

Reg. No.

--	--	--	--	--	--	--	--	--	--

BCMCMC 106

**Credit Based First Semester B.Com. Degree
Examination, October/November 2016
FINANCIAL ACCOUNTING – I
(2014-15 Batch Onwards)**

Time : 3 Hours

Max. Marks : 120

Instruction : Provide working notes *wherever* necessary.

SECTION – A

Answer **any four** questions :

(4×6=24)

1. What is bank reconciliation statement ? Why is it prepared ?
2. What is meant by accounting standards ? What are its objectives ?
3. What is suspense account ? When it is prepared ?
4. Classify the following into capital and revenue giving reasons for the same :
 - a) Life membership fees
 - b) Cost of air conditioning
 - c) Sale of old furniture
 - d) Repairs of lecture hall
 - e) Sale of old bats, balls etc.
 - f) Wages paid for erection of plant.
5. A manufacturing concern, whose books are closed on 31st December, purchased a machinery for Rs. 40,000 on 1-1-2012. Additional machinery was purchased for Rs. 20,000 on 1-7-2013 and for Rs. 10,000 on 1-4-2014. Write up machinery account for three years ; writing off depreciation at 10% p.a. on written down value method.

P.T.O.



6. From the following, prepare Trading Account for the year ending 31-12-2015 :

	Rs.
Sales	32,000
Opening stock	10,000
Closing stock	14,000
Wages	600
Purchases	16,000
Sales returns	2,000
Carriage inwards	400
Purchase returns	1,000
Wages outstanding	100
Goods destroyed by fire	3,000
Goods withdrawn by the proprietor for personal use	1,000
Advertisement	1,400
Salary	800

SECTION – B

Answer **any four** questions :

(4×12=48)

7. Write note on :

- 1) Going concern concept
- 2) Accrual concept
- 3) Consistency concept.

8. A company purchased a machinery on 1st January, 2011 for Rs. 76,000 and spent Rs. 4,000 for its installation. On 1st July, 2012, it purchased another machinery for Rs. 20,000. On 1st July 2013 it sold the first machinery purchased in 2011 for Rs. 50,000. On the same date, it purchased another machinery for Rs. 50,000. On 1st July 2014, the second machinery purchased for Rs. 20,000 was sold off for Rs. 4,000. Depreciation was provided on the machinery at 10% p.a. on the original cost annually on 31st December every year. Prepare the machinery A/c for 4 yrs. ending 31st Dec. 2014.



9. From the following information of Mr. Arun, prepare a Bank reconciliation statement as on 31-12-2015. Balance as per cash book Rs. 10,000.

- 1) Cheques issued in favour of Mr. Ram for Rs. 2,100 dated 30th Dec. 2015, not yet presented for payment.
- 2) Cheque paid into bank on 31-12-2015 for Rs. 3,500 not credited by the bank.
- 3) The bank has as per advice paid insurance premium Rs. 600 on 28th Dec. 2015 and the bank intimation was received on 5th January 2016.
- 4) The bank received from customers Rs. 7,000 on 26th Dec. 2015, but credit intimation was received on 10th Jan. 2016.
- 5) Bank charges charged by the banker Rs. 100, had not been entered in the cash book.
- 6) Interest on investments collected by the bankers and credited in the pass book amounted to Rs. 3,600.

10. Rectify the following errors :

- 1) A credit purchase of Rs. 925 from Arun has been entered as Rs. 295.
- 2) Sales returns of Rs. 200 from Arjun has been entered in the sales book.
- 3) A credit sale of Rs. 1,000 to Raju has been omitted to be entered in sales book.
- 4) Purchase of goods for Rs. 100 for private use of the proprietor has been debited to purchases account.
- 5) Cash sales of Rs. 150 to Ganesh has been wrongly credited to his account.
- 6) Rs. 25 paid for commission has been wrongly treated as receipt of commission.
- 7) Rs. 400 paid for purchase of goods was wrongly debited to furniture account.
- 8) A credit sale of Rs. 300 to Seetha was wrongly debited to Geetha.

11. Prepare the trading and profit and loss account of Mr. Ajay for the year ending 31st March 2015 from the following information :

	Dr.	Cr.
	Rs.	Rs.
Ajay's capital accounts	—	25,000
Stock of 1 st April 2014	6,200	—
Cash	1,700	—
Sundry debtors	9,100	—
Purchases	61,300	—



Sales	—	93,600
Returns outwards	—	1,800
Returns inwards	500	—
Freight	3,700	—
Carriage outwards	7,200	—
Salaries	10,500	—
Rent	6,000	—
Sundry creditors	—	4,000
Miscellaneous receipts	—	100
Drawings account	6,300	—
Furniture and fittings	10,800	—
Depreciation on furniture and fittings	1,200	—
	1,24,500	1,24,500

The closing stock on 31st March 2015, was valued at Rs. 7,800.

