

TB153180A

Reg. No: .....

Name: .....

**B. COM. DEGREE (C.B.C.S.S.) EXAMINATION, OCTOBER 2016**

**SEMESTER III – CORE COURSE (COMMERCE)**

**CO3B10B - FINANCIAL ACCOUNTING**

**Time: Three Hours**

**Maximum Mark: 80**

**PART A**

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

1. What is royalty?
2. Write the rectification entry for purchasing machinery worth Rs. 10,000 debited to purchases account
3. What is short working?
4. Write the adjustment entry for goods lost by fire
5. What is a contingent liability?
6. What are deferred revenue expenditures?

**(6x1=6)**

**PART B**

**II. Answer any seven questions. Each question carries 2 marks**

7. What is Branch Stock Account?
8. Explain the different types of royalties
9. Calculate cost of goods sold and gross profit opening stock Rs. 25000, purchases Rs. 91,000 Direct Expenses Rs. 2000, Closing Stock Rs. 19600 and sales Rs. 1,18,000.
10. Prepare Statement of affairs from following information

	<b>Opening</b>	<b>Closing</b>
Stock	90,000	1,05,000
Debtors	1,50,000	1,30,000
Cash	5,000	8,000
Prepared Expenses	3,000	1,000
Outstanding Expenses	4,000	6,000
Creditors	42,000	37,000
Machinery	10,000	15,000
Furniture	1000	1000

11. What do you understand by stock and debtors system?
  12. What is accounting standard?
  13. What do you mean by normal loss? How do you calculate value of stock when there is normal loss?
  14. Explain the term (a) Loading (b) Over riding commission
  15. Ascertain the credit sales
- |  |        |
|--|--------|
|  | Rs     |
| Balance of Debtors on 1-1-2009         | 10,000 |
| Cash received from debtors during 2009 | 22,000 |

Balance of Debtors on 31-12-2009

11,000

16. Ravi consigned 2,000 tons of coal at Rs 25 per ton to Raju of Cochin. He paid Rs 10,000 as freight. Owing to normal wastage, 1,950 tons were received by Raju. He paid Rs 2,500 as unloading charges. Goods sold were 1,300 tons. Compute the closing stock.

(7x2=14)

### PART C

#### III. Answer any five questions. Each question carries 6 marks.

17. What are adjusting entries? Explain adjusting entries with regard to (a) outstanding Expenses (b) Prepaid expenses (c) Goods distributed as samples (d) Goods lost by fire.
18. Distinguish between Statement of Affairs and Balance sheet.
19. Calculate the profit made by Mr. Dinesh, who keeps his books under single entry system. His assets and liabilities were as under.

	On 31 <sup>st</sup> Dec. 2014	31 <sup>st</sup> Dec. 2015
	(Rs)	(Rs)
Cash	200	125
Sundry Debtors	1900	2,300
Stock	2000	2,300
Furniture	3250	4,250
Sundry Creditors	800	690
Bill Payable	-	300

During the year he introduced Rs. 1000 as additional capital. He withdrew Rs. 150 every month for his domestic purpose.

20. List out the accounting entries in the books of lessor when (a) there are no royalties in a year (b) When royalties are less than minimum rent and short workings are recouped. (c) When the royalty exceed minimum rent and short workings are recouped.
21. M/s Chand + Co of Bombay opened a branch at Delhi on 1st Jan 2014. From the given information prepare Delhi Branch Account in the books of M/s Chand and Co for the year ending 31<sup>st</sup> December 2014 and 2015.

	2014	2015
	(Rs)	(Rs)
Goods Sent to Delhi Branch	1,00,000	1,20,000
Expenses paid by the head office :		
Rent	1200	1200
Salaries	6000	6000
Advertisement	600	800
Cash Sales at Branch	1,20,000	1,65,000
Remittances received From the branch		1,60,500

Remittances made on 30 <sup>th</sup> December in transit		4000
Expenses paid by the Branch :		
Carriage	200	250
Petty Expenses	300	400
Stock on December 31	20,000	30,000
Petty Cash in hand	200	

