

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)
BA DEGREE EXAMINATION DECEMBER 2025
(First Semester)

Branch - ECONOMICS

ACCOUNTANCY

Time: Three Hours

Maximum: 75 Marks

SECTION-A (10 Marks)

Answer ALL questions

ALL questions carry EQUAL marks

(10 × 1 = 10)

Module No.	Question No.	Question	K Level	CO
1	1	The business entity concept can be applied to a _____. a) Sole-proprietor b) Partnership firm c) Company d) All the above	K1	CO1
	2	What is a trial balance? a) A revenue Statement b) Statement of Ledger Balances c) Ledger Accounts d) Financial Statements	K2	CO1
2	3	What will be recorded in a cash book? a) All cash receipts b) All cash payments c) All cash receipts and payments d) Credit transactions	K1	CO2
	4	To which A/c the return of goods to a supplier should be credited to? a) Supplier A/c b) Goods A/c c) Purchase Returns A/c d) Sales Return A/c	K2	CO2
3	5	Depreciation arises due to _____. a) Physical wear and tear of the Asset b) Fall in the market value of an Asset c) Fall in the value of money d) Original value	K1	CO3
	6	Under annuity method, the amount of depreciation is _____. a) Reducing every year b) increasing every year c) Constant for all the years d) Zero value	K2	CO3
4	7	Final Accounts are prepared with the help of _____. a) Journal entries b) Cash book c) Trial Balance d) Purchases Book	K1	CO4
	8	Where the Closing stock is recorded? a) Balance sheet only b) Trading a/c only c) P& L A/c d) Balance sheet and Trading A/c	K2	CO4
5	9	Financial statements are meaningful and useful only when they are _____. a) Verified b) Presented to owners c) Analysed and interpreted d) Published	K1	CO5
	10	What does Solvency ratios indicates? a) Profitability b) Activity c) creditworthiness d) None of the above	K2	CO5

SECTION - B (35 Marks)

Answer ALL questions

ALL questions carry EQUAL Marks

(5 × 7 = 35)

Module No.	Question No.	Question	K Level	CO
1	11.a.	Explain the advantages of accounting.	K4	CO1
		(OR)		
	11.b.	Journalize the following transactions in Balan's books: 2020 Jan 1 Balan started business by investing cash Rs.50,000. He bought goods of Rs.4000 and Furniture of Rs.500 2 Purchased building for Rs.10,000 3 Purchased goods for cash Rs.3,000 4 Purchased goods on credit Rs.2,500 5 Paid cartage Rs.20.		

