

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

**BCom DEGREE EXAMINATION MAY 2018
(First Semester)**

Branch – CORPORATE SECRETARYSHIP

FINANCIAL ACCOUNTING – I

Time : Three Hours

Maximum : 75 Marks

SECTION-A (20 Marks)

Answer **ALL** questions

ALL questions carry **EQUAL** marks (10 x 2 = 20)

- 1 What is Profit and Loss accounts?
- 2 Write short notes on accrued and outstanding income.
- 3 What is Consignment?
- 4 What is Invoice price?
- 5 What is Joint Bank account?
- 6 State the meaning of Co-Venture.
- 7 What is Self balancing ledger?
- 8 What is Counter balance?
- 9 Give the meaning of Non Trading Organization.
- 10 What is the treatment of Donations in the accounts of a Non Profit Organization?

SECTION - B (25 Marks)

Answer **ALL** Questions

ALL Questions Carry **EQUAL** Marks (5 x 5 = 25)

- 11 a From the following adjusted Trial Balance, prepared after Trading and Profit & Loss accounts are drafted. prepare Balance sheet of Ramagopalan as at 31st December 2015.

	Dr. (Rs.)	Cr. (Rs.)
Capital		1,00,000
Closing Stock	40,000	
Fixed assets less depreciation Rs.16,000	75,000	
Sundry Debtors	1,00,000	
Provision for Bad debts		5,000
Profit & Loss account		42,000
Sundry Creditors		80,000
Liability for Expenses		11,000
Drawings	6,000	
Cash & Bank	20,000	
	2,38,000	2,38,000

OR

- b The Provision for Bad and Doubtful debts account shows a balance of Rs.2,000 on 1st January 2015. The Bad Debts during the year 2015 amount to Rs.16,000. The Sundry Debtors on 31st December 2015 are Rs.32,000. Create a new Provision for Bad Debts @ 5%. Show the journal, ledger, Profit & Loss account and Balance sheet.
- 12 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:

Cont...

- 12 a Cont...
 Clearing charges Rs.1,000
 Godown 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

- b What do you understand by Recurring and Non-recurring expenditures? What is their signification?
- 13 a S and P entered into a joint venture and agreed to divide the profit as to S 60% and P 40%. S and P contributed Rs.1,80,000 and Rs.1,20,000 respectively for carrying on transactions relating to the venture. They opened a joint bank account with the above contributions. They purchased three old state buses for Rs.2,40,000. S and P personally paid Rs.45,000 and Rs.30,000 respectively for repairs and renewals. They purchased a few tyres and tubes costing Rs.54,000. Two buses were sold for Rs.2,70,000 and the third one was taken by P at cost price. Pass necessary journal entries.

OR

- b What is Memorandum Joint Venture Account? Why is it prepared?
- 14 a What is Sectional banking? How does it differ from self banking system?

OR

- b Prepare the sales ledger adjustment A/c from the following information relating to the year ended 31.12.2016.

	Rs.		Rs.
Opening balance of Debtors	40,000	Bills receivable dishonored	500
Sales (for cash of Rs.10,000)	90,000	Bad debts	1,000
Cash received from debtors	80,000	Transfer to Purchase ledger	2,000
Discount allowed to debtors	500	Reserve for Doubtful debts	1,500
Bills receivable from debtors	3,000	Bad debts of last year received	1,000
Sales returns	8,000		

- 15 a Distinguish between Receipt and Payment Account and Income and Expenditure account.

OR

- b On 31.12.2015, subscriptions outstanding were Rs.10,000 and received in advance for 2016 Rs.8,000. During 2016, subscriptions received were Rs.80,000 including Rs.7,000 towards the dues of the year 2015. On 31.12.2016s, total subscriptions outstanding were Rs.12,000 and received in advance for 2017 Rs.6,000. You are required to show.

(i) Subscriptions to be credited to Income and Expenditure A/c.

SECTION - C (30 Marks)

Answer any **THREE** Questions

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

- 16 Prepare Trading, Profit & Loss A/c and Balance sheet from the following Trial balance of Mr.M.Madam.

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, Taxes & Insurance	5,600	Sundry Creditors	60,000
Conveyance Charges	1,320	Bank Overdraft	20,000
Wages	7,000		
Sales returns	5,400		

Cont...

Purchase	1,50,000		
Opening Stock	60,000		
Madan's Drawings	22,000		
Trade Expenses	1,350		
Salaries	11,200		
Advertising	840		
Discount	600		
Bad debts	800		
Business Premises	12,000		
Furniture & fixtures	10,000		
Cash in Hand	2,060		
	4,02,600		4,02,600

(i) Stock on hand on 31.12.2015 Rs.90,000.

(ii) Provide depreciation on premises at 2.5%; Plant & Machinery at 7.5% and Furniture & 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

- 17 A and B doing business separately as building 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 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 $\frac{2}{3}$ and $\frac{1}{3}$ 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
Architect's 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 share 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.

- 18 Karthik sold goods on behalf of Vinayak sales corporation on consignment basis. On 1.1.2015, he had with him a stock Rs.40,000 on consignment.

Karthik had instruction to sell goods at cost plus 25% and was entitled to a commission of 4% on sales, in addition to 1% del-credere commission on total sales, or guaranteeing collection of all the sale proceeds.

During the year ended 31.12.2015 cash sales were Rs.2,40,000. Credit sales Rs.2,10,000 and Karthik's expenses in relation to consignment Rs.6,000 being salaries and insurance. Bad debts were Rs.6,000 and goods sent on consignment Rs.4,00,000.

You are required to prepare a consignment A/c in the books of Vinayak sales.

- 19 From the following particulars extracted from the books of M/s. Krishnan & Company, who keeps a Sales Ledger and bought ledger on the self balancing system. Show how the various adjustment accounts will appear in each of the ledgers.

19 Cont...

	Rs.
Debtors Balance (1.1.2015)	45,750
Creditors Balance (1.1.2015)	54,900
<i>Transactions for the month of January:</i>	
Credit Purchase	20,500
Credit Sales	22,700
Return Inwards	400
Return Outwards	600
Cash received from customers	25,000
Discount allowed to customer	550
Acceptance received from debtors	8,500
Creditors bills accepted.	12,000
B/R returned dishonored	1,200
B/P returned dishonored	3,000
Bad debts written off	2,500
Sundry charges debited to customers	345
Allowances from creditors	275

20 The following is the receipts and payments account of Kandan Recreation club for the year ended 31st March 2002.

Receipts	Rs.	Payments	Rs.
To Balance b/d	7,000	By Salaries	28,000
To Subscriptions:		By General Expenses	6,000
2000-2001 5,000		By Electricity	4,000
2001-2002 20,000		By Books purchased	10,000
2002-2003 <u>4,000</u>	29,000	By Periodicals purchased	8,000
To Rent for use of conference room	14,000	By Loan repaid	20,000
To Receipts from entertainment facilities	28,000	By balance c/d	4,000
To sales of old magazines	2,000		
	<u>80,000</u>		<u>80,000</u>

Additional data:

- (i) The club has 50 members, each paying Rs.500 PA as subscription.
 - (ii) Subscriptions outstanding on 31.3.2002 Rs.6,000.
 - (iii) Salaries outstanding Rs.2,000. Salaries paid include Rs.6,000 for 2000-01.
 - (iv) On 1-4-2001, the clubs properties were : Building Rs. 2,00,000 furniture & fittings Rs. 20,000 and books Rs. 20,000.
 - (v) Provide 10% depreciation on building and furniture.
- Prepare income and expenditure account for the year ending 31-3-2002 and a balance sheet on the date.

Z-Z-Z

END