

**B.Com DEGREE EXAMINATION, NOVEMBER 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. Write the rules for making entries under double entry system.
2. 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.
3. A lease of land was acquired on 1.1.1985 at a cost of Rs.30,000. It was decided to depreciate it under the annuity method at 5% interest. Annuity tables show that at 5% Re.1 for 5 years is equivalent to Rs. 0.230975 annually. Calculate the annual depreciation.
4. Rectify the following errors.
  - (a) Purchase book is overcast by Rs.300(for the month of March)
  - (b) Sales book has been undercast by Rs.200.
5. Define Bank Reconciliation Statement.
6. List out the uses of Average Due Date.
7. Prepare necessary adjusting entries in Mr.X's journal on 31/12/88.
  - (i) Rs.20,000 for wages outstanding.
  - (ii) Write off depreciation on Machinery Rs.50,000
8. Calculate the insurance claim from the following facts assuming that the insurers met their liability under the policy on 'average basis':  
 A trader's stock valued at Rs.40,000 was totally destroyed. The stock in 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.
9. State any three features of Single Entry System of Accounting.
10. Find out the profit from the following data.
 

Capital at the beginning of the year	-	Rs.8,00,000
Drawings during the year	-	Rs.1,80,000
Capital at the end of the year	-	Rs. 9,00,000
Capital introduced during the year	-	Rs.50,000
11. From the following particulars, find out net credit purchases.
 

	Rs.
Opening balance of sundry creditors	40,000
Payment by cheques	2,35,000
Payment by Bills Payable	25,000
Payment in cash	5,000
Discount received	2,500
Purchase returns	5,000
Closing balance of Sundry creditors	47,500
12. What do you mean by Prepaid Expenses?

**Section B** ( $5 \times 5 = 25$ ) MarksAnswer any **FIVE** questions

13. Explain the various Accounting Conventions.
14. The following errors were found in the books ABC & Sons. Give the necessary entries to correct them:
- [i] Salary of Rs.10,000 paid to X due to him has been debited to his personal account.
  - [ii] Rs.1,500 paid in cash for a typewriter was charged to office expenses account.
  - [iii] Rs.5,000 paid for furniture purchased has been charged to purchases account.
  - [iv] Repairs made were debited to Buildings Account for Rs.250.
  - [v] An amount of Rs.500 withdrawn by the proprietor for his personal use has been debited to trade expenses account.
  - [vi] Rs.200 received from PQR & Sons has been wrongly entered as from LMN A/c.
15. Explain the method of calculation of Interest under Account current.
16. The bank overdraft of X on 31.12.2015 as per cash book is Rs.9,000/- From the following particulars, prepare Bank Reconciliation Statement:

S.No.	Particulars	Amount / Rs.
1.	Unpresented Cheque	3,000
2.	Uncleared Cheque	1,700
3.	Bank Interest debited in the pass book only	500
4.	Bill Collected and credited in the pass book only	800
5.	Cheque of Y dishonoured	500
6.	Cheques issued to Z entered in the Cash column of Cash book	300

17. The provision for Bad & Doubtful debts shows a balance of Rs.1600 on 1st January 2015. The bad debts during the year 2015 amount to Rs.600. The sundry debtors on 31st December 2015 are Rs.16,000. Create a provision of 5% for bad and doubtful debts. Make necessary Journal Entries, Ledger accounts, P&L a/c and Balance Sheet.
18. A fire occurred in the business premises of ABC limited on 10.10.2015. All stocks were destroyed, except to the extent of Rs.6,200. From the following figures, ascertain the loss of stock suffered by the company.

Particulars	Amount / Rs.
Stock on 1.1.2014	40,000
Purchases during 2014	145,000
Sales during 2014	2,00,000
Stock on 31.12.2014	25,000
Purchases during 2015 up to the date of fire	1,52,200
Sales during 2015 up to the date of fire	1,89,000

19. Mr. X, retail merchant commenced business with a capital of Rs.12,000 on 1.1.2015. Subsequently on 1.5.2015, he invested a further capital of Rs.5,000. During the year, he has withdrawn Rs.2,000 for his personal use. On 31.12.2015, his assets and liabilities are as follows:

Particulars	Amount / Rs.
Cash at bank	3,000

Debtors	4,000
Stock	16,000
Furniture	2,000
Creditors	5,000

Calculate the profit or loss made during the year 2015.

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

Answer any **TWO** questions

20. From the following Trial Balance of Mr. A, you are required to prepare a Trading A/c, Profit & Loss A/c and Balance sheet for the year ended 31st December 2015:

Debit Balances	Rs.	Credit Balances	Rs.
Stock as on 1.1.15	70,000	Capital	200,000
Plant & Machinery	50,000	Wages outstanding	4,000
Rent	3,000	Sales	500,000
Depreciation on Plant & Machinery	5,000	Creditors	45,000
Drawings	40,000	Bills Payable	16,000
Wages	20,000	Discount[Cr.]	12,000
Income Tax	2,000	Bank Overdraft	9,000
Salary for 11 months	11,000	Commission[Cr.]	8,000
Cash	5,000	Purchase returns	5,000
Buildings	160,000		
Depreciation on Buildings	8,000		
Purchases	3,00,000		
Debtors	80,000		
Bills Receivables	30,000		
Discount[Dr.]	2,000		
Carriage Inwards	4,000		
Bad debts	6,000		
Sales Returns	3,000		
Total	7,99,000	Total	7,99,000

Adjustments:

- Stock as on 31.12.2015 was Rs.96,000
  - Stock destroyed by fire was Rs.6,000 and the Insurance company accepted a claim of Mr.A
  - Rs.1600 paid as rent of the office was debited to landlord account and was included in the list of debtors.
  - Goods invoiced Rs.10,000 was sent to customers on sale or return basis on 28th December 2015, the customers still having the right to return the goods. The rate of gross profit was 1/5th of sale.
  - Write off further bad debts Rs.4,000 and maintain 5% provision for bad debts on debtors.
  - One month's salary was outstanding.
21. Mr. Y, a partner in the firm of XYZ Products, has drawn the following amounts for the half year ended 30th June 2016:

Particulars	Amount / Rs.
08th January	4,400
12th February	4,000
15th March	5,000
10th April	4,800
06th May	4,000
08th June	4,000

Interest is to be charged at 15% per annum. Ascertain average due date of the above withdrawals and the amount of interest to be paid by the partner up to the end of the half-year.

22. Mr. M keeps his books of accounts under Single Entry System. His financial position on 31.12.2015 and 31.12.2016 was as follows:

Particulars	2015 / Rs.	2016 / Rs.
Cash	9,860	800
Stock in Trade	38,520	57,020
Plant & Machinery	54,420	61,000
Bills Receivable	—	16,480
Sundry Debtors	24,840	43,940
Sundry Creditors	72,040	80,000
Furniture	4,960	5,220
Drawing	—	5,000

During the year, he introduced additional capital of Rs.20,000. From the above particulars prepare a statement of profit and loss account of Mr. M for the year ended 31.12.2016.

23. A company whose accounting year is the calendar year, purchased on 1.1.2015 a machine for Rs.40,000. It purchased further machinery on 01st October 2015 for Rs.20,000 and 01st July 2016 for Rs.10,000. On 1.7.2017, 1/4th of the machinery installed on 1.1.2015 became obsolete and was sold for Rs.6,800.

Show how the machinery account would appear in the books of the company for all the 3 years under Diminishing Balance Method. Depreciation is to be provided at 10% p.a.