

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

Branch - **COMMERCE (COST AND MANAGEMENT ACCOUNTING)**

FUNDAMENTALS OF ACCOUNTING

Time: Three Hours

Maximum: 75 Marks

SECTION-A (10 Marks!)

Answer **ALL** questions

ALL questions carry **EQUAL** marks

(10x1 = 10)

- 1 In journal, the business transaction recorded
(i) Same day (ii) Next day (iii) One in a week (iv) One in a month
- 2 Real account records
(i) Dealing with creditors (ii) Dealing with commodities
(iii) Gain or Losses (iv) Dealing with debtors
- 3 Balance sheet is prepared
(i) Daily (ii) Weekly (iii) Monthly (iv) Annually
- 4 Cash equivalents, inventories and account receivable are classified as
(i) Asset (ii) Liability (iii) Earning (iv) Payments
- 5 The error in the books of A/c are broadly divided into
(i) 2 (ii) 3 (iii) 4 (iv) 5
- 6 Trail Balance is
(i) SubUy book (ii) Principle book (iii) An account (iv) A statement
- 7 The assets which is an exception from depreciation
(i) Computer (ii) Furniture (iii) Land (iv) ATM Machine
- 8 Under the diminishing balance method depreciation is calculated on
(i) Scrap value (ii) Book value (iii) Original value (iv) Market value
- 9 Income and expenditure account is based on
(i) Cash A/c (ii) Accrual A/c
(iii) Government A/c (iv) Management A/c
- 10 The capital of a Non profit organization is generally know as
(i) Equity (ii) Accumulated funds (iii) Cash fund (iv) Financial services

SECTION - B (35 Marks)

Answer **ALL** Questions

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

- 11 a What are accounting conventions? Explain them in detail.

OR

- b Journalize the following transactions in the year of 2018

April 2 Commenced business with a capital of Rs. 10,000

" 5 Bought good for cash from Ravi for Rs. 5000

" 7 Opened bank account and deposited Rs. 2000

"10 Purchased stationeries Rs. 200

" 15 Sold goods to Ramu Rs. 15000

"19 Purchased machinery form Prabu for each Rs. 7000

" 22 Purchased Furniture from pradeep Rs. 12,000

- 12 a Distinguish between capital and revenue expenditure.

OR

- b The following are the balances extracted from the books of Amir as on 31.12.2018. Prepare trading and profit and loss account for the year ended 31st December, 2018 and a balance sheet as on that date.

Cont...

11 b Cont..

Debit balances	Rs.	Credit balances	Rs.
Opening stock	20,000	Capital	1,00,000
Machinery	40,000	Purchase returns	1,000
Purchases	70,000	Sales	90,000
Sales returns	1,000	Creditors	29,000
Wages	2,000		
Salaries	5,000		
Office rent	2,000		
Insurances	1,000		
Debtors	50,000		
Cash	4,000		
Bank	25,000		
	2,20,000		2,20,000

Adjustments:

- Closing stock is valued at Rs. 20,000
- Outstanding salaries Rs. 1,000
- Prepaid insurance Rs. 500
- Bad debts Rs. 1,000
- Provide 10% depreciation on machinery

13 a Mr. Mani keeps his books of accounts under single entry system. His financial position on 31.12.2017 and 31.12.18 was as follows:

Particulars	1900 (Rs.)	1991 (Rs.)
Cash /	9,860	800
Stock in trade	38,520	57,020
Plant & Machinery	54,420	61,000
Bills receivable	-	16,480
Sundry Debtors	24,840	43,940
Sundry Creditors	72,040	80,000
Furniture	4,960	5,220
Drawings	-	5,000

During the year he introduced additional capital or Rs.20,000. From the above particulars prepare a statement of profit and loss of Mr. Mani for the year ended 31st Dec 2018.

OR

- b Rectify the following errors.
- A purchase of goods from Mohan amounting to Rs 550, Credited as Rs 505
 - Sales book total is carry forward Rs.350 less
 - Purchase book total is carry forward Rs.500 more
 - Purchase returns book has been under cast by Rs75
 - Received bills receivable from seetha Rs1,000, posted as Rs100
 - Discount allowed Rs64 to Anbu credited to his account as Rs 46.
 - Purchased furniture on cash for Rs 2,000 was not posted.

