

Reg. No. : .....

Name : .....

**Fifth Semester B.Com. Degree Examination, December 2023**

**First Degree Programme under CBCSS**

**Open Course – I**

**CO 1551.1/TT 1551.1/CC 1551.1/CX 1551.1 — FUNDAMENTALS OF  
FINANCIAL ACCOUNTING**

**(2018 Admission Onwards)**

**(Common for Commerce/Commerce and Tourism and Travel  
Management/Commerce with Computer Applications/Commerce and  
Tax Procedure and Practice)**

Time : 3 Hours

Max. Marks : 80

SECTION – A

Answer **all** questions. Each question carries 1 mark.

1. What is business entity concept?
2. What is Balance sheet?
3. What is opening entry?
4. What is bad debts?
5. What is imprest system of petty cash book?
6. For what purpose profit and loss account is prepared?

7. Write any two names of accounting concepts.
8. What is ledger?
9. What is meant by subsidiary books?
10. What is cost concept in accounting?

(10 × 1 = 10 Marks)

### SECTION – B

Answer any **eight** questions. Each question carries **2** marks.

11. Write a note on current assets.
12. What are the features of double entry system?
13. Write any one of accounting conventions with brief explanation.
14. What is meant by transactions?
15. What is the purpose of Suspense Account?
16. What is a trading account? What is the purpose?
17. What are the difference between Book-keeping and Accountancy?
18. Purchases = ₹ 50,000, Opening Stock at the beginning ₹ 60,000, Stock at the end of period ₹ 30,000, Rate of gross profit on sales is  $\frac{1}{5}$  of sales. Compute sales.
19. Journalise the following transactions in the books of Mr. Roy :

2018 April

- 1 He started business with a capital of – Plant ₹ 10,000, Bank ₹ 8,000, Stock ₹ 12,000
- 2 Bought furniture for resale ₹ 5,000
- 3 Bought furniture for Office decoration ₹ 3,000
- 4 Sold furniture out of those for resale ₹ 6,000
- 5 Paid Salary to Mr. X for ₹ 1,200

20. Consider the following balances in the Balance Sheet as on 31<sup>st</sup> March 2019. Pass the opening entry on 1<sup>st</sup> April 2019.

Jevvan's Capital A/c	₹ 6,00,000
Plant and machinery	₹ 2,00,000
Balance at state bank	₹ 2,00,000
Closing Stock	₹ 2,00,000
Trade Payables	₹ 10,000
Prepaid Insurance	₹ 10,000

21. Rectify the following errors.

- (a) Machinery purchased for ₹ 10,000 has been debited to Purchases A/c
- (b) ₹ 5,000 received from the sale of old furniture has been Credited to Sales A/c
- (c) Goods sold to Seema for ₹ 540 was entered in the Sales Book as ₹ 450.

22. Rajeev, the proprietor of the business, starts his business with Cash at bank ₹ 90,000 and Plant and machinery ₹ 60,000. Find out the capital.

(8 × 2 = 16 Marks)

### SECTION – C

Answer any **six** questions. Each question carries **4** marks.

23. What are the uses of Trial Balance?
24. What are the different types of assets showed in Balance sheet?
25. What are the advantages of accounting standard?
26. What are the features of accounting?

27. Rectify the following errors by way of journal entries

- (a) Return inward book was cast short by ₹ 500.
- (b) ₹ 300 received from Ram has been debited to Mr. Shyam.
- (c) Wages paid for the installation of a machine debited to wages account for ₹ 1,000.
- (d) A purchase made for ₹ 1,000 was posted to purchase account as ₹ 100.
- (e) Purchase of furniture amounting to ₹ 3,000 debited to purchase account.
- (f) Goods purchased for proprietor's use for ₹ 1,000 debited to purchase account.

28. On 1<sup>st</sup> April, 2018 Sam Ltd. purchased a machine for ₹ 66,000 and spent ₹ 5,000 on shipping and forwarding charges, ₹ 7,000 as import duty, ₹ 1,000 for carriage and installation ₹ 500 as brokerage and ₹ 500 for an iron pad. It was estimated that the machine will have a scrap value of ₹ 5,000 at the end of its useful life which is 15 years. On 1<sup>st</sup> January 2019 repairs and renewals of ₹ 3,000 were carried out. On 1<sup>st</sup> October, 2020 this machine was sold for ₹ 50,000 Prepare Machinery Account for the 3 years.

