

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

**BCom DEGREE EXAMINATION MAY 2022  
(First Semester)**

Branch – **COMMERCE (PROFESSIONAL ACCOUNTING)**

**ACCOUNTANCY - I**

Time: Three Hours

Maximum: 50 Marks

**SECTION-A (5 Marks)**

Answer ALL questions

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

- 1 Business is distinct from the owner. This is called as \_\_\_\_\_ concept.  
 (i) Business entity (ii) Going concern  
 (iii) Money measurement (iv) Cost
- 2 Ledger is a book in which \_\_\_\_\_ accounts are opened.  
 (i) Only real (ii) only real and personal  
 (iii) Only personal (iv) all the real, personal and nominal
- 3 Which inventory pricing method assumes that the goods most recently purchased are sold first?  
 (i) FIFO (ii) LIFO  
 (iii) Simple Average (iv) Weighted Average
- 4 Red Ink Interest method is associated with \_\_\_\_\_.  
 (i) Average Due Date (ii) Current Account  
 (iii) Account Current (iv) Royalty Account
- 5 The relationship between the co-venturers is that of \_\_\_\_\_.  
 (i) Principal and agent (ii) Debtor and creditor  
 (iii) Partners (iv) Consignor and consignee

**SECTION - B (15Marks)**

Answer ALL Questions

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

- 6 a) Describe about convention of Consistency.  
 OR  
 b) State with reasons whether the following are capital or revenue expenditure :  
 i) Freight and cartage on the new machine Rs. 150. Erection charges Rs. 200.  
 ii) Fixtures of the books value of Rs. 1,500 were sold off at Rs. 600 and new fixtures of the value of Rs. 1,000 were acquired, cartage on purchases Rs.5.  
 iii) A sum of Rs. 100 was spent on painting the factory  
 iv) Rs.5,150 spent on repairs before using a second hand purchased recently to put it in usable condition.
7. a) Journalise the following transactions  
 (i) Ram started business with a capital of Rs.10,000  
 (ii) He purchased furniture for cash Rs.4,000  
 (iii) He purchased goods from Mohan on credit Rs.2,000  
 (iv) He paid cash to Mohan Rs.1,000  
 OR  
 b) Pass journal entries to rectify the following errors:  
 i) A cheque of Rs. 750 received for loss of stock by fire had been deposited in the proprietor's private bank account.  
 ii) Bills receivable from Mr. Aar of Rs. 1,000 was posted to the credit of Bills payable account and also credited to the account of Mr. Aar.

Cont...

8. a) Explain the basic techniques for Inventory Valuation.  
OR
- b) In a business there was a machine of Rs. 90,000 on 1st January 2002. On 30th June, 2002 an additional machine was purchased for Rs. 10,000. On 31st December 2002 part of the machine was sold for Rs. 2,100 which had a cost price of Rs. 2,000 on 1st January, 2002. Prepare machine account after providing depreciation at 10% p.a. on fixed instalment basis.

9. a) A partner has withdrawn the sums of money during the year ending 30th June 2009 :

January 15	Rs. 500	April 5	Rs. 800
February 10	400	May 20	1000
March 12	700	June 18	900

Interest is to be charges at 10% per annum. Find out the average due date. Calculate the interest on drawings.

OR

- b) Narrate the methods of Recoupment of shortworkings..
10. a) Describe Inland and Foreign bills.  
OR
- b) On 1st January, 2000. Rohit send 150 sewing machines costing Rs. 30,000 to Anurag to be sold on behalf of the former at 5% commission on Sales. Rohit paid Rs. 1,500 as freight and carriage for sending the machines. Anurag sent the account sales on 31st March, 2000 stating that
- 120 sewing machine were sold for Rs. 27,000
  - Expenses on inward consignment were : Octroi Rs. 250 ; Carriage Rs. 50, Godown Rent Rs. 2,100 and Advertisement and Other Selling Expenses Rs. 1,500.
- Calculate the value of consignment stock on 31st March, 2000.

### SECTION -C (30 Marks)

Answer ALL questions

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

11. a) Explain the objectives of Accounting Standards.

OR

- b) State in each of the following cases whether the expenditure is a "capital expenditure" or "revenue expenditure or deferred revenue expenditure".
- Legal expenses incurred to defend a suit for a breach of a contract to supply goods.
  - Custom duty paid on imported machinery.
  - Heavy expenditure incurred on advertising a new product.
  - Amount spent to overhaul a motor truck purchased second hand.
  - Wages paid to workers for setting up a new machinery
  - Wages paid to workers for converting raw material into finished goods.
  - Office rent paid in advance for three years.
  - Expenditure on development of a product.

