

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

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

Branch - **CORPORATE SECRETARYSHIP**

FINANCIAL ACCOUNTING -1

Time : Three Hours

Maximum : 75 Marks

SECTION-A (20 Marks)

Answer **ALL** questions

ALL questions carry **EQUAL** marks (10 x 2 = 20)

Write short notes:

- 1 How do you treat closing stock while preparing final accounts?
- 2 What is joint venture?
- 3 Write a short note on legacy.
- 4 What is consignment, who is a consignee?
- 5 What do you mean by accounts sales?
- 6 Write a note on memorandum Joint venture account.
- 7 Give the journal entry when the unsold stock is taken by other co-venturers.
- 8 Give any two differences between income and expenditure & profit and loss accounts.
- 9 Give two advantages of self-balancing ledger.
- 10 What do you understand by receipts and payment account in a non-trading concern?

SECTION - B (25 Marks)

Answer **ALL** Questions

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

- 11 a From the following particulars in the trial balance as on 31.12.2015 pass necessary journal entries, show the treatment for provision for doubtful debts in final accounts. Sundry debtors - 50,000, provision for doubtful debts (Cr) 5,000, Bad debts (Dr) 3,000. Additional information : further bad debts written off were 3,000, create a provision for doubtful debts @ 10% on debtors.'

OR

From the following particulars prepare the profit & loss a/c of Keerthi & co for the year ending

Salaries and wages	30,000	Advertisement	10,000
Commission paid	2,000	Discount allowed	18,000
Postage	1,500	Rent earned	17,000
Interest paid	4,000	Interest on deposit	15,000
Carriage outward	5,000	Bad debts	9,000
Brokerage	950		

Gross profit was 45% of sales which amounted to Rs. 6,50,000.

- 12 a Goods consigned 500 kg @ Rs. 20/kg. Carriage and freight paid by the consignor Rs. 4,000. Consignee sold 300 kg @ Rs. 35 / kg and incurred Rs. 1,000 as unloading expenses Rs. 2,000 as storage cost and Rs. 1,000 as selling expenses. Normal loss due to leakage is 50 kg. Show how the loss and unsold stock would be treated in the books of the consignor.

OR

- b Mention the differences between joint venture and consignment.

- 13 a R & Q enter into a joint venture to sell a consignment of toys sharing profits and losses equally. R provides toys from stock at a mutual agreed value of 5,000. He pays expenses amounting to Rs. 250. Q incurs further expenses on carriage etc of Rs. 650 and receives cash sales of Rs. 3,000. He also takes over the goods worth Rs. 1,000 for his use in his personal business. At the end R takes over the balance stock in hand worth Rs. 1,100. Prepare joint venture a/c in the books of R.

OR

- b Write down the features of joint venture.

- 14 a Prepare a bought ledger adjustment account from the following details:

2014 Jan 1 - Balance of trade creditors	20,000
Credit purchases of the month	3,000
Cash paid to creditors	9,875
Discount allowed by the creditors	325
Accepted bill payable	1,500
Return outwards	600
Allowance from creditors	150

OR

- b Explain the types of errors.

- 15 a Write a short note on treatment of following items in the income & expenditure account and the balance sheet (a) Subscription (b) Life membership fee (c) Donation.

OR

- b From the following details find out the subscription to be shown in the income and expenditure account:

Subscription received as per receipts and payment a/c, during the year 2015 Rs. 15,960.

Subscription received in advance for 2016 during 2015 Rs. 1,500

Subscription outstanding during Dec 2014 Rs. 750

Subscription outstanding on 31.12.2015 Rs. 500

Subscription received in advance for 2015 during 2014 Rs. 710.

SECTION - C (30 Marks)

Answer any **THREE** Questions

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

- 16 From the following trial balance of Sri S. Rajan, prepare final accounts for the year ended 31.3.2014.

Particulars	Debit	Credit
Rajan's capital		2,90,000
Rajan's drawings	7,600	
Purchases and sales	89,000	1,50,000
Sales return and purchase return	2,800	4,500
Stock 1.4.2013	12,000	
Wages	8,000	
Building	2,20,000	
Freight	20,000	
Trade expenses	2,000	
Advertisement	2,400	
Interest		3,500
Tax and insurance	1,300	
Debtors and creditors	65,000	12,000
Bills receivable and bills payable	15,000	7,000
Cash in bank	12,000	
Cash in hand	1,900	
Salaries	8,000	
Total	4,67,000	4,67,000

16 Cont...

Additional information:

Closing stock - 15,000, Insurance prepaid - 400, Outstanding liabilities: Salaries - 2,000, taxes - 1,300, depreciate building @ 2%, create a reserve on debtors @5%.

- 17 M/s Charu & Co of Bombay consign goods costing Rs. 25,000 to their agent Ram, on which they pay freight, insurance and other charges Rs. 1,500 drawing on him at 90 days bill for Rs. 20,000. They discount with the bank at a discount of Rs. 150. After three months they receive from their agent, the accounts sales informing that the entire stock has been sold for Rs. 35,000, expenses amounting Rs. 700 have been incurred and showed a deduction of 2% on the amount realised as their agreed commission in the amount realised. A draft on the bank was enclosed for the balance due. Show the ledger in the books of Charu & Co.
- 18 A and B were partners of a joint venture sharing profits and losses in the ratio of 60% and 40%. A supplied goods to the value of Rs. 10,000 and incurs freight charges of Rs. 500. B also supplied goods to the value of Rs. 8,000 and incurs freight Rs. 400. B sells the entire stock of goods on behalf of the joint venture for Rs. 25,000. B is also entitled to a commission of 5% on sales. B settles the account by remitting a bank draft. Show the ledger accounts in the books of A & B.
- 19 From the following transactions extracted from debtors ledger, creditors ledger and nominal ledger which are kept on sectional system of balancing, prepare the adjustment accounts as they would appear in each of these ledgers.

Particulars	Amount	Particulars	Amount
Opening Balance of sundry debtors	48,500	Received from debtors	48,675
Balance of sundry creditors	36,900	Discount allowed	1,250
Credit purchases	11,520	Discount received	825
Credit sales	26,400	Bills payable accepted	12,000
Payment to creditors	20,120	Goods returned from debtors	1,800
Bills receivable received	10,000	Goods returned to creditors	1,440
B/R dishonoured	4,000	Bad debts	625

- 20 From the following receipts and payment a/c of a club prepare the income and expenditure account for the year ended 31.12.2012 and balance sheet as at that date:

Dr	Receipts and payment account		Cr
Particulars	Amount	Particulars	Amount
To balance as on 1.1.12	35,000	By Salaries	1,40,000
To subscriptions - 2011	25,000	By General expenses	30,000
2012	1,00,000	By Electricity charges	20,000
2013	20,000	By Books	50,000
To rent received from the use of hall 70,000		By Newspapers	40,000
To profits from entertainment 40,000		By Balance on 31.12.2012	20,000
To sale of old newspaper _ 104)00			
	<u>3,00,000</u>		3430,000

The club has 50 members each paying an annual subscription of Rs. 2,500. Subscriptions outstanding on 31.12.2011 were to the extent of Rs. 30,000. On 31.12.2012, salaries outstanding amounted to Rs. 10,000. Salaries paid in 2012 included Rs. 30,000 for the year 2011.