

BCOM DEGREE END SEMESTER EXAMINATION - OCTOBER 2015

SEMESTER - 1: B COM (CORE COURSE)

COURSE: 15U1CRCOM2- FINANCIAL ACCOUNTING

Time: Three Hours

Max. Marks: 75

Section – AAnswer **all** questions. Each question carries **two** marks

1. Ascertain Purchases from the following figures:

Opening stock – Rs.10000	Sales – Rs.60000	Direct expense – Rs.8000
Closing stock –Rs.12000,	Indirect expense –Rs.15000	Gross profit –Rs.14000

2. Why a trial balance is prepared?

3. What is pro - forma invoice?

4. How do you value goods lost abnormally in consignment account?

5. Ascertain the amount of bad debts to be debited to Profit and Loss account

Trial Balance as on 31.3.2015

Particulars	Debit (Rs)	Credit (Rs)
Book debt	20400	
Reserve for doubtful debt Bad debts	300	150

Adjustments

a) Further bad debts Rs.100

b) Create a provision on doubtful debts @ 5%

c) Provide a provision for discount on debtors @ 2.5%

6. What is branch adjustment account?

7. What do you mean by over valuation of opening stock? How will you deal with the same while preparing financial statements?

8. How will you treat the following items while preparing the final accounts of non-trading concern? a) Legacy b) income and expense relating to special purpose fund

9. What is dead rent?

10. What is overriding commission?

10 x 2 = 20)

SECTION B

Answer any **five** questions. Each question carries five marks

11. A few errors committed in the books of Sri. Murukesh are given below. State in each case the type of error involved and whether it would affect the trial balance or not
 - a. Sale of furniture posted on the credit side of cash account
 - b. Bank account is debited with Rs.500 against, actual receipt of Rs.5000 from Pramod
 - c. Purchase of furniture debited to purchase account
 - d. Paid salary Rs.6000 and salary account debited with Rs.600, later salary account was debited with Rs.6000 against an actual payment of salary Rs.600
 - e. Purchase of goods Rs.6500 left unrecorded

12. Ascertain the amount of subscription to be credited to Income and expenditure account for the year ended 31.3.2015

Subscription received during the year 2015 -Rs.12700 , which includes Rs.1100 received in arrears for the year 2014 and Rs.1800 received in advance for 2016

It is found that an amount of Rs.2000 has not been received as subscription for the current year (2015) and Rs.1200 was received in advance in 2014 as subscription for 2015.

13. What do you understand when you hear that “goods sent by head office to branch at loaded price”? What are the adjusting entries to be passed at this situation?

14. Chetak Ltd: consigned 100 pumps to Vijaya Associates @8000 per set which is 33.33% above cost price. Chetak Ltd: paid packing charges 2400 and freight 8600. Vijaya Associates paid 3000 for freight,

Two pumps were lost by theft from the godown of consignee for which insurance company paid Rs.10000/- to consignee. Vijaya associates sold 70 pump sets @ Rs.8400 per set. Calculate:

 - a) Loading in invoice price
 - b) Amount of abnormal loss
 - c) Net Loss
 - d) Valuation of closing stock

15. Differentiate between Income and Expenditure account and Profit and Loss Account.

16. 30. On 31st December 2015, Head office account in Chennai branch books shows a credit balance of Rs.42000 (balance on the same day in Head office account is Rs.46000). On verification, it was found that:

Goods sent to branch for Rs.2500, not yet received in branch before closing date Show how the adjusting entries will appear in the books of head office and branch

17. Terms and conditions of a lease agreement is given below:

- a) Royalty Rs.2 per tone produced
- b) Minimum rent Rs.48000/- p. a
- c) Short workings can be recouped within the next three years subject to a maximum of Rs.5000/- p. a
- d) In the event of strike, minimum rent would be taken prorata on the basis of actual Working days
- e) In case of lock out lessee will get a concession of 50% of the period of lock out
- f) Eligible for cash subsidy of 25% of irrecoverable short workings up to first five years of lease production for the first six years is given

