

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

**BCom DEGREE EXAMINATION DECEMBER 2023
(First Semester)**

Branch – COMMERCE (COST & MANAGEMENT ACCOUNTING)

FUNDAMENTALS OF ACCOUNTING

Time: Three Hours

Maximum: 75 Marks

SECTION-A (10 Marks)

Answer ALL questions

ALL questions carry EQUAL marks

(10 × 1 = 10)

All Questions are Multiple Choice

Module No.	Question No.	Question	K Level	CO
1	1	What is Accounting Equation? a) Asset = Liability + Capital b) Asset = Liability + Equity c) Asset = Liability + Equity d) Liability = Asset + Equity	K1	CO1
	2	Financial accounting cover overall performance of the _____. a) Competitors b) Market c) Company d) Finance Department	K2	CO1
2	3	Sections _____ to _____ deal with provisions of final accounting. a) 201 to 220 b) 200 to 220 c) 210 to 220 d) 209 to 220	K1	CO2
	4	Which one of the following is not a Real Account? a) Outstanding rent b) Cash a/c c) Investment a/c d) Purchase a/c	K2	CO2
3	5	The task of preparing an Income and Expenditure Account and Balance Sheet begins after the preparation of _____. a) Profit and Loss Account. b) Trading Account. c) Cash Account. d) Trial balance.	K1	CO3
	6	Surplus or profits of Non-Profit Organisations are _____. a) It is not distributed among members. b) Maybe or may not be distributed among members. c) It is debited to the general fund. d) Distributed among members.	K2	CO3
4	7	If the trial balance agrees, it implies that _____. (a) There are no errors in the book . (b) There may be two-sided errors in the book (c) There may be one-sided errors in the book (d) There may be both one-sided errors and two-sided errors in the books	K1	CO4
	8	Who is preparing the Bank Reconciliation Statement? a) Debtor b) Creditor c) Account Holder d) Bank	K2	CO4
5	9	What is the purpose of making a provision for depreciation in the accounts? (a) To charge the cost of fixed assets against profits (b) To show the current market value of fixed asset (c) To make cash available to replace fixed assets (d) To make a provision for repairs	K1	CO5
	10	Under the annuity method of depreciation, the charge is _____. (a) Increasing every year. (b) Decreasing every year. (c) Fixed for all years. (d) Fluctuating from year to year.	K2	CO5

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SECTION - B (35 Marks)

Answer ALL questions

ALL questions carry EQUAL Marks

(5 × 7 = 35)

