# MAR IVANIOS COLLEGE (AUTONOMOUS) THIRUVANANTHAPURAM 

Reg. No. :
Name : $\qquad$
Fifth Semester B.Com. Degree Examination, November 2016 First Degree Programme under CBCSS

Open Course: Commerce - I
AUCO581: Fundamentals of Financial Accounting
Time: $\mathbf{3}$ Hours
Max. Marks: 80

## SECTION - A

Answer ALL questions in one or two sentences.

1. What is capital ?
2. What do you mean by error of principle ?
3. Distinguish between a journal and ledger ?
4. What are contra entries ?
5. What do you mean by imprest system ?
6. What is marshaling ?
7. What are bad debts?
8. What is a debit note ?
9. What are opening entries ?
10. What is suspense account ?
( $10 \times 1=10$ Marks)

## SECTION - B

Answer any EIGHT questions, each in a short paragraph not exceeding 50 words.
11. Identify the accounts to be debited and credited for the following transactions:-

April 12014 Purchased goods for cash
4,500
2 Received from Jose 3,000
4 Paid for advertisement 500
6 Withdrew cash for personal use 2,000
9 Returned goods to Sam 4,000
12. Distinguish between trade discount and cash discount ?
13. On 30th June, 2013 the cash book of a trader shows a deposit balance of Rs. 4,800 . However, on comparison, the following items of differences were found with pass book.
a. Direct payment by a customer to the bank420
b. Interest on deposit credit by bank 180
c. Insurance premium paid by bank 80
d. Bank charges in pass book80

Prepare a statement to ascertain the balance as per pass book
14. How will you adjust provision for bad debts in the final accounts ?
15. Explain in detail the items which result in difference between cash book and pass book?
16. Enter the following transactions in the relevant day book

2012 June 1 Purchased from Lekshmy Electricals
80 water heaters @90
30 lectric stoves@80
June 5 Purchased from Syama Electricals
20 ceiling fans@800
10 table fans@ 1000
June 20 Bought from Philip Agencies
40 transistor radios @ 500
17. What are accounting conventions ?
18. What is petty cash book? Why is it maintained ?
19. Pass the opening journal entry with the following information:-

| Cash in hand | 5,000 |
| :--- | ---: |
| Stock | 20,000 |
| Building | 40,000 |
| Debtors | 15,000 |
| Furniture | 3,000 |
| Bank Overdraft | 8,000 |
| Creditors | 12,000 |
| Capital | 63,000 |

20. What is a contingent liability? Give example.
21. Why is cash book called as a journal and ledger?
22. Distinguish between book keeping and accounting ?
( $8 \times 2=16$ Marks )

## SECTION - C

Answer any SIX questions, each in a paragraph not exceeding 120 words.
23. Prepare a trial balance from the following

| Cash in hand | 1,700 | Cash at bank | 2,620 |
| :--- | ---: | :--- | ---: |
| Capital | 5,000 | Drawings | 600 |
| Furniture | 1,700 | Bills receivable | 1,500 |
| Bills Payable | 1,500 | Purchases | 4,200 |
| Sales | 5,250 | Purchases returns | 125 |
| Sales Returns | 225 | Stationery | 50 |
| Rent | 150 | Salaries | 400 |
| Discount allowed | 30 | Discount received | 25 |
| Sundry debtors | 575 | Sundry creditors | 1,850 |

24. Give rectifying entries for the following:-
a. Furniture purchased for Rs. 2,500 was debited to purchases account.
b. Old machine sold on credit for Rs. 3,000 was entered in the sales day book.
c. A sum of Rs. 75 paid to Bini was debited to Varkey's account
d. Rent paid to landlord Rs.3,000 was debited to landlord's account.
25. Journalise the following transactions and prepare ledger accounts.

Archana started business with cash 12,000
Purchased goods for cash 6,000
Purchased furniture $\quad 2,000$
Sold goods for cash 8,000
Opened bank account 5,000
Purchased goods and paid
by cheque
Cash sales $\quad 3,000$
Paid into bank 2,000
Paid salary by cheque 400
Received commission 200
26. From the following prepare a petty cash book
January 1,2013 Balance in hand 12

Cheque received from cashier 88
3 Printing charges 9
5 Postage stamps 11
7 Telegram to supplier 8
11 Stationery 6
14 Taxi fare 13
16 Railway fare 14
21 Advance to attender 10
23 Service charges for typewriter 14
30 Paid for pencils 8
27. Pass adjusting journal entries for the following items
a. Prepaid expenses
b. Income received in advance
c. Interest on capital
d. Interest on drawings
28. Differentiate a trial balance and balance sheet?
29. Explain the various types of errors ?
30. Describe the types of subsidiary books?
31. What are the objectives of accounting ?
( $6 \times 4=24$ Marks)

## SECTION - D

Answer any TWO questions, not exceeding four pages.
32. Record the following transactions in a three column cash book

June 1,2014 Opening balance cash 1,800
Bank 3,000
3 Paid rent by cheque 700
5 Cash sales 3,500
7 Cash purchases 28,900
9 Paid into bank 1,500
13 Received from Shameer Rs.3,800
And allowed him a discount Rs. 300
18 paid to Sahir Rs.1,300 and earned a discount of Rs. 100

21 Withdrew from bank 800
27 Purchased typewriter 2,800
30 Paid into bank 700
31 Paid salaries by cheque 800
33. Following is the trail balance of Suresh \& Sons as on 31st December, 2014:-

Dr.
Cr .

| Drawings | 1,500 |
| :--- | ---: |
| Furniture | 3,000 |
| Sundry Debtors | 2,400 |
| Sundry Creditors |  |
| Freight \& Carriage | 600 |
| Purchases less returns | 8,700 |
| Sales less returns |  |
| Rent \& taxes | 500 |
| Rent prepaid | 100 |
| Insurance | 200 |
| General expenses | 500 |
| Opening stock | 1,300 |
| Cash in hand | 200 |

General expenses outstanding 100
Commission received 400
Capital


Prepare the final accounts after adjusting the following:Insurance prepaid Rs. 50
Commission earned but not received Rs. 100
Freight \& Carriage outstanding Rs. 200
Closing stock Rs.1,500.
34. What is GAAP ? Discuss the various categories of GAAP ?

## 1495

35. From the following transactions, pass journal entries, prepare ledger accounts and trial balance:

| Ajay started business with cash | 8,000 |
| :--- | :--- |
| Purchased furniture | 1,000 |
| Purchased goods | 6,000 |
| Sold goods | 7,000 |
| Purchased from Manu | 4,000 |
| Sold to Poonam | 5,000 |
| Paid to Manu | 2,500 |

Received from Poonam 3,000
Paid interest 200
Received commission 100
( $2 \times 15=30$ Marks )

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