

Reg. No. : .....

Code No. : 20438 E Sub. Code : SMCO 11

B.Com. (CBCS) DEGREE EXAMINATION,  
NOVEMBER 2018.

First Semester

Commerce – Main

FINANCIAL ACCOUNTING – I

(For those who joined in July 2017 onwards)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL the questions.

Choose the correct answer :

1. \_\_\_\_\_ gives a concise idea about the profitability and financial position of a business.
- (a) Journal
  - (b) Final accounts
  - (c) Cash book
  - (d) Trial balance

Bill received from customers Rs. 11,000

Cash paid to creditors Rs. 40,000

Discount received from them Rs. 600

Return outwards Rs. 700

Bills issued to them Rs. 7,500

Total debtors on March 31, 2001 Rs. 34,000

Total creditors on March 31, 2001 Rs. 30,000.

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2. Narration means \_\_\_\_\_
- (a) Goods in transit
  - (b) Work in progress
  - (c) Explanation entry of the journal
  - (d) Repayment of principle
3. Cheques issued but not presented for payment will \_\_\_\_\_ the balance as per the passbook
- (a) Increase
  - (b) Transfer
  - (c) Reduce
  - (d) Neglect
4. Accounting errors that affect either debit or credit side of an account is called
- (a) Two side
  - (b) Balancing
  - (c) One sided
  - (d) Posting
5. Within the due date of the bill, the \_\_\_\_\_ of the bill discount it in the banker
- (a) Drawer
  - (b) Drawee
  - (c) Competitor
  - (d) Customers

6. When a bill is transferred from one person to another person, it is called \_\_\_\_\_
- (a) Exchange
  - (b) Endorsement
  - (c) Maturity
  - (d) Dishonour
7. Written down value method of depreciation is also called \_\_\_\_\_ method
- (a) Reducing balance
  - (b) Fixed
  - (c) Floating
  - (d) Straight line
8. Depreciation is \_\_\_\_\_ from the fixed assets in the assets side of the balance sheet
- (a) Multiplied
  - (b) Divided
  - (c) Added
  - (d) Subtracted
9. Statement of affairs is prepared in \_\_\_\_\_ method
- (a) Double entry system
  - (b) Triple entry system
  - (c) Single entry system
  - (d) Accrual



10. While calculating profit/loss under single entry system, drawings is added with \_\_\_\_\_ capital.

- (a) Opening capital
- (b) Closing capital
- (c) Fixed capital
- (d) Working capital

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 250 words.

11. (a) What are the merits and demerits of double entry system?

Or

- (b) Prepare journal for the following transaction.

Jan 1, 2016, Srisha started business with a capital of Rs. 80,000

Jan 8, 2016. Goods purchased from Kavitha Rs. 20,000

Jan 10, 2016. Goods sold to Rajulan Rs. 18,750

Jan 22, 2016, Interest received Rs. 2,500

Jan 25, Machinery purchased Rs. 1,90,000.

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12. (a) From the following particulars of Ranjith and Co, prepare Bank Reconciliation Statement as 31<sup>st</sup> August July 2013.

Overdraft as per pass book Rs. 25,000.

Interest on overdraft Rs. 2,500

Insurance premium paid by the bank Rs. 600

Cheque issued but not presented for payment Rs. 9,000

Cheque deposited but not yet cleared Rs. 4,000

Amount wrongly debited by bank Rs. 1,240.

Or

- (b) Following are some accounting errors. Rectify them by making journal entries.

(i) Sales for Rs. 5,000 made to Divya was not entered in the sales book.

(ii) Salary of Rs. 7,000 paid to Accountant Kiran was debited to his personal account

(iii) Old Furniture sold for Rs. 6,000 was entered in the Sales Book.

(iv) Carriage paid Rs. 1,050 on purchase of a Machine was debited to Carriage A/c

(v) Cash Rs. 30,000 paid to the creditor Ramya was debited to Bavya A/c.

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13. (a) Janaki sold good to Maya for Rs. 40,000 on 1<sup>st</sup> January 2016. Janaki drew a bill upon him for 3 months for the amount. Maya accepted the bill and returned to Janaki. On due date, the bill was passed Pass journal entries in the books of Janaki and Maya.

Or

- (b) Mr. R owes Mr. S Rs. 27,000 on 1<sup>st</sup> January 2014 and Mr. R accepts a three months bill for Rs. 25,000 being in full settlement. As on its due date, the bill is dishonoured. Noting charges are paid by Mr. R Rs. 75. Give journal entries in the books of Mr. R and Mr. S.
14. (a) A fixed asset having a useful life of 6 years is purchased on 1 January 2013. Cost of the asset is Rs. 90,000 whereas its residual value is expected to be Rs. 6,000. Calculate amount of depreciation and rate of depreciation.

Or

- (b) Rishi purchased machinery on 1<sup>st</sup> January 2012 at Rs. 1,00,000. He charged depreciation 10% by using straight line method. Prepare machinery account for three years to 1<sup>st</sup> January 2012 to 31<sup>st</sup> December 2014.

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15. (a) From the following facts supplied by A who keeps his books on single entry, you are required to calculate total purchases.

