

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION DECEMBER 2022
(Third Semester)

Branch – COMMERCE (COST AND MANAGEMENT ACCOUNTING)

HIGHER FINANCIAL ACCOUNTING

Time: Three Hours

Maximum: 50 Marks

SECTION-A (5 Marks)

Answer ALL questions

ALL questions carry EQUAL marks (5 x 1 = 5)

- 1 Old profit sharing ratio minus new profit sharing ratio is equal to _____.
(i) Sacrificing ratio (ii) Gaining ratio
(iii) Capital ratio (iv) Sharing ratio
- 2 On the retirement of a partner the goodwill raised is to be credited to the account of
(i) Only retiring partner (ii) All partners including retiring partner
(iii) Only remaining partners (iv) New coming partner
- 3 On the death of partner, the amount of joint life policy should be credited to the capital account of _____.
(i) All partners including the deceased partner in their profit sharing ratio
(ii) Remaining partners in the new profit sharing ratio
(iii) Neither the deceased partner nor the remaining partners.
(iv) Remaining partners in the old profit sharing ratio.
- 4 Realisation A/c is a _____.
(i) Nominal A/c (ii) Real A/c
(iii) Personal A/c (iv) Liability
- 5 In the case of sale to a company the profit or loss on sale is ascertained through _____.
(i) Revaluation A/c (ii) Realisation A/c
(iii) Memorandum Revaluation A/c (iv) Memorandum Realisation A/c.

SECTION - B (15 Marks)

Answer ALL Questions

ALL Questions Carry EQUAL Marks (5 x 3 = 15)

- 6 a Following is the balance sheet of Mohan and Madan on 31.12.2020, after adjusting of profit for 2020 and drawings:

Liabilities		Rs.	Assets		Rs.
Capital: Mohan	40,000	88,000	Land	16,000	
Madan	48,000				
Creditors		32,000	Buildings	72,000	
P&L Appropriation A/c		24,000	Other assets	48,000	
			Madan's Drawings	8,000	
		1,44,000		1,44,000	

During the year 2020

- (i) Profits were Rs. 40,000 ;
- (ii) Drawings of Mohan were Rs. 12,000;
- (iii) Interest is to be charged at 5% p.a. on opening capitals. Calculate interest on capitals of Mohan and Madan.

OR

- b P, Q and R sharing profits and losses equally, have capitals of Rs.20,000, Rs.15,000 and Rs.10,000. For the year 2021, interest was credited to them at 6% instead of 5%. Give adjusting entry.

Cont...

- 7 a Calculate the amount of goodwill at three year's purchase of last five years average profits. The profits were: I year –Rs.9,600 , II year – Rs.14,400, III year – Rs.20,000, IV year – Rs.6,000 and V year – Rs.10,000.

OR

- b P, Q, R and S were partners sharing profits in the ratio of 5:4:3:1. P and S retire from the firm. Calculate the new profit sharing ratio.

- 8 a How is deceased partner's executor's account settled?

OR

- b N and M are in partnership sharing profits and losses 3:2. They insure their lives jointly for Rs.3,00,000 at an annual premium of Rs.13,600 to be debited to the business. M dies three months after the date of the last balance sheet. According to partnership deed, the legal representatives of M are entitled to the following payments:

- (i) His capital as per the last balance sheet.
(ii) Interest on above capital at 3% p.a. to date of death.
(iii) His share of profit to date calculated on the basis of last three years profit.

His drawings are to bear interest at an average rate of 2% on the amount irrespective of the period.

The net profits for the last three years, after charging insurance premium were Rs.80,000, Rs.1,00,000 and Rs.1,20,000 respectively. M's capital as per balance sheet was Rs.1,60,000 and his drawings to date of death were Rs.20,000. Draw M's A/c to be rendered to his legal representatives.

- 9 a A, B and C were equal partners. On 31.12.2018 their position was as follows:

Liabilities	Rs.	Assets	Rs.
A's capital	2,000	Cash	1,500
B's capital	600	C's Capital	200
		Loss on realization	900
	2,600		2,600

C is insolvent and can pay nothing. Close the books of the firm.

OR

- b The balance sheet of X, Y and Z who were sharing profits in the ratio of 3:1:1 stood as follows on 31.12.2019 The date of dissolution.

