

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

**BCom DEGREE EXAMINATION DECEMBER 2017
(First Semester)**

Branch - **COMMERCE (BUSINESS ANALYTICS)**

FINANCIAL ACCOUNTING -1

Time : Three Hours

Maximum : 75 Marks

SECTION-A (20 Marks)

Answer **ALL** questions

ALL questions carry **EQUAL** marks (10x2 = 20)

- 1 Explain business entity concept.
- 2 Define closing stock.
- 3 Explain the concept of errors of principles.
- 4 What is Bank Reconciliations Statement?
- 5 What is dead rent?
- 6 Define **bill** of exchange.
- 7 What do you mean by abnormal loss?
- 8 What is joint venture?
- 9 Explain ASIO.
- 10 Define depreciation.

SECTION - B 125 Marks)

Answer **ALL** Questions

ALL Questions Carry **EQUAL** Marks (5x5 = 25)

- 11 a From the following balances extracted at the close of the year ended 31st
Dec 201E Prepare P & L A/c of Mr. Raj as at that date.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Gross profit	55,000	Repairs	500
Carriage on sales	500	Telephone expenses	520
(Office rent	500	Interest (Dr)	480
General expenses	900	Fire insurance premium	900
Discount to customers	360	Bad debts	2,100
Interest from bank	200	Apprentice premium (Cr)	1,500
Traveling expenses	700	Printing & Stationery	2,500
Salaries	900	Trade expenses	300
Commission	300		

OR

- b The provision for bad and doubtful debts account shows a balance of Rs. 2,000 on 1st January 2001. The bad debts during the year 2001 amount to Rs. 1,600. The sundry debtors on 31st December 2001 are Rs. 32,000. Create a new provision for bad debts @ 5%. Show the journal, ledger, P&L A/c & balance sheet.
- 12 a The following errors were found in the books of Prabhakar & Sons. Give the necessary entries to correct them:
- i) Salary of Rs. 1,000 paid to a Mohan due to him has been debited to his personal account.
 - ii) Rs. 1,500 paid in cash for a typewriter was charged to office expenses account.
 - iii) Rs. 5,000 paid for furniture purchased has been charged to purchase a/c.
 - iv) Repairs made were debited to building a/c for Rs. 250
 - v) An amount of Rs, 500 withdrawn by the proprietor for his personal use has been debited to trade expenses a/c.
 - vi) Rs. 200 received from Shanthy & Co., has been wrongly entered as from Shajanan & Co.

Prepare a bank reconciliation statement from the following data as on 31/12/2005.

Particulars	Rs.
Balance as per cash book	12,500
Cheques issued but not presented for payment 900	
Cheques deposited in bank but not collected	1,200
Bank paid insurance premium	500
Direct deposit by a customer	800
Interest on investment collect by bank	200
Bank charges	100

A company leased a colliery on 1/1/92 at a minimum rent of Rs. 20,000 merging into a royalty of Rs. 1.50 per tonne with power to recoup shortworkings 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. Give journal entries for two years in the books of lessee.

OR

On 1/1/2009, Jayanthy sold goods to Devi on credit for Rs. 2,000 and drew a bill a Devi for Rs. 2,000 for 3 months after date. Devi accepted it on 3/1/2009 and returned it to Jayanthy. On maturity, the bill was duly honoured by Devi. Pass journal entries in the books of both the parties.

Jani of Delhi consigned 300 tins of coconut oil to Narans of Chandigarh. Invoiced at Rs. 200 per tin. Jani 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 & cartage Rs. 1,600, commission at 6% on sales

The consignee sent a sight draft for the balances. Show ledge account in the books of consignor.

OR

X and Y contribute Rs. 50,000 each into a joint bank A/c. They spend Rs. 90,000 to acquire and sell wheat. X collects Rs. 70,000 and Y Rs. 80,000 from sales. The venture is closed. Show joint venture account in the separate books of the venture.

A second hand machine was purchased on 1/1/90 for Rs. 30,000 and repair charges amounted to Rs. 6,000. It was installed at a cost of Rs. 4,000. On 1st July 1991, another machine was purchase for Rs. 26,000. On 1st July 1992 the first machine was sold for Rs. 30,000. On the same day, one more machine was bought for Rs. 25,000. On the 31/12/92, the machine bought on 1st July 1991 was sold for Rs. 23,000. Account are closed every year on 31st December. Depreciation is written off at 15% p.a. Prepare the machinery A/c for 3 years ending 31/12/92.

OR

A company purchased a plant for Rs. 10,000. It is expected that its useful life will be 3 years and salvage value Rs. 1,000. You are required to determine the rate of depreciation and amount of depreciation to be provided in the first year as per written down value method.

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

From the following trial balance extracted from the books of Kamalnath. Prepare trading, P&L and balance sheet for the year ended 31/12/2006.

	Rs.		Rs.
Cash at bank	2,610	Creditor	4,700
Book debts	11,070	Discounts	150
Salaries	4,950	Creditors for expenses	400
Carriage inwards	1,450	Return outwards	2,520
Carriage outwards	1,590	Sales	80,410
Bad debts	1,310	Capital	40,000
Office expenses	5,100		
Purchases	67,350		
Return inwards	1,590		
Furniture fixtures	1,500		
Stock	14,360		
Insurance	3,300		
Deprecation on property	1,200		
Freehold property	10,800		
	1,28,180		1,28,180

Adjustments :

- i) Make provision for doubtful debt at 5%
- ii) Calculate discount on creditors @ 2%
- iii) Office expenses include stationery purchased Rs, 800
- iv) Carriage inwards includes carriage paid on purchase of furniture Rs. 50
- v) Outstanding salaries Rs. 150
- vi) Prepaid insurance Rs. 300
- vii) Stock on hand Rs. 10,700 (including stationery stock Rs. 200).

From the following particulars ascertain the bank balance as per bank pass of Mr. Ramnath as on 31/12/96.

- ◆ i) Bank overdraft as per cash book on 31/12/96 - Rs. 6,000
- ii) Interest on overdraft for 6 months ending 31/12/16 Rs. 200 is debited in the pass book.
- iii) Cheques issued but not cashed before 31/12/96 amounted to Rs. 1,500
- iv) Cheque deposited into bank but not cleared and credited before 31/12/96 amounted to Rs. 2,500.
- v) Interest on investment collected by bank and credited in bank pass book amounted to Rs. 1,800.
- vi) Bills receivable which was discounted with the bank in November 1996, was dishonoured on 31/12/96 and bank had debited Rs. 1,050 including Rs. 50 for bank charges.
- vii) The bank column of cash book receipts side was over cast by Rs. 1,000 in December 1996.
- viii) Bank had wrongly debited Mr. Ramnath for Rs. 500 on 10/12/96, on account of dishonour of cheque pertaining to Mi*. Ramgopal but rectified the said mistake on 30/12/96.

On 1/5/99 Mohan gave his acceptance for three months bill of Rs. 6,000 drawn by of Murali. Murali sent the bill to bank for collecting the amount on maturity. After maturity Murali received intimation from the bank that the bill was duly honoured by Mohan and bank charged Rs. 20 for collection. Show the entries in the books of Murali & Mohan.

- 19 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 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 A/c, joint bank a/c and close the accounts of the venture.
- 20 A firm purchases a 5 years' lease for Rs. 80,000 on 1st January, it decides to write off depreciation on the annuity method, presuming the rate of interest to be 5% p.a. The annuity tables show that a sum of Rs. 18,478 should be written off every year. Show the lease a/c for five years.

Z-Z-Z

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