

FIRST SEMESTER UG DEGREE EXAMINATION, NOVEMBER 2022
B.COM HONOURS
GBCH1B03T: FINANCIAL ACCOUNTING

Time: 3 Hours**Maximum Marks: 80****PART A: Answer all the questions. Each carries 1 mark.****Choose the correct answer.**

1. A sale of ₹ 20000 to Mr. X was entered as sale to Mr. Y. This is an example of _____

- A) Error of Omission B) Error of Commission
C) Compensating error D) Error of Principle

2. Bill payable of a business is a _____

- A) Current Asset B) Current Liability C) Income D) Expense.

3. Current assets are expected to realize within _____ months.

- A) 12 B) 20 C) 24 D) 36

4. In Single entry system, it is not possible to prepare:

- A) Trial balance B) Balance sheet
C) Receipts and Payments A/c D) None of above

5. Method in which depreciation remains constant in _____

- A) Written Down Value Method B) Fixed Instalment Method
C) Fluctuating Method D) None of the above

Fill in the Blanks.

6. Depreciation is _____ in the value of asset.

7. Total liabilities should be equal to _____ as per dual aspect principle.

8. A debit balance of the Pass Book represents _____

9. Carriage inward is debited in _____

10. A bill of exchange is a _____ instrument

(10 x 1 = 10 Marks)**PART B: Answer any eight questions. Each carries 2 marks.**

11. What is Written Down Value Method?

12. What is error of commission?

13. Why Bank reconciliation statement is prepared?

14. What do you mean by pure single entry?

15. Comment on business entity concept.

(PTO)

16. If sales account is undercast by ₹ 45, what is the rectification entry?
17. Give an account on Suspense A/c.
18. Who are the users of accounting information?
19. What is "statement of affairs"?
20. State the different types of errors?

(8 x 2 = 16 Marks)

PART C: Answer any six questions. Each carries 4 marks.

21. Distinguish between double entry and single entry system.
22. Explain various accounting conventions.
23. Distinguish between reserve and provision.
24. From the following data, ascertain total sales.

Balances of debtors on 1/1/2022 ₹ 24000

Sales return ₹ 10000

Cash received from debtors ₹ 90000

Discount allowed to them ₹ 6000

BR received ₹ 34000

Bad debts ₹ 3000

BR dishonoured ₹ 7000

Balance of debtors on 31/12/2022 ₹ 20000

Cash sales 50000

25. M/s Rahul & Co purchased Machinery on 1st April 2019 for ₹ 1,50,000. Additional Machinery was purchased on 30th September 2019 for ₹ 20,000. On 31st March 2022 the Machinery purchased on 30th September, 2019 became obsolete and was sold for ₹ 12,000. The company provides depreciation @ 20% p.a. on reducing balance method on 31st March every year. Prepare Machinery A/c and Depreciation A/c for 3 years ending 31st March 2022.

26. Rectify the following errors:

Cash sales ₹ 16,000

(i) were not posted to sales account.

(ii) were posted as ₹ 6,000 in sales account.

27. From the following transactions, prepare the Sales Book of Alex & Bros and post the transactions recorded in the Sales book to the Ledger:

11/11/2022:- Sold on credit to Goyal Bros –5 Polyester sarees@100 Less: Trade Discount @ 10%

12/11/2022:- Sold on credit to Adikari Mills – 10 silk sarees @2,500 Less: Trade Discount @ 10%

28. From the following particulars of Amith & Co. prepare a bank reconciliation statement as on August 31, 2021.

1. Balance as per the cash book ₹ 54,000.

2. ₹ 100 bank incidental charges debited is not recorded in cash book.

3. Cheques for ₹ 5,400 is deposited in the bank but not yet collected by the bank.

4. A cheque for ₹ 20,000 is issued by Amith & Co. not presented for payment.

(6 x 4 = 24 Marks)

PART D: Answer any two questions. Each carries 15 marks.

29. Mr. Raj Kumar commenced business on 1st January, 2022 with a capital of ₹ 50000: Rupees 20000 brought in cash and the balance in the form of machinery. On 1st October 2022, he introduced ₹ 10000 in the business for which ₹ 6000 were borrowed from his wife during the year. He withdraws at the rate of ₹ 500 a month. His position on 31st Dec 2022 was as follows

ASSETS

Stock of goods ₹ 12500: Sundry debtors ₹ 10500: Machinery ₹ 6000: Cash at bank ₹ 3000: Cash in hand ₹ 500: Bills receivable: ₹ 3800 and Furniture ₹ 10000

LIABILITIES

Sundry creditors ₹ 8500: Loan from wife ₹ 6000: Bills payable ₹ 1500

Prepare Statement of Affairs and ascertain his profit for the year ended 31 Dec 2022

30. From the following Trial Balance of Mr. Sharon as on 31-3-2022, prepare Trading A/c, Statement of Profit or Loss and Statement of Financial Position for the year ended 31-3-2022 after making necessary adjustments:

Trial Balance

Debit		Credit	
Sharon 's Drawings	12,000	Sharon 's Capital	60,000
Furniture and fixtures	4,000	Returns Outward	2,000
Plant and Machinery	30,000	Sales Creditors	1,30,000
Opening Stock	20,000	Rent	12,000
Purchases	80,000	Loan at 6% p.a. taken from	10,000
Salaries and Wages	22,400	Ragesh on 1-1-22	600
Debtors	20,400	Discount	
Returns inward	5,000		
Postage and telegrams	1,500		
Rent, rates, taxes	3,600		
Bad debts written off	400		
Trade Expenses	200		
Interest on loan from Ragesh	150		
Insurance	800		
Travelling expenses	500		
Sundry expenses	300		
Cash in hand	3050		
Cash at bank	10,300		
	2,14,600		2,14,600

Adjustments

- (i) Closing Stock: Cost price - ₹ 21,000
- (ii) Closing Stock: Market price - ₹ 25000
- (iii) Of the debtors, ₹ 400 are bad and should be written off. Create a reserve for discount on debtors 2.5%.
- (iv) Interest on capital is to be calculated at 6% p.a. and on drawings ₹ 330.
- (v) Prepaid insurance amounted to ₹ 100.
- (vi) Depreciate furniture and fixtures by 5%, plant and machinery by 10%.
- (vii) Make a reserve for discount on creditors @ 2%.

31. Discuss in detail the straight line method and written down value method of depreciation. Distinguish between the two and also give situations where they are useful.

(2 x 15 = 30 Marks)