Liabilities	Rs	Assets	Rs
Sundry Liability	1,05,000	Cash	1000
X'S Capital	15,000	Bills receivable	4000
Y's Capital	10,000	Debtors	25,000
		Stock	40,000
		Plant	30,000
		Goodwill	10,000
		Z's Capital	20,000
	1,30,000		1,30,000

Assets realized Rs.79,750. Realization Expenses are Rs.2000. Prepare Realization A/c.

- 10 a How do you calculate purchase consideration in case of 'Sale to a company'?

OR

- b Two firms P & Q and R & S agreed to amalgamate their business. Their positions as on 31st 2014 were as follows.

Balance sheet of P & Q

Liabilities	Rs	Assets	Rs
Creditors	1,04,000	Cash at Bank	1,56,000
P'S Capital	1,82,000	Debtors	1,30,000
Q's Capital	1,30,000	Stock in trade	42,000
		Office Building	78,000
		Furniture	10,000
	4,16,000		4,16,000

Cont...

Balance sheet of R & S

Liabilities	Rs	Assets	Rs
Creditors	52,000	Cash at Bank	65,000
R'S Capital	91,000	Debtors	1,04,000
S's Capital	65,000	Stock in trade	26,000
		Furniture	13,000
	2,08,000		2,08,000

Give the opening balance sheet of PQRS.

SECTION -C (30 Marks)

Answer ALL questions

ALL questions carry EQUAL Marks (5 x 6 = 30)

- 11 a On 1st January 2011, kavitha and sumathi entered into partnership and contributed Rs.80,000 and Rs.60,000 respectively. They share profits and losses in the ratio of 3 : 2. Sumathi is to be allowed at 5% p.a. 5% interest is to be charged on drawings. During the year, kavitha withdrew Rs.12,000 and sumathi Rs.24,000, Interest being kavitha Rs.280 and sumathi Rs.200. Profit in 2011 before the above noted adjustments was Rs.42,320. Show the distribution of profits between the partners and prepare capital accounts. (i) when there are fluctuating and (ii) When they are fixed.

OR

- b A and B are partners sharing profits in the ratio of 3 : 1. Their balance sheet stood as under on 31.12.2015:

Liabilities	Rs.	Assets	Rs.
Creditors	40,000	Machinery	22,000
A's capital	30,000	Buildings	30,000
B's capital	20,000	Furniture	6,000
Salary due	5,000	Stock	10,000
		Prepaid insurance	1,000
		Debtors 8,000	
		(-) provision 500	7,500
		Cash	18,500
	95,000		95,000

C is admitted as a new partner introducing a capital of Rs.20,000, for his 1/4th share in future profit. Following revaluation are made:

- Stock be depreciated by 5%.
- Furniture be depreciated by 10%.
- Building be revalued at Rs.45,000.
- The provision for doubtful debts should be increased to Rs.1,000.

Prepare Revaluation A/c and balance sheet after admission.

- 12 a A, B, C are partner in a firm sharing profits and losses in the ratio of 1/3, 1/2, 1/6, respectively. Their Balance Sheet as on 31.3.2016. was as follows:

Liabilities	Rs	Rs	Assets	Rs	Rs
Reserve fund		16,000	Building		50,000
Capital A	30,000		Machinery		40,000
B	40,000		Furniture		10,000
C	25,000	95,000	Stock		25,000
Loan payable		15,000	Debtors	18,000	
Sundry Creditors		25,000	Less : Provision	500	17,500
			Cash		8,500
		1,51,000			1,51,000

C Retires on 31.3.2016. subject to the following conditions:

- Goodwill of the firm is valued at Rs.24,000
- Machinery to be depreciated by 10%
- Furniture to be depreciated by 5%
- Stock to be appreciated by 15% and building to be appreciated by 10%
- Reserve for doubtful debts to be raised to Rs.2,000.

Prepare necessary ledger accounts and show the balance sheet of the new firm.

Cont...

