

**Reg. No. : .....**

**Code No. : 10121 E      Sub. Code : CMCO 11**

B.Com (CBCS) DEGREE EXAMINATION,  
NOVEMBER 2021.

First Semester

Commerce – Main

FINANCIAL ACCOUNTING – I

(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. Among these, which item is used as the base for preparing trial balance?
  - (a) Cash account
  - (b) Balance sheet
  - (c) Journal
  - (d) Ledger account

2. Which of the following highlights the correct order of the stages in the accounting cycle?
- (a) Journalizing, final accounts, posting to the ledger and trial balance.
  - (b) Journalizing, posting to the ledger, trial balance and final accounts.
  - (c) Posting to the ledger, trial balance, final accounts and journalizing
  - (d) Posting to the ledger, journalizing, final accounts and trial balance.
3. Bank reconciliation statement is
- (a) Part of bank statement
  - (b) Part of the cash book
  - (c) A separate statement
  - (d) A sub division of journal
4. Credit balance in bank pass book means
- (a) Bank overdraft
  - (b) Bank balance
  - (c) Balance as per cash book
  - (d) No balance

5. On whom the trade bill drawn
  - (a) Seller
  - (b) Creditor
  - (c) Debtor
  - (d) Owner
6. What are the parties to a bill of exchange?
  - (a) Drawee, Drawer, Payee
  - (b) Drawee, Drawer, Debtor
  - (c) Payer, Drawee, Drawer
  - (d) Drawee, Drawer, Creditor
7. Depreciation arises due to
  - (a) Physical wear and tear of the asset
  - (b) Fall in the market value of an asset
  - (c) Fall in the value of money
  - (d) Loss of the company
8. Under annuity method, amount of depreciation is determined with the help of
  - (a) Specified date
  - (b) Annuity table
  - (c) Insurance policy
  - (d) Annual market value

9. Under pure single entry system only \_\_\_\_\_ account is kept.
- (a) Personal (b) Impersonal  
(c) Assets (d) Real
10. In single entry system it's difficult to operate \_\_\_\_\_ system.
- (a) Pure single  
(b) Single entry  
(c) Internal control  
(d) Quasi single

PART B — ( $5 \times 5 = 25$  marks)

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

Each answer should not exceed 250 words.

11. (a) The following balances are extracted from the ledger of Star Ltd., on 31<sup>st</sup> March 2020. You are required to prepare a trial balance as on that date in proper form.

Particulars	Rs.	Particulars	Rs.
Drawings	6,000	Salaries	9,500
Capital	24,000	Sales return	1,000
Creditors	43,000	Purchase return	1,100
Bills payable	4,000	Travelling expenses	4,600

Particulars	Rs.	Particulars	Rs.
Debtors	50,000	Commission paid	100
Bills receivables	5,200	Trading expenses	2,500
Loan from Karthick	10,000	Discount earned	4,000
Furniture and fixtures	4,500	Rent	2,000
Opening stock	47,000	Bank overdraft	6,000
Cash in hand	900	Purchases	70,800
Cash in bank	12,500	Sales	1,28,000
Tax	3,500		

Or

(b) Explain about the branches of Accounting.

12. (a) The bank overdraft of Rajini on 31.12.93 as per cash book is Rs. 9,000. From the following particulars, prepare Bank Reconciliation Statement:

	Rs.
Unpresented cheque	3,000
Uncleared cheque	1,700
Bank interest debited in the pass book only	500
Bill collected and credited in the pass book only	800
Cheque of Renu dishonoured	500
Cheque issued to sekar entered in the cash column of cash book	300

Or

- (b) Write a short notes on
- (i) Errors of posting
  - (ii) Errors of balancing

13. (a) Distinguish between Trade bill and Accommodation bill.

Or

- (b) Ramesh draw upon Vinod several bills of exchange due for payment on different dates as under:

Date of Bill	Amount(Rs.)	Tenure of the bill
1.6.2020	1,200	3 Months
19.6.2020	1,600	2 Months
10.7.2020	2,000	3 Months
27.7.2020	1,500	3 Months
7.8.2020	1,800	1 Month
15.8.2020	2,400	2 Months

Find out Average due date on which payment may be made in one single amount.

14. (a) What are the causes for Depreciation?

Or

- (b) A company purchased a plant for Rs. 50,000. The useful life of the plant is 10 years and the residual value is Rs. 10,000. Find out the rate of depreciation under the straight line method.

15. (a) Mohan, a retail merchant commenced business with a capital of Rs. 12,000 on 1.1.94. Subsequently on 1.5.94 he invested further capital of Rs. 5,000. During the year, he has withdrawn Rs. 2,000 for his personal use. On 31.12.94, his assets and liabilities were as follows:

	Rs.
Cash at bank	3,000
Debtors	4,000
Stock	16,000
Furniture	2,000
Creditors	5,000

Calculate the profit or loss made during the year 1994.

Or

- (b) Distinguish between Single entry system and Double entry system.

PART C — (5 × 8 = 40 marks)

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

Each answer should not exceed 600 words.

16. (a) The following are the ledger balances extracted from the books of Weifa.

