

20. (a) A book keeper having failed to agree the Trial balance opened a suspense account and transferred the difference of Rs. 1709, to the credit of suspense account. The following errors were discovered. Give journal entries and show the suspense account.
- (i) Sales book was undercast by Rs.2,000.
  - (ii) Purchase of machinery for Rs.3,000 was passed through the purchase book.
  - (iii) Goods sold to Raj for Rs.45 was posted to his account as Rs.54
  - (iv) Purchase returns book was overcast by Rs.200.
  - (v) The total of the sales book page 10 was carried forward as Rs.1,222 instead of Rs.1,122.

Or

- (b) Explain the classification of errors.
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U.G. (CBCS) DEGREE EXAMINATION,  
APRIL 2023.

Fourth Semester

Commerce/Honours

Non Major Elective – FINANCIAL ACCOUNTING

(For those who joined in July 2021 onwards)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. If payment is made on the average due date it results in
  - (a) Loss of interest to the creditor
  - (b) Loss of interest to the debtor
  - (c) No loss of interest to either of them
  - (d) None of these
2. When a due date of transaction falls on a public holiday, the due date will be
  - (a) The same
  - (b) One day after that holiday
  - (c) One day before that holiday
  - (d) None of these





3. Bank reconciliation statement is a  
(a) ledger account (b) a statement  
(c) subsidiary record (d) trial balance
4. Bank reconciliation statement is prepared to know the correctness between  
(a) cash book and petty cash book balances  
(b) petty cash and pass book balances  
(c) pass book and cash book balances  
(d) None of these
5. Good will account is opened in  
(a) Debtors ledger (b) Creditors ledger  
(c) General ledger (d) Stock ledger
6. Provision for doubtful debts account is opened in  
(a) Debtors ledger (b) General ledger  
(c) Creditors ledger (d) Stock ledger
7. Depreciation accounting is mainly based on the  
(a) concept of income (b) fixed assets  
(c) cost price (d) purchase value

8. Under diminishing balance method, depreciation is calculated on  
(a) original cost  
(b) written down value  
(c) scrap value  
(d) none of these
9. A suspense account is opened when  
(a) business owes money  
(b) trial balance does not balance  
(c) pass book and cash book differ  
(d) none of these
10. Casting errors are the result of  
(a) wrong totaling  
(b) wrong balancing  
(c) wrong carry forward  
(d) wrong entry





PART B — (5 × 5 = 25 marks)

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

Each answer should not exceed 250 words

11. (a) Hari owes Ram Rs. 2,000 on 1<sup>st</sup> April, 1996. From 1<sup>st</sup> April, 1996 to 30<sup>th</sup> June, 1996 the following further transactions took place between Hari and Ram:

April 10 Hari buys goods from Ram for Rs. 5,000.

May 16 Hari receives cash loan of Rs. 10,000 from Ram.

June 9 Hari buys goods from Ram for Rs. 3,000.

Hari pays the whole amount, together with interest @ 15% per annum, to Ram on 30<sup>th</sup> June 1996.

Calculate the interest payable on 30<sup>th</sup> June, 1996 by the Average due-date method.

Or

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- (b) Calculate Average Due Date from the following information:

Date of the bill	Term	Amount (Rs.)
August 10, 1994	3 months	6,000
October 23, 1994	60 days	5,000
December 4, 1994	2 months	4,000
January 14, 1995	60 days	2,000
March 8, 1995	2 months	3,000

12. (a) From the following particulars, ascertain the bank balance as per pass book as on 31<sup>st</sup> December.

- (i) The bank balance as per cash book on the date was Rs. 11,500.
- (ii) Cheques issued but not cashed before that date amounted to Rs. 1,750.
- (iii) Cheques paid into bank, but not cleared before December amounted to Rs. 2,150.
- (iv) Interest on investments collected by the bank but not entered in the cash book amounted to Rs. 275.
- (v) Local cheque paid in but not entered in the cash book Rs.300.
- (vi) Bank charges debited in the pass book Rs. 25

Or

- (b) What are the objectives of preparing a bank reconciliation statement?

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13. (a) How would you rectify the errors affecting the self balancing ledgers?