OR

- b N, O and P were partners sharing profits in the ratio of 3:2:1. Their balance sheet on 31.12.2013 was as follows:

Liabilities	Rs.	Assets	Rs.
N's capital	1,40,000	Cash in bank	1,10,000
O's capital	1,00,000	Machinery	1,20,000
P's capital	60,000	Goodwill	1,00,000
Creditors	30,000		
	3,30,000		3,30,000

The following steps were taken on 01.01.2014:

- 'P' retired and his interest in the firm was valued at Rs.80,000. It was purchased by 'N' and 'O' from their private resources in their profit sharing proportion.
- 'Q' was admitted and became entitle to 1/6th share of profits on the condition that 'N' and 'O' should be credited proportionately for goodwill amounting to 60,000 and he should bring in capital to 1/4 of the combined capital of 'N' and 'O' after adjustments.

Prepare partners' capital accounts and show the opening balance sheet of the reconstituted firm as on 01.01.14.

- 13 a Following is the balance sheet of X, Y and Z as at 31.12.2014.

Liabilities	Rs.	Assets	Rs.
X's capital	20,000	Cash in hand	400
Y's capital	10,000	Cash at bank	10,000
Z's capital	10,000	Debtors	12,000
Reserve	6,400	Stock	8,000
Creditors	4,000	Plant & Machinery	12,000
		Goodwill	8,000
	50,400		50,400

Z died on 14.03.2015. Under the terms of partnership deed the executors of a deceased partner were entitled to:

- Amount standing to credit of partner's capital A/c.
- Interest on capital balance at 5% p.a.
- Share of goodwill on the basis of twice the average of the past three years profits and
- Share of profit from the closing of the last financial year to the date of death on the basis of the average of the three completed years profit before death.

Profit for 2012, 2013 and 2014 were respectively Rs.12,000, Rs.14,000 and Rs.16,000. Profits were shared in the ratio of capitals. Pass the necessary journal entries and draw up Z's A/c to be rendered to his executors.

OR

- b Explain the joint life policy and its accounting procedure.

- 14 a R, S and M are partners sharing profits and losses as 2 : 2 : 1. Their balance sheet as at 30.06.2020 was as follows:

Liabilities	Rs.	Assets	Rs.
Creditors	4,000	Fixtures	2,000
R's capital	10,000	Machinery	9,000
S's capital	4,000	Debtors	4,000
M's capital	2,000	Stock	5,000
Reserve fund	5,000	Bank	5,000
	25,000		25,000

They decided to dissolve the business. The following are the amounts realized. Machinery Rs.8,500; Furniture Rs.1,500; Stock Rs.7,000; and Debtors Rs.3,700. Creditors allowed a discount of 2% and R agreed to bear all realization expenses. For this service, R is paid Rs.120. Actual expenses amounted to Rs.900 which was Withdrawn by him from the firm. There was an unrecorded asset of Rs.500 which was taken over by S at Rs.400. Prepare Revaluation A/c, Capital A/c's and Bank A/c.

Cont...

OR

- b Red, White and Blue are in partnership. The following is their balance sheet 31.12.2015 on which date, they dissolved partnership. They share profits in the ratio of 5 : 3 : 2.

Liabilities	Rs.	Assets	Rs.
Creditors	40,000	Premises	40,000
Red's capital	50,000	Plant	30,000
White's capital	15,000	Debtors	60,000
Blue's capital	45,000	Stock	30,000
Red's loan	10,000		
	1,60,000		1,60,000

It was agreed to repay the amounts due to the partners as and when the assets were realized, viz : 01.02.2016 – Rs.30,000 ; 01.04.2016 – Rs.73,000; 01.06.2016 – Rs.47,000. Prepare a statement showing how the distribution to the partners should be made.

- 15 a Sarasu, Mangai and mekala share profits in the ratio of 4:3:2. They have decided to sell their firm to a limited company on June 30, 2019. Their Balance sheet on that date was as under :

Liabilities	Rs.	Assets	Rs.
Creditors	12,000	Land and Building	18,000
Sarasu capital	20,000	Machinery	12,000
Mangai capital	15,000	Debtors	15,000
Mekala capital	13,000	Stock	13,000
		Cash	2,000
	60,000		60,000

Purchase consideration agreed upon was Rs.50,000. Of this the company has paid Rs.32,000 in its own shares and the balance in cash. Dissolution expenses of the firm Rs.600 was paid by the company. Give journal entries.

