

(FOR THE CANDIDATES ADMITTED  
DURING THE ACADEMIC YEAR 2025 ONLY)

25UBI101

REG.NO.:

**N.G.M.COLLEGE (AUTONOMOUS) : POLLACHI**  
**END-OF-SEMESTER EXAMINATIONS : NOVEMBER-2025**  
**B.Com-BANKING AND INSURANCE** **MAXIMUM MARKS: 75**  
**SEMESTER: I** **TIME : 3 HOURS**

**PART - III**  
**FINANCIAL ACCOUNTING -I**

**SECTION-A**

**(10X1=10MARKS)**

**ANSWER THE FOLLOWING QUESTIONS:**

**MULTIPLE CHOICE QUESTIONS.**

**(K1)**

1. Which authority in India notifies Accounting Standards?  
(a) SEBI (b) ICAI (c) Ministry of Corporate Affairs (MCA) (d) RBI
2. An overdraft as per pass Book is shown as \_\_\_\_\_  
(a) Debit balance in Cash Book (b) Credit Balance in Cash book  
(c) Credit balance in Bank Statement (d) Credit Balance in Bank Statement
3. A bill of exchange must be \_\_\_\_\_.  
(a) Oral (b) in writing (c) in words (d) on stamp paper only
4. Which of the following assets is not depreciated?  
(a) Plant & Machinery (b) Building (c) Goodwill (d) Land
5. The difference between the hire purchase price and cash price is: \_\_\_\_\_.  
(a) Interest (b) Down Payment (c) Advanced payment (d) None of the above

**ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES.**

**(K2)**

6. Why Journal is called a Book of Original Entry?
7. What is Red Ink Interest? Why is it so called?
8. Give the essentials of bill of exchange.
9. List out the causes for depreciation
10. Show any two differences between Hire Purchase System and Installment System.

**SECTION B**

**(5X5=25MARKS)**

**ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. (K3)**

11. a) A Book-Keeper while balancing his books found that he was out excess credit by ₹ 9,180. He placed the difference in a suspense account which he carried forward to the next year. Subsequently, the following errors were located.
  - i. Goods bought from Mohideen amounting to ₹ 550 had been posted to the credit of his account as ₹5,500
  - ii. A dishonoured cheque for ₹1,200 returned by the firm's bank had been credited to the Bank Account and debited to the General Expenses Account.

**(CONTD.....2)**

- iii. An item of \$1,010 entered in the Sales Return Book had been posted to the debit of the customer who returned it.
- iv Sundry items of Furniture sold for ₹2,500 had been entered in the Sales Day Book.
- v ₹6,000 owed by a customer had been omitted from the Schedule of Debtors.
- vi Discounting amounting to ₹ 250 allowed to a customer had been entered in his account but not entered in the Discount Column of the Cash Book.

**OR**

b) Sanjiv of Karachi is not an expert in accounting. He prepared the following trial balance. You are requested to correct it and prepare a corrected trial balance.

s.no	Name of Account	L.F	Debit	Credit
1.	Capital	-	15,560	-
2.	Sales		27,560	-
3.	Sales Return		-	980
4.	Drawings		-	5,640
5.	Sundry debtors		-	5,300
6.	Freehold Premises		-	7,410
7.	Purchases		-	12,680
8.	Return outwards		-	2,640
9.	Loan from sharma		2,500	-
10.	Sundry creditors		5,280	-
11.	Administration expenses		-	7,840
12.	Cash in hand		-	1,420
13.	Bills payable		1,000	-
14.	Wages		-	5,980
15.	Opening stock		-	2,640
16.	Factory expenses		4,650	

12. a) On March 31, 2018, the Cash Book of Pranav showed a Bank balance of Rs.4,850.

While verifying with the Pass Book, the following facts were noted:

- (i) Cheques sent in for collection before March 31, 2018, and not credited by the bank amounted in all to ₹845.
- (ii) Cheques issued before March 31, 2018, but not presented for payment Amounted to ₹885.
- (iii) The banker has charged a sum of \$100 towards incidental charges and credited interest ₹250.
- (iv) The banker has given a wrong credit for ₹250.  
Mr. Nair has paid into bank directly a sum of ₹300 on March 28, 2018, which has not been entered in the cash book.
- (vi) A cheque for ₹200 sent for collection and returned unpaid has not been entered in the cash book.

Prepare a Bank Reconciliation Statement.

**OR**

12 b) R owes S the following sum of money due from him on the dates stated:

Rs. 300 due on March 9. 1993.

