

QP CODE

T6057

Enrollment Number:

Name:

B.COM DEGREE EXAMINATIONS, MAY 2024

First Semester

B.Com

B21CM01DC – Financial Accounting

(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 convention takes in to account all prospective losses but leaves all prospective profits?
2. Current Account of a partner is maintained in the case of capital method.
3. A written order on the back of the bill of exchange by the holder by transferring his right to another person is termed as;
4. The written agreement between the partners containing the terms and conditions of the partnership is termed as;
5. Income received in advance is a/an
6. When the bill is noted from the notary public, it is known as;
7. Reduction in the quantity and value of wasting assets such as coals, mines and quarries are termed as;
8. The equation for calculating gaining ratio at the time of retirement or death of a partner is;
9. In the absence of any provision in the partnership agreement, the rate of interest of partners loan to the firm is Percent per annum.
10. The person who is the maker of bill of exchange is known as;
11. A, B and C are partners in the ratio of 2:2:1. C retired. The new profit - sharing ratio between A and B will be;
12. Patent is an Asset.
13. Income which has become due during the accounting year but which has not so far been received is termed as;
14. Which accounting assumption assumes that, the accounting practices should remain unchanged from one period to another?
15. Accounting Standard 6 (AS 6) deals with;

(1X10=10)

Section B

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

16. Define bill of exchange.
17. What is meant by Marshalling of Assets and Liabilities?
18. Explain Business Entity Concept.
19. Harish and Ramesh are partners sharing profits and losses equally. Their capitals on 1st April 2023 were Harish ₹ 25,000, Ramesh ₹ 30,000. Calculate interest on capital @6% p.a. for the year ending 31st March 2024.
20. What is Revenue Expenditure? Give two examples.
21. What is Partnership Deed?
22. What is Fictitious Asset?
23. If an Asset has been purchased for ₹ 100,000 and it will have a scrap value of ₹ 10,000 at the end of its useful life of 10 years. Calculate the amount of depreciation to be charged every year.
24. How to prepare Partners' Capital Account under Fixed Capital Method?
25. What is mean by Retirement of a bill?

(2X5=10)

Section C

Answer any four of the following questions. Each question carries 5 marks.

26. Discuss the limitations of financial accounting.
27. On 1st January 2023, Allen drew and Mathew accepted a three months bill for ₹ 7,000. On 2nd January, Allen sent the bill to bank for collection. On the due date bank informed that the bill has been duly met. Pass journal entries in the books of Allen and Mathew.
28. List out the contents of partnership deed.
29. Describe the advantages of Bill of Exchange.
30. Arun, Tharun and Varun are partners in a firm. Their capitals as on 1st January 2020 were 1,00,000, 50,000 and 30,000 respectively. They are sharing profits and losses equally. Interest on capital is allowed @12% p.a. Profit for the year on 31st December 2020, before charging interest on capital amounts to ₹ 50,000. You are required to prepare a Profit and Loss Appropriation A/c showing the distribution of profit among the partners.
31. A firm purchases a plant for a sum of ₹ 1,00,000 on 1st January 2010. The useful life of the plant is ten years. You are required to prepare plant Account for first five years charging depreciation according to Diminishing Balance Method.
32. The profits of a firm for the last five years were ₹ 50,000, ₹ 35,000, ₹ 42,000, ₹ 48,000, ₹40,000. The net tangible asset is ₹ 1,50,000. Normal rate of return is 20%. Calculate the value of goodwill under capitalization of average profit method.
33. Differentiate between Fixed Capital Method and Fluctuating Capital Method.

(5X4=20)

Section D

Answer any two of the following questions. Each question carries 15 marks.

34. The following is the Balance Sheet of A, B and C sharing profits and losses in the proportion of 6:5:3 respectively.

Balance Sheet
As on 31st March 2020

Liabilities	₹	Assets	₹
Creditors	18,900	Cash	1,890
Bills payable	6,300	Debtors	26,460
General reserve	10,500	Stock	29,400
A's Capital	35,400	Furniture	7,350
B's Capital	29,850	Land and Building	45,150
C's Capital	14,550	Goodwill	5250
	<u>1,15,500</u>		<u>1,15,500</u>

They agreed to take D into partnership and give him 1/8th share on the following terms;

- i. Furniture be depreciated by ₹ 920;
- ii. Stock be depreciated by 10%;
- iii. A provision of ₹ 1,320 be made for outstanding repair bills;
- iv. The value of land and building having appreciated to ₹ 59,850;
- v. The value of goodwill be ₹ 16,800 and D's share of goodwill is adjusted through capital accounts;
- vi. D should bring in ₹ 16,100 as his capital;
- vii. After making the above adjustments the total capital of the firm should be ₹ 1,12,000 and be adjusted on the basis of the new profit-sharing ratio in the business.
- viii. Actual cash to be paid off or brought in by the partners as the case may be.

Prepare revaluation A/c, Partners Capital A/cs and the Balance Sheet of the new firm.

35. What do you understand by depreciation? Discuss the main causes of depreciation and the need for providing depreciation.

36. From the following Balance extracted in the books of M/s Ranbir Traders, you are required to prepare Trading Profit and Loss A/c and Balance Sheet.

Particulars	Dr. ₹	Cr. ₹
Opening stock	1,250	
Sales		11,800
Depreciation	667	
Commission		211
Insurance	380	
Carriage inward	300	
Furniture	670	
Printing charges	481	
Carriage outward	200	
Capital		9,228
Creditors		1,780
Bills payable		541
Plant and machinery	6,230	
Return outward		1,380
Cash in hand	895	
Salaries	750	
Debtors	1,905	
Discount	328	
Bills receivable	2,730	
Wages	1,589	
Return inward	1,659	
Bank overdraft		4,000
Purchases	8,679	
Petty cash in hand	47	
Bad debts	180	

The value of closing stock as on 31st December, 2020 was ₹ 3,700.

37. Prepare two column cash book from the following Information.

2015		₹
Jan. 1	started business with a cash	40,000
Jan. 3	Paid into bank	2,000
Jan. 5	Bought goods for cash	4,000
Jan. 12	Sold goods to Ravi	6,000
Jan. 18	Deposited into bank by Ravi	5,500
	Discount allowed to him	500
Jan. 20	Purchased goods from Aravind	4,000
Jan. 22	Paid cheque to Aravind	3,800
	Discount allowed by him	200
Jan. 24	Sold goods for cash	5,000
Jan. 26	Rent paid by cheque	600
Jan. 28	Commission collected and credited by bank	1,000
Jan. 31	Withdrew cash from bank for office use	2,000

(15X2=30)