OR

- b A & B and C & D agreed to amalgamate their business. Their balance sheets as on 31.03.2016 were as follows:

Liabilities	A & B Rs.	C & D Rs.	Assets	A & B Rs.	C & D Rs.
Creditors	1,04,000	52,000	Cash	1,56,000	65,000
A's capital	1,82,000		Debtors	1,30,000	1,04,000
B's capital	1,30,000		Stock	42,000	26,000
C's capital	-	91,000	Machinery	10,000	13,000
D's capital	-	65,000	Building	78,000	-
	4,16,000	2,08,000		4,16,000	2,08,000

Creditors and debtors were not taken over by the new firm ABCD. Building was retained by A & B. The cash required for working of the new firm was estimated at rs.1,30,000 to be provided by the partners in their new profit sharing ratio 3:3:2:2. Pass Journal entries in the books A&B and C&D and give the opening balance sheet of ABCD.

Z-Z-Z

END

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION DECEMBER 2022
(Fourth Semester)

Branch –COMMERCE (COST & MANAGEMENT ACCOUNTING)

CORPORATE ACCOUNTING

Time: Three Hours

Maximum: 75 Marks

SECTION-A (10 Marks)

Answer ALL questions

ALL questions carry EQUAL marks (10 x 1 = 10)

1. Debenture holders are _____
(i) Debtors of the Company (ii) Creditors of the Company
(iii) External users (iv) Owners of the Company
2. Ordinary shares are also called _____
(i) Equity shares (ii) Founder's shares
(iii) Deferred shares (iv) Preference shares
3. When shares are issued at premium amount of premium will be credited to _____
(i) Securities premium account (ii) Share first call account
(iii) Share allotment account (iv) Share forfeited account
4. The maximum amount with which the company is registered is called
(i) Authorized Share Capital (ii) Issued Share Capital
(iii) Subscribed capital (iv) Called up capital
5. When there is an increase in capital by an amount, it is registered on the
(i) Credit or right side of the account (ii) Debit or left side of the account
(iii) Credit or left side of the account (iv) Debit or right side of the account
6. The unfavourable balance of Profit and Loss account should be
(i) Subtracted from liabilities (ii) Subtracted from capital
(iii) Subtracted from current assets (iv) Added in liabilities
7. Which of the following methods are used for the valuation of goodwill?
(i) Super profit method (ii) Weighted profit method
(iii) Average profit method (iv) All of the above
8. Which of the following is not essential to calculate the yield value per share?
(i) Super profit (ii) Paid-up value
(iii) Normal return rate (iv) Expected return rate
9. At the time of _____ intercompany debts and acceptances are to be cancelled out.
(i) Merger (ii) Absorption
(iii) Internal reconstruction (iv) Consolidation
10. Holdings of minority will _____ by the number of bonus shares received by them.
(i) Increase (ii) Decrease
(iii) Remain same (iv) Shortage

Cont...

SECTION - B (35 Marks)

Answer ALL Questions

ALL Questions Carry EQUAL Marks

(5 x 7 = 35)

11. a Rajan Ltd. purchased the business of Raghu Bros. for Rs.45,00,000 payable in fully paid shares of Rs.100 each. What entries will be made in the books of Rajan Ltd, if such an issue is made:
- at par
 - at a premium of 10%
 - at a discount of 10%

OR

- b R.R.Ltd. issued 10,000 shares of Rs.10 each, payable as under:

	Rs
On application	3 per share
On allotment	4 per share
On first and final call	3 per share

30,000 shares were applied for. The directors accepted applications for 10,000 shares. All moneys due were fully received. Give journal entries and prepare the Balance sheet of the Company.

12. a XYZ Ltd. issued 200, 15% debentures of Rs 100 each on January 01, 2010 at discount of 10% redeemable at premium of 10% out of profits. Give journal entries at the time of issue and redemption of debentures if debentures are to be redeemed in lump sum at the end of 4th year. The directors decided to transfer the minimum amount to debenture redemption reserve on December 31, 2014.

OR

- b Give the necessary journal entries at the time of redemption of debentures in each of the following cases.
- X Ltd. issued 5,000, 9% debentures of Rs 100 each at par and redeemable at par at the end of 5 years out of capital.
 - X Ltd. issued 1,000, 12% debentures of Rs 100 each at par. These debentures are redeemable at 10% premium at the end of 4 years
 - X Ltd. issued 12% debentures of the total face value of Rs 1,00,000 at premium of 5% to be redeemed at par at the end of 4 years
 - X Ltd. issued Rs 1,00,000, 12% debentures at a discount of 5% but redeemable at a premium of 5% at the end of 5 years

13. a Ganesh Ltd., was registered on 01-07-1997 to acquire the running business of Suneel & Co., with effect from 1-1-97. The following was the Profit and Loss account of the company on 31-12-97.

