

B.Com DEGREE EXAMINATION, APRIL 2020
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 do you understand 'Debit' and 'Credit'?
2. What do you understand by the convention of 'full disclosure'?
3. Give the meaning of over-riding commission.
4. Calculate gross profit and cost of goods sold. Net Sales Rs. 2,00,000, Gross profit is 25% on sales
5. Goods of Rs.80, 000 of M/S Raju & Sons are insured for Rs.70, 000 subject to average clause. Loss due to fire is assessed at Rs. 16,000. Calculate what claim the insured will get from the insurers.
6. Define Depreciation.
7. What is Conversion method in single entry?
8. What is 'Contingency' as per AS-3?
9. What are the items recorded in the debit and credit side of a Containers Stock Account?
10. Distinguish between Cum-interest and Ex- interest
11. What is Receipts and payments Account?
12. Give the meaning of Going Concern Concept.

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

Answer any **FIVE** questions

13. What are accounting conventions? Explain them.
14. A fire occurred in the premises of Mr. Raju on 15th August 1995. A large part of the stock was destroyed and Rs.7, 500 was realised for the salvage. For the period from 1st January to 15th August 1995, the following information is available.
 - (i) Purchases amounted to Rs. 42,500
 - (ii) Sales amounted to Rs. 45,000
 - (iii) Stock on hand on 1st January 1991 was Rs. 20,000 at cost price.

(iv) Goods costing Rs. 2,500 were taken by Raju for his personal use

The previous accounts reveal that the rate of gross profit was 33 1/3% on sale. The insurance policy was for Rs.25, 000 and included an average clause. Prepare the statement of claim to be made on the insurance company.

15. 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 straight Line method.

16. Compute the expenditure to be shown in Income and Expenditure Account from the following:

Sports material purchased for cash	Rs.20,000
Opening stock of sports materials	Rs.5,000
Closing stock of sports materials	Rs.8,000
Opening creditors for sports materials	Rs.7,000
Cash paid to creditors for sports materials	Rs.22,000
Closing creditors for sports materials	Rs.6,000
(a) Stationery purchased during the year	Rs.40,000
Opening stock of Stationery	Rs.8,000
Closing stock of Stationery	Rs. 9,000

17. The following errors were found in the books of Prabhakar & Sons. Give the necessary entries to correct them.

(a) Salary of Rs.1, 000 paid to a Mohan due to him has been debited to his personal account.

(b) Rs.1,500 paid in cash for a typewriter was charged to office expenses account

(c) Rs.5,000 paid for furniture purchased has been charged to purchase account

(d) Repairs made were debited to Building Accounting for Rs.250

(e) An amount of Rs.500 withdrawn by the proprietor for his personal use has been debited to trade expenses account

(f) Rs.200 received from Shanthy & co has been wrongly entered as from Shajahan & Co.

18. Mohan a retail merchant commenced business with a capital of Rs.12, 000 on 1.1.94. Subsequently on 1.5.94 he invested further capital of Rs.5,000. During the year, he has withdrawn Rs.2, 000 for his personal use. On 31.12.94 his asset and liabilities were as follows.

Cash	Rs.3,000
Debtors	Rs.4,000
Stock	Rs. 16,000
Furniture	Rs.2,000
Creditors	Rs.5,000

Calculate the profit (or) loss made during the year 1994.

19. Goods consigned 500kg @ Rs.20per Kg. Freight and Carriage paid by the consignor Rs. 4,000. Consignee sold 300 Kg. @ Rs. 35 per Kg and incurred Rs.1, 000 as unloading expenses Rs. 2,000 as godown rent Rs. 4,000. Normal loss due to leakage is 50 Kg.

Show how the loss and unsold stock will be treated in the books of the consigner.

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

Answer any **TWO** questions

20. Prepare Trading, Profit & Loss A/C and Balance Sheet from the following Trial Balance of Mr. M. Madan.

Debit Balances	Rs.	Credit Balances	Rs.
Sundry Debtors	92,000	Madan's Capital	70,000
Plant & Machinery	20,000	Purchase Returns	2,600
Interest	430	Sales	2,50,000
Rent, Rates, Taxes & Insurance	5,600	Sundry Creditors	60,000
Conveyance charges	1,320	Bank Overdraft	20,000
Wages	7,000		
Sales Returns	5,400		
Purchases	1,50,000		
Opening stock	60,000		
Madan's Drawings	22,000		
Trade Expenses	1,350		
Salaries	11,200		
Advertisement	840		
Discount	600		
Bad Debts	800		
Business premises	12,000		
Furniture & Fixtures	10,000		
Cash in hand	2,060		
	4,02,600		4,02,600

21. From the following particulars, prepare Income & Expenditure Account of the Central Sports Society for the twelve months from April 1998

Particulars	Received or paid(Rs.)	Outstanding on March31st 1999(Rs.)
Subscription from members	4,600	—
Subscription from affiliated colleges	1,400	200
Life Subscription (10 years)	2,000	—
Gifts received	3,000	—

Interested received	160	—
Committee Expenditure:		
Executive	1,500	200
Planning	1,440	640
Tournament	420	120
Printing, Postage & Stationery	1,140	160
Office furniture	2,000	—
Investments purchased	3,000	—

22. A trader commenced business as a cloth merchant on 1.4.2014 with a capital of Rs.20,000. On the same day he purchased furniture and fixtures for Rs.4,000. From the following particulars obtained from his books which do not conform to strict double entry principles, you are required to prepare Trading and P&L A/c and Balance Sheet as on 31.3.2015.

Particulars	Rs.
Sales(including cash sales Rs.10,000)	25,000
Purchases(including cash purchases Rs.6,000)	20,000
Drawings	1,000
Salaries	2,400
Bad debts written off	200
Trade expenses	800

The trader has used cloth worth Rs.600 for private purposes and gave Rs.1,000 to his son which are not recorded anywhere. On 31.3.2015 his debtors were worth Rs.7,000 and creditors were Rs.4,000. Stock on that date was valued at Rs.8,000.

23. A company, whose accounting year is calendar year, purchased on 1.1.93 a machine for Rs. 40,000. It purchased further machinery on 1st Oct.1993 for Rs. 20,000 and on 1st July 1994 for Rs. 10,000. On 1.7.1995, $\frac{1}{4}^{th}$ of the machinery installed on 1.1.93 become obsolete and was sold for Rs. 6,800.

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