

Reg. No. :

Name :

**Third Semester B.Com. LL.B. (Five Year Integrated)
Degree Examination, October 2024**

Paper II : FINANCIAL ACCOUNTING

(2020 Admission Onwards)

Time : 3 Hours

Max. Marks : 80

I. Explain any **five** of the following. Each question carries **2** marks. Answer should not exceed **50** words each.

1. What do you mean by Ex-interest quotations?

2. What is Hire purchase system?

3. What is the concept of Voyage Account?

4. What is Deferred Revenue Expenditure?

5. Calculate Cost of Goods Sold when Opening stock = Rs. 50,000; Purchases = Rs. 1,26,000; Purchase Returns = Rs. 6,000; Sales = Rs. 2,50,000; Wages = Rs. 5,000; Carriage inwards = Rs. 2,400 and Closing Stock = Rs.26,000.

6. What is Convention of Conservatism?

(5 × 2 = 10 Marks)

II. Explain any **four** of the following questions. Each question carries **4** marks. Answer should not exceed **120** words each.

1. State the difference between Hire Purchase and Sale.

2. X purchased a radio on HP system. He is required to pay Rs. 800 down, Rs. 400 at the end of first year and Rs.300 at the end of second year and Rs. 700 at the end of third year. Interest is charged at 5% p.a. Calculate Cash Price and Interest of each instalment.

P.T.O.

3. Titanic ship commenced its voyage Kolkata to Chennai on 31st March, 2019 to 30th April, 2019

	Rs.
Brokerage	8,000
Insurance	18,000
Depreciation for 2 months	20,000
Salaries	50,000
Bunker Cost	4,000
Light House Cost	3,000
Freight earned for return journey Rs. 1,00,000 and for outward journey	1,25,000

Primage is 10% on freight.

Prepare Voyage Account.

4. What do you mean by Bonus shares? State the advantages and disadvantages of issue of bonus shares.
5. Salman and Usman Bros. acquired a machine on July 1, 2008 at a cost of '70,000 and spent ' 5,000 on its installation. The firm writes off depreciation @ 10% on straight line method. The books are closed on December 31 every year. Show the machinery and depreciation account for three years.

(4 × 4 = 16 Marks)

III. Explain any **four** of the following. Each question carries **6** marks.

1. On 15th February, 2009 a fire occurred in the premises of the company. From the following particulars ascertain the amount of claim to be lodged in case of loss of stock which insured:
Stock 1st Jan, 2009 is Rs. 5,00,000. Purchase from 1st January, 2009 to date of fire 7,50,000 Wages 2,50,000 Manufacturing Expenses 1,50,000 Sales from 1st January, 2009 to date of fire 12,00,000 The Gross profit Ratio is 25%. The stock salvaged was valued at Rs. 49,500.
2. What is Investment accounting? Explain the features of investment account.
3. How the different methods of Depreciation work in accounting?
4. On April 1, 2009 Ganga Bros. purchased two machines for ' 75,000 each. Depreciation at the rate of 10% on diminishing balance method was provided. On March 31, 2011, one machine was sold for ' 55,000. An improved model with a cost of ' 80,000 was purchased on the same day. You are required, to show the Machinery Account for 2009-10 to 2010-11.
5. State the classification of Investments as per AS-13.

(4 × 6 = 24 Marks)

IV. Explain any **three** of the following. Each question carries **10** marks.

1. What is GAAP? Elucidate the Conventions, Concepts and Principles of Accounting.
2. Parvana purchased a truck on hire purchase system for Rs. 56,000 payments to be made, Rs. 15,000 down and 3 instalments of Rs.15,000. each at the end of each year. Rate of interest is charged at 5% per annum. The buyer is depreciating the asset at 10% p.a on written down value method. Because of financial difficulties, Parvana after having paid down payment and first instalment at the end of the first year could not pay second instalment and sellers took possession of the truck sellers after expanding Rs. 357 on repairs of the asset sold it away for 30,110. Open ledger accounts in the books of both parties to record transactions.
3. The S.S. Ody undertook a voyage from Chennai to Kolkatta starting on 1st January 2002 and reaching on 31st March, 2002 and reaching on 31st March, 2002. The cargo consisted of 900 ton of food grains and 100 tons of engineering goods. The freight charges were Rs. 150 per ton for food grains and Rs. 100 per ton for engineering goods. In addition, primage was 10%. Brokerage was payable at 5%. The expenses were:

	Chennai Rs.	Kolkatta Rs.
Diesel	20,000	
Port Charges	9,000	2,000
Harbour Charges	3,000	1,000
Loading Charges	2,000	—

Other expenses were :	Rs.
Stores	2,000
Postage	1,000
Salaries	10,000

The ship was insured for Rs. 10,00,000 @ 1% for voyage policy of Hull. The freight was insured @ 1/2% . Depreciation is charged on the written down value of the ship @ 5% p.a. The value of ship as on 1st January, 2002 was Rs. 8,00,000. Prepare Voyage Account.

4. The following balances are extracted from the books of accounts of Abhilash on December 2017.

Purchases	40,000	Sales	70,185
Purchases return	1,410	Opening Stock	5,730
Capital	50,500	Drawings	8,800
Bad debts	700	Bad debt reserve (01.01.2017)	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
Furniture	1,800	Postage	410
Commission (Dr.)	435	Creditors	9,490
Debtors	31,035	Sundry expenses	8,470
Building (New)	3,500		
Rates and Insurance	650		

Prepare Trading and Profit and Loss A/c for the year ended 31st December 2017 and also prepare Balance Sheet on that date considering the following:

- Insurance unexpired Rs 120.
- Provide interest on capital @ 5%.
- Rent not received Rs 100
- Depreciate on old building @ 2.5%, new @ 2% and office furniture @ 5%
- Write off further bad debts Rs. 285.
- Increase the provision for bad debts @ 6% on debtors.
- Salary outstanding Rs. 285.
- Stock on 31-12-2009 valued @ Rs. 7145

(3 × 10 = 30 Marks)