

**First Semester B.B.M. Degree Examination,
October/November 2019**

(CBCS Scheme)

Management

FINANCIAL ACCOUNTING - I

Time : 3 Hours]

[Max. Marks : 90

Instructions to Candidates : Answers must be written completely in English only.

SECTION – A

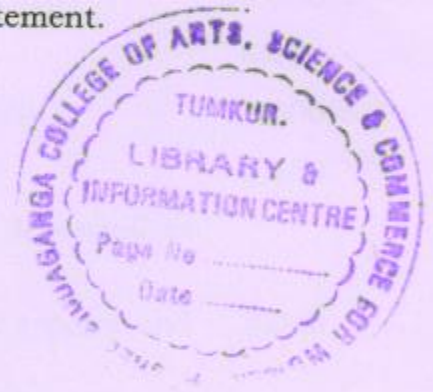
1. Answer any **TEN** sub-questions from the following. Each sub-question carries 2 marks : **(10 × 2 = 20)**

- (a) What is book keeping?
- (b) What is a ledger?
- (c) What is the meaning of the historical record concept?
- (d) What is cash discount?
- (e) What is depreciation?
- (f) What are the adjustments made in the balance sheet on the proprietor's capital a/c?
- (g) State two benefits of preparing a bank reconciliation statement.
- (h) State two objectives of accounting.
- (i) Why is a trial balance prepared?
- (j) What is the convention of conservatism?
- (k) What is a suspense a/c?
- (l) Why is the stock reconciliation statement prepared?

SECTION – B

- Answer any **FIVE** questions from the following. Each question carries 5 marks : **(5 × 5 = 25)**

- 2. State the type of accounts with examples. State the corresponding rules for debit and credit.
- 3. Briefly explain the process of accounting.



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4. Mention any five causes for disagreement between cash book balance and pass book balance.

5. Journalise the following transactions in the books of Mr. Srinivas.

2015

₹

| | | | |
|---------|---|-----------------------------------------------|----------|
| January | 1 | Commenced business with | |
| | | Cash | 1,00,000 |
| | | Goods | 50,000 |
| | 2 | Opened current account with SBI and deposited | 50,000 |
| | 3 | Cash purchases | 10,000 |
| | 5 | Sold goods to Mr. Naveen | 40,000 |

6. From the following transactions prepare a purchase book :

01.01.2015 Purchased goods from Karnataka Traders, Bangalore
Rs. 50,000

Trade discount – 5%

Invoice No. : C-105, L.F – 10

05.01.2015 Purchased goods from National Traders, Delhi 2

(a) 5 fans at Rs. 1,000 per fan

(b) 10 calculators at Rs. 500 per calculators packing
and forwarding charges Rs. 500 Invoice No. : C – 106,
L.F. – 12

7. Prepare a trial balance from the following balances :

| | |
|---------------------|--------|
| | Rs. |
| Capital | 30,000 |
| Drawings | 1,000 |
| Discount received | 1,000 |
| Commission received | 4,000 |
| Goodwill | 30,000 |
| Cost of goods sold | 12,000 |
| Assets | 5,000 |
| Advertisement | 5,000 |
| Bad debts | 2,000 |
| Sales | 20,000 |

8. M/s. ABC Ltd. purchased a machinery on 01.07.2015, costing Rs. 2,00,000. Depreciation was charged on reducing balance method, at was charged on reducing balance method, at 10 per annum. Prepare machinery a/c and state the value of the machine as on 31.12.2017

SECTION – C

Answer any **THREE** questions from the following. Each question carries 15 marks : (3 × 15 = 45)

