

Code No. 3501 / E

FACULTY OF COMMERCE

B.Com (CBCS) I – Semester Examination, December 2017
(Common Paper for General/Computers/Computer Applications/
Advertising/Foreign Trade and Tax Procedure Courses)

Financial Accounting – I

Paper Code-BC-104

Time : 3 hours

Max. Marks : 80

Part – A (5 X 4 = 20 Marks)

Answer any Five of the following questions is not exceeding 20 lines each.

- 1 Explain the Business Entity and cost concept.
- 2 Debit and Credit note
- 3 What do you mean by bank reconciliation statement? Why do you prepare it?
- 4 Give the adjustment entries for the following :
 - a) Provision for bad debts Rs. 1000
 - b) Prepaid insurance Rs. 600
- 5 From the following transactions write up purchases book of M/s. Subbalakshmi Ltd. Co. for April 2015.

April 8 Purchased on credit from Vijay Co.
5 TV sets @2500
3 EC TV @2800
Trade discount 15%

" 15 Purchased on cash from Modi Co. Rs. 5000

" 22 Purchased on credit from Bombay market
5 Philips transistors @400
8 Bush Radios @500
Trade discount 10%

" 28 Cash sales 6000

" 30 Purchased Motor cycle and paid cheque 6000/-

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6 Prepare Trial Balance from the following balances on 31-3-2015.

Capital	168000	Sales	720000
Drawings	50000	Discount allowed	7000
Stock	210000	Purchase returns	20000
Purchases	360000	Sales returns	30000
Debtors	45000	Creditors	67000
Wages	12000	Cash	261000

7 Rectify the following errors :

- Rent paid Rs.450 was posted as Rs.540
- A credit purchases of goods from Ramran Rs.2500 was entered as Rs.5200

8 Ascertain the cost of Goods sold

Opening stock	20000
Purchases	118000
Direct Expenses	22000
Closing stock	30000

Part - B (5 X 12 = 60 Marks)

Note: Answer the following questions not exceeding FOUR pages each.

9 a) Define Journal and Ledger and distinguish between the Journal and the Ledger.

OR

b) Journalise the following transactions:

2015

- Nov. 1 Agarwal commenced business with Rs.300000
- " 2 Purchased Machinery 25000
- " 3 Purchased furniture from Godrej 10000
- " 4 Purchased goods Rs. 12000
- " 5 Goods purchased from Krishna Mohan 60000
- " 6 Sold goods for cash 20000
- " 7 Cash deposited into bank 6000
- " 8 Issued cheque to Godrej Co. 50000
- " 9 Cash withdrawn for personal use 6000
- " 10 Paid salaries by cheque 40000
- " 11 Goods returned to Krishna Mohan 6000
- " 12 Goods returned by Rajesh & Co. 300

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- 10 a) What are the subsidiary books and what do they record? Explain the advantages of subsidiary books.

OR

- b) Make out the three column cash book of M/s. Ram and Mohan from the following particulars.

2015	1	Cash in hand	300
April	1	Bank over draft	450
	2	Paid salaries for March	250
	2	Purchased goods for cash	30
	2	Cash sales	80
	3	Issued cheque in favour of Krishna & co to settle his account for 270	260
	4	Received cash from Dhawan (Discount allowed Rs. 15)	235
	5	Received cheque from Ali Bros. (in full settlement of their debt of Rs.200)	190
	6	Cash sent to bank	200
	7	Cheque issued in favour of Ravi Bros. for purchase of furniture	150
	8	Cheque of Ali Bros. is dishonoured, bank debits in respect of charges	2
	9	Paid rent by cheque	100
	9	Bank collects interest on securities	150

- 11 a) Define cash book and pass book and explain causes for the differences between both the books in bank reconciliation statement.

OR

- b) On 31-3-2009 the cash book of Ramesh showed a credit balance of Rs.7200. From the following information prepare bank reconciliation statement.

- Interest debited by the bank Rs.225 is not appearing in cash book.
- Interest on investments collected by the bank Rs. 1200
- A cheque of Rs. 750 issued to Srinivas was cashed on 10-4-2009.
- A credit of Rs.90 rebating to some other account was found in the pass book.
- Out of cheques deposited in the bank for collection on 25th March a cheque for Rs.750 was collected after 31st March, 2009.
- Direct payment made of customer into bank 900

- 12 a) What are the causes of Depreciation? Explain the various methods of calculating depreciation.

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OR

- b) X Ltd. purchased a machine on 1-1-2002 for Rs.116000 and spent Rs.4000 for installation. On 1-7-2002 another machine purchased costing Rs.40000. On 1-1-2004 the machine purchased on 1-1-2002 was sold for Rs.57200 and a new machine was purchased for Rs.80000 and installed on the same date by paying Rs.20000. Show the Machinery Account charging depreciation @10% p.a. On Written Down Value Method for 4 years. Assume that books are closed every year on 31st December.
- 13 a) Define Final Accounts and name the parties or groups interested in acquiring Accounting Information.
- OR
- b) Prepare the Final Accounts from the following Trial Balance for the year ended 31-3-2009.

Trial Balance as on 31-3-2009

Debit	Amount	Credit	Amount
Purchases	450000	Sales	721005
Machinery ✓	115500	Capital ✓	125000
Returns	18000	Returns	24009
Sundry Debtors ✓	142000	Sundry creditors	98000
Cash at bank	34655	Provision for bad debts	7500
Stock (1-4-2008)	64504		
Rates and Taxes	9800		
Wages	55000		
Salaries ✓	67000		
Freight	6555		
Furniture	12500		
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Adjustments :

- Closing stock Rs.98000
- Outstanding salaries Rs. 18000
- Write off Rs.4500 as bad debts
- Create a provision for bad debts at 4% on sundry debtors
- Provide 6% depreciation on machinery
- Interest on capital @3% is allowed

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