

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION DECEMBER 2025
(First Semester)

Common to Branches – **COMMERCE/ COMMERCE (CA)/ E-COMMERCE/ COMMERCE (A&F)/
COMMERCE (RM)/ COMMERCE (FS)/ COMMERCE (FT)/ COMMERCE (BPS)/
COMMERCE (B&I)/ COMMERCE (BA)/ COMMERCE (BSI)**

FINANCIAL ACCOUNTING - I

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	Which account is prepared to determine the gross profit or loss? a) Trading account b) Profit and loss account c) Balance sheet d) Suspense account	K1	CO1
	2	Which depreciation method involves setting a side funds for replacement? a) Straight-line method b) Diminishing balance method c) Sinking fund method d) Annuity method	K2	CO1
2	3	Who is the party that draws a bill of exchange? a) Drawee b) Drawer c) Payee d) Endorsee	K1	CO2
	4	What is the purpose of renewing a bill of exchange? a) To extend the payment period b) To increase the bill amount c) To change the drawee d) To cancel the bill	K2	CO2
3	5	What is the primary difference between a consignment and a sale? a) Payment terms b) Delivery terms c) Risk transfer d) Ownership transfer	K1	CO3
	6	How is normal loss treated in a consignment account? a) Charged to the consignor b) Charged to the consignee c) Ignored in accounting d) Shown as a separate	K2	CO3
4	7	What type of branch accounting system involves recording only debtors and cash transaction? a) Stock and debtors system b) Full system of accounting c) Debtors system d) None of the above	K1	CO4
	8	What is the primary difference between a hire purchase agreement and a sale? a) Ownership transfer b) Payment terms c) Delivery terms d) Risk transfer	K2	CO4
5	9	What is the primary purpose of a receipt and payment account? a) To record income and expenses b) To record receipts and payments c) To calculate profit or loss d) To prepare a balance sheet	K1	CO5
	10	How are capital receipts treated in a receipt and payment account? a) Recorded as Income b) Recorded as Expenditure c) Shown on the receipt side d) Shown on the payment side	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.	The difference in Trial balance is kept in suspense account. Before preparing the final accounts, the following errors were detected: 1.Purchase for Rs.540 was written in sales day book, but was posted to the correct side of party's account. 2.Salary account total Rs.12,600 in one page, was carried over to the next page, as Rs1,260, On the wrong side. 3.Interest on overdraft Rs.650 was not posted to ledger from Cash Book. 4.Rs.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. Show rectification entries and suspense account. State, to what extent the profit and Loss account would have been affected, if the above errors would bot have been detected and corrected and also the profit and loss account, before rectification.	K3	CO1
		(OR)		

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	11.b.	On 1 st January, 2014, machinery was purchased by X for Rs.50,000. On 1 st July, 2015, additions were made to the extent of Rs.10,000. On 1 st April, 2016, further additions were made to the extent of Rs.6,400. On 30 th June, 2017 machinery, the original value of which was Rs.8,000 on 1 st January, 2014, was sold for Rs.6,000. Depreciation is charged at 10% p.a. on original cost. Show Machinery account for the years from 2014 to 2017 in the books of X. X closes his books on 31 st December.	K3	CO1
2	12.a.	Ravi received an acceptance for bill of Rs.50,000 on 1 st July, 2018 at 3 months from Kavi. Ravi got this acceptance discounted @10% p.a. at his bank. On the due date, Kavi paid the amount due. Pass the Journal Entries in the books of Ravi and Kavi. The bank charged 6% CGST and 6% SGST on discounting charges.	K3	CO2
	12.b.	(OR) Distinction between trade bill and accommodation bill.	K2	CO2
3	13.a.	On 1 st January, 2018 Mala sends 150 sewing machines costing Rs.30,000 to Kala to be sold on behalf of the former at 5% commission on sales, Mala paid Rs.1,500 as freight and carriage for sending the machines. Kala sent the account sales on 31 st March, 2018 stating that: (i) 120 sewing machines were sold for Rs.27,000. (ii) Expenses incurred on inward consignment were: Octroi Rs.250; Carriage Rs.50; Goodown Rent Rs.2,100 and Advertisement and other selling expenses Rs.1,500. <i>Prepare Journal Entries</i>	K3	CO3
	13.b.	(OR) Distinction between joint venture and consignment.	K2	CO3
4	14.a.	Show adjustment Journal Entry along with working notes in the books of head office at the end of April, 2017 for incorporation of inter branch transactions assuming that only head office maintains different branch account in its books: (A) Delhi Branch: (i) Received goods from Mumbai Rs.1,40,000 and Rs. 60,000 from Kolkata. (ii) Sent goods to Chennai Rs.1,00,000, Kolkata Rs.80,000 (iii) Bill receivable received Rs.80,000 from Chennai. (iv) Acceptances sent to Mumbai Rs.1,00,000, Kolkata Rs.40,000 (B) Mumbai Branch (Apart from the above): (i) Received goods from Kolkata Rs.60,000, Delhi Rs.80,000. (ii) Cash sent to Delhi Rs.60,000, Kolkata Rs.28,000. (C) Chennai Branch (Apart from the above): (i) Received goods from Kolkata Rs.1,20,000. (ii) Acceptances and cash sent to Kolkata Rs.80,000, Kolkata Rs.40,000 respectively. (D) Kolkata Branch (Apart from the above): (i) Sent goods to Chennai Rs.1,40,000. (ii) Paid cash to Chennai Rs.60,000 (iii) Acceptance sent to Chennai Rs.60,000.	K3	CO4
	14.b.	(OR) P purchased a machine on hire-purchase system for Rs.56,000 payment to be made, Rs.15,000 down and 3 instalments of Rs.15,000 each at the end of each year. Rate of interest is charged at 5% per annum. Buyer is depreciating the asset at 10% p.a. on written down value method. Because of financial difficulties, P after having paid down payment and first instalment at the end of the 1 st year, could not pay second instalment and seller took possession of the machine. Seller after expending Rs.357 on repairs of the asset sold it away for Rs.30,110. Open ledger accounts in the books of both the parties to record the transactions.	K3	CO4
5	15.a.	Discuss the difference between a receipt and payment account.	K2	CO5
	15.b.	(OR) From the following details, ascertain the amount of subscriptions to be credited to income and expenditure account for the year 1999. Subscription received in 1999- Rs.48, 000 which include Rs. 4,000 for 1998 and Rs. 8,000 for 2,000. Subscriptions due but not received at the end of the year 1999 were Rs. 20,000. Subscriptions received in 1998 in advance for 1999 were Rs. 12,000.	K3	CO5

