

**STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 86**  
(For candidates admitted from the academic year 2023 – 2024 and thereafter)

**B.COM. DEGREE EXAMINATION - NOVEMBER 2024**  
**HONOURS**  
**FIRST SEMESTER**

**COURSE** : **MAJOR CORE**  
**PAPER** : **FINANCIAL ACCOUNTING CONCEPTS**  
**SUBJECT CODE** : **23BH/MC/FC14**  
**TIME** : **3 HOURS**

**MAX. MARKS: 100**

<b>SECTION A</b>																
<b>Q. No.</b>	<b>Answer all questions:</b>	<b>(5 x 2 = 10)</b>	<b>CO</b>	<b>KL</b>												
1	Define the term Asset.		1	1												
2	Give an example of error of commission.		1	1												
3	Write the Journal entry for goods returned to Y, a supplier who sold goods to A Ltd. on credit.		1	1												
4	Prepare a receivable account from the following details <ul style="list-style-type: none"> <li>• Opening Balance \$5000</li> <li>• Credit sales during the year \$40000</li> <li>• Cash sales during the year \$10000</li> <li>• Cash collected from receivables \$25000</li> <li>• Irrecoverable debit \$8000</li> </ul>		1	1												
5	Show the accounting equation on the basis of the following: <table border="1" style="margin-left: 20px; width: 60%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Particulars</th> <th style="text-align: left;">Rs</th> </tr> </thead> <tbody> <tr> <td>Ram started business with cash</td> <td>25,000</td> </tr> <tr> <td>Purchased goods on credit from Sam</td> <td>10,000</td> </tr> <tr> <td>Sold goods to soman costing Rs. 1,500 for Rs. 1,800 on credit</td> <td></td> </tr> </tbody> </table>	Particulars	Rs	Ram started business with cash	25,000	Purchased goods on credit from Sam	10,000	Sold goods to soman costing Rs. 1,500 for Rs. 1,800 on credit			1	1				
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<b>SECTION B</b>																
<b>Q. No.</b>	<b>Answer any 4 questions:</b>	<b>(4 x 5 = 20)</b>	<b>CO</b>	<b>KL</b>												
6	Explain the substance over form concept with an example.		2	2												
7	Under IAS 16 Tangible non-current asset should initially be recorded at cost. Give three items to be included in cost and two items which should not be included in cost.		2	2												
8	Prepare a payables ledger account from the following details of XYZ <ul style="list-style-type: none"> <li>• Cash Purchases \$40,000</li> <li>• Credit purchases \$60,000</li> <li>• Payment received from X customer \$20,000</li> <li>• Cash paid to suppliers \$15,000</li> <li>• Previous years Creditors Closing balance \$25,000 Cr.</li> <li>• Returned goods to Creditors \$3,000</li> </ul>		2	2												
9	ABC purchased a machine for \$20000. Depreciation is charged at 10% per Annum. The company spent \$2000 for transportation and \$3000 for Installation. Show the machinery account for three years.		2	2												
10	Show the necessary entries to adjust the following. <table border="1" style="margin-left: 20px; width: 60%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Particulars</th> <th style="text-align: left;">Rs.</th> </tr> </thead> <tbody> <tr> <td>Outstanding salaries</td> <td>1200</td> </tr> <tr> <td>Rent</td> <td>300</td> </tr> <tr> <td>Bad debts written off</td> <td>200</td> </tr> <tr> <td>Discount received in advance</td> <td>150</td> </tr> <tr> <td>Interest on investments</td> <td>400</td> </tr> </tbody> </table>	Particulars	Rs.	Outstanding salaries	1200	Rent	300	Bad debts written off	200	Discount received in advance	150	Interest on investments	400		2	2
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11	Prepare Bank Reconciliation Statement: <table border="1" data-bbox="272 114 978 322"> <thead> <tr> <th>Particulars</th> <th>Rs.</th> </tr> </thead> <tbody> <tr> <td>Balance as per pass book (Cr) (31/12/23)</td> <td>9,000</td> </tr> <tr> <td>Cheques issued but not presented</td> <td>15,000</td> </tr> <tr> <td>Cheques deposited but not credited</td> <td>1,500</td> </tr> <tr> <td>Bank has given credit for interest</td> <td>150</td> </tr> </tbody> </table>	Particulars	Rs.	Balance as per pass book (Cr) (31/12/23)	9,000	Cheques issued but not presented	15,000	Cheques deposited but not credited	1,500	Bank has given credit for interest	150	2	2																																						
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<b>SECTION C</b>																																																			
<b>Q.No.</b>	<b>Answer the following questions: (4 x 10 = 40)</b>	<b>CO</b>	<b>KL</b>																																																
12 a.	Prepare SOPL from the following details in the prescribed format. <table border="1" data-bbox="272 445 978 752"> <thead> <tr> <th>Particulars</th> <th>Rs.</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td>6,00,000</td> </tr> <tr> <td>Administrative expenses</td> <td>50,000</td> </tr> <tr> <td>Distribution expenses</td> <td>20,000</td> </tr> <tr> <td>Cost of Sale</td> <td>3,50,000</td> </tr> <tr> <td>Finance Cost</td> <td>10,000</td> </tr> <tr> <td>Investment Income</td> <td>5,000</td> </tr> <tr> <td>Income tax expenses</td> <td>6,000</td> </tr> </tbody> </table> <p style="text-align: center;">(or)</p> Calculate the value of closing stock under FIFO method from the following Particulars of RY Ltd. <table border="1" data-bbox="400 860 1142 1200"> <thead> <tr> <th>Date</th> <th>Particulars</th> <th>Qty. (units)</th> <th>Rate (Rs.)</th> </tr> </thead> <tbody> <tr> <td>01-01-2023</td> <td>Opening Balance</td> <td>1000</td> <td>5</td> </tr> <tr> <td>12-01-2023</td> <td>Purchases</td> <td>300</td> <td>7</td> </tr> <tr> <td>13-01-2023</td> <td>Issue to Production</td> <td>200</td> <td>-</td> </tr> <tr> <td>14-01-2023</td> <td>Purchases</td> <td>400</td> <td>7</td> </tr> <tr> <td>15-01-2023</td> <td>Purchases</td> <td>300</td> <td>8</td> </tr> <tr> <td>20-01-2023</td> <td>Issue to Production</td> <td>500</td> <td>-</td> </tr> <tr> <td>24-01-2023</td> <td>Issue to production</td> <td>400</td> <td>-</td> </tr> </tbody> </table>	Particulars	Rs.	Revenue	6,00,000	Administrative expenses	50,000	Distribution expenses	20,000	Cost of Sale	3,50,000	Finance Cost	10,000	Investment Income	5,000	Income tax expenses	6,000	Date	Particulars	Qty. (units)	Rate (Rs.)	01-01-2023	Opening Balance	1000	5	12-01-2023	Purchases	300	7	13-01-2023	Issue to Production	200	-	14-01-2023	Purchases	400	7	15-01-2023	Purchases	300	8	20-01-2023	Issue to Production	500	-	24-01-2023	Issue to production	400	-	3	3
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13 a.	Balance as per pass book Rs. 1,000 a) Cheque deposited into the bank but no entry was passed in the cash book Rs. 500 b) Cheques received but not sent to bank Rs. 1,200 c) Credit side of the bank column cast short Rs. 200 d) Insurance premium paid directly by the bank understanding advice Rs.600 e) Bank charges entered twice in the cash book Rs. 20 f) Cheque issued but not presented to the bank for payment Rs. 500 g) Cheque received entered twice in the cash book Rs. 1,000 h) Bills discounted dishonored not recorded in the cash book Rs. 5,000 Prepare Bank Reconciliation Statement. <p style="text-align: center;">(or)</p>	3	3																																																
13 b.	A second-hand machine was purchased on 1/1/17 for Rs. 40,000 and repair charges amounted to 5,000. It was installed at a cost of Rs. 4,000. On 1 <sup>st</sup> July 2018, another machine was purchased for Rs. 26,000. On 1 <sup>st</sup> July 2019 the first machine was old for Rs. 30,000. On the same day, one more machine was bought for Rs. 25,000. On 31/12/19, the machine bought on 1 <sup>st</sup> July 2018 was sold for Rs. 25,000. Accounts are closed every year on 1 <sup>st</sup> December. Depreciation is written off at 15% per annum. Prepare the machinery account on written down value for 3 years ending 31/12/19.	3	3																																																

