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COM 101.1

Reg. No.

CREDIT BASED FIRST SEMESTER B.Com.DEGREE EXAMINATION
OCTOBER 2012
FINANCIAL ACCOUNTING - I

Time: 3 Hrs

Max. Marks: 80

SECTION – A

Answer any THREE questions:

3X20=60

1. ABC Ltd., purchased on 1st January, 2006, second hand plant for `30,000 and immediately spent `20,000 in overhauling it. On 1st July, 2006 additional machinery costing `25,000 was purchased.

On 1st July, 2008 the plant purchased on 1st January 2006 became obsolete and was sold for `10,000 on that date, new machinery was purchased at a cost of `60,000. On 1st October 2009 the machinery bought on 1st July 2006 sold for `12,000. On the same day a new machinery was purchased for `60,000.

Depreciation was provided for annually on 31st December every year, at 10% p.a. on the original cost of the asset.

Show the Machinery A/c, Depreciation A/c as they would appear in the books of the company for the year 2006 to 2010.

2. Rajesh carries on a manufacturing business. Following balances are extracted from his books as on 31.3.2012.

Trial Balance as on 31.3.2012

	Dr.	Cr.
Land and Buildings	1,65,000	----
Plant and Machinery	1,96,620	----
Motor Vehicles	29,960	----
Stock on 1.4.2011:		----
Raw Materials	1,65,300	----
Finished Goods	72,910	----
Work – in Progress	72,470	----
Purchase of Raw Materials	4,36,440	----
Manufacturing wages	2,80,790	----
Factory Expenses	20,500	----
Motive Power	16,840	----
Factory Supervision Charges	16,380	----
Office Salaries	20,000	----
Postage and Telegrams	5,000	----
Advertising Charges	15,000	----
Office Rent and Rates	50,000	----
Factory Rates and Taxes	50,000	----
Carriage outward	15,830	----
Carriage inward	20,000	----
Sundry Debtors and Creditors	1,27,500	1,03,920
Bank Balance	69,470	----
Cash in hand	1,090	----
Drawings	26,130	----
Sales	----	11,26,400

Capital	----	6,42,910
	18,73,230	18,73,230

Prepare Manufacturing, Trading and Profit and Loss A/cs for the year ended 31.3.2012 and a Balance Sheet as on that date, after taking into account, the following information

1. Stock on 31.3.2012 was:

Raw Materials	1,37,910
Finished Goods	53,580
Work – in Progress	56,800

2. Following expenses were outstanding:

Factory Expenses	3,740
Advertisement	5,790
Office Salaries	2,100

3. Prepaid office rates were `500.

4. `500 from Sundry Debtors should be written off as Bad Debts and Provision of 4% for doubtful debts and provision of 4% for doubtful debts is to be maintained.

5. Provide Depreciation as follows:

Plant and Machinery	27,380
Motor Vehicles	8560

6. General Manager is entitled to a commission of 10% of net profits after charging such commission.

3. The following errors were located in the books of a concern during the next trading period:

1. Sales Day Book was over cast by `100.
2. A sale of 50 to Mr. Rajesh was wrongly debited to the account of Mr. Rakesh.
3. General Expenses `18 posted in the General Ledger as `80
4. A Bill Receivable for `155 was passed through Bills Payable Book. The bill was given by Mr. Sathish.
5. Legal Expenses `119 paid to Mr. Dinesh, debited to his personal account.
6. Cash received from Mr. Jose was debited to the account of Mr. Bose `150.
7. While carrying forward to total of one page of Purchases Book to the next, the amount of `1,235 was written as `1,325.

Draft the journal entries for rectifying the above mistakes, prepare Suspense A/c, Profit & Loss Adjustment A/c and also find out the effect of rectification of these errors on the net profits of the previous year.

4. From the following particulars relating to a Charitable Hospital, prepare Income & Expenditure A/c for the year ended 31.12.2011 and a Balance Sheet as on that date.

