

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION MAY 2019
(First Semester)

Branch - **COMMERCE (BUSINESS ANALYTICS)**

FINANCIAL ACCOUNTING -1

Time: Three Hours

Maximum: 75 Marks

SECTION-A (10 Marks)

Answer **ALL** questions

ALL questions carry **EQUAL** marks

(10 x 1 = 10)

- 1 What is included in cash
(i) Bank draft (ii) Post dated cheques (iii) Postage stamp (iv) Fixed assets
- 2 What is meant by Marshalling of balance sheet
(i) The ordering of its assets and liabilities
(ii) Totaling of its assets and liabilities
(iii) Cancelling of its assets and liabilities
(iv) All the above
- 3 Which of the following helps in the preparation of a Bank Reconciliation Statement ?
(i) Customers bank book (ii) Cash book relating to bank column
(iii) Cash book relating to cash book (iv) None of the above
- 4 When the purchase day book is overcast by Rs. 1,000, this will
(i) Increase gross profit and decrease net profit
(ii) Decrease gross profit and increase net profit
(iii) Decrease gross profit as well as net profit
(iv) Increase gross profit as well as net profit
- 5 Which of the following is not a feature of a promissory note?
(i) It must be writing (ii) It contains a unconditional promise to pay
(iii) It is payable to the bearer (iv) The amount payable is certain
- 6 When the landlord receives a minimum rent as royalty?
(i) Periodically (ii) At a time (iii) In need (iv) None of above
- 7 What is the nature of consignee account?
(i) Personal account (ii) Real account (iii) Nominal account (iv) All the above
- 8 State the ratio in which the profit or loss on Joint Venture is shared by the coventures.
(i) Equally (ii) Capital ratio (iii) As per the agreement (iv) None of the above.
- 9 Name the account to which the amount of depreciation charged on machinery will be debited to
(i) Cash (ii) Depreciation (iii) Machinery (iv) Provision for depreciation
- 10 What is depreciation process?
(i) Valuation of asset (ii) Allocation of cost
(iii) Both valuation of asset and allocation of cost (iv) None of these.

SECTION - B (35 Marks)

Answer **ALL** Questions

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

- 11 a Discuss the need for Accounting Standards.

11 Cont...

b From the following trial balance of M/s Mita & Co. Prepare Trading account, Profit and Loss account as on 31st Dec 2015.

<i>Credit Balance</i>	Amt. Rs.	<i>Debit Balance</i>	Amt. Rs. ■
Capital	10,000	Wages	5,000
Creditors	1,200	Bank	"1,000
Return outwards	500	Repairs	50
Sales	16,400	Stock (1.1.2010)	2,000
Bills Payable	500	Rent	400
Debit Balance		Manufacturing expenses	800
Plant & machinery	4,000	Trade Expenses	700
Sundry Debtors	2,400	Bad Debts	200 [^]
Drawings	1,000	Carriage	150
Purchase	10,500	Return Inwards	400

Adjustment

- The closing stock was valued at Rs. 1,450.
- Provide for depreciation on Plant and Machinery Rs.400.
- Rs.40 is due for repairs

12 a From the under mentioned particulars of Mr.M.Mohan prepare a Bank reconciliation statement as on 21st July 2013.

- Cheques paid into bank on the 28^m July 2013 but credited to Mohan's account in the first week of August 2013.
Kalyan Rs. 1,000 ; Joy Rs.800 ; Ragul Rs. 1,200
- The following cheques were issued by Mohan on 30th July 2013 but presented to bank for payment after the close of the year.
David Rs. 1,200 ; Hari Rs. 1,000 ; Lai Rs.800
- A cheque for Rs.300 was credited direct to the account and was not passed through the cash book .
- The bank balance as per cash book on 31st July 2013 amounted to Rs.30,000

OR

b Give the journal entries to rectify the following errors.

- A purchase of goods from Deva amounting to Rs.250 has been wrongly passed through sales book.
- A credit sale of goods Rs.300 to Raja has been wrongly passed through the purchases book.
- Sold old furniture for Rs. 1,500 passed through sales book.
- Paid wages for the construction of building debited to wages account.
- A cheque for Rs.500 received from Madan was dishonored and has been posted to the debit of sales returns account.
- Paid Rs. 1,000 for the installation of machinery debited to wages account.
- On 3rd December 2016 goods of the value of Rs.500 were returned by S.Singh and were taken into stock on the same date, but no entry was passed in the book.

13 a On 1st June 2012, Murugan sells goods to Selvam for Rs,3,500 and draws 3 bills on him, the first for Rs.800 for one month, the second for Rs. 1,200 for 2 months and the third for Rs. 1,500 for 3 months. Selvam accepts and returns these bills to Murugan. The first bill is retained by Murugan till the date of maturity. The second bill is endorsed by Murugan to his creditor Ramu on 3rd June 2012 and the third bill is sent to the bank for collection on 4th June 2012. On maturity all the bills were dishonoured and noting charges paid were Rs.10, Rs.20 and Rs.30 respectively.

You are required to pass journal entries in the books of Murugan.

OR

Cont...

