

**SECOND SEMESTER B.Com.DEGREE EXAMINATION, APRIL 2018**  
(CUCBCSS – UG)

Commerce - Core Course

**CC17U BC2 B02 - FINANCIAL ACCOUNTING**

(2017 Admissions Regular)

Time: Three Hours

Maximum: 80 Marks

**Part A**

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

Choose the correct answer :

- Free samples given to customers are debited to:
  - Advertisement Account
  - Purchase Account
  - Sample Account
  - None of these
- Wages paid for installing a new plant is debited to:
  - Wages Account
  - Plant Account
  - Trading Account
  - None of the above
- Dividend is usually paid on
  - Issued Capital
  - Authorized Capital
  - Called-up Capital
  - Paid-up capital
- Rebate on bills discounted for banking company is
  - Expense
  - Income
  - Liability
  - None of the above
- \_\_\_\_\_ term applies to intangible assets.
  - Depreciation
  - Depletion
  - Amortizations
  - Dilapidations

Fill in the blanks :

- Commission on reinsurance accepted is shown in schedule No. \_\_\_\_\_
- Net Worth method is otherwise known as \_\_\_\_\_.
- The cost of furniture purchased for sale is a \_\_\_\_\_ expenditure.
- Valuation of net liability in the case of life insurance business is done by a person known as \_\_\_\_\_.
- The consideration in return for which the insurer agrees to make good the loss is known as \_\_\_\_\_.

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

**Part B**

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

- What is known as cash credit?
- What is the difference between annuities and consideration for annuities granted?
- What do you mean by Contingent Liabilities? Give examples.
- What do you mean by provision for bad debts?
- Distinguish between profit and non-profit organizations.

(1)

**Turn Over**

Depreciate Plant and Railway by 10%, Furniture and Building by 5%. Write off one-third of the promotion expenses. Value of silver on March 31, 2016 was Rs. 15,000. The directors forfeited on December 10, 2015, 100 shares of which only Rs. 750 had been paid.

30. Ever Green Limited issued 25,000 equity shares of Rs. 10 each as follows:

On Application Rs. 2.50; On Allotment Rs. 5.00 (including premium); On First Call Rs. 2.50; On Second Call Rs. 2.50.

The application and allotment money were received. Holders of 10,000 shares paid in full with the allotment money. Holders of 500 shares failed to pay first call and their shares were forfeited after due notice. The second call was duly paid by all the shareholders.

Show the necessary journal entries in the books of Ever Green Limited.

31. Following balances were extracted on the closing date 31<sup>st</sup> march 2017 from the books of Avinash Bank Ltd. You are required to prepare the Balance Sheet and Profit and Loss Account of the Bank.

	Rs. (‘000’)		Rs. (‘000’)
Current Deposits	45,500	Cash In hand and with RBI	487
Saving bank Accounts	14,520	Cash with Banks	6,869
Fixed Deposit	37,180	Money at call	1,500
Sundry creditors accounts	454	Investments in Govt. Securities	45,200
Depositors due to other banks		Interest accrued on Investments	875
secured by investments	12,200	Investments in Shares	4,700
Bills for collection being bills		cash credit and Loans	44,100
receivables	22,100	Bills Discounted	33,100
		Furniture, Fixtures and	
acceptance and Endorsements for		Equipment	500
customers	11,168	Postage and Telegrams	500
rebate on Bills discounted	15	Interest paid	1,200
branch Adjustments (Cr.)	4,555	Law charges	100
statutory Reserve	10,000	Payment to Employees	2,400
Dividend equalisation Fund	2,500	Directors Fees	100
Capital: 2 lakh shares of Rs.100 each		Stationery and Advertisement	400
Rs.50 paid up	10,000	Miscellaneous Expenses	300
Interest and Discount received	5,800	Land and Building	3,500
Exchange and Commission (Cr.)	1,700	Depreciation Reserve	500
General Charges Recovered	55		
P & L A/c Balance on 01.04.2016	852		

Provide for (a) Reserve for Taxation Rs.5 lakhs (b) Transfer to General Reserve Rs.15 lakhs and (c) Transfer to Dividend Equalisation Fund Rs.5 lakhs.

**(2 x 15 = 30 Marks)**

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(4)

16. What are known as non-banking assets?  
 17. What are the objectives of IFRS?  
 18. What are naked debentures?  
 19. What do you mean by forfeiture of shares?  
 20. Differentiate between straight line method and diminishing balance method.

