

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)
BCom DEGREE EXAMINATION DECEMBER 2018
(First Semester)

Branch - **COMMERCE (COST & MANAGEMENT ACCOUNTING)**

FUNDAMENTALS OF ACCOUNTING

Time: Three Hours

Maximum: 75 Marks

SECTION-A (10 Marks)

Answer **ALL** questions

ALL questions carry **EQUAL** marks

(10x1 = 10)

- 1 The basic objective of accounting is -.
 - (i) to maintain systematic records of financial transactions
 - (ii) to ascertain financial performance
 - (iii) to ascertain financial position
 - (iv) all of the above
- 2 Capital account is -.
 - (i) Personal a/c (ii) Real a/c (iii) Nominal a/c (iv) None of the above
- 3 Goodwill is -.
 - (i) Current asset (ii) Fictitious asset (iii) Tangible asset (iv) Intangible asset
- 4 Profit and loss account is prepared to ascertain -.
 - (i) Operating Profit (ii) Net Profit (iii) Gross Profit (iv) Cost of goods manufactured
- 5 Error of Principle do not allow-.
 - (i) Correct totalling of the Balance Sheet
 - (ii) Correct totalling of the Trial Balance
 - (iii) Trial Balance to agree
 - (iv) None of these
- 6 Single Entry System can be adopted by -.
 - (i) Small firms (ii) Joint Stock Companies
 - (iii) Co-operative Societies (iv) None of these
- 7 Depreciation is provided on -.
 - (i) Current Asset (ii) Investments (iii) Fixed Asset (iv) Intangible asset
- 8 For depreciating leases, the suitable method is -.
 - (i) Straight line (ii) Written down (iii) Annuity (iv) Sinking Fund
- 9 Bank Reconciliation Statement is prepared by -.
 - (i) Bank (ii) Customer of Bank (iii) Creditor of a business (iv) Debtor of a business
- 10 Subscription received in advance is -.
 - (i) an income (ii) an asset (iii) a liability (iv) an expenditure

SECTION - B (35 Marks)

Answer **ALL** Questions

ALL Questions Carry **EQUAL** Marks (5 x 7 = 35)

- 11 a Briefly explain any five accounting concept.

OR

- 11 b Enter the following transactions in the books of Panner Selvam:

2018 Jan.1 Started business with cash Rs.25,000.

2 Deposited into bank Rs.23,500.

3 Purchased furniture by issuing cheque Rs.2,000.

12a Following are the extracts from the trial balance as at 31st March 2013:

Particulars	Debit balance
Salaries	41,600
Debtors	2,08,000
Bad Debts	2,000

- i) Debtor include Shyam for dishonoured bill of Rs.800. Half the amount of Shyam's bill is irrecoverable.
 - ii) Remuneration of Rs.2,000 paid to Mr.Balan, a temporary employee, stands debited to his personal account.
 - iii) Create a provision for doubtful debts @ 5% on Debtors.
- Show how these items will appear in the final accounts.

OR

b On 1-4-2012 a loan of Rs. 1,00,000 was given to Ram at a rate of interest of 12% per annum. During the year, interest was received for 11 months from Apr. to Feb. Interest for the month for March has not yet been received. Assuming accounting year is financial year, pass adjusting journal entry and show how this will appear in final accounts.

13 a X keeps his books on the single entry system, and the following information is available:

Particulars	1/1/1995	31/12/1995
Stock	2,800	3,050
Creditors	1,750	1,900
Debtors	2,100	3,400
Cash	150	200
Furniture	200	200
Bills Payable	.	300
Loan	..	500
Investment	.	1,000

He has drawn out of the business Rs.500 p.m. during the year. Prepare a statement showing his profit for the year ended 31st December 1995 after writing off 10% depreciation on furniture and making a provision for bad debts 10% on Sundry Debtors.

OR

b Prepare Journal entries to rectify the following errors in the books of vir.Kannan, Chennai.

a)	Sales book total is reduced by Rs.2,000.
b)	Purchase of machinery is shown in Purchase Book for Rs.3,000.
c)	Goods sold to Mr.Rajan is Rs.45 shown as Rs.54 in his account.
d)	Purchase return Book is shown in excess of Rs.200.
e)	Sales book one side total of Rs. 1,122 is shown as Rs. 1,222 in the next page of the Sales book.

14 a X Ltd. purchased a second-hand machine for Rs.5,00,000 and spent R. 1,00,000 on its repairs. Depreciation is to be provided @ 10% p.a. according to Straight Line Method. The machine is sold for Rs.4,50,000. Assuming accounting financial year, calculate the profit or loss on sale of machine in each of the following alternatives:

- Case (a): If date of purchase is 1/4/2012 and date of sale is 31/3/2015.
- Case (b): If date of purchase is 1/4/2012 and date of sale is 30/9/2014.
- Case (c): If date of purchase is 1/7/2012 and date of sale is 31/3/2015.
- Case (d): If date of purchase is 1/7/2012 and date of sale is 30/9/2014.

OR

b following balances appear in the books of Goya Brothers:

Date	Particulars	Amount
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15 b Cont...

