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BCMCMC 132

**First Semester B.Com. Degree Examination, April 2021
(Choice Based Credit System)
(2019-20 Batch Onwards)
COMMERCE
Group 1 – Core Courses
Financial Accounting – I**

Time : 3 Hours

Max. Marks : 120

Instruction : Provide working notes *wherever* necessary.

SECTION – A

I. Answer **any four** of the following :

(4×6=24)

- 1) Distinguish between Receipts and Payments Account and Income and Expenditure Account.
- 2) 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 to lecture hall
 - e) Sale of old bats and balls
 - f) Wages paid for erection of plant.

- 3) A manufacturing concern, whose books are closed on 31st March every year, purchased a machinery for Rs. 1,20,000 on 1-4-2016. Additional machinery was purchased for Rs. 40,000.

Write up Machinery Account for three years ; writing off depreciation at 10% p.a. on Written Down Value Method.

- 4) From the following Ledger Account balances as on 1-4-2020, ascertain the Capital Fund.

Outstanding Salaries Rs. 5,000

Cash Rs. 6,000

Bank Rs. 40,000

P.T.O.



Investments Rs. 1,80,000
 Outstanding Subscriptions Rs. 10,000
 Endowment Fund 1,80,000
 Instruments Rs. 65,000
 Outstanding payments Rs. 7,000
 Furniture Rs. 10,000
 Buildings Rs. 1,80,000
 Prepaid rent Rs. 2,500
 Excess of income over expenditure Rs. 22,000.

- 5) Pass Journal Entries to rectify the following errors.
- a) Rs. 4,000 received in respect of book debt was posted to Sales Account.
 - b) Wages paid for installation of Machinery were debited to wages account, Rs. 500.
 - c) Furniture brought from proprietor's home for business purpose not recorded in the books of accounts, Rs. 4,500.
 - d) Cash sale of Rs. 3,000 to Mr. Harish correctly entered in cash book was posted to the credit of Harish's account.
 - e) An entry in relation to a bill dishonoured, Rs. 6,000 has not been entered in the books of accounts.
 - f) Rs. 250 paid for commission has been wrongly treated as receipt of commission.

6) From the following balances prepare Trading Account of Mr. Prashanth.

Opening Stock	25,000
Purchases	1,55,000
Sales	2,25,000
Purchase returns	10,000
Sales returns	15,000
Wages	20,000
Carriage on purchase	5,000
Cost of goods destroyed by fire	2,000
Salary	9,000
Outstanding salary	1,000



SECTION – B

II. Answer **any four** of the following questions : (4×12=48)

- 7) What do you mean by Accounting Standards ? Mention the main issues and objectives of Indian Accounting Standards ?
- 8) Briefly explain the different types of errors.
- 9) Prepare Trading, Profit and Loss Account of Mr. Vijay for the year ended 31st March 2020 from the following Trial Balance.

	Dr.	Cr.
Vijay's Capital Account		1,41,500
Cash	5,000	
Debtors	25,000	
Bad debts	8,600	
Purchases	1,90,000	
Sales		2,60,000
Stock on 1 April 2019	20,000	
Freight	2,000	
Carriage outward	3,000	
Salaries	15,000	
Rent	7,200	
Trade Creditors		20,000
Drawings	10,500	
Interest on Drawings		500
Furniture and fixtures	24,000	
Outstanding Rent		200
Depreciation on Furniture and fixtures	6,000	
Bills Receivable and Payable	12,000	9,000
Repairs	1,200	
Stationery	200	
Interest on capital	1,500	
Plant and Machinery	1,00,000	
	4,31,200	4,31,200

The Closing stock as on 31st March 2020 was valued Rs. 42,000.



10) A company purchased a machinery on 1st January, 2017 for Rs. 1,50,000 and spent Rs. 10,000 for its installation. On 1st July 2018, it purchased another machinery for Rs. 50,000. On 1st July 2019, it sold the first machinery purchased in 2017 for Rs. 1,00,000. On the same date, it purchased another machinery for Rs. 1,00,000. On 1st July 2020, the second machinery purchased for Rs. 50,000 was sold off for Rs. 25,000. Depreciation was provided on the machinery at 10% p.a. on the original cost annually on 31st December every year. Prepare the Machinery Account for 4 years ending 31st December 2020.