Receipts & Payments A/c for the year ended 31.12.2011

Receipts	`	Payments	`
To Cash in hand	7,130	By Medicines	30,590
To Subscriptions	47,996	By Doctor's Honourarium	9,000
To Donating	14,500	By Salaries	27,500
To Interest on Investments at 7% for full year	7,000	By Petty Expenses	461
To proceeds from charity show	10,450	By Equipments	15,000
		By Expenses on charity show	750
		By cash in hand	3,775
	87,076		87,076

Additional Information:

	As on 1.1.2011	As on 31.12.2011
1. Subscriptions due	240	280
2. Subscriptions received in advance	64	100
3. Stock of Medicine	8,810	9,740
4. Estimated value of Equipment	21,200	31,600
5. Buildings (Cost less depreciation)	40,000	38,000

Donating are to be treated as revenue receipt

SECTION - B

Answer any THREE questions:

3X5=15

5. Kumar Private Ltd., purchased a machinery on 1.10.2001 for ₹90,000. The Directory decided to provide depreciation on Depreciation Fund Method. The annual amount to be provided for on the basis of 10% interest works out at ₹18,000 on 31.12.2011 the machinery was sold to Mr. Kapoor for ₹47,000.

Show the Machinery A/c, Depreciation Fund A/c and Depreciation Fund Investment A/c for the three years assuming that the investments realized ₹42,000.

The company closes its books on 30th September, each year.

6. Explain the Accounting Conventions.
7. Pass the journal entries to rectify the following errors:
1. The total of Purchases Book is ₹1000 short.
 2. While posting to the account of Mr. Ghosh from the Sales Book, the sale of ₹360 has been credited to him.
 3. Goods received back from Mr. Ali, a customer ₹150, have not been entered in the Returns Inwards Book at all.
 4. The total of the discount column of the Cash Book (Cr.) in ₹10 short.
 5. Furniture for office purchased from Mr. Ravi, ₹800 has been entered in the Purchases Book.
8. Classify the following into Revenue and Capital Receipts:
1. Gate collections of a concert hall ₹1000
 2. Loan taken from a Bank ₹4000
 3. Amount realized from sale of old computer ₹5000
 4. Prize amount of ₹1,00,000 received from Sikkim State Lottery.
 5. Subsidy received from the Government ₹1000
 6. ₹2,25,000 received from the sale of motor car which had cost ₹2,00,000
 7. Amount realized from sale of old bats and balls.
 8. Amount received from Sundry Debtors.
 9. Life membership fees received ₹1,500
 10. Donations received for Prize Fund ₹2,000

SECTION - C

Answer the following:

5X1=5

9. Find out the value of Raw Materials consumed by the business from the following particulars:

Purchases of materials	₹2,50,000
Material used by the Proprietor	₹1,000
Material returned outwards	₹5,000
Opening stock	₹35,000
Closing Stock	₹30,000
Wages	₹20,000
Carriage Inwards	₹3,000

10. State any four accounting concepts.
11. What is a compensating error? Give an example.
12. From the following details, ascertain the amount of subscriptions to be credited to the Income and Expenditure A/c for the year ended 31st December, 2010:
 Subscriptions received in 2010 – ₹48,000 which included ₹4,000 for the year 2009 and ₹8,000 for the year 2011.
 Subscriptions due, but not received at the end of the year 2010 were ₹20,000.
 Subscriptions received in 2009 in advance for 2010 were ₹12,000.
13. A reference to Sinking Fund Table shows that an annual investment of Re.0.180975 at 5% compound interest in 5 years produces Re.1. The cost of Machinery is ₹10,00,000. Find the annual amount to be charged as depreciation.

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**CREDIT BASED FIRST SEMESTER B.Com. DEGREE EXAMINATION OCTOBER 2013
 COMMERCE
 FINANCIAL ACCOUNTING - I**

Time: 3 Hrs

Max. Marks: 80

SECTION – A

Answer any 3 questions:

3X20=60

1. On 1-1-2005, a limited company purchased a machinery for ₹80,000. Desiring to replace the machinery at the end of 4 years, the company established a depreciation fund. Investments are expected to realize 4% interest. Sinking fund tables show that ₹0.235490 invested each year will produce Re.1 at the end of 4 years at 4%. The company closes the accounts on 31st December each year. At the end of the 4th year securities realized at 10% less than their

book value. The company sold off the scrap at `2,000. A new machinery was purchased for `1,00,000. Show Machinery Account, Depreciation Fund Account and Depreciation Fund Investment Account for 4 years and New Machinery A/c.

2. From the following Trial Balance prepare Manufacturing, Trading and Profit and Loss A/c for the year ended 31-3-2013 and Balance Sheet as on that date.

