

NGM COLLEGE (AUTONOMOUS) POLLACHI

END-OF-SEMESTER EXAMINATIONS: DECEMBER- 2022

B.COM-BANKING AND INSURANCE

MAXIMUM MARKS: 50

I SEMESTER

TIME: 3 HOURS

PART - III

FINANCIAL ACCOUNTING - I

SECTION – A

(10 X 1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS.

(K1)

1. Which concept states that “for every debit, there is a credit”?
a. Money Measurement Concept
b. Accounting Period Concept
c. Separate Entity Concept
d. Dual Aspect Concept
2. What kind of acceptance is known as when the bill is accepted without any condition?
a. Qualified acceptance
b. Conditional acceptance
c. Blank acceptance
d. General acceptance
3. In cash book, the favourable balance indicates _____
a. Credit Balance
b. Debit Balance
c. Bank Overdraft
d. Adjusted Balance
4. The act of buying an asset without having to make full payment in the immediate future is known as _____
a. Hire purchase
b. Finance lease
c. Operating lease
d. Sale and leaseback
5. Royalty is the agreement between _____
a. seller and the buyer
b. banker and customer
c. trustee and beneficiaries
d. landlord and tenant

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES

(K2)

6. Define ledger.
7. Explain discounting of bill.
8. Interpret bank overdraft.
9. Write a short note for down payment in hire purchase system.
10. Define Short-working in royalty.

SECTION – B

(5 X 3 = 15 MARKS)

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

(Qn. No. 11 to 15 Questions for Short Answers with internal choices)

(K3)

11. a) Describe the going concern concept of accounting.

(OR)

(CONTD....2)

b) Write the journal entries for the following transactions

January 1: Started business with cash Rs.50,000, Furniture Rs.25,000 and stock Rs.20,000

January 5: Purchased goods costing Rs.2,00,000

January 7: Purchased goods on credit from Mr. Bhatta Rs.50,000

January 9: Purchased goods for cash 50000 and credit for Rs.10,000

January 10: Sold goods for cash Rs. 1,50,000

January 11: Sold goods to Mr. Shrestha Rs.35,000

12. a) List and explain any three types of bills.

(OR)

b) Show the format of receipts and payments account.

13. a) A machine is purchased for Rs. 1,20,000 and it is estimated that its useful life is 10 years.

After its useful life its scrap value is Rs. 20,000. Compute the amount of depreciation under straight line method.

(OR)

b) From the following particulars of Mr. Gopal, prepare bank reconciliation statement as on March 31, 2014.

i. Bank balance as per cash book Rs. 50,000.

ii. Cheques issued but not presented for payment Rs. 6,000.

iii. The bank had directly collected dividend of Rs. 8,000 and credited to bank account but was not entered in the cash book.

14. a) A Ltd. purchased a machine on hire purchase from Z Ltd, on January 1, 1989, paying Rs. 8,000 immediately and agreeing to pay three annual installments of Rs. 8,000 each on December 31, every year. The cash price of the machine is Rs. 29,800 and the vendors charge interest @ 5% per annum. Calculate the amount of total interest paid by the buyer to the seller.

(OR)

b) Distinguish between Hire purchase and Installment Systems

15. a) A Ltd took a right to publish and sell books from Smith for 5 years. The minimum rent was fixed at Rs.20,000. Royalty was fixed at Rs.4 per book. A Ltd. has a right to recoup the short-workings in the first 4 years. The sales in the 5 years are given.

Year	Books Sold
1	3000
2	4000
3	6000
4	6500
5	8000

Calculate the Royalty payable and short-workings.

(OR)

b) Describe the objectives of accounting standards.

SECTION – C

(5 X 5 = 25 MARKS)

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

(Qn. No. 16 to 20 Questions for Long Answers with internal choices)

(K4 (Or) K5)

16. a) Discuss any five concepts of Accounting.

(OR)

(CONTD....3)

b) Journalise the following transactions of Vино & Sons.