13 Cont...

b A firm purchases a 5 years lease for Rs.40,000 on 1st January. It decides to write off depreciation . On the annuity method. Presuming the rate of interest to be 5% per annum. The annuity tables show that a sum of Rs.9,239 should be written off every year. Show the lease account for 5 Years. Calculation are to be made to the nearest rupee.

14 a Karthik sold goods on behalf of vinayka sales corporation on consignment basis. On 1.1.2011, he has with him a stock Rs.40,000 on consignment. Karthik has instruction to sell goods at cost plus 25% and was entitled to a commission of 4% on sales , in addition to 1% Del credere Commission on total sales, for guaranteeing collection of all the sale proceeds. During the year ended 31.12.2011 cash sales Rs.2,10,000 and Karthic's expenses in relation to consignment Rs.6,000 being salaries and insurance. Bad debts were Rs.6,000 and goods sent on consignment Rs.4,00,000. Prepare Consignment a/c in the books of Vinayaksales corporation. Show the value of unsold stock

OR

b S and P entered into a Joint venture and agreed to divide the profit as to S 60% and P 40%. S and P contributed Rs. 1,80,000 and 1,20,000 respectively for carrying on transactions relating to the venture. They opened a joint bank account with the above contributions. They purchase 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. Pass necessary journal entries and prepare joint venture account, joint bank account and close the' accounts of the venture.

15 a G co. Ltd. Purchased a machinery on 1.1.2013 for Rs.50,000. On 1.7.2013 further machinery was Purchased for Rs.25,000. On 1.7.2013 having become obsolete, was sold off for Rs.20,000. Depreciation has to be charged at 20% on the original cost assuming that the accounts are closed every year on 31st December. Prepare (a) Machinery a/c (b) provision for deprecation a/c.

OR

b Discuss the diminishing balance method of depreciation and give its merits.

SECTION - C 130 Marks)Answer any **THREE** Questions**ALL** Questions Carry **EQUAL** Marks (3 x 10 = 30)

16 The following were the balances extracted from the books of Murthy on March 31st 2012.

Particulars	Amount (Rs.)	Particulars	Amount j (Rs-)
Muthri's capital	20,000	Trade expenses	1,500
Drawings	1,200	Sales	70,000
Wages	4,250	Sales returns	300
Sundry expenses(workshop)	1,400	Carriage inwards	200
Office salaries	3,500	Carriage outwards	375
Insurance	500	Discount (Cr.)	180
Rent and taxes	2,000	Creditors	4,370
Electricity charges : workshop	350	Debtors	6,800
Office	145	Travellers expenses	4,200
! Advertising	1,800	Bank overdraft	800
Purchase	39,000	Cash in hand	130
Purchase returns	700	Plant	8,700
Motor van	3,000	Provision for bad debts(1 .4.2011)	400
		Stock (1.4.2011)	17,100

16 Cont...

Prepare the Trading and Profit and Loss account and Balance Sheet after making the following adjustments

- a. Provide depreciation on plant at 10%
- b. Provision for bad debtors to be raised to Rs.600
- c. Stock in trade on 31.3.2012 was valued at Rs. 17,500
- d. Salaries outstanding Rs.250

17 Classify the different types of errors.

18 On 1.12.2009 Yasmin and Begum for their mutual accommodation drew on each other bills for Rs.5,000 each payable after 3 months. On 4.1.2009, they discount with their bankers each other bill @ 12%p.a. On the due date, Yasmin meets her bill and Begum fails to meet her acceptance. Begum then accepts a bill of Rs.5,500(including Rs.500 interest of renewal of bill) drawn by Yasmin on 4.2.2009 payable after one month. Yasmin immediately gets the bill discounted for Rs.5,250. On 5.4.2009. Begum becomes insolvent and a final dividend of 40p in a rupee is received from her estate on 6.5.99.

Pass journal entires in the books of Yasmin and also show' begums account in yasmins ledger.

19 C of Calcutta consigns goods to B of Bombay for sale at invoice price or over. B is entitled to a commission of 10% on invoice price and 30% on any surplus price realised. B accepted a bill of exchange drawn by C amounting to 80% of the invoice price.

During the year 2013 , goods consigned by C were invoiced at Rs.90,000, such goods cost C Rs.60,000. Sales made by B were Rs.81,000 and goods in his hands on 31.12.2013, remaining unsold represented an invoice value of Rs.21,000. B remitted a sight draft for the amount due after deducting his commission and proportion advance applicable to goods sold.

You are required to show the necessary accounts in the books of the consignor.

20 A second hand machine was purchased on 1.1.2010 for Rs.40,000. Overhauling and installation expenses for the same machine amounted to Rs. 10,000. Another machine was purchased on 1.7.2010 for Rs.20,000. On 1.7.2012 , the machine installed on 1.1.2010 was sold for Rs.25,000. Dismantling charges for the machine sold on 1.7.2012 were Rs.1000. On the same date another machine was purchased for Rs.80,000 and commissioned on 30.9.2012. The company has adopted calendar year as its financial year. Under the existing practice, the company provided depreciation @ 10% p.a. on the original cost. In 1993, it has been decided that depreciation will be charged on the diminishing balance @ 15% p.a. The change is not to be made with retrospective effect. Show machinery a/c from 2010 to 2014.

Z-Z-Z

END