	Dr (`)	Cr (`)
Stock on 1-4-2012:		
Raw materials	30,000	---
Finished goods	16,000	---
Work in Progress	5,000	---
Capital	---	1,00,000
Purchase of raw materials	2,50,000	---
Sales	---	4,00,000
Advertisement	8,000	---
Carriage inwards	4,000	---
Wages	50,000	---
Salaries (Factory 75%)	26,000	---
Commission	3,000	---
Bad debts	2,000	---
Insurance (Factory 50%)	4,000	---
Rent and Rates (Factory 60%)	12,000	---
Postage	2,800	---
Trade Expenses	4,200	---
Travelling (factory 25%)	3,500	---
Debtors & Creditors	60,000	21,200
Fixed assets	45,000	---
Sale of scrap	---	3,375
Power water & gas	4,500	---
O/S wages	---	625
Provision for doubtful debt	---	4,800
	5,30,000	5,30,000

Other details:

1. The closing stock
Raw materials `40,000 Finished Goods `8,000 Work in Progress `12,000.
 2. Trade expenses outstanding `200.
 3. Fixed Assets include plant and machinery costing 40,000 which is to be depreciated at 20%p.a.
 4. Maintain provision for doubtful debts at 2% on debtors.
 5. Advertisement expenses is carried forward for four years.
3. Rectify the following errors. Calculate the difference in trial balance. Prepare Suspense A/c and find the effect of these rectifications on profit.
1. Received goods from Shenoy `2,500 passed through Sales Book.
 2. Received a bill from Asha `1,200 passed through Bills Payable Book.
 3. An item of `250 relating to prepaid Rent A/c was omitted to be brought forward.
 4. An item of `140 in respect of purchases return instead of being debited to the Personal A/c from return book had been wrongly entered in the Purchase Book and Posted there from wrongly to the debit of Personal A/c.
 5. `800 paid to A.G. Shetty against acceptance were debited to B.G. Shetty's A/c.
 6. Received `200 from Arun whose account had already been written off as bad debt was credited to his newly opened a/c and was included in the list of creditors.
 7. `460 paid for freight on Machinery was debited to Freight A/c as `640.
4. From the following particulars New Look Hospital, prepare Income and Expenditure A/c for the year ended 31-12-2012 and Balance Sheet as on that date.

Receipt		Payment	
To Cash on 1-1-2012	7,130	By medicines	30,590
To subscription	47,996	By doctors honorarium	9,000
To donation	14,500	By salaries	27,500
To interest on investment at 7% for full year	7,000	By petty expenses	461
To process from charity show	10,450	By equipments	15,000
		By expenses on charity show	
		By cash on 31-12-2012	3,775
	87,076		87,076

Additional Information:

	1-1-2012	31-12-12
1. Subscription due	240	280
2. Subscription received in advance	64	100
3. Stock of medicines	8810	9740
4. estimated value of equipment	21200	31600
5. Building (cost less depreciation)	40000	38000

6. Creditors for medicines	10000	8000
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SECTION – B

Answer any 3 questions:

3X5=15

5. What is Accounting Standards? What are the objectives of Accounting Standards?
6. On 1-1-2008 a company purchased a machinery for `10,000. On 30-6-2009 additional machinery was purchased for `4,000. The machinery which was bought on 1-1-2008 costing `750 became obsolete and was sold for `150 on 31.3.2010. It was replaced by a new machinery costing `900 on the same day. The company follows the calendar year Depreciation is to be provided at 15% on the diminishing balance method. Write up the Asset A/c till 31st December 2010.
7. Rectify the following errors by passing journal entries.
 - a) A sale of `2,000 to Shanti was credited to her account.
 - b) The return inward book has been cast `1,000 short.
 - c) A sale of `10,000 to Mr. Ashok had been passed through the purchase day book.
 - d) `3,750 paid for wages to the installation of a machinery had been charged to Wages A/c.
 - e) `7,000 paid in cash for a typewriter was charged to Office Expenses Account.
8. From the following Ledger A/c balances as on 1-1-2013 prepare the Balance Sheet.

Capital Fund	?	Income and Expenditure A/c (Cr)	6,000
Endowment Fund	12,000	Subscription received in advance	600
Equipments	6,000	Prepaid rent	200
Furniture	6,500	Land and Building	14,000
Subscription in arrears	1,800		
Outstanding salary	3,200		

SECTION – C

Answer all the questions:

1X5=5

9. What is a Money Measurement Concept?
10. Write any two differences between Receipts & Payments Account and Income & Expenditure Account.
11. If cost of a Plant purchased `50,000, life of the asset is 12 years, scrap value is `2,000, find annual depreciation to be charged.
12. Classify the following items as capital and revenue.
 - a) Life membership fee

b) Interest on Bank Loan.

