

**E 8465**

(Pages : 4)

Reg. No.....

Name.....

**B.A. DEGREE (CBCS) EXAMINATION, JANUARY/FEBRUARY 2018**

**First Semester**

B.A. Corporate Economics

Core—FINANCIAL ACCOUNTING—I

Time : Three Hours

Maximum Marks : 80

**Part A**

*Answer any ten of the following.*

*Each question carries 2 marks.*

1. What is capital ?
2. What do you mean by expenditure ?
3. Define Tangible Assets.
4. What is Journal ?
5. What do you mean by direct expense ?
6. Define debit note.
7. What is profit and loss account.
8. Explain miscellaneous expenses.
9. What is an economic event.
10. What is the objective of Accounting ?
11. Write a note on single entry system.
12. What do you mean by compensating errors ?

(10 × 2 = 20)

**Part B**

*Answer any six of the following.*

*Each question carries 5 marks.*

13. What are the features of Accounting ?
14. Explain the rules of debit and credit.

**Turn over**

15. What are the causes of depreciation and explain these causes in detail ?
16. Why traders prefer incomplete records ?
17. Explain petty cash book system.
18. Explain full disclosure and historical cost principle.
19. Mr. Anoop had the following transaction. Use accounting equation to show their effect on his assets, liabilities and capital :

|   | Rs.        |
|---|------------|
| 1. Started business with                  | ... 10,000 |
| 2. Purchased goods for cash               | ... 3,000  |
| 3. Purchased goods on credit              | ... 3,000  |
| 4. Paid salary                            | ... 200    |
| 5. Withdrew cash for personal purpose     | ... 300    |
| 6. Received commission                    | ... 300    |
| 7. Sold goods costing Rs. 1,500 on credit | ... 2,000  |
| 8. Further capital introduced             | ... 2,000  |
| 9. Cash received from debtors             | ... 800    |
| 10. Bank loan received                    | ... 3,000. |

20. Prove that the Accounting Equation is satisfied in all the following transactions of Saleem :

|                                   | Rs.        |
|-----------------------------------|------------|
| (a) Commenced business with       | ... 20,000 |
| (b) Goods purchased for cash      | ... 8,000  |
| (c) Brought furniture             | ... 3,000  |
| (d) Purchased goods on credit     | ... 7,000  |
| (e) Cash paid to creditors        | ... 4,000  |
| (f) Paid Salary                   | ... 500    |
| (g) Received Commission           | ... 300    |
| (h) Withdrew for personal purpose | ... 400.   |

21. From the following account balances, prepare a trail balance as on 31<sup>st</sup> Dec. 2017 :

|                     | Rs.        |
|---------------------|------------|
| Capital of John     | ... 15,000 |
| Purchases           | ... 55,000 |
| Drawings            | ... 2,500  |
| Opening stock       | ... 11,000 |
| Bank O.D.           | ... 2,100  |
| Furniture           | ... 1,300  |
| Creditors           | ... 7,900  |
| Premises            | ... 10,000 |
| Book debts          | ... 9,000  |
| Rent                | ... 500    |
| Saler Return        | ... 1,000  |
| Sales               | ... 75,000 |
| Discount            | ... 200    |
| Sundry Expenses     | ... 2,500  |
| Commission Received | ... 1,000  |
| Carriage outwards   | ... 3,300  |
| Cash                | ... 5,600  |

(6 × 5 = 30)

### Part C

*Answer any two of the following.*

*Each question carries 15 marks.*

22. Explain cash books and its types.
23. Explain various items in balance sheet in detail.
24. From the following information, prepare furniture account and amount of depreciation for the three years :
  1. Purchase price of furniture Rs. 40,000.
  2. Carriage and installation charge Rs, 8,000.
  3. Scrap value Rs. 10,000.
  4. Rate of depreciation is @ 20% p.a.

**Turn over**

25. Journalise the following transaction and prepare ledger accounts :

1. Arjun started business with Rs. 12,000.
2. Purchased goods for cash Rs. 6,000.
3. Purchased furniture Rs. 2,000.
4. Sold goods for cash Rs. 8,000.
5. Opened bank account Rs. 5,000.
6. Purchased goods and paid by cheque Rs. 4,000.
7. Cash sales Rs. 3,000.
8. Paid in to bank Rs. 2,000.
9. Paid salary by cheque Rs. 400.
10. Received Commission Rs. 200.

(2 × 15 = 30)