Rs. 1,000 due on April 2.1993.

Rs. 4,000 due on April 30. 1993.

Rs. 100 due on June 1. 1993.

He wants to make the complete payment on 30-6-93. Calculate interest at 5% p.a. with the help of Average due date method.

13. a) A sold goods to B for ₹1,000. A drew a bill of exchange for ₹1,000 on B and the bill was duly accepted by B and returned to A. Pass necessary entries in the books of A and B in the following cases.

Case 1: on the due date the bill was honoured.

Case 2: On the due date the bill was dishonoured.

**OR**

b) Explain (i) Days of Grace (ii) Noting charges (iii) Retiring the Bill

14. a) Show the differences between Straight line method and Written Down Value method.

**OR**

b) A machine purchased on 1<sup>st</sup> July 1983 at a cost of Rs. 14,000 and Rs. 1,000 was spent on its installation. The depreciation is written off at 10% on the original cost every year. The book are closed on 31<sup>st</sup> December each year. The machine was sold for Rs. 9,500 on 31<sup>st</sup> March 1986. Show the machinery account for all the years.

15. a) X purchased a typewriter on hire-purchase system. As per terms, he is required to pay Rs.800 down, Rs. 400 at the end of the first year Rs.300 at the end of the second year and Rs.700 at the end of the third year. Interest is charged at 5%p.a. Calculate the total cash price of the typewriter and the amount of interest payable on each installment.

**OR**

b) X purchased a machine under hire purchase system. According to the terms of the agreement Rs.40,000 was to be paid on signing of the contract. The balance was to be paid in four annual installments of Rs. 25,000 each plus interest. The cash price was Rs.1,40,000. Interest is chargeable on outstanding balance at 20% per annum. Calculate interest for each year and the instalment amount.

**SECTION C****(5X8=40 MARKS )****ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. (K4 OR K5)**

16. a) What are Accounting Concepts- Explain in detail.

**OR****(CONTD.....4)**

b) The following are the balances extracted from the ledger of Shri Meenakshi Sundaram as on December 31, 2017:

Meenakshi Sundaram's Capital Account	20,000	Reserve for discount on Debtors	200
Drawings Account	3,500	Loan at 9%	5,000
Buildings	10,000	Salaries	4,400
Machinery	2,500	Wages	7,500
Furniture & fittings	600	Rent	2,750
Opening Stock	12,500	Travelling Expense	1,250
Cycle	400	Postage, Telegrams, etc	135
Purchase	75,000	Rates and Taxes	90
Sales	1,25,000	Carriage inwards	2,500
Sales returns	5,000	Carriage Outwards	750
Duty paid on purchases	15,000	Interest paid	375
Sundry debtors	10,000	General Charges	900
Sundry creditors	7,500	Bad debts	300
Reserve for bad and Doubtful debts	400	Cash in Hand	250
		Cash at bank	2,400

The following adjustments are necessary: (1) stock as on 31-12-2017, \$ 14,000; (2) Provide the following outstanding: Salary \$400, Rent \$250, Wages \$600 and interest outstanding; (3) Maintain the reserve for doubtful debts at 5% and reserve for discount on debtors at 2½%; (4) Provide depreciation for building 2½%; Machinery 10%; Furniture 6%; Cycle 15%

Prepare Trading and Profit and loss account, for the year ended 31-12-2017 and a Balance Sheet as on that date.

17. a) Make out an account current to be submitted to A by B and 30<sup>th</sup> June, 2018, in the respect of the following transactions in the books of A

2018			2018		
Jan 1	A sells good to B	1,000	Jan 15	B sells goods to A	800
Feb 4	A sells good to B	500	Feb 23	B pays cash to A	200
Mar 5	A sends his acceptance		Apr 10	B sells goods to A	400
	At one month	600			
May 5	A pays cash to B	300	May 10	B sells his acceptance at one month	200

Interest to be taken into account at 10 per cent p.a.