(8 x 2 = 16 Marks)

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

21. Describe briefly the different types of debentures.  
 22. Write a short note on Slip System of Posting.  
 23. How will you treat loss of stock by fire while preparing final accounts?  
 24. Ascertain credit purchases and credit sales from the following:

	Rs.		Rs.
Sundry Debtors on 1-1-2015	12,800	Discount allowed	350
Sundry Debtors on 31-12-2015	9,800	Discount received	250
Sundry Creditors on 1-1-2015	7,600	Bills received from debtors	2,500
Sundry Creditors on 31-12-2015	9,030	Acceptances given to creditors	5,870
Cash received from Debtors	6,400	Bad debts	300
Cash paid to creditors	1,750	Bills dishonoured by debtors	400

25. A company purchased a second hand machine on 1<sup>st</sup> April, 2013 for Rs. 17,000 and spent immediately for its repairs Rs. 1,800 and for its erection Rs. 1,200. On 1<sup>st</sup> October, 2013, it purchased another machine for Rs. 10,000 and on 1<sup>st</sup> April, 2014, it sold off the first machine (purchased in 2013) for Rs. 16,000. On the same date, it purchased a new machine for Rs. 25,000. On 1<sup>st</sup> July 2015, company bought a second hand machine for Rs. 8,000 and spent immediately for its repairs and erection Rs. 2,000. On the same date, the company sold the second machine (bought in 2013) for Rs. 8,500.

Depreciation was charged at 10% on the original cost method and accounts were closed on 31<sup>st</sup> March every year. Prepare Machinery account for the period ending 31<sup>st</sup> March, 2016.

26. The following balances are given in the Trial Balance of Shyam Lal:

	Dr.	Cr.
Capital	-	1,00,000
Drawings	20,000	-
Bad Debts	1,200	-
Sundry Debtors	20,500	-
Provision for Doubtful Debts	-	2,000
Salaries Outstanding	-	1,000
Prepaid Insurance	200	-
Interest on Investment Account	-	500
Commission Received in Advance	-	400

Adjustments: Further bad debts Rs. 500; Make provision for doubtful debts @ 5% on Sundry Debtors; Interest on Capital Rs. 10,000 and Interest on Drawings Rs. 1,000. Prepare final accounts.

(2)

27. Following data relates to the claim of an insurance company for the year ended 31-3-2017:

Claims paid during the year Rs. 15,00,000

Claims admitted but not paid as on 31-3-2017- Rs. 3,00,000

Claims intimated but not yet admitted as on 31-3-2017 – Rs. 60,000

Claims outstanding as on 1-4-2016 – Rs. 1,20,000

Claims recovered under re-insurance – Rs. 35,000

Calculate the amount of claims to be debited to Revenue account for the year ended 31-3-2017

28. A limited company issued 1,000 debenture bonds of Rs. 100 each at a premium of 10% repayable at par at the end of the 10<sup>th</sup> year. The debenture bonds were payable Rs. 25 on application, Rs. 35 on allotment (including premium) and the balance on first and final call. All the moneys were received by the company in due course. Journalise the above transactions in the books of the company.

(6 x 4 = 24 Marks)

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

29. A joint stock company ABC Silver Ore Co. Ltd. was formed on April 1, 2015 with an authorized capital of Rs. 6,00,000 in shares of Rs. 10 each. Of these 52,000 shares had been issued and subscribed but there were calls in arrears on 100 shares. From the following trial balance as on March 31, 2016, prepare statement of profit and loss account and balance sheet.

	Rs.	Rs.
Cash at Bank	1,05,500	
Share Capital		5,19,750
Plant	40,000	
Sale of Silver Mines	2,20,000	1,79,500
Promotion Expenses	6,000	
Interest on FD upto December 31		3,900
Dividend on Investment		3,200
Royalties paid	10,000	
Railway Track and Wagons	17,000	
Wages of Miners	74,220	
Advertising	5,000	
Carriage on Plant	1,800	
Furniture and Buildings	20,900	
Administrative Expenses	28,000	
Repairs to Factory Plant	900	
Coal and Oil	6,500	
Cash	530	
Investments: Share of Tin Mines	80,000	
Brokerage on above	1,000	
6% F.D. in Syndicate Bank on 01-04-2015	89,000	
	7,06,350	7,06,350

(3)

**Turn Over**