

**PSG COLLEGE OF ARTS & SCIENCE**  
(AUTONOMOUS)

**BCom DEGREE EXAMINATION DECEMBER 2025**  
(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

(10 × 1 = 10)

Module No.	Question No.	Question	K Level	CO
1	1	_____ accounting concept states that business transactions are recorded separately from the personal transactions of the owner. a) Matching Concept                      b) Business Entity Concept c) Money Measurement Concept   d) Cost Concept	K1	CO1
	2	The process of transferring entries from journal to ledger is called _____. a) Posting      b) Balancing      c) Journalizing      d) Casting	K2	CO1
2	3	Provision for doubtful debts is created to _____. a) Reduce creditors b) Anticipate future losses from debtors c) Increase profits d) Adjust cash balance	K1	CO2
	4	Profit & Loss A/c is prepared to ascertain _____. a) Gross Profit   b) Net Profit      c) Cash Flow                      d) Capital	K2	CO2
3	5	Receipts and Payments Account is a _____. a) Nominal Account                      b) Real Account c) Personal Account                      d) Representative Personal Account	K1	CO3
	6	Donation received for building is treated as: a) Revenue income                      b) Expense c) Liability                                      d) Capital receipt	K2	CO3
4	7	Bank Reconciliation Statement is prepared by _____. a) Bank                                      b) Government c) Customer                                      d) Auditor	K1	CO4
	8	Receivables Reconciliation Statement is prepared to reconcile balances of _____. a) Cash Book with Journal b) Creditors' Ledger with General Ledger c) Bank Book with Pass Book d) Debtors' Ledger with General Ledger	K2	CO4
5	9	_____ of the following is not a cause of depreciation. a) Wear and tear                      b) Obsolescence c) Fluctuation in market value      d) Lapse of time	K1	CO5
	10	If provision for depreciation is maintained, depreciation is debited to _____. a) Provision A/c                                      b) P&L A/c c) Asset A/c                                      d) Cash A/c	K2	CO5

Cont...

**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.	Following are the transactions during the month of January, 2018. Journalise them. Jan. 1 Commenced business with cash 80,000 2 Deposited cash with bank 40,000 3 Purchased goods by paying cash 5,000 4 Purchased goods from Lipton & Co. on credit 10,000 5 Sold goods to Joy and received cash 11,000 6 Paid salaries by cash 5,000 7 Paid Lipton & Co. by cheque for the purchases made on 4th Jan.	K1	CO1
		(OR)		
	11.b.	Prepare Purchase returns Book and Sales returns book from the following data. August 2018: Aug 1: Purchased goods returned to Senthil - ₹ 205 Aug 3: Received goods returned by Natarajan - ₹300 Aug 5: Goods returned to Kannan - ₹500 Aug 7: Sales returns of Rs. 1,260 by Mathavan - ₹1,260 Aug 15: Returned defective goods to Rajan - ₹1,280 Aug 18: Damaged goods returned by Murali - ₹1,120 Aug 23: Outward returns to Kanagasabai - ₹275 Aug 29: Inward returns by Swaminathan - ₹ 750		
2	12.a.	One machine whose value in books as at 1st April 2007 stood at ₹12,000 was disposed off on 31st December, 2007 for ₹8,750 in part exchange of a machine costing ₹19,000 and an invoice for the amount of ₹10,250 was entered in the purchases book. Give adjusting entry.	K2	CO2
		(OR)		
	12.b.	Prepare a Profit and Loss Account of M/s Ashok and Son as at 31st March, 2018. Gross Profit – ₹1,01,000 Carriage Outward – ₹2,500 Salaries – ₹5,500 Rent – ₹4,100 Fire Insurance Premium – ₹900 Bad Debts – ₹2,100 Income Tax Paid – ₹3,500 Life Insurance Premium – ₹3,000 Discount (Dr.) – ₹500 Apprentice Premium (Cr.) – ₹1,500 Printing & Stationery – ₹250 Rates & Taxes – ₹350 Travelling Expenses – ₹200 Sundry Trade Expenses – ₹300 Rent received on sub-letting – ₹1000		
3	13.a.	Prepare Receipts and Payments A/c of a club for the year ended 31 <sup>st</sup> Dec. 2020 from the following particulars: Opening balance of Cash – ₹40,000 Receipt of entrance fees – ₹8,000 Subscription received for 2020 – ₹16,000 Previous year's subscription received – ₹1,600 Paid salaries – ₹2,000 Paid for Miscellaneous expenses – ₹200 Rent paid – ₹1,200 Payment for Purchase of Cricket balls – ₹500 Payment for purchase of Cricket bats – ₹1,600 Payment for stationery in Cash – ₹100	K3	CO3
		(OR)		
	13.b.	Distinguish Income and Expenditure account and the Profit and Loss Account.		