Particulars	Rs.	Particulars	Rs.
To Office expenses	54,000	By Gross Profit b/d	2,25,000
To Formation expenses (written off)	10,000		
To Stationery & Postage	5,000		
To Selling Expenses	60,000		
To Director's Fees	20,000		
To Net Profit	76,000		
	2,25,000		2,25,000

You are required to prepare a statement showing profit earned by the company in the pre and post incorporation periods. The total sales for the year took place in the ratio 1:2 before and after incorporation respectively.

OR

Cont...

- b S & R Co., Ltd was incorporated on July 1, 1992 to purchase the business of Nisha Bros., as on 1-4-92. Certificate of Commencement of business was received on 1-8-92. The accounts for the year ended 31-3-93 disclosed net profits of Rs.80,000 after charging the following:

- (1) Directors' salary – Rs. 10,000.
- (2) Salaries – Rs. 20,000 (4 employees in pre incorporation period and six employees in post incorporation period).
- (3) Wages – Rs. 10,200 (5 workers at Rs. 80 per month in pre incorporation period and 10 workers at Rs. 100 per month in post incorporation period).

The sales were Rs. 3,00,000 of which Rs. 75,000 were in pre incorporation period. Calculate profit earned in the pre and post incorporation periods.

14. a The following particulars are available in respect of the business carried by Mr. Raj
- (i) Capital invested – Rs. 50,000
 - (ii) Trading results
 - 1990 Profit Rs. 12,200
 - 1991 Profit Rs. 15,000
 - 1992 Loss Rs. 2,000
 - 1993 Profit Rs. 21,000
 - (iii) Market rate of interest on investment 8%
 - (iv) Rate of risk return on capital invested in business 2%
 - (v) Remuneration from alternative employment of the proprietor (if not engaged in business) – Rs. 3,600 p.a
- Compute the value of goodwill of the business on the basis of 3 years purchase of super profit taking average of the last four years.

OR

- b Explain the factors affecting the valuation of shares.

15. a The following is the Balance sheet of S Ltd. as on 31st March, 2010.

Liabilities	Rs.	Assets	Rs.
Share capital		Fixed Assets	2,90,000
Equity shares of Rs. 10 each	2,70,000	Investment	2,75,000
General Reserve Profit & Loss A/c	3,60,000	Current Assets	1,30,000
Current liabilities	85,000	Preliminary Expenses	20,000
	7,15,000		7,15,000

H Ltd. acquired 25,000 shares in S Ltd. on 31st March, 2010 at a cost of Rs. 2,75,000. Fixed assets were revalued at Rs. 3,28,000. Find minority interest

OR

- b Elucidate the advantages and disadvantages of holding companies.

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

(3 x 10 = 30)

16. A company that was incorporated on 1 January 2019 issued a prospectus inviting applications for 500,000 equity shares at \$10 each per share. The whole issue was fully underwritten by four individuals, as shown in the following:
- A: 200,000 shares
B: 150,000 shares
C: 100,000 shares
D: 50,000 shares
- Applications were received for 450,000 shares, of which the marked applications were as follows:
- A: 220,000 shares
B: 90,000 shares
C: 110,000 shares
D: 10,000 shares
- Calculate the liabilities of individual underwriters.
17. ABC Ltd. issued 3,000, 14% Debentures of Rs 100 each at a discount of 5% on January 1, 2012. Interest on these debentures is payable annually on December 31 each year. The debentures are redeemable at par in three equal instalments at the end of the third, fourth and fifth year. Prepare 14% Debentures Account, Discount on Issue of Debentures Account and Debenture Interest Account in the books of the company.
18. A company was incorporated on 1st May 1984 acquiring the business of a sole trader with effect from 1st January 1984. The accounts of the company were closed for the first time on 30th September 1984, disclosing a gross profit of Rs.1,68,000. The establishment expenses were Rs. 42,660, directors' fees Rs. 3,000 per month, preliminary expenses written off Rs. 4000, rent upto June, 1984 was Rs. 300 per month which was thereafter increased to Rs.750 per month. Salary to the manager was at Rs.1,500 per month who was appointed a director at the time of incorporation of the company.
- Prepare a statement showing profits prior and subsequent to incorporation assuming that the net sales were Rs.24,60,000, the monthly average of which for the first four months of 1984 was half of that of the remaining period.
19. Following is the balance sheet of Maruthy Co. Ltd. as on 31st March 1998.

