

Reg. No.....

Name.....

B. Voc. DEGREE EXAMINATION, OCTOBER, 2016

FIRST SEMESTER- CORE COURSE (SOFTWARE DEVELOPMENT)

VSD1S01TB - FINANCIAL ACCOUNTING

Time: Three Hours

Maximum: 80 Marks

PART A

(Answer all questions. Each question carries 1 mark)

1. GAAP stands for -----
2. The process of recording transactions in a journal is called-----
3. More than one debit or one credit in a journal entry is called-----
4. ----- helps in verifying the correctness of entries made.
5. ----- is both journal as well as ledger
6. The discount given for prompt payment is called-----
7. ----- is a person who owes money to the business.
8. Assets is equal to liabilities plus -----
9. The brief description of transaction is called -----
10. All credit purchase of goods are recorded in -----

(10X1=10marks)

PART B

(Answer any eight questions. Each question carries 2 marks)

11. What are financial statements?
12. Classify the following assets into suitable head:
Goodwill, building, land, patent, cash, debtors, stock, bill receivable, preliminary expenses
13. Distinguish between fixed asset and current asset.
14. Briefly describe the functions of accounting.
15. Explain the terms: (a)purchases (b)sales (c)stock (d)expense
16. What do you mean by contra entry?
17. What is a Trading Account?
18. What is imprest system?
19. What is a Trial Balance?
20. Distinguish between “goods” and “assets”.
21. What is meant by compensating errors?
22. What is journal proper?

(8X2=16marks)

PART C

(Answer any six questions. Each carries 4 marks)

23. What do you mean by grouping and marshalling of assets and liabilities?
24. Explain the golden rules of accounting.
25. Define accounting .What are the objectives of accounting?
26. Mention the differences between Balance Sheet and a Trial Balance.
27. Give a format of a balance sheet showing assets and liabilities arranged in the order of liquidity.
- 28 . Journalise the following transactions

2003	
March	Rs
1. Sanjay started business with cash	10000
2. Purchased furniture for cash	2000
3. Purchased goods for cash	4500
4. Purchased goods from John on credit	4200
5. Sold goods for cash	5000
6. Sold goods to Jose on credit	6000
7. Paid for stationery	300
9. Paid for advertisement	200
11. Sold goods	2400
15. Purchased goods	3700
16. Paid to John	1100
18. Received from Jose	4500
21. Paid rent	400
24. Paid salary	200
31. Withdrew for domestic use	300

29. Prepare single column cash book from the following:

2011

July	Rs
1. Balance of cash in hand	3000
Balance at bank	2000
2. Cash purchases	1200
3. Issued cheque to Lakshmi	2000
4. Cheque received from Kavitha	1500
7. Paid wages by cheque	500
9. Cheque from Kavitha paid into bank	1500
13. Paid into bank	1400
15. Received cash from Kannan	3000
18. Personal drawings in cash	1000
19. Karim a customer, paid directly into bank account	700
22. Bank charges debited by bank	150
26. Commission received	200
31. Paid salary	800

30. From the following particulars prepare a petty cash book on the imprest system :

2010	Rs
Jan	
1. Balance petty cash in hand	100
2. Cheque received from the chief cashier	400
3. Postage paid	30
4. Taxi charges paid	40
Stationery	15
Printing	75
5. Repair charges	30
6. Paid to coolies	25
7. Railway freight paid to manager	85

31. Distinguish between a Profit and Loss Account and a Balance Sheet.

(6X4=24 marks)

PART D

(Answer any two questions. Each question carries 15 marks)

32. Explain the accounting followed while preparing accounting records.
33. "Accounting provides information to various users". Discuss accounting as an information system.
34. Make out the Three-column cash book of Mr Jeethan from the following transactions.