4	14.a.	<p>The difference in Trial Balance is kept in suspense account. Before preparing the final accounts, the following errors were detected:</p> <ul style="list-style-type: none"><li>• Purchase for ₹540 was written in Sales Day Book, but was posted to the correct side of Party's Account.</li><li>• Salary Account total ₹12,600 in one page was carried over to the next page as ₹ 1,260, on the wrong side.</li><li>• Interest on overdraft ₹ 650 was not posted to ledger from Cash Book.</li><li>• ₹600 collected from a Party, in respect of the old dues from him, which were written off as Bad Debt two years ago, was credited to the Party's Account.</li></ul>	K3	CO4
	(OR)			
	14.b.	<p>On 31st December, 2007, the Cash Book of a firm showed a bank balance of ₹3,000. From the following information, prepare a Bank Reconciliation Statement, showing the balance as per Pass Book.</p> <p>(i) Cheques have been issued for ₹2,500 out of which cheques worth ₹2,000 only were presented for payment.</p> <p>(ii) Cheques worth ₹700 were paid on 28<sup>th</sup> December but had not been credited by the Bank. One cheque for ₹250 was entered in the Cash Book on 30<sup>th</sup> December but was banked on 3<sup>rd</sup> January, 2008.</p> <p>(iii) A cheque from Mohan for ₹200 was paid in on 26<sup>th</sup> December but was dishonoured and the advice was received on 2<sup>nd</sup> January, 2008.</p> <p>(iv) Pass book showed bank charges ₹10 debited by the bank. It also showed ₹400 collected by the bank as interest.</p> <p>(v) One of the debtors deposited a sum of ₹250 in the account of the firm on 20<sup>th</sup> December. Intimation in this respect was received from the bank on 2<sup>nd</sup> January, 2008.</p>		
5	15.a.	Analyze the various causes of depreciation.	K4	CO5
	(OR)			
	15.b.	<p>A firm purchases a 5 years' lease for ₹40,000 on 1st January. It decides to write off depreciation on the Annuity Method, presuming the rate of interest to be 5% per annum. The annuity tables show that a sum of ₹9,259 should be written off every year. Show the Lease Account for five years. Calculations are to be made to the nearest-rupee.</p>		

