

Reg. No. : .....

Code No. : 12074 E      Sub. Code : CMCO 11

B.Com. (CBCS) DEGREE EXAMINATION,  
NOVEMBER 2022.

First Semester

Commerce – Core

FINANCIAL ACCOUNTING – I

(For those who joined in July 2021 onwards)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Which one of the following is not a main objective of accounting?
  - (a) Systematic recording of transactions
  - (b) Ascertainment of the profitability of the business
  - (c) Ascertainment of the financial position of the business
  - (d) Solving tax disputes with tax authorities

2. The concept which assumes that a business will last indefinitely is
- (a) Business Entity
  - (b) Going concern
  - (c) Periodicity
  - (d) Conservatism
3. Debit balance in the bank column of the cash book means
- (a) Credit balance as per bank statement
  - (b) Debit balance as per bank statement
  - (c) Overdraft as per cash book
  - (d) None of the above
4. Balance as per bank statement is Rs. 1,000. Cheque deposited, but not yet credited by the bank is Rs. 2,000. What is the balance as per bank column of the cash book?
- (a) Rs. 3,000 overdraft
  - (b) Rs. 3,000 favourable
  - (c) Rs. 1,000 overdraft
  - (d) Rs. 1,000 favourable

5. Bills receivable account is a
- (a) Real account
  - (b) Personal account
  - (c) Nominal account
  - (d) Representative personal account
6. On the acceptance of a bill the acceptor debits
- (a) payees account
  - (b) creditors account
  - (c) bills payable account
  - (d) bills receivable account
7. Under straight line method, the amount of depreciation is
- (a) Increasing every year
  - (b) Decreasing every year
  - (c) Constant for all the years
  - (d) Fluctuating every year
8. Cash received from sale of fixed asset is credited to
- (a) Profit and loss account
  - (b) Fixed asset account
  - (c) Depreciation account
  - (d) Bank account

9. Incomplete records are generally maintained by
- A company
  - Government
  - Small sized sole trader business
  - Multinational enterprises
10. What is the amount of capital of the proprietor, if his assets are Rs 85,000 and liabilities are Rs. 21,000?
- Rs. 85,000
  - Rs. 1,06,000
  - Rs. 21,000
  - Rs. 64,000

**PART B — (5 × 5 = 25 marks)**

Answer ALL questions by choosing (a) or (b).

Each answer should not exceed 250 words.

11. (a) Enter the following transactions in the journal of Manohar who is dealing in textiles :

2022

- March 1 Manohar started business with cash 60,000  
 2 Purchased furniture for cash 10,000  
 3 Bought goods for cash 25,000  
 6 Bought goods from Kamallesh on credit 15,000  
 8 Sold goods for cash 28,000

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- 10 Sold goods to Hari on credit 10,000  
 14 Paid Kamallesh 12,000  
 18 Paid rent 500  
 25 Received from Hari 8,000  
 28 Withdrew cash for personal use 4,000

Or

- (b) Explain any five Accounting concepts.
12. (a) Differentiate between cash book and Bank statement.

Or

- (b) From the following particulars of Raheem traders, prepare a bank reconciliation statement as on 31st March, 2018.
- Overdraft as per cash book Rs. 2,500.
  - Debit side of cash book was undercast by Rs. 700.
  - Amount received by bank through RTGS amounting to Rs. 2,00,000, omitted in the cash book.
  - Two cheques issued for Rs. 1,800 and Rs. 2,000 on 29<sup>th</sup> March 2018. Only the second cheque is presented for payment.
  - Insurance premium on car for Rs. 1,000 paid by the bank as per standing instruction not recorded in the cash book.

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13. (a) Mala purchased goods for Rs. 3,000 from Kala on 1.4.2020. Mala accepted a three months' bill for the amount and gave it to Kala the same day. Kala discounted it immediately with Indian bank at discount of 5% p.a. on due date the bill was honoured by payment.

You are required to give entries in the books of all parties.