OR

(CONTD.....5)

- b) From the following particulars, find out adjusted bank balance as per cash book and prepare thereafter bank reconciliation statement as on 31.12.2017 of a sole proprietor,

Bank overdraft as per cash book	80,000
Cheques recorded for collection but not sent to bank	10,000
Cheques deposited per bank statement but not entered in the Cash book	3,000
Credit side of the bank column cast short	1,000
Premium on proprietors LIP paid as standing advice	5,000
Bank charges recorded twice in the cash book	100
Customer's cheque returned as per bank statement only	4,000
Cheque issued but dishonored on technical grounds	3,000
Bills collected by bank directly	20,000
Cheque for ₹ 50,000 deposited but collection as per bank Statement	49,980
Cheque received entered twice in cash book	5,000

18. a) Mr. David draws two bills of exchange on 1.1.2015 for Rs.6,000 and Rs.10,000. The bills of exchange for Rs.6,000 is for two months while the bill of exchange for Rs.10,000 is for three months. The bills are accepted by Mr. Thomas on 4.3.2015. Mr. Thomas requests Mr. David to renew the first bill with interest at 18% p.a. for a period of two months. Mr. David agrees to his proposal. On 20.3.2015 Mr. Thomas retires the acceptance for Rs.10,000, the interest rebate, i.e., the discount being Rs.100. Before the due date of the renewed bill, Mr. Thomas becomes insolvent and only 50 paise in a rupee could be recovered from his estate. You are required to give journal entries in the books of Mr. David

**OR**

- b) The following transactions took place between Ram and Krishna from 1-1-90 to 30-6-90.

1990

Jan.1 Sold goods to Ram	2,240
Jan.10 Received Ram's acceptance at 2 months	1,000
Feb.15 Received cash from Ram	1,200
Mar.2 Bought goods from Ram	5,500
Mar.3 Accepted Ram's bill at 1 month	2,000
Apr.11 Paid cash to Ram	2,000
Apr.30 Sold goods to Ram payable up to 31st July	2,400
May.11 Bought goods from Ram	1,500
May.31 Sold goods to Ram Payable up to 10th June	2,200
June 15 Bought goods from Ram	3,000

Prepare the account current to be sent by Krishna on 30<sup>th</sup> June 1990. The rate of interest is 5%

**(CONTD.....6)**

19. a) A second hand machine was purchased on 1-1-90 for Rs. 30,000 and repair charges amounted to Rs. 6,000. It was installed at a cost of Rs. 4,000. On 1<sup>st</sup> July 1991, another machine was purchased for Rs. 26,000. On 1<sup>st</sup> July 1992, the first machine was sold for Rs. 30,000. On the same day, one more machine was bought for Rs. 25,000. On 31-12-92, the machine bought on 1<sup>st</sup> July 1991 was sold for Rs. 23,000. Accounts are closed every year on 31<sup>st</sup> December. Depreciation is written off at 15% per annum. Prepare the Machinery A/C for 3 years ending 31-12-92.

**OR**

b) A company whose accounting year is the calendar year, purchased on 1-1-93, a machine for Rs. 40,000. It purchased further machinery on 1<sup>st</sup> Oct. 1993 for Rs. 20,000 and on 1<sup>st</sup> July 1994 for Rs.10,000. On 1-7-1995, 1/4<sup>th</sup> of the machinery installed on 1-1-93 became obsolete and was sold for Rs. 6,800

Show how the machinery account would appear in the books of the company for all the 3 years under Diminishing Balance method. Depreciation is to be provided at 10% p.a.

20. a) Knight purchased a truck for Rs. 1,60,000 from S. Waugh on 1-1-93 payment to be made Rs. 40,000 down and Rs. 46,000 at the end of first year, Rs. 44,000 at the end of second year and Rs. 42,000 at the end of third year. Interest was charged at 5%. Knight depreciates the truck at 10% per annum on written down value method.

Knight, after having paid down payment and first instalment at the end of the first year, could not pay second instalment. The seller took possession of the truck, and after spending Rs. 4,000 on repairs of the asset; sold it away for Rs. 91,500.

Give journal entries and ledger accounts in the books of both the parties.

**OR**

b) On 1.1.90 National Transport Company purchased from Metro Motors five trucks costing Rs. 40,000 each on the hire purchase system. It was agreed that Rs. 50,000 should be paid immediately and the balance in three installments of Rs.60,000 each at the end of each year. The Metro motors charges interest @10% p.a. The buyer depreciates trucks at 20% p.a. on the diminishing balance method. The buyer paid cash down and two installments but failed to pay the last installment. Consequently, the Metro Motors repossessed three trucks with the buyer and adjusting the value of 3 trucks against the amount due. The trucks repossessed were valued on the basis of 30% depreciation p.a. on the written down value. The trucks repossessed were sold by Metro Motors for Rs. 60,000 after necessary repairs amounting to Rs. 10,000. Open the necessary ledger accounts in the books of both the parties.

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