Liabilities	Rs.	Assets	Rs.
60,000 equity shares of Rs. 100 each, fully paid	60,00,000	Goodwill at cost	5,00,000
Capital Reserve	2,00,000	Plant & Machinery	
General Reserve	13,90,000	Less depreciation	17,00,000
Profit & Loss A/c	30,000	Furniture & Fixtures	
Sundry creditors	25,70,000	Less depreciation	6,00,000
Provision for taxation	15,00,000	Stock	32,00,000
Proposed dividend	13,20,000	Sundry Debtors	20,00,000
		Cash	49,10,000
		Preliminary expenses	1,00,000
	1,30,10,000		1,30,10,000

The following additional information is provided to you:

- i) The reasonable return on capital employed in the industry in which Maruthy Co.Ltd is engaged is 18%
- ii) The rate of tax is 50%. The balance in provision for taxation account is in respect of profit for the year ended 31st March 1998.
- iii) The year 1997-98 was a normal year and the prospects for 1998 -99 are equally good.

Calculate value of goodwill at four years' purchase of super profits of the company.

20. The balance sheets of R Ltd. and S Ltd. as at December, 31st 2010 given below.

Liabilities	R Ltd.	S Ltd.	Assets	R Ltd.	S Ltd.
Share capital (Rs.10 each)	8,00,000	2,00,000	Fixed Assets	7,00,000	2,00,000
General Reserve	2,00,000	80,000	Investment 16,000 shares in S Ltd.	2,00,000	
Profit and Loss A/c	1,00,000	60,000	Current Assets	3,00,000	1,60,000
Creditors	1,00,000	20,000			
	12,00,000	3,60,000		12,00,000	3,60,000
	0	0			

S Ltd. had a credit balance of Rs. 80,000 in the General Reserve when R Ltd. acquired share in S Ltd. S Ltd. decided to capitalize Rs. 40,000 out of post-acquisition profits earned by making a bonus issue of one share for every five shares held.

Prepare a consolidated Balance sheet as December, 31st 2010.

Z-Z-Z

END

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION DECEMBER 2022
(First Semester)

Branch – COMMERCE (COST MANAGMENET ACCOUNTING)

FUNDAMENTALS OF ACCOUNTING

Time: Three Hours

Maximum: 50 Marks

SECTION-A (5 Marks)

Answer ALL questions

ALL questions carry EQUAL marks

(5 x 1 = 5)

- 1 Writing of transaction in the ledger is called
 - (i) Costing
 - (ii) Balancing
 - (iii) Journalizing
 - (iv) Posting
- 2 Which one of the following is intangible asset?
 - (i) Machinery
 - (ii) Goodwill
 - (iii) stock
 - (iv) Cash
- 3 Income and expenditure A/c reveals
 - (i) Cash in hand
 - (ii) Surplus or deficiency
 - (iii) Capital A/c
 - (iv) Net profit
- 4 Bank Reconciliation statement is a
 - (i) Ledger A/c
 - (ii) Separate statement
 - (iii) Subsidiary record
 - (iv) Cash statement
- 5 Depreciation is
 - (i) A loss due to wear and tear of fixed assets
 - (ii) A loss by fire accident
 - (iii) A loss by flood
 - (iv) A loss by fire

SECTION - B (15 Marks)

Answer ALL Questions

ALL Questions Carry EQUAL Marks

(5 x 3 = 15)

- 6 a From the following balances extracted from the books of a trader, prepare Trial Balance as on 31st March, 2016.

	Rs.		Rs.
Capital	9,000	Rent out Standing	1,000
Plant and machinery	12,000	Opening Stock	2,000
Purchases	8,000	Sales returns	4,000
Sales	12,000	Investments	14,000
Sundry Creditors	8,000	Debtors	12,000
Bank loan	22,000		

OR

- b Enter the following transactions in the sales returns book:

2000

Jan 10 Akilan returned goods worth Rs.750

Jan 15 Janaki returned goods worth Rs.1500

Jan 25 Govindan returned goods worth Rs.2000

Cont...

