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25BPU101/25BSU101

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION MAY 2026
(First Semester)

Common to Branches – **COMMERCE/ E-COMMERCE/COMMERCE(RM)/COMMERCE(BPS)/ COMMERCE(BST)**

FINANCIAL ACCOUNTING-1

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	What is the primary purpose of a depreciation account? a) To record assets purchases b) To allocate asset cost over its useful life c) To calculate profit d) To record asset sales	K1	CO1
	2	Which depreciation method involves setting a side funds for asset replacement? a) Straight line method b) Diminishing balance method c) Sinking fund method d) Annuity method	K2	CO1
2	3	What is a bill of exchange? a) A written order by one party to another to pay a specified sum b) A cheque c) A Receipt d) A promissory note	K1	CO2
	4	What is accommodation of a bill? a) Providing Financial assistance b) Extending the payment period c) Accepting a bill without consideration d) Discounting a bill	K2	CO2
3	5	Joint venture account is prepared to a) To Record joint venture transaction b) To calculate profit sharing c) To record asset purchases d) To prepare financial statement	K1	CO3
	6	How is abnormal loss treated in a consignment account? a) Charged to the consignor b) Charged to the consignee c) Ignored in accounting d) Shown as separate item	K2	CO3
4	7	What is installment system? a) A system of payment where the buyer pays in full up fornt b) A system of payment where the buyer pays in Installments c) A system of payment where the seller pays in installments d) None of the above	K1	CO4
	8	What happens when a hire purchaser defaults on payments? a) To hire vendor repossesses b) To hire purchaser becomes the owner c) The agreement is terminated d) The payments are waived	K2	CO4
5	9	What is the primary purpose of a receipt and payment account? a) To Record income and expenses b) To record receipt and payment c) To calculate profit or loss d) To prepare a balance sheet	K1	CO5
	10	What is the purpose of a balance sheet in a non-trading concern? a) To calculate surplus or deficit b) To record receipts and payments c) To show the financial position d) To prepare an income and expenditure account	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.	i) Purchases book is carried forward Rs.350 less. ii) Sales book total is carried forward Rs.500 more. iii) A total of Rs.758 in the purchases book has been carried forward as Rs.857 iv) The total of the sales book Rs.755 on page 20 was carried forward to page 21 as Rs.557 v) Purchase Returns book was carried forward as Rs.1,520 instead of Rs.5,120. Pass necessary journal entries to rectify the above transcation.	K3	CO1
		(OR)		