2011	Rs
April 1 Cash in hand	600
Bank overdraft	900
2 Paid salaries for march	500
Purchased goods for cash	300
3. Cash sales	130
4. Issued cheque in favour of Krishna to Settle his account Rs 270,	Rs.250
5. Received cash from Dharan	240(discount allowed Rs 20)
6. Received cheque from Joy Bros Rs.310(in full settlement of their debt Rs 350)	
7. Deposited Joy Bros cheque into bank.	
8. Issued cheque in favour of Ravi & Co.for Purchase of furniture Rs. 280	
9. Cheque of Joy Bros dishonoured.	
10. Bank charges debited in cash book	50
14. Rent paid by cheque	200
18. Bank collects interest on securities	150

35. Following information extracted from the books of Mr. Sam prepare Trading and Profit and Loss Account for the year ending 31st March 2013 and a Balance Sheet as on that date.

<u>Particulars</u>	<u>Debit</u>	<u>Credit</u>
Capital		10000
Cash in hand	1500	
Bank overdraft		2000
Purchases and sales	12000	15000
Returns	1000	2000

Office expenses	2500	
Taxes and insurance	500	
Discount	500	1000
Debtors and creditors	5000	2000
Commission		500
Investment	4000	
Opening stock	3000	
Drawings	1400	
Furniture	600	
Bill Receivable and Bills Payable	3000	2500

	35000	35000
	=====	

Closing stock was valued at Rs.19000

(2X15=30 marks)

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PART A

(Answer all questions. Each question carries 1 mark)

1. Trial Balance helps to check -----of books of account.
2. Discount given for bulk purchase is called-----
3. ----- is usually keep under imprest system.
4. The process of transferring entries to the ledger is called-----
5. Both debit and credit aspect of transactions entered in both sides of an account is called-----
6. ----- is a person to whom business owes.
7. A liability will usually shows -----balance only.
8. Small amounts of cash transactions are recorded in ----- Cash Book.
9. ----- is a book of original entry.
10. ----- is the difference between sales and cost of goods sold.

(10X1=10marks)

PART B

(Answer any eight questions. Each question carries 2 marks)

11. Explain the terms “assets”, “liabilities”, “capital” and “drawings”.
12. What are the objectives of accounting?
13. Why is cash book called a journal and a ledger?
14. What is GAAP?
15. Explain the following terms: (a) journal (b) ledger (c) account (d) narration
16. Distinguish between capital expenditure and revenue expenditure.
17. Define Accounting.
18. What are the objectives of preparing a Trial Balance?
19. Distinguish between purchase day book and sales day book.

20.Explain the different types of assets?

21.What is a contra entry?

22.What is error of omission?

(8x2=16 Marks)

PART C

(Answer any six questions. Each carries 4 marks)

23. What are the different types of accounts? Explain briefly.

24. Distinguish between debit note and credit note.

25. State the rules of debit and credit.

26. What is cash discount? How it differs from trade discount?

27. What are financial statements? Why do you prepare financial statements?

28. From the following prepare a Trial Balance as on 31st March 2013

<u>Particulars</u>	Amount
Capital	100000
Furniture	2800
Typewriter	2980
Machinery	19000
Debtors	2720
Cash in hand	4720
Drawings	1250
Cash at bank	71150
Creditors	10050
Sales	13450
Commission received	370
Discount received	380
Salaries	2400
Rent	250
Discount allowed	230
Purchases	16750

29. Enter the following in a suitable cash book:

2014 June

1. Started business with cash Rs.20000
2. Opened a bank account Rs.13000
3. Purchased goods for cash Rs.3600
4. Sold goods to Rinoy Rs.5800
5. Paid rent by cheque Rs.1900
6. Withdrew from bank Rs.2300
7. Received a cheque from Renoy Rs 4000
8. Renoy's cheque deposited into bank
9. Bank charges debited by the bank Rs.500
10. Withdrew from bank for domestic use Rs.2000
11. Bank charges credited by the bank Rs.1500
12. Paid to Bhasi by cheque Rs.2100

