

END OF SEMESTER EXAMINATIONS, APRIL / MAY – 2017
FUNDAMENTALS OF ACCOUNTING - I
SUBJECT CODE : 16UAPA02

MAJOR : B.Com [PA]
TIME : 3 HOURS

SEMESTER : I
MAX. MARKS: 75

SECTION – A (10 X 1 = 10)

Answer All the Questions:

Choose the best Answer:

1. Financial position of the business is ascertained on the basis of _____.
a) Profit and loss account b) Trial Balance c) Balance Sheet d) None of the above
2. The total of sales book is posted periodically to the credit of _____.
a) Sales account b) Cash book c) Journal proper d) None of the above
3. Prepaid insurance is _____.
a) Nominal A/c b) Real A/c c) Personal A/c d) None of the above
4. Carriage outward is debited to _____.
a) Trading A/c b) Profit and loss A/c c) P & L Appropriation A/c d) Balance sheet
5. Capital expenditures are recorded in the _____.
a) Trading A/c b) Profit and loss A/c c) Balance sheet d) All of the above
6. Debit Balance as per Pass book means _____.
a) Bank overdraft as per cashbook b) Debit balance in pass book
c) Cash balance with bank d) None of the above
7. Errors of commission do not permit
a) Incorrect totaling of the trial balance b) Incorrect totaling of the balance sheet
c) Trail balance to agree d) None of the above
8. Errors which neutralize each other are called _____.
a) Compensating Errors b) Errors of Principle
c) Errors of commission d) Errors of Omission
9. Under _____ method depreciation is charged evenly every year throughout the effective life of an asset.
a) Straight line method b) Annuity method
c) Sinking fund method d) Reducing balance method
10. Main objective of providing depreciation is to
a) Calculate the true profit b) Show the financial position in the balance sheet
c) Provide funds for replacement of fixed assets d) Both (a) and (b)

SECTION – B (5 X 4 = 20)

Answer Any FIVE Questions:

11. Prepare Trial Balance from the following:

Particulars	Rs.
Capital	9,000
Plant & Machinery	12,000
Purchases	8,000
Sales	12,000
Sundry creditors	8,000
Bank loan	22,000
Rent outstanding	1,000
Opening stock	2,000
Sales returns	4,000
Investments	14,000
Debtors	12,000

12. From the following particulars, prepare the Trading a/c for the year ended 31st March 2005.

Particulars	Rs.	Particulars	Rs.
Stock on 1.04.2004	2,40,000	Cash purchases	2,00,000
Credit purchases	4,08,000	Cash sales	3,00,000
Credit sales	6,50,000	Return inwards	10,000
Return outwards	8,000	Carriage & Import duty	32,000
Goods distributed as samples	5,000	Goods taken by proprietor for domestic use	2,000
Goods damaged by fire	13,000		

Stock as on 31st March 2005 costing Rs. 1,20,000 but its market value was Rs. 1,35,000.

13. What is capital expenditure?
14. Rectify the following errors:
 - i) Purchases book is carried forward Rs. 350 less.
 - ii) Sales book total is carried forward Rs. 500 more.
 - iii) A total of Rs. 758 in the purchase book has been carried forward as Rs. 857.
 - iv) The total of the sales book Rs. 755 on page 20 was carried forward to page 21 as Rs. 557.
 - v) Purchase returns book was carried forward as Rs. 1,520 instead of Rs. 5,120.
15. What are the advantages & disadvantages of Accounting?

16. The bank overdraft of Rajini on 31.12.93 as per cash book is Rs. 9,000 from the following particulars, prepare BRS.

- i) Unpresented cheque Rs. 3,000.
- ii) Uncleared cheque Rs. 1,700.
- iii) Bank interest debited in pass book only Rs. 500.
- iv) Bills collected & credited in the pass book only Rs. 800.
- v) Cheque of Renu dishonoured Rs. 500.
- vi) Cheques issued to Sekar entered in the cash column of cash book Rs. 300.

17. Write a short notes on

- i) Errors of casting, ii) Errors of posting

18. Machinery account in the books of a company was as follows:

Balance as at 1.1.86 Rs. 14,900

Purchase of machinery on 1.7.86 Rs. 4,400

Sale of machinery on 1.10.86 Rs. 1,000

The original cost of machinery sold was Rs. 6,000 on 1.7.83. Machinery is being depreciated at 10% p.a. on diminishing balance of the asset. Show the machinery A/c in the books of the company for the year 1986. the books are closed on 31st December each year.

SECTION – C (3 X 15 = 45)

Answer Any THREE Questions:

19. Explain in detail about accounting concepts & conventions?

20. From the following Trial Balance of Sri Narayanan. You are required to prepare a Trading, profit & loss a/c for the year ended 31st December, 1997 & a balance sheet as on that date.

Debit Balances	Rs.	Credit Balances	Rs.
Stock on 1 st January 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	12,000
Income tax	2,000	Bank overdraft	9,000
Salary for 11 months	11,000	Commission	8,000
Cash	5,000	Purchase returns	5,000
Buildings	1,60,000		
Depreciation on buildings	8,000		
Purchases	3,00,000		
Debtors	80,000		
Bills Receivable	30,000		
Discount	2,000		
Carriage inward	4,000		
Bad debts	6,000		
Sales returns	3,000		
	7,99,000		7,99,000

Adjustments:

- i) Stock on 31st December 1997 was Rs. 96,000
 - ii) Stock destroyed by fire was Rs. 6,000 & 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 & was included in the list of debtors.
 - iv) Goods invoiced Rs. 10,000 was sent to customers on sale or return basis on 28th December 1997, the customers still having the right to return the goods. The rate of gross profit was $\frac{1}{5}$ of sale.
 - v) Write – off further bad debts Rs. 4,000 & maintain 5% provision for bad debts on debtors.
 - vi) One month's salary was outstanding.
21. Distinction between Reserves & Provisions?
22. A book – keeper failed to balance his trial balance, the credit side exceeding the debit side by Rs. 1,750. This amount was entered in a suspense account. Late the following errors were discovered.
- i) Goods worth Rs. 6,200 sold to Rahim were correctly entered in the sales book, but posted to Rahim's a/c as Rs. 2,600.
 - ii) A credit balance of Rs. 7,550 of rent receivable a/c was shown as Rs. 5,700.
 - iii) The total of returns outwards book amounting to Rs. 2,000 was not posted to ledger.
 - iv) Goods worth Rs. 1,000 purchased from Prema were wrongly entered in the sales book. The account of Prema was correctly credited.
 - v) The sales book was under cast by Rs. 1,000.
 - vi) The total of the credit side of Dravid's account was over cast by Rs. 1,000.
- Give Journal entries to rectify the above errors & prepare the suspense account.
23. A Company purchased a 3 –year, lease on 1.1.1990 for Rs. 50,000. It is decided to provide for the replacement of lease at the end of three years by setting up a sinking fund. It is expected that the investment will fetch interest at 5%. Sinking fund table shows that to provide the requisite sum at 5% at the end of three years, an investment at Rs. 15,864 is required every year. Investments are made to the nearest rupee. On 31st December 1992, the investments were sold for Rs. 30,000. On 1.1.93, the same lease was renewed for a further period of 3 years by payment of Rs. 60,000.
- Show the Journal entries & give the lease a/c, sinking a/c, sinking fund investments accounts. Calculations are to be made to the nearest rupee.

* * * * *