13. If total Debtors amounts to `22,140 which includes
- amount due from Adithya `500 considered definitely bad.
 - amount from Ashok `2,500 definitely good
 - amount from Abhishek `2,000 considered very much doubtful.
- Make provision for doubtful debt at 5%
Calculate total provision for doubtful debts to be debited to Profit and Loss A/c

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OCTOBER 2014

COMMERCE

FINANCIAL ACCOUNTING – I

Time: 3 Hrs

Max. Marks: 80

SECTION – A

Answer any 3 questions:

3×20=60

1. A company purchased Machinery costing `50,000 on 1-1-2000. Desiring to replace the machinery on the expiry of its life the company establishes a depreciation fund. It was decided to invest the fund amount in government securities which is expected to realize 4% interest p.a. Sinking Fund Table shows that to produce Re1 at the end of 4 years at 4% interest an annual investment of `0.235490 is required.
At the end of 4th year the machinery had to be sold off as scrap. It realized `2,000. Investments were realized at 10% less than the book value. It purchased a new machinery for `70,000. Show Machinery A/c, Depreciation Fund A/c, Depreciation Fund Investment A/c for 4 years and New Machinery A/c. Assume that investments are made in multiples of `100.
2. From the following Trial Balance and the other information relating to the business of a retailer, you are required to prepare Trading and Profit and Loss A/c for the year ended 31-12-2012 and the Balance sheet as on that date.

	Dr (₹)	Cr (₹)
Stock in Trade (1-1-2012)	15,000	---
Purchases & Sales	1,02,500	1,77,000
Returns	2,000	2,500
Wages	10,000	---
Carriage on purchases	2,500	---
Discounts	500	1,000
Salaries	5,000	---
General expenses	7,500	---
Prepaid insurance	500	---
Insurance	1,000	---
Income Tax paid	1,500	---
Building	50,000	---
Furniture	10,000	---
Lighting and heating	1,000	---
Debtors and Creditors	22,500	25,000
Depreciation	5,000	---
O/s Salaries	---	2,000
Bills Receivable and Bills Payable	5,000	4,500
Drawings and Capital	3,000	1,00,000
Bank	9,000	---
Rent	8,500	---
Machinery	50,000	---
	<u>3,12,000</u>	<u>3,12,000</u>

Adjustments:

1. Costing stock on 31-12-2012 was ₹35,000.
 2. Purchases include goods worth ₹2,500 for private purposes.
 3. Bills Receivable ₹2,000 dishonoured but no entries are made in the books.
 4. Goods supplied by Ganesh Stores worth ₹2,500 on 29-12-2012 were not entered in the books.
 5. Write off bad debts of ₹1,000 and provide for reserve for doubtful debts at 5%.
 6. Goods costing ₹5,000 were sent to a customer on 'sale or return' basis on 28-12-2012. The customer is still having the right to return the goods. The rate of gross profit was $\frac{1}{5}$ of sales.
3. The following mistakes were located in the books of a concern after its books were closed.

Pass Journal entries for the rectification of the following errors in the subsequent years and show the Suspense A/c and Profit and Loss Adjustment Account.

1. Sales day book was overcast by `100
 2. A sale of `50 to Mr. X was wrongly debited to the account of Mr. Y.
 3. General expenses `18 posted in the general ledger as `80.
 4. A Bills receivable for `155 was passed through Bills payable book. The bill was given by Mr. P.
 5. Legal expenses `119 paid to Mr. Dinesh debited to his personal A/c.
 6. Cash received from Dass was debited to the account of Bose `150.
 7. While carrying forward the total of one page of Purchases book to the next, the amount of `1,235 was written as `1,325.
4. From the following Receipts and Payment A/c of Young Youth Club prepare Income and expenditure A/c for the year ending 31-12-2012 and a Balance Sheet as on that date.