1.1.2020	Business Started with Rs.2,50,000 and cash deposited with Bank 1,50,000
3.1.2020	Purchased machinery on credit from Rangan – 50,000
6.1.2020	Bought furniture from Ramesh for cash – 25,000
12.1.2020	Goods sold to Yesodha – 22,500
13.1.2020	Goods returned by Yesodha – 2,500
15.1.2020	Goods sold for cash – 50,000
17.1.2020	Bought goods for cash – 25,000
20.1.2020	Cash received from Yesodha – 10,000
27.1.2020	Cash paid to Ramola – 20,000
31.1.2020	Cash withdrawn from bank – 50,000

17. a) Ram sold goods for Rs.20,000 to Siva on credit on Jan 01, 2017. Ram drew a bill of exchange upon Siva for the same amount for three months. Siva accepted the bill and returned it to Ram. Siva met his acceptance on maturity. Record the necessary journal entries under the following circumstances: (i) Ram retained the bill till the date of its maturity and collected directly (ii) Ram discounted the bill @ 12% p.a from his bank (iii) Ram endorsed the bill to his creditor John

(OR)

b) From the following Receipt and Payment Account for the year ending March 31, 2015 of Revi's Club, prepare Income and Expenditure Account for the same period:

Receipt and Payment Account for the year ending March 31, 2015

Expenditure	Amount (Rs.)	Income	Amount (Rs.)
Balance c/d bank	25,000	Purchase of furniture (1.7.14)	5,000
Subscriptions		Salaries	2,000
2013 1,500		Telephone expenses	300
2014 10,000		Electricity charges	600
2015 500	12,000	Postage and Stationery	150
Donation	2,500	Purchase of books	2,500
Hall rent	300	Entertainment expenses	900
Interest on bank deposits	450	Purchase of 5% government papers (1.10.14)	8,000
Entrance fees	500	Miscellaneous expenses	600
		Balance c/d:	
		Cash	300
		Bank	20,400
	40,750		40,750

The following additional information is available:

- Salaries outstanding – Rs.1,500;
- Entertainment expenses outstanding – Rs.500;
- Bank interest receivable – Rs.150;
- Subscriptions accrued – Rs.400;
- 50 percent of entrance fees is to be capitalised;
- Furniture is to be depreciated at 10 percent per annum.

(CONTD....4)

18. a) On April 1, 2009 Ganga Bros. purchased two machines for Rs. 75,000 each. Depreciation at the rate of 10% on diminishing balance method was provided. On March 31, 2011, one machine was sold for Rs. 55,000. An improved model with a cost of Rs. 80,000 was purchased on the same day. You are required to show the Machinery Account for 2009-10 to 2010-11.

(OR)

- b) From the following particulars of ABC and Co. Prepare Bank Reconciliation Statement on March 31, 2014.

Overdraft as per pass book Rs. 16,500

Interest on overdraft Rs. 1,600

Insurance premium paid by the bank Rs. 800

Cheques deposited but not yet credited Rs. 5,500

Cheques issued but not present for payment Rs. 6,000

Wrong credit to firm account by the bank Rs. 1,000

19. a) X Ltd. purchased a Machine on hire purchase system. The payment is made as follows:

Down Payment Rs. 232.50

1st Instalment Rs. 356.50

2nd Instalment Rs. 451

3rd Instalment Rs. 210

The payments are made at the end of 1st year, 2nd year and 3rd year respectively. The rate of interest is 5% p.a. The annuity table shows that the present value of Re. 1 for one, two and three years is 0.9524, 0.9070 and 0.8639 respectively. Calculate the cash price of the Machine.

(OR)

- b) Home Appliances Ltd sells goods on hire purchase terms at a profit of 25% on hire purchase price. Following are the transactions for the year ended December 31, 2018.

Rs.

January, 1	Stock out on hire at cost	6,000
	Stock on hand (at shop)	1,000
	Instalment due	600
	Cash Received	16,000
December, 31	Stock out on hire (at cost)	6,900
	Stock on hand (at shop)	1,400
	Instalment due	1,000

Calculate the profit or loss on hire purchase under Debtors Method.

20. a) From the below given information, prepare the necessary accounts in the books of M/s ABC Limited.

i. Company leased a colliery on 01-01-2010 at a minimum rent of Rs. 75,000.

ii. Royalty Rate @ Rs. 1/- per ton.

iii. Right of recouping of short workings is restricted to first 3 years.

iv. Output for the first four years of the lease was 40,000, 65,000, 1,05,000, and 90,000 tons respectively

(OR)

- b) Point out the various Accounting Standards in brief.