

B.COM DEGREE END SEMESTER EXAMINATION OCTOBER 2016**SEMESTER - 1: B.COM (CORE COURSE)****COURSE: 15U1RCOM2- FINANCIAL ACCOUNTING**

Common for Regular (2016 Admission) & Supplementary / Improvement (2015 Admission)

Time: Three Hours

Max Marks: 75

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

1. What is incorporation of trial balance?
2. What is capital expenditure? Give an example
3. What is short workings? State the meaning of recoupment of short workings
4. What are the journal entries to be passed in the books of branches and Head office when inter-branch transaction takes place?
5. Pass rectification entries:
 - a) Rent paid to landlord debited in landlord's account –Rs.5000
 - b) Goods bought for domestic use Rs.2000 debited in purchase account
6. What do you mean by non-recurring expenses in consignment account?
7. What is overriding commission?
8. Differentiate between branches and departments
9. State the meaning of account sale
10. What is GAAP? (2 x 10 = 20)

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

11. Pass entries:
 - a) Goods taken by the proprietor for personal use Rs.5000
 - b) Cost of abnormal loss Rs.30000 and 75% of the loss is covered by insurance
12. What are the adjusting entries to be passed on consignment when goods are send at loaded price?
13. Explain the treatment of cash in transit and goods in transit by head office and branch.
14. Pass closing entries:

Opening stock	- 13000	Purchases	- 35000
Sales	- 91000	Building	- 5000
Sales returns	- 1000	Purchase returns	- 500
Carriage outwards	- 2000	Interest received	- 600
Commission paid	- 750	Cash in hand	- 2380
Creditors	- 12500	Manufacturing expense	- 850

15. Morgan Ltd. , Cochin has a branch at Kollam. The transaction between branch and head office for the year ended 31st March 2015 is given:

Stock at branch at the beginning of the year- 17000

Petty cash balance at the beginning – 50

Goods sent to branch during the year – 78000

Remittance to branch for-

Salaries- 4000

Rent - 3000

Petty cash – 150

Sales proceeds remitted by branch – 110000

Stock at branch on 31.3.2015 – 18000

Petty cash balance on 31.3.2015

Prepare ledger accounts in the books of Morgan Ltd.

16. Kamath Associates consigned 100 hard disks costing Rs.4000 each to Shamal and Sons at 25% above cost. The consignor spends Rs.2500 for packaging and insurance. During transit, 5 hard disks were damaged by accident for which insurance company admitted a claim of Rs.14000. Shamal and Sons took delivery of the whole consignment after accepting a bill of Rs.250000/-. The damaged hard disk were sold for Rs.2500/-
Consignee sold 80 hard disks@ Rs.4500 each. Their expenses amounted to Rs.1500. The consignee is entitled to a commission of 5% on gross sales.

Prepare necessary ledger accounts in the books of Kamath Associates

17. From the following particulars, calculate the amount to be debited to Income and Expenditure account for the year ended 31st December 2014 in respect of stationery consumed

Total amount related to stationery account during 2014 - 1450

Balance as on 1.1.2014

Stock of stationery - 700

Creditors for stationery – 250

Advance paid for stationery – 170

Balance as on 31.12.2014:

Stock of stationery - 125

Creditors for stationery – 175

Advance paid for stationery – 75

(5 x 5 = 25)

SECTION C

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

18. On 31st Marh 2015 the following Trial Balance was extracted form the books of Melki & Sons

Capital Account		90000
Buildings	80000	
Sales & Purchases	260000	407000
Returns	5750	
Stock	30000	
Discounts	350	800
Bank charges	75	
Sundry debtors & Sundry creditors	45000	25000
Salaries	26800	
Manufacturing wages	40000	
Carriage inwards	750	
Carriage outwards	1200	
Apprenticeship premium		6025
Warehouse lighting	10000	
Advertisement	2000	
Cash in hand	900	
Short term investments	6000	
Copy rights	20000	
	528825	528825

1. Closing stock is valued at Rs.20000.
 2. Wages include Rs.5000 spend on the erection of a cycle shed for employees and customers
 3. Debtors include goods of the cost of Rs.4000 sent on sale or return basis at an invoice price of Rs.5000. The goods are likely to be returned
 4. Interest accrued on investment Rs.600
 5. Discount Rs.150 is receivable during the year
- You are required to prepare Trading and Profit and Loss Account of the firm for the year ended 31st March 2015 and Balance Sheet as on that date
19. Write notes on:
- a) Treatment of normal and abnormal losses in consignment accounting
 - b) Valuation of unsold stock
 - c) Treatment of bad debts
20. Faber Agencies, Calcutta which maintains 'Stock and Debtors System" invoices goods to their Cochin branch at a profit of 20% on cost. Prepare necessary accounts from the following information:
- Stock at branch:
- At the beginning – 30500
on closing date - 95000
- Debtors at branch at the beginning – 12500

Goods sent to branch during the year – 312000

Returns by branch to Head office – 13000

Cash sales – 120000

Total sales – 235000

Receipts from debtors – 87000

Discount allowed to debtors – 1500

Return by debtors to branch – 5500

Remittance to branch for expenses - 20000

Expenses outstanding on closing date - 2000

21. Prepare the financial statements of Sangam Arts club for the financial year ended 31.3.2015
Balance Sheet 31.3.2014

Liabilities	Rs	Assets	Rs
Outstanding Rent	425	Cash in hand	3000
Capital fund	15575	Government securities	10000
		Accrued interest	125
		Outstanding subscription	400
		Library books	1000
		Furniture and fittings	1475
	16000		16000

The transactions for the year were:

Receipts: subscription Rs.2500, proceeds from lectures.Rs.1000, Interest on securities Rs.475, Entrance fee Rs.500 Sale proceeds of old charis Rs.75 (book value Rs.100)

Payments: Rent Rs.600, Printing Rs.150, Advertising Rs.200, Sundries Rs.55, Government Securities Rs.2500, Furniture Rs.400, Library books Rs.300, Cost of entertainment Rs.750

The following were outstanding as on 31.3.2015; printing Rs.75, Rent Rs.100, Interest on securities Rs.150 and subscription Rs.325

22. Mr. Aravind has got his books published with M/s Serial Publishers on the terms that royalty will be paid @ Rs.40 per copy sold subject to a minimum rent of Rs.140000/- with a right of recoupment of short working over the first three years of the royalty agreement. Draw up:

- a) Minimum rent account b) Royalties Account
c) Short working account d) Mr. Aravind's account from the following details

<u>Year</u>	<u>Number of copies printed</u>	<u>Closing stock</u>
2012	2000	100
2013	3000	220
2014	4000	410
2015	5000	550

(10 x 3 = 30)
