PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BA DEGREE EXAMINATION MAY 2026
(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	Going concern concept assumes that business will be carried on for ______ period. a)Long b) Short c) Both a and b d) Sole Proprietor	K1	CO1
	2	A journal is book of _______ entry. a) Primary b) Secondary c) Ledger d) Financial Statements	K2	CO1
2	3	Sales book is also known as ________. a)Day book b)Returns inward c)Returns outward d) Invoice book	K1	CO2
	4	A cash book serves as _______. a)A journal only b)A ledger only c)Both a journal as well as a ledger d)Trial balance	K2	CO2
3	5	Depreciation is charged on ____ a) Assets b) Liabilities c) Capital d) Profit	K1	CO3
	6	Under straight line method of charging depreciation, depreciation ________. a)Increases every year b) Decreases every year c)Constant for all the years d) Zero value	K2	CO3
4	7	Balance sheet is prepared to ________. a) Know the financial position b) know the profit or loss c) Know the net profit d) Know the gross profit	K1	CO4
	8	Amount received in advance is _______. a)A liability b)An asset c)An expenditure d)A contingent liability	K2	CO4
5	9	______ statements is a technique used in financial statement analysis. a)Common size b)Comparative c) Trend d)Ratio	K1	CO5
	10	Ratio analysis involves the process of _______. a)Recording b)Computation c)Relationship between two items d) Efficiency	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 objectives of accounting.	K2	CO1
		(OR)		
	11.b.	Journalise the following transactions: March, 2010 1 Purchased goods for cash Rs.10,000 4 Sold goods for cash Rs.8,000 8 Paid salaries Rs.8,000 11 Paid freight on machine purchased Rs.400 12 Paid wages Rs.500 14 Received Rs.800 from Kamal 16 Received Rs.7,000 from Kamal as loan at 5% interest		

Cont...

2	12.a.	From the following transactions write up the Sales day book of M/s.Ram & Co., a stationary merchant. 2017 i.Jan.1 sold to Anbu & Co., on credit 20 reams of white paper @ Rs 150 per ream ii.Jan.2 sold to Jagadish & Sons on credit 6 Dozen pens @ Rs 360 per dozen iii.Jan.10 sold Old newspapers for cash @Rs 620 iv.Jan.15 sold on credit M/s. Elango & Co., 10 drawing boards @ Rs 170 per piece v.Jan.20 sold to Kani & Co., 4 writing tables @ Rs 1,520 per table for cash.	K2	CO2
		(OR)		
	12.b.	Enter the following transactions in a simple cash book: 2003 Jan 1 Cash in hand Rs.22,400 5 Received from, Aravind Rs.600 7 Paid Rent Rs.60 8 Sold goods Rs.600 10 Paid Prabhu Rs.1,400 27 Purchased furniture Rs.400 31 Paid salaries Rs.200		
3	13.a.	An asset is purchased for Rs.25,000. Depreciation is to be provided annually according to the straight line method. The useful life of the asset is 10 years and the residual value is Rs.5000. You are required to find out the rate of depreciation and prepare the Asset A/c for the first three years.	K3	CO3
		(OR)		
	13.b.	A company acquired a machine on 1-1-1987 at a cost of Rs.40,000 and spent Rs.1,000 on its installation. The firm writes off depreciation at 10% on the diminishing balance. The books are closed on 31st December every year. Show the Machinery account for 3 years.		
4	14.a.	Prepare trading and profit and loss account from the information given below: (table below)	K3	CO4
		(OR)		
	14.b.	From the following details, prepare profit and loss account. (table below)		

14.a.

Rs.		Rs.	
Opening stock	3,600	Rent (factory)	400
Purchase	18,260	Rent (office)	500
Wages	3,620	Salaries rent	700
Closing stock	4,420	Purchase returns	900
Sales	32,000	General expenses	900
Carriage on purchase	500	Discount to customer	360
Carriage on sales	400	Interest from bank	200

14.b.

Gross profit	50,000	Interest received	2,000
Office rent	10,000	Discount received	3,000
Depreciation on office assets	8,000	Insurance on office building	3,500
Discount allowed	12,000	Carriage outwards	2,500
Advertisement	4,000	General expenses	3,000
Audit fees	1,000	Freight inwards	1,000

Module No.	Question No.	Question	K Level	CO
5	15.a.	Prepare a common size statement from the following balance sheets. (Rs. In '000)	K4	CO5

Liabilities	1987	1988	Assets	2007	2008
Share capital	200	250	Fixed assets	100	120
Reserves	80	100	Investments	50	60
Debentures	100	80	Stock	65	75
Creditors	70	95	Debtors	80	90
Bills payable	50	75	Bills receivable	95	105
			Cash in hand	110	150
	500	600		500	600

(OR)

