



M 10269

Reg. No. :

Name :



**II Semester B.A./B.Sc./B.Com./B.B.A./B.B.A. T.T.M./B.B.M./B.C.A./B.S.W.
(CCSS-Regular/Supplementary/Improvement) Degree Examination, March 2011
B.Com. (Core Course)
2 B02 COM : FINANCIAL ACCOUNTING**

Time: 3 Hours

Max. Weightage : 30

Max. WGP : 120

PART – A

This Part consists of **two** bunches of questions carrying a weightage of **1**. Each bunch consists of **4** objective type questions. Answer **all** questions :

I. 1) Financial accounting does not record the efficiency of employees because of _____ concept.

- | | |
|----------------|----------------------|
| a) Materiality | b) Money measurement |
| c) Cost | d) Accrual |

2) _____ is a book of original entry.

- | | |
|------------------|-----------------|
| a) Journal | b) Ledger |
| c) Trial balance | d) Cash account |

3) Trial balance is prepared to

- a) Know the gross profit
- b) Know the financial position
- c) Check the arithmetical accuracy of the accounts
- d) Check the value of stock

4) If the payment is made on the average due date, it results in _____

- a) Loss of interest to debtor
- b) Loss of interest to creditor
- c) No loss of interest to debtor and creditor
- d) None of these

(W = 1) (WGP : 1×4=4)

P.T.O.



II. 5) The difference between hire purchase price and cash price is accounted as _____

- | | |
|-----------------|---------------|
| a) Interest | b) Profit |
| c) Down payment | d) Commission |
- 6) _____ is not an example for intangible asset.
- | | |
|----------------|-----------------|
| a) Goodwill | b) Inventory |
| c) Trade marks | d) Patent right |
- 7) Extra commission to consignee is known as _____ commission.
- | | |
|----------------|----------------|
| a) Del-credere | b) Over-riding |
| c) Gross | d) Performance |
- 8) Operating base is a _____ base.
- | | |
|--------------------|--------------------------------------|
| a) Short-term | b) Long-term |
| c) Non-cancellable | d) Complicated (W = 1) (WGP : 1×4=4) |

PART – B

Answer **any 8** questions in **one** or **two** sentences **each**. **Each** question carries a weightage of **one** :

9. What is meant by matching concept ?
10. Explain debit note and credit note.
11. How will you value inventory ?
12. What is error of omission ?
13. What is account sale ?



14. What do you mean by trade discount ?
15. What is double entry system ?
16. State the decision in Garner V/s Murray.
17. What do you mean by leasing ?
18. Define joint venture. (W = $8 \times 1 = 8$) (WGP : $8 \times 1 \times 4 = 32$)

PART – C

Answer **any 6** questions. Answer not to exceed **one** page. **Each** question carries a weightage of **2** :

19. Distinguish between hire purchase system and instalment payment system.
20. Write a note on accounting standards.
21. Give adjusting entries :
 - i) Prepaid rent Rs. 12,000
 - ii) Accrued interest on investments 16,000
 - iii) Provision for doubtful debts 10,000
 - iv) Outstanding insurance 14,000
 - v) Rent received in advance 6,000.
22. From the following details prepare Trading A/c :
Opening stock 16,000, Closing stock 22,000, Purchases 3,12,000, Sales 5,16,000,
Return inwards 6,000, Return outwards 2,000, Wages 26,000, Carriage 12,000,
Goods taken by the trader for own consumption 26,000.



23. Give rectification entries :

- a) Goods worth Rs. 15,000 purchased from Ravi but entered in sales book.
- b) Rent Rs. 2,000 received from Sukumar has been credited to Sukumar's A/c.
- c) Rs. 500 spent for repairs of furniture was debited to furniture A/c.
- d) Salary Rs. 5,000 paid to Menon debited to his account.
- e) Computer purchased for 12,000 debited to office expense A/c.

