

Reg. No. :

Name :

**Third Semester B.Com. LL.B. (Five Year Integrated) Degree Examination,
October 2021**

Paper II : FINANCIAL ACCOUNTING

Time : 3 Hours

Max. Marks : 80

SECTION – A

Answer any **five** questions. **Each** question carries **2** marks.

1. What is accounting?
2. Define trial balance.
3. What is Going Concern entity concept?
4. What are Outstanding Expenses?
5. What is Dual Aspect concept?
6. What is Provision for Bad and Doubtfull Debts?
7. Define Consignment.

(5 × 2 = 10 Marks)

SECTION – B

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

1. What is Features or characteristics or nature of Accounting?
2. What is Accounting standards?

3. What is Real accounts?
4. What is Receipts and payment account?
5. What are the features of single entry system?

(4 × 4 = 16 Marks)

SECTION – C

Answer any **four** questions.

1. Explain the difference between receipts and payment account and income and expenditure account.
2. Following is the receipt and payment account of Kennedy club.

| Receipt and payments account | | | |
|------------------------------|--------------|----------------------|--------------|
| Receipt | Rs. | Payment | Rs. |
| Balanced b/d | 2,500 | Salaries | 800 |
| Subscriptions | 5,500 | Rent | 900 |
| Donation | 650 | Postage and telegram | 150 |
| | | Stationary | 90 |
| | | Investment | 4,000 |
| | | Sundry expenses | 350 |
| | | Balance c/d | |
| | | Cash at bank | 1,650 |
| | | Cash in hand | 710 |
| | <u>8,650</u> | | <u>8,650</u> |

You are required to prepare an income and expenditure account after making following adjustments.

- (a) Subscriptions outstanding at 31st December, 2020 amounted to Rs. 500. Subscriptions received include Rs. 200 for 2021.
- (b) Salaries unpaid at 1st January, 2020 Rs. 150 and at 31st December, 2020 Rs. 100.
- (c) Rent was prepaid to the extent of Rs. 75 at 31st December, 2020.
- (d) One-half of the donations should be capitalized

3. From the following particulars, arrive at the amount of salaries to be debited to the income and expenditure account for the year ending 31st March, 2020.

| | Rs. |
|---|-------|
| Salary paid during the year | 1,800 |
| Salary unpaid on 31 st march 220 | 550 |
| Salary unpaid on 1 st April 2019 | 740 |
| Salary prepaid on 1 st April 2019 | 430 |
| Salary prepaid on 31 st March 2020 | 570 |

4. From the following data ascertain total sales.

| | Rs. |
|-------------------------------------|--------|
| Balance of debtors on 1.1.2011 | 24,000 |
| Sales returns | 10,000 |
| Cash received from customers | 90,000 |
| Discount allowed them | 6,000 |
| B/R received | 34,000 |
| Bad received | 3,000 |
| B/R dishonored | 7,000 |
| Balance of debtors as on 31.12.2011 | 20,000 |
| Cash sales | 50,000 |

5. Sri C Sharma commenced business on 1-Jan-2020 with a capital of Rs 25,000: Rs.20,000 brought in cash and the balance in the form of machinery. On 1st October 2020 he introduced Rs.10,000 in the business for which Rs.6,000 were borrowed from his wife during the year. He withdraw at the rate of Rs.500 a month his position on 31st Dec 2020 was as follows

| Liabilities | Rs. | Assets | Rs. |
|------------------|-------|----------------|--------|
| Sundry creditors | 8,500 | Stock of goods | 12,500 |
| Loan from wife | 6,000 | Sundry debtors | 10,500 |
| Bills payable | 1,500 | Machinery | 6,000 |

| Liabilities | Rs. | Assets | Rs. |
|-------------|-----|------------------|-----------|
| | | Cash at bank | 3,000 |
| | | Cash in hand | 500 |
| | | Bills receivable | 3,800 and |
| | | Furniture | 10,000 |

Ascertain his profit for the year ended 31 Dec 2020.

(4 × 6 = 24 Marks)

SECTION – D

Answer any **three** questions.

