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Reg. No. :

Name :

Second Semester B.Com. Degree Examination, August 2024

First Degree Programme under CBCSS

Core Course

CO 1241/CX 1241/CC 1242/HM 1241/TT 1241 — FINANCIAL ACCOUNTING

**(Common for Commerce/Commerce and Tax Procedure and Practice/
Commerce and Tourism and Travel Management/ Commerce and Hotel
Management and Catering/Commerce with Computer Applications)**

(2018 Admission Onwards)

Time : 3 Hours

Max. Marks : 80

SECTION – A

Answer all questions in one or two sentences each. Each carries 1 mark.

1. What is meant by Capital Expenditure?
2. What is meant by Trade Discount?
3. What do you understand by the term Amortization?
4. What is meant by Obsolescence?
5. What is an installment system of purchase?
6. What are Stevedoring Charges?
7. What is Bunker Cost?
8. What are Cum-Interest or Cum-Dividend Purchases?
9. What is an investment account?
10. What is meant by Standing Charges in a loss of profit policy?

(10 × 1 = 10 Marks)

P.T.O.

SECTION – B

Answer **any eight** questions in not exceeding **one** paragraph. Each question carries **2** marks.

11. What are the Objectives of Accounting?
12. Which are the basic assumptions of accounting?
13. What is a Manufacturing account?
14. What are the characteristics of Depreciation?
15. Which are the factors to be consider for calculating the actual depreciation?
16. Write a note on sinking fund method of depreciation.
17. What are the Journal Entries passed Under Partial Repossession?
18. Which are the various ways of expenses in a voyage account?
19. Which are the main sources of income of a Voyage?
20. Which are the columns in each side of an Investment account?
21. What is meant by Indemnity and Indemnity Period?
22. How average clause in considered while computing insurance claims?
(8 × 2 = 16 Marks)

SECTION – C

Answer **any six** questions. Each question carries **4** marks.

23. Classify the following items as capital or revenue expenditure :
 - (a) An extension of railway tracks in the factory area;
 - (b) Wages paid to machine operators;
 - (c) Installation costs of new production machine;
 - (d) Materials for extension to foremen's offices in the factory;

- (e) Rent paid for the factory;
- (f) Payment for computer time to operate a new stores control system,
- (g) Wages paid to own employees for building the foremen's offices. Give reasons for your classification.
24. A machine is purchased for Rs. 7,00,000. Expenses incurred on its cartage and installation Rs. 3,00,000. Calculate the amount of depreciation @ 20% p.a. according to Straight Line Method for the first year ending on 31st March, 2013, if this machine is purchased on :
- (a) 1st April, 2012
- (b) 1st July, 2012
- (c) 1st October, 2012
- (d) 1st January, 2013
25. On 1st April, 2011, Som Ltd. purchased a machine for Rs. 66,000 and spent Rs. 5,000 on shipping and forwarding charges, Rs. 7,000 as import duty, Rs. 1,000 for carriage and installation, Rs. 500 as brokerage and Rs. 500 for an iron pad. It was estimated that the machine will have a scrap value of Rs. 5,000 at the end of its useful life which is 15 years. On 1st January, 2012 repairs and renewals of Rs. 3,000 were carried out. On 1st October, 2013 this machine was sold for Rs. 50,000. Prepare Machinery Account for the 3 years.
26. What are the Difference between hire purchase and sale?
27. How voyage in progress in accounted?
28. On 1.1.2013, 6% 200 Debentures of Rs. 100 each of Y and were held as investments by X Ltd. at a cost of Rs. 18,200. Interest is payable on 31st December. On 1.4.2013, Rs. 4,000 of such Debentures were purchased by X Ltd. @ Rs. 98 and on 1.1.2013. Rs. 6,000 Debentures were sold at Rs. 96 ex-interest. On 1.12.2013 Rs. 8,000 Debentures were sold @ Rs. 99 cum-interest. On 31.12.2013, X Ltd. sold Rs. 10,000 Debentures @ Rs. 95. Prepare Investment Account for 6% Debentures of X Ltd. in the books of X Ltd. ignore income-tax.
29. In investment accounting, how Cum-interest/Cum Dividend Sales are accounted?

