

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BVoc DEGREE EXAMINATION DECEMBER 2019
(First Semester)

Branch - **COMMERCE (BANKING, STOCK AND INSURANCE)**

FINANCIAL ACCOUNTING

Time: Three Hours

Maximum: 75 Marks

SECTION-A UP Marks)

Answer **ALL** questions

ALL questions carry **EQUAL** marks (10 x 1 = 10)

- 1 A person who endorse the bill is known as
(0) Endorsee (ii) Payee (iii) Endorser (iv) Drawer
- Depreciation is an
(i) Income (ii) Expense (iii) Asset (iv) Liability
- 3 Bills Receivable account is
(i) Machinery Account (ii) Personal Account (iii) Real Account (iv) None
- 4 Bill of Exchange contains
(i) Promise to pay (ii) An order to pay
(iii) Request to pay (iv) All of the above
- 5 Journal proper is used to record
(i) All purchases of goods
(ii) All Sales of goods
(iii) All business expenses paid in cash
(iv) All adjusting and rectification entries
- 6 Another name of journal is
(i) Specialised Journal (ii) Day Book
(iii) Cash Book (iv) Record Book
- 7 Every business transaction affects atleast _____ accounts.
(i) one (ii) two (iii) three (iv) infinite
- 8 Accounting equation is formed based on the accounting principle of
(i) Dual concept (ii) Consistency
(iii) Going concern concept (iv) Accrual concept
- 9 Suspense Account is opened when _____ does not tally.
(i) Balance Sheet (ii) Trial Balance
(iii) Profit & Loss Account (iv) Trading Account
- 10 Bank Reconciliation is prepared by
(i) Bank (ii) Company Accountant (iii) Auditor (iv) None

SECTION - B (35 Marks)

Answer **ALL** Questions

ALL Questions Carry **EQUAL** Marks (5 x 7 = 35)

- 11 a Explain the various types of Accounting conventions.
OR

- b Journalise the following transactions:

2018 June 6 Purchased goods for cash Rs. 10,000

7 Purchased Stationery for Cash Rs.500

July 1 Purchased Furniture for cash Rs.3,000

2 Sold goods for cash Rs.8,000

8 Sold goods to Kavitha Rs.2,000

10 Paid salary of Rs. 10,000

- 12 a Enter the following transactions in Simple Cash book and post them into ledger.
- 2018 July 1 Balance of cash in hand Rs. 15,000
 8 Purchased goods for cash from X for Rs.3,200
 15 Sold goods for cash Rs.4,800 to Y
 20 Received Commission Rs.650
 25 Paid Commission Rs.550
 28 Paid to Sathish on account Rs.7,150
 31 Paid Salary to the Office Clerk Rs. 1,000 and Office Rent Rs.600.

OR

- b State the reasons for maintaining Subsidiary Book.
- 13 a Prepare a Bank Reconciliation Statement from the following data as on 31.12.1995.

	Rs.
a) Balance as per cash book	12,500
b) Cheques issued but not presented for payment	900
c) Cheques deposited in bank but not collected	1,200
d) Bank paid Insurance Premium	500
e) Direct deposit by a customer	800
f) Interest on investment collected by bank	200
g) Bank Charges	100

OR

- b Rectify the following errors:
- a) Purchases Book is overcast by Rs.300.
 b) Sales Book has been undercast by Rs.200.
 c) Purchase Returns Book has been overcast by Rs.75.
 d) Sales Returns Book has been undercast by Rs.50.
- 14 a Describe the causes of Depreciation.
- OR
- b A Machine purchased on 1st July 1983 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 Dec each year. The machine was sold for Rs.9,500 on 31st March 1986. Show the Machinery Account for all the years.
- 15 a From the following balances extracted at the close of the year ended 31 March 2015. Prepare Profit & Loss Account of M/s Kani & Sons as at that date.
- | | | | |
|------------------------|----------|------------------------------|-------|
| Gross Profit | 1,01,000 | Discount (Dr) | 500 |
| Carriage Outward | 2,500 | Apprentice Premium | 1,500 |
| Salaries | 5,500 | Printing & Stationery | 250 |
| Rent | 4,100 | Rates & Taxes | 350 |
| Fire Insurance Premium | 900 | Travelling Expenses | 200 |
| Bad Debts | 2,100 | Sundry Trade Expenses | 300 |
| Income Tax Paid | 3,500 | Rent received on sub letting | 1,000 |
| Life Insurance premium | 3,000 | | |

OR

- b Explain the various statements prepared under final accounts of sole trader.

SECTION - C (30 Marks)

Answer any **THREE** Questions

ALL Questions Carry **EQUAL** Marks (3 x 10 = 30)

- 16 Explain the uses and limitations of accounting.

Cont...

- 17 Enter the following transactions in a three column cash book 2010:
January 2015
- 1 Cash in hand Rs.5,374
 - Balance at Bank Rs. 15,490
 - 3 Cash Sales Rs.6,400
 - 5 Paid Rs.7,000 into bank
 - 6 Received a cheque for Rs.700 from Arun
 - 8 Paid into bank Arun's cheque for Rs.700
 - 10 Paid to Anurag by cheque Rs.980 and discount allowed by him Rs.20
 - 12 Cash purchases Rs.2,500
 - 14 Withdraw from bank for office use Rs.5,000
 - 15 Received cheque for Rs.950 from Lucky & Co. allowed him discount Rs.50
 - 18 Cash Sales Rs.7,500
 - 19 Paid into bank Lucky & co. cheque for Rs.950 and cash Rs.4,000
 - 21 Cash paid for stationery Rs. 120
 - 23 Paid commission to Rakesh by cheque Rs.500
 - 25 Received Cheque for Rs. 1,000 from Chander Mohan and paid the same into Bank.
 - 27 Lucky & Co's cheque dishonoured.
 - 29 Drew a cheque for Rs.800 for personal use.
 - 31 Paid salaries by cheque Rs.500 and by cash Rs.500
 - 31 Bank charges Rs.20 and Insurance Premium Rs.520 as shown in pass book.
- 18 Prepare the Bank Reconciliation Statement on 30th September 2015, the Passbook of Vijay showed a credit balance of Rs.7,400. On comparison with the cash book, the following omission were found.
- a) Cheques received from customer for Rs.450 and Rs.250 were not yet collected by the bank
 - b) A cheque received and debited in the cash book but not paid into bank Rs.100.
 - c) Pass Book showed a credit of Rs.75 being Interest on Investment collected.
 - d) There was a debit of Rs.120 in the passbook in respect of a cheque dishonoured.
- 19 Miss.Sarojini Balu & Co., purchased a machine for Rs.22,000 on January 1 2012. The estimated life of the machinery is 10 years, after which its breakup value will be Rs.2,000. Depreciation has to be charged at 21% on the diminishing balance. There was an addition to the original plant on January 1 2014 to the value of Rs.4,000. Prepare Machinery account for the first three years.
- 20 From the following particulars, prepare a Balance sheet as on 31st March 2010.

	Rs.		Rs.
Capital	50,000	Loan to Smith	5,000
Business Premises	55,000	Investments	3,000
Furnitures & fixtures	2,500	Cash in hand	200
Bills Receivable	3,500	Cash at Bank	3,500
Bills Payable	2,500	Proprietor Withdrawals	3,000
Sundry Debtors	20,000	Net Profit	38,900
Sundry Creditors	15,800	Closing Stock	7,000
Packing Machinery	4,500		