Receipts		Payments	
To Balance at Bank	1,020	By Salary	4,160
To Entrance Fees	1,000	By Rent	1,860
To Subscription		By Electricity	1,280
2011	250	By Stationery	330
2012	3,050	By Insurance	180
2013	<u>350</u>	By General Expenses	460
To Sale of Investment	7,500	By Furniture purchased on	
To Loan From Raju on 1-7-2012		30-6-2012	4,500
at 10% interest p.a.	<u>2,000</u>	By Balance at Bank	<u>2,400</u>
	<u>15,170</u>		<u>15,170</u>

The following information is also available:

	1-1-2012	31-12-2012
1. Rent due	180	360
2. Electricity charge due	640	200
3. Subscription due	250	400
4. Prepaid insurance	50	70

5. The cost of investments sold was `5,000. The surplus is to be treated as income.
6. Furniture was valued at `3,000 on 1-1-2012. Depreciation at the rate of 10% is to be provided on all furniture.
7. The entrance fee is not to be capitalized.

SECTION – B

Answer any 3 questions:

3×5=15

5. What is an Accounting standard? What are the objectives of Accounting standards?
6. On 1-1-2009 a manufacturer purchased a Machinery worth `50,000. He further purchased a machinery on 1-

7-2010 costing `10,000. On 1-7-2011 a machine costing `5,000 bought on 1-1-2009 was sold for `3,000.

Show machinery account in the books of the manufacturer charging depreciation at 10% on reducing balance method for three years assuming that the year ends on 31st December every year.

7. Rectify the following errors by passing journal entries.
1. Sales of `300 was passed through purchases book.
 2. Discount allowed `46 was posted to the credit of discount account as `64.
 3. Wages paid on installation of machine is posted to the repairs account as `69.
 4. Bad debts recovered `120 was included in the list of creditors.
 5. Bills drawn for `800 was passed through Bills Payable Book.
8. From the following information prepare Manufacturing Account for the year ended 31-12-2013.

Raw materials on 1-1-2013	74,000	Factory rent	10,000
Work in progress on 1-1-2013	4,000	Wages	20,000
Raw materials on 31-12-2013	90,000	Salary of works manager	8,000
Carriage inwards	3,000	Power and water	6,000
Sale of scrap	1,000	Depreciation on machinery	8,000
Work in progress on 31-12-2013	5,000	Advertising	4,000
Purchase of materials	45,000	Depreciation on office building	6,000

SECTION – C

Answer all the questions:

5×1=5

9. How do you treat the following adjustment when preparing the financial accounts of a sale trader? Stock destroyed by fire `5000. The insurance company admitted the claim for `4,500 only.
10. Write any two differences between Receipts and Payment A/c and Income and Expenditure A/c.
11. A company purchased a Machinery for `2,00,000 and spent `12,000 on its erection. The sinking fund table shows that to produce `1 at 4% compound interest at the end of four years, an annual investment of `0.235490 is required. Find out the amount of depreciation.
12. In 2009, the subscription received was `17,500 which includes `400 for 2008, `600 for 2010. At the end of 2009 subscription outstanding were `500. In the year 2008 subscription were received in advance for 2009 is `300. What amount should be credited to income and expenditure A/c for the year 2009 as subscription received?
13. What is an error of commission? Give an example.

**CREDIT BASED FIRST SEMESTER B.Com. DEGREE EXAMINATION
OCTOBER 2015
COMMERCE
FINANCIAL ACCOUNTING - I**

Time: 3 Hrs

Max. Marks: 80

SECTION – A**Answer any THREE questions:****3×20=60**

1. A company purchased a Machinery on 1-1-2009 for ₹52,000. Scrap value was estimated at ₹2,000. The Machinery was to be replaced at the end of 4 years. It was decided to make provision for its replacement by means of Depreciation Fund. The investments were expected to yield interest at 5% p.a. According to Sinking Fund table 0.235490 invested each year will produce Re 1 at the end of 4 years at 5%. At the end of the period the investments realized 10% less than the book value.
- Prepare Machinery Account, Depreciation Fund account and Depreciation Fund Investment account for 4 years.
2. From the following Trial Balance of Mr. Khanna, prepare a Trading and Profit and Loss Account for the year ending 31st December 2014 and a Balance Sheet as on that date.

	Dr.	Cr.
Capital		1,00,000
Plant and Machinery	25,000	
Depreciation on Plant and Machinery	2,500	
Repairs to Plant	1,500	
Wages	30,000	
Wages outstanding		2,000
Salaries for 11 months	5,500	
Income Tax	1,000	
Cash	2,500	
Buildings	80,000	
Depreciation on buildings	4,000	
Purchases and sales	1,50,000	2,50,000
Debtors and creditors	40,000	22,500
Bills Receivable and Payable	15,000	8,000
Discount		4,000
Stock on 1-1-2014	35,000	
Interest accrued	2,000	
Overdraft		4,500
Commission		5,000
Bad debts	2,000	
	3,96,000	3,96,000

Other information:-

- a) Stock on 31st December 2014 ₹35,000
- b) Write off further Bad debts ₹2,000 and maintain 5% provision for bad debts on debtors.
- c) One month's salary was outstanding.
- d) ₹1,200 paid as rent of the office were debited to Landlord's A/c and were included in the list of debtors.
- e) Goods costing ₹500 were used by the proprietor.
- f) Goods of the value of ₹3,000 have been destroyed by fire and the insurance company has admitted the claim for ₹2,400.
- g) General Manager was to be given commission at 10% of the net profit after charging such commission.

