

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)
BCom DEGREE EXAMINATION DECEMBER 2019
(First Semester)

Branch - **COMMERCE (BUSINESS ANALYTICS)**

FINANCIAL ACCOUNTING -1

Time: Three Hours

Maximum: 75 Marks

SECTION-A (10 Marks)

Answer **ALL** questions

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

- 1 If the closing stock appears in the trial balance, it is transferred to.
(i) Trading a/c (ii) Trading A/c and Balances sheet
(iii) P & L a/c (iv) Balance sheet
- 2 Historical cost concept requires the recording of an asset:
(i) At its cost (ii) At its market value
(iii) At its net realisable value (iv) None of these
- 3 Sales of Rs..5,000 to Raman was not entered in sales book. If is an error of
(i) commission (ii) Principle (iii) Omission (iv)Wrong balancing
- 4 When the overdraft as per cash book is the starting point, a Cheque of Rs. 10,000 deposited into bank but not recorded in cash book will be
(i) Added by Rs. 10,000 (ii) Deducted by Rs. 10,000
(iii) Added by Rs.20,000 (iv) Deducted by Rs.20,000
- 5 The grace days for a bill is
(i) 3 Days * (ii) 4 Days (iii) 5 Days (iv) 6 Days
- 6 Royalty is the agreement between the following persons
(i) Seller and buyer (ii) Banker & customer
(iii)Trustee and Beneficiaries (iv) Landlord and tenant
- 7 The abnormal loss on consignment is credited to
(i) P & L a/c (ii) Consignee a/c (iii) Consignment a/c (iv) Consignor a/c
- 8 Joint Bank account is
(i) Not like a cash book (ii) Opened specially for the venture
(iii) Operated by one of the ventures (iv) None of the above
- 9 Under diminishing balance method, depreciation is calculated on
(i) Original cost (ii) Written down value (iii)The scrap value (iv) Market value
- 10 The annual installment to depreciation fund for replacement of fixed asset is:
(i) Charge against profits
(ii) An appropriation of profits
(iii) Neither a charge nor an appropriation of profits
(iv) None of the above

SECTION - B (35 Marks)

Answer **ALL** Questions

ALL Questions Carry **EQUAL** Marks (5 x 7 = 35)

- 11 a Pass necessary adjustment entries for the following adjustments.
 - i) Depreciation at 10% is to be charged on machinery standing in the books at Rs. 1,00,000.
 - ii) Insurance unexpired is Rs.200
 - iii) Salaries outstanding Rs. 10,000
 - iv) To provide provision for Doubtful Debts at 2% on sundry debtors worth Rs.20,000
 - v) Closing stock Rs.55,000
 - vi) Interest has accrued on investments Rs.500
 - vii) Commission received in advance Rs. 1,000

OR

11 Cont...

b From the following balances extracted at the close of the year ended 31st March

	Rs.		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
Travelling expenses	700	Printing & stationery	2,500
Salaries	900	Trade expenses	300
Commission	300		

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 account.
- iv) Repairs made were debited to Building Account for Rs.250
- v) An amount of Rs.500 withdrawn by the proprietor for his personal use has been debited to trade expenses account
- vi) Rs.200 received from Shanthy & Co., has been wrongly entered as of from shajahan & Co.

OR

b From the under-mentioned particulars of Mr.M.Mohan prepare a Bank Reconciliation statement as on 31st July 2014.

- i) Cheques paid into Bank on the 28th July 2014 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 30th July 2014 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 31st July 2014 amounted to Rs.30,000.

13 a On 1.1.2009 Jayanthy sold goods to Devi on credited for Rs.2,000 and drew a bill on 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 honored by Devi pass Journal entries in the books of both the parties.

OR

b A company leased a colliery on 1-1-12 at a minimum rent of Rs.20,000 merging into a royalty of Rs. 1.50 per tonne with power to recoup short workings 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 in the books of lessee.

14 a Prem consigned 200 boxes of Medicines @ Rs.100 per Box to Ram. He incurred the following expenses.:

Insurance Rs. 1,000

Loading charges Rs. 1,600

Freight Rs. 1,400

An account sales was received from Ram which showed that 160 boxes were sold @ Rs.200 per box Ram incurred the following expenses:

Clearing charges Rs. 1,000

God own rent Rs.400

Advertisement Rs.600

Other selling expenses Rs. 1,000

Ascertain the value of stock on consignment and show also the relevant entry.

OR

14 Cont...

b Das and Krishnan entered into a Joint venture sharing profits and losses as 3:2.

They opened a Bank A/c by depositing Rs.40,000 each.

Das purchased 800kg of an item @ Rs.60 per kg and his expenses were Rs.13,000. Krishnan purchased a second item of 10,000kg. @ Rs.2.10 per kg and his expenses were Rs. 11,000. Expenses were met from private sources and purchases were paid from Bank account.

