

**PSG COLLEGE OF ARTS & SCIENCE**  
(AUTONOMOUS)

**BCom(CS) DEGREE EXAMINATION DECEMBER 2019**  
(First Semester)

Branch - **CORPORATE SECRETARYSHIP**

**FINANCIAL ACCOUNTING - I**

Time: Three Hours

Maximum: 75 Marks

**SECTION-A (10 Marks)**

Answer **ALL** questions

**ALL** questions carry **EQUAL** marks

(10 x 1 = 10)

- 1 Raw material consumed is
  - (i) Opening stock of raw materials - purchases - closing stock
  - (ii) Opening stock of raw materials + purchases + closing stock
  - (iii) Opening stock of raw materials - purchases + closing stock
  - (iv) Opening stock of raw materials + purchases - closing stock
- 2 Aim of preparing final accounts
  - (i) To ascertain the net profit
  - (ii) To ascertain the gross profit
  - (iii) To determine the income and expenditure
  - (iv) To evaluate the financial position of business
- 3 What is Joint venture?
  - (i) Permanent partnership
  - (ii) Temporary partnership
  - (iii) Joint stock company
  - (iv) Several business jointly run two or more persons
- 4 Joint venture account is a
  - (i) Personal account
  - (ii) Real account
  - (iii) Nominal account
  - (iv) Special account
- 5 Which of the following items is not included in the "Account sale"?
  - (i) Goods sold by consignor
  - (ii) Consignment expenses incurred by consignee
  - (iii) Claim paid by insurance company
  - (iv) Advance against consignment paid to consignee
- 6 If market price of closing stock is known while preparing consignment account
  - (i) Closing stock will be valued at cost
  - (ii) Closing stock will be valued at market price
  - (iii) Closing stock will be valued at cost or market price, whichever ever is higher
  - (iv) Closing stock will be valued at cost or market price, whichever ever is lower
- 7 Self balancing is done by means of
  - (i) Adjustment or control accounts
  - (ii) Sales ledger
  - (iii) Purchase ledger
  - (iv) General ledger
- 8 Under sectional balancing system, only \_\_\_\_\_ is made self balancing.
  - (i) Purchase ledger
  - (ii) Sales Ledger
  - (iii) General ledger
  - (iv) Cash ledger
- 9 Receipts and payments account is \_\_\_\_\_ account.
  - (i) Personal account
  - (ii) Real account
  - (iii) Nominal account
  - (iv) None
- 10 Income and expenditure account is a \_\_\_\_\_ account.
  - (i) Personal account
  - (ii) Real account
  - (iii) Nominal account
  - (iv) None

**SECTION - B (35 Marks!)**

Answer **ALL** Questions

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

- 11 a Mention the points of distinction between a Trial Balance and Balance Sheet.

OR

- b The sundry debtors on 31 December 95 are Rs. 40,000/-. On analysis it is found that debtors for Rs. 36,000/- are good. The debtors for Rs. 3,000/- are doubtful and are estimated to realize the 2/3<sup>rd</sup> of the amount and the debtors for Rs. 1,000/- are bad. Make a provision for doubtful debts. Show the journal, profit & loss account and balance sheet.

- 12 a Jayanthi Lai of Agra consigns 2 electronic items costing Rs. 2,000/- each to B. Lai of Surat and incurs Rs. 120/- as freight, Rs. 100/- for insurance and Rs. 50/- towards handling charges B Lai is entitled to a commission of 10% and also to 5% as "Delcredere" commission. B Lai spent Rs. 150/- towards godown charges and Rs. 100/- for miscellaneous expenses.  
B Lai sells one electronic item for Rs. 6,250/- and remits Rs. 5,000/- to Jayanthi Lai. The other electronic item was sold for Rs. 7,550/- . But, Rs. 1,500/- remain unrealized and subsequently became a bad debt. The consignee remitted the balance due from him along with the accounts sale, Show consignment account in the books of Jayanthi Lai.

OR

- b Write a short notes on (i) Proforma invoice, (ii) Accounts sale.

- 13 a Rajeev and Pradeep entered in to a joint venture for purchase and sale of various types of cottage industry articles. They agreed to share profits and losses at their ratio of their respective contributions. Rajeev contributed Rs. 10,000/- in cash and Pradeep Rs. 13,000/-. The whole amount was placed in a joint bank account. Goods were purchased by Rajeev for Rs. 10,000/- and expenses paid by Pradeep amounted Rs.2,000/-. They also purchased goods for Rs. 15,000/- through the joint bank account. Total expenses on purchase and sale of articles amounted to Rs.6,000/- (including those met by Pradeep). Goods costing Rs.20,000/- were sold for Rs.45,000/- and the balances was lost by fire. Prepare joint venture account.

OR

- b How is joint venture is different from Partnership?

- 14 a From the following information, prepare a sale ledger control account to be maintained in the nominal ledger of a concern where self balancing ledgers are kept:

Particulars	Rs.
Opening Balance	Dr. 25,000
	Cr. 600
Sales	62,400
Returns by customers	6,340
Cash received from customers	40,100
Discounts allowed	2,600
Bad debts written off	7,420
Reserve for bad debts	10,000
Bad debts written off previously recovered in cash this year	i 600
Allowances to customers	840
Bills receivables from customers	2,600
Closing credit balances	1,440
Bills dishonored	500

OR

- b Rectify the following errors
- i) Sales to Sridhar Rs. 152, posted to his account as Rs. 125
  - ii) Purchased goods from Manohar Rs. 550 credited as Rs. 505
  - iii) Received bills receivable from Seenu Rs. 1000 posted as Rs. 100
  - iv) Purchased furniture from Raghu Rs. 404 on credit, debited as Rs. 440
  - v) Discount allowed Rs. 64 to Anbu, credited his account as Rs. 46
  - vi) Discount received Rs. 37 from Babu, posted to his account as Rs. 39
  - vii) Purchased furniture on cash for Rs. 2000 was not posted.