12. a) Journalise the following transactions, post them in the Ledger and balance the accounts as on 31st December, 2008.

- Dec.
- Rajini started business with a capital of Rs. 50,000
  - He purchased furniture for Rs. 5,000
  - He bought goods on credit from Vinod for Rs. 8,000
  - He sold goods to Suresh for Rs. 5,000
  - He received cash from Suresh Rs. 3,000
  - He purchased goods for cash Rs. 12,000
  - He sold goods for cash Rs. 8,000
  - He paid rent Rs. 1,200
  - He paid Vinod Rs. 3,000 on a/c.

OR

- b) From the information given below, prepare a Bank Reconciliation statement of Neha Enterprises as on 31st March 2003, whose Cash Book showed an overdraft balance of Rs. 7,100 in Account No. I.
- Cash book payments side is overcast by Rs. 100.
  - Rs. 3,200 deposited in Account Number 1 has been wrongly credited to Account Number 2.
  - Cheques totalling Rs. 10,400 have been issued on March 24th, out of which Pass book has an entry only for cheques amounting to Rs. 8,200.
  - Of the two cheques paid into the account on 27th March, amounting to Rs. 3,800 and Rs. 2,200, second cheque has an entry on 2nd April in the Passbook.
  - Passbook shows an entry of Rs. 40 for bank charges, Rs. 170 for interest on overdraft and Rs. 4,000 towards the cheque directly deposited by a customer into this account. There are no corresponding entries regarding these in Cash Book.
  - A cheque for Rs. 500 was deposited into this account. The entry in the Pass book shows that it is dishonored.

- 13 a) At the beginning of October, a Tin Private Company had 10,000 units @ Rs. 2 per unit. Further purchase were made during the month as follows:

4th Oct. 2,000 units @ Rs. 2.50 per unit.  
 10th Oct. 5,000 units @ Rs. 3.00 per unit.  
 20th Oct. 10,000 units @ Rs. 3.50 per unit.

The issues to the manufacture were as follows:

12th Oct. 16,000 units.  
 28th Oct. 10,000 units.

What would be the value of the closing stock at the end of the month if the materials were issued according to First in first out method

OR

- b) On 1st April 2000, Moon Ltd. Purchased a plant for Rs. 10,00,000, On 1st October, 2000, an additional plant was purchased costing Rs. 5,00,000. On 1st October 2001, the plant purchased on 1st April, 2000 was sold off for Rs. 4,00,000. On 1st October 2002, a new plant was purchased for Rs. 12,00,000 and the plant purchased on 1st October 2000, was sold for Rs. 4,20,000 on the same date.

Depreciation is to be provided at 10% per annum on the written down value on 31st March every year. Prepare the plant account for three years ended 31st March, 2002.

14. a) Mr B had the following transactions with A during the year 2005

		Rs
July 1	Balance due from A	600
July 15	Sold goods to A	1,900
Aug 10	Received Cash from A	1,100
Aug 19	Purchased goods from A	700
Sept 3	Returned goods to A	300
Sept 16	Received cash from A	500

Prepare an Account Current to be rendered by B to A as on 30<sup>th</sup> Sep 2005 calculating interest at 10% p.a.

OR

- b) Jain wrote a book "Advanced Accountancy" and got it published with Kalyani Publication on the terms that royalties will be paid at Rs. 5 per copy sold, subject to a Minimum Rent of Rs. 15,000 per year, with a right to recoup the short workings over the first year of the royalty agreement. The details are as under:

Year	No. of Copies printed	Number of Copies of Closing stock
2004	2,000	100
2005	3,000	200
2006	4,000	400
2007	5,000	500

Prepare Minimum Rent Account, Royalties Account and Jain Accounts in the books of Kalyani Publications.

15. a) Banerjee and Mukherjee agreed to import Russian timber into India. On 1st July, 2004, they opened a joint bank account with Rs. 25,000, towards which Banerjee contributed Rs. 15,000 and Mukherjee contributed Rs. 10,000. They agreed to share profits and losses in proportion to their cash contributions.

They remitted to their agent in Russia Rs. 20,000 to pay for timber purchased, and later Rs. 2,100 in settlement of his account, Freight, insurance and dock charges amounted to Rs. 3,900. On Dec. 31, 2004, the sales amounted to Rs. 28,740 which enabled them to repay themselves with cost originally advanced (no account to be taken of interest). They then decided to close the venture and Mukherjee agreed to take over the timber unsold for Rs. 1,260, which is to be deducted from his share of profit.

Prepare the necessary accounts showing the amount of cash available for division by way of profits and how the same is divisible between Banerjee and Mukherjee.

OR

- b) Elucidate the treatment of normal and abnormal loss in Consignment account.

Z-Z-Z

END