Module No.	Question No.	Question	K Level	CO																																										
1	11.a.	State with reasons whether the following are capital or revenue expenditures: (i) A new machine is purchased for Rs.60,000, Rs.800 were spent on its carriage and Rs.1,500 were paid as wages for its installation. (ii) A sum of Rs.10,000 was spent on painting the new factory. (iii) Rs.5,000 paid for the erection of a new machine. (iv) Rs.2,000 were spent on repairs before using a second-hand generator purchased recently. (v) Rs.1,500 were spent on the repair of machinery. (vi) Rs.10,000 was paid as brokerage on the issue of shares and other expenses of the issue were Rs.25,000.	K2	CO1																																										
	11.b.	<p style="text-align: center;">OR</p> <p>Enter the following transactions in a Single Column Cash Book of M/s Suchitra Sen & Co. :</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">2017</th> <th style="width: 70%;"></th> <th style="width: 20%;">Rs.</th> </tr> </thead> <tbody> <tr> <td>March 1</td> <td>Cash in Hand</td> <td style="text-align: right;">1,20,000</td> </tr> <tr> <td>2</td> <td>Bought machinery for ₹ 60,000 and paid carriage</td> <td style="text-align: right;">2,000</td> </tr> <tr> <td>4</td> <td>Bought goods for ₹ 25,000 and paid carriage</td> <td style="text-align: right;">1,000</td> </tr> <tr> <td>5</td> <td>Bought goods from Ravi Das</td> <td style="text-align: right;">15,000</td> </tr> <tr> <td>6</td> <td>Cash received from sale of Motor bike</td> <td style="text-align: right;">5,000</td> </tr> <tr> <td>8</td> <td>Sold goods for cash less 5% cash discount</td> <td style="text-align: right;">20,000</td> </tr> <tr> <td>10</td> <td>Sold goods</td> <td style="text-align: right;">40,000</td> </tr> <tr> <td>12</td> <td>Paid to Ravi Das on account</td> <td style="text-align: right;">10,000</td> </tr> <tr> <td>15</td> <td>Bought goods from Suresh for cash less 4% cash discount</td> <td style="text-align: right;">30,000</td> </tr> <tr> <td>20</td> <td>Paid to Ravi Das</td> <td style="text-align: right;">4,500</td> </tr> <tr> <td></td> <td>Discount received</td> <td style="text-align: right;">500</td> </tr> <tr> <td>25</td> <td>Cash collected from Ashok (Debtor)</td> <td style="text-align: right;">10,000</td> </tr> <tr> <td>28</td> <td>Purchased postal stamps</td> <td style="text-align: right;">500</td> </tr> <tr> <td>28</td> <td>Salary paid to accountant</td> <td style="text-align: right;">15,000</td> </tr> </tbody> </table>			2017		Rs.	March 1	Cash in Hand	1,20,000	2	Bought machinery for ₹ 60,000 and paid carriage	2,000	4	Bought goods for ₹ 25,000 and paid carriage	1,000	5	Bought goods from Ravi Das	15,000	6	Cash received from sale of Motor bike	5,000	8	Sold goods for cash less 5% cash discount	20,000	10	Sold goods	40,000	12	Paid to Ravi Das on account	10,000	15	Bought goods from Suresh for cash less 4% cash discount	30,000	20	Paid to Ravi Das	4,500		Discount received	500	25	Cash collected from Ashok (Debtor)	10,000	28	Purchased postal stamps	500
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2	12.a.	The sundry debtors on 31 st Dec. 99 are Rs.40,000. On the analysis, it is found that debtors for Rs.36,000 are good. The debtors for Rs.3,000 are doubtful and are estimated to realise 2/3rds of the amount and the debtors for Rs.1,000 are bad. Make a provision for doubtful debts. Show the Journal, Profit & Loss A/c and Balance Sheet.	K3	CO2																																										
	12.b.	<p style="text-align: center;">OR</p> <p>The following adjustments are to be made in the final accounts being made as on 31st March, 2006.</p> <p>i) Closing Stock in hand Rs.20,000. ii) Salaries amounting to Rs.1,000 outstanding. iii) Depreciate Plant and Machinery @10%. The value of Plant and Machinery on 31st March, 2006 was at Rs.40,000. iv) Prepaid insurance Rs.150. v) Accrued income from investment Rs.1,500. You are required to pass adjustment entries.</p>																																												