- 15 a State the points of distinction between profit & loss account and income & expenditure account.

OR

- b Prepare a statement showing subscription received in 1996-97 as per receipts and payments account.

Particulars	Rs.
Subscription income for 1996-97 as per income & expenditure A/c	82,000
Advanced subscription received in 1995-96	4,000

15b Cont...

Subscription outstanding at the end of 1996-97 (including Rs. 1000 for 1995-96)	9,500
Advance subscription received for 1997-98	2,000
Subscription written off during 1996-97	500
Subscription receivable on 1 -4-96	5,000
Subscription collected (1996-97) by the secretary but nor deposited	1,000

**SECTION - C (30 Marks)**

Answer any **THREE** Questions

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

16 From the following trial balance, prepare a trading and profit & loss account for the year ended 31.12.2002 .and a balance on that data.

Particulars	Debit (Rs.)	Credit (Rs.)
Capital	-	4,250
Drawings	710	-
Plant & machinery	950	-
Opening stock on 01 January	1,460	-
Purchases & sales	10,362	11,906
Purchases & sales returns	210	291
General expenses	440	-
Rent	120	-
Rates	200	-
Apprentice premium	-	80
Bank over draft	-	240
Bad debts	172	-
Debtors and creditors	4,200	2,000
Cash in hand	48	-
Bad debts reserve	-	105
	18,872	18,872

Make provision for the following:

- i) Depreciate plant & Machinery at 10% per annum
- ii) Increase bad debts reserve to 5% on sundry debtors
- iii) Rent accrued Rs. 40
- iv) Rates of Rs. 80 are paid in advance
- v) Stock on hand as on 31<sup>st</sup> December is Rs. 1,700
- vi) Apprentice premium received in advance Rs. 20.

17 Bejoy, whose accounting year ends on 31<sup>st</sup> May 1992, consigned 100 bags of sugar, each bag costing Rs. 300, to Amar of Mumbai on 1<sup>st</sup> April 1992. He had paid Rs. 500 towards freight and insurance. 15 bags were damaged in transit and on 6<sup>th</sup> April 1992 the consignor has received Rs. 1,000 on account of the damaged bags from the insurance company.

Amar took delivery of the goods on 10<sup>th</sup> April 1992 and immediately accepted a bill drawn on him of Rs. 20,000 for 60 days. On 31<sup>st</sup> May 1992 the consignee reported that

- i) 70 bags were sold at Rs. 350 per bag
- ii) The damaged bags were sold at Rs. 110 per bag
- iii) He had incurred the following expenses:
 

Godown rent	-	Rs. 700
Clearing charges	-	Rs. 1,000
Carriage outwards	-	Rs. 300

He is entitled to a commission of 10% on the sale proceeds of all goods except damaged goods. Amar remits the balance by bank draft on 31<sup>st</sup> May 1992, show consignment account and consignees account in the books of Bejoy.

Cont...

Dilip and Raj undertake jointly to build and install new machinery for a company for a contract price of Rs. 1,34,000. Rs. 84,000 being payable in installments in cash and the balance as fully paid shares in the new company. The bank account is opened in joint names, Dilip paying Rs. 45,000 and Raj Rs. 20,000. Profit and loss are to be share in the ratio of 3:2. The transactions were as follows:

	Rs.
Amount advanced to suppliers for supply of materials	52,000
Value of materials supplied by suppliers	89,000
Balance amount paid to suppliers in full and final settlement	35,500
Paid wages	36,000
Materials purchased in cash	2,500
Materials supplied by Dilip from stock	9,250
Consultants fees paid	3,250
Value of stock lost by fire and not covered by insurance	3,500

Dilip took all the shares at an agreed value of Rs. 47,000 and Raj took the balance stock of materials worth Rs. 3,500 at an agreed value of Rs. 2,750. Show the necessary ledger accounts.

Rectify the following errors by using suspense accounts

- i) Goods sold to Rama for Rs. 1,000 were not posted to his account
- ii) Purchase book was overcast by Rs. 400
- iii) Sales book was undercast by Rs. 53
- iv) Purchase return book was undercast by Rs. 16
- v) Cash received from Govind Rs. 1,111 was posted to his account as Rs. 1,111.
- vi) Cash paid to Raghu Rs. 770 was posted to his account as Rs. 170.

Following is trial balance of an institute as on 31<sup>st</sup> March 1998. Prepare the income & expenditure account for 1997-98 and the balance sheet as on 31<sup>st</sup> March 1998.

Debit balance	Rs.
Land	50,000
Building	15,00,000
Furniture	3,00,000
Salaries :	
Teaching staff	12,00,000
Administrative staff	2,60,000
Investments	7,00,000
Stationery	1,73,000
Lighting	36,000
General expenses	65,000
Prizes	20,000
Tournament expenses	30,000
Library books	3,75,000
Bank baktnce	4,63,000
Credit balance	Rs.
Capital fiind	15,60,000
Tuition fees received	25,10,000
Salary payable	1,75,000
Prize fUnd	2,00,000
Tournament fund	3,00,000
General reserve fund	2,00,000
Interest received on investments	77,000
Donation for the hall	1,50,000

Depreciation :

Building 20%, Furniture 10% and Library Book 20%.

rrt- - :----- 'two mnrlc against various funds commonly.