**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	The following balances were extracted from the ledger of Ramakrishna Engineering Works on 31 <sup>st</sup> March 2018. You are required to prepare Trial Balance as on that date.	K1	CO1																																																																
		<table><tr><th>Particulars</th><th>₹</th><th>Particulars</th><th>₹</th></tr><tr><td>Drawings</td><td>6,000</td><td>Salaries</td><td>9,500</td></tr><tr><td>Capital</td><td>24,000</td><td>Sales return</td><td>1,000</td></tr><tr><td>Sundry Creditors</td><td>43,000</td><td>Purchase return</td><td>1,100</td></tr><tr><td>Bills Payable</td><td>4,000</td><td>Travelling expenses</td><td>4,600</td></tr><tr><td>Sundry debtors</td><td>50,000</td><td>Commission paid</td><td>100</td></tr><tr><td>Bills Receivable</td><td>5,200</td><td>Trading expenses</td><td>2,500</td></tr><tr><td>Loan from</td><td>10,000</td><td>Discount earned</td><td>4,000</td></tr><tr><td>Karthik</td><td></td><td>Rent</td><td>2,000</td></tr><tr><td>Furniture &amp;</td><td>4,500</td><td>Bank overdraft</td><td>6,000</td></tr><tr><td>Fixtures</td><td>47,000</td><td>Purchases</td><td>70,800</td></tr><tr><td>Opening Stock</td><td>900</td><td></td><td></td></tr><tr><td>Cash in hand</td><td>12,500</td><td></td><td></td></tr><tr><td>Cash at bank</td><td>3,500</td><td></td><td></td></tr><tr><td>Tax</td><td>1,28,000</td><td></td><td></td></tr><tr><td>Sales</td><td></td><td></td><td></td></tr></table>			Particulars	₹	Particulars	₹	Drawings	6,000	Salaries	9,500	Capital	24,000	Sales return	1,000	Sundry Creditors	43,000	Purchase return	1,100	Bills Payable	4,000	Travelling expenses	4,600	Sundry debtors	50,000	Commission paid	100	Bills Receivable	5,200	Trading expenses	2,500	Loan from	10,000	Discount earned	4,000	Karthik		Rent	2,000	Furniture &	4,500	Bank overdraft	6,000	Fixtures	47,000	Purchases	70,800	Opening Stock	900			Cash in hand	12,500			Cash at bank	3,500			Tax	1,28,000			Sales			
		Particulars			₹	Particulars	₹																																																													
		Drawings			6,000	Salaries	9,500																																																													
		Capital			24,000	Sales return	1,000																																																													
		Sundry Creditors			43,000	Purchase return	1,100																																																													
		Bills Payable			4,000	Travelling expenses	4,600																																																													
		Sundry debtors			50,000	Commission paid	100																																																													
		Bills Receivable			5,200	Trading expenses	2,500																																																													
		Loan from			10,000	Discount earned	4,000																																																													
		Karthik				Rent	2,000																																																													
		Furniture &			4,500	Bank overdraft	6,000																																																													
		Fixtures			47,000	Purchases	70,800																																																													
		Opening Stock			900																																																															
		Cash in hand			12,500																																																															
Cash at bank	3,500																																																																			
Tax	1,28,000																																																																			
Sales																																																																				

Cont...