14 a.	<p>The following errors were found in the books of Peter give the necessary entry to correct them.</p> <p>a. Salary of \$1,000 Paid to ram has been debited to personal account</p> <p>b. \$5,000 paid for furniture purchased has been charged to purchases account.</p> <p>c. Repairs made where debited to building account for \$2,500</p> <p>d. An amount of \$5,000 withdrawal by the proprietor for personal use has been debited to trade expenses account</p> <p>e. Sold old furniture for \$1,500. Passed through sales Book.</p>	4	4																																																																												
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14 b.	<p>The following is the trial balance of Jacob of Madras as on 31<sup>st</sup> December 2022.</p>	4	4																																																																												
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<p>Make the necessary closing entries as on 31<sup>st</sup> December 2022.</p>																																																																															
15 a.	<p>The provision for bad and doubtful debts account shows a balance of Rs. 2000 on 1st January 2023. The bad debts during the year 2023 amount to Rs. 1,600. The sundry debtors on 31st December 2023 are Rs. 32,000. Create a new provision for bad debts @ 5%. Show the journal, profit &amp; Loss A/c and balance sheet.</p>	4	4																																																																												
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15 b.	<p>The sundry debtors on 31 dec' 22 are Rs. 40,000. On analysis, it is found that debtors for Rs. 36,000 are good. The debtors for Rs. 3,000 are doubtful and are estimated to realize 2/3rds of the amount and the debtors for Rs. 1,000 are bad. Show the necessary journal entries.</p>	4	4																																																																												

