



## 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 : Commerce/B.Com CA

Time : 3 Hours

Max. Marks: 100

### 18BCOC01/ 18BCCC01 Financial Accounting - I

#### Part A

10 x 1 = 10

#### Choose the Correct Answer

- According to the going concern concepts, a business entity is assumed to have
  - a long life
  - a very short life
  - an indefinite life
  - None of the above
- Accounting Equation is
  - Capital = Assets + Liabilities
  - Liabilities = Capital – Assets
  - Capital = Assets - Liabilities
  - Assets = Capital – Liabilities
- Error which affects one account can be
  - Error of omission
  - Error of principle
  - Error of posting
  - Error of compensating
- Which of the following is not depreciated?
  - Building
  - Land
  - Plant and Machinery
  - Office equipment
- The main objective of providing depreciation is
  - to calculate true profit
  - to show true financial position
  - to reduce tax
  - to provide funds for replacement
- Stock is valued at
  - Cost price
  - Market price
  - Cost or market price whichever is lower
  - None of the above
- Account sales is submitted by
  - Consignor
  - Consignee
  - Principal to his agent
  - Debtors to Creditor
- Goods sent on consignment should be debited by consignor to
  - Consignment A/c
  - Goods sent on consignment
  - Consignee A/c
  - Consignor A/c
- Which of these accounts are not opened in a joint venture?
  - Stock reserve
  - Joint bank A/c
  - Joint venture A/c
  - Co-ventures personal A/c
- In case of joint venture, for purchase of machinery from Joint bank A/c in case separate set of books are maintained, the correct journal entry will be
  - Debit Machinery A/c and Credit Joint Bank A/c
  - Debit Joint Venture A/c and Credit Joint Bank A/c
  - Debit Machinery A/c and Credit Ventures Capital A/c
  - Debit Joint Ventures A/c and Credit Machinery A/c

**Part B****5 x 6 = 30****Answer ALL questions****Each answer should not exceed 400 words or two pages**

11.a. Record the following transactions in the Journal of Tmt.Bhanumathi.

- 2020, Feb. 3 Bought goods for cash Rs.84,500  
 7 Sold goods to Dhanalakshmi on credit Rs.55,000  
 9 Received commission Rs.3,000  
 10 Cash Sales Rs.1,09,000  
 12 Bought goods from Mahalakshmi Rs.60,000  
 15 Received five chairs from Revathi & Co. at Rs.400 each  
 20 Paid Revathi & Co., cash for five chairs  
 28 Paid Salaries Rs.10,000  
 Paid Rent Rs.5,000

(or)

11.b. Prepare a bank reconciliation statement as on 31-12-1993, from the following details:

	Amount (Rs)
Balance as per cash book	7,225
Cheque deposited into bank but not collected	675
Cheque issued but not presented for payment	879
Bank charges debited in the pass book	20
Interest credited in the pass book	15

12.a. Prepare Trial Balance as on 31.12.2019 from the following balances of Mr.Balan.

	Rs.		Rs.
Capital	50,000	Plant & Machinery	80,000
Sales	1,77, 000	Purchases	60,000
Return Outward	750	Return inward	1,000
Stock (1.1.2019)	30,000	Discount (Dr.)	350
Discount (Cr.)	800	Bank charges	75
Debtors	45,000	Creditors	25,000
Salaries	6,800	Carriage inwards	750
Wages	10,000	Carriage outwards	1,200
Bad debts provision	525	Rent & Taxes	10,000
Advertisement	2,000	Cash in hand	900
Cash at Bank	6,000		

(or)

12.b. Rectify the following errors:

- i. Purchase Book is overcast by Rs. 300
- ii. Sales book has been under cast by Rs. 200
- iii. Purchase return book has been over cast by Rs. 75
- iv. Sales Return Book has been under cast by. Rs. 50

13.a. A company purchased a plant for Rs. 50,000. The useful life of the plant is 10 years and the residual value is Rs. 10,000. Find out the rate of depreciation under the straight line method.

(or)

13.b. On 1-1-2018, Jayanthy sold goods to Devi on Credit for Rs. 2,000 and drew a bill on Devi for Rs.2,000 for 3 months after date. Devi accepted it on 3-1-2018 and returned it to Jayanthy. On maturity, the bill was duly honoured by Devi. Pass Journal entries in the books of Jayanthy.

14.a. On 20<sup>th</sup> Nov. 2002 Mani & Co. of Chennai consigned 500 Radios to Kamal & Co. Madurai. On 31<sup>st</sup> Dec. 2002 Kamal & Co. forwarded Account sales, with a bank draft for the balance, showing the following transactions:

- i. 400 Radios sold @ Rs. 750 and 100 Radios @ Rs. 800 each
- ii. Unloading charges Rs. 1,000
- iii. Storage & Insurance Rs. 2,000
- iv. Commission on sales @ 10%

You are required to prepare an Account Sales.

(or)

14.b. From the following details prepare the Account Sales:

Consignor : Ajantha Cycles Ltd., Haryana  
Consignee : Sri Ram Cycles, Chennai  
Consignment : 100 cycles @ Rs. 1,200 each  
Sales : 50 Cycles @ Rs.1,500 each  
Consignee's Expenses:

Freight & Cartage - Rs. 5,000  
Godown Rent - Rs. 2,000  
Other expenses - Rs. 1,000  
Consignee's Commission : 10%

15.a. R and S completed a joint ventures and earned Rs. 45,000. The profit is to be shared in the ratio of 3:1. Pass necessary journal entries in the books of R and S, assuming they maintain full records in their own respective books.

