

KAKATIYA UNIVERSITY
B.Com, I - YEAR : SEMESTER END - I
MODEL PAPER -- C.B.C.S. - 2016
Subject: Financial Accounting - I

Time: 3 Hours

Max. Marks: 80

SECTION - A

I. Answer the following in not more than 15 lines each 5x4=20

- a) Explain Accounting Cycle.
- b) What do you mean by journal proper
- c) Under what circumstances cash book shows overdraft balance?
- d) Distinguish between capital and revenue nature items
- e) What do you mean by adjustment entries? Explain any two in brief.

SECTION - B

5 X 12 = 60

2. Answer the Following Questions

- a) Define Accounting. Explain the advantages and limitations of financial accounting.

(OR)

- b) Show the journal entries in the books of Pavan.

	Rs.
Pavan started business with cash	25,000
He purchased goods on credit	7,000
He sold goods for cash,	3,200
Sold goods to Rajesh on credit costing Rs.300	600
Purchased furniture for cash	2,500
Paid salaries	350
Received cash from Rajesh	500
Purchased goods from Murali for cash`	1,500
He withdrawn cash for personal use	800

3.

a) What do you understand by 'Subsidiary books'? Describe the objectives of preparing such books.

(OR)

b) Enter the following transactions in cash book with Discount, Cash and Bank columns.

2015

December, 1 Cash in hand Rs. 16000

2 Opened a bank account with Rs 8,000

3 Cash purchases Rs. 600

4 Received a cheque of Rs 4000 from Amar and gave him a discount of Rs 200

6 cash sales Rs.1,200

10 salaries paid to manager by cheque Rs 9000

15 with drew from bank for personal use Rs.4500

20 paid office rent Rs. 5000

22 received commission Rs.200

24 Gave cheque to Arun for Advertisements Rs.3500

26 Cash deposited into Bank Rs.18,000

28 cash drawn for office use Rs.6,500

4.

a) What do you understand by Bank Reconciliation Statement? Why and how it is Prepared?

(OR)

b) Prepare Bank reconciliation Statement from the following data as on 31-3-2012

i) Balance as per cash book on 31-3-2012 overdrawn Rs. 9,204

ii) Cheques drawn on 31-3-2012 but not cleared till March 2012 Rs. 3,225 , Rs 745 and Rs. 926

iii) Bank overdraft interest charged on 28-03-2012 but not entered in cash book Rs. 1,610

iv) Cheque received on 26-3-2012 entered in cash book but not deposited to bank till 3 rd April, 2012 Rs. 11,322

v) Cheque received amounting to Rs.150 entered in cash book twice.

vi) A payment by bank of Rs. 2,500 as per standing instruction not entered in cash book.

5.

a) For the following errors pass rectifying entries.

- a) An amount of Rs.300 paid for the repair of furniture was debited to furniture account.
- b) Sales day book was overcast by Rs. 200
- c) A sale of Rs. 50 to Mr. X was wrongly debited to the account of Mr. Y
- d) General expenses Rs. 180 were posted in the ledger as 280
- e) A sale of Rs. 430 to Krishna Textiles has been credited as Rs. 340

(OR)

b) On 1st January, 2010 ABC ltd Company purchased machinery for Rs. 12,000 and on 30th June 2011 it acquired additional machinery at a cost of Rs.2, 000. On 31st March, 2012 one of the original machines which had cost Rs. 500 was found to have become obsolete and was sold as scrap for Rs. 50. It was replaced on that day by a new machine costing Rs. 800.

Depreciation is to be provided at the rate of 15 percent per annum on the written down value method. Show the ledger accounts for the first three years.

6.

a) Prepare Manufacturing and Trading Account for the year ending 30th June, 2105 with the following figures extracted from the books of manufacturing concern.

	Opening stock	Closing stock
	Rs.	Rs.
Raw Materials	1, 20, 000	80, 000
Work in progress	24, 000	14, 000
Finished Goods	86, 000	64, 000

<u>Transactions during the Year:</u>	<u>Rs.</u>
Purchase of Materials	4, 00, 000
Wages	2, 50,000
Stores consumed	30, 000
Indirect Wages	72, 000
Factory rent	24, 000
Depreciation on Plant & Machinery	40, 000
Sales	11, 20, 000
Purchase of Finished Goods	10, 000

(OR)

b) 3 From the following balances of Tharun Pvt. Ltd. prepare Final Accounts as on 31st March, 2012 :

	Rs.		Rs.
Stock on 01-4-2011	23,500	Freight In	1,100
Purchases	46,800	Freight Out	3,000
Sales	1,30,000	Rent (Factory 1/3, Office 2/3)	7,500
Productive Expenses	27,000	Legal Expenses	800
Unproductive Expenses	5,800	Miscellaneous Receipts	500
Trade Expenses	1,200	Sundry Debtors	30,000
Returns In	6,600	Sundry Creditors	12,200
Returns Out	2,800	Donation	600
Loose Tools	7,200	Bad-Debts	4,750
Trade Marks	5,000	Bad-Debts Recovered	4,000
Discount Cr.	2,100	Sales Tax Collected	3,900
Salaries	9,600	Bank Charges	2,800
Fixed Deposit with P.N.B.	10,000	Loan on Mortgage	20,000
Cash in Hand	1,300	Interest on Loan	2 400
Motor Vehicles	50,000		
Leasehold Land	60,000		
Capital	1,37,450		
Life Insurance Premium	6,000		

Value of Closing Stock was Rs. 36,500 on 31st March 2012.

Question No 5., and Question No 6 ., both would be questions involving practical problems only in Accounts , Statistics and Taxation no theory .Theoretical Questions will be asked only when the there are no practical problems in such paper as per Syllabus