



Reg. No. :

Name :



M 7961

Second Semester B.Com. Degree Examination, May 2010

BCOM (Core)

Course No. 1 : 2B02 COM

Financial Accounting

Time: 3 Hours

Total Weight : 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. Goodwill is an example of _____ asset.
a) Tangible b) Intangible c) Fictitious d) Abnormal
2. Capital contributed by a trader is treated as a liability of the business based on _____ concept.
a) going concern b) money measurement
c) cost d) business entity
3. Bank is a _____ account.
a) Personal b) Nominal c) Real d) Proper
4. _____ is a book of original entry.
a) Ledger b) Journal c) Cash a/c d) Trial balance
(W = 1) (WGP: 1×4=4)
- II. 5. Stock is valued at cost price or market price whichever is _____.
a) less b) more c) same d) preferable
6. Carriage on purchase is _____ expenditure.
a) capital b) fictitious c) revenue d) deferred revenue

P.T.O.



7. When furniture purchased is debited to purchase account, it is a _____ error.
- a) Commission b) Omission
c) Principle d) None of these
8. The statement prepared by consignee sent to consignor is called _____
- a) Sale statement b) Sales a/c
c) Invoice d) Account sale (W = 1) (WGP: 1×4=4)

PART – B

Answer **any eight** questions in **one** or **two** sentences **each**. Each answer carry a weightage of **one**.

9. What is Accounting Standards ?
10. What is GAAP ?
11. State the use of manufacturing account.
12. What is Account Current ?
13. Define installment system.
14. What is cash price ?
15. State the meaning of down payment.
16. Why goods are invoiced to branch at selling price ?
17. State the meaning of Delcredere commission.
18. What do you mean by fixed capital system in partnership firms ?

(W = 8 × 1 = 8) (WGP = 8×1×4=32)



PART – C

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

19. Explain different types of dissolution of firm.
20. Give the entries for incorporating branch trial balance in head office books.
21. Give rectification entries :
 - a) Cash received from Sohan Rs. 5,000 has been recorded in cash book as Rs. 500.
 - b) Carriage paid Rs. 2,000 on delivery of goods has been debited to sales account.
 - c) An amount of dishonoured cheque Rs. 2,000 has been debited to discount allowed account in place of Sunil account.
 - d) Sale of old furniture has been treated as sales Rs. 3,000.
 - e) Rs. 10,000 paid to workers for extension of office premises has been debited to wages a/c.
22. Give adjusting entries for the following :
 - a) Salary outstanding Rs. 4,000
 - b) Rent prepaid to Rs. 2,000
 - c) Interest accrued Rs. 7,000
 - d) Commission received in advance 1,000
 - e) Provision for doubtful debts Rs. 7,000.
23. X sends 12000 units of goods @ Rs. 10 each to Y on consignment and incurred Rs. 5,000 for sending the goods. On receipt of goods Y accepted a bill for Rs. 20,000 drawn by X. Y incurred Rs. 8,500 as expenses. He sold all the goods @ Rs. 17 per unit. Assuming that the commission is 3% on total sales, show consignment A/c in the books of X.



24. Rajeev and Sanjeev enter into a joint venture. Both contribute Rs. 2,00,000 each. Besides Rajiv paid the architects fee Rs. 50,000 and Sanjeev provided materials worth Rs. 30,000. Further materials were purchased from Sudheer for Rs. 70,000. The other expenses incurred were out of Joint Bank A/c Rs. 2,60,000. They received Rs. 4,50,000 from the authorities for completing the work.

Prepare Joint Venture A/c to ascertain profit.

25. Anand accepted various bills of exchange from Vinay on the dates indicated below :

Sl. No.	Date of bill	Amount	Tenure Bill
1	9-5-2009	900	1 month
2	30-5-2009	700	45 days
3	3-6-2009	400	2 months
4	11-6-2009	1,100	60 days

Anand wishes to cancel all these bills and accept one bill for the whole amount. Ascertain the date on which the bill will be payable.

26. A head office opened a branch on 1-1-2009. Goods are invoiced to the branch at selling price which was fixed by adding 25% to the cost. From the following particulars, ascertain the branch profit for the year 2009 :

	Rs.
Goods sent to branch (at invoice price)	45,000
Cash sales	15,000
Credit sales	19,600
Cash received from debtors	15,400
Discount allowed to debtors	200



Goods returned by the branch (at invoice price)	1,500
Stock on 31-12-2009 (at invoice price)	8,400
Petty cash on 31-12-2009	90
Debtors on 31-12-2009	4,000
Cash sent to branch for expenses	6,000
(W = $6 \times 2 = 12$) (WGP = $6 \times 4 \times 2 = 48$)	

PART - D

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

27. The following are the ledger balance of Manohar as on 31st March, 2010 :

Debit balances	Rs.	Credit balances	Rs.
Drawings	50,000	Capital	3,00,000
Debtors	2,00,000	Creditors	1,05,000
Interest on loan	2,000	Loan	95,000
Cash in hand	20,000	Provision for bad debts	7,000
Stock on 1-4-2009	68,000	Sales	10,00,000
Delivery van	1,00,000	Return outwards	15,000
Bank balance	5,000	Discount	5,000
Land and buildings	1,20,000	Bills payable	20,000
Bad-debts	6,000	Rent received	3,000
Purchases	5,65,000		
Returns inwards	80,000		



Carriage	55,000	
Office expenses	1,50,000	
Advertising	35,000	
Bills receivable	60,000	
Rent	34,000	
	15,50,000	15,50,000

Additional information :

- 1) Stock on 31st March 2010 is 87,500.
- 2) Provide 5% of debtors for bad debts and 2% of debtors for discount.
- 3) Provide for discount on creditors @ 2%.
- 4) Provide interest on capital @ 10% and charge interest on drawings Rs. 2,500.
- 5) Depreciate delivery van by 20%.

Prepare final accounts for the year ended 31st March, 2010.

28. On 1st April 2006, Bose Motor purchase a Van on hire purchase system from Sastha Motors. The cash price of the van is 5,48,686. The terms are Bose Motors would pay Rs. 2,00,000 down and 4 annual installments of Rs. 1,10,000 each commencing on 31st March 2007. Bose Motors charge interest @ 10 percent p.a. under diminishing balance method. Sastha Motors charge interest @ 10 per cent per annum.

Prepare Van A/c, Sastha Motors A/c and Interest A/c in the books of Bose Motors.



29. On 31st March 2009, the firm of Hari, Sabu and Ravi sharing profits and losses in the ratio of 3 : 2 : 1 had the following Balance Sheet :

	Rs.		Rs.
Bank overdraft	7,000	Cash	10,500
Creditors	22,000	Debtors	20,500
Provident Fund	6,000	Less : Provisions	<u>500</u> 20,000
Hari's loan	5,000	Stock	18,500
Mrs. Ravi's loan	4,000	Investments	12,000
Accident Compensation Fund	9,000	Patents rights	8,000
Capital		Goodwill	4,000
Hari	12,000	Profit and Loss A/c	6,000
Sabu	8,000		
Ravi	<u>6,000</u>		
	26,000		
	79,000		79,000

The firm is dissolved. Debtors and stock realised 17,500 and 16,500 respectively. Patent right and goodwill are valueless. Hari discharged bank overdraft and Ravi discharged Mrs. Ravi's loan. Creditors are paid 19,000 in full settlement. Realization expenses Rs. 4,500 were paid by Sabu. Liability on Accident had to be paid Rs. 3,000. Prepare Realization A/c, Capital Accounts and Cash A/c.

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