



**Avinashilingam Institute for Home Science and Higher Education for Women**  
(Deemed to be University under Category 'A' by MHRD, Estd. u/s 3 of UGC Act 1956)  
Re-accredited with 'A+' Grade by NAAC. Recognised by UGC Under Section 12B  
Coimbatore - 641 043, Tamil Nadu, India

**Bachelor's Degree Examination – March 2021**  
**I Semester**

**Class : I UG**  
**Major : B.Com(PA)**

**Time : 3 Hours**  
**Max. Marks: 100**

**18BCPC01 Fundamentals of Accounting-I**

**Part A**

**10 x 1 = 10**

**Choose the Correct Answer**

1. Accounting provides information on
  - a. Cost and income for managers
  - b. Company's tax liability for a particular year
  - c. Financial conditions of an institution
  - d. All the above
2. The process of entering all transactions from the journal to ledger is called
  - a. Posting
  - b. Entry
  - c. Accounting
  - d. None of the above
3. The accounts that records expenses, gains and losses are
  - a. Personal accounts
  - b. Real accounts
  - c. Nominal accounts
  - d. None of the above
4. The following is a statement of revenues and expenses for a specific period of time.
  - a. Trading account
  - b. Trial balance
  - c. Profit and loss statements
  - d. Balance sheet
5. Depreciation is calculated from the date of
  - a. Purchase of assets
  - b. Receipt of assets at business premises
  - c. Starting of commercial Use of asset
  - d. Assets installed
6. Which method of depreciation is approved by income tax act?
  - a. Reducing balance method
  - b. Straight line method
  - c. Annuity method
  - d. None of the above
7. In accounting consignment means
  - a. Goods forwarded from one place to another.
  - b. Goods forwarded by a person to another.
  - c. Goods sent by its owner to his agent.
  - d. Goods sent by its owner to his agent for the purpose by sale.
8. Joint venture account is a
  - a. A general partnership
  - b. A particular partnership
  - c. Partnership
  - d. Not limited a particular venture
9. Single entry system has effect:
  - a. One effect
  - b. Tow effect
  - c. Three effect
  - d. None of the above
10. A statement of assets and liabilities prepared under the single entry system is called:
  - a. Balance sheet
  - b. Financial statement
  - c. Cash statement
  - d. Statement of affairs

**Part B**  
**Answer ALL questions**  
**Each answer should not exceed 400 words or two pages**

**5 x 6 = 30**

11.a. What are the important objectives of Accounting.

(or)

11.b. Journalise the following transactions of M/s. Radha & Sons  
 2000

	Rs.
Jan 1 Business started with Rs. 2,50,000 and cash deposited with bank	1,50,000
3 Purchased machinery on credit from Rangan	50,000
6 Bought furniture from Ramesh for cash	25,000
12 Goods sold to yesodah	22,500
13 Goods Returned by Yesodha	2,500
15 Goods sold for cash	50,000
17 Bought goods for cash	25,000
20 Cash received from Yesodha	10,000
21 Cash paid to Ram	20,000
25 Cash withdrawn from bank	50,000
29 Paid advertisement expense	12,500
30 Bought office stationery for cash	5,000
31 Cash withdrawn from bank for personal use of the proprietor	6,250
31 Paid salaries	15,000
31 Paid rent	2,500

12.a. Rectify the following errors:

- i. A credit purchase for Rs. 2,500 from 'A' was not entered
- ii. A credit sale to B for Rs.3200 was not entered in sales book
- iii. Goods sold to Arun for Rs.3000 was debited to varun account
- iv. The purchase of machinery for Rs. 12,500 was incorrectly passed through the purchase book
- v. Goods returned to 'D' for Rs.125 was not entered

(or)

12.b. Prepare a Trading, P & L a/c for X ltd for the year ended 31.12.12 and Balance Sheet as on that date :

Particulars	Rs.
Capital	36,055
Creditors	8,720
Bills payable	2,528
Sales	78,182
Bank loan (cr.)	12,000
Debtors	3885
Salaries	4000
Discount allowed	1000
Building	23750
Bad debts	287
Interest paid	1295
Insurance	417
Machinery	10000
Postage	273
Stock (1.1.12)	10000
Purchases	62,092
Wages	4300
Fixtures	16156

Other information:

Stock on 31.12.12 Rs. 14,300 provides 10% depreciation on machinery. Salaries outstanding Rs.1, 115.

