

Reg. No.....

Name.....

B.COM. DEGREE END SEMESTER EXAMINATION OCTOBER/NOVEMBER 2017**SEMESTER –1: COMMERCE (CORE COURSE)****COURSE: 15U1RCOM2: FINANCIAL ACCOUNTING***(Common for Regular 2017 admission and Supplementary/Improvement 2016 & 2015 admission)*

Time: Three Hours

Max. Marks: 75

SECTION – A*Answer **all** questions. Each question carries **two** marks.*

1. What is meant by 'opening entry'?
2. What are 'Legacies'?
3. Calculate amount of salaries to be shown in Receipts and Payments Account:

Salaries as per Income and Expenditure A/c	Rs.1,500
Paid in advance in previous year	Rs. 700
Outstanding at the end of current year	Rs. 300
Outstanding at the end of the previous year	Rs. 800
4. What is royalty?
5. The purchase of machinery for Rs.60,000 was entered in Purchases account. Pass rectification entry.
6. What is meant by consignment?
7. Distinguish between branch and department.
8. List the major accounts to be opened under 'stock and debtors system'.
9. Define the term accounting. Who are the groups interested in accounting information?
10. Calculate gross profit from the following information.
 Sales -Rs.1, 00,000, Opening stock -Rs. 20,000, closing stock – Rs.30, 000,
 Purchases- Rs.40, 000, Salaries Rs.30, 000, Wages -Rs. 25,000, Advertisement Rs.10,000
(2 × 10 = 20)

SECTION – B*Answer **any five** questions. Each question carries **five** marks.*

11. What is meant by accounting concepts? Explain any two accounting concepts with examples.
12. A colliery is leased to Shine Coal company on a royalty of Rs.10 per ton on the output. A minimum rent of Rs.1, 60,000 a year and allowances for short working are provided in the lease. The coal actually raised in a series of years is as follows: First year - 8000 tonnes, 2nd year- 10,000 tonnes, 3rd year – 18,000, 4th year – 28,000, 5th year – 14,000
 Draw up landlord's account and short working account in the books of the company. The power to recoup short workings is over four years after occurring.
13. In a trial balance debtors appear at Rs.122000 and creditors at Rs.66,000. Make provision for doubtful debts at 5 per cent on debtors and provision for discount on creditors at 2 per cent after considering the fact that included in debtors is the amount of Rs.10,000 due from Seethal and

included in creditors is the amount of Rs 30000 due to Seethal. Show necessary adjustments and calculation.

14. Distinguish between Receipts & Payments Account and Income & Expenditure account.
15. Pass necessary adjustment and closing entries for the following adjustments as at 31st December 2015:
 - a. Stock on 31st December 2015 was Rs.35,000.
 - b. Salaries of Rs.20,000 p.m. paid for 11 months only.
 - c. Interest accrued on securities Rs.5,000.
 - d. Bad debts during the year amounted to Rs.7,000
 - e. Insurance paid Rs.4,000 (including premium of Rs.1000 paid up to 31st March 2016).
16. X consigned 2000 kg. of coconut oil costing Rs.15, 000. He paid freight and insurance Rs.300 and Rs.200 respectively. Y, the consignee, received the consignment and incurred Rs.300 towards unloading charges and cartage. He sold 1800 kg oil and reported the balance of stock as 150 kg. Find out the value of closing stock.
17. Draw a 'Branch account' in the books of Head office under Debtors system. (5 × 5 = 25)

SECTION – C

*Answer **any three** questions. Each question carries **ten** marks.*

18. On 1st January 2010, the Earth Movers mines leased some land for a minimum rent of Rs.30,000 for the first year, Rs.50,000 in the second year and thereafter Rs.1,00,000 per annum merging into a royalty of Rs.5 per ton with power to recoup short workings over two years after occurring of short workings. The outputs were as follows:

2010- 3000 tonnes, 2011- 8,600 tonnes, 2012 – 22,000 tonnes, 2013 – 50,000 tonnes, 2014 – 60,000 tonnes and 2015 -45,000 tonnes.

Show how the accounts would appear in the books of Earth Movers mines.
19. The following particulars relate to the Grand club for the year ended 31st December 2015. Prepare an income and expenditure account for the year and a balance sheet as on 31.12.2015.

Summary of cash book			
Balance from last year	23,500	Salaries	12,000
Entrance fees	3,000	Electricity	1,200
Subscriptions: 2014 - 500		Newspaper and journals	5250
2015 - 35,000		Fixed deposits	25,000
2016 - 750	36,250	Utensils	2,000
Profits from refreshments	2,200	Payment to creditors	10,000
Locker rents	2,000	Balance carried forward to next year	11,500
	66950		66950

The assets and liabilities on 1st January 2015 were: Utensils Rs.8,000; furniture Rs.22,500; consumable stores Rs.3,500; creditors Rs.12,000. On 31.12.2015 value of consumable stores was Rs.7000; creditors amounted to Rs5500; the subscriptions outstanding were Rs.750; and the interest accrued on fixed deposit was Rs.250.

20. Sons and Daughters of Chennai have a branch at Mumbai to which goods are sent at 25 per cent above cost. The branch makes both cash and credit sales. Branch expenses are met from branch cash and the balance money remitted to the head office. All the necessary accounts are maintained by H.O. under stock and debtors system. From the following information calculate the profit or loss made by the branch for the year ending 31st December 2015:

Opening stock at invoice price	- Rs.25,000
Cost price of goods sent to branch	- Rs.50,000
Goods received by branch till 31 st December 2015 at invoice price	- Rs. 60,000
Credit sales for the year	- Rs. 64,000
Branch debtors as on 1 st January 2015	- Rs.12,500
Branch debtors as on 31 st December 2015	- Rs.15,000
Bad debts and discounts written off	- Rs.500
Cash remitted to head office	-Rs.60,000
Branch cash balance as on 1.1.2015	- Rs.3,000
Branch cash balance as on 31.12.2015	-Rs.2,000
Cash remitted by H.O.to branch	- Rs.3,000
Branch stock at close- invoice price	-Rs.20,000
Branch expenses paid by branch	- Rs.12,000

21. Redrawing correctly the trial balance given below, prepare final accounts of Sriram traders.

Trial Balance			
Debit balances	Amount (Rs.)	Credit balances	Amount (Rs.)
Capital	80,000	Debtors	75,800
Bad debts received	2,500	Bank deposit	27,500
Creditors	12,500	Discount allowed	400
Returns outwards	3,500	Drawings	6,000
Bank overdraft	15,700	Returns inwards	4,500
Rent	3,600	Sales	1,46,900
Salaries	8,500	Bills payable	13,500
Travelling expenses	3,000		
Cash in hand	2,100		
Stock on 1 st January 2015	24,500		
Purchases	1,18,700		
	2,74,600		2,74,600

Adjustments:

- a. The closing stock on 31st December 2015 was Rs.42,000.
 - b. Write off Rs.800 as bad debts and create a reserve for bad debts at 5 per cent on sundry debtors
 - c. Three months' rent is outstanding
 - d. Interest on bank deposit Rs.1350 credited by the bankers and interest on overdraft Rs.1570 debited by them in the pass book have not been entered in the books.
22. What is meant by GAAP? Illustrate and explain any five accounting concepts and conventions.

(10 x 3 = 30)