14 a From the following particulars, Prepare machinery A/c for 3 years under SLM .
Price of the machine : Rs.36,000
Freight charge : Rs 2,500
Installation charge : Rs. 1,500
Life of machine : 5 years

OR

- b From the following information, calculate the amount of depreciation for one year under straight line methods:

	Cost Rs.	Turn-in-value Rs.	Estimate life
Furniture	1,46,400	960	6 years
Plant	3,05,600	6,560	8 years
Machinery	1,52,800	3,280	8 years

Prepare receipts and payments A/c of a club for the year ended 31st dec.2018 from the following particulars:

J	Rs.		Rs.
Opening balance of cash	40,000	Rent paid	1,200
Receipts of entrance fees	8,000	Payment for purchaser of cricket balls	500
Subscription received for 18	16,000	Payment for purchase of cricket bats	1,600
Previous year's subscription received	1,600	Payment for stationary in cash	100
Paid salaries	2,000		
Paid for miscellaneous exp	200		

OR

Prepare a bank reconciliation statement as on 31.12.2018, from the following details:

	Rs.
Balance as per cash book	12,500
Cheque deposited in to bank but not collected	1,200
Cheque issued but not presented for payment	900
Bank charges	100
Interest on investment collected by bank	200
Bank paid insurance premium	500
Direct deposit by a customer	800

SECTION - C (30 Marks)

Answer any **THREE** Questions

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

Journalize the following transactions.2009 June

- 02 Ravi introduced capital Rs. 1,00,000
- 07 Paid into bank Rs. 15,000
- 15 Withdrew from bank Rs. 1,500
- 16 Paid to advertisement charges to Indian Express Rs.400
- 17 Paid shop rent Rs.250 to Mani, the owner of the building
- 25 Paid his two clerk Muthu Rs. 2,000 as salary
- 27 Received commission Rs. 150 from Sakthi & Co the stationery supplier.
- 30 Received a Cheque for Dividend Rs.750 from UTI
- 30 Ravi drew Rs. 1,500 from the business for his personal expenses
- 30 Electric charges amounted to Rs.300

Prepare Trading, profit & Loss account and balance sheet from the following Trail balance of Mr. Madan.

Debit balance	Rs.	Credit balance	Rs.
Sundry debtors	92,000	Madan's capital	70,000
Plant & Machinery	20,000	Purchase returns	2,600
Interest	430	Sales	2,50,000
Rent, rates and insurance	5,600	Sundry creditors	60,000
Conveyance charge	1,320	Bank overdraft	20,000
Wages	7,000		
Sales returns	5,400		
Purchases	1,50,000		
Opening stock	60,000		
Madan's drawing	22,000		
Trade expenses	1,350		
Salaries	11,200		
Advertising	840		
Discount	600		
Bad debts	800		
Business premises	12,000		
Furniture and fixtures	10,000		
Cash in hand	2,060		
	4.02.600		4 no ^nn

17 Cont...

Adjustments:

- i) Stock on hand on 31.12.18 Rs. 90,000
- ii) Provide depreciation on premises at 2.5%; plant and machinery at 7.5%; Furniture and fixtures at 10%
- iii) Write off Rs. 800 as further bad debts.
- iv) Provide for doubtful debts at 5% on sundry debtors.
- v) Outstanding rent was Rs.500 and outstanding wages Rs.400
- vi) Prepaid insurance Rs.300 and prepaid salaries Rs.700.

18 Give journal entries to rectify the following errors.

- i) A purchase of goods from Deva amounting to Rs.1 50 has been wrongly passed through the sales book.
- ii) A credit sale of goods Rs.300 to Ravi has been wrongly passed through the purchase book.
- iii) Sold the old furniture for Rs.1500 passed through the sales book.
- iv) Paid wages for the construction of building debited to wages account to Rs.7000.
- v) A cheque for Rs.300 received from Murugan was dishoured and has been posted to the debit of sales return account.
- vi) Paid Rs.2,000 for the installation of Machinery debited wages account
- vii) Repairs made were debited building account for Rs. 350.

19 A Company whose accounting year is the calendar year purchased on 1.1.2016 a machine cost for Rs.40,000. It purchased further machinery on 1st Oct 2016 for Rs.20,000 and on 1.7.2017 for Rs.10,000. On 1.1.2018 10% of the machinery installed on 1.1.2016 became obsolete and was sold for Rs. 6,800. Show 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.

20 The following is the receipts and payments account of Ganesh recreation club for the year ended 31.3.2018.

Receipts j Rs.		Payment	Rs.
To Balance b/d j 7,000		By salaries	28,000
To Subscription :		By General ex	6,000
2016- 2017 5,000			
2017- 2018 20,000			
2018- 2019 4,000	29000		
To Rent for use conference room	14,000	By Electricity	4,000
To Receipt from entertainment facilities	28,000	By book purchase	10,000
To sales of old magazines	2000	By periodical purchased	8,000
		By Loan Repaid	20,000
		By Balance c/d	4,000
Total	80,000	80,000

Additional data:

- I. To club has 50members, each paying Rs.500p.a as subscription.
 - II. Subscription outstanding on 31.3.2018 Rs.6000
 - III. Salaries outstanding Rs.2,000 salaries paid include Rs.6,000 for 2016-2017
 - IV. On 1st April 2017 the clubs properties were : building Rs.2,00,000, Furniture & fitting Rs. 20,000 and books Rs.20,000
 - V. Provide 10% dep on building and furniture's
- Prepare income and expenditure account for the year ending 31.3.2018 and a balance sheet on that dates