11) CA Ganesh commenced practice as a Chartered Accountant on 1st April 2019. Following is his Trial Balance as on 31st March 2020.

Particulars	Debit (Rs.)	Credit (Rs.)
Capital		7,73,850
Professional fees		90,000
Audit fees		18,000
Interest in Investment		12,000
Investment Reserve Fund		42,000
Miscellaneous Receipts		1,500
Buildings	4,50,000	
Furniture and Fittings	60,000	
Drawings	37,500	
Library Books	33,000	
Investments	3,00,000	
Salary to staff	36,000	
Taxes and Insurance	1,800	
Printing and Stationery	3,600	
General Expenses	1,200	
Subscriptions to periodicals	3,000	
Cash in hand	750	
Cash at bank	10,500	
	9,37,350	9,37,350

Additional Information :

- i) Professional fees outstanding Rs. 10,500
- ii) Professional fees received in advance Rs. 1,500
- iii) Salary of staff outstanding Rs. 4,500
- iv) Interest on investment accrued Rs. 1,800
- v) Insurance prepaid Rs. 1,200
- vi) Provide depreciation on Building at 5% p.a. on Furniture and Fittings at 10% p.a. and on Library books at 15% p.a.

Prepare Income and Expenditure Account from the above information.



- 12) From the following, prepare an Income and Expenditure Account for the year ended 31st March, 2020.

Receipts	Rs.	Payments	Rs.
To Balance b/d	11,000	By Purchase of furniture	20,000
To Subscriptions	28,000	By Sports materials	40,000
To Proceeds of benefit drama	1,20,000	By Sports and games expenses	10,000
To Interest on investments	30,000	By Printing and Stationery	7,000
To Donations	50,000	By Music concert	16,000
To Sale of old newspapers	6,000	By Investments	1,00,000
To Miscellaneous receipts	1,000	By Subscriptions to journals and magazines	12,000
		By Salary	10,000
		By Balance c/d	31,000
	2,46,000		2,46,000

Adjustments :

- a) Outstanding subscriptions from members for the current year Rs. 3,000.
- b) Included in subscriptions Rs. 2,000 relates to 2018-19.
- c) 50% of donations and the proceeds of benefit drama are to be capitalized.
- d) Outstanding interest on investment Rs. 4,000.
- e) Stock of sports materials at the end Rs. 28,000.

SECTION – C

III. Answer **any two** of the following :

(24×2=48)

- 13) From the following Trial Balance and other information relating to the business of Mr. Anuj, you are required to prepare Trading, Profit and Loss Account and Balance Sheet as on 31st March 2020.

Trial Balance as on 31st March 2020

Name of the Accounts	Dr. Rs.	Cr. Rs.
Stock as on 1 st April 2019	35,000	
Purchases and Sales	2,05,000	3,64,000
Return inwards and outwards	4,000	5,000
Wages	20,000	
Discounts	300	400
Salaries	11,000	
Rent	24,000	
Outstanding Rent		2,000
Depreciation on Plant and Machinery	15,000	
Plant and Machinery	1,35,000	
Cash in hand	6,000	



Cash at Bank	16,500	
Sundry Debtors and Creditors	46,000	30,000
Furniture	22,000	
Drawings	1,600	
Capital	—	1,58,000
Bad debts	2,000	
Insurance	2,600	
Bills Receivable	14,000	
Provision for bad debts	—	600
	5,60,000	5,60,000

Adjustments :

- a) Closing Stock as on 31st March 2020 valued Rs. 42,000.
 - b) Stock Destroyed by fire was Rs. 8,000 and the insurance company accepted the claim partly for Rs. 5,000.
 - c) Salary Rs. 1,000 for the month of March 2020 is outstanding.
 - d) Purchases include purchase of Furniture worth of Rs. 3,000 bought on 1-4-2019.
 - e) Reserve for bad debts is to be maintained at Rs. 800.
 - f) Depreciate furniture by 10%.
- 14) On 1-4-2015, 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 realize 5% interest. Sinking fund table shows that Rs. 0.180975 invested each year will produce Rs. 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 realized at 10% less than their book value.
- Show Machinery Account, Depreciation Fund Account and Depreciation Fund Investment Account for 5 year.

