

**B.A DEGREE EXAMINATION, APRIL 2019**  
**II year III semester**  
**Basic Financial Accounting**

**Time : 3 Hours**

**Max.marks :75**

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

Answer any **TEN** questions

1. What is money measurement concept?
2. What are fictitious assets?
3. What is journal?
4. Prepare a bank reconciliation statement as on 31-12-1993, from the following details.

Balance as per cash book	7225
Cheque deposited into bank but not collected	675
Cheque issued but not presented for payment	879
Bank charges debited in the pass book	20
Interest credited in the pass book	15

5. What is a suspense account?
6. Cost of goods sold Rs. 8,00,000; Opening stock Rs. 1,00,000; Closing stock Rs. 1,20,000. Calculate purchases.
7. A machine was purchased for Rs. 30,000 on 1.1.86. This is expected to last for 5 years. Estimated scrap at the end of five years is Rs. 5,000. Find out the rate of depreciation under straight line method.
8. What is straight line method of depreciation?
9. What is a statement of affairs?
10. What is net worth method?
11. Calculate Gross profit:

Opening stock ( 1-1-96)	50,000
Goods purchased during 1996	2,80,000
Freight and packing on the above	20,000
Closing stock (31-12-96)	60,000
Sales	3,80,000
Packing expenses on sales for distribution	12,000

12. Calculate the capital at the beginning at the year.

Capital at the end of the year	70,000
Drawings during the year	10,000
Capital introduced during the year	5,000
Profit during the year	20,000

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

Answer any **FIVE** questions

13. Explain the objectives of accounting.

14. Prepare Trading Account of Archana for the year ending 31/12/96 from the following information.

Opening stock	80,000	Sales Returns	3,16,000
Purchases	8,60,000	Closing stock	1,00,000
Freight Inward	52,000	Import duty	30,000
Wages	24,000		
Sales	14,40,000		
Purchase Returns	10,000		

15. From the following particulars ascertain the balance by means of a statement that would appear in the pass book of Mr.Sridhar as on 30<sup>th</sup> June 1992.

Overdraft as per cash book as on 30-6-92	14,380
Interest on overdraft for six months shown in pass book	320
Bank charges of the above period shown in passbook	140
Cheques drawn but not cashed before 30-6-92	2,540
Cheques paid into bank but not cleared before 30-6-92	4,420

16. A machine purchased on 1st July 2003 at a cost of Rs.28,000 and Rs.2,000 was spent on its installation. The depreciation is written off at 10% on the original cost every year. The books are closed on 31st December each year. The machine was sold for Rs.19,000 on 31st March 2006. Show the machinery account for all the years.
17. From the following particulars, prepare Bills Receivable Account and Total Debtors Account for the year ended 31.12.1999:

Total debtors on 1.1.1999	36,000
Bills receivable on 1.1.1999	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 31,12,1999	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 bill matured	15,000

18. Discuss the different methods of depreciation.

19. Journalise the following transactions:

Purchased goods for cash Rs. 10,000  
 Sold goods for cash Rs. 8,000  
 Sold goods to James Rs. 2,000  
 Paid freight on goods purchased Rs.300.  
 Received Rs.600 from Kamal as interest.

### Section C (3 × 10 = 30) Marks

Answer any **THREE** questions

20. Discuss the basic accounting concepts and conventions.

21. Prepare a bank reconciliation statement from the following data as on 31-12-2013

Balance as per cash book	12500
Cheques issued but not presented for payment	900

Cheques deposited in bank but not collected	1200
Bank paid insurance premium	500
Direct deposit by a customer	800
Interest on investment collected by bank	200
Bank charges	100

22. The following Trial Balance of Arun as at 31.12.08 is given to you. Prepare final a/c.

Trial Balance

	Rs.		Rs.
Opening Stock	15,500	Capital	90,000
Land and building	35,000	Creditors	9,600
Machinery	50,000	Purchase returns	2,100
Furniture	5,000	Sundry Income	1,200
Purchases	1,06,000	Reserve for bad debts	300
Salaries	11,000	Sales	2,07,000
General expenses	2,500		
Rent	3,000		
Postage	1,400		
Stationery	1,300		
Wages	26,000		
Freight on purchases	2,800		
Carriage on sales	4,000		
Repairs	4,500		
Debtors	30,000		
Bad debts	600		
Cash	100		
Bank	6,400		
Sales return	5,100		
	3,10,200		3,10,200

Adjustments :

- (a.) Closing stock Rs.14,900.
- (b.) Wages outstanding Rs.2,100.
- (c.) Depreciate land and buildings 2%, machinery 10%.
- (d.) Provision of 5% on debtors for bad debts required.
- (e.) Included in general expenses is insurance premium, Rs. 600 paid for the year ending 31<sup>st</sup> March 2005.

23. On 1-1-94, a machinery was purchased for Rs.80,000. On 1-1-95 additions were made to the amount of Rs. 40,000. On 31-3-96, Machinery purchased on 1-1-95 costing Rs. 12,000 was sold for Rs. 11,000 and on 30-6-96, Machinery purchased on 1-1-94 costing Rs.32,000 was sold for Rs. 26,700. On 1-10-96 additions were made to the amount of Rs.20,000. Depreciation was provided at 10% p.a. on the diminishing balance method.

Show the machinery account for three years from 1994 to 1996. ( Books closed on 31<sup>st</sup> December every year).

24. The position of a business man who keeps his books on single entry was as under:

	31.12.06(Rs.)	31.12.07(Rs.)
Cash in hand	400	480
Cash at bank	6,000	2,500
Stock	6,500	5,000
Debtors	4,000	5,200
Furniture	300	350
Sundry creditors	4100	3,100

He withdraws Rs. 7,500 from business on 2.1.2007 out of which he spent Rs. 5,200 for purchase of a motor car for the business.

Adjustments: depreciation on closing balance of furniture and motor car at 10%. Written off Rs. 220 as bad debts. 5% Provision for bad and doubtful debt is needed.

Find out the profit or loss for the year.