

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION DECEMBER 2022
(~~Second~~ Semester)
First

Branch – COMMERCE (BUSINESS ANALYTICS)

BUSINESS ACCOUNTING – I / FINANCIAL ACCOUNTING – I

Time: Three Hours

Maximum: 50 Marks

SECTION-A (5 Marks)

Answer ALL questions

ALL questions carry EQUAL marks (5 x 1 = 5)

- 1 Find out the correct accounting equation from the following:
(i) Capital = Assets + Liabilities (ii) Capital = Assets - Liabilities
(iii) Liabilities = Assets + Capital (iv) Liabilities = cash + Capital
- 2 When purchase of a machine is debited to purchases account, it will
(i) Inflate the profit (ii) Reduce the profit
(iii) It have not impact on profit (iv) All the above
- 3 When royalty is paid, it is debited in the books of lessee
(i) Royalty A/c (ii) P&L A/c
(iii) Landlord A/c (iv) None of the above.
- 4 When goods are purchased for the joint venture, the account to be debited
(i) Purchase A/c (ii) Joint venture A/c
(iii) Venturer's capital (iv) Sales A/c
- 5 Name the term 'depletion' is used for _____
(i) Fixed assets (ii) Intangible assets
(iii) natural resources (iv) none of these

SECTION - B (15 Marks)

Answer ALL Questions

ALL Questions Carry EQUAL Marks (5 x 3 = 15)

- 6 a Prepare Trading Account of Archana for the year ending 31-12-16 from the following information.

Particulars	Rs.
Opening Stock	80,000
Purchase	8.60,000
Freight inward	52,000
Wages	24,000
Sales	14,40,000
Purchase Returns	10,000
Sales Returns	3,16,000
Closing Stock	1,00,000
Import duty	30,000

OR

- b Discuss Accounting conventions regarding financial statements.
- 7 a On 31st march 2016, the pass book of Mr. shanmugam showed a credit balance Rs.9250. A comparison of pass book and cash book revealed the following:
(i) Cheque deposited but not yet cleared by 31st march 2016, Rs.1,500.
(ii) Cheque issued by shanmugam but not presented for payments before 31st march 2016, Rs.2,000.

Cont...

- (iii) Insurance premium paid by the bank on behalf of shanmugam but not recorded in the cash book Rs.240.
- (iv) Bank commission not yet recorded in the cash book Rs.10.
- (v) Interest on bonds collected by the bank on behalf of shanmugam not yet recorded in the cash book Rs.500.

From the above particulars prepare a bank reconciliation statement as on 31st march 2016.

OR

- b Correct the following errors found in the books of Mr. Dhandapani. The trial balance was out by Rs.986, excess credit. The difference has been posted to a suspense account.
 - (i) A sale of Rs.400 to bobby & Co., was wrongly credited to their account.
 - (ii) A purchase of Rs.134 had been posted to the creditor's account as Rs.120.
 - (iii) The total of return inward book for December had been cast Rs.200 short.
 - (iv) A cheque for Rs.400 received from sandhya had been dishonoured and was posted to the debit of "Allowance Account".

- 8 a Kamal received a three months bill for Rs.5,000 from vimal duly accepted by him on Feb.1,2014. Vimal retired the bill on April 1, 2014 under rebate of Rs.50. Pass journal entries in the books of Kamal and vimal.

OR

- b A company leased a colliery on 01.01.2016 at a minimum rent of Rs.20,000 merging into a royalty of Rs.1.50 per tonne with power to recoup short workings over the first four years of the lease. The output of the colliery for the first four years was 9,000 tonnes, 12,000 tonnes, 16,000 tonnes and 20,000 tonnes respectively. prepare Analytical table.

- 9 a 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
 Show the Journal entries in the books of consignee.

OR

- b B, V and S entered into a joint venture of a contract. Rs.1,00,000 is the contract price. Rs. 40,000, Rs.20,000 and Rs.20,000 were invested by B, V & S respectively and a Joint bank a/c was opened. They purchased materials for Rs.60,000; architect fees of Rs.1,000 was paid by B, V paid for sundry expenses Rs.2,000 and S paid Rs.4,000 for cement. The contract was duly carried out. All the transactions were done through Joint bank a/c. Give necessary ledger accounts.
- 10 a A firm purchased a lease for 5 years for Rs.15,000. It decides to write off depreciation on the annuity method, assuming the rate of interest at 5% p.a. The annuity tables show that a sum of Rs.3,464.62 should be written off every year. Show lease a/c for the 5 years.

OR

- b A machine costing Rs.22,000 is estimated to have a life of 10 years and estimated scrap value is Rs.2,000 at the end of its life. Calculate the rate of depreciation under the straight line method.

SECTION -C (30 Marks)Answer any **Three** questions**ALL** questions carry **EQUAL** Marks

(3 x 10 = 30)

- 11 From the following particulars, Prepare Trading and Profit & Loss A/C and Balance sheet

Capital	50,000	Return inwards	1,000
Plant & Machinery	80,000	Return outwards	750
Sales	1,77,000	Discount	400
Purchases	60,000	Salaries	7,500
Debtors	45,000	Creditors	25,000
Wages	10,750	Rent	12,000
Cash Balance	6,900	Opening Stock	29,200

Additional Information:

- (i) Closing stock Rs.35,000
(ii) Depreciation on Plant & Machinery at 6%
(iii) Interest on capital to be allowed at 5%
(iv) Outstanding Rent was Rs.1,000.
- 12 Prepare a Bank Reconciliation statement from the following particulars:
Bank balance as per pass book Rs.10,000.
- (i) Cheque deposited into bank but not entry was passed in the cash book Rs.500.
(ii) Cheque received but not sent to bank Rs.1,200.
(iii) Credit side of the bank column cast short Rs.200.
(iv) Insurance premium paid directly by the bank under standing advice Rs.600.
(v) Bank charges entered twice in the cash book Rs.20
(vi) Cheque issued but not presented to the bank for payment Rs.500.
(vii) Cheque received entered twice in the cash book Rs.1,000.
(viii) Bills discounted dishonoured not recorded in the cash book Rs.5,000.
- 13 On 1-1-2012 Rama collieries Ltd leased a piece of land agreeing to pay a minimum rent of Rs.2,000 in the first year; Rs.4,000 in the second year; and thereafter Rs.6,000 p.a. merging into a royalty of 40 paise per tonne, with power to recoup short workings over the first three years only. The figures of annual output for the four years to 31st December 2015 were 1,000, 10,000, 18,000 and 20,000 tonnes respectively. Record these transactions in the ledger of the company.
- 14 S and P entered into a joint venture and agree to divide the profit as to S 60% and P 40%. S and P 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. S and P 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 P at cost price. Prepare joint venture, joint bank account and close the accounts of venture.
- 15 On January 1st 2016, Machinery account showed a balance of Rs.20,000. On 1st July, 2017, a new machine costing of Rs.12,000 was purchased. On 30th June 2018 a machinery whose book value on 01.01.2016 was Rs.20,000, was sold for Rs.12,000. Pass the necessary journal entries, prepare machinery account for three years. The accounting year ends on 31st December, and depreciation is to be provided at 10% p.a.. on written down value.