30. Ascertain the Net Profit or loss made by a trader from the following:

<u>Particulars</u>	<u>Amount</u>
Gross profit	82000
Salaries	3400
Commission (credit)	2700
Insurance	1200
Rent	2900
Repairs	1200
Depreciation	900
Interest	800
Advertising	2100
Law charges	600
Bad debts	400
Carriage outwards	750
Discount allowed	700
Discount received	800
Trade expenses	1650
Interest on investments	2300

31. What are the differences between a Trial Balance and a Balance Sheet.

(6X4=24 marks)

PART D

(Answer any two questions. Each question carries 15 marks)

32. Journalise the following and give narration:

- 2013 November 1. Yogesh started business with cash Rs.18000, Stock Rs.12000
2. Purchased goods for cash Rs.3500
 5. Sold goods for cash Rs.6700
 8. Purchased machinery from Precious Machines Rs.5300
 9. Purchased goods from Hari Rs.2800
 10. Returned to Hari Rs.300
 12. Sold to Ravi Rs.4200
 15. Cash paid to Precious Machines Rs3000
 18. Received from Ravi Rs.3000
 21. Paid salary by cheque Rs.2600
 23. Withdrew for personnel use Rs1800
 24. Ravi paid directly into our bank account Rs.1200
 25. Cash paid to bank Rs.2000
 28. Received commission from Sumesh Rs.1100
 30. Further capital introduced Rs.4000

33. The following balances of Ram Gopal Varma prepare Trading and Profit and Loss Account for the year ending 31st March 2013 and a Balance Sheet as at that date.

<u>Particulars</u>	<u>Debit</u>	<u>Credit</u>
Capital		10000
Plant and Machinery	14000	
Furniture and fittings	200	
Debtors and Creditors	2400	1700
Drawings	1000	
Purchases	10500	

Wages	5000	
Cash in hand	200	
Cash at bank	800	
Stock on 1 st April 2012	2000	
Return outward		500
Rent and taxes	400	
Depreciation	420	
Sales		26800
Manufacturing expenses	800	
Travelling expenses	100	
Sundry expenses	400	
Bad debts	150	
Printing and stationery	50	
Carriage	130	
Return inward	400	
Repairs	50	

	39000	39000
		=====

Stock on 31st March 2013 amounted to Rs.11350.

34."There are certain guidelines and practices that are followed while recording transaction and in preparing financial statements". Explain.

35. You are given certain assets and liabilities. With that explain the ways in which a Balance Sheet may be grouped and marshalled?

(2X15=30marks)

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PART A

(Answer all questions. Each question carries 1 mark)

1. An asset account usually shows ----- balance only
2. Purchased office stationery for Rs 1000, the account to be credited is -----
3. Cash discount is allowed by a -----
4. The statement containing various ledger balances on a specified date is known as-----
5. The difference between sales and cost of sales is -----
6. The statement showing the financial position of a business is known as -----
7. All cash transactions are first entered in the -----
8. Obligations of a business is called as-----
9. ----- is a person who owes money to the business.
10. A petty cash book is always maintained under ----- system.

(10X1=10marks)

PART B

(Answer any eight questions. Each question carries 2 marks)

7. Who is a debtor and a creditor?
8. Explain “ accounting as a language of business”.
- 9.” Cash book is both a journal and a ledger” .Explain.
10. What is a Profit and Loss Account?
11. Define accounting.
12. What is a contra entry?
13. What are the features of a Trial Balance?
14. Give a short note on journal, ledger, posting and balancing.

15. What do you mean by a petty cash book?
16. Distinguish between book keeping and accounting.
17. What are the advantages of accounting?
18. What is error of principle?

19. What is dual aspect concept?
20. What is the concept of conservatism?
21. What do you mean by current liabilities?
22. Distinguish between capital and revenue expenditure.

