

4-12-2023

Nine Pages  
S. No. 30513

23UCM01/ 23UCC01/ 23UCP01

Reg. No.									
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**END SEMESTER EXAMINATION NOV/DEC-2023**

**First Semester**

**B.Com/B.Com CA/B.Com PA**

**CORE COURSE I – FINANCIAL ACCOUNTING I**

**Time: Three Hours**

**Maximum: 75 marks**

**SECTION A – (15 x 1 = 15 marks)**

**ANSWER ALL QUESTIONS**

1. Which concept indicates long period existence of a business?  
A Matching concept                      B Dual aspect concept  
C Going concern                          D Business entity concept  
concept
2. Which is correct?  
A Capital = Assets +                      B Liabilities = Capital – Assets  
Liabilities  
C Capital = Net assets                      D Assets = Capital – Liabilities
3. Sale of Rs. 5,000 to Raman was not entered in sales book. It is an error of  
A Commission                              B Principle  
C Omission                                  D Wrong totaling
4. Balance sheet is a statement of  
A Financial position of                      B Profit  
the organization  
C Liabilities                                  D Profit or loss
5. Stock is valued at

- A Cost price                      B Market price  
C Cost or market price        D Floatation price  
whichever is less
6. Accrued income is an item of  
A asset                              B Liability  
C Neither of the two        D Assets or liability
7. Depreciation is a process of  
A Valuation                      B Reduction  
C Appreciation                D Allocation
8. Under straight line method, depreciation  
A Is constant                    B Decreases every year  
C Increase every year        D Fluctuate every year
9. The grace days for a bill is  
A 2                                  B 3  
C 4                                  D 5
10. Single entry system is changed into double entry system through  
A Balance sheet                B Statement of affairs method  
method  
C Conversion method        D None of these
11. A single entry system is  
A Complete and                B Incomplete and scientific  
unscientific  
C Incomplete and                D Complete and scientific  
unscientific
12. Cost of goods sold Rs. 540,000; rate of profit 25% on sales; sales  
A Rs. 6,40,000                B Rs. 7,20,000  
C Rs. 5,40,000                D Rs. 4,80,000
13. Shortworkings means

- A Excess of minimum rent over royalty
  - B Excess of Royalty over minimum rent
  - C Loss of income
  - D Dead rent
14. In case of sublease, royalty earned by the lessor is credited to
- A Sub lease account
  - B Profit & Loss account
  - C Royalty receivable account
  - D Landlord account
15. The average clause in a loss of stock policy discourages
- A Over-insurance
  - B Under-insurance
  - C Consequential loss
  - D Double insurance

**SECTION B – (2 x 5 = 10 marks)**  
**ANSWER ANY TWO QUESTIONS**

16. Prepare Trial Balance from the following:

Particulars	Rs.	Particulars	Rs.
Capital	9,000	Rent outstanding	1,000
Plant and Machinery	12,000	Opening stock	2,000
Purchases	8,000	Sales return	4,000
Sales	12,000	Investment	14,000
Sundry creditors	8,000	Debtors	12,000
Bank loan	22,000		

17. Give two examples of Capital and Revenue Expenditure.
18. Distinguish between a trade bill and an Accommodation bill.

19. Mr. Rafi maintains his books on single entry system. He gives you the following information.

Particulars	Rs.
Capital as on 1.1.2020	32,000
Capital as on 1.1.2021	36,000
Drawings during the year	10,000
Capital introduced on Aug.2020	600

You are required to calculate profit made by Rafi during 2020.

20. Explain recoupment of shortworkings.

**SECTION C – (5 x 10 = 50 marks)**

**ANSWER ALL QUESTIONS**

21. A Following errors were detected after preparation of trial balance and taking the difference to suspense account. Rectify the errors:
- A credit sale of Rs. 450 to Chitra was debited to Mitra.
  - A purchase of goods for Rs. 750 from Chakravarthy was debited to his account.
  - An office almirah purchased for Rs.750 was debited to repairs account.
  - A sum of Rs. 350 received from Maya, a debtor was debited to her account.
  - Purchase of goods for the consumption of the proprietor was debited to purchases account.
  - Discount allowed Rs.75 was credited to discount received account.

Particulars	31/12/2013 (Rs.)	31/12/2014(Rs.)
Cash	10	2000
Bank balance	990	10,000
Stock	7,000	10,000
Sundry debtors	15,000	20,000
Furniture	3,000	3,000
Sundry creditors	3,000	6,000

He introduced an additional capital of Rs. 3,000 during 2014. He withdrew Rs. 7,000 for his domestic purpose. Find out the profit for 2014.

25. A Bengal Coal Company Ltd., are the lessee of a mine on a royalty of Rs. 5 per ton of coal raised with a dead rent of Rs. 30,000 per annum and power to recoup short workings during the first five years of the lease. The output for the first six years were as follows:  
I – 1,500 tons; II – 5,000 tons; III – 7,500 tons, IV- 4,000 tons, V – 6,000 tons, VI – 10,000 tons

Prepare (a) Royalties account (b) Shortworkings account

**OR**

- B A fire occurred in the premises of a merchant on 15.6.2019 and a considerable part of the stock was destroyed. The value of stock saved was Rs. 4,500. The books disclosed that on 1.4.2019 the stock was valued at Rs. 36,750. The purchases to the date of the fire amounted to Rs. 1,04,940 and the sales Rs. 1,56,500. On investigation it was found that during the past five years the average gross profit on sales was 36%. Calculate the claim to be made.