2	17	<p>Mr. A commenced business on 1st April, 2016 introducing the following as initial capital: Bank Balance ₹8,000; Land ₹20,000; Building ₹11,200; Furniture ₹800; Motor Van ₹2,400.</p> <p>In addition to the above, the following balances have been extracted from his books:</p>	<table><tr><th>Particulars</th><th>₹</th><th>Particulars</th><th>₹</th></tr><tr><td>Motor Expenses</td><td>6,400</td><td>Lights and Fans</td><td>1,472</td></tr><tr><td>Sundry Debtors</td><td>7,888</td><td>Telephone</td><td>816</td></tr><tr><td>Sales</td><td>3,38,000</td><td>Insurance</td><td>672</td></tr><tr><td>Purchases</td><td>3,54,560</td><td>Balance at Bank</td><td>16,000</td></tr><tr><td>Salaries</td><td>8,304</td><td>Cash in Hand</td><td>256</td></tr><tr><td>Discount</td><td></td><td>Sundry Creditors</td><td>20,000</td></tr><tr><td>Received</td><td>6,416</td><td>Addition to</td><td></td></tr><tr><td>Rates</td><td>1,104</td><td>Motor Van</td><td></td></tr><tr><td>Addition to</td><td></td><td>(as on 1-4-2016)</td><td>4,160</td></tr><tr><td>Buildings(as on</td><td></td><td>Sundry Expenses</td><td>3,863</td></tr><tr><td>1-4-2016)</td><td>6,720</td><td>Drawings</td><td>11,200</td></tr><tr><td>Repairs to</td><td></td><td>Income-tax</td><td>800</td></tr><tr><td>Buildings</td><td>944</td><td>advance</td><td></td></tr><tr><td>Rent Received</td><td>2,743</td><td></td><td></td></tr></table>	Particulars	₹	Particulars	₹	Motor Expenses	6,400	Lights and Fans	1,472	Sundry Debtors	7,888	Telephone	816	Sales	3,38,000	Insurance	672	Purchases	3,54,560	Balance at Bank	16,000	Salaries	8,304	Cash in Hand	256	Discount		Sundry Creditors	20,000	Received	6,416	Addition to		Rates	1,104	Motor Van		Addition to		(as on 1-4-2016)	4,160	Buildings(as on		Sundry Expenses	3,863	1-4-2016)	6,720	Drawings	11,200	Repairs to		Income-tax	800	Buildings	944	advance		Rent Received	2,743			K2	CO2
		Particulars		₹	Particulars	₹																																																											
Motor Expenses	6,400	Lights and Fans	1,472																																																														
Sundry Debtors	7,888	Telephone	816																																																														
Sales	3,38,000	Insurance	672																																																														
Purchases	3,54,560	Balance at Bank	16,000																																																														
Salaries	8,304	Cash in Hand	256																																																														
Discount		Sundry Creditors	20,000																																																														
Received	6,416	Addition to																																																															
Rates	1,104	Motor Van																																																															
Addition to		(as on 1-4-2016)	4,160																																																														
Buildings(as on		Sundry Expenses	3,863																																																														
1-4-2016)	6,720	Drawings	11,200																																																														
Repairs to		Income-tax	800																																																														
Buildings	944	advance																																																															
Rent Received	2,743																																																																
<p>Prepare Trading and Profit and Loss Account for the year ending 31st March, 2017 and Balance Sheet as at that date after taking into consideration the following (a) Stock as on 31st March, 2017 ₹54,000. (b) Depreciation - Building 5% p.a., Furniture 6% p.a., Motor Vans 20% p.a. (c) Income tax payable ₹5,200. (d) Amount paid in advance for Insurance ₹240, Rates ₹160, Motor Expenses ₹480. (e) Income Tax account be written off. (f) Write off further bad debts ₹888. (g) Make Provision for Doubtful Debts @ 5%. (h) Discount of 2% on debtors and creditors are to be anticipated.</p>																																																																	
3	18	<p>Following is the Receipts and Payments Account of the Delhi Literary Society for the year ended 31st March, 2018.</p>	<table><tr><td>To Cash at Bank</td><td>12,500</td><td>By Salaries</td><td>2,500</td></tr><tr><td>To Subscriptions</td><td>52,500</td><td>By Printing and Stationery</td><td>1,250</td></tr><tr><td>To Annual Day Receipts</td><td>26,800</td><td>To Annual Day Expenses</td><td>1,500</td></tr><tr><td>To Mushaira Receipts</td><td>22,500</td><td>To Mushaira Expenses</td><td>10,000</td></tr><tr><td>To Dividends on Shares</td><td>2,500</td><td>To Telephone Charges</td><td>2,500</td></tr><tr><td></td><td></td><td>To Sundry Expenses</td><td>2,000</td></tr><tr><td></td><td></td><td>To Shares Purchased</td><td>75,000</td></tr><tr><td></td><td></td><td>To Postage and Telegrams</td><td>2,200</td></tr><tr><td></td><td></td><td>To Building Maintenance</td><td>6,340</td></tr><tr><td></td><td></td><td>By Cash at Bank</td><td>13,510</td></tr><tr><td></td><td><u>1,16,800</u></td><td></td><td><u>1,16,800</u></td></tr></table>	To Cash at Bank	12,500	By Salaries	2,500	To Subscriptions	52,500	By Printing and Stationery	1,250	To Annual Day Receipts	26,800	To Annual Day Expenses	1,500	To Mushaira Receipts	22,500	To Mushaira Expenses	10,000	To Dividends on Shares	2,500	To Telephone Charges	2,500			To Sundry Expenses	2,000			To Shares Purchased	75,000			To Postage and Telegrams	2,200			To Building Maintenance	6,340			By Cash at Bank	13,510		<u>1,16,800</u>		<u>1,16,800</u>	K3	CO3																
		To Cash at Bank		12,500	By Salaries	2,500																																																											
To Subscriptions	52,500	By Printing and Stationery	1,250																																																														
To Annual Day Receipts	26,800	To Annual Day Expenses	1,500																																																														
To Mushaira Receipts	22,500	To Mushaira Expenses	10,000																																																														
To Dividends on Shares	2,500	To Telephone Charges	2,500																																																														
		To Sundry Expenses	2,000																																																														
		To Shares Purchased	75,000																																																														
		To Postage and Telegrams	2,200																																																														
		To Building Maintenance	6,340																																																														
		By Cash at Bank	13,510																																																														
	<u>1,16,800</u>		<u>1,16,800</u>																																																														
<p>Following further information is furnished:</p> <ul style="list-style-type: none"><li>The value of the Building owned by the Society stood at ₹50,000 as at 1st April, 2017. Depreciation at 5 per cent has to be provided.</li><li>There were 200 members paying subscriptions at the rate of ₹250 per annum each.</li><li>As on 1st April, 2017, no subscriptions had been received in advance but subscriptions were outstanding to the extent of ₹1,000 as at 31st March, 2017 and on 31st March, 2018 subscriptions outstanding were ₹1,500.</li><li>Postage Stamps worth ₹250 were with the Secretary at the beginning of the year and the stamps at the end of the value of ₹150.</li><li>The investment in shares at the beginning of the year was to the extent of ₹5,000.</li><li>An amount of ₹250 in respect of the Annual Day Receipts was yet to be received.</li><li>The rent of the theatre amounting ₹2,500 where the Mushaira (poetic symposium) was held is still to be paid.</li><li>Hire of telephone to the extent of ₹300 is paid in advance.</li></ul> <p>You are required to prepare the Income and Expenditure Account for the year ended 31st March, 2018 and the Balance Sheet as at that date.</p>																																																																	