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2	12.a.	Enter the following transacting in the proper subsidiary books: January, 2000 1 Bought goods from Bharathi Rs.3,000 2 Bought goods from Elango Rs.600 3 Sundaram bought goods from us Rs.600 4 Sold goods to Chandran Rs.6,000 5 Velu sold goods to us Rs.1,000 6 Returned goods to Velu Rs.100 7 Sundaram returned goods Rs.300 8 Cash sales Rs.300	K4	CO2																																									
	12.b.	(OR) Enter the following transactions in a Two column Cash Book: 2018, January 1 Cash in hand Rs.11,500 5 Paid to Ram Rs. 1,300 Discount allowed by him Rs.100 8 Purchased goods Rs.5,400 10 Received from Gupta Rs.1,980 Discount allowed Rs.20 16 Sold goods Rs.1,400 21 Paid to Sharma Rs.1,295 Discount received Rs.5 25 Paid wages Rs.50 31 Paid to Narayan Rs.5390 Discount allowed Rs.10																																											
3	13.a.	On 1-1-2018, Excel Motors Ltd., purchased a machine for Rs.21,000 and spent Rs.9,000 for erection charges. After using the machine for 3 years, it was sold for Rs.24,000. Depreciation is charged at 10% on original cost. Accounts are closed on 31 st December each year. Prepare Machinery Account for 3 years.	K3	CO3																																									
	13.b.	(OR) On 1 st April, 2015 a firm purchased machinery worth Rs.1,50,000. On 1 st October, 2017, its buys additional machinery worth Rs.30,000 and spends Rs.5,000 on its erection. The accounts are closed each year on 31 st March. Assuming the annual depreciation to be 10% show the Machinery Account for 5 years under the written down value method.																																											
4	14.a.	From the following balances extracted at the close of the year ended 31 st Dec. 2016, prepare Profit and Loss account of Mr.Raj as at that date: <table><tr><td></td><td>Rs.</td><td></td><td>Rs.</td></tr><tr><td>Gross profit</td><td>55,000</td><td>Repairs</td><td>500</td></tr><tr><td>Carriage on sales</td><td>500</td><td>Telephone expenses</td><td>520</td></tr><tr><td>Office rent</td><td>500</td><td>Interest (Dr)</td><td>480</td></tr><tr><td>General expenses</td><td>900</td><td>Fire insurance premium</td><td>900</td></tr><tr><td>Discount to customers</td><td>360</td><td>Bad debts</td><td>2,100</td></tr><tr><td>Interest from Bank</td><td>200</td><td>Apprentice premium(Cr)</td><td>1,500</td></tr><tr><td>Travelling expenses</td><td>700</td><td>Printing & Stationery</td><td>2,500</td></tr><tr><td>Salaries</td><td>900</td><td>Trade expenses</td><td>300</td></tr><tr><td>Commission</td><td>300</td><td></td><td></td></tr></table>		Rs.		Rs.	Gross profit	55,000	Repairs	500	Carriage on sales	500	Telephone expenses	520	Office rent	500	Interest (Dr)	480	General expenses	900	Fire insurance premium	900	Discount to customers	360	Bad debts	2,100	Interest from Bank	200	Apprentice premium(Cr)	1,500	Travelling expenses	700	Printing & Stationery	2,500	Salaries	900	Trade expenses	300	Commission	300			K5	CO4	
		Rs.		Rs.																																									
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14.b.	(OR) The following balances were extracted from the books of Arun on 31.12.97: <table><tr><td>Arun's capital</td><td>15,000</td><td>Discounts received</td><td>300</td></tr><tr><td>Arun's Drawings</td><td>2,700</td><td>Depreciation</td><td>750</td></tr><tr><td>Stock (1.1.92)</td><td>11,000</td><td>Bills payable</td><td>4,500</td></tr><tr><td>Purchases</td><td>35,000</td><td>Plant & Machinery</td><td>15,000</td></tr><tr><td>Sales</td><td>62,000</td><td>Provision for bad debts</td><td>1,000</td></tr><tr><td>Returns inward</td><td>1,200</td><td>Debtors</td><td>8,000</td></tr><tr><td>Returns outward</td><td>800</td><td>Creditors</td><td>19,800</td></tr><tr><td>Wagges</td><td>5,740</td><td>Cash in hand</td><td>700</td></tr><tr><td>Salaries</td><td>8,200</td><td>Cash at bank</td><td>12,800</td></tr><tr><td>Electric charges</td><td>1,120</td><td>Bills receivable</td><td>420</td></tr><tr><td>Discounts paid</td><td>770</td><td></td><td></td></tr></table> Prepare Trading and P&L A/c for the year ending on 31.12.92 and a Balance sheet as on that date. The value of the closing stock on 31.12.92 was Rs.13,500.	Arun's capital	15,000	Discounts received	300	Arun's Drawings	2,700	Depreciation	750	Stock (1.1.92)	11,000	Bills payable	4,500	Purchases	35,000	Plant & Machinery	15,000	Sales	62,000	Provision for bad debts	1,000	Returns inward	1,200	Debtors	8,000	Returns outward	800	Creditors	19,800	Wagges	5,740	Cash in hand	700	Salaries	8,200	Cash at bank	12,800	Electric charges	1,120	Bills receivable	420	Discounts paid	770		
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5	15.a.	Prepare a comparative income statement of Vinayaka Travels Ltd., for the years ending 31 st march 2006 and 2007 from the following.		K5	CO5																								
		<table><tr><td></td><td>31.03.2006 Rs.</td><td>31.03.2007 Rs.</td></tr><tr><td>Purchases less returns</td><td>80,000</td><td>1,50,000</td></tr><tr><td>Other direct expenses</td><td>20,000</td><td>50,000</td></tr><tr><td>Sales</td><td>1,80,000</td><td>2,60,000</td></tr><tr><td>Office expenses</td><td>20,000</td><td>25,000</td></tr><tr><td>Selling expenses</td><td>10,000</td><td>15,000</td></tr><tr><td>Finance expenses</td><td>10,000</td><td>8,000</td></tr><tr><td>Profit</td><td>40,000</td><td>12,000</td></tr></table>				31.03.2006 Rs.	31.03.2007 Rs.	Purchases less returns	80,000	1,50,000	Other direct expenses	20,000	50,000	Sales	1,80,000	2,60,000	Office expenses	20,000	25,000	Selling expenses	10,000	15,000	Finance expenses	10,000	8,000	Profit	40,000	12,000	
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Profit	40,000	12,000																											
		(OR)																											
	15.b.	The balance sheet of 'Remember' Ltd., as on 31.12.2016 is as follows:																											
		<table><tr><td>Liabilities</td><td>Rs.</td><td>Assets</td><td>Rs.</td></tr><tr><td>Equity capital</td><td>2,00,000</td><td>Fixed assets</td><td>3,60,000</td></tr><tr><td>9% Pref. share capital</td><td>1,00,000</td><td>Stock</td><td>50,000</td></tr><tr><td>8% Debentures</td><td>1,00,000</td><td>Debtors</td><td>1,10,000</td></tr><tr><td>Profit & Loss A/c</td><td>40,000</td><td>Bank</td><td>6,000</td></tr><tr><td>Creditors</td><td>90,000</td><td>Bills receivable</td><td>4,000</td></tr><tr><td></td><td>5,30,000</td><td></td><td>5,30,000</td></tr></table>	Liabilities	Rs.	Assets	Rs.	Equity capital	2,00,000	Fixed assets	3,60,000	9% Pref. share capital	1,00,000	Stock	50,000	8% Debentures	1,00,000	Debtors	1,10,000	Profit & Loss A/c	40,000	Bank	6,000	Creditors	90,000	Bills receivable	4,000		5,30,000	
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		Find out: a) Debt-equity ratio b) Current ratio c) Liquidity ratio.																											