13.a. Ram and Brothers purchased a Machinery on 1/1/2010 for Rs.10,00,000. On 1.1.2002 the machinery was sold for Rs. 5, 00,000. The firm charges depreciation at the rate of 20% per annum on written down value Method. The books are closed on 31<sup>st</sup> March every year. Prepare the Machinery account Depreciation account.

(or)

13.b. A machinery purchased for Rs. 25,000. Depreciation is to be providing annually according to the straight-line method. The useful life of the machinery is 10 years and the residual value is Rs.5000.

You are requiring find-out the rate of depreciation and prepare the journal entry for first three years.

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 sale 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
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)

14.b. Difference between the joint venture and consignment.

15.a. Find out the profit or loss from the following data.

Capital at the beginning of the year	8,00,000
Drawings during the year	1,80,000
Capital at the end of the year	9,00,000
Capital introduced during the year	50,000

(or)

15.b. A retail trader keeps his books under single entry. The assets and liabilities as on date were

Assets & liabilities	31-12-2008	31-12-2009
	Rs.	Rs.
Furniture	5000	8000
Stock	15000	20000
Machinery	25000	28000
Debtors	24000	40000
Creditors	38000	45,000
Cash	18,000	7,000
Drawings	-	6000

Additional capital introduced during the year Rs.25000.prepare a statement of profit or loss for the trader for the year 2009.

**Part C**

**5 x 12 = 60**

**Answer ALL questions**

**Each answer should not exceed 800 words or four pages**

16.a. Prepare the Journal and ledger account of Reegan & co for the month of January, 2000:

		Rs.
January	Reegan commenced his business with capital	1,00,000
1	Bought machinery	30,000
2	Bought goods for cash from Ram,	5,000
3	Sold goods for cash to Ramesh	4,000
4	Cash sales to Han	12,000
5	Credit sales to Harish	3,400
6	Purchase goods from Kamal on Cr	1,920
7	Paid trade exp.	50
8	Paid rent to Harish	1,500
9	Paid insurance premium	3,000
10	Paid salary to clerk	3,500
11	Deposited cash in bank	2,000

(or)

16.b. The following balances were extracted from the ledger of Ramakrishna Engineering Works on 31<sup>st</sup> March 1997. You are required to prepare a trial balance as on that date in proper form.

	Rs.		Rs.
Drawings	6,000	Salaries	9,500
Capital	24,000	Sales Returns	1,000
Sundry Creditors	43,000	Purchase Returns	1,100
Bills payable	4,000	Travelling expenses	4,600
Sundry debtors	50,000	Commission paid	100
Bills receivable	5,200	Trading expenses	2,500
Loan from Karthik	10,000	Discount earned	4,000
Furniture & fixtures	4,500	Rent	2,000
Opening Stock	47,000	Bank overdraft	6,000
Cash in hand	12,500	Purchases	70,800
Cash at bank	12,500		
Taxes	3,500		
Sales	1,28,000		

17.a. Following balances has been extracted from the books of Mrs. Anuradha, Prepare Trading & Profit & Loss Accounts and Balance Sheet as on 31.3.2000.

Particulars	Debit	Credit
Purchases	400000	
Sundry debtors	150000	
Cash	4000	
Bank	8000	
Rent rates & Taxes	3000	
Salaries & Wages	42000	
Insurance premium	9000	
Carriage outwards	21000	
Carriage inwards	18000	
Income tax		50000
Repair & Renewals	9000	
Furniture & Fitting	5000	

Bank Deposits	6000	
Office equipments	10000	
Bad debts	4000	
Sales		600000
Trade mark	6000	
Capital		100000
Stock	30000	
Electrical expenses	2000	
	750000	750000

### Adjustment

- i. Closing stock = 100000
- ii. Salaries & Wages outstanding = 2000
- iii. Insurance premium prepaid = 1500
- iv. Provide @ 2% bad & doubtful debts
- v. Provide @ 1% Discount on debtors & creditors
- vi. Interest on capital @ 10%

(or)

17.b. From the following Trial balance of Sri. Narayanan, you are required to prepare a Trading and Profit & Loss A/c for the year ended 31<sup>st</sup> December 1997 and a Balance Sheet as on that date.

