

Reg. No. :

Code No. : 12139 E Sub. Code : EMCO 11

B.Com. (CBCS) DEGREE EXAMINATION,
NOVEMBER 2023.

First Semester

Commerce — Core

FINANCIAL ACCOUNTING — I

(For those who joined in July 2023 onwards)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer.

1. Sales invoices are first entered in
 - (a) The Cash Book.
 - (b) The Purchases Journal
 - (c) The Sales Journal
 - (d) The Sales Account



2. If we take goods for own use we should
- (a) Debit Drawings Account, Credit Purchases Account
 - (b) Debit Drawings Account: Credit Stock Account
 - (c) Debit Sales Account: Credit Stock Account
 - (d) Debit Purchases Account: Credit Drawings Account
3. Copyrights, Patents and Trademarks are examples of _____
- (a) Current assets
 - (b) Fixed assets
 - (c) Intangible assets
 - (d) Investments
4. Net profit is calculated in which of the following account?
- (a) Profit and loss account
 - (b) Balance sheet
 - (c) Trial balance
 - (d) Trading account

5. Depreciation is calculated under diminishing balance method, based on _____
- (a) Original value
 - (b) Book value
 - (c) Scrap value
 - (d) None of them
6. Who draws a bill of exchange?
- (a) Creditor
 - (b) Debtor
 - (c) Both (a) and (b)
 - (d) Drawer
7. A system of accounting that is not based on a double-entry system is called
- (a) Cash system
 - (b) Mahajani system of accounting
 - (c) Incomplete accounting system
 - (d) None of these
8. The single entry system can be adopted by _____.
- (a) Small firms
 - (b) Joint Stock Companies
 - (c) Co-operative Societies
 - (d) None of these



9. Lessee is the _____
- (a) Owner
(b) User
(c) Both (a) and (b)
(d) None of above
10. Short working is equal to _____ less Royalty payable
- (a) Capital (b) Cash paid
(c) Minimum rent (d) None of above

PART B — (5 × 5 = 25 marks)

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

Each answer should not exceed 250 words.

11. (a) Record the following transactions in sales and sales returns books.
- (i) Sales to S Rs. 4,000
(ii) Sales to R Rs. 2,500
(iii) S returns goods Rs. 500
(iv) R returns goods Rs. 2,000

Or

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- (b) Rectify the following errors :
- (i) Purchase books is over cast by Rs. 300 (for the month of March).
(ii) Sales book has been under cast by Rs.200
(iii) Purchase Return Book has been overcast by Rs.75
(iv) Sales Return Book has been under cast by Rs.50.
12. (a) The Star club gives you its receipts and payments account for 1997, prepare income and expenditure account

Receipts and Payments Account

Particulars	Rs.	Particulars	Rs.
To Balance b/d	1,200	By Sports equipment	3,500
To Subscription	15,300	By Rent	1,000
To Sale of newspapers	300	By Cost of entertainment	10,100
To Donations for buildings	10,100	By Miscellaneous Expenses	800
To Sale of furniture	600	By Investment	10,000
		By Balance c/d	2,100
	<u>27,500</u>		<u>27,500</u>

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Investments considered of 4%. Government loan and where purchase on 1.1.97. Subscription included Rs. 700 for 1996 and Rs.200 for 1998. Subscription for 1997 still receivable where Rs. 1,500 but of these Rs. 200 were considered doubtful.

Or

- (b) From the following, calculate the amount of provision for doubtful debts to be debited to Profit and Loss A/c :

Opening provision for doubtful debts Rs.2,400

Closing sundry debtors Rs. 42,000

Bad debts yet to be written off Rs.2,000

Provide for doubtful debts at 10% on debtors.

13. (a) On 1st 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 4th 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.

Or

- (b) What are the features of bill of exchange?

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14. (a) State the limitations of incomplete records.

Or

- (b) Calculate the capital at the beginning of the year.

Capital at the end of the year Rs. 35,000

Drawings during the year Rs. 5,000

Capital introduced during the year Rs. 2,500

Profit during the year Rs. 10,000

15. (a) Calculate the amount payable to the landlord from the following details :

Minimum Rent: Rs. 10,000 p.a.

Actual Royalties: 2001: Nil,
2002 : Rs. 12,000, 2003 : Rs. 8,000 (Strike),
2004 : Rs.9,000

Short workings are recoverable out of the royalties of the next year only. In case of strike, the actual royalties earned can be taken as minimum rent.

