

B.Com(BIM) DEGREE EXAMINATION, APRIL 2020
I Year I Semester
Financial Accounting

Time : 3 Hours

Max.marks :75

Section A (10 × 2 = 20) Marks

Answer any **TEN** questions

1. Define accounting.
2. Write short note on “contra entry”.
3. What are the two financial statements prepared?
4. Define depreciation.
5. What are the features of single entry system?
6. What is error of principle?
7. What is average clause?
8. If opening stock is Rs.1,00,000, closing stock is Rs.1,20,000, costs of sales 8,00,000, then find out the value of purchases.
9. What do you mean by a statement of affairs?
10. What is BRS?
11. What are fictitious assets?
12. When is suspense account prepared?

Section B (5 × 5 = 25) Marks

Answer any **FIVE** questions

13. Prepare a trading & profit & loss account from the information given below:

Opening stock	36,000	Wages	36,200
Purchases	1,82,600	Closing stock	44,200
Sales	3,20,000	Carriage on purchases	5,000
Carriage on sales	4,000	Sales returns	7,000
Factory rent	4,000	Purchase returns	9,000
Office rent	5,000	General Expenses	9,000
Discount to customers	3,600	Interest from Bank	2,000
Bad debts	5,000	Bad debts recovered	6,000

14. From the following data ascertain the cash book balance as on 31.12.2017.

Particulars	Amount
Overdraft as per pass book	6,500
Cheques deposited into the bank but not yet credited	10,500
Cheques issued but not yet presented for payment	3,000
Wrong debit by bank	500
Interest and bank charged debited by bank	180
Insurance premium directly paid by bank as Per standing instructions	100

Prepare a bank reconciliation statement.

15. A retail merchant started business with a capital of 1,20,000 on 1st April 2016. Subsequently on 1st August 2016 he invested further capital of 50,000. During the year he withdrew Rs 20,000 for his personal use. On 31st March 2017 his assets and liabilities were as follows.

Cash at bank	30,000	stock	1,60,000	creditors	50,000
Debtors	40,000	Furniture	20,000		

Calculate the profit or loss made during the year.

16. A fire occurred in the factory on 01.01.2016 and the business books and records were saved. The following information was obtained:

Purchases for the year ending 31.3.2014	Rs. 60,000
Sales for the year ending 31.3.2014	Rs. 90,000
Stock as on 31.3.2015	Rs. 28,000
Stock as on 31.3.2014	Rs. 40,000
Sales from 1.04.2015 to 31.12.2015	Rs. 50,000
Purchases from 1.04.2015 to 31.12.2015	Rs. 35,000.

Calculate the amount of claim to be presented to the insurance Company in respect of the loss by fire.

17. Explain briefly the objectives of accounting.

18. What are the causes of depreciation.

19. Rectify the following errors:

- A builder's bill for Rs 4,600 for erection of shed was debited to repairs a/c.
- A cheque for Rs 750 received from M was credited to the account of P.
- Purchases day book under cast by Rs 1,000
- Furniture purchased for 8,100 recorded as 810 in furniture a/c.

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

Answer any **TWO** questions

20. Prepare Trading & Profit & loss account and Balance Sheet from the following details:

Capital	50,000	Opening stock	44,000
Bank overdraft	8,400	Debtors	36,000
Furniture	5,200	Rent from tenants	2,000
Business premises	40,000	Purchases	2,20,000
Creditors	26,600	Sales	3,01,000
Return inwards	5,000	General expenses	8,000
Discount cr	800	Salaries	18,000
Taxes & Insurance	4,000	Commission allowed	4,400
Freight on purchases	3,600	Provision for doubtful debts	1,000
Bad debts written off	1,600		

Adjustments:

Stock on hand on 31.12.2019 was estimated as Rs. 40,120.

Write off depreciation on premises Rs 600 & on furniture Rs. 520.

Make a provision of 5% on debtors for bad & doubtful debts.

Allow interest on capital @5%, unexpired insurance Rs. 1,400.

21. Distinguish between Single Entry and Double Entry system.
22. A & co. purchased a Machine on 01.04.2005 for Rs 9250 and immediately spent Rs. 750 on installation. On 01.10.2006 it purchased another machine for Rs 2500. On 01.10. 2007 it sold of the first machine purchased on 1.04.2005 for Rs. 7000 & purchased a new machine for Rs 6250. On 01.10.2008 the second machine was sold for Rs 500. Provide depreciation on machinery on written down value method on the basis of 10%p.a. prepare machinery ledger for four years from 01.04.2005.
23. A company found a difference in the trial balance. So they place the difference in the suspense account. Then the following errors were discovered. Journalise and rectify the errors. Prepare suspense account.
1. Materials used for installing machine Rs 1,700 included in the purchases account. Wages given toward installing Rs 1,400 included in wages a/c.
 2. Credit sale to Mr M Rs 16,900 though recorded in sales book but wrongly debited to his account as 19,600.

3. Old furniture purchased originally Rs 1,800 having 1,100 as its book value sold for 1,700, profit amount credited to furniture account.
4. Credit purchase of machinery Rs 12,000 recorded in purchases account and carriage thereon 1,200 debited to trade expenses.
5. Sales return to Y Rs. 2,300 correctly recorded in the sales return book but is debited in Y account as Rs. 3,200.