**ST.ALOYSIUS COLLEGE EDATHUA**

B.Com Degree (CBCSS) Model Examination, August-2016

Third Semester

Core Course 8- FINANCIAL ACCOUNTING

Time: 3 Hrs Maximum Marks: 80

**Section A**

Answer ***all*** questions. Each question carries 1 mark

1. Define Royalty?
2. Define single entry system and book keeping?
3. What is Dead Rent?
4. What is account sales?
5. What is GAAP?
6. How will you treat goods sent as free samples?
7. What do you mean by consignment?
8. What is over riding commission?
9. What is short working?
10. What is statement of affairs?

(10 X 1 = 10)

**Section B**

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

1. Find out purchases from the following :
2. Opening stock Rs.10,000, Closing Stock Rs. 12,000, Wages Rs.8,000, Indirect expenses Rs.13,000, Sales Rs. 60,000, G/P Rs. 14,000.
3. What do you mean by proforma invoice? Give a specimen of it.
4. What are the differences between Royalty and Rent.
5. Explain the following.
6. Outstanding expenses. b. Accrued income c. Pre paid expense d. Capital expenditure.
7. Distinguish between a Balance sheet and a statement of affairs.
8. Explain the AS-2
9. What do you mean by grouping and marshalling of assets and liabilities.
10. Madhu of Channai sent 100 cycles at a cost of Rs.1200 each to Jayaraj of Alappuzha on consignment basis. Madhu paid loading charges Rs.2000, freight Rs.1500 and insurance Rs.500. Jayaraj has spent Rs.200 as cartage, Rs.300 as loading and unloading charges, Rs.1000 as godown rent and selling expenses Rs.350. At the end of the accounting period, 25 cycles remained unsold. The selling price is Rs.1600 per cycle. Calculate the value of stock.
11. From the following calculate profit or loss during the year.

Capital at the beginning Rs.13,400

Capital at the end Rs. 18,500

Drawings during the period Rs.3,200

Addition to capital during the year Rs. 2,400

1. What are the drawbacks of single entry systemof book keeping?
2. Explain the diffent methods of calculating profit from incomplete records.
3. Distinguish between Normal loss and abnormal loss.

(8 X 2 = 16)

**Section C**

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

1. Distinguish between single entry and double entry.
2. What are the differences between consignment and sale?
3. What are the steps for finding out profit under capital comparison method?
4. What is del credere commission? Why it is given to the consignee? How it is treated in consignment accounts?
5. A trader had a capital of Rs.14,250 at the beginning of the year. At the end of the year he had cash in hand Rs. 4220, cash at bank Rs. 3300, Debtors Rs. 14200, Stock Rs. 9400, furniture Rs. 4000 and creditors Rs. 7200. During the year he withdrew Rs.125 per month for personal purpose and brought in Rs.800 during the year for additional capital. Calculate the profit made by the trader.
6. From the following information find out the value of closing stock and cost of goods sold:

Opening stock Rs. 10,000. Purchases Rs. 1,00,000. Wages Rs.70,000. Sales Rs. 2,00,000. Percentage of G/P- 20%.

1. X Consigned 1000 kgs of coconut oil to Y to Kanpur at Rs. 45/kg. He spent Rs. 2,000 for packing and carriage. Y sold 700 kgs @ Rs. 60 and reported a loss of 20 kg by leakage, weighing handling etc. The expenses of Y amounted to Rs. 2,000 for octroi and Rs.400 for sales expenses. He is to get a commission of 4.5% on sales

Prepare Consignment Account and also show the calculation of closing stock.

(6 X 4 = 24)

**Section D**

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

1. A Lock manufacturing company obtained rights from Ranga Raj, a lock designer, to manufacture and sells locks. Terms were as follows:
2. Manufactorer has to pay a royalty of Rs.10 for every lock sold with a minimum rent of Rs. 5000 per annum. Calculation is to be made annualy on 31st Dec.
3. If in any year, the royalty earned is less than the minimum rent, the defeciency may be recovered out of excess earnings in the next two years.
4. From the beginning of the third year the minimum rent be reduced to Rs. 4000, but other terms remian unchanged.

|  |  |  |
| --- | --- | --- |
| Year ended | Production | Closing stock |
| 31.12.2000 | 250 locks | 50 locks |
| 31.12.2001 | 450 locks | 100 locks |
| 31.12.2002 | 570 locks | 70 locks |
| 31.12.2003 | 630 locks | 150 locks |
| 31.12.2004 | 310 locks | 160 locks |
| 31.12.2005 | 340 locks | 60 locks |
| 31.12.2006 | 480 locks | 100 locks |

You are required to prepare Minimum rent account, royalty account, short workings account and the account of Ranga raj in the books of the company.

1. Mr. Jerry who keeps his books under incomplete records gives you the following information

|  |  |  |
| --- | --- | --- |
|  | 1st Jan 05 | 31st Dec.05 |
| Stock in trade  Debtors  Creditors  Bills receivable  Bills payable  Furniture  Building  Bank balance | 18700 12000  9000  4000  1000  600  12000  4350 | 23400  14000 1500  5000  200  600  12000  3350 |

You are also given the following information:

1. Rs.1450 is required for provision for bad debts.
2. Depreciation of 5% is required for builiding and furniture.
3. Salary outstanding amounts to Rs.4900
4. Insurance has been prepaid to the extent of Rs.250
5. Drawings of Jerry during the year were Rs.7520

Find out the profit or loss of Jerry and also prepare his final statement of affairs.

1. The following Trial Balance was extracted from the books of Mr. Anil as 31.12.2013.

Debit balances

Plant and Machinery 20,000 Opening Stock 34,200

Manufacturing wages 34,500 Motor Car 12,000

Salaries 15,850 Sales Return 3,100

Furniture 10,000 Purchase 1,02,000

Freight on purchase 1,860 Bad Debts 1,400

Freight on Sales 2,140 bank charges 400

Building 24,000 Cash at bank 4,200

Manufacturing expenses 9,500 Cash in hand 1,120

Insurance and tax 4,250 **Credit balances**

Goodwill 25,000 Capital Account 80,000

General expenses 8,200 Bank loan 15,000

Factory fuel and power 1,280 Purchase returns 1,740

Sundry Debtors 78,200 Sales 2,50,850

Factory Lighting 950 Reserves for bad debts 2,000

Sundry creditors 44,560

Prepare the Trading and Profit and Loss Account for the year ended 31st December, 2013and the balance sheet as on that date taking into consideration the following information:

1. Stock in hand on 31st December, 2013 was valued at Rs 30,500.
2. Depreciate Plant and Machinery by 10%,Furniture by 5% and Motor car by Rs 1,000
3. Bring provision for bad Debts to 5% on Sundry debtors
4. A commission of 1% on the gross profit is to be provided for works manager.
5. A commission of 2% on net profit (after charging the work manager’s commission but before charging General Manager’s commission) is to be paid to the General Manager.
6. Briefly describe about the concepts and conventions of Financial Accounting

(2 X 15 = 30)