9. Journalize the following transactions and prepare only personal ledger accounts.

| | | |
|------------|-----------------------------------------|--------|
| 01.07.2016 | Mr. Raveesh commenced business | ₹ |
| | Cash | 40,000 |
| | Goods | 10,000 |
| | Machinery | 50,000 |
| 02.07.2016 | Sold goods to M/s AB traders | 5,000 |
| 04.07.2016 | Sold goods for cash | 3,000 |
| 05.07.2016 | Received from M/s AB traders on account | 3,000 |
| 08.07.2016 | Purchased goods from Ms. Abilash | 9,000 |
| 11.07.2016 | Paid Mr. Abilash | 5,000 |
| 30.07.2016 | Paid Salaries | 4,000 |
| | Paid Rent | 1,000 |

10. Enter the following transactions in a three column cash books in the books of M/s. Veeresh :

| | | |
|------------|------------------------------------------------------------------------------------------------------------------|--------|
| 01.04.2016 | Mr. Veersh commenced business with | 20,000 |
| | and deposited in bank | 10,000 |
| 05.04.2016 | Sold goods to Mr. Umesh | 6,000 |
| 08.04.2016 | Settled Sri. Mahesh's a/c at discount of 5% | 600 |
| 10.04.2016 | Received cheque from Mr. Suresh | 2,150 |
| | And allowed him discount Rs. 50 and deposited in bank | |
| 15.04.2016 | Purchased goods and spent Rs. 100 on repairs and issued a cheque | 2,000 |
| 17.04.2016 | Mr. Suresh's cheque was returned dishonoured | |
| 20.04.2016 | Mr. Suresh settled his account by means of a cheque for Rs. 2,250, Rs. 50 being for interest charged | |
| 25.04.2016 | Purchased machinery from Ms. Shiva Rs. 4,000 and paid him by means of a bank draft purchased from bank Rs. 4,020 | |
| 26.04.2016 | Paid into bank Rs. 1,000 | |

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11. From the following balances as on 31.03.2015, prepare trading a/c, P/L a/c and balance sheet :

| Particulars | Amount | Particulars | Amount |
|---------------------|--------|------------------|----------|
| Capital | 60,000 | Sales | 2,00,000 |
| 4% bank loan | 20,000 | Bad debt reserve | 1,200 |
| Bills payable | 20,000 | Rent o/s | 1,000 |
| Creditors | 24,000 | Cash in hand | 1,200 |
| Debtors | 50,000 | Purchases | 1,00,000 |
| Plant and machinery | 60,000 | Opening stock | 35,000 |
| Furniture | 15,000 | | |
| Bills receivable | 18,000 | | |
| Rent paid | 10,000 | | |
| Wages paid | 16,000 | | |
| Wages prepaid | 1,000 | | |
| Salary paid | 20,000 | | |

Additional information :

- (a) Create reserve for doubtful debts at 5% on debtors.
 - (b) Write off Rs. 500 as bad debts
 - (c) Depreciate – Plant and machinery 5% Furniture – 10%.
 - (d) Provide o/s liabilities :
 - (i) Taxes Rs. 2,000
 - (ii) Salary Rs. 4,000
 - (e) Closing stock Rs. 40,000.
12. Mr. A purchased machinery costing Rs. 50,000 and installation charge of Rs. 10,000 on 01.01.16. An additional machine was purchased on 01.07.16, at Rs. 40,000. Depreciation is to be charged at 10% on original cost method. Prepare machinery a/c and depreciation a/c for 4 years.
13. From the following particulars prepare bank reconciliation statement as on 01.01.2016.
- (a) Passbook of Mr. A showed a credit balance of Rs. 80,000 on 01.01.2016.
 - (b) Cheque amounting to Rs. 10,000 were issued of which cheques for Rs. 6,000 had not been presented for payment in the bank upto 01.01.2016.
 - (c) Bank had charged Rs. 1,000 as bank charges.
 - (d) Rs. 25,000 was deposited directly by the customer into the account before 01.01.2016.
 - (e) Bank had received Rs. 5,000 as dividends upto 01.01.2016.
 - (f) Cheques worth Rs. 10,000 were deposited into the bank but only a cheque of Rs. 2,000 had not been cleared upto 01.01.2016.