<u>Year</u>	<u>Output (tons)</u>
2010	28000
2011	20800
2012	44400
2013	54400
2014	43200 (strike for 85 days)
2015	38800 (lockout for 5 months)

Find out

- a) minimum rent for the year 2014
- b) minimum rent for the year 2015
- c) Is there any irrecoverable short workings in the given case, if so how much
- d) Is the lessee eligible for cash subsidy , if so state the amount

(5 x 5 = 25 Marks)

SECTION C

Answer three questions from this section. Each question carries mark of 10

18. Prepare financial statements for the year ended 31.3.2015 from the following Trial Balance

	Dr	Cr
Wages	15000	
Wages outstanding		3000
General expense	5000	

General expense pre paid	1200	250
Returns	1000	
Duty and clearing charges	1800	2400
Debtors and Creditors	4200	
Stock	800	1415
Interest on investment		
Export Duty	5500	
Delivery Van	25000	
Petty cash	500	
Carriage on sales	720	
Discount	3000	2000
Sales and Purchase	28000	40000
Capital		142855
	22000	
Horses and cart	22000	
Buildings	1200	
Insurance	55000	
Salary	191920	191920

1. Interest accrued on investment Rs.248
2. Closing inventory Rs.4200
3. Wages include Rs.1500 spend for erecting cycle shed
4. Insurance policy expires on 30.6.2015
5. Goods costing Rs.2600 lost by fire and nothing recoverable from insurance company
6. Salary is uniform throughout the year and that of March 2015 has not been paid

19. Akash marbles holds a patent right to produce marbles. On 1st January 2010, Dewika took a lease from Akash marbles on the condition that a royalty of Rs.50 per unit sold for the first 3 years and thereafter Rs.60 per unit sold. The dead rent is fixed at Rs.90000 each for the first two years and thereafter an increase of Rs.10000 per year. The excess of dead rent over the actual royalty is recoverable within the next 3 years of short working. The following particulars are given:

Year	2010	2011	2012	2013	2014	2015
Units produced	1800	2000	2300	2600	2300	3100
Closing stock	200	500	400	900	1000	1000

Prepare Royalty account, minimum Rent account and Short working account and Akash Marbles account in the books of Deviaka

20. What do you understand by an independent branch? What books are maintained by such a branch? What are the journal entries to be passed while incorporation is done by preparing Branch Trading and Profit and Loss Account?

21. Kyan Fans, Pune, Consigned 100 ceiling fans to Akash Electricals, Cochin. The cost price of fan was Rs.1400 which was invoiced at Rs.1500. The expenses at Pune amounted to Rs.6000 and at Cochin before reaching the goods at godown was Rs.2000. Akash Electricals is eligible for a commission of 5% including 1% delcredere commission.

Akash Electicals sold 70 fans @ Rs.1600. The sales expense being Rs.2100. The consignee send a draft for the amount due along with the Account sales. Draw the accounts of both the consignor and the consignee.

22. Prepare Income and expenditure account and Balance Sheet of Sangeeth club for the year ended 31.3.2015

Receipts and Payments Account

Receipts	Rs	Payments	Rs
Balance b/d	5000	Salaries	1200
Subscription	7500	Rent	1400
Donations	1500	Postage	650
Entrance fee	2500	Sundry expenses	850
		Stationary	210
		Entertainment expense	340
		Investment	6000
		Cash at bank	5000
		Cash in hand	850
	<hr/> 16500		<hr/> 16500

1.Subscription outstanding during the year 2015 amounted to Rs.700. Subscription received include

Rs.400 for the year 2014 and received in advance for the year 2016 amounted to Rs.800

2. Rent paid in advance Rs.200
3. One-third of the donations and 40% of the entrance fees should be capitalized
4. On 1.4.2014 the club had sports equipments worth Rs.4000 and furniture Rs.2000
5. Salaries unpaid on 1.4.2014 Rs.200 and on 31.3.2015 Rs.300
6. The stock of stationery on 31.3.2015 amounted to Rs.60 (10 x 3 = 30)
