

Debit balances		Credit Balances	
Stock 1.1.2017	6,000	Capital	40,000
Salaries	6,000	Returns outwards	500
Drawings	6,000	Loan from John	5,000
Carriage inwards	1,000	Rent outstanding	100
Carriage outwards	500	Creditors	13,000
Returns inward	800	Liability for other expenses	1,900
Loan to Sreenath	3,000	Provision for bad debts	1,000
Rent	1,200	Discount	300
Purchases	60,000	Sales	73,700
Debtors	30,000	Rent by Subletting	500
Advertisement	3,000		
Bad debts	500		
Discount	600		
Goodwill	5,000		
Insurance premium	600		
Wages	100		
Bank	8,500		
Cash	200		
Furniture	3,000		
<b>Total</b>	<b>1,36,000</b>	<b>Total</b>	<b>1,36,000</b>

31. Following are the ledger account balances of Suresh Ltd as on 31-03-2017

Debit balances	Amount	Credit balances	Amount
Plant	7,00,000	Equity share capital (50,000 shares of Rs.10)	5,00,000
Land&building	4,00,000	General reserve	3,25,000
Stock (01-04-2018)	35,000	Dividend equalization fund	70,000
Purchases	1,80,000	Sundry creditors	60,000
Carriage	3,500	Bank overdraft	35,000
Establishment	93,000	Sales	4,60,000
Interest on loan	10,000	Discount received	5,000
Selling expenses	12,500	Provision for doubtful debts	3,000
Interim dividend	10,000	Secured loan	1,00,000
Discount allowed	3,000	P&L A/C (01-04-2018)	42,000
Cash in hand	73,000		
Debtors	80,000		
<b>Total</b>	<b>16,00,000</b>	<b>Total</b>	<b>16,00,000</b>

Additional information:

- Provision for doubtful debts to be kept at 5% on sundry debtors.
- Transfer Rs.25, 000 to general reserve.
- Directors propose a dividend of 10% on equity shares.  
(Including interim dividend)
- Closing stock 36,000.
- Provide depreciation on plant @10%p.a.
- A claim of Rs.10, 000 for workmen's compensation is being disputed by the company.  
Prepare final accounts. **(2 x 15 = 30 Marks)**

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(Pages: 4)

Name.....

Reg. No.....

**SECOND SEMESTER B.Com. DEGREE EXAMINATION, APRIL 2020**

(CUCBCSS – UG)

**CC17U BC2 B02 - FINANCIAL ACCOUNTING**

(Commerce - Core Course)

(B Com – 2017, 2018 Admissions)

Time: Three Hours

Maximum: 80 Marks

**Part A**

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

Choose the correct answer:

- Income received in advance is  
(a) An income (b) a liability (c) an asset (d) a loss
- Which of the following is not a fixed asset?  
(a) Motor vehicle (b) Furniture (c) Inventory (d) Free hold property
- Valuation balance sheet is prepared by \_\_\_\_\_ company.  
(a) Banking (b) Life Insurance (c) General Insurance (d) Joint Stock Company
- \_\_\_\_\_ is the residual interest in the assets of the company after deduction of its liabilities  
(a) Equity (b) Reserve and Surplus  
(c) Purchase consideration (d) None of these
- When own debentures are purchased, the debenture a/c is debited with  
(a) Face value (b) Cum-interest price (c) ex-interest price (d) issue price

Fill in the blanks:

- The capital of the proprietor increases when the business makes \_\_\_\_\_
- All expenses incurred by the proprietor which are not related to business are treated as \_\_\_\_\_
- Life insurance is a contract of \_\_\_\_\_
- Dividend to be paid is always computed on \_\_\_\_\_ capital.
- The depreciation charged on an asset is debited to \_\_\_\_\_ account.

**(10 x 1 = 10 Marks)**

**Part B**

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

- What is manufacturing account?
- What are closing entries?
- What are fictitious assets?
- What is a statement of affairs?
- What is surrender value?
- Define financial statements.
- Define reserve. Distinguish it from provision.
- What are the objectives of providing depreciation?
- What do you mean by forfeiture of shares?