3. Following is the Receipts and Payments Account of Udipi Sports Club for the year ended 2014.

31-12-

Receipts	`	Payments	`
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 1-1-2014 the club had sports materials worth `30,000 and furniture worth `5,800.

Adjustments:

- 1) Subscriptions outstanding were `600 for the year 2013 and `700 for the year 2014.
- 2) Outstanding rent was `1,800 for the year 2013 and `1,800 for the year 2014.
- 3) Write off depreciation `500 from furniture and `3,000 from sports materials.
- 4) Entrance fees and donations are to be capitalized.
- 5) Following were outstanding expenses:
Salaries `1,500, light charges `200.

Prepare:

- 1) Balance Sheet as on 1-1-2014
 - 2) Income and Expenditure Account for the year ended 31-12-2014
 - 3) Balance Sheet as on 31-12-2014.
4. Rectify the following errors. Prepare suspense account and find the effect of these rectifications on profit.
- 1) Discount received of `1,420 had been debited to discount allowed.
 - 2) Machinery bought for `1,300 had been debited to purchases.
 - 3) Wages paid on installation of Machinery is posted to Repairs account as `69.
 - 4) Purchases of goods from Nuthan amounting to `300 has been wrongly entered through sales book.
 - 5) Received a Bill from Anand `1,500 passed through Bills Payable book.
 - 6) A purchase from Niranjana of `120, though correctly entered in purchases book, was wrongly debited to his personal account.
 - 7) `2,500 paid on account of salary to the cashier Govind, stands debited to his personal account.

SECTION – B

Answer any THREE questions:

3×5=15

5. What are Accounting Standards? Write any four objectives of Accounting Standards.
6. On 1-1-2010, a company purchased on Machinery for `50,000 and on 30th June 2011, an additional Machinery was acquired at a cost of `20,000. On 31st December 2012, a Machinery which had cost `5,000 as on 1-1-2010 was sold for `1,750. It was replaced by a new Machinery costing `4,500.

The company follows the calendar year. Depreciation to be provided at 10%p.a. on diminishing balance method.

Write up the Machinery account till the end of 2012.

7. Prepare manufacturing account from the following:

<u>Particulars</u>		<u>Particulars</u>	
Opening stock:		Closing stock:	
Raw materials	32,000	Raw materials	24,000
Work in progress	12,000	Work in progress	10,000
Finished goods	25,000	Finished goods	30,000
Carriage on purchases	2,200	Depreciation on Furniture	1,500
Carriage on sales	4,500	Depreciation on Machinery	2,500
Purchase of raw materials	80,000	Repairs to plant	800
Manufacturing wages	12,000	Factory expenses	3,200
Salaries	24,000	General expenses	5,000
Bad debts	3,000	Motive power	3,500
		Sale of scrap	1,500
		Worksmans salary	2,000
		Freight and octroi	1,000

8. From the following Receipts and Payments account, prepare Income and Expenditure A/c for the year ending 31st December 2014.

<u>Receipts</u>		<u>Payments</u>	
Cash in hand	1,125	Printing & Stationery	750
Subscriptions	2,900	Rent	250
Tournament Fund	750	Salaries	1,800
Donation for club building	2,000	Office expenses	1,200
Entrance fees	600	Sports equipments purchased	1,600
Sale of newspapers	50	Cash balance	1,825
	<u>7,425</u>		<u>7,425</u>

Adjustments:

- a) Half of entrance fees are to be capitalized.
- b) Subscriptions outstanding on 31st December 2014, `400 and subscription received for the year 2015 in `200.