Krishnan sold 600 kg of the first item @ Rs.100 per kg and his selling expenses were deposited in Bank Account and expenses were met from private sources.

Write up necessary accounts in the books of the venture.

15 a A machine purchased on 1st July 2013 at a cost of Rs. 14,000 and Rs. 1,000 was spent on its installation. The depreciation is written off at 10% on the original cost every year. The books are closed on 31st December each year. The machine was sold for Rs.9,500 on 31st March 2016.

Show the machinery account for all the years.

OR

b The following balances appear in the books of Mohan.

	Rs.
1.1.90 Machinery A/c	50,000
1.1.90 Provision for Depreciation a/c	20,000

On 1.1.90 they decided to sell a machine for Rs.4,500. This machine was purchased for Rs.9,000 in January 1986, You are required to prepare Machinery A/c and the provision for Depreciation a/c on 31.12.90 assuming the firm has been charging depreciation at 10% p.a on straight line method.

SECTION - C (30 Marks!)

Answer any **THREE** Questions

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

16 The following are the ledger balances extracted from the books of weifa.

	Rs.		Rs.
Weifa's capital	50,000	Sales	3,01,000
Bank overdraft	8,400	Return inwards	5,000
Furniture	5,200	Discount (cr)	800
Business premises	40,000	Taxes & Insurance	4,000
Creditors	26,600	General Expenses	8,000
Opening stock	44,000	Salaries	18,000
Debtor's	36,000	Commission allowed	4,400
Rent from, tenants	2,000	Carriage on purchases	3,600
Purchases	2,20,000	Provision for Doubtful Debts	1,000
	1	Bad debts written off	1,600

Adjustments:

i) Stock hand on 31-12-1995 was estimated as Rs.40,120.

ii) Write off depreciation on business premises Rs.600 and furniture Rs.520.

iii) Make a provision of 5% on debtors for bad & doubtful debts..

iv) Allow interest on capital at 5% and carry forward Rs. 1,400 for un expired insurance.

Prepare final Accounts for the year ended 31-12-1995.

17

A trial Balance is prepared and the book keeper finds that it disagrees, there being an excess debit of Rs. 1,270. The time in hand to trace the errors being short. He places the difference to the credit of a newly opened account called suspense Account.

He subsequently discovers the following errors. Pass rectifying Journal entries with a view to close the suspense Account. Show also the suspense Account.

i) The Day Book is tolled Rs.50 short.

ii) Payment of trade expenses Rs.275 entered on the payment side of the cash book omitted to be posted.

iii) Commission Rs.125 paid has been posted twice to commission account.

17 Cont...

S

- iv) A sale to A.Gopal for Rs.195 though correctly entered in the day book is debited to A.Gopal Account as Rs.465,
 v) Goods bought from L.Lal for Rs.500 though correctly entered in the invoice book is debited to L.Lal's personal account instead of being credited to him.
 vi) Discount column on the receipts side of cash book totaling Rs.615 has been added up to show Rs.715.

- 18 Mala purchased goods for Rs.3,000 from kala on 1.4.1999.
 Mala accepted a three months bill for the amount and gave it to kala the same day. Kala discounted it immediately with Indian Bank at discount of 5% p.a. on due date the bill was honored by payment.
 You are required to give entries in the books of all the parties.

- 19 A and B doing business separately as build contractors, undertake Jointly to construct a building for a newly started Joint stock company for a contract price of Rs. 1,00,000 payable as to Rs.80,000 by installments in cash and Rs.20,000 in fully paid shares of the company. A banking account is opened in their Joint names, A paying Rs.25,000 and B Rs. 15,000. They are to share profits and losses in the proportion of 2/3 and 1/3 respectively. Their transactions were as follows.

	Rs.
Paid wages	30,000
Bought materials	70,000
Materials supplied by A	5,000
Materials supplied by B	4,000
Architects fees paid by A	2,000

The contract was completed and the price (cash and shares) duly received. The Joint venture was closed by 'A' taking up all the shares of the company at an agreed valuation of Rs. 16,000 and 'B' taking up the stock of materials at an agreed valuation of Rs.3,000.

Show the necessary ledger Accounts.

- 20 A company whose accounting year is the calendar year, purchased on 1-1-93 a machine for Rs.40,000. It purchased further machinery on 1st Oct 1993 for Rs.20,000 and on 1st July 1994 for Rs.10,000. On 1-7-1995, 1/3 of machinery installed on 1-1-1993 became obsolete and was sold for Rs.6,800.
 Show how the machinery account would appear in the books of the company for all the 3 years under diminishing Balance method. Depreciation is to be provided at 10% p.a.

Z-Z-Z

END