29. Pass closing entries for the following particulars as on 31<sup>st</sup> March 2021 presented by X Ltd.

Particulars	Amount (₹)
Opening stock	10,000
Purchases	50,000
Wages	5,000
Returns outward	5,000
Sales	1,00,000
Returns inward	10,000
Salaries	8,000
Insurance	1,000

Particulars	Amount (₹)
Bad debts	3,000
Interest received	3,000
Discount allowed	4,000
Discount received	3,000
Closing stock	15,000

30. From the following information you are required to prepare trading account.  
Opening stock ₹ 89,680, Sales ₹ 3,55,430; Purchase ₹ 2,56,590; Sales returns ₹ 2,780; Wages ₹ 40,970, closing stock ₹ 1,28,950, Salaries ₹ 5,000; Manufacturing wages include ₹ 1,200 for erection of new machinery.

31. Prepare a single column cash book in the books of Ravi

2021 Nov. 01	Cash in hand	30,000
Nov. 04	Cash received from Rajesh	12,000
Nov. 08	Insurance paid (Annual Instalment)	6,000
Nov. 13	Purchased furniture	13,800
Nov. 16	Sold goods for cash	28,000
Nov. 17	Purchased goods from Murali in cash	17,400
Nov. 20	Purchase stationery	1,100
Nov. 24	Cash paid to Rukmani in full settlement of account	12,500
Nov. 27	Sold goods to Kamal for cash	18,200
Nov. 30	Paid monthly rent	2,500
Nov. 30	Paid salary	3,500
Nov. 30	Deposited in bank	8,000

(6 × 4 = 24 Marks)

SECTION – D

Answer any **two** questions. Each question carries **15** marks.

32. What are the important rules of accounting? Explain with examples.
33. From the following particulars presented by Sri Tirukripa for the year ended 31st March 2021, Prepare Profit and Loss Account.

Gross Profit ₹ 1,00,000, Rent ₹ 22,000; Salaries ₹ 10,000; Commission (Cr.) ₹ 12,000; Insurance ₹ 8,000; Interest (Cr.) ₹ 6,000; Bad Debts ₹ 2,000; Provision for Bad Debts (1.4.2020) ₹ 4,000; Sundry Debtors ₹ 40,000; Discount Received ₹ 2,000; Plant and Machinery ₹ 80,000.

Adjustments :

- (a) Outstanding salaries amounted to ₹ 4,000;
- (b) Rent paid for 11 months;
- (c) Interest due but not received amounted to ₹ 2,000;
- (d) Prepaid Insurance amounted to ₹ 2,000;
- (e) Depreciate Plant and Machinery by 10% pa.
- (f) Further Bad Debts amounted to ₹ 2,000 and make a provision for Bad Debts @ 5% on Sundry Debtors.
- (g) Commissions received in advance amounted to ₹ 2,000
34. Journalize the following transactions in the books of Rasheed, and prepare capital account, cash account, Purchases account and sales account.

2020 June 1 : June 4 : Rasheed started business with ₹ 10,00,000 of which 25% amount was borrowed from wife.

June 7 : Purchased goods from Anil worth ₹ 40,000 at 20% TD and  $\frac{1}{5}$ <sup>th</sup> amount paid in cash.

June 10 : Cash purchases ₹ 25,000.

June 12 : Sold goods to Vishakh ₹ 30,000 at 30% TD and received 30% amount in cash

- June 15 : Deposited cash into bank ₹ 20,000. Uninsured goods destroyed by fire ₹ 5,500.
- June 19 : Received commission ₹ 3,500.
- June 22 : Paid to Anil ₹ 25,500 in full settlement of A/c. Cash stolen from cash box ₹ 1,000.
- June 25 : Received from Vishakh ₹ 14,500 and discount allowed ₹ 200.
- June 27 : Interest received ₹ 2,400 directly added in our bank account.

35. From the following particulars prepare a Balance Sheet of Mr. X, for the year ended 31<sup>st</sup> March, 2021. Capital : ₹ 2,00,000; Drawings : ₹ 40,000; Cash in Hand : ₹ 20,000 ; Loan from Bank : ₹ 40,000; Sundry Creditors : ₹ 40,000; Bills Payable : ₹ 20,000 Bank Overdraft : ₹ 20,000; Goodwill : ₹ 60,000; Sundry Debtors : ₹ 80,000; Land and Building : ₹ 50,000; Plant and Machinery : ₹ 80,000; Investment : ₹ 20,000; Bills Receivable : ₹ 10,000.

The following adjustments are made at the time of preparing final accounts :

- Outstanding Liabilities for : Salaries ₹ 10,000; wages ₹ 20,000; Interest on Bank Overdraft ₹ 3,000; and Interest on Bank Loan ₹ 6,000.
- Provide Interest on Capital @10% pa.
- Depreciation on Plant and Machinery by 10% pa.
- Bad Debts amounted to ₹ 10,000 and make a provision for Bad Debts @ 10% on Sundry Debtors.
- Closing stock amounted to ₹ 1,20,000.

Net profit for the year amounted to ₹ 96,000 after considering all the above adjustments.

(2 × 15 = 30 Marks)