

**C. ABDUL HAKEEM COLLEGE (AUTONOMOUS),  
MELVISHARAM - 632 509.  
SEMESTER EXAMINATIONS, NOVEMBER - 2018**

**B.Com., CORPORATE SECRETARSHIP SEMESTER I  
U18MKS101 – FINANCIAL ACCOUNTING - I**

Time: Three Hours

Maximum: 75 Marks

**SECTION - A (10 X 2 = 20 Marks)**

Answer **ALL** Questions.

1. Define the term Accounting.
2. What is meant by Error of Omission?
3. What is 'Obsolescence'?
4. Define – Depreciation.
5. What is 'Red-ink interest'?
6. What is meant by Account Current?
7. What is a 'Fire Insurance claim'?
8. What is a 'Loss of stock claim'?
9. What do you mean by Single entry system?
10. What is a Statement of affairs?

**SECTION - B (5 X 5 = 25 Marks)**

Answer **ALL** Questions.

11. a) Explain the various Accounting Conventions briefly.  
(Or)

b) Prepare trading and profit and loss account from the information given below.

Particular	Rs.	Particular	Rs.
Opening stock	3,600	Rant (Factory)	400
Purchase	18,260	Rent (Office)	500
Wages	3,620	Sales Returns	700
Closing stock	4,420	Purchase Returns	900
Sales	32,000	General Expenses	900
Carriage on purchase	500	Discount to customer	360
Carriage on sales	400	Interest from Bank	200

12. a) Explain the various causes of depreciation.

(Or)

b) A machine is purchased for Rs. 51,200. Its life is expected to be 4 years and the scrap value is expected to be Rs. 16,200. You are required to determine the rate of depreciation when diminishing balance method of depreciation is adopted.

13. a) Ansari owes Sunil the following sums of money due on the dates stated:

Rs. 400 due on 5<sup>th</sup> January 1990  
Rs. 200 due on 20<sup>th</sup> January 1990  
Rs. 800 due on 4<sup>th</sup> February 1990  
Rs. 100 due on 26<sup>th</sup> February 1990  
Rs. 50 due on 10<sup>th</sup> March 1990

Find out average due date.

(Or)

b) Anand owes Sunil Kumar Rs. 870 on 1<sup>st</sup> January 1987. The following further transactions took place between Anand and Sunil Kumar.

January 16 Anand buys goods Rs. 700

February 2 Anand receives cash Rs. 550

March 5 Anand buys goods Rs. 400

Anand pays the woe amount due on 31<sup>st</sup> March, together with interest at 10% per annum. Calculate the interest by the average due date method.

14. a) A fire occurred on on 31<sup>st</sup> December, 2008 in the premises of a firm. From the books which were saved from fire, it was ascertained that:

Particulars	Rs.
Stock on hand 31.12.2007	2,36,000
Purchases from 1.1.2008 to 31.12.2008	8,40,000
Sales from 1.1.2008 to 31.12.2008	12,80,000
Gross profit for the past 5 years averaged	35% on sales
Value of salvaged stock	30,000

Draft a statement showing the amount of claim. There was no average clause.

(Or)

b) Explain the various types of Fire Insurance Policy.

15. a) Ganesh, who keeps his books on single entry, tells you that his capital on 31<sup>st</sup> December 2005, is Rs. 37,400 and his capital on 1<sup>st</sup> January 2005 was Rs. 38,400. He further informs you that during the year he withdrew for his household purposes Rs. 16,840. He once sold his investment of Rs. 4,000 at 2% premium and brought that money into the business.  
You are required to prepare a statement of profit or loss.

(Or)

b) Amitabh keeps his books under single entry system. Assets and liabilities on 31.12.93 and 31.12.94 stood as follows:

Particular	31.12.93 Rs.	31.12.94 Rs.
Cash	10	2,000
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 1994. He withdrew Rs. 7,000 for his domestic purpose. Find out the profit for 1994.

SECTION - C (3 X10 = 30 Marks)

Answer **ANY THREE** Questions.

16. The following are the balances extracted from the ledger of Kari kalan as on December 31.1.2003:

Particular	Rs.	Particular	Rs.
Kari Kalan's capital A/c	20,000	Reserve for discount on debtors	200
Drawings	3,500	Loan @ 9%	5,000
Buildings	10,000	Salaries	4,400
Machinery	2,500	Wages	7,500
Furniture & fittings	600	Rent	2,750
Opening Stock	12,500	Travelling expenses	1,250
Cycle	400	Postage & telegrams	135
Purchase	75,000	Rates & taxes	90
Sales	1,25,000	Carriage inwards	2,500
Sales Returns	5,000	Carriage outwards	750
Duty paid on purchases	15,000	Interest paid	375
Sundry debtors	10,000	General charges	900
Sundry creditors	7,500	Bad debts	300
Reserve for bad & doubtful debts	400	Cash in hand	250
		Cash at Bank	2,400

The following adjustments are necessary:

- Stock on 31.12.03 Rs. 14,000.
- Provide the following outstanding:  
Salary Rs. 400; Rent Rs. 250; Wages Rs. 600 and Interest Rs. 75. Maintain the reserve for doubtful debts at 5% and the reserve for discount on debtors at 2.5% on sundry debtors.
- Provide depreciation for Building 2.5%, Machinery 10%, Furniture 6% and Cycle 15%.
- Prepare Trading & Profit and Loss A/c and the Balance Sheet for the year ended 31-12-03.

17. A company whose accounting year is the calendar year purchased on 1<sup>st</sup> April 1986 machinery costing Rs. 30,000. It purchased further machinery on 1<sup>st</sup> October 1986 costing Rs. 20,000 and on 1<sup>st</sup> July 1987 costing Rs. 10,000. On 1<sup>st</sup> Jan. 1988 one third of the machinery installed on 1<sup>st</sup> April 1986 became obsolete and was sold for Rs. 3,000.

Show how the machinery A/c would appear in the books of the company. Machinery is depreciated at 10% p.a. under fixed instalment method.

18. Mr. A has purchased goods, the due dates of which are as follows:

Rs. 1,000 due on 5<sup>th</sup> July 1990  
Rs. 1,700 due on 10<sup>th</sup> August 1990  
Rs. 700 due on 25<sup>th</sup> September 1990  
Rs. 1,300 due on 10<sup>th</sup> November 1990

He wants to make the complete payment on Oct.' 15 1990. Calculate the interest at 6% p.a. with the help of average due date method.

19. Bombay traders have taken out a fire policy of Rs. 8,00,000 covering its stock in trade. A fire occurred on 31<sup>st</sup> March and stock was destroyed with the exception of Rs. 2,06,800 worth. The following particulars are available from the books of accounts of the firm.

Particular	Rs.
Stock on 31 <sup>st</sup> Dec. 1992	3,00,000
Purchase to the date of fire	13,00,000
Sales to the date of fire	9,00,000
Commission paid to the purchase manager on purchase	2%
Carriage paid on purchase	8,000
Average gross profit on cost	50%

The policy was subject to average clause. You are required to calculate the amount of claim to be made against the insurance company..

20. What are the various methods of ascertaining profit under single entry system?

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