

**QP CODE**

**Enrollment Number: .....**

**M1017**

**Name: .....**

**B.COM DEGREE EXAMINATIONS, OCTOBER 2025**

**First Semester**

**B.Com**

**B21CM01DC – Financial Accounting**

**(Supplementary/Improvement)**

**(2023 July Admissions)**

**Time: 3 Hours**

**Max Marks: 70**

**Section A**

**Answer any ten of the following questions in a word or sentence each. Each question carries 1 mark.**

1. Which accounting concept assumes that the business will continue for a fairly long time to come?
2. The minimum number of persons required to form a partnership business is .....
3. A bill drawn and accepted for a genuine trade transaction is termed as .....
4. The Act which governs the partnership form of business in India is.....
5. Expenditure incurred for purchasing fixed assets for per permanent use in the business is termed as .....
6. The term used for payment of bill before maturity .....
7. The permanent and continuing diminution in the quality, quantity or value of an asset is termed as .....
8. The equation to find sacrificing ratio at the time of admission of a new partner is .....
9. In the absence of any provision in the partnership agreement, profit and losses are shared by the partners in the ratio of .....
10. The number of days of grace are allowed in case of Time bills for calculating date of maturity is .....
11. In the event of death of a partner, the accumulated profits and losses are shared by the partners in their ..... ratio.
12. Trademark is a ..... Asset.
13. The order in which assets and liabilities are shown in the balance sheet on the basis of either liquidity or permanence is termed as .....
14. Institute of Chartered Accountants of India (ICAI) constituted ASB in the year .....
15. The process of writing of intangible assets is termed as .....

**(1X10=10)**

**Section B**

**Answer any five of the following questions in two or three sentences each. Each question carries 2 marks.**

16. State the three parties involved in a bill of exchange.
17. Calculate the value of cost of goods sold from the following information:

	₹
Opening Stock	12,000
Direct Expenses	7,000
Closing Stock	9,000
Purchases	10,000

18. Define Accounting Standards.
19. What is Limited Liability Partnership?
20. What is direct expense? Give two examples.
21. Define Partnership.
22. What is Goodwill?
23. How to calculate depreciation under Straight Line Method?
24. How to calculate value of goodwill under Simple Profit Method?
25. What are the entries to be made in the books of the acceptor and holder in the case of retirement of a bill?

**(2X5=10)**

### Section C

**Answer any four of the following questions in one page each. Each question carries 5 marks.**

26. Explain the procedure for framing Accounting Standards.
27. Differentiate between Trade Bill and Accommodation Bill
28. From the following information, Calculate the value of goodwill.  
Three years purchase of the last four years average profit. The profit and losses for the last four years are;
 

I Year	₹ 5,000
II Year	₹ 8,000
III Year	₹ (3,000) Loss
IV Year	₹ 6,000
29. Give necessary entries as would appear in Ramesh's book;
 

2020

May 5	Ramesh drew two bills on Thomas for ₹ 500 and ₹ 400 payables at 4 and 3 months respectively.
May 12	He endorsed the first bill in favor of his customer Ram at ₹ 475.
May 19	He discounted his second bill with his banker for ₹ 380

On the due date both the bills were dishonored
30. A, B and C are partners in a business, sharing profits in the ratio of 2:2:1. A retires and sells his share in the business for a sum of ₹ 10,000, ₹ 8,000 paid by B and ₹ 2,000 paid by C. The profits of the business after A's retirement amounts to ₹ 20,000. You are required to give the necessary journal entries.
31. A firm purchases a plant for a sum of ₹ 10,000 on 1<sup>st</sup> January 2010. Installation charges are ₹ 2,000. Plant is estimated to have a scrap value of ₹ 1,000 at the end of its useful life of five years. You are required to prepare plant Account for five years charging depreciation according to Straight Line Method.

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32. A and B are partners in a business sharing profits and losses in the ratio of 7:3. A surrenders 1/7 of his share and B surrenders 1/3 of his share in favor of C, the new partner. Calculate the New Ratio.
33. Explain the essential features of Bill of Exchange.

(5X4=20)

### Section D

Answer any two of the following questions in three pages each. Each question carries 15 marks.

34. Following is the Trial Balance for the year ending 31<sup>st</sup> December, 2020 of M/s RS Brothers.

Particulars	Dr. ₹	Cr. ₹
Purchases & Sales	50,000	1,00,000
Opening stock	30,000	
Wages	10,000	
Salaries	10,000	
Plant	20,000	
Furniture	10,000	
Printing and Stationary	5,000	
Debtors and Creditors	40,000	60,000
Cash	20,000	
Drawings: Ram	10,000	
Shyam	5,000	
Capital: Ram		30,000
Shyam		20,000

The following adjustments are to be taken into account;

- Wages outstanding ₹ 5,000.
- Plant is to be depreciated at 10% and furniture @5%.
- A provision for doubtful debt is to be created @5% on debtors.
- Interest on capital is to be allowed at 5% p.a. while on drawings it is to be charged at 6% p.a.
- Ram and Shyam, each are allowed salary @ ₹200 p.m.
- Profit and losses are to be shared equally.
- Closing stock on 31<sup>st</sup> December, 2020 is valued at ₹ 30,000.

You are required to prepare the Trading Profit and Loss Account of the business for the year ending 31<sup>st</sup> December, 2020 and the Balance Sheet as on that date.

35. Distinguish between 'Straight Line Method' and "Diminishing Balance Method" of providing depreciation. Discuss the merits and demerits of Straight-Line Method and Diminishing Balance Method.
36. From the following Trial Balance and additional information, you are required to prepare Trading Profit and Loss A/c and Balance Sheet.

Trail Balance as on 31<sup>st</sup> December 2020

Particulars	Dr. ₹	Cr. ₹
Sundry debtors	5,400	
Capital		20,000
Drawings	1,800	
wages	10,000	
Machinery	7,000	
Sundry creditors		2,800
Opening stock	4,000	
Purchases	19,000	
Carriage	3,000	
Cash at bank	3,000	
Sales		29,000
Rent and tax	900	
Carriage	300	
Salaries	400	

Additional information:

- i. Closing stock ₹ 1,200.
- ii. Outstanding rent and taxes ₹ 100.
- iii. Charge depreciation on machinery @10%.
- iv. Wages prepaid ₹ 400.

37. Surendra commenced business on 1<sup>st</sup> January 2024. His transactions for the month are given below. Journalise them.

2015	₹
Jan. 1 Commenced business with a cash	40,000
Jan. 3 Paid into bank	2,000
Jan. 5 Bought goods for cash	15,000
Jan. 8 Sold goods for cash	6,000
Jan. 10 Purchased furniture and paid by cheque	5,000
Jan. 12 Sold goods to Aravind	4,000
Jan. 14 Purchased goods from Amrit	10,000
Jan. 15 Returned goods to Amrit	5,000
Jan. 16 Received from Aravind in full settlement	3,960
Jan. 18 Withdrew goods for personal use	1,000
Jan. 20 Withdrew cash from business for personal use	2,000
Jan. 24 Telephone charges paid	1,000
Jan. 26 Cash paid to Amrit in full settlement	4,900
Jan. 31 Paid for salaries to staff	2,000
Jan. 31 Goods distributed by way of free samples	1,000

**(15X2=30)**