1. Define accounting and state its objectives. Describe the role of accounting in the modern world.
2. The following balances are extracted from the books of accounts of Raman

| | Rs. | | Rs. |
|------------------------|--------|---------------------|--------|
| Purchases | 40,000 | Sales | 70,185 |
| Purchases return | 1,410 | Stock | 5,730 |
| Capital | 50,500 | Drawing | 8,800 |
| Bad debts | 700 | bad debt reserve | 1,620 |
| Carriage inwards | 1,155 | Office expenses | 670 |
| Postage and stationary | 330 | Bills receivable | 620 |
| Discount (Cr) | 115 | Wages | 3,140 |
| Sales return | 2,120 | Rent received | 1,050 |
| Building | 13,000 | Cash in hand | 1,105 |
| Cash at bank | 6,200 | Salary | 4,500 |
| Office furniture | 1,800 | Postage | 410 |
| Commission paid | 435 | Sundry creditors | 9,490 |
| Sundry debtors | 31,035 | Sundry expenses | 8,470 |
| Building (new) | 3,500 | Rates and insurance | 650 |

Prepare trading and profit and loss account for the year and prepare balance sheet on that date considering the following:

- (a) Insurance unexpired Rs 120
- (b) Provide interest on capital @ 5%
- (c) Rent not received Rs.100
- (d) Depreciate on old building @2.5%,new @2% and office furniture @5%
- (e) Write off further bad debts Rs. 285
- (f) Increase the provision for bad debts @6% on debtors
- (g) Salary outstanding Rs.285
- (h) Stock on 31-12-2009 valued @ Rs. 7,145

3. From the following receipts and payment account of an institution and further information supplied prepare an income and expenditure account for the year and a balance sheet.

| Receipts and payment account | | | |
|------------------------------|--------|--------------------------|--------|
| Receipts | Rs. | Payments | Rs. |
| Balance 1.1.2003 | 10,000 | Expenses | |
| Subscription | | 2002 | 1,200 |
| 2002 | 200 | 2003 | 2,000 |
| 2003 | 2,100 | Cost of lease on land | 4,000 |
| 2004 | 150 | Interest paid | 400 |
| Entrance fees | 800 | Refreshment | 2,000 |
| Locker rent | 700 | Balance as on 31.12.2003 | 8,350 |
| Income from refreshments | 4,000 | | |
| | 17,950 | | 17,950 |

Opening Balance sheet

| Liabilities | Rs. | Assets | Rs. |
|--------------------------------|--------|---------------------|--------|
| Fund | 32,000 | Building | 30,000 |
| Subscriptions received | | Outstanding debtors | |
| Advance | 600 | For subscriptions | 380 |
| Outstanding expenses | 1,400 | For locker rent | 240 |
| Loan | 5,000 | Cash in hand | 10,000 |
| Income and expenditure account | 1,620 | | |
| | 40,620 | | 40,620 |

Adjustments

- (a) Expenses due but not paid
 - (b) Subscriptions due but not received Rs.800
 - (c) Salary due but not paid Rs.200
 - (d) Depreciation on buildings Rs.2,000
 - (e) The entrance fees is to be capitalized.
4. A keeps his books by single entry system. His position on 1st Jan 2020 was as follows:

| | |
|---------------------|-------|
| | Rs. |
| Cash at bank | 5,000 |
| Machinery and plant | 6,500 |
| Cash in hand | 1,000 |
| Bills receivable | 2,600 |
| Stock | 7,000 |
| Creditors | 2,500 |
| Sundry debtors | 8,400 |
| Bills payable | 4,000 |

On 31st December 2020 his position was as under

| | Rs. |
|---------------------|-------|
| Cash at bank | 4,300 |
| Machinery and plant | 6,500 |
| Cash in hand | 1,700 |
| Bills receivable | 3,200 |
| Stock | 9,000 |
| Creditors | 1,600 |
| Sundry debtors | 6,000 |
| Bills payable | 3,200 |

During the year a introduced further capital of Rs.2,000 and his drawings were Rs.800 per month.

Depreciate machinery and plant by 5% and create a reserve for bad and doubtful debts at 5% from the above information prepare a statement showing the profit and loss made by him for the year ended 31st December 2020.

(3 × 10 = 30 Marks)