

Reg. No. : .....

Name : .....

**Third Semester B.Com.LL.B. (Five Year Integrated) Degree Examination,  
October 2025**

**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. Who is a hire vendor?
2. What do you understand by the 'principle of conservatism'?
3. Name some fixed income bearing securities.
4. State any two limitations of fixed instalment method in depreciation accounting.
5. What is Ex-interest?
6. What do you mean by estimated life of an asset?

**(5 × 2 = 10 Marks)**

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

7. Write a note on
  - (a) Bonus shares
  - (b) Right shares.

P.T.O.

8. From the following information, prepare a Trading Account of M/s.

ABC Traders for the year ended 31<sup>st</sup> March, 2011:

	Rs.
Opening Inventory	1,00,000
Purchases	6,72,000
Carriage Inwards	30,000
Wages	50,000
Sales	11,00,000
Returns inward	1,00,000
Returns outward	72,000
Closing Inventory	2,00,000

9. Explain different items of expenses and incomes to be included in Voyage Account.

10. Q Ltd, purchased on 1<sup>st</sup> January, 2008 a machine for Rs. 10,000. On 1.7.08 it again purchased another machine for Rs. 5,000. On 1.7.09 the machine purchased on 1.1.2008 was sold for Rs.4,000. On 1.7.2010 a new machine was purchased for Rs. 12,000. On the same date the machine purchased on 1.7.2008 was sold for Rs. 4,200. Depreciation was provided at 10% p.a. on the written down value every year. Show the Machinery Account.

11. How do you calculate the insurance claim?

(4 × 4 = 16 Marks)

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

12. On April 01, 2010, Bajrang Marbles purchased a Machine for Rs. 1,80,000 and spent Rs. 10,000 on its carriage and Rs. 10,000 on its installation. It is estimated that its working life is 10 years and after 10 years its scrap value will be Rs. 20,000.

(a) Prepare Machine account and Depreciation account for the first four years by providing depreciation on straight line method. Accounts are closed on March 31<sup>st</sup> every year.

(b) Prepare Machine account, Depreciation account and Provision for depreciation account (or accumulated depreciation account) for the first four years by providing depreciation using straight line method. Accounts are closed on March 31<sup>st</sup> every year.

13. On 1<sup>st</sup> Jan. 2008 A Ltd purchased from B Ltd. five trucks under hire purchase system. Rs. 50,000 being paid on delivery and the balance in five instalments of Rs. 75,000 each payable annually on 31<sup>st</sup> Dec. the vendor charges 5% p.a. interest on yearly balances. The cash price of five trucks was Rs. 3,75,000. Show how this transaction should be recorded in the books of A Ltd, if A Ltd writes off depreciation at 10% p.a. on the written down value.

14. Briefly explain the methods for calculating depreciation.

15. On 15<sup>th</sup> September, 2011 the premises of Fire and Stone were destroyed by fire but sufficient records were saved from which the following particulars were ascertained:

Stock at cost, 1<sup>st</sup> April, 2010 — Rs. 73,500

Stock at cost, 31<sup>st</sup> March, 2011 — Rs. 79,600

Purchases less returns during the year ended 31<sup>st</sup> March, 2011 — Rs. 3,98,000

Sales less returns during the year ended 31<sup>st</sup> March, 2011 — Rs. 4,87,000

Purchase less returns during 1<sup>st</sup> April 2011 to 15<sup>th</sup> September 2011 — Rs. 1,62,000

Sales less returns, 1<sup>st</sup> April 2011 to 15<sup>th</sup> September, 2011 — Rs. 2,31,200.

In valuing stock for Balance Sheet at 31<sup>st</sup> March, 2011 Rs. 2,300 had been written off certain stock which was of a poor selling line, having cost Rs. 6,900. A portion of these goods was sold in June, 2011 at a loss of Rs. 250 on the original cost of Rs. 3,450. The remainder of this stock was now estimated to be worth the original cost. Subject to the above exception, gross profit had remained at a uniform rate throughout. The stock salvaged was Rs. 5,800. Show the amount of the claim.

16. Happy Valley Florists Ltd. acquired a delivery van on hire purchase on 01.04.20X1 from Ganesh Enterprises. The terms were as follows :

Particulars	Amount (Rs.)
Hire Purchase Price	180,000
Down Payment	30,000
1 <sup>st</sup> installment payable after 1 year	50,000
2 <sup>nd</sup> installment after 2 years	50,000
3 <sup>rd</sup> installment after 3 years	30,000
4 <sup>th</sup> installment after 4 years	20,000
Cash price of van	1,50,000

You are required to calculate Total Interest and Interest included in each instalment.

(4 × 6 = 24 Marks)

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

17. What is GAAP? Elucidate the major concepts, conventions, and principles that come under the purview of GAAP.

18. X Ltd. purchased 3 milk vans from Super Motors costing Rs. 75,000 each on hire purchase system. Payment was to be made: Rs. 45,000 down and the remainder in 3 equal installments together with interest @ 9%. X Ltd. writes off depreciation @ 20% on the diminishing balance. It paid the installment at the end of the 1<sup>st</sup> year but could not pay the next. Super Motor agreed to leave one milk van with the purchaser, adjusting the value of the other two milk vans against the amount due. The milk vans were valued on the basis of 30% depreciation annually on written down value basis. X Ltd. settled the seller's dues after three months. Prepare Hire Purchase Account.

19. From the following balances, prepare the trading and profit and loss account and balance sheet as on March 31, 2017.

Drawings 6,300 Capital 1,50,000 Cash at bank 13,870 Discount received 2,980 Bills receivable 1,860 Loans 15,000 Loan and Building 42,580 Purchases return 1,450 Furniture 5,130 Sales 2,81,500 Discount allowed 3,960 Reserve for bad debts 4,650 Bank charges 100 Creditors 18,670 Salaries 6,420 Purchases 1,99,080 Stock (opening) 60,220 Sales return 1,870 Carriage 5,170 Rent and Taxes 7,680 General expenses 3,630 Plant and Machinery 31,640 Book debts 82,740 Bad debts 1,250 Insurance 750.

Adjustments :

- (a) Closing stock Rs. 70,000
- (b) Create a reserve for bad and doubtful debts @ 10% on book debts
- (c) Insurance prepaid Rs. 50
- (d) Rent outstanding Rs. 150
- (e) Interest on loan is due @ 6% p.a.

20. S.S. Jaihind commenced a voyage on October, 2001 from Mumbai to London and back. The voyage was completed on November 30, 2001. It carried a consignment of tea on its outward journey and of machinery on its return journey. The ship was insured and annual premium was Rs. 1,20,000. Prepare Voyage account from the following particulars.

Particulars	Amount (in Rupees)
Freight earned (outward)	5,00,000
Freight earned (inward)	3,50,000
Port dues	25,000
Bunker cost	1,50,000
Stores	84,000
	5
	W – 1270

Particulars	Amount (in Rupees)
Wages and salaries	2,50,000
Sundry Expenses	25,000
Passage money received	50,000
Lighterage charge	33,000
Annual depreciation	4,80,000

Address commission 5% on outward and 4% on inward freight. Primage is 5% on freight. The manager is entitled 5% commission on the profit earned after charging such commission. Stores and coal in hand were valued at Rs. 15,000 on November 30, 2001.

(3 x 10 = 30 Marks)