- 15) The following is the Receipts and Payments Account of Mangala Sports Club for the year ended 31st March 2020.

Receipts	Rs.	Payments	Rs.
To Cash in hand	30,600	By Rent and Taxes	43,050
To Cash at Bank	40,000	By Salaries	47,000
To Entrance fees	27,600	By Light charges	2,100
To Subscriptions	1,10,000	By General expenses	6,250
To Donations	53,000	By Office Expenses	22,500
To Interest	2,100	By Sports Materials	15,600
To Receipts from Entertainment	4,100	By Investment	70,000
		By Cash at Bank	30,900
		By Cash in hand	30,000
	2,67,400		2,67,400

On 1-4-2019 the club had sports materials worth Rs. 1,50,000 and Furniture Rs. 29,000.

Adjustments :

- a) Subscriptions outstanding were Rs. 3,000 for the year 2018-19 and Rs. 3,500 for the year 2019-20.
- b) The outstanding Rent was Rs. 5,000 for the year 2018-19 and Rs. 9,000 for the year 2019-20.
- c) Write off depreciation Rs. 2,500 from furniture and Rs. 15,000 from sports materials.
- d) Half of the Entrance fees and donations are to be capitalized.
- e) Following were outstanding expenses :
Salaries : Rs. 7,500, Light charges : Rs. 1,000

Prepare Income and Expenditure Account for the year ended 31st March 2020 and a Balance Sheet as on that date.

16) A) Give Journal Entries to rectify the following errors in the Books of Adithya and prepare the Suspense Account.

- a) Goods worth of Rs. 1,560 sold to Rajesh were corretly entered in sales journal but posted to his account as Rs. 1,860.
- b) Goods worth of Rs. 350 returned by Girish were entered in the sales journal and posted there from to the credit of Girish's personal account
- c) Purchase returns journal was over cast by Rs. 2,000.
- d) An item of Rs. 150 relating to prepaid rent account was omitted to be brought forward.
- e) Received from Sahna Rs. 400 has been credited to Sneha's account.
- f) A item of Rs. 550 paid for wages is posted twice to the debit of wages account.
- g) Cheque received from debtor Rs. 450 is dishonoured.
- h) Discount column of receipt side of the cash book was wrongly added as 220 instead of Rs. 120.

(1×12=12)



B) Dr. Sumith is a Doctor commenced practice on 1st April 2019 with a cash of Rs. 3,50,000. At the end of the year following details of his Receipts and Payments are available : Receipts and Payments Account for the year ended 31st March 2020.

Receipts	Amount (Rs.)	Payments	Amount (Rs.)
To Cash introduced	3,50,000	By Furniture	35,000
To Fees Received	1,75,000	By Equipment	87,500
To Receipts from Dispensing	4,20,000	By Drugs	84,000
To Miscellaneous Receipts	3,500	By Assistant's Salary	35,000
		By Rent	42,000
		By Stationery	1,750
		By Electricity	3,500
		By Journals	3,150
		By Drawings	1,26,000
		By Cash at Bank	5,25,000
		By Cash in hand	5,600
	9,48,500		9,48,500

Additional Information :

- i) Fees Rs. 17,500 are still to be received
- ii) Salary to assistants unpaid Rs. 2,625
- iii) Creditors for drugs purchased Rs. 35,000
- iv) Stock of drugs still in hand Rs. 17,500
- v) Depreciate Furniture and Equipment by 10% p.a.

Prepare Income and Expenditure Account for the year ending 31st March 2020.

(1×12=12)