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(Pages : 4)

Name.....

Reg. No.....

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**FIFTH SEMESTER B.Com. DEGREE EXAMINATION, NOVEMBER 2014**

(UG—CCSS)

Open Course

**BC 5D 03—BASIC ACCOUNTING**

(2010 Admission onwards)

Time : Three Hours

Maximum : 30 Weightage

**Part A**

*This part consists of three bunches of questions carrying equal weightage.*

*Each bunch has four questions.*

*Answer all **twelve** questions.*

**I. Fill in the blanks :**

- 1 Land and buildings account will indicate a \_\_\_\_\_ balance.
- 2 Only \_\_\_\_\_ transactions are recorded in Cash Book.
- 3 When cash is deposited into and withdrawn from bank, the entry in the Cash Book is called \_\_\_\_\_.
- 4 The statement containing various ledger balances on a particular date is known as \_\_\_\_\_.

**II. Choose the most appropriate answer from the following :—**

- 5 Liabilities of a firm are Rs. 6,00,000 and capital of the proprietor is Rs. 4,00,000. Then total assets are :
  - (a) Rs. 6,00,000.
  - (b) Rs. 10,00,000.
  - (c) Rs. 2,00,000.
  - (d) Rs. 4,00,000.
- 6 According to the going concern concept, a business entity is assumed to have :
  - (a) A long life.
  - (b) A very short life.
  - (c) An indefinite life.
  - (d) None of these.
- 7 L.F. stands for :
  - (a) Left Forward.
  - (b) Ledger Folio.
  - (c) Ledger Final.
  - (d) Ledger Forward.
- 8 Which of the following is a nominal account ?
  - (a) Drawings Account.
  - (b) Outstanding Interest Account.
  - (c) Salaries Account.
  - (d) Machinery Account.

Turn over

III. Match the following :—

- |                                                                                            |                               |
|--------------------------------------------------------------------------------------------|-------------------------------|
| 9 It seeks to make a distinction between the business and the proprietor                   | (a) Invoice.                  |
| 10 The assumption that the business will last for a long time                              | (b) Trade Discount.           |
| 11 A price concession given by the seller to the purchaser                                 | (c) Going Concern.            |
| 12 A deduction given by the creditor to the debtor as inducement for making prompt payment | (d) Accounting Entity Concept |
|                                                                                            | (e) Cash Discount             |

(12 × ¼ = 3 weight)

### Part B

Answer all **nine** questions in **one or two sentences** each.

Each question carries a weightage of 1.

- 13 What do you mean by Full Disclosure Principle ?
- 14 What is posting ?
- 15 What is a Credit Note ?
- 16 What are errors of omission ?
- 17 What is a Balance Sheet ?
- 18 What do you understand by wasting assets ?
- 19 What do you mean by revenue expenditure ?
- 20 Name two examples of ledger.
- 21 Name different types of cash book.

(9 × 1 = 9 weight)

### Part C

Answer any **five** questions not exceeding **one page** each.

Each question carries a weightage of 2.

- 22 What are the objects of financial accounting ?
- 23 What do you understand by accounting convention ? Briefly explain the important conventions used in accounting.
- 24 What are the different types of accounting errors ?
- 25 What are the limitations of financial statements ?
- 26 Journalise the following transactions :
  - (a) Othenan, a stationery dealer, purchased stationery Rs. 25,000; paid cartage stationery Rs. 100.
  - (b) Purchased furniture Rs. 1,500; paid cartage Rs. 35.
  - (c) Purchased a computer Rs. 15,000; paid taxi charges in bringing the computer Rs. 1,000.
  - (d) Purchased machinery for Rs. 35,000; paid installation charges Rs. 1,000, freight Rs. 350 including insurance.

- 27 Give journal entries to rectify the following errors :
- Paid wages for the construction of a room, debited to wages account Rs. 1,500.
  - Purchased goods for the personal use of the proprietor Rs. 1,000, debited to purchase account.
  - Paid repairing charges on the purchase of old machinery Rs. 450, debited to general expenses account.
  - Paid rent to landlord Rs. 2,400, debited to landlord account by Rs. 2,004.
- 28 Mr. Hakkim found that his cash balance as on 28-2-2013 as per cash book was different from that of the pass book balance. Prepare a statement to explain the difference from the following :—
- Bank balance as per cash book Rs. 8,920.
  - Out of the cheques issued in February 2013, cheques for Rs. 3,900 were not presented for payment.
  - Cheques for Rs. 4,750 deposited into the bank were not collected and credited.
  - A customer has paid directly to Hakkim's account a sum of Rs. 780 for which not entry is found in the cash book.
  - According to standing instruction to the bank, they have paid Hakkim's telephone bill for Rs. 350, which remains to be recorded in the cash book.

(5 × 2 = 10 weightage)

#### Part D

Answer any two questions.. Each question carries a weightage of 4.

- 29 From the following Trial Balance of Mr. Pareeth, prepare Trading and Profit and Loss Account for the year ended 31st December, 2012 and a Balance Sheet as on that date :

Trial Balance as on 31st December, 2012

Particulars	Debit Rs.	Particulars	Credit Rs.
Opening Stock ...	8,000	Sales ...	50,000
Purchases ...	24,000	Return Outwards ...	2,910
Sales Returns ...	2,700	Capital ...	10,000
Wages ...	1,000	Creditors ...	12,000
Carriage ...	1,400		
Salaries ...	2,400		
Coal, gas and water ...	600		
Trade expenses ...	1,000		
Stationery ...	1,400		
Land Building ...	10,000		
Drawings ...	200		
Plant ...	8,000		
Cash in hand ...	4,400		
Debtors ...	2,000		
Investments ...	7,810		
	<u>74,910</u>		<u>74,910</u>

Closing Stock on 31st December, 2012 was Rs. 12,000.

Turn over

30 Prepare a double column Cash Book with cash and bank columns from the following transactions :—

2013		Rs.
January 1	Cash Balance	... 2,200
1	Bank balance	... 3,500
3	Cash sales	... 3,900
5	Cash purchases	... 2,600
7	Withdrew cash from bank	... 1,500
9	Paid to Soman by cheque	... 1,450
11	Personal withdrawal from bank	... 600
13	Received a cheque from Madhu	... 9,500
14	Cheque from Madhu was paid into bank	... 9,500
17	Paid cash for postage	... 150
19	Thomas, one of our customers, paid directly into our bank account	... 3,000
23	Withdrew cash from bank for office use	... 1,000
25	Paid into bank	... 900
27	Received a cheque from Krishnan and the same was given to bank for collection	... 7,200
28	Madhu's cheque was returned dishonoured	... 9,500
29	Paid salary by cheque	... 1,000
30	Bank charges debited in the pass book	... 40
	Interest credited in the pass book	... 120
31	Paid Rajesh by cheque	... 1,350

31 Enter the following transactions in the Purchases Returns Book :—

2013

April 4	Returned to Surya Mills, Salem 25 metres of cotton at Rs. 80 per metre 15 metres of linen at Rs. 30 per metre Less trade discount 10 %.
17	Returned to Sobha Mills, Coimbatore 30 towels at Rs. 15 each 10 Blankets at Rs. 110 each
24	Returned to Brilliant Mills, Puduchery 10 shirt pieces at Rs. 70 per piece Less trade discount 6%
28	Returned to Surya Mills : 15 ready-made shirts at Rs. 300 each 10 metres of velvet at Rs. 30 per metre Less trade discount 10 %.
30	Allowances claimed from Preetha Textiles for shortage of goods Rs. (2 × 4 = 8 weigh