Cont…

<table>
<tr><td></td><td>11.b.</td><td>A machine purchased on 1st July 2023 at a cost of Rs.14,000 and Rs.1,000 was spent on its installation. The depreciation is written off at 10% on the original cost every year. The books are closed on 31st December each year. The machine was sold for Rs.9,500 on 31st March 2026. Show the machinery account for all the years.</td><td></td><td></td></tr>
<tr><td rowspan="3">2</td><td>12.a.</td><td>On 1st May 2024, Bala accepted a two months bill for Rs.10,000 drawn on him by Mani for the latter's benefit. Mani discounted the bill on 4th May @12% p.a. and on the due date sent Bala cheque for Rs.10,000 in order to enable him to honour the bill. Bala duly honoured his acceptance. Pass journal entries in the books of Mani and Bala.</td><td rowspan="3">K3</td><td rowspan="3">CO2</td></tr>
<tr><td colspan="2">(OR)</td></tr>
<tr><td>12.b.</td><td>The bank overdraft of Ammu on 31-12-23 as per cash book is Rs.9,000. From the following particulars, prepare bank reconciliation statement:
<table>
<tr><th></th><th></th><th>Rs.</th></tr>
<tr><td>(i)</td><td>Unpresented cheque</td><td>3,000</td></tr>
<tr><td>(ii)</td><td>Uncleared cheque</td><td>1,700</td></tr>
<tr><td>(iii)</td><td>Bank interest debited in the pass book only</td><td>500</td></tr>
<tr><td>(iv)</td><td>Bill collected and credited in the pass book only</td><td>800</td></tr>
<tr><td>(v)</td><td>Cheque of Renu dishonoured</td><td>500</td></tr>
<tr><td>(vi)</td><td>Cheques issued to Sekar entered in the cash column of cash book</td><td>300</td></tr>
</table></td></tr>
<tr><td rowspan="3">3</td><td>13.a.</td><td>Jain of Delhi consigned 300 tins of coconut oil to Narang of Chandigarh, invoiced at Rs.200 per tin. Jain paid Rs.2,000 as carriage and other expenses. The consignor drew a bill of exchange for Rs.16,000 which was later discounted at Rs.15,700. The consignee rendered an account sales showing the following details:
280 tins sold at Rs.250 per tin
20 tins sold at Rs.260 per tin
Storage and selling expenses Rs.5,000
Clearing and cartage Rs.1,600
Commission at 6% on sales.
The consignee sent a sight draft for the balance.
Show the entries and important ledger accounts in the books of both the parties.</td><td>K3</td><td rowspan="3">CO3</td></tr>
<tr><td colspan="2">(OR)</td><td rowspan="2">K2</td></tr>
<tr><td>13.b.</td><td>Describe the different methods of recording transactions relating to joint venture.</td></tr>
<tr><td rowspan="3">4</td><td>14.a.</td><td>The Mumbai Commercial company invoiced goods to its Jamshedpur Branch at cost. The Head office paid all the branch expenses from its bank except petty cash expenses which were paid by the branch. From the following details relating to the Branch, prepare,
i) Branch stock A/c
ii) Branch Debtors A/c
iii) Branch Expenses A/c
iv) Branch P & L A/c
<table>
<tr><th></th><th>Rs.</th><th></th><th>Rs.</th></tr>
<tr><td>Stock(opening)</td><td>21,000</td><td>Discount to customers</td><td>4,200</td></tr>
<tr><td>Debtors(opening)</td><td>37,800</td><td>Bad debts</td><td>1,800</td></tr>
<tr><td>Petty cash(Opening)</td><td>600</td><td>Goods returned by customer to branch</td><td>1,500</td></tr>
<tr><td>Goods sent from H.O.</td><td>78,000</td><td>Salaries & wages</td><td>18,600</td></tr>
<tr><td>Goods returned to H.O.</td><td>3,000</td><td>Rent & Rates</td><td>3,600</td></tr>
<tr><td>Cash sales</td><td>52,500</td><td>Debtors (closing)</td><td>29,400</td></tr>
<tr><td>Advertisement</td><td>2,400</td><td>Petty cash (closing)</td><td>300</td></tr>
<tr><td>Cash received from debtors</td><td>85,500</td><td>Credit sales</td><td>85,200</td></tr>
<tr><td>Stock (closing)</td><td>19,500</td><td></td><td></td></tr>
<tr><td>Allowances to customers</td><td>600</td><td></td><td></td></tr>
</table></td><td>K3</td><td rowspan="3">CO4</td></tr>
<tr><td colspan="2">(OR)</td><td rowspan="2">K2</td></tr>
<tr><td>14.b.</td><td>Distinguish between hire purchase and installment purchase systems.</td></tr>
<tr><td rowspan="2">5</td><td>15.a.</td><td>How do you prepare the balance sheet of non-trading concern?</td><td rowspan="2">K3</td><td rowspan="2">CO5</td></tr>
<tr><td colspan="2">(OR)</td></tr>
</table>

	15.b.	On 31-12-2000, subscriptions outstanding were Rs.10,000 and received in advance for 2001 Rs.8,000. During 2001, subscriptions received were Rs. 80,000 including Rs.7,000 towards the dues of the year 2000. On 31-12-2001, total subscriptions outstanding were Rs. 12,000 and received in advance for 2002 Rs.6,000. You are required to show i) Subscriptions to be credited to Income and expenditure A/c and ii) Extract from Balance sheet of 2001 showing the items relating to subscriptions.	K2	CO5

