

Reg. No. : .....

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B.Com. (CBCS) DEGREE EXAMINATION,  
NOVEMBER 2019.

First Semester

Commerce — Main

FINANCIAL ACCOUNTING — I

(For those who joined in July 2016 only)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer.

1. Entering wrong amount in subsidiary books is an example of
  - (a) Error of principle
  - (b) Error of Omission
  - (c) Error of Commission
  - (d) Error of Transfer

2. In which accounting concept all transactions are expressed in money
- (a) Money Measurement
  - (b) Going concern
  - (c) Business Entity
  - (d) Dual concept
3. Bank Reconciliation statement stands for
- (a) a memorandum statement
  - (b) a journal a/c
  - (c) a cash book
  - (d) passbook
4. Purchase of machinery entered in purchase Day book is an example of \_\_\_\_\_.
- (a) Error of principle
  - (b) Error of Omission
  - (c) Error of commission
  - (d) Error of transfer
5. \_\_\_\_\_ is a bill of exchange drawn on a specified banker and not expressed to be payable otherwise than on demand.
- (a) Bill of exchange
  - (b) Promissory note
  - (c) Cheque
  - (d) None of these

6. Which method of depreciation is suggested for coal mines?
- (a) Diminishing balance
  - (b) Fixed instalment method
  - (c) Sum of year digit method
  - (d) Depletion method
7. Under \_\_\_\_\_ method profit is calculated without preparing a trading, profit and loss a/c.
- (a) Not worth
  - (b) Conversion
  - (c) Double entry
  - (d) None
8. Total sales Rs. 1,00,000 cash sales Rs. 20,000 discount allowed 500 bad debts 500. The amount of credit sales is \_\_\_\_\_.
- (a) Rs. 79,000
  - (b) Rs. 80,000
  - (c) Rs. 81,000
  - (d) Rs. 1,00,000
9. Item entered on the debit side of Sundry debtors a/c is
- (a) Credit sales
  - (b) Cash sales
  - (c) Cash received
  - (d) Bad debts
10. Cancellation of old bill and acceptance of a fresh bill is called \_\_\_\_\_.
- (a) Renewal
  - (b) Retiring
  - (c) Discounting
  - (d) Dishonour

PART B — (5 × 5 = 25 marks)

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

Answer should not exceed 250 words.

11. (a) What are the difference between single entry system and double entry system?

Or

- (b) From the following information Pass journal entries

- (i) Salary paid Rs. 5,000
- (ii) Rent paid to house owner Rs. 1,000
- (iii) Credit purchase from Mr. A Rs. 2,000
- (iv) Discount received Rs. 500

12. (a) What is Bank Reconciliation statement? Why should it be prepared?

Or

- (b) Rectify the following errors

- (i) Discount allowed of Rs. 46 had been posted to the credit of discount received a/c Rs. 64
- (ii) Defective furniture and fittings costing Rs. 124 returned to Arul & Co. had been recorded in the books as goods purchased.

- (iii) The cost of a new van Rs. 25,000 had been debited to purchases a/c.
- (iv) A payment of Rs. 120 for repairs to motor van had been debited to Motor van's a/c.

13. (a) What are the differences between a bill of exchange and promissory Note?

Or

(b) Amar sold goods to Babu for Rs. 1,000. Babu accepted a bill for Rs. 1,000 drawn by Amar. On due date Babu approached Amar and requested him to cancel the original bill and to draw a new bill for Rs. 1,025 (including interest) which is agreed by Amar. On the due date the second bill was honoured. Show journal entries in the books of Amar.

14. (a) What are the causes of depreciation?

Or

(b) On 1<sup>st</sup> Jan 2005 a firm purchased 5 machines at Rs. 10,000 each. On July 1, 2007 it bought two additional machines at a price of Rs. 10,000 each. Installation charges Rs. 1,000. The accounts are closed each year on 31<sup>st</sup> Dec. Depreciation is 5 years under reducing balance method.

15. (a) Describe the limitations of single entry system.

Or

- (b) Mr. Guru maintains his books on single entry system

He gives you the following information

	Rs.
Capital on 01-01-2008	15,200
Capital on 01-01-2009	16,900
Drawing made during the year 2008	4,800
Capital introduced during the year 2008	2,000

Calculate the profit made during the year 2008.

PART C — (5 × 8 = 40 marks)

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

Answer should not exceed 600 words.

16. (a) Explain various accounting concepts.

Or

- (b) Distinguish between Trial balance and Balance Sheet.