- 7 a Prepare Trading Account from the following Balances

	Rs.
Opening Stock	80,000
Purchases	8,60,000
Freight Inward	52,000
Wages	24,000
Sales	14,40,000
Purchase Returns	10,000
Sales Returns	3,16,000
Closing stock	1,00,000
Import duty	30,000

OR

- b From the following information, prepare Balance Sheet of a trader as at 31st March, 2018.

	Rs.		Rs.
Goodwill	20,000	Bank	20,000
Capital	1,80,000	Sundry Creditors	63,000
Liabilities for Expenses	1,200	Bills Receivable	13,000
Cash in Hand	1,000	Plant and Machinery	40,000
Investment	20,000	Provision for Doubtful Debts	2,500
Bills Payable	10,700	Closing Stock	80,000
Net Profit	92,600	Furniture	16,000
Sundry Debtors	50,000	Drawing	30,000
Land and Building	60,000		

- 8 a Subscription received in the financial year 2020-21 shown as following:

For 2019-2020 Rs. 10,000

For 2020-2021 Rs. 80,000

For 2021-2022 Rs. 8,000

For 2022-2023 Rs. 5,000

Subscription O/s for the 2020-21 Rs. 15,000 and Subscription received in advance in 2019-20 Rs. 5,000.

Calculate the total amount of the Subscription which will be debited to Receipts and Payment A/c.

OR

- b From the following particulars prepare receipts and payments account

	Rs.
Cash in hand	100
Cash at bank	500
Subscription received	3,300
Donation Received	260
Investment purchased	1,000
Rent paid	400
General Exp	210
Postage and stationary	70
Sundry Exp	30
Cash balance at close	20

- 9 a Rectify the following errors

1. A credit purchase for Rs.2500 from Mr. A was not entered.

2. A credit sale to Mr. B for Rs.3200 was not entered.

3. Goods returned by Mr. C for Rs.175 was taken into stock, without any entry in the Subsidiary Book.

4. Goods returned to Mr. D for Rs.125 was not recorded.

5. Goods sold to Shri Ram for Rs.3500 was debited to Sitaram.

Cont...

OR

- b Draw up a Bank Reconciliation Statement as on 31st Dec. 2009.

1. Balance as per Cash Book Rs.13000
2. Interest on Securities collected by Bank but not entered in Cash Book Rs.1000
3. Cheques deposited but not collected by Bank Rs.3000
4. Cheques issued but not presented for the payment Rs.16000
5. Insurance Premium paid by Bank but not yet recorded in Cash Book Rs.500
6. Bank Charges debited in Bank but not recorded in Cash Book Rs.30

- 10 a A company purchased a second hand plant for Rs.30000. It immediately spent on it Rs.5000. The plant was put to use on 1-1-90. After having used it for six years, it was sold for Rs.15000. You are required to prepare the Plant A/c for 6 years, providing depreciation at 10% on original cost

OR

- b Q Ltd, purchased on 1st January, 2008 a machine for Rs. 10,000. On 1.7.08 it again purchased another machine for Rs. 5,000. On 1.7.09 the machine purchased on 1.1.2008 was sold for Rs.4,000. On 1.7.2010 a new machine was purchased for Rs.12,000. On the same date the machine purchased on 1.7.2008 was sold for Rs.4,200. Depreciation was provided at 10% p.a. on the written down value every year. Show the Machinery Account.

SECTION -C (30 Marks)Answer any **Three** questions**ALL** questions carry **EQUAL** Marks

(3 x 10 = 30)

- 11 Enter the following transaction in a three column cash book

Date	Particulars	Rs.
2014	Cash in hand	410
Jan1	Balance at Bank	8920
2	Cash sales	4500
3	Paid into bank	4000
5	Purchased stationary	100
8	Paid Mahesh by cheque	280
	Discount received	20
12	Gave a cheque for cash purchases	1500
15	Drew for personal use	500
18	Received from suresh , a cheque for Rs.1970 in full settlement of account for Rs.2000 and deposited it in bank	
20	Drew from bank	1000
21	Paid wages	800
25	Bank returned cheque of suresh dishonoured	
31	Bank charges as per pass book	10

- 12 From the following Trial Balance of Thiru. Mani as on 31st March 2017, prepare Trading , Profit & Loss A/c and Balance Sheet taking into account the adjustments:

Debit Balances	Rs.	Credit Balances	Rs.
Land & Buildings	42,000	Capital	62,000
Machinery	20,000	Sales	98,780
Patents	7,500	Return Outwards	500
Stock 1-4-2016	5,760	Sundry Creditors	6,300
Sundry debtors	14,500	Bills Payable	9,000
Purchases	40,675		
Cash in hand	540		

Cont...