<b>SECTION D</b>																																																									
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16	<p>Saqlain of Karachi is not an expert in accounting. He prepared the following trial balance.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Name of the account</th> <th style="text-align: right;">Debit (Rs)</th> <th style="text-align: right;">Credit (Rs)</th> </tr> </thead> <tbody> <tr><td>Capital</td><td></td><td style="text-align: right;">15,560</td></tr> <tr><td>Sales</td><td></td><td style="text-align: right;">27,560</td></tr> <tr><td>Sales returns</td><td></td><td style="text-align: right;">980</td></tr> <tr><td>Drawings A/c</td><td style="text-align: right;">5,640</td><td></td></tr> <tr><td>Sundry debtors</td><td></td><td style="text-align: right;">5,300</td></tr> <tr><td>Freehold premises</td><td style="text-align: right;">7,410</td><td></td></tr> <tr><td>Purchases</td><td style="text-align: right;">12,680</td><td></td></tr> <tr><td>Return outwards</td><td style="text-align: right;">2,640</td><td></td></tr> <tr><td>Loan from Sharma</td><td></td><td style="text-align: right;">2,500</td></tr> <tr><td>Sundry creditors</td><td style="text-align: right;">5,280</td><td></td></tr> <tr><td>Administration expenses</td><td style="text-align: right;">7,840</td><td></td></tr> <tr><td>Cash in hand</td><td style="text-align: right;">1,420</td><td></td></tr> <tr><td>Bills payable</td><td style="text-align: right;">1,000</td><td></td></tr> <tr><td>Wages</td><td style="text-align: right;">5,980</td><td></td></tr> <tr><td>Opening stock</td><td></td><td style="text-align: right;">2,640</td></tr> <tr><td>Factory expenses</td><td style="text-align: right;">4,650</td><td></td></tr> <tr><td></td><td style="text-align: right;"><b>54,540</b></td><td style="text-align: right;"><b>54,540</b></td></tr> </tbody> </table> <p>You are requested to correct it and prepare a corrected trial balance.</p>	Name of the account	Debit (Rs)	Credit (Rs)	Capital		15,560	Sales		27,560	Sales returns		980	Drawings A/c	5,640		Sundry debtors		5,300	Freehold premises	7,410		Purchases	12,680		Return outwards	2,640		Loan from Sharma		2,500	Sundry creditors	5,280		Administration expenses	7,840		Cash in hand	1,420		Bills payable	1,000		Wages	5,980		Opening stock		2,640	Factory expenses	4,650			<b>54,540</b>	<b>54,540</b>	5	5
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17	<p>John Ltd. Prepares monthly receivable ledger control accounts. At December 1<sup>st</sup>, 2012, the following balances existed in the company's Records.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Particulars</th> <th style="text-align: right;">\$</th> <th style="text-align: right;">\$</th> </tr> <tr> <td></td> <th style="text-align: right;">Dr.</th> <th style="text-align: right;">Cr.</th> </tr> </thead> <tbody> <tr> <td>Receivable Ledger Control account</td> <td style="text-align: right;">53,000</td> <td style="text-align: right;">800</td> </tr> </tbody> </table> <p>The following information is extracted in December 2012 from the company's records.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Particulars</th> <th style="text-align: right;">\$</th> </tr> </thead> <tbody> <tr><td>Credit sales</td><td style="text-align: right;">2,48,000</td></tr> <tr><td>Cash Sales</td><td style="text-align: right;">40,000</td></tr> <tr><td>Credit Sales Returns</td><td style="text-align: right;">10,000</td></tr> <tr><td>Amount received from credit customers</td><td style="text-align: right;">2,40,000</td></tr> <tr><td>Dishonoured Cheque</td><td style="text-align: right;">400</td></tr> <tr><td>Cash discount allowed</td><td style="text-align: right;">2,500</td></tr> <tr><td>Irrecoverable debts written off</td><td style="text-align: right;">1,000</td></tr> <tr><td>Increase in allowance for receivables</td><td style="text-align: right;">1,000</td></tr> <tr><td>Interest charge to customers</td><td style="text-align: right;">1,000</td></tr> <tr><td>Contra Settlement</td><td style="text-align: right;">500</td></tr> </tbody> </table> <p>At 31st December 2012, The balances in the receivables ledgers as extracted total:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: right;">Dr.</th> <th style="text-align: right;">Cr.</th> </tr> </thead> <tbody> <tr> <td>Receivables Ledger Balance</td> <td style="text-align: right;">To be calculated</td> <td style="text-align: right;">\$ 2,500</td> </tr> </tbody> </table> <p>You are required to prepare the receivables ledger control account for the month of December 2012.</p>	Particulars	\$	\$		Dr.	Cr.	Receivable Ledger Control account	53,000	800	Particulars	\$	Credit sales	2,48,000	Cash Sales	40,000	Credit Sales Returns	10,000	Amount received from credit customers	2,40,000	Dishonoured Cheque	400	Cash discount allowed	2,500	Irrecoverable debts written off	1,000	Increase in allowance for receivables	1,000	Interest charge to customers	1,000	Contra Settlement	500		Dr.	Cr.	Receivables Ledger Balance	To be calculated	\$ 2,500	5	5																	
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Receivables Ledger Balance	To be calculated	\$ 2,500																																																							

