

B.Com(BIM) DEGREE EXAMINATION, NOVEMBER 2019
I Year I Semester
Financial Accounting

Time : 3 Hours

Max.marks :75

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

Answer any **TEN** questions

1. What is Book-keeping?
2. What is Ledger?
3. What is Suspense Account?
4. What do you mean by 'Bank Reconciliation Statement'?
5. Define Depreciation.
6. Calculate the missing figure; Profit made during the year Rs.2400, Capital at the end Rs.8000, Capital introduced during the year Rs.2000, Drawings Rs.1200, Capital in the beginning?
7. Calculate the cost of goods sold: Sales Rs.420000, Rate of gross profit on cost 20%.
8. A machine is purchased for Rs.51200. Its life is expected to be 4 years and the scrap value is expected to be Rs.16200. You are required to determine the rate of depreciation when diminishing balance method of depreciation is adopted.
9. Journalise the following: (i) Paid cash to Hari Rs.300 (ii) Cash sales Rs.600
10. From the following data calculate Gross profit by preparing Trading Account
Opening Stock Rs.3460, Purchases Rs.5475, Sales Rs.15450, Sales Return Rs.200, Purchase Returns Rs.125, Closing Stock Rs.3250.
11. Explain the meaning of errors of commission.
12. What is Double entry system?

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

Answer any **FIVE** questions

13. Explain the objectives of Accounting.
14. Prepare Trail Balance from the following:
Capital Rs.9000, Plant and Machinery Rs.12000, Purchases Rs.8000, Sales Rs.12000, Sundry creditors Rs.8000, Bank loan Rs.22000, Rent out standing Rs.1000, Opening stock Rs.2000, Sales returns Rs.4000, Investments Rs.14000, Debtors Rs.12000.

15. The following errors were found in the book of Ram & Sons. Give the necessary entries to correct them.
- (i) Rs.500 paid for furniture purchased has been charged to ordinary purchase account.
 - (ii) Repairs made were debited to Building account for Rs.50
 - (iii) An amount of Rs.100 withdrawn by the proprietor for his personal use has been debited to Trade expenses account.
 - (iv) Rs.100 paid for rent debited to landlord's account.
 - (v) Salary Rs.125 paid to a clerk due to him has been debited to his personal account.
16. From the following particulars ascertain the balance that would appear in the Bank Pass Book of A on 31st December, 2011.
- (a) The bank overdraft as per Cash Book on 31st December, 2011 Rs.6340.
 - (b) Interest on overdraft for 6 months ending 31st December, 2011 Rs.160 is entered in pass book.
 - (c) Bank charges of Rs.30 are debited in the Pass book only.
 - (d) Cheques issued but not cashed prior to 31st December, 2011 amounted to Rs.1168.
 - (e) Cheques paid into bank but not cleared before 31 st December, 2011 were for Rs.2170
 - (f) Interest on investments collected by the bank and credited in the Pass book Rs.1200.
17. A fire occurred on 1.9.93 in the godown of Mr.Ganesan. From the following particulars find out the claim to be lodged:
- Stock on 1.1.93 Rs.25300
 - Purchases from 1.1.93 to date of fire Rs.50400
 - Sales from 1.1.93 to date of fire Rs.156000
 - Manufacturing expenses and wages Rs.60000
 - Goods taken by Ganesan at cost Rs.2500
 - The rate of gross profit on cost is 30%
 - Value of salvaged stock Rs.3600
18. From the following facts you are required to calculate total purchases:
- Bills payable on 1st January Rs.5000
 - Creditors 1st January Rs.6000
 - Bills payable 31st December Rs.7000
 - Creditors 31st December Rs.4000
 - Cash paid to creditors during the year Rs.30200
 - Bills payable discharged during the year Rs.8900
 - Returns outwards Rs.1200
 - Cash purchases Rs.25800.
19. What are the causes for Depreciation?

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

20. Enter the following transactions in a three column Cash BOOK.

1999	Jan 1	Cash in hand	Rs.410
		Balance at Bank	Rs.8920
	2	Cash sales	Rs.4500
	3	Paid into Bank	Rs.4000
	5	Purchased stationary	Rs.100
	8	Paid Mahesh by cheque	Rs.280
		Discount received	Rs.20
	12	Gave a cheque for cash purchases	Rs.1500
	15	Drew for personal use	Rs.500
	18	Received from Suresh, a cheque for in full settlement of account for Rs.2000 and deposited it in Bank.	Rs.1970
	20	Drew from Bank	Rs.1000
	21	Paid wages	Rs.800
	25	Bank returned cheque of Suresh dishonoured.	
	31	Bank charges as per pass book	Rs.10.

21. A company whose accounting year is the calendar year, purchased on 1-1-93 a machine for Rs.40000. It purchased further machinery on 1st Oct 1993 for Rs.20000 and on 1st July 1994 for Rs.10000. On 1.7.1995, 1/4th of the machinery installed on 1.1.1993 became obsolete and was sold for Rs.6800. 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% per annum.
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(Rs.)	1991(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	4,100	3,100

He withdrew 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:

- (a) Depreciation on closing balance of Furniture and truck at 10%.

- (b) Write off Rs. 200 as bad debts.
 (c) 5% provision for bad and doubtful debts is needed.

Find out the Profit or Loss for the year.

23. Prepare a Trading and Profit & Loss A/c for the year ended 31st December 1995 and a Balance Sheet as on that date from the following Trail Balance of Mr. Srin.

Debit Balance	Rs.	Credit Balance	Rs.
Drawings	45000	Capital	160000
Goodwill	90000	Bills Payable	35000
Buildings	60000	Creditors	70000
Machinery	40000	Purchase Returns	2650
Bills Receivable	6000	Sales	218000
Opening Stock	40000		
Purchases	51000		
Wages	26000		
Carriage Outwards	500		
Carriage inwards	1000		
Salaries	35000		
Rent	3000		
Discount	1100		
Repairs	2300		
Bank	25000		
Cash	1600		
Debtors	45000		
Bad debts	1200		
Sales Returns	2000		
Furniture	6000		
Advertisements	3500		
General Expenses	450		
	485650		485650

Adjustments:

- (i) Closing Stock was Rs.35000
 (ii) Depreciate Machinery and Furniture by 10%
 (iii) Outstanding wages Rs.1500
 (iv) Prepaid advertisement Rs.500
 (v) Create 5% on debtors for bad debts as provision.