(or)

15.b. A and B completed a Joint Venture and earned Rs. 60,000. The profits are to be shared in the ratio of 2:1. Pass necessary journal entries in the books of A and B.

### Part C

5 x 12 = 60

Answer ALL questions

Each answer should not exceed 800 words or four pages

16.a. Explain Accounting concepts and conventions in detail.

(or)

16.b. Journalise the following transactions and post them into ledger:

	Rs
Jan1 commenced business with cash	2,00,000
2 Purchased goods	50,000
3 Bought stationery	500
5 Purchased goods from harish	20,000
7 Withdrew cash for personel use	350
10 paid cash to harish	2,000
14 Paid advertising expenses	750
16 paid taxes	1,000
18 Interest received	250
20 cash deposited into bank	10,000
22 cash deposited into bank	3,000
24 returned goods to harish	250
26 bought furniture	2,500
30 salaries paid	2,000
Rent paid	3,000

17.a. Prepare Trading, Profit & Loss account and balance sheet form the following trial balance of Mr. Madan.

Debit balances	Rs.	Credit balances	Rs.
Sundry debtors	92000	Madan's capital	70000
Plant & Machinery	20000	Purchase returns	2600
Interest	430	Sales	250000
Rent, rates & Taxes	5600	sundry creditors	60000
Conveyance charges	1320	Bank overdraft	20000
Wages	7000		
Sales returns	5400		
Purchases	150000		
Opening stock	60000		
Madan's drawings	22000		
Trade expenses	1350		
Salaries	11200		
Advertising	840		
Discount	600		

Bad debts	800
Business premises	12000
Furniture & Fixtures	10000
Cash in hand	2060

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402600

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402600

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### Adjustments

- i. Stock on hand 31.12.2019 Rs 90000
- 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 debtors
- v. Outstanding rent was Rs 500 and wages was Rs 400
- vi. Prepaid insurance Rs 300 and prepaid salaries Rs 70

(or)

- 17.b. Following errors were detected after preparation of trial balance and taking the difference to suspense account. Rectify the errors.
  - i. A credit sale of Rs. 450 to Chitra was debited to Mitra.
  - ii. A purchase of goods for Rs.750 from Charkravarthy was debited to his account.
  - iii. An office almirah purchased for Rs 750 was debited to repairs account.
  - iv. A sum of Rs. 350 received from Maya, a debtor, was debited to her account.
  - v. Purchase of goods for the consumption of the proprietor was debited to purchases account.
  - vi. Discount allowed Rs. 75 was credited to discount received account.

- 18.a. A machine purchased on 1<sup>st</sup> July 2013 at a cost of Rs. 14,000 and Rs. 1,000 was spent on its installation. The depreciation is written off at 10% on the original cost every year. The books are closed on 31<sup>st</sup> December each year. The machine was sold for Rs. 9,500 on 31<sup>st</sup> March 2016. Show the machinery account for all the year.

(or)

- 18.b. On 1-4-2018, Balu draws a bill on Ravi for Rs. 1,600 for goods sold at 90 days after sight. Ravi accepts the bill on 5-4-2018. Balu, however, endorsed the bill to Sohan in settlement of a debt of Rs. 1,700. On maturity the bill was duly honoured by Ravi. Show the journal entries in the books of all parties.

- 19.a. Madurai Somu & Co. consigned 50 cases of goods @ Rs. 200 each to Chennai Nathan & Co. Madurai Somu & Co. paid Rs. 200 as insurance and Rs. 300 as freight. Nathan & Co, sold the goods for Rs. 24,000 and paid Rs. 520 for carriage and Rs. 130 for Godown Rent. Nathan & Co is eligible for 4% commission on Gross Sales. Nathan & Co. sends cheque for the balance due. Show the journal entries and Nathan & Co account in the books of M/s. Madurai Somu & Co.

(or)

- 19.b. 'X' from Velur consigns 50 Bales of Cotton at Rs. 400 per bale to his agent 'Y' in Madras. 'Y' is entitled for a commission of 5% on sales plus expenses. 'Y' sells the consignment for Rs. 28,000 incurring freight charges Rs. 100 and Insurance Rs. 500 and remits the sales proceeds by a cheque. Pass journal entries in the books of both the parties.

- 20.a. B V and S entered into a joint venture of a contract, Rs. 1,00,000 is the contract price. Rs. 40,000, Rs.20,000 and Rs. 20,000 were invested by B,V & S respectively and a Joint Bank A/c was opened. They purchased material for Rs. 60,000; architect fees of Rs. 1,000 were paid by B,V paid for sundry expenses Rs. 2,000 and S paid Rs. 4,000 for cement. The contract was duly carried out. All the transaction were done through Joint bank A/c. Give necessary ledger accounts.

(or)

- 20.b. Senthil and Saravanan entered into a Joint – Venture, the former contributing Rs 80,000/- and latter Rs 50,000. They opened a Joint Bank account and agreed to share profits  $\frac{1}{3}^{\text{rd}}$  and  $\frac{2}{3}^{\text{rd}}$  respectively. They purchased goods for cash Rs 80,000/-and Saravanan supplied goods to the value of Rs 40,000. The entire goods were sold for Rs 1,70,000 paying Rs 4,100 towards expenses. Senthil was entitled to a commission of Rs 3% on sales. Show Joint venture Account and Joint Bank Account.

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