

B.A. DEGREE EXAMINATION, APRIL 2020
II Year III Semester
Basic Financial Accounting

Time : 3 Hours

Max.marks :75

Section A (10 × 2 = 20) Marks

Answer any **TEN** questions

1. Define Accounting.
2. Give the meaning of Double entry system.
3. Pass Journal entries for the following:
 - a. Mr. Ramu started business with cash -Rs.50,000
 - b. Paid cash in to Bank-Rs.5000
4. Explain the need for preparation of Trial balance.
5. From the information given below, prepare trading account.

	Rs.
Opening stock	1,00,000
Purchases	1,50,000
Purchase return	25,000
Direct expenses	10,000
Carriage inwards	5,000
Sales	4,00,000
Closing stock	50,000

6. What do you mean by Balance sheet?
7. Mention any two causes of providing Depreciation.
8. Calculate the amount of Depreciation: Plant & Machinery-Rs.1,00,000, Residual value-Rs.20,000, Life Time-10 Years
9. Write any two limitations of single entry system.
10. Calculate the profit from the following details:

	Rs.
Opening capital	80,000
Capital at the end	90,000
Drawings	18,000
Additional capital	5,000

11. State the formula for calculating Depreciation under Diminishing balance method.
12. Give the meaning of Bank Reconciliation statement

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

13. What are the rules of double entry system of accounts?

14. Prepare Trial balance from the following:

Particulars	Rs	Particulars	Rs.
Capital	9,000	Rent Outstanding	1,000
Plant Machinery	12,000	Opening stock	2,000
Purchases	8,000	Sales returns	4,000
Sales	12,000	Investments	14,000
Sundry creditors	8,000	Debtors	12,000
Bank Loan	22,000		

15. Prepare Profit & Loss account for the year ending on 31.3.1994

Particulars	Rs.	Particulars	Rs.
Gross profit	25,000	Stationery	75
Salaries	5,600	Rent	650
Insurance	200	Interest on loan	225
Discount allowed	400	Repairs	125
Discount received	300	Office expenses	55
Commission earned	100	General expenses	875
Advertisement	450	Postage	175
Taxes	150	Printing charges	375
Travelling expenses	500		

16. A machine was bought on 1.1.98 for Rs.12,000 and installation expenses amounted to Rs.3,000. Depreciation was provided at 10% on the original cost. It was sold on 30.6.2000 for Rs.7,250. Show the profit or loss on sale of machinery.

17. From the following details, find out the credit purchases & total purchases:

Particulars	Rs.	Particulars	Rs.
Cash purchases	29,000	Cash paid to creditors	25,000
Bills payable(opening)	7,500	Bills payable paid during the year	10,500
Bills payable(closing)	2,500	Purchase returns	1,500
Creditors(opening)	20,000	Allowances from creditors	800
Creditors(closing)	18,000	Bills payable dishonoured	300

18. Differences between Balance sheet & Statement of affairs.

19. From the following particulars, prepare a Bank Reconciliation statement as on 31.12.98

Balance as per cash book	5,877
Cheques issued but not presented for payment	2,013
Cheques deposited, but not cleared	1,419

Bankers had wrongly debited the firm account with Rs.225 which was not yet rectified on 31.12.98

Section C ($3 \times 10 = 30$) Marks

Answer any **THREE** questions

20. Explain the various accounting concepts briefly?
21. Journalise the following transactions and post to ledger accounts:
- 1994 Jan 1 Balan started business with a capital of Rs.10,000
- 4 Bought goods from Velan Rs.6,750
- 7 Cash purchases Rs.3,000
- 10 Cash sales Rs.4,000
- 13 Bought from Velan Rs.2,000
- 16 Sold Goods to Gopi Rs.5,000
- 18 Paid cash to Velan Rs.2850
- 19 Sold goods to Gopi Rs.500
- 24 Paid Velan on account Rs.2,400
- 26 Received cash from Gopi Rs.1,650
- 27 Paid salaries Rs.1,250
- 30 Received cash from Gopi Rs.200
22. Prepare Trading, Profit & Loss a/c & Balance sheet from the following Trial balance of Mr.M.Madan.

Particulars	Rs.	Particulars	Rs.
Debtors	92,000	Capital	70,000
Plant	20,000	Purchase returns	2600
Interest	430	Sales	2,50,000
Rent	5,600	Creditors	60,000
Conveyance charges	1,320	Bank overdraft	20,000
Wages	7000		
Sales returns	5,400		
Purchases	1,50,000		
Opening stock	60,000		
Drawings	22,000		
Trade expenses	1,350		
Salaries	11,200		
Advertising	840		
Discount	600		
Bad debts	800		
Business premises	12,000		
Furniture	10,000		
Cash in hand	2,060		
	4,02,600		4,02,600

Adjustments:

- a. Stock on hand on 31.12.96- Rs.90,000
 - b. Provide depreciation on premises @2.5%, Plant at 7.5% & Furniture @10%
 - c. Write off Rs.800 as further Bad debts.
 - d. Provide for Doubtful debts @ 5% on Debtors.
 - e. Outstanding rent was Rs.500 & outstanding wages Rs.400
 - f. Prepaid insurance Rs.300 & Prepaid salaries Rs.700
23. A company whose accounting year is the calendar year, purchased on 1.1.93 a machine for Rs.40,000. It purchased further machinery on 1.10.1993 for Rs.20,000 & on 1.7.94 for Rs.10,000. On 1.7.95, one fourth of the machinery installed on 1.1.93 became obsolete and was sold for Rs.6800. Show the machinery account for 3 years under Diminishing Balance Method. Depreciation is to be provided at 10%p.a.
24. The position of business man who keeps his books on single entry was as under 31.12.90 & 31.12.91.

Particulars	1990(Rs.)	1991(Rs.)
Cash in hand	400	480
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 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:

- a. Depreciation on closing balance of furniture & truck @10%
- b. Write off Rs.220 as Bad debts.
- c. Create 5% provision for bad & doubtful debts.

Find out profit or loss for the year.