

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

(CCSS)

Core Course

BC2 B02 FINANCIAL ACCOUNTING
BB2 B02

Maximum : 30 Weightage

Three Hours

Part A

*This part consists of three bunches of questions carrying equal weightage of 1.
Each bunch consist of 4 questions.
Answer all questions.*

Choose the correct alternatives :

1 The properties owned by a business enterprise are called :

(a) Assets.

(b) Liabilities.

(c) Capital.

(d) Owner's equity.

2 Debit may signify :

(a) An increase in an asset account.

(b) An decrease in an asset account.

(c) An increase in a liability account.

(d) An increase in capital stock account.

3 Dual aspect principle results in the accounting equation :

(a) Capital + Liabilities = Assets.

(b) Revenue = Expenses.

(c) Capital + Profit = Assets + Expenses.

(d) None of the above.

4 The determination of the expenses for an accounting period is based largely on the application of which principle :

(a) Cost.

(b) Consistency.

(c) Matching.

(d) Time period.

(4 × ¼ = 1 weightage)

5 State True or False :

5 Closing stock given in Trial Balance is to be credited to trading account.

6 Provision for doubtful debts represents the amount uncollectible.

Choose one alternative from the bracket and fill in the blanks :

7 Capital is shown under liabilities because of ———. (Entity concept/Going Concern Concept).

8 Excess of credit over debit in the profit and loss account indicates ———. (Net Profit/Loss).

(4 × ¼ = 1 weightage)

9 Match the items in Column A with Column B :

9 Balance Sheet

(a) Goodwill.

10 In tangible assets

(b) Positional statement.

11 Total debtors account

(c) Credit purchases.

12 Hire purchase

(d) Repossession.

(e) Credit sale.

(4 × ¼ = 1 weightage)

Turn over

Part B

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

- 13 What do you mean by Marshalling of a Balance Sheet ?
- 14 Define Accounting standard.
- 15 What is accrued income ?
- 16 What is deferred Revenue Expenditure ?
- 17 What is matching concept ?
- 18 What is non-profit organisation ?
- 19 What do you mean by Adjusting Entries ?
- 20 What is single entry ?
- 21 What do you mean by money measurement concept ?

(9 × 1 = 9 weight)

Part C

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

- 22 Distinguish between Hire purchase and Instalment system.
- 23 Mr. X keeps his books under single-entry system. His assets and liabilities were as under

| | 31st Dec. 2008 | 31st Dec. 2009 |
|-------------------|----------------|----------------|
| Cash ... | 200 | 125 |
| Sundry Drs. ... | 1,900 | 2,300 |
| Stock ... | 2,000 | 1,750 |
| Furniture ... | 3,250 | 4,250 |
| Sundry Crs. ... | 800 | 690 |
| Bills payable ... | — | 300 |

During the year he introduced Rs. 1,000 as additional capital. He withdrew Rs. 150 per month for his domestic purposes. Calculate his profit.

- 24 From the following information given below find out the cash value of the goods :

| | Rs. |
|--------------------|--------|
| Agreed Price ... | 17,200 |
| Terms of payment : | — |
| Down payment ... | 3,000 |
| I instalment ... | 6,200 |
| II instalment ... | 4,700 |
| III instalment ... | 3,300 |

Interest charged on the outstanding cash value 10 %.

- 25 Ascertain credit purchases from the following :—

| | Rs. |
|--|--------|
| Creditors on opening date ... | 7,200 |
| Cash paid to creditors during the year ... | 36,500 |
| Cheques paid during the year ... | 24,000 |

| | Rs. |
|--------------------------------|------------|
| Discount allowed by creditors | ... 2,500 |
| Bills accepted during the year | ... 12,500 |
| Goods returned to creditors | ... 3,200 |
| Creditors on closing date | ... 8,600 |

- 26 The following information and particulars related to New Delhi Branch for the year 2005-2006 :—

| | 31-3-05 | 31-3-06 |
|------------|------------|---------|
| | Rs. | Rs. |
| Stock | ... 50,000 | 75,000 |
| Debtors | ... 70,000 | 95,000 |
| Petty Cash | ... 250 | 120 |

Goods costing Rs. 5,75,000 were sent by the Head Office. Total sales at Branch were 6,87,500 out of which Rs. 1,50,000 were cash sales and the rest were credit sales Rs. 5,12,500 were received from debtors and branch spent Rs. 30,000 for salaries, Rs. 12,000 for Rent and Rs. 8,000 for petty expenses. All expenses were remitted by H.O. show the New Delhi Branch account.