22. A consigned to B 1000 kgs of flour at Rs. 200 per kg incurring Rs. 5000 as expenses. 100 kgs were lost in transit. B spent Rs. 1000 as non –recurring expenses and Rs.3000 as recurring expenses. B sold 600 kgs of the goods, 5 kgs of goods were lost due to breakage at B’s Godown which was considered to be normal. Calculate the amount of abnormal loss and the value of stock on consignment.
23. What are accounting standards? What is its significance. Explain the Accounting standard 4.
24. The trial balance of M/s Sinha as on 31<sup>st</sup> March 2016 showed a difference of Rs. 442 (Dr) which was transferred to suspense A/c. on young through the books the following facts were found.
- (1) Rs. 1080 received from Ram was posted to the debit of his account
  - (2) Purchase Return of Rs. 100 were posted to the debit of purchase account.
  - (3) A sale of Rs. 450 made to Jeevan was entered in the Sales daybook as Rs. 540
  - (4) Repair to office car Rs. 1,148 was debited to office car account as Rs. 348.
  - (5) Advance of Rs. 1,001 given to Kiran was correctly entered in the cash book pit posted in the credit of his account. Pass the necessary entries and also prepare the suspense account.

(5x6=30)

#### PART D

#### IV. Answer any two questions. Each question carries 15 marks

25. From the following Trial Balance, prepare Trading, Profit and Loss Account for the year ended 31<sup>st</sup> December, 2009 and a Balance Sheet as at that date taking into consideration the following adjustments:
- (a) Closing stock Rs. 9,500
  - (b) One quarter of insurance premium falls in next year.
  - (c) Provide 10% depreciation on furniture
  - (d) Loan to X carries 8% interest p.a
  - (e) Loan from Y carries 6% Intrest p.a
  - (f) Goods worth Rs. 500 have been taken by the proprietor for private use.
  - (g) Provide 5% for bad bad doubtful debts
  - (h) Salaries include salary to the proprietor @ Rs. 200 per month.

Debit Balances :	Rs.		Rs.
Stock 1-1-2009	6,000	Insurance premium	600
Salaries	6,000	Bank	8,500
Drawings	6,000	Purchases	60,000

Carriage Inward	1,000	Debtors	30,000
Carriage Outward	500	Advertisement	3,000
Returns Inward	800	Bad Debts	500
Loan to X	3,000	Discount	600
Rent	1,200	Cash	200
Goodwill	5,000	Furniture	3,000
Wages	100		
Credit Balances :			
Capital	40,000	Liabilities for other Expenses	1,900
Returns Outward	500	Provision for Bad Debts	1,000
Loan from Y	5,000	Discount	300
Rent Outstanding	100	Sales	73,700
Creditors	13,000	Rent by Subletting	500

26. Dharwar Coal Co. acquired on lease a coal mine on a royalty of paise 50 per ton of coal brought on the surface with a minimum rent of Rs. 56,000 a year with no right to recover short workings except in case of strike. 10% of the coal taken out from the mine is lost in weight in bringing the coal on the surface.

The output was as follows:

Year	1	2	3	4	5
Output (Tons)	20,000	80,000	1,20,000	1,70,000	80,000

In the fifth year, there was a strike for 2 months. Show the Minimum Rent Account, Royalty Account and Short workings Account for the five years.

27. Mr. X of Mumbai invoiced goods to his agent Y of Kolkata. The agent sends his report regarding sales and collection of book debts by him every month. He is entitled to a commission of 5% on cash collected and an allowance for expenses @ Rs. 2,000 per half-year. During the half year ending 31<sup>st</sup> December, 2009, goods were invoiced to the agent Y costing Rs. 5,00,000 plus freight and charges thereon Rs. 75,000. During the same period, sales were made by the agent amounting to Rs. 6,84,000. Debts collected were Rs. 5,60,000 and discounts were allowed amounting to Rs. 5,975. The agent remitted to X Rs. 5,00,000.

Included in the consignments to the agent was a consignment of goods costing to X Rs. 12,500 partly damaged in transit. The consignment was insured and the claim was settled for Rs. 12,400.

At 31<sup>st</sup> December, 2009 the unsold stock in the hands of the agents represents cost to X Rs. 75,000.

Prepare the consignment account and the consignee's account in the books of the consignor.

28. Explain the accounting methods used by Head office to record the transactions of Branch in its books.

**(2x15=30)**