

**B.A. DEGREE EXAMINATION, NOVEMBER 2018**  
**II Year III Semester**  
**Allied - Paper III**  
**BASIC FINANCIAL ACCOUNTING**

**Time : 3 Hours**

**Max.marks :75**

**Section A** ( $10 \times 2 = 20$ ) Marks

Answer any **TEN** questions

1. Define Accounting
2. Who are the internal users of accounting information?
3. Journalise the following:
  - a) Commenced business with cash Rs. 1, 00,000
  - b) Paid cash to Ram Rs. 10000 and discount given by him Rs.200
4. What is a trial balance?
5. Calculate the gross profit and cost of goods sold from the following:  
Net sales Rs 2,00,000  
Gross profit is 25% on cost
6. What is a balance sheet?
7. What is meant by depreciation?
8. A company purchased a plant for Rs. 50000. The useful life of the plant is 10 yrs and the residual value is Rs. 10000. Find out the rate of depreciation under the straight line method.
9. Find the profit form the following: Capital at the beginning of the year – Rs.800000,  
Drawings during the year- Rs. 180000  
Capital at the end of the year – Rs. 900000  
Capital introduced during the year – Rs. 50000
10. What is single entry system of book keeping?
11. What are the reasons for charging depreciation?
12. What is journal?

**Section B** ( $5 \times 5 = 25$ ) Marks

Answer any **FIVE** questions

13. Explain the various accounting conventions.

14. Prepare bank reconciliation statement as on 31.12.2017

	Rs.
Balance as per cash book	12500
Cheques issued but not presented for payment	900
Cheques deposited in bank but not collected	1200
Paid insurance premium	500
Direct deposit by a customer	800
Interest on investment collected by bank	200
Bank charges	100

15. The provision for bad and doubtful debts shows a balance of Rs. 1600 on 1st January 2017. The bad debts during the year amount to Rs 600. The sundry debtors on 31st December 2017 are Rs. 16000. Create a provision of 5% for bad and doubtful debts. Make necessary ledger entries.

16. A company purchased machinery for Rs. 22000 on 1.1.15. The estimated life of the machinery is 10 yrs after which its scrap value will be Rs.2000. Depreciation has to be charged at 21% on the diminishing balance. There was an addition to the original plant on 1.1.17 to the value of Rs. 4000. Prepare machinery account for three years.

17. Arul keeps his books under single entry system. His financial position as on 31.12.15 and 31.12.16 is as follows:

	31.12.15	31.12.16
cash	9860	800
Stock in trade	38520	57020
Plant and machinery	54420	61000
Bills receivable	-	16480
Sundry debtors	24840	43940
Sundry creditors	72040	80000
Furniture	4960	5220
Drawings	-	5000

During the year he introduced additional capital of Rs. 20000. Prepare a statement of profit or loss.

18. Differentiate between single entry and double entry.

19. From the following data determine bills receivable received from debtors and bills payable paid on maturity during the period:

	Rs.
Opening balance : B/R	30000
B/P	15000
Closing balance: B/R	45000
B/P	20000
B/R dishonoured	2500
B/R encashed	70000

B/R discounted(discount Rs 250)	5000
B/P issued	65000

**Section C** ( $2 \times 15 = 30$ ) MarksAnswer any **TWO** questions

20. What are the various accounting concepts?
21. Journalise the following transactions:
- [1.] Purchased goods for cash Rs. 10,000
  - [2.] Purchased stationery for cash Rs. 500
  - [3.] Purchased furniture for cash Rs. 3,000
  - [4.] Sold goods for cash Rs. 8,000
  - [5.] Sold goods to Jane for cash Rs. 3,000
  - [6.] Sold goods to James Rs. 2,000
  - [7.] Paid rent to Krishnan, the landlord Rs. 800
  - [8.] Paid salary of Rs. 8,000
  - [9.] Paid Lokesh, the manager his salary of Rs. 3,000
  - [10.] Paid freight on goods purchased Rs. 300
  - [11.] Paid freight on machine purchased Rs. 400
  - [12.] Paid wages Rs. 500
  - [13.] Paid wages to erect a machine Rs. 1,000
  - [14.] Received Rs. 800 from Kamal
  - [15.] Received Rs. 600 from Kamal as interest
  - [16.] Received Rs. 7,000 from Kamal as loan at 5% interest
22. A machinery was purchased on 1.1.15 for Rs.30000 and repaired for rs. 6000. It was installed at a cost of Rs. 4000. On 1.7.16 another machine was purchased for Rs. 26000. On 1.7.17 the first machine was sold for Rs 30000. On the same day one more machine was bought for Rs. 25000. On 31.12.17 the machine bought on 1.7.16 was sold for Rs.23000. depreciation is 15% p.a. on straight line method. Prepare machinery account for three years.
23. Ram commenced business on 1.1.89 with a capital of Rs. 25000. He immediately bought furniture for Rs.4000. during the year, he borrowed Rs. 5000 form his wife and introduced a further capital of Rs. 3000. He has withdrawn Rs. 600 at the end of each month for family expenses. Form the following particulars prepare final accounts

	Rs.
Sales( including cash sales Rs 30000)	100000
Purchases( including cash purchases Rs 10000)	75000
Carriage	700
Wages	300
Discount allowed to Debtors	800
Salaries	6200
Bad debts written off	1500
Trade Expenses	1200
Advertisement	1200

He has used goods worth Rs. 1300 for private purpose and paid Rs. 500 to his son which is not recorded. On 31.12.89 his debtors were Rs.21000 and creditors Rs. 15000, stock Rs. 10000. Furniture is to be depreciate at 10% p.a.