Or

- (b) On 1.4.2020, Balu draws a bill on Ravi for Rs. 1,600 for goods sold at 90 days after sight. Ravi accepts the bill on 5.4.2020. Balu, however, endorsed the bill to Sohan in settlement of a debt of Rs. 1,700. On maturity the bill was duly honoured by Ravi. Show the journal entries in the books of all the parties.
14. (a) What are the causes for Depreciation? Explain.

Or

- (b) Mr. Shanmugavel purchased a machine for Rs. 80,000 on 1<sup>st</sup> April 2015. He spent Rs. 3,500 on its installation. Depreciation is written off @ 10% p.a. on the original cost. On 30<sup>th</sup> June 2018, the machine was found to be unsuitable and sold for Rs. 6,500. Prepare the Machine account from 2015 to 2018 assuming that the accounts are closed on 31<sup>st</sup> Dec. every year.

15. (a) State the differences between double entry system and incomplete records.

Or

- (b) David does not keep proper books of accounts. Following details are given from his records.

Particulars	1.4.2018	31.3.2019
Cash	43,000	29,000
Stock of goods	1,20,000	1,30,000
Sundry debtors	84,000	1,10,000
Sundry creditors	1,05,000	1,02,000
Loan	25,000	20,000
Business premises	2,50,000	2,50,000
Furniture	33,000	45,000

During the year he introduced further capital of Rs. 45,000 and withdrew Rs. 2,500 per month from the business for his personal use.

Prepare statement of profit or loss with the above information.

PART C — (5 × 8 = 40 marks)

Answer ALL questions by choosing (a) or (b).

Each answer should not exceed 600 words.

16. (a) Record the following transactions in the sales book and sales returns book of M/s. Ponni & Co., and post them to ledger.

2017

- Aug 1 Sold goods to Senthil as per Invoice No. 68 for Rs. 20,500 on credit
- Aug 4 Sold goods to Madhavan as per Invoice No. 74 for Rs. 12,800 on credit
- Aug 7 Sold goods to Kanagasabai as per Invoice No. 78 for Rs. 7,500 on credit
- Aug 15 Returns inward by Senthil as per Credit Note no. 7 for Rs. 1,500 for which cash is not paid
- Aug 20 Sold goods to Selvam for Rs. 13,300 for cash
- Aug 25 Sales returns of Rs. 1,800 by Madhavan as per Credit Note No. 11 for which cash is not paid

Or

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- (b) The following are the balances extracted from the books of Ganesh as on 31.12.2021. Prepare Trading and Profit and Loss account for the year ending 31.12.2021 and a Balance Sheet as on that date.

Trial Balance as on 31.12.2021

Debit balances	Rs.	Credit balances	Rs.
Drawings	4,000	Capital	20,000
Cash in Bank	1,700	Sales	16,000
Cash in hand	6,500	Sundry creditors	4,500
Wages	1,000		
Purchases	2,000		
Stock (1.1.2021)	6,000		
Building	10,000		
Sundry debtors	4,400		
Bills receivable	2,900		
Rent	450		
Commission	250		
General expenses	800		
Furniture	500		
	<u>40,500</u>		<u>40,500</u>

The following adjustments are to be made :

- (i) Stock on 31.12.21 was Rs. 4,000.
- (ii) Interest on capital at 6% to be provided.

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- (iii) Interest on drawing at 5% to be provided.
- (iv) Wages yet to be paid Rs. 100.
- (v) Rent prepaid Rs. 50.

17. (a) From the following information, prepare bank reconciliation statement to find out the bank statement balance as on 31<sup>st</sup> December, 2021.

- (i) Balance as per cash book Rs. 15,000.
- (ii) Cheques deposited but not yet credited Rs. 1,000.
- (iii) Cheques issued and entered in the cash book before 31<sup>st</sup> December 2017 but not presented for payment until that date Rs. 1,500.
- (iv) Dividend directly received by bank Rs. 200.
- (v) Direct payment made by bank for rent Rs. 1,000.
- (vi) Locker rent charged by the bank not recorded in cash book Rs. 1,200.
- (vii) Wrong debit given by the bank on 30<sup>th</sup> December 2017 Rs. 500.
- (viii) A payment made through net banking has been entered twice in the cash book 300.

