

(Pages : 6)



M – 2494

Reg. No. :

Name :

Second Semester B.Com. Degree Examination, December 2021

First Degree Programme Under CBCSS

Core Course

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

(2018 – 2019 Admission)

Time : 3 Hours

Max. Marks : 80

SECTION – A

Answer **all** questions, **each** carries **1** mark.

1. The objectives of financial accounting is to ascertain _____ for a particular period.
2. The Person to whom the goods are sold on credit is known as _____
3. Depreciation refers to _____ in the value of fixed assets.
4. Under _____ method of depreciation, the amount of depreciation goes on decreasing year after year
5. Under _____ system, the buyer does not get ownership of goods immediately.
6. _____ is the initial payment made at the time of signing the hire purchase agreement.
7. _____ refers to the amount spent on fuel, coal, diesel and fresh water used for the purpose of voyage.
8. Cum-dividend price is not the real price of investment. Say true or false
9. The average clause in a loss of stock policy discourages _____
10. Loss of profit insurance is also known as _____

(10 × 1 = 10 Marks)

P.T.O.

SECTION – B

Answer **any eight** questions, **each** question carries **2** marks.

11. What you mean by Capital Expenditure?
12. Define Accounting Principles.
13. What you mean by depreciation?
14. What is meant by Hire purchase system?
15. Who is hirer?
16. What you mean by primage?
17. What you mean by Voyage in progress?
18. What is Returnable Packages?
19. What is bonus shares?
20. Define insurance.
21. What do you understand by peril?
22. What you mean by Hazard?

(8 × 2 = 16 Marks)

SECTION – C

Answer **any six** questions, **each** question carries **4** marks.

23. Explain the Qualitative Characteristics of Accounting Information.
24. Discuss any four Basic Accounting Concepts.
25. On 1st January 2019, Aramco Ltd purchased a machinery of ₹ 60,000 and spent ₹ 10,000 on its erection. The machinery is depreciated @ 20% per annum. Prepare machinery a/c for the first two years under diminishing balance method?
26. State the difference between Hire Purchase and Installment Purchase.
27. Parimal Manufacturing Company had a stock of 10,000 bottles valued at ₹ 25,000 on 1st January 2019. During the year, the company purchased 50,000 bottles @ ₹ 2.50 per bottle. At the close of the year 7,000 bottles were in the book. Prepare Containers stock a/c.

28. Kairali Transport Company purchased a truck on hire purchase from Birla Motors for ₹ 50,000. Payment to be made, 15,000 cash and 3 instalments of ₹ 15,000 each at the end of each year. Rate of interest is charged at 5% per annum. Buyer depreciates assets at 10% per annum on written down value method.

Because of financial difficulties Kairali Transport Company after having paid the down cash and the first instalment at the end of the first year, could not pay the second instalment and Birla Motors took possession of the truck, The seller, Birla Motors, after spending ₹ 350 on repairs of the truck, sold it for ₹ 30,110.

Prepare necessary ledger accounts in the books of Kairali Transport Company.

29. Jala Rani commenced a voyage on 01. 01. 2020 from Dubai to London and back. The voyage was completed on 31.03.2020. It carried a consignment of Cement on its outward journey and of Titanium Dioxide on its return journey. The ship was insured and the annual premium was Rs. 24,000.

Prepare a Voyage Account from the following particulars :

Wages and salaries	20,000	Freight earned (Outward)	1,00,000
Stores	6,000	Freight earned (Inward)	50,000
Sundry Expenses	2,000	Port Charge	5,000
Passage money received	4,000	Bunker Cost	20,000
Annual Depreciation	36,000	Lighterage charges	3,000

Address commission 3.5% on outward and 4% on Inward freight. Primage is 5% on freight. The manager is entitled to 5% commission on the profit earned after charging such commission. Stores and Coal on hand were valued at Rs. 2,000 on 31.03.2020.

30. A fire occurred on 15th December, 2011 in the premises of Dolphin Co. Ltd. From the following figures, calculate the amount of claim to be lodged with the insurance company for loss of stock.

Stock at cost as on 1 st April 2010	₹ 2,00,000
Stock at cost as on 1 st April 2012	₹ 3,00,000
Purchases for the year ended 31 st March 2011	₹ 4,00,000

Purchases from 1 st April 2011 to 15 th December 2011	₹ 8,80,000
Sales for the year ended 31 st March 2011	₹ 6,00,000
Sales from 1 st April, 2011. to 15 th December 2011	₹ 10,50,000
During the accounting year 2011–2012 cost of purchases rose by 10% above the previous year's levels while selling prices went up by 5%	
The value of stock salvaged was ₹ 20,000.	

31. Write a note on the following with example :

- (a) Pure Risk
- (b) Speculative Risk.