(1)

**Turn Over**

20. Following figures are available from the books of Mithun for the year ending 31-3-2018:  
 Opening stock 1,00,000 Purchases 2,00,000 Direct expenses 50,000 Closing Stock 60,000, Sales 4,00,000 Calculate (a) Cost of goods sold (b) Gross Profit

(8 x 2 = 16 Marks)

**Part C**

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

- 21. What are non performing assets? How are they identified?
- 22. What are the differences between statement of affairs and balance Sheet?
- 23. Explain the objectives of accounting standards.
- 24. A machine was purchased on 1<sup>st</sup> January 2014 for 30,000. During the year additional machinery costing 15,000 was purchased. On 1<sup>st</sup> October 2016, the machinery acquired on 1st January 2014 became obsolete and was sold for 16,000 and on the same date new machine was purchased at a cost of 40,000. Depreciation is provided annually on 31<sup>st</sup> December @ 10% p.a. on original cost of the asset. Show the machinery account from 2014 to 2016.
- 25. XYZ Ltd issued 10,000 shares of 10 each at pat payable as: on application Rs 3 per share, on allotment Rs 2 per share, on first call Rs 3 per share, on second and final call Rs 2 per share. Mr. Thomas was allotted 50 shares. Give the necessary journal entries relating to forfeiture of shares in the following alternative cases.  
 Case 1 - If Thomas failed to pay allotment and his shares were forfeited.  
 Case 2 - If Thomas failed to pay allotment money and on his subsequent failure to pay the first call his shares were forfeited.  
 Case 3 - If Thomas failed to pay the first call and on his subsequent failure to pay the final call, his shares were forfeited.

- 26. Journalise the following in the books of a limited company:
  - (a) Issued 2,000 7% Debentures of Rs 100 each repayable at par
  - (b) Issued 2,000 7 % Debentures of Rs 100 each at Rs 95, repayable at par
  - (c) Issued 2,000 7% Debentures of Rs 100 each at Rs 110 each repayable at par
  - (d) Issued 2,000 7 % Debentures of Rs 100 each repayable at Rs 105
  - (e) Issued 2,000 7% Debentures of Rs 100 each at Rs 95, repayable at Rs 110.
- 27. Sunrise Ltd had issued 40,000 equity shares of 10 each, fully called up. During the year 2019, the company declared a dividend of 2 per share. Give journal entries in the books showing declaration and payment of equity dividend assuming that the corporate dividend tax is 17%.

28. From the following particulars, find out the credit sales and credit purchases for the year ended 31<sup>st</sup> March 2018

Total debtors on April 1, 2017	-	14,750
Total creditors on April 1, 2017	-	8,970
Cash received during the year from Sundry debtors	-	57,450
Discount allowed during the year	-	580
Bad debts written off	-	850
Return inwards	-	1,150
Bills received from customers	-	9,600
Cash paid to sundry creditors	-	29,780
Discount received from them	-	430

Returns to suppliers	-	520
Bill issued to them	-	6,400
Total debtors on March 31, 2018	-	13,890
Total creditors on March 31, 2018	-	9,450

(6 x 4 = 24 Marks)

**Part D**

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

29. Prepare final accounts of a commercial bank.

Debit Balances		Credit Balances	
Loans, cash credit	1,00,00,000	Share Capital	35,00,000
Overdraft	42,40,000	Profit & loss a/c ( Cr)	1,00,000
Salaries	84,000	Statutory reserve	1,40,000
P. F contribution	20,000	Commission, brokerage	2,00,000
Interest paid	1,25,000	Fixed deposit	81,81,000
Audit fees	3,000	Current account	60,26,000
Bills discounted	29,57,000	Savings bank a/c	40,46,000
Investment	20,26,000	Bills payable	2,00,000
Stamps in hand	1,000	Inter - office adjustment	78,000
Money at call	1,02,000	Borrowings	5,00,000
Land and building	4,10,000	Reserve fund	4,00,000
Furniture	73,000	Contingency reserve	1,20,000
Cash in hand	8,40,000	Interest and discount	5,25,000
Deposit with banks	23,00,000	Miscellaneous receipts	20,000
Deposit with RBI	8,00,000		
Directors fees	23,000		
Rent and taxes	17,000		
Postage	12,000		
Office expenses	3,000		
<b>Total</b>	<b>2,40,36,000</b>	<b>Total</b>	<b>2,40,36,000</b>

Additional information:

- 1. Provide depreciation on land and building and furniture at Rs 16,000 and Rs 7,000 respectively.
  - 2. The authorised capital of the bank is Rs 50 Lakh.
  - 3. Contingent liability amounted to 4, 09,000.
30. From the following trial balance prepare Trading, P&L A/C for the year ended 31<sup>st</sup> December, 2019 and a balance sheet as on that date taking in to consideration the following adjustments:
- a) Closing stock 9,500
  - b) One quarter of insurance premium falls in the next year
  - c) Provide 10% depreciation on furniture.
  - d) Loan to Sreenath carries 8% interest p.a
  - e) Loan from John carries 6% interest p.a
  - f) Goods worth Rs. 500 have been taken by the proprietor for the private use.
  - g) Provide 5 % for bad and doubtful debts.
  - h) Salaries include salary to proprietor @ 200 per month.