

Reg. No. :

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B.Com. (CBCS) DEGREE EXAMINATION,
NOVEMBER 2024.

First Semester

Commerce/Professional Accounting/Honours/Corporate
Secretaryship/Banking and Finance/Banking and
E-Commerce – Core

FINANCIAL ACCOUNTING – I

(For those who joined in July 2024 onwards)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer.

1. A schedule of balance drawn from the ledgers is called _____.
 - (a) Trial balance
 - (b) Balance sheet
 - (c) Income statement
 - (d) Trading accounts



2. _____ is a non cash transaction.

- (a) Rent
- (b) Salary
- (c) Electricity charges
- (d) Depreciation

3. Assets — Liabilities = ?

- (a) Total liabilities
- (b) Net sales
- (c) Capital
- (d) Profit

4. Copy rights, Patents and trademarks are examples of _____.

- (a) Current assets
- (b) Fixed assets
- (c) Intangible assets
- (d) Tangible assets

5. External causes of depreciation are _____.

- (a) Wear and Tear (b) Obsolescence
- (c) Time factors (d) Depletion

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6. The grace days for a bill is _____.

- (a) 3 days (b) 4 days
- (c) 5 days (d) 6 days

7. Tax authorities do not accept _____ method of account keeping.

- (a) Single entry system
- (b) Double entry system
- (c) Decade entry system
- (d) Percentile entry system

8. If assets are Rs.1,00,000 Liabilities are Rs.45,000 and the capital is _____.

- (a) Rs. 55,000 (b) Rs. 1,45,000
- (c) Rs. 1,55,000 (d) Rs. 1,75,000

9. Royalty is the agreement between the following persons

- (a) Seller and Buyer
- (b) Banker and Customer
- (c) Trustee and Beneficiaries
- (d) Landlord (lessor) and Tenant (lessee)

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10. Fire insurance provides covers for

- (a) Tangible assets
- (b) Intangible assets
- (c) Fictitious assets
- (d) Current assets

PART B — (5 × 5 = 25 marks)

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

11. (a) Explain the objectives of financial accounting.

Or

(b) Rectify the following errors.

- (i) Cash received from Mani Rs.500, was debited to his account.
- (ii) Purchases book was under cast by Rs.150
- (iii) Repair to machinery Rs.50, debited to machinery account.
- (iv) Insurance premium paid for proprietor was charged to office expenses account Rs.300.

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12. (a) From the following information prepare Balance Sheet.

	Rs.		Rs.
Capital	5,00,000	Sundry Creditors	50,000
Debentures	2,00,000	Sundry Debtors	1,00,000
Assets	7,75,000	Cash at bank	25,000
Other liabilities	1,00,000	Net profit	50,000

Or

(b) What are the differences between Trial Balance and Balance Sheet?

13. (a) Rishi purchased a machinery on 1st January 2012 at Rs.1,00,000. He charged depreciation at 10% by using straight line method. Prepare Machinery account for three years from 1st January 2012 to 31st December 2014.

Or

(b) On 01.04.2000 Balaram drew a bill of exchange for Rs.1,200 payable after 3 months. Krishna accepted it sent it to Balaram who discounted the same with the bank at 5% p.a. In the due date the bill is dishonoured. Give Journal entries in the books of Balaram and Krishna.

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14. (a) Calculate Closing Capital from the following data.

Profit earned during the year	Rs.10,000
Additional capital introduced	Rs.6,000
Opening capital during the year	Rs.12,000
Drawing made during the year	Rs.4,000

Or

- (b) Prepare Total Debtors account from the following information.

	Rs.
Credit sales	39,400
Total debtors at the beginning	21,600
Discount allowed	1,100
Cash received from debtors	37,200
Bills received	4,000
Bad debts written off	600
Bills receivable dishonoured	500

15. (a) What do you mean by 'Minimum Rent'?

Or

- (b) A trader has his stock insured against fire. Subsequently a fire destroyed a part of the stock which was valued on the date of the fire at Rs.60,000. The stock was insured subject to average clause. Stock salvaged was Rs.12,000. Stock was insured for Rs.36,000. Calculate the Claim amount.

PART C — (5 × 8 = 40 marks)

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

16. (a) Enter the following in a cash book with cash and discount columns only.

January

- 1 Mohan started a business with Rs.10,000, paid into bank Rs.8,000
- 3 Bought office furniture by cheque Rs.3,000
- 5 Sold goods for cash Rs.1,000
- 8 Paid Anand Rs.600 and was allowed a discount of Rs.60
- 12 Received from Mani a cheque for Rs.690 and allowed a discount of Rs. 10; The cheque was deposited into bank.
- 18 Withdrew from bank for office use Rs.1,000
- 24 Received for cash sales by cheque Rs.1,200
- 31 Drew for personal use cash Rs.100; Salaries paid Rs.500

Or



(b) The cash book of Albert showed a bank balance of Rs.2,760 on 31.7.1999. On comparison with the bank pass book the following particulars were ascertained.