SECTION - C (30 Marks)

Answer ANY THREE questions

ALL questions carry EQUAL Marks (3 × 10 = 30)

Module No.	Question No.	Question	K Level	CO
1	16	<p>Journalise the following transactions, post them in the ledger and balance the accounts on 31st Jan. 2019.</p> <p>Jan</p> <p>1 Lakshmi started business with Capital of Rs.50,000</p> <p>2 She purchased goods from Mala on credit Rs.10,000</p> <p>5 She paid cash to Mala Rs.5,000</p> <p>7 She sold goods to Shanthi Rs.10,000</p> <p>10 She received cash from Shanthi Rs.8,000</p> <p>15 She further purchased goods from Mala Rs.12,000</p> <p>20 She paid cash to Mala Rs.4,000</p> <p>25 She further sold goods to Shanthi Rs.13,000</p> <p>30 She received cash from Shanthi Rs.3,000</p>	K4	CO1
2	17	<p>Following particulars are available for the month of Dec. 2020 of Ram & sons. Enter the transactions in three column cash book. 2020 December</p> <p>1 Cash in hand Rs.700; Bank overdraft Rs.900</p> <p>3 Received cash from Prasad Rs.790; discount allowed Rs.10</p> <p>4 Deposited into bank Rs.800</p> <p>5 Paid to Lal Rs.675 in full settlement of his account for Rs. 700</p> <p>6 Cash sales Rs.900</p> <p>7 Purchased goods and paid for the same by cheque Rs.500</p> <p>9 Deposited into bank Rs. 600</p> <p>11 Received from Mohan a cheque for Rs.400 and deposited it into bank</p> <p>13 Received cash from Ram Rs 695; discount allowed Rs.5</p> <p>17 Sold goods to Shyam for Rs.1,000 and received a cheque for the same and sent it on the same day to bank.</p> <p>19 Purchased furniture for Rs.150 and issued a cheque for the same</p> <p>20 Cash sales Rs.900</p> <p>21 Cash purchase Rs.700</p> <p>23 Drew from bank for office use Rs.500</p> <p>30 Paid for advertisement in cash Rs.530</p> <p>30 Paid to Sohan Rs.650 by cheque; discount received Rs.20</p> <p>31 Paid for Postage in cash Rs.15</p>	K4	CO2