SECTION – C

Answer all the questions:

5×1=5

9. What is Business Entity Concept?
10. Classify the following items as capital and revenue:
 - a) Cost of air conditioning `10,000
 - b) Interest on loan taken for purchase of machinery `500
 - c) Honorarium paid to the secretary `1,000
 - d) Life membership fees `2,500.
11. Rectify the following errors by passing Journal Entries.
 - a) Purchase of Furniture `8,000 was passed through Purchases book.
 - b) Bills receivable of `1,600 has been wrongly passed through the Bills Payable book.
12. A Machinery is purchased on 1-1-2012 for `10,000. Rate of depreciation is 10%p.a. at original cost method. The Machinery is sold for `7,800 on 1-10-2013. Find out the profit or loss on the Machinery sold. Accounts are closed on 31st December.
13. How do you record the following items of the trial balance in the final accounts of a sole trading concern?
 - a) Depreciation of furniture
 - b) Prepaid Insurance
 - c) Bad debts
 - d) Closing stock

12. From the details given below, ascertain the amount of salaries to be debited to Income and Expenditure A/c for the year ended 31st December, 2015:
- Payment made for salaries during 2015 ₹48,000
 Outstanding salaries as on 31.12.2014 ₹2,000
 Outstanding salaries as on 31.12.2015 ₹3,200
 Prepaid salary as on 31.12.2014 ₹1,200
 Prepaid salary as on 31.12.2015 ₹1,600

13. A reference to the Sinking Fund Table shows that ₹2.71462 invested at the end of each year at 5% compound interest will amount to ₹15 at the end of 5 years. The cost of Machinery is ₹2,10,000. Find out the annual amount to be charged as depreciation.

COM 101.1

Reg. No.

**CREDIT BASED FIRST SEMESTER B.Com. DEGREE EXAMINATION OCTOBER 2016
 COMMERCE
 FINANCIAL ACCOUNTING - I**

Time: 3 Hrs.

Max. Marks: 80

SECTION – A

Answer any THREE questions:

3×20=60

1. XYZ company purchased a second hand machinery on 1st January, 2013 for ₹17,000 and spent immediately for its repairs ₹1,800 and for its erection ₹1,200. On 1st October, 2013, it purchased another machine for ₹10,000 and on 1st April, 2014, it sold off the first machine (purchased on 2013) for ₹16,000. On the same date, it purchased a new machine for ₹25,000. On 1st July, 2015, it bought a second hand machine for ₹8,000 and spent for its repairs and erection ₹2,000 immediately. On the same date, it sold the second machine (bought in 2013) for ₹8,500. Depreciation was charged at 10% on the original cost method and accounts were closed on 31st December, every year. Prepare Machinery A/c and Depreciation A/c for three years ending 31st December, 2013, 2014 and 2015.
2. From the following Trial Balance of Mr. Ramesh, a sole trader, prepare the final accounts for the year ended 31.3.2015.

	Debit (₹)	Credit (₹)
Capital	---	48,000
Drawings	6,000	---
Furniture	5,200	---
Premises	40,000	---
Stock: 1-4-2014	44,000	---
Sundry Debtors and creditors	36,000	14,000
Purchases and sales	2,20,000	3,00,000
Rent	2,000	---
Commission	4,400	---
Carriage on purchases	3,600	---
Bad debts written off	1,600	---
Reserve fund	---	12,000
Returns from customers	4,000	---
Discount allowed and received	3,200	4,000
Taxes and insurance	4,000	---
General expenses	8,000	---
Income tax	2,000	---
Salaries	12,400	---
Bank current account overdrawn	---	8,400
Mortgage loan at 12%	---	10,000
	3,96,400	3,96,400

Adjustments:

- 1) Provide for interest on Mortgage loan for six months.
- 2) Carry forward ₹200 in respect of Insurance.
- 3) Create a reserve for discount on Debtors at 5%.

- 4) Purchase of goods worth ₹2,000 meant for the personal use of proprietor have been included in Purchases A/c.
- 5) On March 31, 2015 goods on hand were valued at a cost of ₹40,000.
- 6) Furniture worth ₹1,200 had been purchased in March, 2015. But the transaction was not passed through the books. Nor was the Furniture paid for.
3. A book-keeper, while preparing his Trial Balance finds that his Trial Balance does not tally. Being required to prepare the final accounts, he placed the difference to Suspense A/c. In the next year, the following errors were discovered:
- 1) An item of purchase of ₹151 was entered in the purchase Day Book as ₹15, and posted to the Supplier's A/c as ₹51.
 - 2) ₹500 received in respect of a book debt was posted to Sales Account.
 - 3) Monthly total of Sales Book was overcast by ₹110.
 - 4) An item of wages paid ₹150 was posted twice to the debit of Wages A/c.
 - 5) ₹700 paid in cash for purchasing a chair for office use was charged to office Expenses A/c.
 - 6) A sale of goods ₹1,500 to Mr. Arun was posted to Arjun.
 - 7) A credit purchase of ₹4,200 was entered in the Sales Book as ₹2,400. The supplier was Mr. Ashok.
- Draft the Rectification journal entries, prepare Suspense A/c, Profit & Loss Adjustment A/c and also find out the effect of rectification of the above errors on the net profits of previous year.
4. From the following particulars relating to Ashoka Club, prepare Income and Expenditure A/c for the year ended 31.12.2015 and a Balance Sheet as on that date:

