



**MAR IVANIOS COLLEGE (AUTONOMOUS)**  
**THIRUVANANTHAPURAM**

Reg. No. :.....

Name :.....

**Fifth Semester B.Com. Degree Examination, November 2016**

**First Degree Programme under CBCSS**

**Open Course: Commerce – I**

**AUCO581: Fundamentals of Financial Accounting**

Time: 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 × 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 1 2014	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

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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 bank	420
b. Interest on deposit credit by bank	180
c. Insurance premium paid by bank	80
d. Bank charges in pass book	80

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



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 × 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		2,000
Freight & Carriage	600	
Purchases less returns	8,700	
Sales less returns		11,500
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		5,000
	19,000	19,000

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 ?

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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 × 15 = 30 Marks)**

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