24. From the following transactions took place between Piyush and Anurag during 3 months ended 30-9-2009, make the account current to be rendered by Anurag to Piyush by using product of individual transaction method :

Date	Transaction	Amount
1-7-2009	Amount owed by Piyush	2,000
26-7-2009	Goods sold to Anurag	3,400
10-8-2009	Goods purchased by Piyush	4,700
2-9-2009	Cash paid to Piyush	1,000
14-9-2009	Goods sold to Piyush	2,300

Assume that the rate of interest is 18% p.a.

25. Mr. Murali purchased a machine on hire purchase system paying Rs. 1,00,000 down and agreeing to pay Rs. 1,30,000 at the end of first year, Rs. 1,20,000 at the end of second year and Rs. 1,10,000 at the end of third year. Compute cash price of the machine and interest included in each instalment if the rate of interest charged is 10 percent per annum.



26. Give entries in the Head Office Books for the following :

- a) Goods sent by Head Office to branch on 28th December for Rs. 16,000 reached the branch only in January, next year
- b) Branch paid salary of an employee of Head Office 10,000
- c) Cash sent by branch to H.O. Rs. 12,000 not reached in the H.O. upto 31st December
- d) Machinery for branch bought by H.O. but payment made by branch Rs. 60,000 ; assets account kept by H.O.
- e) Depreciation of Branch machinery whose account is kept by H.O. Rs. 3,000

Assume that the accounts are closed on 31st December.

$$(W = 6 \times 2 = 12) \quad (WGP : 6 \times 4 \times 2 = 48)$$

PART – D

Answer **any two**. **Each** question carries a weightage of **four** :

27. Vijaya Sales consigns 1,000 cycles to Kapoor @ Rs. 1,000 per cycle. They incurred packing charges Rs. 50,000 ; freight Rs. 27,000 and forward agent commission Rs. 23,000.

Kapoor received the delivery of only 930 cycles, 70 cycles being lost in transit and insurance company agreed a claim of Rs. 45,000. Kapoor sold 700 cycles @ Rs. 1,300 each and incurred the following expenses :

Rs. 5,000 unpacking charges

Rs. 15,000 unloading charges

Rs. 30,000 cycle fitting charges

Rs. 25,000 godown rent.

Commission entitlement is 6%.

Prepare consignment A/c and Kapoor A/c in the books of Vijaya Sales.



28. Jain Agencies sends goods to its branches at cost plus 25%. From the following particulars relating to Chennai Branch, prepare Branch Account and Branch Debtors A/c in the Head Office Books :

Branch stock on 1-1-2009 (at invoice price)	40,000
Branch debtors on 1-1-2009	24,000
Goods sent to branch at invoice price	1,20,000
Cash sent to branch for :	
Salary	12,000
Rent	6,000
General Expenses	<u>2,000</u> 20,000
Cash sales at branch	85,000
Credit sales at branch	60,000
Discount allowed to debtors	2,000
Bad-debts written off	500
Goods transferred from Bangalore Branch (at invoice price)	20,000
Goods transferred to Mangalore Branch at invoice price	10,000
Return by customers	1,500
Branch stock on 31-12-2009	50,000
Branch debtor on 31-12-2009	28,000
Expenses outstanding on 31-12-2009	2,000



29. The following is the Balance Sheet of Bright and White sharing profits and losses in the ratio of 3 : 2 as on 31st December 2009.

Balance Sheet				
Creditors	14,000	Cash at bank		2,000
Bank loan	8,000	Debtors	11,000	
Reserves	5,000	Less : provision	<u>1,000</u>	10,000
Capital		Furniture		12,000
Bright	18,000	Stock		15,000
White	12,000	Machinery		18,000
	57,000			57,000

The firm is dissolved as on the above date. The assets realised as follows :

Debtors	9,500
Stock	13,500
Furniture	11,500
Machinery	30,000

Creditors were paid at a discount of 10%. The realization expenses amounted to Rs. 1,600. There was a liability of Rs. 1,300 on legal charges due and had to be paid.

Show (i) Realization account (ii) Partner's capital accounts (iii) Bank Account.

(W = $2 \times 4 = 8$) (WGP : $2 \times 4 \times 4 = 32$)