Or

- (b) In the general ledger of Dinesh company limited. Prepare sales ledger adjustment from the following particulars

Date	Particulars	Amount Rs.	Date	Particulars	Amount Rs.
2021 Jan 1	Balance of Debtors	80,000	Dec. 31	Return inward	17,500
Dec. 31	Credit purchases	45,000		Returns outward	6,000
	Credit sales	1,96,000		Rebate to debtors	5,500
	Cash from debtors	1,56,000		Bad debts	9,000
	Allowed discount	4,000		B/R dishonoured	7,500
	Bills received	30,000			

14. (a) Explain the various causes of depreciation.

Or

- (b) Mr. Shankar purchased a machine for Rs. 90,000 on 1<sup>st</sup> April 1999. It's probable working life was estimated at 5 years and its probable scrap value at the end of that time is Rs. 10,000.

You are required to prepare the necessary account based on straight line method of depreciation for five years.

15. (a) The Trial balance of Mr. Chandran did not agree and the difference was temporarily put to suspense account. Later on the following errors were located. Pass the entries to rectify them.

- The total of debit side of an expenses account has been cast in excess by Rs. 50
- The sales account has been totaled short by Rs. 100
- One item of purchase of Rs. 25 has been posted from the day book to ledger as Rs. 250
- The sale return of Rs. 100 from a party has not been posted to that account though the party's account has been credited.
- A credit sale of Rs.50 has been credited to the sales and also credited to sundry debtors account.

Or

- (b) Explain the types of errors.





PART C — (5 × 8 = 40 marks)

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

16. (a) What do you mean by average due date?  
How do we calculate ADD?

Or

- (b) Explain the uses of average due date.
17. (a) Prepare a bank reconciliation statement as on 30<sup>th</sup> November 2016 from the following information.
- (i) Balance as per pass book on 30<sup>th</sup> November 2016, overdrawn Rs.40,000.
  - (ii) On 5<sup>th</sup> October 2016, Mr. Ram deposited a cheque for collection of Rs.2,000 and made entry in the cash book which appears in the pass book on 6<sup>th</sup> December 2016 at Rs.1,980.
  - (iii) Cheques issued to parties but not presented for payment till 30<sup>th</sup> November 2016 are of Rs.1,050, Rs.1,670 and Rs.1,800.
  - (iv) Cheques deposited for collection but collected by bankers till 30<sup>th</sup> November 2016 Rs.17,520 and Rs.820.

- (v) Interest on investment collected by bankers on 30<sup>th</sup> November 2016 Rs. 1,910 entered in cash book on 4<sup>th</sup> December 2006 on receipt of bank intimation.

- (vi) Bank charges Rs.180 of 27<sup>th</sup> November 2016, not entered in cash book.

- (vii) Cheque deposited for collection on 30<sup>th</sup> November 2016 but returned dishonoured on 6<sup>th</sup> December 2016 Rs. 1,890.

- (viii) Bankers have made a mistake in balancing by showing overdrawn balance in excess by Rs.2,000 on 30<sup>th</sup> November 2016 which was rectified in bank pass book on 7<sup>th</sup> December 2016.

Or

- (b) What are the steps to be followed to prepare the bank reconciliation statement dealing with favorable balances?





18. (a) From the following particulars write up the necessary adjustment accounts as they would appear in the general ledger :

Particulars	Amount
Debtors balance in General ledger adjustment a/c (Cr)	60,500
Creditors balance in General ledger adjustment a/c (Dr)	38,500
Credit sales	40,300
Cash sales	12,800
Credit purchases	26,400
Cash purchases	16,390
Creditors paid	32,500
Received from debtors	48,200
Discount received	375
Discount allowed	600
Return inwards	1,225
Return outwards	875
Bills payable	3,200
Bills receivable	4,800
Bills receivable dishonoured	200
Interest charged from dishonoured bills	15
Trade discount	975

Particulars	Amount
Bad debts	375
Transfer from one ledger to another	195
Provision for bad and doubtful debts	5,000
Bad debts previously written off recovered	465

Goods of the sales value of Rs. 150 were returned by a customer for which fresh goods were issued. Though a credit note was issued for the return of goods the sales invoice was inadvertently not prepared for the issue of fresh goods.

Or

- (b) Explain about self balancing ledgers.

19. (a) On 1<sup>st</sup> April, 2000, a firm purchases machinery worth Rs.3,00,000. On 1<sup>st</sup> October, 2002 it buys additional machinery worth Rs.60,000 and spends Rs.6,000 on its erection. The accounts are closed normally on 31<sup>st</sup> March. Assuming the annual depreciation to be 10%, show the machinery account for 3 years under the written down value method.

Or

- (b) Describe the various methods of depreciation.