15.b. You are given the following information:

	Rs.
Cash	18,000
Debtors	1,42,000
Closing stock	1,80,000
Bills payable	27,000
Creditors	50,000
Outstanding expenses	15,000
Tax payable	75,000

Calculate a) Current ratio b) Liquidity ratio c) Absolute 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	Enter the following transactions in the journal and ledger of Hans Raj of Chennai. 1999 March: 1 Hans Raj commenced business with cash Rs.30,000 3 Purchased goods for cash Rs.1,500 4 Deposited into bank for office Rs.21,000 5 Withdrew from bank for office use Rs.1,500 6 Sold goods to Ramu Rs.1,500 10 Purchased goods on credit from Kannan Rs.680 19 Received from Ramu Rs.1,470 and allowed him discount Rs.30 20 Cash sales Rs.2,400 27 Paid to Kannan in full settlement Rs.650 28 Paid rent Rs.150 Paid salary Rs.300 Accounts closed on 31st March 1999.	K4	CO1
2	17	Enter the following transactions in the three column cash book. 1999 Jan 1 Cash in hand Rs.410 Balance at Bank Rs.8,920 2 Cash sales Rs.4,500 3 Paid into bank Rs.4,000 5 Purchased stationery Rs.100 8 Paid Mahesh by cheque Rs.280 Discount received Rs.20 12 Gave a cheque for cash purchases Rs.1,500 15 Drew for personal uses Rs.500 18 Received from Suresh, a cheque for Rs.1,970 in full settlement of account for Rs.2,000 and deposited it in bank 20 Drew from bank Rs.1,000 21 Paid wages Rs.800 25 Bank returned cheque of Suresh dishonored. 31 Bank charges as per pass book Rs.10	K4	CO2

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<td>3</td>
<td>18</td>
<td>On 1st Januray, 1992, a company purchased machinery for Rs.12,000 and on 30th June, 1993, it acquires additional machinery at a cost of Rs.2,000. On 31st March, 1994, one of the original machines which had cost Rs.500 was found to have become obsolete and was sold for Rs.50. It was replaced on that date by a new machine costing Rs.800. Depreciation to be provided at the rate of 15 % p. a. on the written down value. Show Machinery account for the first three years.</td>
<td>K4</td>
<td>CO3</td>
</tr>
<tr>
<td>4</td>
<td>19</td>
<td>From the following balances as at 31st December 1994 of a trader, Prepare a Trading and profit and Loss a/c for the year 1994 and a Balance sheet as on that date:
<table>
<tr><th></th><th>Rs.</th><th></th><th>Rs.</th></tr>
<tr><td>Salaries</td><td>5,500</td><td>Creditors</td><td>9,500</td></tr>
<tr><td>Rent</td><td>1,300</td><td>Sales</td><td>32,000</td></tr>
<tr><td>Cash</td><td>1,000</td><td>Capital</td><td>30,000</td></tr>
<tr><td>Debtors</td><td>40,000</td><td>Loan</td><td>10,000</td></tr>
<tr><td>Trade expenses</td><td>600</td><td></td><td></td></tr>
<tr><td>Purchase</td><td>25,000</td><td></td><td></td></tr>
<tr><td>Advances</td><td>2,500</td><td></td><td></td></tr>
<tr><td>Bank balance</td><td>5,600</td><td></td><td></td></tr>
<tr><td></td><td>81,500</td><td></td><td>81,500</td></tr>
</table>
Adjustments:
i. The closing stock amounted to Rs.9,000.
ii. One month's salary is outstanding.
iii. One month's rent has been paid in advance.
iv. Provide 5 percent for doubtful debts.</td>
<td>K5</td>
<td>CO4</td>
</tr>
<tr>
<td>5</td>
<td>20</td>
<td>From the following Balance sheet, calculate:
i.Current ratio
ii. Liquid ratio
iii. Debt-equity ratio
iv. Proprietary ratio
Balance Sheet
<table>
<tr><th>Liabilities</th><th>Rs.</th><th>Assets</th><th>Rs.</th></tr>
<tr><td>Share Capital</td><td>5,00,000</td><td>Fixed Assets</td><td>14,00,000</td></tr>
<tr><td>Reserves</td><td>3,00,000</td><td>Stock</td><td>5,00,000</td></tr>
<tr><td>6% Debentures</td><td>11,00,000</td><td>Debtors</td><td>2,00,000</td></tr>
<tr><td>Bank overdraft</td><td>1,00,000</td><td>Cash</td><td>1,00,000</td></tr>
<tr><td>Creditors</td><td>2,00,000</td><td></td><td></td></tr>
<tr><td></td><td>22,00,000</td><td></td><td>22,00,000</td></tr>
</table></td>
<td>K4</td>
<td>CO5</td>
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Z-Z-Z END