(6 × 4 = 24 Marks)

SECTION – D

Answer **any two** questions, **each** question carries **15** marks.

32. From the following trail balance of Mr. John as on 31st December 2020. Prepare trading and profit and loss account and Balance Sheet

Particulars	Debit (₹)	Credit (₹)
Capital of Mr. John		15,000
Purchases	55,000	
Drawings	2,500	
Stock (1.1.2020)	11,000	
Bank overdraft		2,100
Furniture	1,300	
Creditors		7,900
Premises	10,000	

Book debts	9,000	
Rent		500
Returns	1,000	
Sales		75,000
Discount		200
Insurance	500	
Sundry expenses	2,500	
Commission		1,000
Carriage outwards	3,300	
Cash	5,600	
	<u>1,01,700</u>	<u>1,01,700</u>

Additional Information :

- (a) Stock on 31.12.2020 Rs. 17,200
 - (b) Commission Accrued but not received Rs. 450
 - (c) Rent receivable amounts to Rs.100
 - (d) Carriage outwards outstanding Rs. 200
 - (e) Insurance paid in advance Rs.150.
33. Discuss the importance of insurance.

34. On 1.1.2020 Sri Devi purchased 500 Equity Share of Rs. 100 each in Tata Ltd. @ Rs. 120 each from a Broker who charged 2%. She incurred 50 Paise per Rs. 100 as cost of shares transfer stamps. On 30.11.2020 bonus was declared in the ratio of 1:2. Before and after the record date of bonus Shares. The shares were quoted at Rs. 175 per Share and Rs. 90 per Share. On 31.12.2020 Sri Devi sold bonus Shares to a Broker who charged 2%. Show the investment Account in the books of Sri Devi who held the Shares as Current Assets and also show the working note.

35. On 1st January 2010 Bandra Ltd. purchased a machine from Virad Industries on hire purchase basis, The cash price of the machine was 25,000. The payment was to be made 5,000 on the date of contract and the balance in 4 annual instalments of 5,000 plus interest at 5 per cent per annum payable on 31st December each year, the first instalment being payable on 31.12.2010.

Prepare Machinery account, Virad Industries account and Interest account in the books of Bandra Ltd. assuming books of accounts are closed on 31st December and depreciation at 10% p.a. Written off on the original cost.

(2 × 15 = 30 Marks)

35. On 1st January 2010 Bandra Ltd. purchased a machine from Virad Industries on hire purchase basis, The cash price of the machine was 25,000. The payment was to be made 5,000 on the date of contract and the balance in 4 annual instalments of 5,000 plus interest at 5 per cent per annum payable on 31st December each year, the first instalment being payable on 31.12.2010.

Prepare Machinery account, Virad Industries account and Interest account in the books of Bandra Ltd. assuming books of accounts are closed on 31st December and depreciation at 10% p.a. Written off on the original cost.

(2 × 15 = 30 Marks)

(Pages : 6)



M – 2502

Reg. No. :

Name :

Second Semester B.Com. Degree Examination, December 2021

First Degree Programme under CBCSS

Core Course

FINANCIAL ACCOUNTING

(Common for CO 1241/CC 1242/CX 1241/TT 1241/HM 1241)

(2020 Admission Regular)

Time : 3 Hours

Max. Marks : 80

PART – A

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

1. What are Generally Accepted Accounting Principles?
2. What are contingent liabilities?
3. What is dual aspect concept?
4. What is convention of consistency?
5. What is diminishing balance method of depreciation?
6. For what purpose, voyage account is prepared?
7. What is hire purchase agreement?

P.T.O.

8. What is accrual concept?
9. What is cash price?
10. Which method of depreciation is used in case of mines, quarries and oil wells?

(10 × 1 = 10 Marks)

PART – B

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

11. What is hire purchase price?
12. How closing stock is treated while preparing final accounts?
13. What are the objectives of depreciation policy?
14. What are free samples? How it is treated in final accounts?
15. What are adjusting entries?
16. What are wasting assets?
17. Briefly state the convention of materiality.
18. What are the advantages of preparing profit and loss account?
19. What are port charges?
20. What are the functions of a balance sheet?
21. How depreciation differs from depletion?
22. State the merits of diminishing balance method of depreciation.
23. Explain the machine hour rate method of depreciation.

24. How provision for bad debt is treated in final accounts?
25. What is right issue?
26. How stevedoring charges is shown in the voyage account?

