

**PSG C OLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)**

**BC'oin DEGREE EXAMINATION MAY 2019
(First Semester)**

Branch **COMMERCE (COST & MANAGEMENT ACCOUNTING)**

FUNDAMENTALS OF ACCOUNTING

1 ime: Three Hours

Maximum: 75 Marks

SECTION-A (10 Marks)

Answer **ALL** questions

ALL questions carry **EQUAL** marks

(10 x i ~ 10)

- 1 Book-keeping is mainly concern with _____ .
(i) Interpreting the data (ii) Recording the financial data
(iii) Classifying and summarizing data (iv) None of the above
- 2 Going concern assumption states that the life of the business is _____ .
(i) Very short (ii) Very long
(iii) Medium (iv) None
- 3 Balance sheet shows ____
(i) Financial performance of a particular date
(ii) Financial position of a particular date
(iii) Financial position for an accounting period
(iv) Financial performance for accounting period
- 4 Drawings are deducted from _____ .
(i) Sales (it) Purchases
(iii) Capita! (iv) Profit
- 5 Preparation of trial balance helps in locating
(i) Error of commission (ii) Error of omission
(iii) Error of princple (iv) Compensating error
- 6 From incomplete records, it is possible to prepare _____
(i) Ledger accounts (ii) Trial balance
(iii) Statement of affairs (iv) Balance sheet
- 7 Deprecation is caused by _____ .
(i) Lapse of time (ii) Usage
(iii) Obsolescence (iv) All of the above
- 8 The amount of annual depreciation remains constant every year under
(1) Straight line method (ii) Written down value method
(iii) Annuity method (iv) Sinking fund method
- 9 Overdraft as per cash books means _____ .
(i) Credit balance in pass book (ii) Credit balance in cash book
(iii) Debit balance in cash book (iv) Debit balance in pass book
- 10 Income and expenditure account is prepare by _____ .
(i) Non-trading concern (ii) Business concern
(iii) Both (iv) None of the above

SECTION - B (35 Marks)

Answer **ALL** Questions

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

- 11 a Describe the advantages of double entry system of book-keeping.
OR

b Enter the following transactions in the sales book:

2006 Apr. 4 Sold to M s. Ranjih Bros:

100 pieces long cloth A) Rs. 60; 100 pieces shitting .ii
Rs. 35: Packing and delivery Rs. 100

8 Sold to M/s. Shastri and Mehta:

15 pieces coat clothing (a) Rs. 200

15 Sold to M/s, Jung Bros:

120 blankets u Rs. 60; 110 blankets w. Rs. 80.

2 a Following are the extracts from the trial balance as on 31st March. 2013:

Name of the account	Debit	blackness (Rs.)
Sundry debtors	2.05.000	
Bad debts	3.000	
Discount	1.800	

Additional information:

- (a) Create a provision for doubtful debts (cu, 10% on debtors
 - (b) Create a provision for discount on debtors (a) 2% on debtors
 - (c) Additional discount given to the debtors Rs. 5.000.
- Show how these will appear in final accounts.

OR

b Following are the extracts from the trial balance as on 31st March. 20 i 3:

Name of the account	Debit	blackness (Rs.)
Plant and machinery	50.000	
Wages	5,000	

A machine costing Rs. 20.000 was purchased on 1st July 2012. Wages Rs. 1.000 for its erection have been debited to wages account. Provide depreciation on plant and machinery (a). 10% p.a. Show how these items appear in final accounts.

3 a Ascertain the credit sales by preparing total debtors account from the following:

	Rs.		Rs.
Debtors as on 31/3/2002	28.000	Discount allowed	1.000
Debtors as OR 31/3/2001	24.000	Bad debts	: .000
Sales returns	! .000	Cheques received from debtors	' um.ii H >
Cash received from debtors	74.8U0	Bills receivable dishonoured	4.000
Bills receivable drawn	26.000	Cheques dishonoured	6,000

OR

b Rectify the following errors:

- (a) Sales returns by a customer Mohammed even though taken into stock Rs. 600 not entered in the books
- (b) Sales book overcast by Rs. 500
- (c) The total of discount column on the debit side of cash book for Rs. 75 not posted in discount account.
- (d) Repairs to machinery Rs. 630 debited to machinery a/c.

4 a Calculate the rate of depreciation under straight line method from the foil owing m format i on:

Purchase price of machine - Rs. 2.00.000; Expenses to be capitalized Rs. 50.000; Fstimated residual value Rs. 25.000; Hxepied useful hie 5 years.