SECTION -C (30 Marks)

Answer **ANY THREE** questions

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

<table>
<tr><th>Module No.</th><th>Question No.</th><th>Question</th><th>K Level</th><th>CO</th></tr>
<tr><td>1</td><td>16</td><td>Rectify the following errors. Calculate the difference in the Trial balance. Prepare suspense account and find out the effect of these errors on net profit.
i) An item of Rs.300 relating to prepaid rent account was omitted to be brought forward.
ii) Purchased goods from Narayan Rs.600, passed through sales book.
iii) Received a bill of exchange from Anand for Rs.1,000 and passed it through sales book.
iv) Rs.1,000 paid to Mala against our acceptance was debited to Malar account.
v) Bill received from Jolly for repairs done to T.V. Rs.300 and T.V. supplied for Rs.1,900 was entered in the purchases book as Rs.2,000.
vi) Received final dividend of Rs.400 from Ajay whose account had already been written off as bad debt, was credited to his newly opened account and was included in the list of creditors.</td><td>K4</td><td>CO1</td></tr>
<tr><td>2</td><td>17</td><td>Mala purchased goods for Rs.3,000 from Kala on 1-4-2023. Mala accepted a three months bill for the amount and gave it to Kala the same day. Kala discounted it immediately with Indian Bank at discount of 5% p.a. On due date the bill was honoured by payment.
You are required to give entries in the books of all the parties.</td><td>K4</td><td>CO2</td></tr>
<tr><td>3</td><td>18</td><td>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.</td><td>K4</td><td>CO3</td></tr>
<tr><td>4</td><td>19</td><td>A head office at Gopal invoices goods to its branch at Indoor at cost, and the branch sells the goods not only for cash but on credit also. The expenses of the branch are paid by the head office. From the following particulars relating to the branch opened on 1-1-2023, prepare the necessary accounts under stock and debtors system in the head office books.
<table>
<tr><th></th><th>Rs.</th><th></th><th>Rs.</th></tr>
<tr><td>Goods sent to branch at cost</td><td>5,000</td><td>Credit sales</td><td>5,200</td></tr>
<tr><td>Goods returned by the branch at cost</td><td>300</td><td>Discount allowed to customers</td><td>180</td></tr>
<tr><td>Expenses paid by the head office</td><td>1,000</td><td>Cash sales</td><td>250</td></tr>
<tr><td>Remittance from branch</td><td>4,200</td><td>Branch stock (31-12-2023)</td><td>1,700</td></tr>
<tr><td>Receipts from debtors not paid in by branch</td><td>300</td><td>Branch debtors (31-12-2023)</td><td>770</td></tr>
</table>
</td><td>K4</td><td>CO4</td></tr>
</table>

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The following is the receipts and payments A/c of Delhi volleyball association for the first year ending 31st Dec. 2023.

Receipts & Payments A/c

Receipts	Rs.	Payments	Rs.
To donation	50,000	By pavilion office (constructed)	40,000
To reserve fund (Life membership fees and entrance fees received)	4,000	By expenses in connection with matches	900
To receipts from volleyball matches	8,000	By furniture	2,100
Revenue Receipts:		By investments at cost	16,000
To subscriptions	5,200	***Revenue payments:***	
To locker rents	50	By salaries	1,800
To interest on securities	240	By wages	600
To sundries	350	By insurance	350
		By telephone	250
		By electricity	110
		By sundry expenses	210
		By balance on hand	5,520
	67,840		67,840

Additional information:

(i) Subscriptions outstanding for 2023 are Rs.250
(ii) Salaries unpaid for 2023 are Rs.170
(iii) Wages unpaid for 2023 are Rs.90
(iv) Outstanding bill for sundry expenses is Rs.40
(v) Donations received have to be capitalized.

Prepare from the details given above an income and expenditure A/c for the year ended 31-12-2023 and the Balance sheet of the association as on that date

K4

CO5

Z-Z-Z END