

**Avinashilingam Institute for Home Science and Higher Education for Women
(Deemed to be University) Coimbatore 641 043
Bachelors' Degree Examination – November 2018
I Semester**

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

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

18BCPC01: FUNDAMENTALS OF ACCOUNTING – 1

**Part (1X10=10)
Choose the Correct Answer**

- Which of the following suitable for accounting equation?
 - Capital +Liabilities – Assets = Zero
 - Capital +Assets –Liabilities = Zero
 - Liabilities +Assets – Capital = Zero
 - Assets +Capital –Liabilities = Zero
- Which of the following books should be used to record purchase of furniture on credit?
 - Cash book
 - Journal Proper
 - Purchases Book
 - Sales book
- When Bank column of a cash book shows a credit balance it means _____
 - Overdraft i.e. amount due to the bank
 - Balance as per pass book ie amount due from the bank
 - Overdraft as per pass book
 - Balance as per cash book
- Unearned income account is
 - Asset
 - Liability
 - Expense
 - Income
- Perpetual inventory system enables management to ascertain stock at _____ without the expenses of physical verification.
 - Closing period
 - Opening period
 - Any time
 - The end of March.
- Depreciation is a process of _____
 - Valuation
 - Allocation
 - Both valuation and allocation
 - loss
- When goods are sent on consignment, the account to be debited is
 - Consignee's Personal Account
 - Consignment Account
 - Consignor's personal account
 - Cash Account.
- Memorandum Joint Venture account is _____
 - A personal account
 - A real account
 - A nominal account
 - Both personal and real account
- The capital at the beginning of the accounting year in case of single entry system is determined by preparing
 - Opening Statement of Affairs
 - Cash Account
 - Bank Account
 - Trading Account
- Find out the missing figure:

Opening stock Rs	Closing Stock Rs	Sales Rs	Carriage inward Rs	Purchases Rs	Gross profit ratio Rs
50,000	70,000	5,60,000	10,000	?	25% on Turnover

- a. Rs 4,30,000 b. Rs 4,00,000 c. Rs 4,10,000 d. Rs 4,35,000

Part B

(5X6=30)

Answer should not exceed 400 words or two pages

11.a. Write short notes accounting conventions.

(Or)

11.b. Rewrite the Trial Balance correcting the mistakes committed by him.

Serial No	Name of the Account	L.F	Debit Balance Rs	Credit Balance Rs
1	Capital account		40,611	
2	Furniture account			800
3	Bad debts account			1800
4	Interest on capital account			411
5	Purchases account			18,740
6	Sales account		37,120	
7	Sales returns account		400	
8	Purchases returns account			600
9	Advertisement account		500	
10	Salaries account		1,800	
11	Investment in shares account		1,125	
12	Discount account			420
13	Cash in hand		14,175	
14	Cash at bank		40,600	
	Total		79,551	79,551

12.a. The following errors were detected in the accounts of Asa Ram & sons for the year ended 30th June 2008:

- i) A builders bill for Rs 2,700 for the erection of a small shed was debited to repairs account.
- ii) A cheque for Rs 300 received from Rahim Bux and Co. was dishonoured and debited to allowances account
- iii) Goods to the value of Rs 150 returned by Chandmal Bros. were included in stock, but no entry was made in the books
- iv) Repairs to plant amounting to Rs 567 had been charged to plant and Machinery account.
- v) Wages paid to the firm's own workmen for making certain additions to machinery amounting to Rs 550 were posted to wages account.
- vi) A cheque for Rs 75 received from Lalaram was credited to the account of Tika Ram and debited incorrectly to cash account.
- vii) A sum of Rs 100 drawn by the proprietor for personal use was debited to travelling expenses account.

Give Journal entries to correct these errors.