30. A fire occurred on 15th September 2013 in the premises of Sen & Co. from the following figures. Calculate the amount of claim to be lodged with the insurance company for loss of stock.

Particulars	Amount Rs.
Stock at cost on 1.1.2012	40,000
Stock at cost on 1.1.2013	60,000
Purchases in 2012	80,000
Purchase from 1.1.2012 to 15.9.2013	1,76,000
Sales in 2012	1,20,000
Sales from 1.1.2013 to 15.9.2013	2,10,000

During the current year cost of purchase has risen by 10% above last years level. Selling prices have gone up by 5%. Salvage value of stock after fire was Rs. 4,000.

31. How to compute the amount of claim under "loss of Profit" Policy?
(6 × 4 = 24 Marks)

SECTION – D

Answer **any two** questions. Each question carries **15** marks.

32. From the following trial balance of Mr. Arthur on 31 Dec 1987, prepare trading and profit and loss account for the year ending 31st December 1987, and a balance sheet on that date.

Arthurs drawings	10,550	Arthurs capital	1,19,400
Bills receivable	9,500	Loan @ 6% p.a.	20,000
Plant and machinery	28,800	Commission received	5,640
Sundry debtors (including Madan for Dishonored cheque Rs. 1,000)	62,000	Sales	3,56,430
Wages (Manufacturing)	40,970	Sundry creditors	59,630
Return inwards	2,780		
Purchases	2,56,590		

Rent and Taxes	5,620
Stock on 1 st Jan. 1987	89,680
Salaries	11,000
Travelling expenses	1,880
Insurance	400
Cash	530
Bank	18,970
Repairs and renewals	3,370
Interest on loan	1,000
Interest and discount	4,870
Bad debts	3,520
Fixtures and fittings	8,970

The following adjustments are to be made :

- (a) Stock in trade in hands on 31 Dec 1987 Rs. 1,28,960
 - (b) Write off half of Madans cheque
 - (c) Create a provision of 5% on debtors.
 - (d) Manufacturing wages include Rs. 1,200 for erection of new machinery
 - (e) Depreciate plant and machinery by 5% and furniture and fixtures by 10% p.a
 - (f) Commission not earned but received amounts to Rs. 600.
33. Explain different methods of charging depreciation.
34. A Machinery is sold on hire purchase. The terms of payment is four annual installment of Rs. 6,000 at the end of each year commencing from the date of agreement. Interest is charged @ 20% and is included in the annual payment of Rs. 6,000. Show machinery account and hire vendors account in the books of the purchaser who defaulted in the payment of the third yearly payment where upon the vendors re-possessed the machinery. The purchaser provides depreciation on the machinery @ 10% p.a on written down value method. All workings should form part of your answer.

35. Ocean Shipping Ltd. gives the following details in connection with a voyage, commenced from port W on 1st November 2014. The voyage was completed on 31st December 2014 by the arrival of ship at port Z. 5000 tons and 1250 tons were loaded at port X for port Z and port Y respectively. Another 750 tons were loaded at Y for Z. The freight charges were as follows :

Port W to port Z – Rs. 100 per ton

Port W to port Y – Rs. 80 per ton

Port Y to port Z – Rs. 50 per ton

The freight is subject to 10% primage, address commission @ 5% and brokerage @ 3%. The freight was insured @ $\frac{1}{2}$ % and the hull was insured for the voyage @ 1%. Depreciation is provided @ 5% per annum.

Cost of the ship is Rs. 30,00,000. The expenses at different ports were as under:

	W (Rs.)	X (Rs.)	Y (Rs.)	Z (Rs.)
Port charges	12,500	2,500	7,500	7,500
Coal	45,000	–	10,000	–
Captain's expenses	3,000	2,000	1,500	2,250
Harbour wages	10,000	–	7,500	6,250

Stores purchased at the commencement amounted to Rs. 20,000. Opening stock of stores was Rs. 12,500 and closing stock is estimated at Rs 5,000. Opening stock and closing stock of coal were Rs. 3,750 and Rs. 11,250 respectively. Salaries and wages of sailors etc. amounted to Rs. 30,000 per month.

Prepare the voyage account for the period ended 31st December 2014.

(2 × 15 = 30 Marks)