Particulars	Amount	Particulars	Amount
Weifa's capital	50,000	Sales	3,01,000
Bank overdraft	8,400	Sales Return	5,000
Furniture	5,200	Discount (Cr)	800
Business premises	40,000	Taxes and	
Creditors	26,600	insurance	4,000
Opening stock	44,000	General	
Debtors	36,000	expenses	8,000
Rent from tenants	2,000	Salaries	18,000
Purchases	2,20,000	Commission	
		allowed	4,400
		Carriage on	
		purchases	3,600
		Provision for	
		doubtful debts	1,000
		Bad debts	
		written off	1,600



Adjustments:

- (i) Stock on hand on 31-12-2005 was estimated as Rs.40,120.
- (ii) Write off depreciation on business premises Rs.600 and furniture Rs.520.
- (iii) Make a provision of 5% on debtors for bad and doubtful debts.
- (iv) Allow interest on capital at 5% and carry forward Rs. 1,400 for unexpired insurance.

Prepare final accounts for the year ended 31-12-2005.

Or

- (b) Discuss about accounting concepts.

17. (a) From the following particulars ascertain the bank balance as per bank pass book of Mr.Ram as on 31.12.1996.

- (i) Bank overdraft as per cash book on 31.12.96 — Rs.6,000
- (ii) Interest on overdraft for six months ending 31.12.96 Rs.200 is debited in the pass book.
- (iii) Cheques issued but not cashed before 31.12.96 amounted to Rs. 1,500

- (iv) Cheques deposited into bank but not cleared and credited before 31.12.96 amounted to Rs.2,500.
- (v) Interest on investments collected by bank and credited in bank pass book amounted to Rs.1,800
- (vi) Bills receivable which was discounted with the bank in November 1996, was dishonoured on 31.12.96 and bank had debited Rs, 1,050 including Rs.50 for bank charges.
- (vii) The Bank Column of cash book receipts side was over cast by Rs.1,000 in December 1996
- (viii) Bank had wrongly debited Mr. Ram on Rs.500 on 10.12.96, on account of dishonour of cheque pertaining to Mr.Gopal but rectified the said mistake on 30.12.96.

Or

- (b) Rectify the following error.
  - (i) Sales to Srithar Rs.152, posted to his account as Rs.125
  - (ii) Purchased goods from Manohar Rs. 550, credited as Rs.505
  - (iii) Received bills receivable from Seenu Rs. 1,000, posted as Rs. 100

- (iv) Purchased furniture from Raghu Rs.404 on credit debited as Rs.440
- (v) Discount allowed as Rs.64 to Anbu credited to his account as Rs.46
- (vi) Discount received Rs.37 from Babu posted to his account Rs.39
- (vii) Purchased furniture on cash for Rs.2,000 was not posted
- (viii) Sale to Mano Rs.375, posted to his account as Rs.395.

18. (a) Prepare account current for Nagesh in respect of the following transactions with Basha.

1994		Rs.
Sep. 16	Goods sold to Basha	4,00 (due 1 <sup>st</sup> Oct)
Oct 1	Cash received from Basha	180
Oct 21	Goods purchased from Basha	1,000 (due 1 <sup>st</sup> Dec)
Nov.1	Paid to Basha	660
Dec.1	Paid to Basha	600
Dec.5	Goods purchased from Basha	1,000 (due 1 <sup>st</sup> Jan)

Dec.10	Goods purchased from Basha	440 (due 1 <sup>st</sup> Jan)
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1995

Jan. 1	Paid to Basha	1,200
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Jan. 9	Goods purchased from Basha	40 (due 1 <sup>st</sup> Feb.)
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The account is to be prepared upto 1<sup>st</sup> Feb.

Calculate interest @ 6%.

Or

- (b) Mala purchased goods for Rs. 3,000 from Kala on 1-4-1999, Mala accepted a 3 months bill for the amount and gave it to Kala the same day. Kala discounted it immediately with Indian bank at discount of 5% pa. On due date the bill was honoured by payment. You are required to give entries in the books of all the parties.

19. (a) A company acquired a machine on 1.1.88 at a cost of Rs. 40,000 and spent Rs. 1,000 on its installation. The firm writes off depreciation at 10% on the diminishing balance method. The books are closed on 31<sup>st</sup> December of each year. Show the Machinery A/c for 3 years.

Or

- (b) Differentiate straight line method from written down value method.

20. (a) Analyse the merits of Self-balancing system.

Or

- (b) The following are the summarized details for the year 2020 in the books of Arumugam who has adopted self- balancing system.

Opening balance of debtors : Debit Rs. 12,500 Credit  
Rs. 300.

	Rs.		Rs.
Sales	31,200	Cash received from customers	20,050
Sales Returns	3,120	Provision for bad debts	3,000
Discount allowed	1,300	Bad debts written off recovered	400
Bad debts	350	B/R received	1,300

Allowance to Customers	400	B/R dishonoured	500
B/R discounted	500	Closing balance of debtors credit	700

Prepare the Sales ledger Adjustment a/c as it  
would appear in the General Ledger.

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