

Reg. No. :

Name :

Second Semester B.Com. Degree Examination, September 2022

First Degree Programme under CBCSS

Core Course :

CO 1241/CX 1241/CC 1242/HM 1241/TT 1241 : FINANCIAL ACCOUNTING

**(Common for Commerce/Commerce & Tax Procedure and Practice/
Commerce and Tourism and Travel Management/Commerce and Hotel
Management and Catering/Commerce with Computer Applications)**

(2020 Admission onwards)

Time : 3 Hours

Max. Marks : 80

SECTION – A

Answer **all** questions. Each question carries **1** marks.

1. What do you mean by accounting?
2. State accounting equation.
3. What is journal proper?
4. What is current investment?
5. What do you mean by hire-purchase price?
6. What is indemnity period in Loss of profit policy?
7. Define Trial Balance.

8. What do you mean by purchase of securities at ex-interest?
9. What is passage money?
10. What are outstanding expenses?

(10 × 1 = 10 Marks)

SECTION – B

Answer **any eight** questions. Each question carries **2** marks.

11. How is accounting different from book-keeping?
12. What is cash system of accounting?
13. How is cost of goods sold calculated?
14. What are wasting assets?
15. What are closing entries?
16. "Depreciation is a means of maintenance of nominal capital". Discuss.
17. What are incomes from containers?
18. What is error of principles?
19. What are the general sources of revenue as per AS 9?
20. What is average clause in loss of stock policy?
21. How is closing stock valued?
22. How will you close the profit and loss account?
23. Why is provision for bad and doubtful debts created?

24. What is Hire-Purchase stock?
25. What is primage?
26. What is meant by marshalling of assets and liabilities?

(8 × 2 = 16 Marks)

SECTION – C

Answer **any six** questions. Each question carries **4** marks.

27. Explain the objectives of financial accounting.
28. Distinguish between Hire Purchase and Installment system.
29. Distinguish between Provisions and Reserves.
30. Explain the accounting treatment of securities purchased, securities sold, and interest received from securities in the Investment Account.
31. What are the steps to be followed by the seller to settle the transactions in case of complete repossession?
32. Explain the need for charging depreciation.
33. Write a note on Containers Stock Account.
34. The godown of AMK & Sons caught fire on 15th June, 2021. Records saved from the fire showed the following Particulars :

	Rs.
Stock at cost on 31-12-2020	84,000
Purchases less returns from January 1 to June 15, 2021	1,80,000
Sales less returns from January 1 to June 15, 2021	2,46,000
Wages from January 1 to June 15, 2021	16,200

Gross Profit remained at a uniform rate of 40%. The stock salvaged was worth Rs. 7,200 and it was retained by AMK & Sons. The godown was insured. Show the amount of claim.

35. Vanaja Investments hold 1,000 15% debentures of Rs. 100 each in Suzuki Ltd. as on 1st April 2020, at a cost of Rs. 1,05,000. Interest is payable on 30 June and 31 December each year. On 1-5-2020, 500 debentures are purchased cum-interest at Rs. 53,500. On 1-11-2020, 600 debentures are sold ex-interest at Rs. 57,300. Prepare investment account valuing holdings on 31st March, 2021, at cost (applying FIFO method)
36. Journalize the following transactions :
- (a) Sold goods to Albert for 65,000 at a trade discount of 10%
 - (b) Paid Jyothi Rs. 87,000 in full settlement of his account of Rs. 92,000.
 - (c) Preeth started business with the following assets :
Cash Rs. 15,000
Plant Rs. 50,000
 - (d) Distributed goods costing Rs. 5,000 (sale value Rs. 6,000) as samples.
37. Rectify the following entries by passing correct entries :
- (a) Credit purchase from Sujaya Rs. 25,000 has been recorded in Sales Book.
 - (b) Rs. 2,000 spent on repair of furniture has been debited to furniture account.
 - (c) Rs. 5,000 tuition fees of son paid by proprietor has been recorded as office expenses.
 - (d) Bad debts recovered Rs. 600 has been credited to customer's account.
38. Y company delivers oil to their customers in drums costing Rs. 60 each but charging them out at Rs. 100 each and crediting them at Rs. 80 each, if returned within three months.

On 1st January, 2021, there were 2,500 drums in the godown of the company and 5,000 returnable drums in the hands of the customers. During the year ending 31st December, 2021, 4,000 drums were purchased @ Rs. 75 each. 10,000 drums were sent out to customers. 7,000 drums were returned by the customers during the year. 100 drums from the old lot were completely destroyed by fire in the godown and 150 drums from the old lot were damaged and were sold as scrap for Rs. 20 each. On 31st December, 2021, 3,000 returnable drums were with customers. The drums are valued at their cost-price for stock taking purposes.

