

NOVEMBER/DECEMBER 2019

BAIM12B — FINANCIAL ACCOUNTING – I

Time : Three hours

Maximum : 75 marks

SECTION A — (10 × 2 = 20 marks)

Answer ALL questions.

1. Write a short note on Business entity concept.
2. Explain the meaning of error of commission.
3. Write down any 3 causes for depreciation.
4. What is revaluation method?
5. Explain the term salvage.
6. Define account current.
7. What do you understand by final accounts?
8. Write down any two purposes of preparing financial statements.
9. Define single entry.
10. What do you mean by statement of affairs?

SECTION B — (5 × 5 = 25 marks)

Answer ALL the questions.

11. (a) What are the features of self balancing ledgers?

Or

- (b) Describe the limitations of single entry system.

12. (a) Describe the sinking fund method of depreciation with its merits.

Or

- (b) A company purchased a plant for Rs. 50,000. The useful life of the plant is 10 years and the residual value is Rs. 10,000. Find out the rate of depreciation under the straight line method.

13. (a) Explain the different methods of computing interest in account current.

Or

- (b) What is average clause? What are its purposes?

- (b) What is conversion method? How do you find profit or loss under conversion method.

SECTION C — (3 × 10 = 30 marks)

Answer any THREE questions.

16. The bank overdraft of Ranjani on 31-12-2017 as per cash book is Rs. 9,000. From the following particulars prepare bank reconciliation statement.

- (a) Unpresented cheque Rs. 3,000
- (b) Uncleared cheque Rs. 1,700
- (c) Bank interest debited in the pass book only Rs. 500
- (d) Bill collected and credited in the pass book only Rs. 800
- (e) Cheque of Renu dishonoured Rs. 500
- (f) Cheques issued to sekar enter in the cash column of cash book Rs. 300.

17. A second hand machine was purchased on 1-1-2013 for Rs. 30,000 and repair charges amounted to Rs. 6,000. It was installed at a cost of Rs. 4,000. On 1st July 2014, another machine was purchased for Rs. 26,000. On 1st July 2015 the first machine was sold for Rs. 30,000. On the same day, one more machine was bought for Rs. 25,000. On 31-12-2015, the machine bought on 1st July 2014 was sold for Rs. 23,000. Accounts are closed every year on 31st December. Depreciation is written off at 15% p.a. Prepare machinery account for 3 years ending 31-12-2015.

18. A Fire occurred on September 3, 2016 in the go down of the Anand. From the following figures ascertain the claim to be lodged:

Particulars	Amount
Stock on January 1, 2016	17,000
Purchases from January 1, 2016 to date of fire	1,70,000
Wages and other manufacturing expenses	17,000
Sales form January 1, 2016 to date of fire	2,00,000

The rate of gross profit is 25% on cost. The stock salvaged was valued at Rs. 4,000

19. Distinguish between Trial balance and Balance Sheet.
20. Ramesh keeps his books on single entry basis. Prepare a statement of affairs as on 31.10.2016 and a statement of profit or loss for the period ending 31.10.2017.

Particulars	1.1.2016	1.1.2017
Bank Balance	560(dr)	350(dr)
Cash on hand	10	50
Debtors	4,500	3,600
Stock	2,700	2,900
Plant	4,000	4,000
Furniture	1,000	1,000

Ramesh had withdrawn Rs. 2,000 during the year and had introduced fresh capital of Rs. 42,000 on 1.7.2017. A provision of 5% on debtors is necessary. Write off depreciation on plant at 10% and furniture at 15%. Interest on capital is to be allowed at 5%.

14. (a) From the following calculate the amount of provision for doubtful debts to be debited to P & L Ac:

Opening provisions for doubtful debts Rs. 2,400

Closing sundry debtors Rs. 42,000

Bad debts yet to be written off Rs. 2,000

Provide for doubtful debts at 10% on debtors.

Or

- (b) What are the difference between "Trading account" and "Profit and loss account"?

15. (a) Mohan a retail merchant commenced a business with capital of Rs. 12,000 on 1.1.2016. Subsequently On 1.5.2016 he invested further capital of Rs. 5,000. During the year, he has withdrawn Rs. 2,000 for his personal use. On 31.12.2016 his assets and liabilities were as follows:

Particulars	Amount (Rs.)
Cash at bank	3,000
Debtors	4,000
Stock	16,000
Furniture	2,000
Creditors	5,000

Calculate the profit or loss made during the year 2016.

Or

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