

**SECOND SEMESTER B.Com. DEGREE (SUPPLEMENTARY)  
EXAMINATION, DECEMBER 2012**

(CCSS)

Commerce

BC 2B 02—FINANCIAL ACCOUNTING

Three Hours

Maximum : 30 Weightage

**Part A**

I. This part consists of *three* bunches of questions carrying equal weightage of one. Each bunch consists of four objective type questions. Answer all the questions :

- 1 The main function of Accounting is :
  - (a) Record economic data.
  - (b) Attain non-economic goals.
  - (c) Provide information to take actions.
  - (d) Classify and record data.
  
- 2 The system of Accounting based on dual aspects concept is called :
 

(a) Double account system.	(b) Single entry system.
(c) Double entry system.	(d) Conventional entry system.
  
- 3 Nominal accounts are :
  - (a) Accounts of assets.
  - (b) Accounts of liabilities.
  - (c) Accounts of income and expenditure.
  - (d) Amount withdrawn by the owner.
  
- 4 Annual repairs on a second hand car is :
 

(a) Capital expenditure.	(b) Revenue expenditure.
(c) Deferred revenue expenditure.	(d) Loss for the business.

II. Fill up the blanks :

- 5 In accounting, transactions and events which are of \_\_\_\_\_ are recorded.
- 6 Excess of debit over credit in the trading account means \_\_\_\_\_.
- 7 Under \_\_\_\_\_ system, the buyer gets ownership of goods immediately.
- 8 Branch account under debtors system is a \_\_\_\_\_ account.

Turn over

III. State whether the following statements are true or false :—

- 9 Profit increases capital.
- 10 Carriage inward is an expense and carriage outward is an income.
- 11 Depreciation of fixed assets purchased on hire purchase system is charged in the book of purchaser.
- 12 Bad debts and discount allowed to debtors are not shown in the branch account.

(12 × ¼ = 3 we)

### Part B

Answer all **nine** questions in one two sentences each.  
Each question carries a weightage of 1.

- 13 Define financial accounting.
- 14 What is meant by convention of materiality ?
- 15 State *two* uses of accounting standards.
- 16 What is trading account ?
- 17 What are outstanding expenses ?
- 18 What do you understand by capital expenditure ?
- 19 What is down payment in hire purchase agreement ?
- 20 What are errors of principle ?
- 21 What are intangible assets ?

### Part C

(9 × 1 = 9 weigh

Answer any **five** questions.  
Answer not to exceed one page each.  
Each question carries a weightage of 2.

- 22 Distinguish between Journal and Ledger.
- 23 Define accounting concept. Explain the important concepts in Accounting.
- 24 What is installment Payment system ? How does it differ from Hire Purchase system ?
- 25 Name and explain the different types of guests in a hotel from the point of view of resident.
- 26 Write down the adjusting entries required for the following transactions :—
  - (a) Goods withdrawn from business for personal use Rs. 10,000.
  - (b) Rent paid for the next year Rs. 1,800
  - (c) Insurance prepaid Rs. 400.
  - (d) Wages paid for the erection of car shed Rs. 10,000.

30. From the following particulars, you are required to prepare Balance Sheets on 1-1-2010 and 31-12-2010 of Hill Top Arts and Sports Club, Kozhikode.

*Receipts and Payments Account for the year ending 31st December, 2010*

<i>Receipts</i>		<i>Rs.</i>	<i>Payments</i>		<i>Rs.</i>	
To	Balance b/d	...	15,000	By Salaries	...	33,000
"	Subscription	...		" Printing and Stationery	...	9,000
	2009	...	2,700	" Advertising	...	6,000
	2010	...	54,000	" Insurance (Fire)	...	4,500
	2011	...	1,500	" Furniture and Fixtures	...	6,000
"	Rent	...	7,500	" Investment	...	54,000
"	Entrance Fees	...	36,000	" Balance c/d	...	4,200
			<u>1,16,700</u>			<u>1,16,700</u>

*Income and Expenditure Account for the year ending 31st December, 2010*

<i>Expenditure</i>		<i>Rs.</i>	<i>Income</i>		<i>Rs.</i>	
To	Salaries	...	36,000	By Subscription	...	57,000
"	Printing and Stationery	...	8,400	" Entrance Fees	...	36,000
"	Audit Fees	...	1,500	" Rent received	...	8,100
"	Insurance (Fire)	...	3,600			
"	Advertising	...	6,000			
"	Depreciation :					
	On sports equipment	...	18,000			
	On furniture	...	2,400			
"	Excess of income over expenditure	...	25,200			
			<u>1,01,100</u>			<u>1,01,100</u>

*Additional Information :*

Assets as on 1-1-2010 are club grounds and Pavilion Rs. 1,50,000 ; Sports equipment Rs. 90,000 ; Furniture Rs. 21,000 ; and Subscription arrears Rs. 3,000 ; Creditors are stationery Rs. 3,000.

31. From the following particulars, construct a Balance Sheet as at Dec. 31, 2011.

Capital 1-1-2011 - 1,25,000 ; Stock December 31, 2011 - 37,000 ; Net Profit for the year 18,000 ; Bank overdraft - 19,000 ; Sundry Debtors - 65,000 ; Drawings - 3,000 ; Loan from Mr. X - 33,000 ; Loan on Mortgage - 12,000 ; Bills payable - 3,500 ; Bills Receivable - 5,000 ; Goodwill - 51,000 ; Fixtures and Fittings - 22,000 ; Creditors - 90,000 ; Cash in Hand - 1,500 ; Land and Buildings - 80,000 ; Machinery - 35,000 ; Loan to Mr. Y - 1,000.

(2 × 4 = 8 weightage)

27 Following are the extracts from the Trial Balance of Mr. Mathew :

*Trial Balance*

	Dr. Rs.	Cr. Rs.
Sundry Debtors	40,000	
Bad Debts	5,000	
Provision for Bad Debts		3,000

*Adjustments :*

(a) Provide additional bad debts Rs. 1,000

(b) Create 5% provision for bad and doubtful debts.

Show how the above will be shown in the final accounts.

28 Messrs. Kavya Traders of Cochin has a branch at Kannur. The following are the transactions for the year ended 31st March, 2010.

	Rs.
Opening balance (1-4-2009)	
Stock	50,000
Debtors	40,000
Petty cash	2,000
Goods sent to branch	1,50,000
Cash sent to branch for :	
Salary	5,000
Rent	6,000
Petty cash	5,000
Cash received from the branch from	
Cash sales	1,50,000
Cash received from debtors	1,20,000
Closing balance (31-3-2010)	
Stock	25,000
Debtors	20,000
Petty cash	1,000

You are required to prepare Branch Account in the H.O. Books.

(5 × 2 = 10 weightage)

**Part D**

*Answer any two.*

*Each question carries a weightage of 4.*

29 Define Accounting concept. Explain the important concepts in Accounting.