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3	13.a.	What is the treatment of Donations in the accounts of a Non-Profit Organisation?	K3	CO3
	OR			
	13.b.	Demonstrate the differences between Profit and Loss account and Income and Expenditure account.		
4	14.a.	The following errors were found in the books of Prabhakar & Sons. Give the necessary entries to correct them: a) Salary of Rs.1,000 paid to a Mohan due to him has been debited to his personal account. b) Rs.1,500 paid in cash for a typewriter was charged to office expenses account. c) Rs.5,000 paid for furniture purchased has been charged to purchases account. d) Repairs made were debited to Building Account for Rs.250. e) An amount of Rs.500 withdrawn by the proprietor for his personal use has been debited to trade expense account. f) Rs.200 received from Shanthy&Co., has been wrongly entered as from Shajahan & Co.	K3	CO4
	OR			
	14.b.	From the under-mentioned particulars of Mr. M. Mohan prepare a Bank Reconciliation Statement as on 31 st July, 1994. i) Cheques paid into bank on the 28 th July, 1994 but credited to Mohan's account in the first week of August 1994. K.Kalyan Rs.1,000; J.Joy Rs.800; R.Raghul Rs.1,200. ii) The following cheques were issued by Mohan on 30 th July 1994 but presented to bank for payment after the close of the year. D.David Rs.1,200; H.Hari Rs.1,000; L.Lal Rs.800 iii) A Cheque for Rs.300 was credited direct to the account and was not passed through the cash book. iv) The bank balance as per cash book on 31 st July 1994 amounted to Rs. 30,000.		
5	15.a.	On 1.1.90 there are machinery worth Rs.1,80,000 in a business firm. On 30.06.1990 a machine was purchased for Rs.20,000/. A machine was sold for Rs.4,200 which was purchased for Rs.4,000 on 1.1.90. On 31.12.91, a machine which was purchased on 1.1.90 for Rs.12,000 was sold for Rs.8,000. Depreciation is provided at 10% per annum on fixed instalment basis. Assuming that provision for depreciation A/c is not maintained, prepare Machinery a/c for 1990 and 1991.	K3	CO5
	OR			
	15.b.	The following balances appear in the books of Mohan, Bros: Jan 1, 1999 Machinery a/c Rs.40,000 Provision for Depreciation Rs.18,000 On 1.1.1999 they decided to sell a machine for Rs.4,350. This machine was purchased for Rs.8,000 on 1 st January 1996. You are required to prepare Provision for Depreciation a/c and Machinery a/c on 31.12.1999 assuming the firm has been charging depreciation at 10% p.a. on straightline method.		

SECTION -C (30 Marks)

Answer ANY THREE questions

ALL questions carry EQUAL Marks

(3 × 10 = 30)