17. (a) Prepare Trial Balance :

	Rs.
Opening stock	10,600
Wages	2,200
Carriage inwards	200
Commission (Dr.)	300
Purchases	12,000
Returns inward	440
Trade expenses	580
Rent	200
Plant	2,600
Repairs to plant	460
Cash in hand	200
Cash at bank	1,000
Debtors	3,000
Income tax	500
Drawings	700
Returns outwards	150
Sales	25,200
Discount received	400
Capital	7,000
Creditors	830
Loan (Cr.)	1,400

Or

- (b) Enter the following transactions in a three column cash book :

2009		Rs.
January 1	Cash in hand	410
	Balance at bank	8,920
2	Cash sales	4,500
3	Paid into bank	4,000
5	Purchased stationery	100
8	Paid Mahesh by cheque	280
	Discount received	20
12	Gave a cheque for cash purchases	1,500
15	Drew for personal use	500
20	Drew from bank	1,000
21	Paid wages	800
31	Bank charges as per pass book	10

18. (a) From the following particulars prepare bank reconciliation statement
- Bank overdraft as per cash book Rs. 5,000
  - Cheques sent in for collection but not collected and credited Rs. 600



- (iii) Bills discounted dishonoured debited only in the pass book Rs. 1,000
- (iv) Insurance premium paid by the bank not recorded in the cash book Rs. 150
- (v) Undercast of debit side of cash book by Rs. 100
- (vi) Bank changes of Rs. 20 entered in the pass book twice.

Or

- (b) Give rectification entries for the following errors.
  - (i) Payment of Rs. 500 to R. Mohan was wrongly debited in P. Mohan's account
  - (ii) Sale of furniture for Rs. 750 was credited to sales account
  - (iii) Purchases from Manian for Rs. 2,100 were wrongly passed through sales Day Book
  - (iv) Wages paid on erection of machinery Rs. 1,000 was debited in the wages account.
- 19. (a) On 1 January 1991 a lease of premises is purchased for four years for Rs. 50,000. It is decided to make provision for the replacement of the lease by means of an insurance policy for an annual premium of

Rs. 12,000. The renewal of the lease cost on 01-01-1995 amounts to Rs. 50,000. Draw up the ledger a/c for four years.

Or

- (b) A company whose accounting year is the calendar years purchased on 1<sup>st</sup> Apr. 1976 machinery costing Rs. 30,000.

It purchased further machinery on 1<sup>st</sup> Oct 1976 costing Rs. 20,000 and on 1<sup>st</sup> July 1977 costing Rs. 10,000 on 1<sup>st</sup> January 1978 one third of the machinery installed on 1<sup>st</sup> Apr. 1976 became obsolete and was sold for Rs. 3,000

Show how machinery account would appear in the books of the company it being given that machinery was depreciated under fixed instalment method at 10% per annum.

20. (a) Subramanian does not keep books of accounts under double entry system. He gives you the following.
- (i) Cash book for the year 2004-05
  - (ii) Assets and liabilities position
  - (iii) Adjustments to be made

(1) Cash book 2004-05

Receipts	Rs.	Payments	Rs.
To Balance b/d (1.4.2004)	21,000	By Salaries	15,000
To Private dividend paid in	9,000	By Rent	12,000
To Cash sales	20,000	By Machinery	20,000
To Debtors	80,000	By Insurance	3,000
To Sundry receipts	5,000	By Creditors	50,000
To Interest on	1,000	By Drawings	20,000
investment a/c 10%		By Purchases	10,000
		By Balance c/d	6,000
	<u>1,36,000</u>		<u>1,36,000</u>

(2) Given assets and liabilities position.

	1.4.2004	31.3.2005
	Rs.	Rs.
Stock	25,000	35,000
Machinery	30,000	45,000
Furniture	10,000	10,000
Debtors	40,000	50,000
Creditors	25,000	30,000

(3) Adjustments to be made.

- (A) Rent outstanding Rs. 1,000
- (B) Insurance prepaid Rs. 500
- (C) Depreciation on furniture by 10%

Required :

- Trading and profit and loss a/c for the year ending 31.5.2005
- Balance sheet as on 31.3.2005.

Or

- (b) From the following particulars, prepare bills receivable account and total debtors Account for the year ended 31.12.2008

	Rs.
Total debtors on 01.01.2008	36,000
Bills receivable on 01.01.2008	10,000
Sales (including cash sales Rs. 20,000 made) during the year	3,00,000
Cash received from debtors	2,00,000
Bills receivable on 31.12.2008	15,000
Returns inwards	15,000
Discount allowed to debtors	10,000
Bad debts written off	3,000
Bills receivable endorsed to creditors	10,000
Cash received on bills matured	15,000