

UNIVERSITY OF KERALA
SCHOOL OF DISTANCE EDUCATION
Fifth Semester B.Com Degree Examination, April 2020
MODEL QUESTION
FUNDAMENTALS OF FINANCIAL ACCOUNTING
(Open Course)

Time: 3 Hours

Max. Marks: 80

SECTION - A

Answer **all** questions in **one** or **two** sentences each. **Each** carries 1 mark.

1. What is Accounting?
2. What is Trail Balance?
3. Write a note on AS 2
4. What is a Journal?
5. What is an Accounting equation?
6. What are subsidiary books?
7. What is a Bank reconciliation statement?
8. What is a Petty cash book?
9. What is a Manufacturing account?
10. What is Suspense account?

(10x1=10 Marks)

SECTION-B

Answer **any eight** questions in **not** exceeding **one** paragraph each. **Each** carries 2 marks)

11. Distinguish between single entry and double entry
12. What are the systems of accounting?
13. Write a note on three column cash book.
14. Discuss the different types of errors
15. What are closing entries?
16. Discuss the basic rules of debit and credit
17. How do you balance a ledger account?
18. What is meant by grouping and marshalling of assets and liabilities?
19. How do treat bad debts and provision for bad debts in the final accounts of a sole trader?
20. What are adjusting entries?
21. How will you classify the following into personal, real and nominal accounts?
(i) Furniture, (ii) Cash, (iii) Salary account, (iv) Sales account, (vi) Capital account

(8x2=16 Marks)

SECTION-C

Answer any six questions. Each question carries 4 marks.

22. What are items on the debit and credit side of a profit and loss account?
23. What are the objectives of accounting?
24. Write a note on Accounting standards in India

25. Journalise the following:

2018	April 2	Sanay started business with a capital of Rs.100000
	April 2	Purchased furniture Rs. 10000
	April 5	Goods purchased for cash Rs. 25000
	April 15	Sales: Cash-Rs.8000; credit to Ramesh-Rs.3000
	April 20	Paid to Arun Rs.1000
	April 25	Received from Ramesh Rs.2750; discount allowed Rs 250.
	April 30	Salary paid Rs 5000

26. Discuss the importance of cash book.

27. How do you classify assets and liabilities?

28. Enter the following transaction in the following columns. The cashier who was given Rs. 100 under imprest system on Aug 4, 1986.1986

Aug 6	Paid for printing work	Rs. 5
Aug 8	Paid for stationary purchased	Rs. 8
Aug 10	Paid for postage stamps	Rs.6
Aug 12	paid for office furniture	Rs.11
Aug 14	Paid for travelling charges	Rs. 7
Aug 15	Paid for general expenses	Rs.4
Aug 17	Manager taxi fare	Rs. 12

29. Discuss the need for bank reconciliation statement.

30. Write up a single column cash book for the month of April 2015, from the following?

1 Cash in hand	1,650	17 Paid cash for repairing ...	360
2 Cash sales	16,000	19 Sales by cash	11,400
3 Paid check to creditors.....	4,000	21 Paid office expense	180
4 Wages paid in cash	2,250	25 Paid rent and rates	3,600
4 Cash sales	18,000	26 Cash sales	19,200
9 Paid cash to TCP	420	27 Paid electricity bill	900
11 Paid salaries by cash ...	2,850	28 Cash collected from debtor	4,500
12 Credit Sales ...	1,000	29 Goods Purchase ...	2,000
14 Note Receivable Realized	3,000	30 Retire bank loan ...	3,000

31. From the following particulars of Mr. Rakesh, prepare bank reconciliation statement as on March 31, 2018:

1. Bank balance as per cash book Rs. 100000
2. Bank charges of Rs.800 were not entered in the cash book
3. Cheque issued but not presented for payment rs.12000
4. A cheque for Rs.12000 was deposited but not collected by the bank
5. The bank had directly collected dividend of Rs. 16000 and credited to bank account but was not entered in the cash book.

(6x4=24 Marks)

SECTION-D

Answer **any two** questions. **Each** carries **15** marks.

32. Discuss accounting principles.

33. What are financial statements? Discuss the objectives of financial statements.

34. On April 1, 2017, Hassan Sajjad Store Cash Book showed debit balances of Cash Rs. 1,550 and Bank Rs. 13,575. During the month of April following business was transacted. You are required to prepare Cash Book.

April 2017

- 02 Purchased Office Type-Writer for Cash Rs. 750; Cash Sales Rs. 1,315.
- 07 Deposited Cash Rs. 500 to bank.
- 10 Received from A. Hussain a check for Rs. 2,550 in part payment of his account (not deposited).
- 16 Paid by check for merchandise purchased worth Rs. 1,005.
- 20 Deposited into Bank the check received from A. Hussain.
- 22 Received from customer a check for Rs. 775 in full settlement of his accounts (not deposited).
- 24 Sold merchandise to sweet Bros. for Rs 1,500 who paid by check which was deposited into bank.
- 26 Paid creditor a Salman Rs. 915 by check.
- 28 Deposited into Bank the check of customer of worth Rs. 775 was dated 22nd April.
- 29 Paid wages by cash Rs. 500 and salary Rs. 1,000 by bank.
- 30 Drew from Bank for Office use Rs. 250 and Personal use Rs. 150.

35. From the following Trial Balance of Ravindran prepare Trading and Profit and Loss Account for the year ended March 31, 1987 and Balance Sheet as on that date.

Trial Balance as on March 31, 1987	Dr.	Cr.
Stock on April 1, 1986	24,200	
Cash in hand	4,000	
Cash at bank	12,900	
Leasehold Premises (lease for five years commencing from April 1, 1986)	20000	
Machinery	30000	
Furniture	15000	
Buildings	60000	
Drawings	5000	
Capital		16000
Purchases and Sales	96000	14500
Debtors and Creditors	50000	40000
Returns	3000	4300
Freight	6000	
Wages	17500	
Trade Expenses	4750	
Salaries	12000	
Printing and Stationery	1800	
Bad Debts	4000	
Provision for Bad Debts		4000
Rent received		3100
10% Loan (taken on October 1, 1986)		10000
Interest on Loan	250	

Total

366400

366400

You are required to make the following adjustments:

- a) Stock on March 31, 1987 was valued at Rs. 45,600.
- b) Write off Rs. 2,000 as bad debts and make a provision for doubtful debts at 5% on sundry debtors.
- c) Charge depreciation on Machinery at 10% and on Building at 2%.
- d) Calculate interest on capital and drawings at 6% per annum.
- e) The Manager is entitled to a commission of 5% on the net profit before charging such commission.

(2x15=30 Marks)
