

B.Com.(B&I) DEGREE EXAMINATION, NOVEMBER 2018
I Year I Semester
Core Major- Paper I
FINANCIAL ACCOUNTING

Time : 3 Hours

Max.marks :75

Section A (10 × 2 = 20) Marks

Answer any **TEN** questions

1. Define Accounting ?
2. What is meant by sale of scrap ?
3. What is compensating error ?
4. What is meant by conversion method ?
5. What is salvage ?
6. From the following trail balance (containing errors) prepare a corrected Trial Balance?

	Dr. Rs.	Cr. Rs.
Wagers	20,000	-
Bank Loan	8,800	-
Sales	140,000	
Capital	-	180,000
Plant and Machinery	-	15,000
Purchases	-	2,93,800
TOTAL	1,68,800	4,88,800

7. Calculate gross profit and cost of goods sold from the following information.
 Net Sales Rs.2,00,000
 Gross Profit is 25% on cost.
8. 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 ?
9. Calculate insurance claim from the following facts assuming that the insurer meet their liability under the policy on average basis.
 A traders stock value at Rs.40,000 was totally destroyed. The stock is the godown was insured for Rs.30,000 subject to average clause. The balance of stock left after fire appeared in the books at Rs.24,000.
10. Find that the missing figure from the following date

	Rs.
Capital at the beginning of year	1,80,000
Drawings during the years	9,00,000
Capital at the end of the year	50,000
Capital introduced during the year profit	2,30,000

11. Pass necessary journal entries in the following cases:

	Rs.
a. Amount received from Manmohan	1,960
Discount allowed	40
b. Amount paid to Anand	2,840
Discount allowed	160

12. Prepare Bank reconciliation Statement.

a) Credit Balance (over draft) as per cash book as on 31/01/1996	Rs.7,100
b) Cheques drawn but not present for payment	2,300
c) Interest on overdraft not recorded in the cash book	150

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

Answer any **FIVE** questions

13. Briefly explain the concepts of Accounting ?

14. Enter the following transaction in Rehan's Cash book with discount and cash columns.

1991		Rs.
Jan 1	Cash balance	18,500
3	Cash sales	33,000
7	Paid Dravid	15,850
	Discount allowed by him	150
13	Sold goods to Manohar on credit	19,200
15	Cash withdrawn for personal expenses	2,400
16	Purchases goods from Charles M Credit	14,300
22	Paid into bank	22,750
25	Cash received from Manohar	19,000
	Allowed him discount	200
26	Drew a cheque for office use	17,500
27	Paid cash to Saravanan	2,950
	Discount received from him	50
28	Paid cash to Charles less discount	14,200
29	Cash purchase	13,500
30	Paid for advertising	600
31	Paid salaries	12,000

15. Record the following transaction in the personal account of Kapil.

2000		Rs.
April 1	Sold goods to kapil	6,000
5	Cash received from kapil	5,800
	and allowed him discount	200
18	Kapil purchases goods	8,000
30	Received cash from Kapil on account	4,500
May 1	Balance from last month b/d	3,500
12	Sold goods to Kapil	12,000
22	Received cash from kapil	4,850
	and allowed him discount	150
31	Received cash in full settlement of kapil's account.	10,250

16. Prepare a bank reconciliation statement as on 31-12-1993, from the following details.

Balance as per cash book	Rs.7,225
Cheque deposited into bank but not collected	Rs.675
Cheque issued but not presented for payment	Rs.879
Bank charges debited in the pass book	Rs.20
Interest credited in the pass book	Rs.15

17. An asses is purchased on 01-01-2006 for Rs.1,90,000 and an amount of Rs.10,000 was spent for its installation. Books are closed on 31st December every year. Depreciation is charged at the rate of 10% on its original cost every year. The machinery was sold on 01-06-2009 for Rs.14,050. Prepare machinery account for all the years.

18. Mr. Mano keeps his books of accounts under single entry system. His financial position on 31-12-1990 and 31-12-1991 was as follows.