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3	18	<p>A second hand machinery was purchased on 1-1-2020 for Rs.30,000 and repair charges amounted to Rs.6,000. It was installed at a cost Rs.4,000. On 1st July, 1991, another machine was purchased for Rs.26,000. On 1st July, 1992 the first purchased machine was sold for Rs.30,000. On the same day, one more machine was bought for Rs.25,000. On 31-12-1992, the machine bought on 1st July, 1991, was sold for Rs.23,000. Accounts are closed every year on 31st December. Depreciation is written off at 15% p.a.</p> <p>Prepare the machinery accounts for three years ending 31-12-1992.</p>	K3	CO3																																																																
4	19	<p>From the following Trial Balance extracted from the books of Kamalnath. Prepare Trading and Profit & Loss A/c and Balance Sheet for the year ended 31.12.96.</p> <table><tr><th>Debit Balance</th><th>Rs.</th><th>Assets</th><th>Rs.</th></tr><tr><td>Cash at Bank</td><td>2,610</td><td>Creditors</td><td>4700</td></tr><tr><td>Book Debts</td><td>11,070</td><td>Discounts</td><td>150</td></tr><tr><td>Salaries</td><td>4,950</td><td>Creditors for expenses</td><td>400</td></tr><tr><td>Carriage inwards</td><td>1,450</td><td>Returns outwards</td><td>2,520</td></tr><tr><td>Carriage outwards</td><td>1,590</td><td>Sales</td><td>80,410</td></tr><tr><td>Bad debts</td><td>1,310</td><td>Capital</td><td>40,00</td></tr><tr><td>Office expenses</td><td>5,100</td><td></td><td></td></tr><tr><td>Purchases</td><td>67,350</td><td></td><td></td></tr><tr><td>Returns inwards</td><td>1,590</td><td></td><td></td></tr><tr><td>Furniture & Fixtures</td><td>1,500</td><td></td><td></td></tr><tr><td>Stock</td><td>14,360</td><td></td><td></td></tr><tr><td>Insurance</td><td>3,300</td><td></td><td></td></tr><tr><td>Depreciation on property</td><td>1,200</td><td></td><td></td></tr><tr><td>Freehold property</td><td>10,800</td><td></td><td></td></tr><tr><td></td><td>1,28,180</td><td></td><td>1,28,180</td></tr></table> <p>Adjustments:</p> <p>i) Make provision for doubtful debts at 5%</p> <p>ii) Calculate discount on creditors @ 2%</p> <p>iii) Office expenses include stationary purchased Rs.800</p> <p>iv) Carriage inwards include carriage paid on purchase of furniture Rs.50</p> <p>v) Outstanding salaries Rs.150</p> <p>vi) Prepaid insurance Rs.300</p> <p>vii) Stock on hand Rs.10,700 (including stationary stock Rs.200).</p>	Debit Balance	Rs.	Assets	Rs.	Cash at Bank	2,610	Creditors	4700	Book Debts	11,070	Discounts	150	Salaries	4,950	Creditors for expenses	400	Carriage inwards	1,450	Returns outwards	2,520	Carriage outwards	1,590	Sales	80,410	Bad debts	1,310	Capital	40,00	Office expenses	5,100			Purchases	67,350			Returns inwards	1,590			Furniture & Fixtures	1,500			Stock	14,360			Insurance	3,300			Depreciation on property	1,200			Freehold property	10,800				1,28,180		1,28,180	K5	CO5
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5	20	<p>From the data given below compute:</p> <p>a) Working capital</p> <p>b) Net capital employed</p> <p>c) Current ratio</p> <p>d) Acid test ratio</p> <p>e) Debt-equity ratio</p> <p>f) Fixed assets ratio</p> <p>Balance Sheet as on 31.12.1999</p> <table><tr><th>Liabilities</th><th>Rs.</th><th>Assets</th><th>Rs.</th></tr><tr><td>Equity share capital</td><td>25,000</td><td>Fixed assets</td><td>30,000</td></tr><tr><td>Pref. share capital</td><td>5,000</td><td>Current Assets:</td><td></td></tr><tr><td>Reserves & Surplus</td><td>4,000</td><td>Stores</td><td>2,000</td></tr><tr><td>Debentures</td><td>8,000</td><td>Sundry Debtors</td><td>1,000</td></tr><tr><td>Bank loan</td><td>4,000</td><td>Cash</td><td>500</td></tr><tr><td>Sundry creditors</td><td>1,000</td><td>Bank</td><td>2,500</td></tr><tr><td>Proposed dividends</td><td>1,000</td><td>Preliminary expenses</td><td>8,000</td></tr><tr><td>Provision for taxation</td><td>2,000</td><td>Brokerage on shares</td><td>2,000</td></tr><tr><td></td><td></td><td>Stock</td><td>4,000</td></tr><tr><td></td><td>50,000</td><td></td><td>50,000</td></tr></table>	Liabilities	Rs.	Assets	Rs.	Equity share capital	25,000	Fixed assets	30,000	Pref. share capital	5,000	Current Assets:		Reserves & Surplus	4,000	Stores	2,000	Debentures	8,000	Sundry Debtors	1,000	Bank loan	4,000	Cash	500	Sundry creditors	1,000	Bank	2,500	Proposed dividends	1,000	Preliminary expenses	8,000	Provision for taxation	2,000	Brokerage on shares	2,000			Stock	4,000		50,000		50,000	K5	CO5																				
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