OR

14 b A lease is purchased on 1st January 2011 for 4 years at a rate of Rs. 20,000. It is proposed to depreciate the lease by the annuity method charging interest at 5% p.a. A reference to the annuity table shows that to depreciate Rs. 1 by annuity method over 4 years charging interest at 5% p.a. one must write off a sum of Rs. 0.2820. Show the lease account for 4 years and also the relevant entries in the profit and loss account.

15 Prepare a bank reconciliation statement from the following:

(a) Bank balances as per cash book.	Rs.18,500
(b) Cheques deposited but not collected by the bank	Rs.6,000
(c) Cheques issued but not presented for payment	Rs.4,500
(d) Bank charges debited in the pass book	Rs.150
(e) Dividend collected by bank not entered in the cash book	Rs.1,200
(f) Insurance premium paid by bank not entered in the cash book	Rs. 350.

OR

From the given particulars, show how these would appear in the income and expenditure account for the year 1996:

Receipts	Amount	Payments	Amount
To subscription	10,000	By salaries	2,000
		By insurance	1,000

Additional information:

Subscription received in advance during 1995	Rs. 650
Outstanding subscription during 1995	Rs. 500
Outstanding subscription for the year 1996	Rs. 600
Subscription received in advance for 1997	Rs. 750
Outstanding salaries for the year 1995	Rs. 400
Outstanding salaries for the year 1996	Rs. 500
Insurance prepaid during the year 1995	Rs. 250
Insurance prepaid during the year 1996	Rs. 250.

SECTION - C (30 Marks)

Answer any THREE Questions

ALL Questions Carry EQUAL Marks (3 x 10 ~ 30)

16 Record the following transactions in the journal of Delhi Furniture Mart:

- Jan. 1 Started business with cash Rs. 10,000
 2 Deposited into bank Rs. 9,000
 3 Purchased machinery for Rs. 5,000 and paid by cheques
 15 Paid installation charges of machinery Rs. 100
 20 Purchased timber from Naveen for Rs. 2,000 on credit
 23 Furniture costing Rs. 500 was purchased for office
 30 Paid wages Rs. 350 and rent Rs. 200.

Prepare a trading and profit and loss account for the year ended 31st March 2004 and a balance sheet as on that date, from the following extracts of ledger balances and additional information:

	Rs.		Rs.
Capital	1,19,400	Purchases	2,56,590
Drawings	10,550	Sales	3,56,430
Bills receivable	9,500	Commission received	5,640
Plant	28,800	Discount allowed	5,870
Wages	40,970	Rent and Taxes	5,620
Salaries	11,000	Stock (1/4/03)	89,680
Debtors	62,000	Travelling expenses	1,880
Creditors	59,630	Insurance	400
Bank (Dr.)	18,970	Cash	530

7 Cont ...

Loan (Cr.)	20.000	Repairs and renewals	37%
Returns inwards	2,780	Bad debts	<i>j.blv</i>
Fixtures and fittings	8.970		

Additional information:

- (a) Stock on 31/12/04 is Rs. 1,00,000
 (b) Create provision for doubtful debts at 5% on debtors.

18 X keeps his books on the single entry system, and the following information is available:

Particulars	1/1/2005 (Rs.)	31/12/2005 (Rs.)
Furniture	200	200
Stock	2,800	3,050
Debtors	2,100	3,400
Cash	150	200
Creditors	3,750	1,900
Bills payable	.	300
Loan	.	500
Investments	.	1,000

He has drawn out of the business Rs. 500 during the year. Prepare a statement showing his profit for the year ended 31/12/2005 after writing off 10% p.a. Depreciation on furniture and making a provision for bad debts at 10% on sundry debtors.

19 A second hand machinery was purchased on 1/1/2000 for Rs. 30,000 and Rs. 6,000 and Rs. 4,000 were spent on its repairs and erection. On 1/7/2001, another machinery was purchased for Rs. 26,000. On 17/2002, the first machine was sold for Rs. 30,000. On the same day, one more machine was bought for Rs. 25,000. On 31/12/2002, the machine bought on 1/7/2001 was sold for Rs. 23,000. Accounts are closed on 31/12/7 December every year.

Depreciation is written off at 15% p.a. on WDV method, prepare machinery account for 3 years ending 31/12/02.

From the following details, prepare receipts & payments account of Cricket club for the year ended 31st December 1990.

Particulars	Amount	Particulars	Amount
Balance on 1/1/90-		Rent paid	2,500
Cash	750	Sports materials purchased	35,000
Bank	1,550	Repairs & renewals	7,000
Admission fees	5,000	Wages paid	51,000
Purchase of stationery	27,650	Interest paid	14,000
Subscription -		Depreciation on furniture	1,200
1989	1,700	Subscription outstanding	2,300
1990	94,000	Closing balance on 31/12/90	
Donation	4,000		
Special subscription for annual dar	33,700		

Z-Z-Z

END