

**B.Com DEGREE EXAMINATION, APRIL 2019**  
**I Year I Semester**  
**Financial Accounting - I**

**Time : 3 Hours**

**Max.marks :75**

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

Answer any **TEN** questions

1. What is Accounting Equation?
2. Write short note on Business Entity Concept?
3. What are errors of omission? Give two examples.
4. What is Revaluation method?
5. What is the purpose of Average due date?
6. Rectify the following errors:
  - i. Sales to Sri Rs. 152, posted to his account as Rs.125
  - ii. Purchased goods from Manohar Rs.550, credited as Rs.505
7. What is net-worth method?
8. An asset is purchased for Rs. 1,00,000. The rate of depreciation is 10% p.a. Calculate the annual depreciation for the first two years under diminishing balance method.
9. A company purchased a plant for Rs. 50,000. The useful life of the plant is 10 years and residual value is Rs.10,000. Find out the rate of depreciation under straight-line method.
10. Write short note on "Base date".
11. Mr. X drew regularly Rs.400 at the end of every month from his partnership firm during the year 2002. Interest on drawings is at 5% p.a. Calculate the interest payable by X with the help of average due date.
12. Calculate sales:  
cost of goods sold Rs.2,70,000 , Rate of profit 25% on sales.

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

Answer any **FIVE** questions

13. What are the characteristics of accounting concepts?
14. Rectify the following errors:

- i.) Purchases Book is over cast by Rs. 300( for the month of March)
  - ii.) Sales book has been under cast by Rs.200
  - iii.) Purchases Returns book has been over cast by Rs. 75
  - iv.) Sales returns book has been under cast by Rs.50
15. Distinguish between single entry and double entry system.
16. R owes S the following sums of money due from him on the dates stated:  
Rs.300 due on March 9, 1993  
Rs.1000 due on April 2, 1993  
Rs.4000 due on April 30, 1993  
Rs.100 due on June 1, 1993  
He wants to make the complete payment on 30-6-93. Calculate interest 5%p.a. with the help of Average due date method.
17. The following balances appear in the books of Mohan  
1-1-90 Machinery A/c Rs.50000  
1-1-90 Provision for depreciation A/c Rs.20000  
On 1-1-90 they decided to sell a machine for Rs.4500. The machine was purchased for Rs. 9000 in January 1986. You are required to prepare Machinery A/c and the provision for depreciation A/c on 31-12-90 assuming the firm has been charging depreciation at 10% p.a. on straight-line method.
18. Explain the Advantages of Accounting.
19. Calculate the stock in the beginning:  
Sales Rs.80000  
Purchases Rs.60000  
Stock at the end Rs.8000  
Loss on cost  $\frac{1}{6}$

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

Answer any **TWO** questions

20. Explain the Accounting concepts and conventions.
21. Pass journal entries to rectify the following errors.
- i. 'A' purchase of goods from Deva amounting Rs.250 has been wrongly passed through the sales book.

- ii. A credit sale of goods Rs.300 to Raja has been wrongly passed through the purchases book.
- iii. sold old furniture for Rs.1,500 passed through the sales book
- iv. Paid wages for the construction of building debited to wages account Rs.10,000
- v. A cheque for Rs.500 received from Madan was dishonored and had been posted to debit of sales returns account.
- vi. Paid Rs.1,000 for the installation of Machinery debited to wages account.
- vii. On 31st Dec 1996 goods of the value of Rs.500 were returned by singh and were taken into stock on the same date, but no entry was passed in the books

22. The position of a businessman who keeps his books on single entry was as under on 31-12-90 and 31—12-91

	1990	1991
Cash in hand	400	480
Cash at bank	6000	2500
Stock	4000	5000
Creditors	4000	5200
Furniture	300	350
Sundry debtors	4100	3100

He withdraws Rs.7,500 from business on 2-1-91 out of which he spent Rs.5,200 for purchase of a motor truck for the business.

Adjustments:

- i. Depreciation on closing balance of furniture and truck at 10%
- ii. write off Rs.220 as bad debts.
- iii. 5% provision for bad and doubtful debts is needed. Find out the profit or Loss for the year

23. From the following Trial Balance of X as on 31st March 1995 . Prepare Trading and Profit & Loss A/C and Balance sheet taking into account the adjustment.

Debit balances	Rs.	Credit balances	Rs.
Land and Building	42000	Capital	62000
Machinery	20000	Sales	98780
Patents	7500	Return outwards	500
Stock 1-4-94	5760	Sundry Creditors	6300
Sundry debtors	14500	Bills payable	9000

Purchases	40675		
Cash in hand	540		
Cash at bank	2630		
Return inwards	680		
Wages	8480		
Fuel & power	4730		
Carriage on sales	3200		
Carriage on purchase	2040		
Salaries	15000		
General expenses	3000		
Insurance	600		
Drawings	5245		
Total	176580		176580

Adjustment:

1. Stock on 31-3-1995 was Rs.6,800
2. Salary outstanding Rs.1,500
3. Insurance prepaid Rs.150
4. Depreciate machinery @ 10% and patents @20%
5. Create a provision of 2% on debtors for bad debts.