Q.No.	SECTION E Compulsory Case Study: (1 x 15 = 15)	CO	KL																								
18	<p>Mr. Nagarajan carries on a small business and does not keep his books on double entry basis. The following particulars have been extracted from his books:</p> <table border="0" data-bbox="272 371 1270 663"> <thead> <tr> <th data-bbox="272 371 831 405">Assets and Liabilities</th> <th data-bbox="831 371 1110 405">1-1-2010</th> <th data-bbox="1110 371 1270 405">31-12-2010</th> </tr> <tr> <td></td> <th data-bbox="831 405 1110 439">Rs.</th> <th data-bbox="1110 405 1270 439">Rs.</th> </tr> </thead> <tbody> <tr> <td data-bbox="272 439 831 472">Plant and Machinery</td> <td data-bbox="831 439 1110 472">25,000</td> <td data-bbox="1110 439 1270 472">25,000</td> </tr> <tr> <td data-bbox="272 472 831 506">Stock</td> <td data-bbox="831 472 1110 506">22,000</td> <td data-bbox="1110 472 1270 506">19,500</td> </tr> <tr> <td data-bbox="272 506 831 539">Sundry Debtors</td> <td data-bbox="831 506 1110 539">8,000</td> <td data-bbox="1110 506 1270 539">25,500</td> </tr> <tr> <td data-bbox="272 539 831 573">Sundry Creditors</td> <td data-bbox="831 539 1110 573">12,500</td> <td data-bbox="1110 539 1270 573">10,000</td> </tr> <tr> <td data-bbox="272 573 831 607">Cash in hand</td> <td data-bbox="831 573 1110 607">400</td> <td data-bbox="1110 573 1270 607">800</td> </tr> <tr> <td data-bbox="272 607 831 640">Cash at Bank</td> <td data-bbox="831 607 1110 640">6,250</td> <td data-bbox="1110 607 1270 640">7,000</td> </tr> </tbody> </table> <p>The following transactions appear in the cash book of the year:  Received on account of cash sales Rs. 31,250; Received from Sundry Debtors Rs. 1,60,000; Payment for purchases Rs. 28,850; Payment to Sundry Creditors Rs. 1,32,000; General expenses of the business Rs. 21,450; Wages paid Rs. 15,000 and Drawings Rs. 6,800.</p> <p>During the year Nagarajan has taken goods worth Rs. 1,950 from business for his own use, but not made any entry in the books.</p> <p>Help Mr. Nagarajan to prepare Trading, Profit and Loss A/c and Balance Sheet for the period ended 31<sup>st</sup> Dec 2010, depreciating Plant and machinery at 10%.</p>	Assets and Liabilities	1-1-2010	31-12-2010		Rs.	Rs.	Plant and Machinery	25,000	25,000	Stock	22,000	19,500	Sundry Debtors	8,000	25,500	Sundry Creditors	12,500	10,000	Cash in hand	400	800	Cash at Bank	6,250	7,000	5	6
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