

Reg. No. :

Name :

Fifth Semester B.Com. Degree Examination, December 2021

First Degree Programme Under CBCSS

Open Course

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

(2018 & 2019 Admission)

**(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 in one word or to a maximum of two sentences each. Each question carries **1** mark.

1. What is meant by profit and loss account?
2. What do you mean Periodicity concept of accounting?
3. What is meant by Convention of conservatism?
4. What is meant representative personal account?
5. What is deferred revenue expenditure?
6. What is a prepaid expense?

7. Define bad debt.
8. State any two merits of double entry system.
9. What you mean by accounting equation?
10. Mention two subsidiary book of accounts.

(10 × 1 = 10 Marks)

SECTION – B

Answer **any eight** questions in not exceeding a paragraph each. **Each** question carries **2** marks.

11. What is book keeping?
12. State any two characteristics of accounting.
13. Give any two objectives of preparing trial balance.
14. Differentiate between journal and ledger.
15. List out any two limitations of accounting.
16. Write a note on marshalling of balance sheet.
17. State any two objects of accounting
18. What are the types of cash book.
19. Journalise the following.
 - (a) Cash withdrawn from Bank
 - (b) Purchases made, payment through cheque

20. What is compound journal entry.
21. Write short notes on the following concepts of accounting.
- (a) Accrual concept and
- (b) Matching Concept
22. State whether the following expenses are capital or revenue in nature:
- (a) Expenses on whitewashing and painting of a building purchased to make it ready for use.
- (b) 10,000 spent on constructing platform for a new machine.
23. Fill in the blank columns.
- | Sl No | Transactions | Special Journal in which it is recorded |
|-------|---|---|
| 1 | Purchased goods from Cello Agencies Rs. 3,000 | ? |
| 2 | Salary paid by cheque Rs. 2,000 | ? |
24. Give any two examples of revenues.
25. What are the types of income?
26. Define contra entry.

(8 × 2 = 16 Marks)

SECTION – C

Answer **any six** questions in about **120** words each. **Each** question carries **4** marks.

27. Distinguish between capital receipts and revenue receipts.
28. How provision for bad debts treated in final accounts?

29. From the following information determine Gross Profit for the year ended 31st March, 2018

Opening Stock 1st April, 2017	25,000	Goods purchased during the year	1,40,000
Freight and Packing	10,000	Closing Stock 31st March, 2018	30,000
Sales	1,90,000	Packing Expenses on Sales	6,000

30. Discuss the need for accounting standards.
31. Discuss the essential features of accounting information.
32. From the following ascertain Gross Profit

Opening stock	Rs. 80,000.
Purchases	Rs.1,00,000
Purchase returns	Rs. 5,500.
Direct Expenses	Rs. 7,000
Sales	Rs. 1,75,000
Sales returns	Rs. 5,000
Closing Stock	Rs. 45,000

33. What are the advantages of Imprest system?
34. Differentiate between cash discount and trade discount.
35. From the following information, prepare Trading Account for the year ended 31st March, 2018:

Adjusted Purchases 6,60,000; Sales 7,44,000; Closing Stock 50,400; Freight and Carriage Inwards 3,600; Wages 6,000; Freight and Cartage Outwards 2,000.

36. Who are the users of accounting? Briefly explain.
37. Enumerate informational needs of management.

38. The following are the transactions taken from the books of a furniture dealer.

- March 1 Sold to Anil, 5 tables @ Rs. 2,000 per table
- March 7 Sold to Mithra, 2 dressing tables, @ Rs. 1900 per table.
- March 8 Sold to Ganga, 2 dressing tables, @ Rs. 3,000 per table
- March 18 Sold to Ameer, a motorcycle for Rs. 14,000
- March 21 Sold to Assis, 10 wooden chairs @ Rs. 500 per chair
- March 25 Sold to Shilpa, 5 wooden tables, @ Rs. 2,500 per table

Prepare the sales book for the month of March.

(6 × 4 = 24 Marks)

SECTION – D

Answer **any two** questions in not exceeding 4 pages.. **Each** question carries **15** marks.

39. Prepare a double column cash book from the following transactions for the month of January 2018.

January 2018		Rs.
1	Cash in hand	16,000
	Bank overdraft	6,000
4	Salaries paid	2,000
5	Sold goods	8,000
7	Purchased goods by cheque	4,000
8	Purchased machinery	5,000
12	Deposited into bank	8,000
15	Interest charged by bank Overdraft	500
18	Commission received	3000
20	Withdrew cash for personal use	2,000
25	Suresh, a customer directly bank account	6,000
30	Withdrew cash from bank	2,000

40. From the following balances taken from the books of Archana & Co, prepare trading and profit and loss account for the year ended 31st March, 2018 and Balance sheet as at that data:

	Rs.		Rs.
Capital	3,50,000	Salaries	11,100
Building	1,87,500	Discount allowed	3,000
Machinery	92,500	Interest on investments	1,000
Debtors	35,000	Stock 1 st April, 2017	1,65,000
Investment	35,000	Bills payable	50,000
General expenses	8,000	Sales	6,35,000
Rent paid	37,100	Purchases	4,68,500
Proprietor's Drawings	6,500	Wages	25,000
Electricity charge	1,900	Cash in hand	18,000
Carriage inwards	8,500	Sundry creditors	1,00,000
Cast at bank	30,000	Return inward	4,500
Returns outwards	1,100		

Adjustments:

Closing stock was value at Rs.1,82,100

Outstanding salary Rs.900

41. The cash book of Shri Gupta showed an overdraft of Rs.30,000 on 31.3.2011. The scrutiny of the entries in the cash book and the pass book revealed that:
- On 22nd March, cheques totaling Rs. 6,000 were sent to bankers for collection, out of these a cheque for Rs.1,000 was wrongly recorded on the credit side of the cash book and cheques amounting to Rs.300 could not be collected by bank within the accounting year.
 - A cheque for '4,000 was issued to a supplier on 28th March, 2011. The cheque was presented to bank on 4th April, 2011.
 - There were debits in the pass book for interest Rs. 2,000 on overdraft and bank charges Rs. 600 not recorded in the cash book.

- (d) The Credit side of the bank column of the cash book was undercast by Rs.100.
- (e) A cheque for Rs. 1,000 was issued to a creditor on 27th March, but the same was not recorded in the cash book. The cheque was, however, duly en-cashed before 31st March.
- (f) As per standing instructions, the banker collected dividend of Rs. 500 on behalf of Gupta and credited the same to his account within 31st March, 2011. The fact was however, intimated to Gupta on 3rd April, 2011.

You are required to prepare a bank reconciliation statement as on 31st March, 2011.

42. Enter the, following transactions of M/s Arjun Traders in appropriate subsidiary books and find out total credit purchases and total returns outwards.

2016 July 1 Purchased the following goods on credit from M/s Harisree Books as per the invoice No. 637.

120 Accounting record book @ Rs.50 per book.

100 Physics record book @ Rs. 60 per book.

Trade discount at 10%.

July 8 Purchased the following goods on credit from premier Stores as per the Voucher No. 612

30 boxes of ball point pen @ Rs 70 per box.

20 Boxes of gel pen @ Rs.120 perbox.

July 12 Returned goods to Harisree Books as per the Debit Note

4 Accounting record books @ Rs.50 per book

3 Physics record books @ Rs. 60 per book.

Trade discount at 10%

July 18 Purchased goods from Vinayaka Stores as per the Voucher No.217

20 packets A4 photocopy paper @ Rs. 130 per packet.

15 Packets A3 photocopy paper @Rs. 180 per packet.

July 24 Returned goods to Vinayaka Stores as per the Debit Note No.13

2 packets A4 photocopy paper @ Rs. 130 per packet.

July 31 Purchased 100 ruled note books @ Rs. 20 per book from Karim Stores on credit.

43. Prepare an analytical petty cash book from the following details

2015 Jan	Rs.
1 Received cash from the main cashier	1,000
2 Purchased stationery	55.00
5 Paid for postage stamp	154.00
7 Paid for carriage	112.00
12 Railway freight paid	98.00
19 Telegrams	75.00
22 Telephone charges	32.00
31 Sundry expense paid	125.00

44. The following is the trial balance of Mr. Rajesh as at 31st Dec 2019

	Dr. Rs.	Cr. Rs.
Rajesh'capital	–	86,690
Stock as on 1 st Jan 2019	46,800	–
Sales	–	389600
Return inwards	8,600	–
Purchases	3,21,700	–
Return outwards	–	5800
Freight and carriage	18,600	–
Rent and taxes	5,700	–
Salary and wages	9,300	–
Sundry debtors	24,000	–
Sundry creditors	–	14,800
Bank loan @ 6% p.a	–	20,000
Bank Interest	900	–
Printing and advertisement	14,600	–
Miscellaneous income	–	250
Cash at bank	8,000	–
Discount earned	–	4,190
Furniture and fittings	5,000	–
Discount allowed	1,800	–
General expenses	11,450	–
Insurance	1,300	–
Postage and telegram	2,330	–
Cash in hand	380	–
Travelling expenses	870	–
Drawings	40,000	–
	<u>5,21,330</u>	<u>5,21,330</u>

The following adjustment should also be made:

- Included amongst the debtors is Rs. 3,000 due from Abraham and included amongst creditors Rs. 1,000 due to him
- Provision for bad and doubtful debts be created at 5% and reserve for discount 2% on sundry debtors

- (c) Depreciation on furniture and fittings at 10% shall be written off
- (d) Personal purchases amounting to Rs. 600 has been included in the purchase day book
- (e) Interest on bank loan shall be provided for the whole year
- (f) A quarter of the amount of printing and advertising is to be carried forward to the next year.
- (g) Credit purchase invoice amounting to Rs. 400 had been omitted from the books
- (h) Stock on 31-12-2019 was Rs. 78,600

Prepare trading and profit and loss account for the year ended 31-12-2019 and balance sheet as on that date.

(2 × 15 = 30 Marks)