Debit Balances	Rs.	Credit balances	Rs.
Stock on 1 <sup>st</sup> Jan, 1997	70,000	Capital	2,00,000
Plant & Machinery	50,000	Wages outstanding	4,000
Rent	3,000	Sales	5,00,000
Depreciation on Plant & Machinery	5,000	Creditors	45,000
Drawings	40,000	Bills Payable	16,000
Wages	20,000	Discount (Cr)	12,000
Income Tax	2,000	Bank Overdraft	9,000
Salary for 11 months	11,000	Commission (Cr)	8,000
Cash	5,000	Purchase Return	5,000
Buildings	1,60,000		
Depreciation on Buildings	80,000		
Purchases	30,000		
Debtors	2,000		
Bills Receivable	4,000		
Discount (Dr)	6,000		
Carriage Inwards	3,000		
Bad Debts			
Sales Return	7,99,000		7,99,000

### Adjustments:

- i. Stock on 31<sup>st</sup> Dec 1997 was Rs. 96,000
- ii. Stock destroyed by fire was Rs. 6,000 and the insurance company accepted a claim for Rs. 3,600
- iii. Rs. 1,600 paid as rent of the office was debited to Landlord account and was included in the list of Debtors.
- iv. Goods invoiced Rs. 10,000 was sent to customers on sale or return basis on 28<sup>th</sup> December 1997, the customers still having the right to return the goods. The rate of gross profit was 1/5 of sale
- v. Write off further bad debts Rs. 4,000 and maintain 5% provision for bad debts on debtors.
- vi. One month's salary was outstanding.

18.a. Explain the different methods of valuation of inventories.

(or)

18.b. George co ltd purchased a machine on 1 Jan 1995 for Rs.50000. On 1 July 1995 further machinery was purchased for Rs.25000. On 1 July 1996 the machinery purchased on 1 Jan 1995 having become obsolete, was sold off for Rs.20000. Depreciation has to be charged at 20% on the original cost assuming that the accounts are closed every year on 31<sup>st</sup> December. You are required to prepare:

- i. Machinery A/c.
- ii. Provision for depreciation A/c.

19.a. Sankar sends 20,000 units @ Rs.50 to Sunil on 1-1-99 to be sold at a commission of 7.5%. 5% goods were lost in transit and it is considered normal. The consigner spent the following expenses:

Packing expenses	Rs. 2 per case (cash)
Freight	Rs. 10,000 (due)
Insurance	Rs. 6,000(Bank)

The consignee received the balance consignment and sent a cheque of Rs. 2, 00,000 as advance. He incurred Rs.8, 000 as unloading charges and Rs.36, 000 as selling and distribution expenses. He submitted account sales on 31-1-99 disclosing that 14,000 units were sold @ Rs. 80 per unit. Assuming the consignee sent draft for balance you are required to prepare, the necessary ledger accounts in the books of both the parties.

(or)

19.b. Explain in detail the methods of recording joint venture transaction.

20.a. Ramesh keeps his books on single entry basis prepare a statement of affairs as on 31.10.1982 and statement of profit or loss for the period ending 31.10.1982.

Assets & liabilities	1-11-81	31-10-82
	Rs.	Rs.
Bank balance	560 cr	350 dr
Cash on hand	10	50
Debtors	4,500	3,600
Stock	2,700	2,900
Plant	4,000	4,000
Furniture	1,000	1,000

Ramesh had withdrawn Rs.2, 000 during the year and had introduced fresh capital of Rs.4,200 on 1.7.1982. A provision of 5% on debtors is necessary. Write off depreciation on plant at 10% and furniture at 15%. Interest on capital is to be allowed at 5%.

(or)

20.b. From the following information find out the amount of Total purchase.

Assets & liabilities	Rs.
Creditors (opening)	50000
Cash on hand	80000
Debtors	95000
Cash paid to creditors	5000
Cash purchase	1,00000

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