Opening balance of creditors Rs. 30,000

Closing balance of creditors Rs. 20,000

Cash paid to creditors during the year Rs. 90,000

Acceptances given to creditors Rs. 17,450

Return outwards Rs. 1,500

Cash purchases Rs. 45,000.

Or

- (b) Prepare total debtors account from the following information.

Credit sales Rs. 15,000

Total debtors Rs. 18,000

Discount allowed Rs. 150

Cash received from customers Rs. 15,480

Bills received Rs. 2,700

Bad debts written off Rs. 300.

Bills receivables dishonored Rs. 80.

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PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 600 words.

16. (a) Describe the following accounting concepts in detail
- Accounting period concept
  - Going concern concept
  - Dual aspect concept
  - Money measurement concept.

Or

- (b) From the following information for the year ended 31<sup>st</sup> December 2015, prepare final accounts.

Name of the account	Debit balance	Credit balance
Capital		16,800
Drawings	5,000	
Stock	21,000	
Purchases	36,000	
Sales		72,000
Purchase return		2,000
Sales return	3,000	
Debtors	4,500	
Creditors		2,500
Furniture	900	

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Name of the account	Debit balance	Credit balance
Bills receivable	2,300	
Bills payable		4,200
Wages	1,200	
Advertisement	600	
Discount (Dr)	100	
Commission received		600
Machinery	20,000	
Cash	3,500	
Total	98,100	98,100

17. (a) From the following particulars of Banu & co, prepare Bank reconciliation statement as 31<sup>st</sup> July 2008.

- Balance as per cash book Rs. 12,000
- Cheque issued but not presented for payment Rs. 16,000
- Bank charges Rs. 4,000
- Bill discounted dishonored but not recorded in the cash book Rs. 2,000
- Cheque deposited but not yet collected Rs. 3,000

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- (vi) Dividend collected by the bank but not recorded in the cash book Rs. 900
- (vii) Deposit made by a debtor directly into the bank but not recorded in the cash book Rs. 2,500
- (viii) Payment made by the bank recorded in the bank books only Rs. 1,800.

Or

- (b) Rectify the following accounting errors through suspense account by making journal entries:
  - (i) Purchase of goods from Neela for Rs. 8,250 was entered in the Sales Book, however Neela's Account was correctly credited.
  - (ii) Cash received from Sujith a debtor Rs. 2,000 was correctly entered in the Cash Book but was omitted to be posted to his account.
  - (iii) Sales Book was overcast by Rs. 1,800.

- (iv) Cash of Rs. 4,200 paid to Sibia was credited to Libia A/c as Rs. 7,200.
- (v) The total of Purchase Returns Book of Rs. 3,150 was carried forward as Rs. 1,350.

- 18. (a) Rahul owes Rs. 50,000 to Anup. On 1<sup>st</sup> July, 2010, Anup received from Rahul Rs. 10,000 and an acceptance for Rs. 40,000 for 3 months. Anup got the bill and discounted at 12% per annum at his bank. On the due date, Rahul paid the required amount. Give journal entries in the books of Rahul and Anup.

Or

- (b) Mohan Bhai sold goods for Rs 25,000 to Jamshedji on Jan 1, 2010 and on the same date, drew a bill on Jamshedji at three months for the amount. This bill is duly accepted but is dishonoured on the due date. Pass Journal entries in the books of Mohan Bhai & Jamshedji.





19. (a) The company purchased machineries on the following dates.

1.4.2006 – Rs. 60,000

1.10.2006 – Rs. 40,000

1.7.2007 – Rs. 20,000.

On 1.1.2008 one-third of the machinery which was purchased on 1.4.2006 became obsolete and was sold for Rs. 6,000. The machinery was to be depreciated by Fixed Installment Method at 10% p a. Show how the Machinery Account would appear in the ledger of the Company for the years 2006, 2007 and 2008. Assume that the accounting year of the Company ends on 31<sup>st</sup> December every year.

Or

- (b) The company purchased machine on 1.1.2013 at Rs. 1,50,000. It purchased another machine on 1.7.2014 at Rs. 50,000. On 1.10.2015, it purchased machinery at Rs. 25,000. It charges depreciation on 31<sup>st</sup> December every year at straight line method show machinery account for 3 years for 2013, 2014 and 2015.

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20. (a) Mr. Kannan, a retailer trader keeps his books under single entry system. His assets and liabilities on 31<sup>st</sup> December 2006 and 2007 were as follows:

Particulars	31 <sup>st</sup> December 2006	31 <sup>st</sup> December 2007
Cash in hand	300	500
Cash at bank	900	1,500
Stock in trade	5,000	6,000
Debtors	7,000	8,000
Furniture	3,000	–
Creditors	1,250	10,900

During the year, he had drawn out from the business Rs. 15,000. Ascertain the profit or loss made by the trader for the year ended 31<sup>st</sup> December 2007.

Or

- (b) From the following find out the credit sales and credit purchases for the year ended 31<sup>st</sup> March 2001

Total debtors on April 1, 2000 Rs. 34,000

Total creditors on April 1, 2000 Rs. 19,000

Cash received from Debtors during the year Rs. 68,000

Discount allowed Rs. 2,000

Bad debts Rs. 1,900

Return inwards Rs. 2,200

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