

Reg. No. :

Code No. : 20450 E Sub. Code : SMCO 11

B.Com. (CBCS) DEGREE EXAMINATION,
NOVEMBER 2020.

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 questions.

Choose the correct answer :

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

2. Journal is a book of ————— entry.
- (a) Prime entry (b) Secondary entry
(c) Closing entry (d) Correcting entry
3. Any errors in the trial balance is recorded in
- (a) Drawing Account
(b) Personal Account
(c) A Suspense Account
(d) Adjustment Account
4. Bank reconciliations statement stands for
- (a) a memorandum statement
(b) a journal account
(c) a cash book
(d) a pass book
5. The acceptor of bill of exchange is called
- (a) drawee (b) drawer
(c) payee (d) endorsee
6. Accommodation bill is drawn
- (a) without trading
(b) without consideration
(c) for financial assistance
(d) all of the above

7. The total amount of depreciation to be written off is equal to the cost of the asset less its
- (a) Scrap value
 - (b) Profit
 - (c) Loss
 - (d) Contribution
8. Profit made on sale of fixed asset is debited to
- (a) profit and loss account
 - (b) fixed asset account
 - (c) depreciation account
 - (d) revenue account
9. The statement of assets and liabilities, which is prepared to ascertain the capital on a date is known as _____.
- (a) Statement of affairs
 - (b) Balance sheet
 - (c) Profit and loss account
 - (d) Trial balance
10. _____ system is a more scientific system.
- (a) Single entry
 - (b) Double entry
 - (c) Sectional balancing
 - (d) None of these

PART B — (5 × 5 = 25 marks)

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

Each answer should not exceed 250 words.

11. (a) Who are the users of accounting information?

Or

- (b) Prepare the trial balance from the following balances of Mr. Sugas as on 31st March, 2018

	Rs.
Rent and taxes	5,000
Discount allowed	350
Capital	10,000
Insurance premium	4,000
Drawings	5,000
Rent	6,000
General expenses	3,000
Legal expenses	2,000
Purchases	40,000
Sales	55,350

12. (a) From the following particulars prepare a bank reconciliation statement of Mr. Sam as on 31st January, 2018
- (i) Balance as per cash book Rs. 28,520
 - (ii) Cheque deposited but not cleared Rs. 3,000
 - (iii) A customer has deposited Rs. 2,400 into the bank directly.

Or

- (b) The following errors were detected before the preparation of trial balance. Rectify them
- (i) Sales book is undercast by Rs. 500
 - (ii) Sales book is overcast by Rs. 1,000
 - (iii) Purchases book is undercast by Rs. 1,500
 - (iv) Purchases book is overcast by Rs. 2,000
13. (a) What are the essentials of bill of exchange?

Or

- (b) Write a note on accommodation bill.

14. (a) From the following information, calculate the amount of depreciation and rate of depreciation under straight line method.

Cost of machine Rs. 6,00,000

Expenses to be capitalised Rs. 1,50,000

Estimated scarp value Rs. 45,000

Expected useful life 5 years.

Or

- (b) Write a note on sinking fund method of depreciation.
15. (a) Mr. Sankar keeps her books by single entry. She started business on 1st April 2018 with Rs. 3,00,000. On 31st March 2019 her position was as under :

	Rs.
Cash in hand	16,000
Sundry creditors	1,00,000
Cash at bank	40,000
Bills payable	20,000
Furniture	80,000
Outstanding expenses	16,000

	Rs.
Plant	4,00,000
Sundry debtors	3,00,000
Stock	3,00,000
Bills receivable	30,000

Ascertain the profit or loss made by Mr. Sankar during 2018-19.

Or

(b) Calculate the missing figure :

	Rs.
Profit made during the year	7,500
Capital at the end	18,000
Capital introduced during the year	6,000
Drawings	3,600

Capital at the beginning?

PART C — (5 × 8 = 40 marks)

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

Each answer should not exceed 600 words.