Show the drum stock account and drums trading account in the ledger of the company.

(6 × 4 = 24 Marks)

SECTION – D

Answer **any two** questions. Each question carries **15** marks.

39. What do you mean by accounting principles? Explain the generally accepted accounting principles.
40. Explain five methods for providing depreciation.
41. True Value Ltd. sold an Electric Scooter to Shibu & Co. on hire purchase terms as payment requiring four annual installments of Rs. 28,200 at the end of each year commencing from the date of agreement on 1st January 2018. The rate of interest was taken at 5% p.a. and the interest is included in the annual payment of Rs. 28,200.

Show Ledger accounts in the books of Shibu & Co. who defaulted in the payment of the third yearly installment whereupon the vendor re-possessed the scooter. Shibu & Co provided depreciation on the scooter @ 10% p.a. on the straight line method. Shibu & Co. closes his books on 31st December in each year.

42. On 1st January 2018, machinery was purchased by Preeth for Rs. 50,000. On 1st July 2019 additions were made to the extent of Rs. 10,000. On 1st April 2020 further additions were made to the extent of Rs. 6,400. On 30th June 2021, machinery, original value of which was Rs. 8,000 on 1st January 2019, was sold for Rs. 6,000. Depreciation is charged @ 10% p.a. on original cost.

Show Machinery Account for the years from 2018 to 2021 in books of Preeth. Preeth closes his books on 31st December.

43. Kerala Shipping Ltd. of Kochi acquired a new ship, Jalarani at a cost of Rs. 25,00,000. The ship was ready for service on 01-01-2021. The ship had made 2 complete voyages one to London and back and was half way through the next to London during three months ended on 31st March 2021. The ship carried the following freight:

To London 7,500 tonnes @ Rs. 30 per tonne. From London 9,000 tonnes @ Rs. 25 per tonne. Unfinished voyage 9,500 tonnes @ Rs. 25 per tonne. The following expenses were incurred: Salaries and wages of crew Rs. 80,000; Fuel Rs. 40,000; Sundry store Rs. 8,000; Port dues - Kochi Rs. 8,400 and London Rs. 6,000; Stevedoring @ Rs. 2 per tonne Rs. 52,000; Share of overhead for the ship for the period Rs. 30,000.

You are further informed that 5% commission was paid to agents in addition to 1% address commission. An insurance policy was taken out @ 2% p.a. on the ship and freight was insured at a premium of Rs. 1,200 p.a.

You are required to prepare the Voyage Account for the period of 3 months ending on 31st March 2021.

44. Trial Balance of Mr. Aavaz as at March 31, 2021 is given below

	Rs.		Rs.
Opening stock	90,000	Sales	10,30,000
Purchases	7,55,000	Return outwards	14,500
Return inwards	15,000	Creditors	2,20,000
Import duty	21,000	Discount received	25,500
Freight	6,000	Interest on bank deposit	17,000
Carriage inwards	13,000	Capital	11,50,000
Carriage outwards	22,000	Provision for doubtful debts	3,000
Wages	1,10,000		
Salaries	1,80,000		
Discount allowed	20,000		
Advertisement	30,000		
Insurance	13,000		
Rent and taxes	7,000		
Debtors	2,15,000		
Machinery	4,50,000		
Furniture	1,00,000		
Goodwill	95,000		
Cash at bank	1,50,000		
Cash in hand	1,60,000		
Income tax	8,000		
	<u>24,60,000</u>		<u>24,60,000</u>

Adjustments:

- (a) Closing stock : Rs.3,50,000 (market price: Rs.3,25,000)
- (b) Debtors include Rs.15,000 due from Arjun and creditors include Rs.8,000 due to Arjun.
- (c) Debtors include Rs.7,000 due from a customer, Basheer who has become insolvent and nothing could be realized from his estate.
- (d) Make a provision for doubtful debts @ 5% on debtors.
- (e) Goods lost by fire worth Rs.15,000 and the insurance company admitted the claim to the extent of Rs.6,000.
- (f) Stock worth Rs.12,000 used for private purpose and worth Rs.15,000 used for free samples.
- (g) Outstanding expenses: Salaries Rs.9,000, Carriage inwards Rs.2,000
- (h) Accrued interest on bank deposit Rs.7,000.
- (i) Depreciation to be provided – 10% on machinery and 5% on furniture.

From the above information, prepare Trading and Profit and Loss Account for the year ended March 31, 2021 and the balance sheet as on that date.

(2 × 15 = 30 Marks)