- (i) Cheques paid in but not yet credited in the pass book Rs.6,000
- (ii) Cheques issued but not yet presented for payment Rs.2,500
- (iii) Life Insurance Premium remitted by the bank but not yet entered in the cash book Rs.8,320
- (iv) Interest on debentures collected by the bank recorded in pass book only Rs.6,000
- (v) Bank column on the credit side of the cash book under cast by Rs.110
- (vi) Bank charges entered in the pass book only Rs.70

Prepare a Bank Reconciliation Statement.

17. (a) From the following trial balance of Ganesh, prepare trading and profit and loss account for the year ended December 31st 2009 and a balance sheet as on that date

Particulars	Debit (Rs.)	Credit (Rs.)
Capital		20,000
Sales		16,000
Purchases	2,000	
Commission	250	
Rent	450	
General expenses	800	
Drawings	4,000	
Buildings	10,000	
Cash at bank	1,700	
Cash in hand	6,500	
Stock (1.1.2009)	6,000	
Debtors	4,400	
Creditors		4,500
Furniture	500	
Bills receivables	2,900	
Wages	1,000	
	<u>40,500</u>	<u>40,500</u>



Adjustments :

- (i) Stock as on 31st December, 2009 Rs.4,000.
- (ii) Wages unpaid Rs.100.
- (iii) Rent paid in advance Rs.50.
- (iv) Interest on capital at 6% to be provided.
- (v) Interest on drawings at 5% to be provided.

Or

- (b) From the following Trial balance, Prepare Trading and Profit and Loss account for the year ending 31.12.2018 and a balance sheet on that date.

Particulars	Debit (Rs.)	Credit (Rs.)
Capital	—	4,250
Drawings	710	—
Plant and machinery	950	—
Stock as on 1 st January	1,460	—
Purchases and sales	10,362	11,906
Purchases and sales return	210	291
General expenses	440	—
Rent	120	—
Rates	200	—

Particulars	Debit (Rs.)	Credit (Rs.)
Apprentice premium	—	80
Bank overdrafts	—	240
Bad debts	172	—
Debtors and creditors	4,200	2,000
Cash in hand	48	—
Bad debts reserve	—	105
	<u>18,872</u>	<u>18,872</u>

Adjustments :

- (i) Depreciate plant and machinery at 10% p.a.
- (ii) Increase bad debts reserve to 5% on sundry debtors.
- (iii) Rent accrued is Rs.40
- (iv) Rates of Rs. 80 are paid in advance.
- (v) Stock in hand as on 31st December is Rs. 1,700.

- 18. (a) Explain the different methods of Depreciation.

Or



- (b) Kannan sold goods for Rs. 1,000 to Mohan on 1.1.1996 and on the same day, drew a bill on Mohan for the amount for 2 months. Mohan accepted it and returned it to Kannan, who discounted it on 3rd Jan 1996 with his bank at 6% p.a. The acceptance was dishonoured on the due date and the noting charges paid by the bank Rs. 60. Pass the journal entries to record the above transactions in the books of Kannan and Mohan.

19. (a) The position of a business man who keep his books on single entry was as under 31.12.2010 and 31.12.2011.

Particulars	On 31.12.2010	On 31.12.2011
Cash in hand	400	480
Sundry debtors	4,000	5,200
Stock	6,500	5,000
Furniture	300	350
Sundry creditors	4,100	3,100
Cash at bank	6,000	2,500

He withdrew Rs. 7,500 from business on 02.01.2011 out of which he spent Rs. 5,200 for purchase of motor for the business.

Adjustments :

- Depreciation on closing balance of furniture at 10%
- Write off Rs. 220 as bad debts.
- 5% provision for bad and doubtful debts is needed.

Find out the profit or loss for the year.

Or

- (b) From the following particulars prepare total debtors account and total creditors account for the year ending 31st March 2021.

	Rs.
Total debtors on 1 st April 2020	8,500
Total creditors on 1 st April 2020	14,000
Cash received from debtors	30,000
Discount allowed	450
Bad debts	600
Return inwards	700
Bills received from customers	4,300
Bills dishonoured	300
Cheque received from customers	1,000
Cash paid to creditors	27,500



	Rs.
Discount received from them	850
Return outwards	700
Bills issued to them	2,400
Cheque paid to them	800
Bills payable dishonoured	200
Total debtors as on 31.12.2021	17,000
Total creditors as on 31.12.2021	9,000

20. (a) What are the possible Journal entries in the books of Lessee and Lessor?

Or

- (b) Fire occurred in the premises of X Ltd. on 10th October 2003. All stocks were destroyed except to the extent of Rs.6,200. From the following figures ascertain the loss suffered by the company:

	Rs.
Stock on 1 st January, 2002	36,000
Purchases less returns during 2002	1,45,000
Sales less returns during 2002	2,00,000

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	Rs.
Stock on 31 st December 2002	22,500
Purchases less return during 2003 up to date of fire	1,46,000
Sales less return during 2003 up to date of fire	1,89,000
It was the practice of the firms to value stocks at cost less 10%.	

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