Or

(b) On 31<sup>st</sup> March, 2017, Anands cash book showed a balance of Rs. 1,12,500. Prepare bank reconciliation statement.

- (i) He had issued cheques amounting to Rs. 23,000 on 28.3.2017, of which cheques amounting to Rs. 9,000 have so far been presented for payment.
- (ii) A cheque for Rs 6,300 deposited into bank on 27.3.2017, but the bank credited the same only on 5<sup>th</sup> April 2017.
- (iii) He had also received a cheque for Rs. 12,000 which, although entered by him in the cash book, was not deposited in the bank.
- (iv) Wrong credit given by the bank on 30<sup>th</sup> March 2017 for Rs. 2,000.
- (v) On 30<sup>th</sup> March 2017, a bill already discounted with the bank for Rs. 3,000 was dishonoured, but no entry was made in the cash book.
- (vi) Interest on debentures of Rs. 700 was received by the bank directly.
- (vii) Cash sales of Rs. 4,000 wrongly entered in the bank column of the cash book.



18. (a) For their mutual accommodation, Pal draws a bill on Gani for Rs. 8,000 for 3 months on 1.1.2001. Gani accepts the bill and returns it to Pal. Pal discounts the bill with the bank for Rs. 7,900 and remits half the proceeds to Gani. Before maturity Pal remits the amount due to Gani and Gani honours the bill. Show the entries in the books of Pal and Gani.

Or

- (b) On 1<sup>st</sup> May 2021, Madhan accepted a two months bill for Rs. 10,000 drawn on him by Mani for the latter's benefit. Mani discounted the bill on 4<sup>th</sup> May @ 12% p.a. and on the due date sent Madhan a cheque for Rs. 10,000 in order to enable him to honour the bill. Madhan duly honoured his acceptance. Pass journal entries in the books of Mani and Madhan.
19. (a) On 1.7.2018 Raja Gopal purchased a second hand car for Rs. 18,000 and spent Rs. 2,000 on its repairs, on 30.6.2021, the car was disposed off for a sum of Rs. 13,600. Assuming that the books are closed on Dec. 31 each year and the depreciation at 10% on diminishing balance, calculate the amount chargeable to profit and loss account for the year 2021 and prepare Car account for three years.

Or

- (b) Machinery was purchased on 1.1.86 for Rs. 40,000. On 30<sup>th</sup> June, another second hand machine was purchased for Rs. 15,000 and Rs. 5,000 was spent for repairs. On 30<sup>th</sup> June 1987 the second machine was sold for Rs. 15,000. Prepare machinery account after allowing depreciation for 10% p.a. on the written down value.

20. (a) From the following details you are required to calculate credit sales and credit purchases by preparing total debtors account, total creditors account, bills receivable account and bills payable account.

Particulars	Opening Balances Rs.	Closing Balances Rs.
Debtors	60,000	55,000
Bills receivable	5,000	1,000
Creditors	25,000	28,000
Bills payable	2,000	3,000

Other information :	Rs.
Cash received from debtors	1,30,000
Discount allowed to customers	5,500
Cash paid to creditors	70,000
Discount allowed by suppliers	3,500
Payments against bill payable	7,000
Cash received for bills receivable	14,000
Bills receivable dishonoured .	1,200
Bad debts	3,500

Or

- (b) From the following details of Abdul who maintains incomplete records, prepare Trading and Profit and Loss account for the year ended 31<sup>st</sup> March, 2018 and a Balance Sheet as on the date.

Particulars	1.4.2017 Rs.	31.03.2018 Rs.
Stock	1,00,000	50,000
Sundry Debtors	2,50,000	3,50,000
Cash	25,000	40,000
Furniture	10,000	10,000
Sundry Creditor	1,50,000	1,75,000

Other detail :	Rs.
Drawings	40,000
Cash received from debtors	5,35,000
Discount received	20,000
Sundry expenses	30,000
Discount allowed	25,000
Capital as on 1.4.2017	2,35,000
Cash paid to creditors	4,50,000