(Or)

12. b. Ascertain cost of goods sold from the following figures

	Rs		Rs
Opening stock	30,000	Direct expenses	20,000
Purchases	5,10,000	Closing stock	50,000
Returns outward	10,000	Office expenses	40,000
Sales	7,00,000		

13.a. The annual accounts of a trading company are to be made up to December 31st but it was not possible to carry out a stock-taking until January 5 at which date the stock was valued at cost at Rs 68,567. The following transactions took place between 1st and 5th January:

	Rs
Goods received	4,600
Goods returned to supplier	200
Sales	10,500
Returns by customers	625

The rate of gross profit is 25% of cost.

Prepare statement to show the evaluation of stock as at December 31.

(Or)

13.b. X purchases a 5 years' lease for Rs10,000 and arranges for its renewal by means of insurance policy the annual premium being Rs 1,850. The value of the policy increases each year by 4%. Show the necessary accounts for 5 years, presuming that the renewal of the lease costs Rs 9,500.

14.a. The M. Coal Co consigned to M. Sales Ltd. 200 tonnes of coal at a cost of Rs 15,000 and Paid Rs 4,600 towards railway freight. M. Sales Company sold 100 tonnes and reported a shortage of 4 tonnes on the whole consignment. Calculate the value of stock at the end.

(Or)

14.b. A and B entered into a joint speculation and purchase an old house with extensive grounds for ₹ 8,000 each contributing Rs 4,000. For an agreed fee of Rs 500 A is to manage the disposal of the property. Sales of internal fittings, windows etc, amount to Rs 1,700. A pays Rs 300 for demolishing the house material of which realized Rs 200. Sundry expenses paid by A were Rs 100 and the whole of the land is eventually sold for Rs 9,000. A and B share the net profits equally. A paying B his share by cheque. Show Joint Venture A/c and B's A/c in his ledger.

15. a. Distinguish between Single Entry and Double Entry.

(Or)

15.b. Find out the Value of Opening Stock with the following particulars:

Particulars	Rs
Opening Stock	?
Purchases made during the year	2,80,000
Sales during the year: Credit Sales	2,50,000
Cash Sales	1,70,000
Wages and Freight	7,000
Closing Stock	28,000
Rate of Gross Profit on Sales	20%

Part C

(5X12=60)

Answer should not exceed 800 words or four pages

16.a. Explain Accounting Concept.

(Or)

16. b. Journalise the following transactions

		Rs
2008 Jan 2	Commenced business with cash	5,00,000
4	Purchased furniture for cash	20,000
4	Cash purchases	29,000
5	Deposited with bank	30,000
6	Bought from prakash	40,000
	Sold to Nath for cash	28,000
7	Stationery purchased	1,000
7	Bought form sunil	13,000
7	Sold to banerjee	16,000
9	Rent for two years paid in advance	24,000
9	Drawings by the proprietor for household expenses	8,000
	Goods taken out by the proprietor for domestic use	5,000
9	Cash withdrawn form bank	25,000
10	Sold to mittal on credit	18,000
11	Purchases made payment through cheque	5,000
14	Cash received from prakash on account	10,000

17.a. Prepare a BRS from the following particulars

Sunder Lal & Sons find the Bank Balance shown by their Cash Book on 31st December 2007 as Rs 10,500 (Credit) but the pass Book show a difference due to the following reasons:

- Cheque No 51 for Rs 540 in favour of A has not yet been presented.
- A post-dated cheque for Rs 300 has been debited to the bank account in the cash book, but it could not be presented for payment.
- Four cheques totalling Rs 1,200 sent to the bank for collection have not yet been credited, while a fifth cheque for Rs 400 deposited in the account has been dishonoured.
- Fire insurance premium amounting to Rs 50 paid by the bank under standing instructions has not been entered in the cash book.
- A bill for Rs 1,000 was retired by the bank under a rebate of Rs 15, but the full amount of the bill was credited in the bank account in the cash book.

