

D1BHC2303 (S1)

Reg. No.....

Name: .....

**FIRST SEMESTER UG DEGREE EXAMINATION, NOVEMBER 2024  
(Improvement/Supplementary)**

**B.Com. HONOURS**

**GBCH1B03T: FINANCIAL ACCOUNTING**

**Time: 3 Hours**

**Maximum Marks: 80**

**Part A. Answer all the questions. Each question carries *one* mark.**

**Choose the correct answer.**

1. Which accounting principle assumes that a business will continue to operate in the foreseeable future?  
A) Matching.      B) Going concern.      C) Consistency.      D) Materiality.
2. A debit balance in a trial balance usually indicates:  
A) A liability.      B) An asset.      C) Revenue.      D) Equity.
3. Depreciation is the process of:  
A) Allocating the cost of an asset over its useful life.  
B) Increasing the value of an asset over time.  
C) Valuing an asset at its market price.  
D) Writing off an asset in the year of purchase.
4. Which of the following is an intangible asset?  
A) Buildings.      B) Machinery.      C) Patents.      D) Inventory.
5. Method used to ascertain profit under the single-entry system is called \_\_\_\_\_.  
A) Statement of Affairs method.      B) Conversion method.  
C) Capital comparison method.      D) All of the above.

**Fill in the Blanks.**

6. The \_\_\_\_\_ concept states that the personal and business affairs of an owner should be kept separately.
7. The \_\_\_\_\_ method of depreciation assumes that the asset will depreciate evenly over its useful life.
8. \_\_\_\_\_ are expenses incurred but not yet paid.
9. \_\_\_\_\_ are entries made at the end of the accounting period to close temporary accounts.
10. The difference between the total assets and the total liabilities under the single-entry system is \_\_\_\_\_.

**(10 x 1 = 10 Marks)**

**(PTO)**

**Part B. Answer any *eight* questions. Each question carries *two* marks.**

11. What is the purpose of closing entries?
12. Differentiate between a reserve and a provision.
13. What are the three main financial statements?
14. List the disadvantages of the single-entry system.
15. What are the basic accounting principles?
16. State the different methods of depreciation.
17. What are the causes of differences between the bank statement and the cash book?
18. How are accrued expenses and accrued income recorded?
19. Explain the concept of the double-entry system.
20. Differentiate between balance sheet and statement of affairs?

**(8x2=16 Marks)**

**Part C. Answer any *six* questions. Each question carries *four* marks.**

21. X Ltd. purchased a machine for Rs. 100,000 on 1st January 2023. The useful life of the machine is 5 years and its estimated scrap value is Rs. 10,000. Calculate the annual depreciation using the straight-line method.
22. What are the advantages and disadvantages of the double-entry system of accounting?
23. Explain the different types of accounting errors.
24. Prepare a bank reconciliation statement from the following information: Balance as per cash book: Rs. 20,000 Cheque issued but not presented: Rs. 5,000 Cheque deposited but not credited: Rs. 3,000 Bank charges debited in the passbook: Rs. 500.
25. Discuss the scope and objectives of financial accounting.
26. From the following information, calculate the amount of provision for doubtful debts to be shown in the Profit and Loss Account: Debtors: Rs. 100,000 Provision for doubtful debts (1st April 2024): Rs. 4,000. Further bad debts: Rs. 2,000 It is decided to maintain a provision for doubtful debts at 10% on debtors.
27. Explain the purpose of closing entries and how they are prepared.
28. A business has the following balances in its books: Sales: Rs. 150,000 Purchases: Rs. 80,000 Opening Stock: Rs. 20,000 Closing Stock: Rs. 30,000 Calculate the gross profit and the cost of goods sold.

**(6 x 4 = 24 Marks)**

**Part D. Answer any two questions. Each carries fifteen marks.**

29. From the following Trial Balance of M/s. ABC and the additional information given below, prepare Trading and Profit and Loss Account for the year ended 31<sup>st</sup> March 2024 and a Balance Sheet as at that date:

Account Title	Debit (Rs.)	Credit (Rs.)
Drawings	5,000	
Capital		70,000
Purchases	40,000	
Sales		75,000
Returns Inwards	2,000	
Returns Outwards		3,000
Wages	10,000	
Salaries	8,000	
Rent	4,000	
Insurance	1,000	
Debtors	30,000	
Creditors		27,000
Cash at Bank	15,000	
Plant and Machinery	50,000	
Furniture	10,000	
	<b>175,000</b>	<b>175,000</b>

Additional Information:

1. Closing Stock on 31<sup>st</sup> March 2024 was valued at Rs. 15,000.
  2. Depreciate Plant and Machinery at 10% and Furniture at 5%.
  3. Outstanding Salaries Rs. 1,000.
  4. Insurance prepaid Rs. 200.
  5. Create a provision for doubtful debts at 5% on debtors.
30. A company purchased a machine on 1<sup>st</sup> April 2022 for Rs. 80,000. Depreciation is to be provided at 10% per annum on the written-down value method. On 31<sup>st</sup> March 2024, the machine was sold for Rs. 60,000. Prepare the Machinery Account and Depreciation Account for the years 2022-23 and 2023-24.
31. Explain the different methods used to ascertain profit under the single-entry system of accounting. What are the limitations of this system?

**(2 x 15 = 30 Marks)**