On 1st April 2007, they decided to sell a machine for Rs.2,00,000 which was purchased on 1st April 2004 for Rs.3,00,000. Prepare a Machinery a/c and provision for Depreciation a/c on 31st March 2008 assuming that the firm has been charging depreciation at 10% p.a. on Straight Line Method.

15 a The Bank overdraft of Mohan on 31/12/1999 was Rs.4,500 as per cash book. From the following particulars prepare a Bank Reconciliation Statement.

Particulars	Amount
Unpresented Cheques	1,500
Uncleared Cheques	850
Bank interest debited in the Pass Book only	250
Cheque of Anand dishonoured	250
Cheque issued to Sathya entered in the cash column of Cash Book	150

OR

b From the following find out how much is to be shown in Income and expenditure account for the year ending 31/12/1999 for subscription.

- Subscription received during the year as per Receipts and Payments account - Rs.28,680.
- Subscription outstanding on 1/1/99 - Rs.2,400.
- Subscription outstanding on 31/12/99 - Rs.3,000.
- Subscription received in advance on 1/1/99 -Rs. 1,800.
- Subscription received in advance on 31/12/99 - Rs.1,080.

SECTION - C (30 Marks)

Answer any **THREE** Questions

ALL Questions Carry **EQUAL** Marks (3 x 10 = 30)

16 Enter the following transactions in the Three Column Cash Book.

Date	Particulars	Amount
2004 Jan.1	Mohan commenced business	1,00,000
	~T Paid into Bank	9,000
6	Paid to Kannan by cheque	4,000
	Allowed Discount	100
10	Cash Sales	4,000
11	Paid into Bank	3,000
15	Manickkam paid into our bank account	1,000
20	Received from Nandhan	500
	Discount allowed	50
25	Withdrew from bank	200
31	Paid salaries by cheque	1,200

17 From the following trial balance as on 31/12/2000, prepare Trading, Profit and Loss a/c and a Balance Sheet as on that date.

Particulars	Dr. (Rs.)	Dr. (Rs.)
Stock on 1.1.2000	5,840	-
Cash in hand	192	-
Drawings	2,840	-
Rent	480	-
Machinery	3,800	-
Tax	600	-
Provision for Bad debts	-	420
Bad debts	888	-
Capital	-	17,000
Interest	-	320
General expenses	1,760	-
Bank Overdraft	-	960
	41 448	

17 Cont...

Sales Returns	840	-
Purchase Returns	-	1,164
	75,488	75,488

Adjustments:

- Depreciate machinery at 10% p.a.
- Rent outstanding Rs.500.
- Tax prepaid Rs.100.
- Provision for bad debts is to be increased to 5% on debtors.
- Closing Stock Rs.3,500.

18 A trader keeps his books by Single Entry System. During the year 2005 he kept a cash book of which the following is an analysis.

Particulars	Amount
Received from Sundry Debtors	64,000
Additional capital introduced on 1.10.2005	8,000
Loan from Z at 16% p.a. on 1.7.2005	10,500
Paid to Sundry Creditors	57,700
General expenses paid	3,900
Salaries paid	3,000
Drawings	4,000
Deposited in the bank	50,000
Withdrawals from the bank	36,000

The following balances existed on 1.1.2005:

Sundry Debtors Rs.15,300; Sundry Creditors Rs.11,500; Bank Overdraft Rs.8,000; Building Rs.42,500; Stock Rs.21,800; Cash balance Rs.600.

The following balances existed on 31.12.2005:

Sundry Debtors Rs. 16,000; Sundry Creditors Rs.11,900; Stock Rs.26,000. Depreciate building @ 5% and provide interest on Z's loan. Prepare Trading and Profit and Loss account for the year ended 31st December, 2005 and Balance Sheet as on that date.

19 On 1st January 2010, Bharat Ltd. purchased two machines I and II, costing Rs.50,000 each and provided depreciation @ 10% p.a. on Straight line method basis. At the end of 2013, the company decided to change the method of depreciation from Straight line method to Written Down Value Method retrospectively, the rate of depreciation remaining the same. Prepare the Machinery account upto 2013.

20 The following is the receipts and Payments statement of Chennai Sports Club for the year ended 31st December, 2003.

Receipts	Amount	Payments	Amount
To Balance (1.12.003)	2,400	By Salary	5,700
To Entrance fees	500	By Wages of Groundsmen	2,400
To Subscription	8,700	By Rent	150
To Proceeds of tournaments	1,500	By Printing and Postage	200
To interest on investments	500	By Repairs	175
		By Balance (31.12.03)	4,975
	13,600		13,600

Other information:

Subscription includes outstanding subscription of 2002 Rs.500 collected in the current year. Wages of groundsmen include Rs.150 applicable in the previous year.

Other ledger balances as on 1.1.03 were: Capital Fund - Rs.49,000; Club premises - Rs.30,000; Investments - Rs. 10,000; Furniture - Rs.6,250.

Entrance fees are to be capitalized. Salary outstanding on 31.12.03