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	A company whose accounting year is the calendar year, purchased on 1-1-93 a Machine for Rs. 40,000. It purchased further machinery on 1st Oct. 1993 for Rs. 20,000 and on 1st July 1994 for Rs. 10,000 on 1-7-1995, 1/4th of the machinery installed on 1-1-1993 became obsolete and was sold for Rs. 6,800. Show how the machinery account would appear in the books of the company for all the 3 years under Diminishing Balance method. Depreciation is to be provided at 10% p.a.	K4	CO1

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2	17	From the following information available from the books and records of X & Co., prepare Bank Reconciliation Statement:			K4	CO2																																												
			Bank A/c (No.I) Dr. Rs.	Bank A/c (No.II) Cr. Rs.																																														
		Balance at the end of month	50,000	1,80,000																																														
		Cheque issued but not presented at the end of the month	39,300	21,500																																														
		Cheques deposited for collection not cleared till the end of month	-	47,500																																														
		Interest not adjusted in cash book	-	2,500																																														
		Cheques issued against A/c No.II wrongly debited by bank to A/c No.I	-	1,800																																														
3	18	A and X entered into a joint venture and agreed to divide the profit as to A 60% and X 40%. A and X contributed Rs. 1,80,000 and Rs. 1,20,000 respectively for carrying on transactions relating to the venture. They opened a joint bank account with the above contributions. They purchased three old state buses for Rs. 2,40,000. A and X personally paid Rs. 45,000 and Rs. 30,000 respectively for repairs and renewals. They purchased a few tyres and tubes costing Rs. 54,000. Two buses were sold for Rs. 2,70,000 and the third one was taken by X at cost price. Pass necessary journal entries and prepare joint venture account, joint bank account and close the accounts of the venture.			K4	CO3																																												
4	19	Kumar Co. Ltd. Trades in refrigerator on hire purchase system and the accountant furnished the following information for the year 1995: <div><div>Rs.</div><div>1.1.95 Stock in shop 30,000</div><div>Instalments due and unpaid 18,000</div><div>Stock out with customers at H.P. Price 2,40,000</div><div>31.12.95 Stock in shop 42,000</div><div>Instalments due and unpaid 30,000</div><div>Stock out with customers at H.P. Price 2,76,000</div><div>Cash received during the year 4,80,000</div></div> He has further stated that the company makes a gross profit of one third on cost. You are required to prepare the relevant accounts to ascertain profit for the year. -			K4	CO4																																												
5	20	The following is the Receipts and payments account of Calcutta sports club for the year ended 31st March 2002. <table><tr><td>Receipts</td><td>Rs.</td><td>Payments</td><td>Rs.</td></tr><tr><td>To balance B/d</td><td>7,000</td><td>By salaries</td><td>28,000</td></tr><tr><td>To subscriptions:</td><td></td><td>By general expenses</td><td>6,000</td></tr><tr><td>2000-2001 5,000</td><td></td><td>By electricity</td><td>4,000</td></tr><tr><td>2001-2002 20,000</td><td></td><td>By books purchased</td><td>10,000</td></tr><tr><td>2002-2003 4,000</td><td></td><td>By periodicals purchased</td><td>8,000</td></tr><tr><td></td><td>29,000</td><td>By loan repaid</td><td>20,000</td></tr><tr><td>To rent for use of conference room</td><td>14,000</td><td>By balance c/d</td><td>4,000</td></tr><tr><td>To receipts from entertainment facilities</td><td>28,000</td><td></td><td></td></tr><tr><td>To sale of old magazines</td><td>2,000</td><td></td><td></td></tr><tr><td></td><td>80,000</td><td></td><td>80,000</td></tr></table> Additional Data: (i) The club has 50 members, each paying Rs.500 PA as subscription. (ii) Subscriptions outstanding on 31-3-2002 Rs. 6000 (iii) Salaries outstanding Rs. 2,000. Salaries paid include Rs. 6,000 for 2000-01. (iv) On 1-4-2001, the clubs properties were: Building Rs. 2,00,000 Furniture & Fittings Rs. 20,000 and Books Rs. 20,000. (v) Provide 10% Depreciation on Buildings and Furniture. Prepare Income and Expenditure Account for the year ending 31-3-2002 and a Balance sheet on that date.			Receipts	Rs.	Payments	Rs.	To balance B/d	7,000	By salaries	28,000	To subscriptions:		By general expenses	6,000	2000-2001 5,000		By electricity	4,000	2001-2002 20,000		By books purchased	10,000	2002-2003 4,000		By periodicals purchased	8,000		29,000	By loan repaid	20,000	To rent for use of conference room	14,000	By balance c/d	4,000	To receipts from entertainment facilities	28,000			To sale of old magazines	2,000				80,000		80,000	K4	CO5
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