12. From the following, prepare the income and expenditure account of Canara Club for the year ending 31-12-2015 :

Receipts	Rs.	Payments	Rs.
To Cash in hand	1,125	By Newspapers	750
" Subscriptions	2,900	" Rent	250
" Tournament fund	750	" Salary	1,800
" Life membership fee	1,000	" Office expenses	1,200
" Entrance fee	100	" Sports materials	1,150
" Donation for building	1,500	" Tournament expenses	450
" Sales of news papers	50	" Cash balance	1,825
	7,425		7,425

Adjustments :

- 1) Outstanding subscription on 31-12-15 Rs. 400 and on 31-12-14 Rs. 450.
- 2) Subscriptions received Rs. 100 for the year 2016.
- 3) Sports materials were valued on 31-12-14 at 550 and on 31-12-2015 at Rs. 1,090.
- 4) Office expenses include Rs. 150 for 2014 and Rs. 200 is outstanding on 31-12-2015.
- 5) Entrance fees are treated as revenue income.



SECTION – C

Answer **any two** questions :

(2×24=48)

13. On 1-4-2010, Vijaya Company Limited purchased a machinery for Rs. 8,00,000. Desiring to replace the machinery at the end of 5 years, the company established a depreciation fund. Investments are expected to realise 5% interest. Sinking fund tables show that Rs. 0.180975 invested each year will produce Re. 1 at the end of 5 years at 5%.

The company closes the accounts on 31st March each year. At the end of the 5th year securities realised at 10% less than their book value.

Show Machinery Account, Depreciation Fund Account and Depreciation Fund Investment Account for 5 years.

14. Following is the receipts and payments of Kumara Sports Club for the year ended 31-12-2015.

Receipts	Rs.	Payments	Rs.
Cash in hand	6,120	Rent and taxes	8,610
Cash at bank	8,000	Salaries	9,400
Entrance fees	5,520	Light charges	420
Subscriptions	22,000	General expenses	1,250
Donations	16,000	Office expenses	4,500
Interest	420	Sports materials	3,120
Receipts from entertainment	820	Investments	14,000
		Cash at bank	6,180
		Cash in hand	11,400
	58,880		58,880

On 1-1-2015 the club had sports materials worth Rs. 30,000 and furniture worth Rs. 5,800.



Adjustments :

- 1) Subscriptions outstanding were Rs. 600 for the year 2014 and Rs. 700 for the year 2015.
- 2) Outstanding rent was Rs. 1,800 for the year 2014 and Rs. 1,800 for the year 2015.
- 3) Write off depreciation Rs. 500 from furniture and Rs. 3,000 from sports materials.
- 4) Entrance fees and donations are to be capitalised.
- 5) Following were outstanding expenses :

Salaries Rs. 1,500

Light charges Rs. 200

Prepare :

- 1) Balance sheet as on 1-1-2015.
 - 2) Income and expenditure account for the year ended 31-12-2015.
 - 3) Balance sheet as on 31-12-2015.
15. From the following Trial Balance of Shankara, prepare a trading and profit and loss account for the year ending 31st December 2015 and a Balance Sheet as on that date :

	Dr.	Cr.
	Rs.	Rs.
Capital	-	1,00,000
Plant and machinery	25,000	-
Depreciation of machinery	2,500	-
Repairs	1,500	-
Wages	30,000	-
Wages outstanding	-	2,000
Salary for 11 months	5,500	-
Income tax	1,000	-
Cash	2,500	-
Building	80,000	-
Depreciation on building	4,000	-



Purchases and sales	1,50,000	2,50,000
Debtors and creditors	40,000	22,500
B/R and B/P	15,000	8,000
Discount	-	4,000
Stock on 1-1-15	35,000	-
Interest accrued	2,000	-
Overdraft	-	4,500
Commission	-	5,000
Bad debts	2,000	-
	3,96,000	3,96,000

Adjustments :

- 1) Stock on 31-12-2015 Rs. 35,000.
 - 2) Write off further bad debts Rs. 2,000 and maintain 5% RBD.
 - 3) One month's salary was outstanding.
 - 4) Goods costing Rs. 500 were used by the trader.
 - 5) Goods of the value of Rs. 3,000 have been destroyed by fire and the insurance company has admitted the claim for Rs. 2,400.
 - 6) Bills receivable dishonoured Rs. 2,000.
16. a) A book-keeper found that there was Rs. 325 difference in the trial balance, being excess credit. Unable to locate the errors in time, he decided to place the amount in a suspense account. Subsequently, the following errors were found outpass the journal entries for rectifying them and prepare the suspense account :
- 1) A credit sale of Rs. 100 to Loki has been credited to his account.
 - 2) A sum of Rs. 50 received from Chethan has been credited to his account as Rs. 15.
 - 3) The total of the purchases returns book has been overcast by Rs. 50.
 - 4) The discount column on the credit side of the cash book has been overcast by Rs. 10.
 - 5) Rent of Rs. 80 paid to landlord has been debited to landlord's account.
 - 6) A sum of Rs. 50 paid for commission has been credited to commission account.



- b) From the following particulars, ascertain the balance that would appear in the pass book of Rajesha as at 31st December, 2015 :
- 1) The bank overdraft as per cash book as on 31st December, 2015 was Rs. 18,500.
 - 2) Interest on overdraft Rs. 1,200 is debited only in the pass book.
 - 3) Bank charges debited in the pass book only amounted to Rs. 100.
 - 4) Cheques issued but not cashed prior to 31st December, 2015 amounted to Rs. 1,500.
 - 5) Interest on investments collected by bankers and credited in the pass book only amounted to Rs. 1,000.
 - 6) Cheque paid into the Bank, but not cleared before 31st December, 2015 were Rs. 2,000.
 - 7) Rs. 1,000 in respect of a dishonoured cheque appears only in the pass book.