

C 22021

(Pages : 4)

Name.....

Reg. No.....

SECOND SEMESTER (CBCSS-UG) DEGREE EXAMINATION, APRIL 2022

B.Com.

BCM 2B 02—FINANCIAL ACCOUNTING

(2021 Admissions)

Time : Two Hours and a Half

Maximum Marks : 80

Section A

*Answer any ten questions.
Each question carries 3 marks.
All questions can be attended.
Overall Ceiling 30.*

1. What is reserve capital ?
2. List any four IFRS.
3. Explain under subscription.
4. What is double entry system of accounting ?
5. Expand SOPL and SOFP.
6. What do you understand by reissue of forfeited shares ?
7. What is a cumulative preference share ?
8. What is a debenture ?
9. What is fraction shares ?
10. What do you mean by principle of objectivity ?
11. What is allotment of shares ?
12. State the objectives of Ind-AS.
13. What are current liabilities ?
14. What do you mean by financial reporting ?
15. Define accounting standards.

(10 × 3 = 30 marks)

Section B

*Answer any five questions.
Each question carries 6 marks.
All questions can be attended.
Overall Ceiling 30.*

16. Explain the different types of debentures.
17. Distinguish single-entry and double-entry system of accounting.
18. What are the objectives of accounting standards ?

Turn over

19. From the following data, ascertain total sales :—

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Balance of debtors on 01-01-2020 ...	24,000
Sales returns ...	10,000
Cash received from customers ...	90,000
Discount allowed to them ...	6,000
Bills receivable received ...	34,000
Bad debts ...	3,000
Bills receivable dishonoured ...	7,000
Balance of debtors on 31-12-2020 ...	20,000
Cash sales ...	50,000

20. Arjun Ltd. issues 1,00,000 equity shares of Rs. 10 each at a premium of 20 % payable as Rs. 2 on application, Rs. 7 on allotment (including premium) and Rs. 3 on first and final call. The company received applications for 2,85,000 shares. It deals with them in the following manner :

- (a) Applications for 25,000 shares receives the full allotment.
- (b) The applicants for 2,25,000 shares receive one share for every three shares applied for.
- (c) It rejects the applications for 35,000 shares.

The company duly receives the entire amount. Pass necessary journal entries.

21. Vivek Ltd. took over assets worth Rs. 5,00,000 and liabilities of Rs. 1,34,000 of Midhun Traders for the purchase consideration of Rs. 3,96,000. Vivek Ltd. paid the purchase consideration by issuing debentures of Rs. 100 each. Give journal entries in the books of Vivek Ltd. assuming that debentures are issued at 10 % premium.
22. AB Ltd. issued 5,000 shares of Rs. 10 each at par, payable Rs. 3 on application. Rs. 2 on allotment, Rs. 3 on first call and Rs. 2 on final call. Mrs. Smitha was allotted 50 shares. Give the necessary journal entries relating to the forfeiture of shares in the following alternative cases.
- Case 1 : If Smitha failed to pay the allotment money and her shares were forfeited.
 - Case 2 : If Smitha failed to pay allotment money and on her subsequent failure to pay the first call, her shares were forfeited.
 - Case 3 : If Smitha failed to pay the first call and on her subsequent failure to pay the final call, her shares were forfeited.
23. A company carried forward a balance of Rs.40,000 from the P & L A/c for the year ended 31-03-2019. During the year 2019-20 it made a further profit of Rs. 3,10,000 before providing taxation. It was decided that the following decisions may be carried out :
- (a) Provision for taxation Rs. 1,50,000.
 - (b) Dividend equalisation reserve Rs. 25,000.
 - (c) Dividend on 8 % preference shares of Rs. 2,00,000.

- (d) Dividend at 15 % on 30,000 equity shares of Rs. 10 each fully paid.
 (e) General expenses Rs. 35,000.
 (f) Development rebate reserve Rs 35,000.

Show journal entries.

(5 × 6 = 30 marks)

Section C

*Answer any two questions.
 Each question carries 10 marks.*

24. From the following details, you are required to ascertain profit or loss made by a trader during the year ended 31-12-2020 and to prepare the statement of affairs as on that date :

<i>Particulars</i>	31-12-2019	31-12-2020
Cash in hand ...	700	850
Cash at bank ...	2,500	3,000
Stock in trade ...	25,000	30,000
Sundry debtors ...	30,000	40,000
Sundry creditors ...	15,000	12,000
Plant and Machinery ...	80,000	1,00,000
Furniture ...	30,000	25,000

During the year the trader has withdrawn Rs. 2,000 per month to meet his family obligations. Depreciate machinery at 10 % and furniture at 5 %. As regards debtors Rs. 1,000 are irrecoverable and a provision of 2 % is to be created.

25. A company issued 10,000 equity shares of Rs. 10 each at a premium of Rs. 3 per share, payable Rs. 4 on application, Rs. 5 on allotment (including premium) and Rs. 4 on first and final call. Subscriptions were received for 13,000 shares. The excess money was refunded and the allotment money was received in full.

The first and final call was made in due course and the amount due was received with the exception of 100 shares. These shares were forfeited and subsequently re-issued as fully paid for a consideration of Rs. 8 per share.

Show journal entries recording the above transactions.

26. Malabar Manufacturing Company was registered with an authorised capital of Rs. 10,00,000 divided into shares of Rs. 10 each, of which 40,000 shares had been issued and fully paid. The following is the trial balance on 31-03-2019 :

<i>Particulars</i>	Debit	Credit
Stock (01-04-2018) ...	1,86,420	
Returns ...	12,640	9,810
Manufacturing expenses ...	19,240	
18 % Bank loan (secured) ...		50,000

Turn over

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Office salaries	...	13,000	
Director's remuneration	...	12,000	
Freehold premises	...	1,64,210	
Furniture	...	5,000	
Debtors and Creditors	...	1,64,400	92,200
Cash at bank	...	1,06,860	
Profit and Loss A/c (01-04-2018)	...		8,640
Share capital	...		4,00,000
Purchases and Sales	...	7,18,210	11,69,900
Wages	...	1,09,740	
Carriage inward	...	4,910	
Interest on bank loan	...	4,500	
Audit fees	...	1,250	
Preliminary expenses	...	6,000	
Machinery	...	1,28,400	
Loose tools	...	12,500	
Cash in hand	...	1,920	
Advance payment of tax	...	14,290	
Commission	...	8,640	
Transfer fee	...		40
Rates and electricity	...	17,610	
Repairs	...	8,610	
Carriage outward	...	9,260	
Calls in arrears	...	1,000	

Prepare final accounts for the year ended 31-03-2019 after considering the following :—

- (a) On 31-03-2019, outstanding wages and salaries stood at Rs. 1,890 and Rs. 1,200 respectively. On the same date, stock was valued at Rs. 1,24,840 and loose tools at Rs. 10,000.
- (b) Provide interest on bank loan for 6 months.
- (c) Depreciate machinery by 15 % and furniture by 10 %.
- (d) Write off one-third of preliminary expenses.
- (e) Make a provision for income tax at 50 %.
- (f) Provide Rs. 8,500 on debtors for doubtful debts.
- (g) Provide further Rs. 3,120 for discount on debtors.
- (h) The directors recommended a dividend at 15 % for the year ending 31-03-2019 after a transfer of 5 % on net profit to general reserve.

27. What are accounting standards ? Explain the need and importance of global accounting standards.

(2 × 10 = 20 marks)