	1990 Rs.	1991 Rs.
Cash	9,060	800
Stock in trade	38,520	57,020
Plant and machinery	34,420	61,000
Bills Receivables	-	16,780
Sundry Debtors	24,840	43,940
Sundry Creditors	72,040	80,000
Furniture	4,960	5,220
Drawings	-	5,000

During the year he introduced additional capital of Rs.20,000. Form the above particulars prepare a statement of profit and loss of Mr. Mano for the year ended 31-12-1991.

19. Rectify the following errors.

- Sales to Sridhar Rs.152, posted to his account as Rs.125
- Purchases goods from Manohar Rs.550 credited as Rs.505
- Received Bill receivable from Seenu Rs.1000 posted as Rs.100
- Purchases furniture from Raghu Rs.404 on credit debited as Rs.440
- Discount allowed Rs.64 to Anbu credited to his account as Rs.46
- Discount received Rs.37 from Babu posted to his account s Rs.39
- Purchased furniture on cash for Rs.2,000 was not posted.

Section C ($2 \times 15 = 30$) Marks

Answer any **TWO** questions

20. Trial Balance of Chandran as on 31-03-1995 is given below:

Particulars	Debit (Rs.)	Credit (Rs.)
Capital		50,000
Plant and Machinery	80,000	
Sales	-	177,000
Purchases	60,000	
Returns	1,000	750
Opening Stock	30,000	
Discounts	350	800
Bank Charges	75	
Sundry Debtors	45,000	
Sundry Creditors	-	25,000
Salaries	6,800	
Manufacturing Expenses	10,000	
Carriage inwards	750	
Carriage outwards	1,200	
Provision for bad debts	-	525
Rent rates and taxes	10,000	
Advertisement	2,000	
Cash in hand	900	
Cash in bank	6,000	
	254,075	254,075

Prepare final accounts for the year ending 31-03-1995 and also Balance Sheet as on that date. Adjust the following:

1. Value of closing stock was Rs.35,000
 2. Calculate depreciation at 6% p.a. on plant and machinery.
 3. Adjust the provision for bad debts to Rs.500
 4. Calculate interest at 10% p.a. on capital.
 5. Transfer 2.5% of profit to reserve fund.
21. The premises of a trading firm caught fire on 22-10-1985 and the stock was damaged. The firm had made up accounts to 31st December.

	Rs.
Stock on 31-12-1984	13,272,
Stock on 31-12-1983	9,614
Purchase during 1984	45,258
Purchase from 01-01-1985 to the date of fire	34,827
Sales during 1984	52,000
Sales from 01-01-1985 to the date file	49,170

Additional information

- a. In April 1985 goods which cost Rs.1000 was given away for advertising purpose, no entries being made in the books.
 - b. During 1985 a clerk had misappropriated unrecorded cash sales. It is estimated that the defalcation amounted to Rs.400
 - c. The rate of gross profit is constant.
- From the above information, make an estimate of the stock on the date of fire.
22. Machinery account of an industry showed an opening balance of Rs.3,80,000 on 01-01-2008. Accounts are closed on 31st September every year. Depreciation is calculated @ 10% under written down value method. On 01-06-2008 a new machinery was purchased for Rs.57,783. On the same day a machinery costing Rs.12,000 on 01-01-2003 was sold for Rs.1500. On the same day a machinery worth Rs.1200 on 01-01-2004 was completely deducted without any price. Prepare Machinery account for the year 2008.
23. Baskar does not maintain his accounts books in double entry system. Following particulars were extracted from his books.

	01-01-2008 (Rs.)	31-12-2008 (Rs.)
Machinery	250,000	250,000
Stock	320,000	195,000
Sundry Debtors	80,000	255,000
Sundry Creditors	125,000	100,000
Cash in Hand	4,000	2,000
Cash at bank	62,500	70,000
	(Dr.)	(Cr.)

Cash book of 2008 shows the following transactions.

Cash received through cash sales Rs.312,500. Cash received from sundry debtors Rs.160,000, cash (paid) for purchases Rs.2,88,000, Cash paid to sundry creditors Rs.13,20,000, general expenses of business Rs.214,500, wages paid Rs.150,000, drawings Rs.68,000. Baskar has taken goods worth Rs.19,500 from business for his personal use. He did not pay any amount for that.

After writing of depreciations on machinery prepare Trading and Profit and Loss account for the year ending 31-12-2008 and also Balance Sheet on that date.