(8 × 2 = 16 Marks)

PART – C

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

27. Distinguish between balance sheet and trial balance.
28. Distinguish between Straight line and Diminishing balance methods of depreciation.
29. How outstanding expenses and prepaid expenses are treated in final accounts?
30. What are the consequences of not providing depreciation?
31. Explain the various accounting concepts.
32. State the various methods of recording depreciation in books of accounts.
33. Distinguish between cum-interest and ex-interest.
34. Explain the features of hire purchase system.
35. On 1st January 2013, machinery was purchased for Rs.80,000. On 1st January 2014, additions were made to the machinery of Rs.40,000. On 31st March 2015, machinery purchased on 1st January 2014, costing Rs.12,000 was sold for Rs.11,000 and on 30th June 2015, machinery purchased on 1st January 2013 costing Rs.32,000 was sold for Rs.26,700. On 30th June 2015, additions were made to the amount of Rs.20,000.

Depreciation as provided at 10% p.a. on diminishing balance method.

Show machinery account.

36. A fire occurred on 15th September 2018 in the godown of M/s A and B. From the following details, ascertain the claim to be lodged

Particulars	Rs.
Stock on 1 st April 2018	1,05,300
Purchase from 1 st April to the date of fire	3,50,400
Manufacturing expenses and wages	2,60,000
Sales from 1 st April to the date of fire	6,76,000
Goods used by partners themselves (at cost)	10,500
Rate of gross profit on cost	30%
Value of Stock salvaged	10,500

37. On 1st December 2015, a purchaser purchased 200, 6% debentures of Rs.100 each @ Rs.104 ex-interest per debenture. He paid 1/2% brokerage in this transaction. Interest is payable on 30th June and 31st December each year. Pass entries in the books of purchaser.
38. Mr. A bought a machine under hire purchase agreement, the cash price of the machine being Rs.18,000. As per the terms, the buyer has to pay Rs.4,000 on signing the agreement and the balance in four instalments of Rs.4,000 each, payable at the end of the year. Calculate the interest chargeable at the end of each year.

(6 × 4 = 24 Marks)

PART – D

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

39. Write the journal entries in the books of purchaser and vendor in case of purchase made under instalment system.
40. Describe the various accounting conventions.
41. Explain the methods of providing depreciation.

42. The following balances are extracted from the books of Raman on 31-12-2018.

	Rs.		Rs.
Purchases		Sales	70,185
Purchases returns	40,000	Stock (1-1-2018)	5,730
Capital	1,410	Drawings	8,800
Bad debts	50,500	Bad debts reserve (1-1-2018)	1,620
Carriage inwards	700	Office expenses	670
Postage and stationery	1,155	Rates and insurance	650
Discount (Cr)	330	Bills receivable	620
Sales returns	115	Wages	3,140
Building	2,120	Rent received	1,050
Cash at bank	13,000	Cash in hand	1,105
Office furniture	6,200	Salary	4,500
Commission paid	1,800	Postage	410
Sundry debtors	435	Sundry creditors	9,490
Building (New)	31,035	Sundry expenses	8,470
	3,500		

Prepare final accounts for the year ending 31-12-2018 after considering the following:

- (a) Insurance unexpired — Rs.120
- (b) Provide interest on capital @ 5%
- (c) Rent not received — Rs.100
- (d) Depreciate old building @ 2.5%, new building @ 2% and office furniture @ 5%
- (e) Write off further bad debts Rs.285
- (f) Increase the provision for bad debts to 6% on debtors
- (g) Salary outstanding — Rs.285
- (h) Stock on 31-12-2018 — Rs.7,145

43. Indian Shipping Company had a ship named Bharat, whose written down value as on 01-01-2015 was Rs.24 lakhs. The ship was insured for Rs.30 lakhs at 1% for voyage policy of hull. The ship made a trip to Sydney and returned to Chennai during the period 1st July 2015 to 30th September 2015. The details of voyage were given below:

Expenses incurred:

	Rs.
Salaries of the crew	25,000
Fuel	55,000
Port dues	30,000
Stores expenses	32,000
Shares of overhead for the ship	16,000
Stevedoring at the rate of Rs.3 per tonne	
Depreciation on written down value of ship @ 10% p.a	
Freight was insured at 1%	

Freight consists of:

- (a) Leather goods 1100 tonnes
 - (b) Cotton 500 tonnes at the rate of Rs 150 per tonne
 - (c) Sugar 1700 tonnes at the rate of Rs 100 per tonne
- In addition to primage @ 10%, the brokerage payable was 5%
- Prepare voyage account and ascertain profit.

44. On 1st January 2015, Ojha Company obtained Wagons on hire purchase system. The price of the wagon was Rs.25,000. The payment was to be made as Rs.5,000 down and the balance by instalments of Rs.4,000 per year with interest at 4%.

Show interest calculations of 5 years and prepare Wagon account in the books of Ojha Company assuming depreciation to be written off at 5% annually on diminishing balance method.

(2 × 15 = 30 Marks)