



MAR IVANIOS COLLEGE (AUTONOMOUS)
THIRUVANANTHAPURAM

Reg. No. :.....

Name :.....

Second Semester B.Com. Degree Examination, June 2016

First Degree Programme under CBCSS

Core Course: Commerce – IV

AUCO242: Financial Accounting

Time: 3 Hours

Max. Marks: 80

SECTION – A

Answer ALL questions each in a word or in a sentence.

1. What is Suspense account ?
2. Define IFRS.
3. What is Capital fund ?
4. What do you meant by Accounting concepts ?
5. Define Accounting Standard.
6. What is Secret account ?
7. What is Legacy ?
8. What is Journalizing ?
9. What is down payment ?
10. What is Amortisation ?

(10 × 1 = 10 Marks)

SECTION – B

Answer any EIGHT questions, each in a short paragraph not exceeding 50 words.

11. What are the major components of financial accounting ?
12. What is GAAP ?

P.T.O.

13. Prepare total debtors account from the following:

	Rs.
Opening Debtors	6000
Closing debtors	6700
Credit sales	8950
Cash sales	8000
Cash collected from customers	7500
Discount allowed	450
B / R allowed	300

14. What are contingent liabilities ?
15. What is accounting equation ?
16. State the use of Trial Balance.
17. Explain the errors of principles. Give examples.
18. Lal Ltd. purchased a machinery for Rs.1500,000 on 1st January 2010. It is expected that the machine will work for 5 years. Prepare Machinery Account charging depreciation under Sum of Digits Method.
19. A portion of the Trial Balance on 31st December 2010 is as follows:

Sundry Debtors	Rs. 30,000
Bad Debts	Rs. 1200

It is estimated that 5% of sundry debtors is doubtful of recovery and is to be provided for. Give journal entry for the amount of provision and also show how they would appear in the P & L account and Balance Sheet.

20. Calculate the amount of expenditure appearing in the Receipts and Payments Account.

Expenditure debited to income and expenditure account	4500
Expenses outstanding on closing date	600
Expenses outstanding on opening date	300
Expenses paid in advance on opening date	450
Expenses paid in advance on closing date	220

21. Differentiate Cash Book and Receipts and Payments account.
22. What is posting ?

(8 × 2 = 16 Marks)

SECTION – C

*Answer any **SIX** questions, each in a paragraph not exceeding 120 words.*

23. What is Trading account ? Prepare a specimen Trading account.
24. What do you meant by Grouping and Marshalling of Assets and Liabilities ?
25. Distinguish Fixed Instalment system and Reducing Instalment system.
26. Explain the different types of clerical errors.
27. Differentiate self balancing and sectional balancing system.
28. ABC Ltd. purchased a three years lease for Rs.250000 on 1 st January 2011.and decided to make a provision for its replacement by means of an Insurance Policy.The annual premium payable for the policy taken is Rs.75000.Show ledger account assuming that the amount is realized from the Insurance Company or Replacement.
29. Find out opening stock.

	Rs.
Total Sales	2,80,000
Purchases	2,05,000
Closing Stock	38,000
Gross Profit ratio	20% on cost

30. Prepare Total creditors account.

Opening creditors	8,200
Closing creditors	8,500
Credit purchases	25,300
Cash purchases	25,000
Cash paid to creditors	19,100
Bills payable issued	5,000
Discount received	900
Provision for discount on creditors	100

31. Give adjusting or rectifying entries for the following:
 - i). Wages paid on erection of a machinery debited in the wages account Rs. 3000.
 - ii). Carriage on purchase of machinery debited in the carriage account Rs. 3500.
 - iii). Goods bought by the owner for domestic use debited in purchase account Rs. 1800.
 - iv). Rent paid to Landlord debited in Landlord's account Rs.5000.

(6 × 4 = 24 Marks)

SECTION – D

*Answer any **TWO** questions, not exceeding four pages.*

32. Mention any six methods of providing depreciation.
 33. Following Balances are extracted from the books of Mr. Sukhdev.

	Rs.
Capital	30000
Drawings	5000
Furniture and Fittings	2600
Bank O.D.	4200
Creditors	13300
Business premises	20000
Stock (1 – 1 – 2015)	22000
Debtors	18000
Rent from tenants	1000
Purchases	110000
Sales	150000
Sales returns	2000
Discount (Dr.)	1600
Discount (Cr.)	2000
Taxes and Insurance	2000
General expenses	4000
Salaries and wages	9000
Commission (Dr.)	1200
Audit fee	500
Legal charges	500
Carriage on purchases	1800
Provision for Bad Debts	500
Bad Debts	800

Stock on December 31, 2015 was estimated at Rs 20060. Write off depreciation on business premises Rs.300 and on furniture and fittings Rs.260. Write off bad debts Rs.500 and make a provision of 5% on debtors for bad debts. Allow interest on capital at 5 % p.a. and carry forward Rs.700 for unexpired insurance.

Prepare Trading, P&L a/c for the year ended December 31, 2015 and a Balance Sheet as that date.

34. The following particulars are extracted from the books of Mr. Ganesh who keeps his books under self balancing system. Prepare sales ledger Adjustment Account and General Ledger Adjustment Account. Also give journal entries for the same.

	Rs.
Debtors on 1 – 7 – 2015	12000
Transaction for 3 months ended 30 – 9 – 2015:	
Credit sales	100000
Cash received from debtors	69000
Discount allowed	3000
Returns by debtors	2000
Bills received	31000
Bad debts written off	1200
Allowances to debtors	800
Bills receivable dishonoured	3000

35. The following is the Receipts and Payments Account of Anuj Musical Club for the year ended 31st December 2014.

Dr. Receipts and Payments Account Cr.			
Receipts	Rs.	Payments	Rs.
To Balance b/d		By Honorarium to Secretary	2500
Cash in hand 1-1-14	3500	Printing and Stationery	500
Subscription 2013	300	Musical evening exp.	5000
“ 2014	9000	X'mas Party exp	1500
“ 2015	200	Furniture	3000
Entertainment receipts	2000	Rent	2500
Musical evening receipt	3000	Balance c/d	3000
	<u>18000</u>		<u>18000</u>

The Club has 101 members, each paying a subscription of Rs.100 per annum. The Club had furniture of Rs.5000 on 1st January 2014. Stock of printing and stationery on 1st January 2014 and on 31st December 2014 were valued at Rs.150 and Rs.120 respectively. Prepare Income and Expenditure account for the year ended 31st December 2014 and a Balance Sheet as on that date.

(2 × 15 = 30 Marks)
