

**B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, OCTOBER 2018****Third Semester****Core Course VIII—FINANCIAL ACCOUNTING**

(Common for Model I, Model II and U.G.C. Sponsored B.Com. Degree Programmes)

[2013—2016 Admissions]

Time : Three Hours

Maximum Marks : 80

**Section A**

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

1. What is Prudence principle ?
2. What are Accounting Standards ?
3. What is Double Entry System ?
4. What is Minimum Rent ?
5. What is Bad debts recovered ?
6. What is Branch Profit and Loss Account ?
7. Who is a consignor ?
8. Give two examples of Revenue expenditure.
9. What is Matching principle ?
10. What is Separate Entity Concept ?

(10 × 1 = 10)

**Section B**

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

11. Give rectifying entries :
  - (a) Rent paid charged to Donald's account Rs. 1,200.
  - (b) Rs. 500 given as discount has been debited to customer's account.
12. What are the types of errors ?
13. What is Capital receipt ? Give two examples.
14. Give adjusting entries for :
  - (a) Rent prepaid of Rs. 250.
  - (b) Goods given as free samples Rs. 250.
15. What are Adjusting Entries ?

Turn over

16. What is the entry to be passed in the books of consignor when goods are sent for consignee at a loaded price ? How to nullify the effect of loading in consignment account ?
17. What is Over-riding Commission ?
18. State two advantages of adopting Conversion method in single entry system ?
19. Pass entries in the books of lessor when royalties exceed the minimum rent and short workings are recouped.
20. Give two features of Stock and Debtors system.
21. What is Recouping of Short Working ?
22. What is Grouping and Marshalling ?

(8 × 2 = 16)

### Section C

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

23. Prepare Trading, Profit and Loss Account from the following for the year ended 31.12.2015  
Opening stock - 48,000 ; Purchases - 92,000 ; Purchase returns - 4,000 ; Wages - 9,000 ;  
Salaries - 16,000 ; Sales - 1,00,000 ; Carriage outward - 3,000 ; Electricity - 1,500 ; Royalty  
paid - 1,100 ; Bad Debts - 250 ; Commission received - 1,200 ; Closing stock -25,000 ; Apprentice  
Premium (Cr.) - 2,500.
24. Mr. Hawk consigned body spray worth Rs. 15,000 to Mr. Goenka. Carriage charges were Rs. 250  
and insurance Rs. 100. 80 % of goods were sold for Rs. 11,000. Ram incurred Rs. 300 as rent and  
Rs. 500 was his commission. Write journal entries in the books of consignor.
25. Explain calculation of profit under single entry system.
26. On 1.01.2015, Head Office of Pathanamthitta invoiced to Trivandrum branch goods costing  
Rs. 1,50,000 and charged at selling price to produce a gross profit of 30 % on selling price. At the  
end of the month the branch showed the sales was Rs. 1,75,000. The goods invoiced at Rs. 3,000  
were returned by the Trivandrum branch. The closing stock at the branch was 20,100 at selling  
price. Post these transactions in the Branch Stock account, Branch Adjustment account, Branch  
Profit and Loss Account.
27. Prepare Branch account from the following particulars :

<i>Particulars</i>	2012	2013
	Rs.	Rs.
Goods sent to branch	55,000	1,50,000
Cash sent to branch :		
(a) Rent	8,000	8,000
(b) Salaries and wages	5,200	5,900
(c) Sundry expenses	1,500	4,110
(d) Electricity	250	500
Cash from branch	76,200	1,65,000
Stock on closing date	8,400	21,000
Cash on closing date	1,100	900

28. State the purpose of preparing Statement of Affairs ?
29. Show the effect in the concerned accounts including the final accounts and balance sheet when :
- Goods worth Rs. 500 are given as samples.
  - Provision for Discount on creditors is created.
30. Write a short note on Branch Adjustment account. Also show the format of the account.
31. Explain Normal and Abnormal Loss in consignment accounts.

(6 × 4 = 24)

### Section D

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

32. The following are the details of Trial Balance of Mr. Singham for the year 2016 :—

<i>Particulars</i>	<i>Amount</i>	<i>Particulars</i>	<i>Amount</i>
	Rs.		Rs.
Patents ...	16,500	Capital ...	1,50,000
Cash ...	6,000	Provision for bad debts ...	10,500
Stock (1.1.2016) ...	66,000	Creditors ...	75,000
Purchases ...	2,55,000	Sales ...	4,20,000
Marketable Securities ...	15,000		
Furniture ...	45,000		
Bad debts ...	9,000		
Stationery ...	9,000		
Management expenses ...	10,500		
Office Salaries ...	45,000		
Carriage inwards ...	7,000		
Carriage outwards ...	8,000		
Electricity ...	28,500		
Debtors ...	1,35,000		
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	6,55,500		6,55,500

#### Adjustments :

- Closing Stock - Rs. 70,500.
- Depreciate Furniture 10 %.
- Provision for bad debts - Rs. 3,500.
- Goods worth Rs. 3,500 lost and no claims were accepted.
- Manager's Commission is 10 % on net profit.
- Opening stock is overcast by 10 %.

Prepare the final accounts for the year ended 31<sup>st</sup> December 2016.

Turn over

33. Mickey leased out his property for extracting minerals to Marciano. Mickey is to get Rs. 1.50 per tonne with a minimum rent of Rs. 10,000 p.a. Each year's excess rent is recouped out of royalties of next 5 years. When the minimum rent is not reached due to strikes or lock outs the actual royalties for the year will discharge all rental obligations :

Year	Royalty
2005	0
2006	3,300
2007	9,000
2008 (Lock-out)	11,100
2009	14,000
2010	16,000
2011	7,000
2012	16,000

Prepare important accounts in the books of both parties.

34. 10,000 Hard Disks were sent to Consignee Mr. B by Mr. A at Rs. 3,000 each. Mr. A paid freight Rs. 25,000 and insurance Rs. 5,000. During the transit 250 were stolen. The consignee took hold of the balance paying some duties of Rs. 5,000. An account sales was sent by Mr. B selling 9,000 Hard Disks at Rs. 3,700. Rent paid by Mr. B was Rs. 3,000. He is to get a commission of 5 % on sales. Prepare relevant accounts in the books of both parties.
35. The following errors were found in the books of Mr. Yogi. Give necessary rectification entries :
- Furniture purchased worth Rs. 1,500 was debited to Stationary account.
  - Rs. 2,000 paid for rent taken as Electricity charges.
  - Rs. 500 paid as electricity charges was not recorded.
  - Amount of Rs. 9,000 withdrawn has been charged to Purchases.
  - Interest received Rs. 300 has been wrongly treated as paid.
  - Rs. 9,000 paid as wages taken as Rs. 900 and as Salaries.
  - Commission paid Rs. 1,560 was shown as 10,560.
  - Sales Return book is overcast by Rs. 100.
  - Purchase returns book was overcast by Rs. 50.
  - Goods worth Rs. 1,250 purchased from Mr. Ram entered in sales day book.
  - A credit purchase from Mr. Phoney worth Rs. 1,250 was posted as Rs. 2,150.
  - Purchases were short by Rs. 550.

(2 × 15 = 30)