Module No.	Question No.	Question	K Level	CO																																																												
1	16	List out the accounting concepts and conventions. How are they evolved?	K4	CO1																																																												
2	17	<p>The following are the balances extracted from the books of Ganesh as on 31.12.1999. Prepare trading and profit and loss account for the year ending 31.12.1999 and a balance sheet as on that date.</p> <table border="1"> <thead> <tr> <th>Debit Balance</th> <th>Rs.</th> <th>Credit Balance</th> <th>Rs.</th> </tr> </thead> <tbody> <tr> <td>Drawings</td> <td>4,000</td> <td>Capital</td> <td>20,000</td> </tr> <tr> <td>Cash at Bank</td> <td>1,700</td> <td>Sales</td> <td>16,000</td> </tr> <tr> <td>Cash in Hand</td> <td>6,500</td> <td>Sundry Creditors</td> <td>4,500</td> </tr> <tr> <td>Wages</td> <td>1,000</td> <td></td> <td></td> </tr> <tr> <td>Purchases</td> <td>2,000</td> <td></td> <td></td> </tr> <tr> <td>Stock 1.1.99</td> <td>6,000</td> <td></td> <td></td> </tr> <tr> <td>Buildings</td> <td>10,000</td> <td></td> <td></td> </tr> <tr> <td>Sundry Debtors</td> <td>4,400</td> <td></td> <td></td> </tr> <tr> <td>Bills receivable</td> <td>2,900</td> <td></td> <td></td> </tr> <tr> <td>Rent</td> <td>450</td> <td></td> <td></td> </tr> <tr> <td>Commission</td> <td>250</td> <td></td> <td></td> </tr> <tr> <td>General Expenses</td> <td>800</td> <td></td> <td></td> </tr> <tr> <td>Furniture</td> <td>500</td> <td></td> <td></td> </tr> <tr> <td></td> <td>40,500</td> <td></td> <td>40,500</td> </tr> </tbody> </table> <p>The following adjustments are to made: a) Stock on 31.12.199 was Rs.4,000 b) Interest on capital at 6% to be provided c) Interest on drawings at 5% to be provided d) Wages yet to be paid Rs.100 e) Rent prepaid Rs.50.</p>	Debit Balance	Rs.	Credit Balance	Rs.	Drawings	4,000	Capital	20,000	Cash at Bank	1,700	Sales	16,000	Cash in Hand	6,500	Sundry Creditors	4,500	Wages	1,000			Purchases	2,000			Stock 1.1.99	6,000			Buildings	10,000			Sundry Debtors	4,400			Bills receivable	2,900			Rent	450			Commission	250			General Expenses	800			Furniture	500				40,500		40,500	K4	CO2
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3	18	<p>The following is the Receipts and Payments account of Kandan Recreation club for the year ended 31st March, 2002.</p> <table border="1"> <thead> <tr> <th>Receipts</th> <th>Rs.</th> <th>Payments</th> <th>Rs.</th> </tr> </thead> <tbody> <tr> <td>To Balance B\vd</td> <td>7,000</td> <td>By Salaries</td> <td>28,000</td> </tr> <tr> <td>To Subscriptions: 2000-2001=5,000 2001-2002=20,000 2002-2003=4,000</td> <td>29,000</td> <td>By General Expenses</td> <td>6,000</td> </tr> <tr> <td>To Rent for use of Conference Room</td> <td>14,000</td> <td>By Electricity</td> <td>4,000</td> </tr> <tr> <td>To Receipts from entertainment facilities</td> <td>28,000</td> <td>By Books Purchased</td> <td>10,000</td> </tr> <tr> <td>To Sale of old magazines</td> <td>2,000</td> <td>By Periodicals purchased</td> <td>8,000</td> </tr> <tr> <td></td> <td></td> <td>By Loan Repaid</td> <td>20,000</td> </tr> <tr> <td></td> <td></td> <td>By Balance c\vd</td> <td>4,000</td> </tr> <tr> <td></td> <td>80,000</td> <td></td> <td>80,000</td> </tr> </tbody> </table> <p>Additional Data: i) The club has 50 members, each paying Rs.500 per annum as subscription. ii) Subscription outstanding on 31-3-2002 Rs.6,000 iii) Salaries outstanding Rs.2,000, Salaries paid include Rs.6,000 for 2000-01. iv) On 1-4-2001, the clubs properties were: Building Rs.2,00,000 Furniture & Fittings Rs.20,000 and Books Rs.20,000 v) Provide 10% Depreciation on Building and Furniture. Prepare Income and Expenditure Account for the year ending 31-3-2002 and a Balance sheet on that date.</p>	Receipts	Rs.	Payments	Rs.	To Balance B\vd	7,000	By Salaries	28,000	To Subscriptions: 2000-2001=5,000 2001-2002=20,000 2002-2003=4,000	29,000	By General Expenses	6,000	To Rent for use of Conference Room	14,000	By Electricity	4,000	To Receipts from entertainment facilities	28,000	By Books Purchased	10,000	To Sale of old magazines	2,000	By Periodicals purchased	8,000			By Loan Repaid	20,000			By Balance c\vd	4,000		80,000		80,000	K4	CO3																								
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4	19	<p>From the following particulars prepare a bank reconciliation statement as at 31st December: Balance as per pass book – Rs.62,460 i) Cheques issued but not presented Rajini – Rs.4,590 Kamakshi – Rs.5,960 Bhavani – Rs.9,580 ii) Cheques deposited but not cleared until after close of the year John – Rs.5,000 Balu – Rs.9,130 iii) The bankers had wrongly debited the account Rs.2,250, the error was rectified by them on 4th January of the following year.</p>	K4	CO4
5	20	<p>On 1-1-91, a trader purchases a three year lease of premises for Rs.30,000 and it is decided to make provision for replacement by means of depreciation fund. The expected rate of interest on the investments is 5% p.a. The sinking fund table shows that Re.0.317208 at 5% will in 3 years accumulates Re.1. Prepare Depreciation Fund a/c, Depreciation Fund Investment a/c and lease a/c.</p>	K4	CO5

Z-Z-Z

END