(8X2=16 marks)

PART C

(Answer any six questions. Each carries 4 marks)

23. Explain the terms “debit note”, “credit note”, “cash discount” and “trade discount”
24. What are the rules of debit and credit?
25. Briefly describe the objectives of accounting.
26. Arrange the following assets and liabilities in the order of liquidity and in the order of permanence:

Cash in hand	Stock	Furniture	Land & Building	Goodwill	Cash at bank
Loose tools	Capital	Bank overdraft	Bill receivable	Creditors	Debtors

27. Explain the various classification of assets with examples.
28. Journalise the following transactions:
 2. Bought machinery for cash Rs.250
 10. Bought goods from Rajesh Rs.7500
 12. Returned goods to Rajesh Rs.500
 13. Purchased machinery by cheque Rs.7600
 18. Advertisement expenses paid Rs.1800
 21. Miscellaneous expenses paid by cheque Rs.850
 23. Received a cheque from Balan Rs.5000
 26. Balan's cheque deposited into bank for collection

28. Bank charges Rs.150

30. Paid rent by cheque Rs.2500

29. Record the following transactions in a petty cash book with suitable analytical column:

2012 March

1. Received Rs. 500 from the chief cashier under imprest system.

3. Bought stamps Rs20

4. Cleaning charges Rs.50

5. Auto charges Rs.18

7. Bought wrapping paper Rs.10

10. Refreshments Rs.15

12. Bought ball pens Rs.16

15. Telephone charges Rs.8

23. Fax charges Rs.20

25. Photostat charges Rs.7

31. Bus fare Rs.9

30. Prepare a Trial Balance as at 31st March 2012 from the following.

<u>Particulars</u>	<u>Debit</u>	<u>Creditors</u>
Audit fee	10000	
Loose tools	6000	
Capital		72000
Trade Marks	9000	
Sales		164000
Wages	20000	
Debtors	60000	
Cash	200	
Legal charges	12000	
Salary	1000	
Creditors		10000
Carriage inward	1000	
Advertisement	3000	

Purchases	80000	
Carriage outward	4000	
Drawings	8000	
Livestock	5000	
General expenses	4000	
Purchase returns		1000
Sales returns	2000	

31. What is meant by grouping and marshalling of assets and liabilities?

(6x4=24 Marks)

PART D

(Answer any two questions. Each question carries 15 marks)

32. Explain the modifying principles of accounting.

33. Suppose you are provided with a financial statement of a sole proprietorship. How will you interpret the result of the firm in terms of profitability and impact of direct expense and indirect expense.

34. Enter the following transactions in a cash book with cash, bank and discount columns.

2014 February

1. Cash balance Rs.3000
- “ Cash at bank Rs.7000
- “ Purchased goods for cash Rs.1500
2. Sold goods for cash RS.1500
3. Paid to Kurian Rs.250 in full settlement of his account Rs.260
5. Office furniture purchased Rs.250
6. Suresh gave us Rs.700 to settle his account Rs.725
8. Received from Nikhil, commission Rs.150
10. Cash sales Rs 800
18. Bought in cash as capital Rs.1500
21. Paid into bank Rs.800
23. Paid rent to landlord by cheque Rs.500
25. Paid cash to Chandran Rs.300

- 27. Sold machinery Rs.600
- 27. Received interest on investments Rs.100
- 28. Drew for personal use by cheque Rs.250
- 28. Paid for salaries Rs.800

35. A book keeper has submitted you the following balances. You are required to prepare Trading and Profit and Loss Account for the year ending 31st March 2011 and a Balance Sheet as at that date.

Debit Balances:

	Rs.
Cash in hand	30
Purchases	8990
Cash at bank	885
Fixtures and fittings	225
Freehold premises	1500
Lighting and heating	65
Bill Receivable	825
Return inward	30
Salaries	1075
Debtors	5700
Stock on 1 st April 2010	3000
Printing	225
Rates taxes and insurance	190
Discount allowed	200

Credit Balances:

Capital	7610
Sales	11060
Creditors	1950
Bills Payable	1875
Discount received	445

Adjustment:

Stock as on 31st March 2011 amounted to Rs.1800
(2X15=30marks)