Cash at bank	2,630		
Return inwards	680		
Wages	8,480		
Fuel & Power	4,730		
Carriage on sales	3,200		
Carriage on Purchase	2,040		
Salaries	15,000		
General expenses	3,000		
Insurance	600		
Drawings	5,245		
	1,76,580		1,76,580

Adjustments:

- 1) Stock on 31-3-2017 was Rs.6800
- 2) Salary outstanding Rs.1500
- 3) Insurance Prepaid Rs.150
- 4) Depreciate machinery @10% and Patents @ 20%
- 5) Create Provisions of 2% on debtors for bad debts.

- 13 A summary of receipts and payments of madras sports club for bone year is given below:

Receipts & Payments A/c for the year ended 31.12.2017

Receipts	Rs.	Payments	Rs.
To opening Balance	3,000	By salaries & Rent	1,500
To subscription	20,000	By Electric charges	300
To Donations	5,000	By Sports expenses	1,000
To Entrance fees	1,000	By Sports goods purchased	9,000
To interest	100	By Miscellaneous exp	700
To charity shows receipts	2,400	By Charity shows exp	2000
		By Investment	8000
		By Closing balance	9000
	31,500		31,500

Following information is available at the end of the year:

- (a) Of the subscription received Rs. 500 is for 2016, and Rs. 600 for 2018, but Rs.100 is due for 2017.
- (b) Total sum received on Entrance fees is to be capitalized.
- (c) Salary outstanding is Rs.300
- (d) Interest on investment is receivable at Rs.500. The club had the following assets on 1.1.2007:

Sports goods Rs.3000; Books Rs.2000; Investments Rs.6000;

Amount written off on sports goods during the year Rs.1500. Market value of investments gone down by Rs.300.

Prepare income and Expenditure A/c and Balance Sheet as on 31.12.2017.

- 14 From the following particulars, you are required to find out the errors in cash book and bank statement by using missing method and prepare Bank Reconciliation Statement as on 31-12-2016, for Chand Bibi Ltd:
- (i) Bank balance overdraft as per cash book Rs. 80,000
 - (ii) Cheques recorded for collection but not sent to the bank Rs. 10,000
 - (iii) Credit side of the cash book cast short Rs. 1,000
 - (iv) Premium on proprietor's Life Insurance Policy (LIP) paid on standing order Rs. 5,000

Cont...

- (v) Bank Charges recorded twice in the cash book Rs. 100
 - (vi) Customer's Cheques returned by the bank as dishonored Rs. 4,000
 - (vii) Bill Receivable collected by the bank directly on the behalf of company Rs. 20,000
 - (viii) Cheques received entered twice in the cash book Rs. 6,000
 - (ix) Cheques issued but dishonored on technical grounds Rs. 3,000
 - (x) A Cheque deposited into the bank of worth Rs. 45,000 but Rs. 8,000, Cheque was not collected by bank
- 15 On 1st April 2015, R&P enterprises purchased a lease property for Rs.2000000. The lease will expire on 31st March 2018. It was decided to provide depreciation on lease using the Sinking Fund Method. Following transactions took place during the period. Prepare the required accounts
- i. 31st March 2016: Depreciation was Rs.640000 and this sum was invested.
 - ii. 15th November 2016: Investments costing Rs.100000 was sold for Rs.120000 and the proceeds were re-invested.
 - iii. 31st March 2017: Depreciation was Rs.640000 and the interest on investments was Rs.32000. These sums were re-invested.
 - iv. 31st August 2017: Investments costing Rs.200000 was sold for Rs.225000 and the proceeds were re-invested.
 - v. 31st March 2018: All investments were sold for 950000. Interest earned was 64000. Depreciation was Rs.640000.

Z-Z-Z

END