. (d) Deferred capital expenditure.

18. In accounting only _____ discount is recorded.
- (a) Trade. (b) Cash.
(c) Real. (d) None of these.
19. Debit balance of all personal accounts are collectively called :
- (a) Sundry creditors. (b) Sundry debtors.
(c) Personal account balance. (d) Total of personal accounts.
20. Discount on issue of share is :
- (a) Capital loss. (b) Revenue loss.
(c) Capital expenditure. (d) Revenue expenditure.