(Or)

17. b. The following is the trial balance of M/s Kasturi Agencies as on 31st March 2008 prepare trading and profit & loss account for the year ended 31st March 2008 and a Balance Sheet on that date.

	Rs Dr	Rs Cr
Capital		1,00,000
Drawings	18,000	
Buildings	15,000	
Furniture & fittings	7,500	
Motor van	25,000	
Loan from hari @ 12% interest		15,000
Interest paid on above	900	
Sales		1,00,000
Purchases	75,000	
Opening stock	25,000	
Establishment expenses	15,000	
Wages	2,000	
Insurance	1,000	
Commission received		7,500
Sundry debtors	28,100	
Bank balance	20,000	
Sundry creditors		10,000
	2,32,500	2,32,500

Adjustments : a) The value of stock on 31st March 2008 was Rs 32,000 b) Outstanding wages Rs 500 c) Prepaid insurance Rs 300 d) Commission received in advance Rs 800 e) Allow interest on capital @10% f) Depreciate : Building 2.5% , Furniture and fittings 10%, Motor van 10% g) Charge interest on drawings Rs 500.

18.a. From the following receipts and issues of a material during the month of January 2008, Prepare stores ledger account according to 'FIFO method':

2008 January 1	Received 500 units @ Rs 10 per unit.
January 5	Received 25 units @ Rs 11 per unit.
January 8	Issued 300 units
January 10	Received 400 units @ Rs 12 per unit.
January 13	Issued 250 units
January 20	Received 100 units @ Rs 11 per unit.
January 28	Issued 400 units.

On 1st January 2008, the stock in hand was 200 units @Rs 9 per unit.

(Or)

18.b. On 1st January 2006 a limited company purchased machinery for Rs 12,000 and on 30th June 2007 it acquired additional machinery at a cost of Rs 2,000. On 31st March 2008 one of the original machines which had cost Rs 500 was found to have become obsolete and was sold as scrap for Rs 50. It was replaced on that date by a new machine costing Rs 800.

Depreciation is to be provided at the rate of 15% per annum on the written down value. Show ledger accounts for the first three years.

19.a. Messrs sudershan Lal & co of Delhi consigned 1,000 tins of pure ghee costing Rs 60 per tin to their agents Chatterjee Ghee Stores at Calcutta. The tins were invoiced as proforma Rs 80 per tin. The agents sold 400 tins at Rs 80 per tin for cash and 400 tins at Rs 82 per tin on credit. Messrs Sudershan Lal & co. paid freight and carriage Rs 500 and miscellaneous Rs 200. They drew on chatterjee ghee stores at 3 month for Rs 45,000, which was duly accepted by the latter. The expenses incurred by the chatterjee ghee stores were: carriage Rs 250, octroi Rs 50, storage Rs 104, miscellaneous Rs 200. They were entitled to 5% commission and 2% del credere commission on total gross sale proceeds. They sent their account sales to their principal showing as a deduction therefrom their commission and the various expenses incurred by them. A month later all the debtors except one who owed Rs 200, paid cash and the chatterjee ghee stores remitted the amount due on consignment. Prepare necessary accounts in the books of both the parties.

(Or)

19.b. X and Y entered into a joint venture for purchase and sale of some household items. They agreed to share profit and losses in the ratio of their respective contributions. X contributed Rs 10,000 in cash and Y Rs 13,000. The whole amount was placed in a joint Bank Account. Goods were purchased by X for Rs 10,000 and expenses paid by Y amounted to Rs 2,000. They also purchased goods for Rs 15,000 through the joint Bank Account. the expenses on purchase and sale of the articles amounted to Rs 6,000, (including those met by Y). Goods costing Rs 20,000 were sold for Rs 45,000 and the balance was lost by fire. Prepare Joint Venture A/c, Joint Bank A/c and the Venturers' A/c closing the venture.

20.a. Explain the merits and demerits of single entry.

(OR)

20. b. Explain the difference between joint venture an consignment.