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Name.....

Reg. No.....

**SECOND SEMESTER B.Com. DEGREE EXAMINATION, APRIL 2018**

(CUCBCSS – UG)

(Core Course:Commerce)

**CC16U BC2 B02 – FINANCIAL ACCOUNTING**

(2016 Admissions: Supplementary/Improvement)

Time: Three Hours

Maximum: 80 Marks

**Part A**

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

Choose the correct answer:

1. Manufacturing Account is prepared to find out
  - a) Gross Profit
  - b) Assets - Liabilities
  - c) Cost of goods manufactured
  - d) None of these
2. Depreciation is an expense resulting from the
  - a) Consumption of current asset
  - b) Use of various services
  - c) Use of fixed assets
  - d) None of these
3. Ind AS 7 prescribes \_\_\_\_\_
  - a) Intangible Assets
  - b) Cash Flow Statement
  - c) Property, Plant and Equipment
  - d) Inventories
4. If number of shares applied for is less than the number of shares offered to public for issue, then it is called \_\_\_\_\_
  - a) Under Subscription
  - b) Fair Subscription
  - c) Over Subscription
  - d) Optimum Subscription
5. EPS means \_\_\_\_\_
  - a) Equity Per Share
  - b) Earnings Par Share
  - c) Earnings Per Share
  - d) Equity Par Share

Fill in the blanks:

6. Dividend declared between two annual general meetings is known as \_\_\_\_\_
7. IFRS stands for \_\_\_\_\_.
8. The term used to write-off intangible assets is called \_\_\_\_\_.
9. \_\_\_\_\_ Bond does not carry specific interest rate.
10. Cost of goods sold + closing stock – Opening stock will be equal to \_\_\_\_\_.

(10 x 1 = 10 Marks)

**Part B**

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

11. What do you mean by Wasting Assets?
12. What is a Trust Deed?
13. Explain the term TDS in the context of accounting.
14. What do you mean by Legacy?

(1)Turn Over

31. Mr. Vinod commenced business as a cloth merchant on 1<sup>st</sup> Jan 2015 with a capital of Rs. 20,000. Immediately he purchased furniture for cash Rs. 5,000. From the following particulars obtained from his books kept under single entry, you are required to prepare a Trading and Profit & Loss Account, for the year ending 31<sup>st</sup> Dec, 2015 and a Balance Sheet as on that date.

	(Amount in Rupee)
Sales ( Inclusive of cash Rs. 9,000)	19,000
Purchase ( Inclusive of cash Rs. 6,000)	15,000
Vinod's Drawings	1,400
Salaries to staff	2,500
Bad debts written off	400
Discount allowed	300
Discount received	400
Trade expenses	650

Mr. Vinod took cloth worth Rs. 700 from the business for private use and paid Rs. 300 to his daughter, but omitted to record these transactions in his books. On 31<sup>st</sup> Dec, 2015 his Sundry Debtors were Rs. 5,400; Sundry Creditors Rs. 3,700 and the Closing Stock on that date was valued at Rs. 7,100.

(2x15= 30 marks)

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15. What is IFRS Convergence?  
 16. What is a Trading Account?  
 17. Explain Receipts and Payments Account.  
 18. What is a Capital Reserve?  
 19. Explain NRV.  
 20. What do you mean by Pro rata Allotment?

(8 x 2 = 16 Marks)

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

21. Differentiate Statement of Affairs and Balance Sheet.  
 22. Briefly explain the Issue of Shares at Discount with suitable journal entries.  
 23. What is a Reserve? How it differ from Provision?  
 24. Mr. X purchased furniture costing Rs. 55,000 on 1<sup>st</sup> Jan 2010. It is estimated that its working life is 10 years at the end of which it will fetch Rs. 5,000. Additions were made on 1<sup>st</sup> Jan 2011 and on 1<sup>st</sup> July 2013 to the value of Rs. 9,500 and Rs. 8,400(residual values Rs. 500 and Rs. 400 respectively). Show the furniture account for the first four years if depreciation is written off according to fixed installment method. The useful working life of the additions was also estimated to be 10 years.  
 25. Give the accounting entry for impairment loss:

Fair value of group of assets	Rs. 25,40,000
Cost of disposal	Rs. 1,70,000
Present value of future cash flows	Rs. 24,00,000
Carrying amount at the beginning	Rs. 29,40,000
Depreciation written off	Rs. 2,94,000

26. From the following information ascertain the gross profit.

Opening stock	Rs. 4,800	Salary paid	Rs. 200
Purchases	Rs. 30,410	Purchases return	Rs. 370
Carriage inwards	Rs. 1,048	Return inwards	Rs. 1,720
Sales	Rs. 41,720	Wages not paid	Rs. 192
Closing stock	Rs. 7,680	Loss due to fire	Rs. 2,000
Wages paid	Rs. 5,600		

27. ABC Ltd., forfeited 100 equity share of Rs.10 each held by Justin for non payment of first call of Rs. 2 per share and final call of Rs. 3 per share. Give journal entry for the forfeiture and reissue of shares.

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28. From the following particulars calculate the subscription amount to be credited to the Income and Expenditure account for the year ending 31<sup>st</sup> December 2016.

Subscriptions received in 2016	Rs. 8,700
Subscriptions outstanding on 1 <sup>st</sup> Jan, 2016	Rs. 550
Subscriptions outstanding on 31 <sup>st</sup> Dec, 2016	Rs. 825
Subscriptions received in advance on 1 <sup>st</sup> Jan, 2016	Rs. 475
Subscriptions received in advance on 31 <sup>st</sup> Dec, 2016	Rs. 370

(6 x 4 = 24 Marks)

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

29. What do you mean by Accounting Standards? Briefly explain the objectives, benefits and limitations of Accounting Standards.  
 30. Following is the Trial Balance of Matrix Solutions Ltd as on 31<sup>st</sup> Dec 2016.

	Dr. ( in rupees)	Cr. ( in rupees)
Income from consultancy		13,00,000
Income from projects		2,60,000
Income from programming		3,70,000
Equity Share Capital		30,00,000
General reserve		2,00,000
Loans from bank		4,27,000
Salary	1,80,000	
Administrative expenses	3,90,000	
Repairs	1,60,000	
General expenses	67,000	
Computers	30,50,000	
Accessories	3,80,000	
Land and building	8,60,000	
Cash at bank	3,70,000	
Cash in hand	1,00,000	
	<b>55,57,000</b>	<b>55,57,000</b>

Additional information:

1. Outstanding administrative expenses Rs. 10,000.
2. Proposed dividend @ 8%.
3. Provision for taxation @ 30%.
4. Depreciation on computer @ 10% and on land & buildings @ 5%.
5. Ignore corporate dividend tax.

Prepare statement of Profit &amp; Loss and a Balance Sheet.

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**Turn Over**