- 27 From the following information, calculate the stock in the beginning :—

| | |
|----------------------------|------------------|
| Sales | ... Rs. 2,40,000 |
| Percentage of Gross Profit | ... 20 % |
| Purchases | ... Rs. 1,95,000 |
| Closing stock | ... Rs. 30,000 |

- 28 From the following show the amount of subscription to be credited in the Income and Expenditure account of senior citizen's club :

Membership subscription received during the year Rs. 7,500. Subscription outstanding on opening date Rs. 800. Subscription outstanding on closing date Rs. 1,400. Subscription received in advance on opening date Rs. 200. Subscription received in advance on closing date Rs. 300.

(5 × 2 = 10 weightage)

Part D

Answer any two questions.

Each question carries a weightage of 4.

- 29 On 1st January 2010. Youngman started business with Rs. 5,000. The following were his cash transaction during the year 2004 :

Cash Book

| | Rs. | | Rs. |
|------------|---------------|----------------|---------------|
| To Capital | ... 5,000 | By Wages | ... 2,000 |
| Sales | ... 20,000 | Purchases | ... 14,000 |
| Debtors | ... 18,000 | Creditors | ... 12,000 |
| Commission | ... 200 | Rent and Taxes | ... 1,800 |
| | | Insurance | ... 200 |
| | | Furniture | ... 8,000 |
| | | Balance c/d | ... 5,200 |
| | <u>43,200</u> | | <u>43,200</u> |

On 31st December 2004 the trader had stock in trade Rs. 3,200, Debtors Rs. 2,800 and Creditors Rs. 2,700 Wages outstanding on 31st December 2004 amounted to Rs. 200 Depreciate at 10 % is required on furniture. Prepare Trading and Profit, Loss account and Balance Sheet.

Turn over

30 The following is the Trial Balance of Gupta as on 31st March 2005 :

| | Dr. | | Cr. |
|-------------------------|-----------------|-------------------------|-----------------|
| | Rs. | | Rs. |
| Land and building ... | 35,000 | Capital ... | 96,800 |
| Goodwill ... | 5,000 | Sales ... | 1,25,000 |
| Opening stock ... | 17,250 | Pension bad debts ... | 1,400 |
| Purchases ... | 82,750 | Bad debts recovered ... | 600 |
| Wages and Salaries ... | 6,500 | Creditors ... | 14,000 |
| Coal and Power ... | 3,500 | | |
| Machinery ... | 25,000 | | |
| Freight ... | 1,500 | | |
| Royalties ... | 2,500 | | |
| Management expenses ... | 14,500 | | |
| Bad Debts ... | 4,800 | | |
| Drawings ... | 6,000 | | |
| Debtors ... | 31,000 | | |
| Cash ... | 2,500 | | |
| | <u>2,37,800</u> | | <u>2,37,800</u> |

Adjustments :

- Closing Stock—8,500
- Write-off Rs. 1,000 as bad debts
- Provide 5 % of debtors for bad
- Royalty outstanding amounts to Rs. 500

Prepare Trading Profit and Loss Account and Balance Sheet as on that date.

31 Mr. Bose of Kollam has opened a Branch at Mumbai which sells goods for cash only. The following are the transactions between the Branch Office and the Head Office for the year ended December 2005 :

| | Rs. |
|--|----------|
| Opening stock on 1st January 2005 ... | 1,00,000 |
| Goods supplied to Branch ... | 2,50,000 |
| Cash sent to Branch for Rent ... | 1,000 |
| Cash sent to Branch for other expenses ... | 500 |
| Cash received from Branch during 2005 ... | 3,00,000 |
| Closing stock on 31st December 2005 ... | 75,000 |
| Petty Cash balance on 31st December 2005 ... | 50 |

From the above, prepare Mumbai Branch account.

(2 × 4 = 8 weightage)