Receipts and Payments A/c for the year ended 31.12.2015

Receipts	₹	Payments	₹
To Cash in hand 01-01-2015	1,500	By Bank overdraft 1-1-2015	3,100
To Subscriptions 2014 – 300		By Investments in securities	3,000
2015 – 16,200		By Furniture	1,450
2016 – 160	16,660	By Salaries	6,200
To Income from entertainment	290	By Stationery & Printing	890
To Entrance fees	670	By Miscellaneous Expenses	1,420
To Interest on security	480	By Balances on 31.12.2015	
To Sale proceeds of old chairs	110	Cash in hand	550
		Cash at bank	3,100
	19,710		19,710

Additional Information:

- 1) The club has ₹180 members each paying an annual subscription of ₹100.
- 2) Subscriptions amounting to ₹1,000 are in arrears in respect of the year 2014.
- 3) Entrance fees are to be capitalized.
- 4) Salary of ₹550 for December, 2015 is outstanding.
- 5) Stock of Stationery on 31.12.2014 was ₹125 and at 31.12.2015, ₹87.
- 6) Expenses unpaid at 31.12.2014 amounted to ₹132.
- 7) The club has paid ₹500 in the year 2014 towards Telephone charges of which ₹125 related to 2015.
- 8) As on 31.12.2014, premises stood in the books at ₹24,500 and Investments at ₹6,500.
- 9) Depreciate premises and Furniture by 5%.

SECTION – B

Answer any THREE questions:

3×5=15

5. PQR company provides depreciation on Plant and Machinery under Depreciation Fund Method. On 31st December, 2015, the Machine was damaged in an accident and therefore, was sold for ₹2,000. On 1st January, 2015, the Machinery A/c stood at ₹20,000, Depreciation Fund A/c at ₹15,600 and Depreciation Fund Investment A/c at ₹15,600. The investment were realized at ₹15,000 on 31st December, 2015.
Assuming that the rate of interest being 5% and annual depreciation being ₹3,620, prepare Machinery A/c, Depreciation Fund A/c and Depreciation Fund Investment A/c for one year, as on 31st December, 2015.
6. Explain the meaning and objectives of accounting standards.
7. Pass journal entries to rectify the following errors.
 - 1) Discount of ₹25 allowed by Mr. Anand has not been entered in the cash book although debited to him correctly in the ledger.
 - 2) A sale of ₹159 to Mr. Ravi has been debited to his account as ₹195.
 - 3) A purchase of ₹251 from Gopal & Co. has been entered in the Purchases Book as ₹215.
 - 4) ₹150 received from Mr. Sharma has been debited to Mr. Varma (Cash Book correctly entered).
 - 5) ₹130 received from Mr. Krishnan against a debt previously written off has been credited to his account.
8. Classify the following into revenue and capital expenditure:
 - 1) X-Ray plant purchased by a Hospital.
 - 2) Wages paid for construction of a compound wall to factory premises.
 - 3) Land purchased by a sports club.
 - 4) Carriage paid on goods purchased
 - 5) Honourarium paid to the secretary of the club.
 - 6) Benefit show expenses.
 - 7) Interest paid on loan used for purchasing machinery.
 - 8) Amount spent on painting and white washing the existing building.
 - 9) Amount spent on overhauling a machine so as to make it useful.
 - 10) Subscriptions to news papers.

SECTION – C

Answer ALL questions:

5×1=5

9. Net Profit of a trader before charging his General Manager's commission is ₹4,20,000. General Manager is entitled for a commission of 5% of net profits after charging such commission. Find out the amount of commission and how do you treat this commission in the Final Accounts of that trader?
10. State any two accounting conventions.
11. What is an error of omission? Give an example.