B Mala purchased goods for Rs. 3,000 from Kala on 1/4/2020. 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 discount of 5% p.a. on due date the bill was honored by payment.

You are required to give entries in the books of all the parties.

24. A Mr. Janaki Raman keeps his books by single entry. He started business on 1<sup>st</sup> January 2021 with Rs. 1,00,000. On 31<sup>st</sup> December 2021 his position was as under.

Assets	Rs.	Liabilities	Rs.
Cash in hand	2,500	Sundry creditors	20,000
Cash at Bank	5,000	Bills payable	2,500
Furniture	12,500	Outstanding creditors	2,500
Plant	50,000		
Sundry debtors	25,000		
Stock	45,000		
Bills receivable	5,000		

Ascertain the profit or loss made by Mr. Janaki Raman during 2021.

**OR**

B Amitabh keeps his books under Single entry system. Assets and liabilities on 31/12/2013 and 31/12/2014 stood as follows:

B Journalize the following transaction of M/s Radha & Sons:

2001 Jan	Particulars	Rs.
1	Business started with Rs. 2,50,000 and cash deposited with Bank	1,50,000
3	Purchased machinery on credit from Rangan	50,000
6	Bought furniture from Ramesh for cash	25,000
12	Goods sold to Yesodha	22,500
13	Goods returned by Yesodha	2,500
15	Goods sold for cash	50,000
17	Bought goods for cash	25,000
20	Cash received from Yesodha	10,000
21	Cash paid to Ramola	20,000
25	Cash withdrawn from bank	50,000
29	Paid Advertisement expenses	12,500
30	Bought office stationery for cash	5,000
31	Cash withdrawn from bank for personal use by proprietor	6,250
31	Paid salaries	15,000
31	Paid rent	2,500

**OR**

22. A From the following Trial balance of Ravi, prepare Trading and Profit and Loss Account for the year ended December 31<sup>st</sup> 2022 and a Balance sheet as on that date.

Trial Balance

Particulars	Debit (Rs.)	Credit (Rs.)
Capital		40,000
Sales		25,000
Purchases	15,000	
Salaries	2,000	
Rent	1,500	
Insurance	300	
Drawings	5,000	
Machinery	28,000	
Bank Balance	4,500	
Cash	2,000	
Stock 1/1/2022	5,200	
Debtors	2,500	
Creditors		1,000
Total	66,000	66,000

Adjustments required:

- Stock on 31/12/2022 Rs. 4,900
- Salaries unpaid Rs. 300
- Rent paid in advance Rs. 200
- Insurance prepaid Rs. 90

OR

- B From the following balance of Arvind, Prepare a Trading A/c, Profit & Loss A/c and Balance sheet as at 31<sup>st</sup> December 2015.

	Rs.		Rs.
<b>Credit Balances:</b>		Postage	546
Capital	72,000	Bad debts	574
Creditors	17,440	Interest	2,590
Bills payable	5,054	Insurance	834
Sales	1,56,364	Machinery	20,000
Loan	24,000	Stock (1/1/2015)	19,890
<b>Debit Balances:</b>		Purchases	1,24,184
Debtors	7,770	Wages	8,600
Salaries	8,000	Buildings	47,560
Discount	2,000	Furniture	32,310

Value of goods on hand on 31/12/2015 Rs. 28,600

23. A A second hand machine was purchased on 1/1/2000 for Rs. 30,000 and repair charges amounted to Rs. 6,000. It was installed at a cost of Rs. 4,000. On 1<sup>st</sup> July 2001 another machine was purchase for Rs. 26,000. On 1<sup>st</sup> July 2002 the first machine was sold for Rs. 30,000. On the same day, one more machine was bought for Rs. 25,000. On 31/12/2002 the machine bought on 1<sup>st</sup> July 2001 was sold for Rs. 23,000. Accounts are closed every year on 31<sup>st</sup> December. Depreciation is written off at 15% per annum. Prepare the machinery A/c for 3 years ending 31/12/2003 using straight line method.

OR

22. A From the following Trial balance of Ravi, prepare Trading and Profit and Loss Account for the year ended December 31<sup>st</sup> 2022 and a Balance sheet as on that date.

Trial Balance

Particulars	Debit (Rs.)	Credit (Rs.)
Capital		40,000
Sales		25,000
Purchases	15,000	
Salaries	2,000	
Rent	1,500	
Insurance	300	
Drawings	5,000	
Machinery	28,000	
Bank Balance	4,500	
Cash	2,000	
Stock 1/1/2022	5,200	
Debtors	2,500	
Creditors		1,000
Total	66,000	66,000

Adjustments required:

- Stock on 31/12/2022 Rs. 4,900
- Salaries unpaid Rs. 300
- Rent paid in advance Rs. 200
- Insurance prepaid Rs. 90

OR

- B From the following balance of Arvind, Prepare a Trading A/c, Profit & Loss A/c and Balance sheet as at 31<sup>st</sup> December 2015.

	Rs.		Rs.
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OR