Or

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- (b) A firm occurred at the premises of a trader on 31.5.2004 destroying a great part of his goods. His stock at 1.1.2004 was Rs.60,000. The value of stock salvaged was Rs.13,500. The gross profit on sales was 30% and sales amounted to Rs.1,53,000 from January to date of fire, while for the same period the purchase amounted to Rs.1,03,500. Prepare a statement of claim.

PART C — (5 × 8 = 40 marks)

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

Each answer should not exceed 600 words.

16. (a) Explain the objectives of financial accounting.

Or

- (b) The bank overdraft of Rajini on 31.12.2003 as per cash book is Rs.9,000. From the following particulars, Prepare bank reconciliation statement :

- (i) Unpresented cheque Rs.3,000
(ii) Uncleared cheque Rs.1,700
(iii) Bank interest debited in the pass book only Rs.500
(iv) Bill collected and credited in the pass book only Rs.800
(v) Cheque of Renu dishonored Rs.500
(vi) Cheque issued to Sekar entered in the Cash column of cash book Rs.300

17. (a) Describe the procedure for preparation of the final accounts of a sole trader.

Or

- (b) Prepare Receipts and Payments A/c of a club for the year ended 31st Dec.2009 from the following particulars :

Particulars	Rs.
Opening balance of cash	40,000
Receipt of entrance fees	8,000



Particulars	Rs.
Subscription received for 2009	16,000
Previous year subscription received	1,600
Paid salaries	2,000
Paid for Miscellaneous expenses	200
Rent paid	1,200
Payment for purchaser of cricket balls	500
Payment for purchase of cricket bats	1,600
Payment for stationery in cash	100

18. (a) A firm purchase a 5 years lease for Rs.80,000 on 1st January. It decides to write off depreciation on the annuity method, presuming the rate of interest to be 5% p.a. The annuity tables show that a sum of Rs. 18,478 should be written off every year. Show the lease account for five years. Calculations are to be made to the nearest rupee.

Or

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- (b) Mala purchased goods for Rs.3,000 from Kala on 1.4.2009. 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 discounted of 5% p.a On due date the bill was honoured by payment. You are required to give entries in the books of Kala and Mala.

19. (a) The position of a businessman who keeps his books on single entry was as under on 31.12.2010 and 31.12.2011

Particulars	2010 Rs.	2011 Rs.
Cash in hand	400	480
Cash at Bank	6,000	2,500
Stock	6,500	5,000
Debtors	4,000	5,200
Furniture	300	350
Creditors	4,100	3,100

He withdraws Rs.7,500 from business on 2.1.2011 out of which he spent Rs.5,200 for purchase of a motor for the business.

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Adjustment :

- (i) Depreciation on closing balance of furniture and truck at 10%
- (ii) Write off Rs.220 as bad debts
- (iii) 5% Provisions for bad and doubtful debts is needed.

Find out the profit or loss for the year.

Or

- (b) From the following details find out the credit purchases and total purchases :

Particulars	Rs.
Cash Purchases	29,000
Bills payable (Opening)	7,500
Bills payable (Closing)	2,500
Creditors (Opening)	20,000
Creditors (Closing)	18,000
Cash paid to creditors	25,000
Bills payable paid during the year	10,500
Purchase returns	1,500
Allowances from creditors	800
Bills payable dishonoured	300

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20. (a) A fire occurred on 1.9.2003 in the godown of Mr.Ganesan. From the following particulars find out the claim to be lodged :

Particulars	Rs.
Stock on 1.1.2003	25,300
Purchase from 1.1.93 to date of fire	50,400
Sales from 1.1.2003 to date of fire	1,56,000
Manufacturing expenses and wages	60,000
Goods taken by Ganesan at cost	2,500
The rate of gross profit on cost is	30%
Value of salvages stock	3,600

Or

- (b) Ravi took a colliery on lease. The dead rent was Rs.750 a year, merging into a royalty of 35 paise per tonne of coal raised, with the right to recover shortworkings out of royalties of two subsequent years from the period in which the shortworkings arose. The output raised were :

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I year – 1,000 tonnes, II year – 1,500 tonnes,
III year – 2,500 tonnes, IV year – 1,500 tonnes,
V year – 1,000 tonnes

Give necessary ledger a/c for each of the five
years in the books of Ravi.