4	19	<p>From the following particulars prepare a Bank Reconciliation Statement showing the balance as per Cash Book on 31st December, 2020. Following cheques were paid in bank in December, 2020 but were credited by the bank in January, 2021: Manohar ₹ 700; Kulwant ₹ 800; Rajinder ₹ 600</p> <p>The following cheques were issued by the firm in December, 2020 but were presented for payment in January, 2021: Smith ₹ 500; Bharat ₹ 450</p> <p>The following charges were made by the bank which were not recorded in the Cash Book:</p> <ul style="list-style-type: none"> <li>• Incidental charges for the half year ended 31st December, 2020 ₹ 20</li> <li>• Collection charges for outstation cheques ₹ 15</li> </ul> <p>Following payments made by the bank direct as per standing instructions were not entered in the Cash Book:</p> <ul style="list-style-type: none"> <li>• Insurance premium ₹ 350</li> <li>• Subscription for Commerce ₹ 75</li> </ul> <p>A cheque for ₹ 500 which was received from a customer was entered in the bank column of Cash Book in December, 2020 but was omitted to be banked in December, 2020. A bill for ₹ 1,000 was retired by the bank under rebate of ₹ 20 but the full amount of the bill was credited in bank column of the Cash Book. The bank balance as per pass book was ₹ 15,800 on 31<sup>st</sup> December, 2020.</p>	K3	CO4
5	20	<p>On January 1, 2014, machinery was purchased by X for ₹50,000. On July 1, 2015, additions were made to the extent of ₹10,000. On April 1, 2016, further additions were made to the extent of ₹6,400.</p> <p>On June 30, 2017 machinery, the original value of which was ₹8,000 on January 1, 2014, was sold for ₹6,000. Depreciation is charged at 10%p.a. on original cost. Show Machinery account under Straight Line Method.</p>	K4	CO5

Z-Z-Z END

