

B.COM. DEGREE END SEMESTER EXAMINATION OCTOBER/NOVEMBER 2018**SEMESTER – 1: COMMERCE (CORE COURSE)****COURSE: 15U1RCOM2: FINANCIAL ACCOUNTING***(Common for Regular 2018 admission and supplementary 2017 /improvement 2017/2016/2015/admission)*

Time: Three Hours

Max. Marks: 75

SECTION A*Answer all questions. Each question carries 2 marks*

1. What is deferred revenue expenditure? Cite one example.
2. What is proforma invoice?
3. How do you value abnormal loss of goods in consignment account?
4. What is incorporation of trial balance?
5. Write short notes on: a) Minimum rent b) short workings
6. 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
7. What are the adjusting entries to be passed on consignment when goods are send at loaded price?
8. What do you mean by closing entries? Give two examples
9. What is over riding commission?
10. Write any two characteristics of non -trading concern. (2 x 10 = 20)

SECTION – B*Answer any five questions. Each question carries 5 marks*

11. Anil traders consigned goods costing ₹60000 to Rajeesh Agencies. The consignor paid insurance ₹500 and freight ₹2500. Consignee sold goods for ₹ 70000 after spending ₹1200 as sales expense. Consignee is entitled to a commission of 5%. Unsold goods valued at ₹ 6500. Ascertain the:
 - a) Profit/loss on Consignment
 - b) Amount due from Rajeesh Agencies
12. "The agreement of the two sides of the trail balances, though of prima facie test of arithmetical accuracy, is not a conclusive or absolute proof of the accuracy of the entries in the books of original entry and their postings to the ledger". Explain the statement.
13. Explain the different ways of keeping the accounts of dependent branches by Head office.
14. Morgan Ld., 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 - 60

Prepare ledger accounts in the books of Morgan Ltd.

15. From the following particulars, calculate the amount to be debited to Income and Expenditure account for the year ended 31st December 2016 in respect of stationery consumed

Stationery purchased during the year 2016 - Rs.1450

Balance as on 1.1.2016

Stock of stationery - 700

Creditors for stationery – 250

Advance paid for stationery – 170

Balance as on 31.12.2016:

Stock of stationery - 125

Creditors for stationery – 175

Advance paid for stationery – 75

16. Ashik marbles obtained a mining lease on the following terms:

a) Royalty@₹1 per ton of minerals raised

b) Minimum rent ₹24000 per annum

c) Short workings can be recouped within the next 3 years, subject to a maximum of ₹ 5000 p.a

d) In the event of strike, the minimum rent would be taken prorata on the basis of actual working days

e) In the year of lockouts, the lessee would enjoy a concession in respect of minimum rent for 50% of the period of lock out

f) The production for the first 6 years were as follows:

Year	output (tones)
2011	14000
2012	20400
2013	32200
2014	27200
2015	21600 (strike for 53 days)
2016	19400 (lockout for 2 months)

Find out:

a. Minimum rent for the strike period

b. Minimum rent for the year of lockout

c. Irrecoverable short workings during the year 2015

17. Explain the treatment of cash in transit and goods in transit by head office and branch

(5 x 5 = 25)

SECTION – C

Answer **any three** questions. Each question carries **10** marks.

18. From the following Trial Balance , Prepare a Trading and Profit and Loss Account for the second quarter of the financial year 2013-14 and a Balance Sheet for that period.

Particulars	Debit Rs	Credit Rs
Stock	5250	
Sales		11800
Sundry expenses	667	
Commission		211
Insurance	380	
Carriage inwards	300	
Furniture	6670	
Printing charges	481	
Carriage outwards	200	
Capital		27998
Creditors		1780
Bills payable		541
Plant and Machinery	15000	
Returns outwards		1380
Cash in hand	895	
Salaries	750	
Debtors	1905	
Discount	328	
Bills receivable	2730	
Wages	1589	
Returns inwards	1659	
Bank overdraft		4000
Purchases	8679	
Petty cash in hand	47	
Bad debts	180	
	47710	47710

1. The value of stock on closing date was Rs.7200
 2. Salary outstanding Rs.4000
 3. Unexpired insurance Rs.80
 4. Depreciate Plant and Machinery by 10%
 5. Opening stock is found undercast by Rs.2000/-
19. What is GAAP? Briefly explain the elements of GAAP.
20. Akash marbiles holds a patent right to produce marbiles. On 1st January 2012, Dewika took a lease from Akash marbiles on the condition that a royalty of Rs.40 per unit sold for the first 3 years and thereafter Rs.50 per unit sold.
- The dead rent is fixed at Rs.80000 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	2012	2013	2014	2015	2016	2017
Units produced	1900	1900	2400	2500	2400	3000
Closing stock	300	400	500	800	900	1000

Prepare Royalty account and Short working account (The lessee maintains minimum rent account for accounting purpose).

21. From the following Receipt and Payment Account for the year ending March 31, 2017 of Neelgiri Club, prepare Income and Expenditure Account for the same period:

Receipt and Payment Account for the year ending March 31, 2017

Expenditure	Amount (Rs.)	Income	Amount (Rs.)
Balance c/d Bank	25,000	Purchase of furniture (1.7.16)	5000
Subscriptions		Salaries	2000
2016-1500		Telephone expenses	300
2017- 10000		Electricity charges	600
2018 - 500	12000	Postage and Stationery	150
Donation	2000	Purchase of books	2500
Hall rent	300	Entertainment expenses	900
Interest on bank deposits	450	Purchase of 5% government	
Entrance fees	1000	papers (1.7.16)	8000
		Miscellaneous expenses	600
		Balance c/d:	
		Cash	300
		Bank	20400
	40750		40750

The following additional information is available:

- (i) Salaries outstanding – Rs. 1,500
 - (ii) Entertainment expenses outstanding – Rs. 500
 - (iii) Bank interest receivable – Rs. 150
 - (iv) Subscriptions accrued – Rs. 400
 - (v) 50 per cent of entrance fees is to be capitalised
 - (vi) Furniture is to be depreciated at 10 per cent per annum.
22. Abishek Traders consigned 1,000 articles to Zioni Ltd. at an invoice cost of Rs.150 each (25% above the cost price). The consignor paid freight Rs.10,000 and insurance Rs.1,500. During transit 100 articles were completely destroyed. Consignor took delivery of the remaining articles and paid Rs.14,400 as duty.
- Zioni Ltd. sent a bank draft to for Rs.50,000 as an advance payment and later sent an account sale showing that 800 articles were sold at Rs.180 each. Expenses incurred by consignee on godown rent and advertisement etc., amounted to Rs.2,000. Zioni Ltd. is entitled to commission of 5%.
- You are required to prepare consignment account and Zioni Ltd. account in the books of Abishek Traders, assuming that Rs.4000 recovered from the insurance company. (10 x 3 = 30)**