

APRIL/MAY 2019

BAIM12B — FINANCIAL ACCOUNTING – I

Time : Three hours

Maximum : 75 marks

SECTION A — (10 × 2 = 20 marks)

Answer ALL questions.

1. What is accounting equation?
2. What is suspense account?
3. Define depreciation.
4. What do you mean by obsolescence?
5. What is account current?
6. Explain the term red ink interest.
7. What do you understand by gross profit?
8. What is balance sheet?
9. What do you mean by statement of affairs?
10. What is conversion method?



SECTION B — (5 × 5 = 25 marks)

Answer ALL questions.



11. (a) Explain the Self Balancing Ledger System.
What are its advantages?

Or

- (b) Describe any 3 types of errors with suitable examples.

12. (a) What are the causes for depreciation?

Or

- (b) Explain the straight line method of depreciation and its merits.

13. (a) R owes S the following sums of money from him on the dates stated:

Rs. 300 due on March 9, 2018

Rs. 1,000 due on April 2, 2018

Rs. 4,000 due on April 30, 2018

Rs. 100 due on June 01, 2018

He wants to make the complete payment on 30-6-2018. Calculate interest at 5% p.a. with the help of Average due date method.

Or

Plant and Machinery	54,420	61,000
Bills Receivable	—	16,480
Sundry Debtors	24,840	43,940
Sundry Creditors	72,000	80,000
Furniture	4,900	5,220
Drawings	—	5,000

During the year he introduced additional capital of Rs. 20,000

From the above particulars prepare a statement of Profit and loss of Mr.Mano for the year ended 31.12.2017



- (b) A fire occurred at the premises of a trader on 31.5.2016 destroying a great part of his goods. His stock at 1.1.2016 was Rs. 60,000. The value of stock salvaged was Rs. 13,500. The gross profit on sales was 30% and sales amounted to Rs. 1,53,000 from January to date of fire, while for the same period the purchases amounted to Rs. 1,03,500. Prepare a statement of claim.

14. (a) State the distinction between Capital and revenue expenditure.

Or

- (b) Distinguish between trial balance and balance sheet.

15. (a) What is single entry? Explain its salient features.

Or

- (b) Mr. Rafi maintains his books on single entry system. He gives you the following information.

Capital as on 1.1.2016 – Rs. 32,000

Capital as on 1.1.2017 – Rs. 36,000,

Drawings during the year 2016 – Rs. 10,000

Capital introduced on August 2016 – Rs. 6,000

You are required to calculate the profit made by Rafi during 2016.

SECTION C — (3 × 10 = 30 marks)

Answer any THREE questions.

16. From the under-mentioned particulars of Mr. M. Mohan prepares a Bank Reconciliation statement as on 31st July 2017.
- (a) Cheques paid into the bank on the 28th July 2017 but credited to Mohan's account in the first week of August 2017.
- Kalyan Rs.1, 000 Joy Rs.800, Ragul 1,200
- (b) The following cheques were issued by Mohan on 30th July 2017, but presented to bank for payment after the close of the year.
- David Rs.1, 200, Han Rs.1, 000, Lal Rs.800
- (c) A cheque for Rs. 300 was credited direct to the account and was not passed through of the cash book.
- (d) The bank balance as per cash book on 31st July 2013 amounted to Rs. 3,000.
17. A machine purchased on 1st July 2016 at a cost of Rs. 14,000 and Rs. 1,000 was spent on its installation. The depreciation is write off at 10% on the original cost every year. The books are closed on 31st December each year. The machine was sold for Rs. 9,500 and 31st March 2016. Show the machinery account for all the years.

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18. A fire occurred in the premises of X Ltd. On 10.10.2016. All stocks were destroyed except to the extent of Rs. 6,200 from the following figures ascertain the loss of stock suffered by the company:
- Stock on 1.1.2016 Rs. 40,000.
- Purchases during 2016 Rs. 1,45,000 .
- Sales during 2016 2,00,000
- Stock on 31.12.2016 25,000
- Purchase during 2016 up to the date of fire Rs. 1,52,000
- Sales during 2016 up to date of fire Rs. 1,89,000
19. The provision for bad and doubtful debts account shows a balance of Rs. 2,000 on 1st January 2016. The bad debts during the year 2016 amount to Rs. 1,600. The sundry debtors on 31st December 2016 are Rs. 32,000. Create a new provision for bad debts @ 5% show the ledger, profit and loss account and Balance sheet.
20. Mr. Mano keeps his books of accounts under single entry system. His financial position on 31.12.2016 and 31.12.2017 was as follows:

Particulars	2016	2017
Cash	9,900	800
Stock in trade	38,520	57,020

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