16. (a) Differentiate between book keeping and accounting.

Or

(b) Journalise the following transactions of Mrs. Logu.

2015		Rs.	
Oct	1	Mrs. Logu commenced business with cash	30,000
	2	Paid into bank	21,000
	3	Purchased goods by cheque	15,000
	7	Drew cash from bank for office use	3,000
	15	Purchased goods from Mani	15,000
	20	Cash sales	30,000

17. (a) The book-keeper of a firm found that the trial balance was out by Rs. 2,766 (excess credit). He placed the amount in the suspense account and subsequently found the following errors :

- (i) The total of discount column on the credit side of the cash book Rs. 234 was not posted in the ledger.
- (ii) The total of purchases book was short by Rs. 3,000.
- (iii) A credit sale of goods to Parvathi for Rs. 1,125 was entered in the sales book as Rs. 2,205

- (iv) A credit sale of goods to Lakshmi for Rs. 2,100 was entered in the purchases book.

You are required to give rectification entries and prepare suspense account.

Or

- (b) From the following particulars of John traders, prepare a bank reconciliation statement as on 31st March, 2018.
- (i) Bank overdraft as per bank statement Rs. 12,000
 - (ii) Cheques amounting to Rs. 6,000 had been recorded in the cash book as having been deposited into the bank on 26th March 2018, but were entered in the bank statement on 4th April 2018.
 - (iii) Amount received by bank through cash deposit machine amounting to Rs. 15,000, omitted in the cash book.
 - (iv) Amount of Rs. 9,000 wrongly debited to John traders account by the bank, for which no details are available.
 - (v) Bills for collection credited by the bank till 29th March 2017 amounting to Rs. 12,000, but no advice received by John traders

(vi) Electricity charges made through net banking for Rs. 2,700 was wrongly entered in cash column of the cash book instead of bank column.

(vii) Cash sales wrongly recorded in the bank column of the cash book for Rs. 12,000.

18. (a) On 1.1.2009, X sold goods to Y on credit for Rs. 2,000 and drew a bill on Y for Rs. 2,000 for 3 months after date. Y accepted it on 3.1.2009 and returned it to X. On maturity, the bill was duly honoured by Y. Pass journal entries in the books of X.

Or

- (b) What are the consequences of insolvency of drawee of a bill?

19. (a) Royal & Co., purchased a Machinery for Rs. 1,92,000 on 1 April 2016. They spent Rs. 84,000 on the repairs and installed the same. Depreciation is written off at 10% p.a. on the straight line method. On 30 June, 2018 the machinery was found to be unsuitable and sold for Rs. 1,56,000. Assume that the accounts are closed on 31 December every year.

Calculate the profit or loss on sale of machinery.

Or

- (b) On 1st October 2010, a Neeraj Ltd. purchased a plant for Rs. 12,00,000. They spent Rs. 80,000. on its erection. The firm writes off depreciation at the rate of 20% on reducing balance method. The books are closed on 31st March every year.

Prepare plant account and depreciation account for three years.

20. (a) Mr. Kamal started business with Rs. 2,62,500 on 1.4.2018. He bought furniture for Rs. 42,000. He borrowed Rs. 52,500 from bank. He had withdrawn for personal expenses Rs. 75,600. From the details given below prepare trading and profit and loss account and balance sheet on 31.4.2019.

	Rs.
Credit sales	7,00,000
Cash sales	3,50,000
Credit purchases	7,87,500
Cash purchases	1,40,000
Wages	15,750
Discount allowed	3,500
Salaries	17,500
Business expenses	14,000
Advertisement	17,500

	Rs.
Closing sundry debtors	2,62,500
Closing sundry creditors	1,75,000
Closing stock	1,22,500
Closing cash balance	1,64,150
Depreciation to be provided on furniture @ 10%	

Or

- (b) Differentiate between single entry and double entry system.
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