

(NO.OF PAGES: 7)

(FOR THE CANDIDATES ADMITTED  
DURING THE ACADEMIC YEAR 2023 ONLY)

SUBJECT CODE **23UEO1A1**

REG.NO. :

**N.G.M.COLLEGE (AUTONOMOUS): POLLACHI**

**END-OF-SEMESTER EXAMINATIONS: NOVEMBER-2023**

**B.A ECONOMICS**

**MAXIMUM MARKS: 75**

**SEMESTER: I**

**TIME: 3 HOURS**

**PART - III**

**BUSINESS ACCOUNTING**

**SECTION – A**

**(10 X 1 = 10 MARKS)**

**ANSWER THE FOLLOWING QUESTIONS.(K1)**

1. Bank Account is-----

- a) Personal      b) Impersonal      c) Real      d) Nominal

2. -----Account enables the Trader to find out Gross Profit or Loss

- a) Trading      b) P & L A/c      c) Balance Sheet      d) Purchase

3. Under the Straight Line Method rate of Depreciation is calculated on-----

- a) Original Cost      b) Written Down Value      c) Annuity Factor      d) Interest

4. Cost accounting differs from Financial Accounting in respect of----- Cost

- a) Reporting      b) Ascertaining      c) Control      d) Recording

5. Management accounting is also known as-----Accounting

- a) Price Level Changing      b) Historical Cost      c) Financial      d) Decision Making

**ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES (K2)**

6. Distinguish Between Journal and Ledger

7. Expand LF

8. Define Depreciation

9. Expand Cost

10. Define Management Accounting

**SECTION – B**

**(5 X 5 = 25 MARKS)**

**ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS.(K3)**

11. a) ABC traders started a business with a Capital of Rs. 1,00,000 on April 10, 2021.

April 15, 2021 - Purchased Furniture worth Rs. 75,000

April 20, 2021 - Purchased Goods on credit from XYZ Traders worth Rs. 1,00,000

**ETHICAL PAPER**

April 23, 2021 - Rent paid Rs. 50,000

April 27, 2021 - Goods Sold for Rs.20,000 **(OR)**

b) Briefly describe the Accounting Conventions.

12.a) Prepare trading and Profit and Loss Account from the following information given below:

Particulars	Amount (Rs)	Particulars	Amount (Rs)
Opening Stock	3,600	Rent (Factory)	400
Purchases	18,260	Rent (Office)	500
Wages	3,620	Sales Returns	700
Closing Stock	4,420	Purchases Returns	900
Sales	32,000	General Expenses	900
Carriage on Purchases	500	Discount to Customers	360
Carriage on Sales	400	Interest from Bank	200

**(OR)**

b) Prepare Profit and Loss Account from the following balances of Mr.Sasi for the year ending 31.12.2010

Particulars	Amount (Rs)	Particulars	Amount (Rs)
Office Rent	30,000	Salaries	80,000
Printing Expenses	2,000	Stationeries	3,000
Tax and Insurance	4,000	Commission Received	6,000
Postage	36,000	Travelling Expenses	26,000
Gross Profit	2,50,000	Discount Received	4,000
Advertisement	5,000	Discount Allowed	5,000

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)**

b) A company acquired a Machine on 1.1.2008 at a Cost of Rs. 40,000 and Spent Rs. 1,000 on its Installation. The firm writes off Depreciation at 10% on the Diminishing Balance. The books are closed on 31<sup>st</sup> December of each year. Show the Machinery Account for 3 years.

14. a) Explain Objectives of Cost Accounting **(OR)**

b) From the following particulars prepare Cost Sheet.

Direct Material	Rs.8,000
Direct Wages	Rs.6,000

Direct Expenses	Rs.2,500
Sales	Rs.40,000
Factory Overheads	Rs.5,000
Administrative Overheads	Rs.4,000
Selling and Distribution Overheads	Rs.2,500

15. a) From the particulars given below prepare a Cash Budget for the month June 2008:

a) Expected sales: April-2008-Rs.2,00,000; May-Rs. 2,20,000; June- Rs; 1,90,000

Credit allowed to customers is two months and 50% of the sales of every month is on cash basis.

b) Estimated purchases:

May 2008-Rs.120000; June-110000 40% of the purchase of every month is on cash basis and the balance is payable next month.

c) Rs. 2,000 is payable as rent every month.

d) Time lag in payment of overhead is  $\frac{1}{2}$  month.

Overhead: For May Rs. 12,000: For June Rs. 11,000

e) Depreciation for the year is Rs. 12,000.

f) Interest receivable on Investment during June and December Rs.3,000 each.

g) Estimated Cash Balance as on 1-6-2008 is Rs. 42,500. **(OR)**

b) BPL Ltd. Wishes to arrange overdraft facilities with its bankers during the period April to June 2008 when it will be manufacturing mostly for stock. Prepare a Cash Budget for the above period from the following data, indicating the extent of the bank facilities the company will require at the end of each month:

(a)	Credit Sales Rs	Purchases Rs	Wages Rs
February 2008	1,80,000	1,24,800	12,000
March	1,92,000	1,44,000	14,000
April	1,08,000	2,42,000	11,000
May	1,74,000	2,46,000	10,000
June	1,26,000	2,68,000	15,0000

b) 50 per cent of credit sales are realized in the month following the Sales and the remaining 50 per cent in the second month following.

Creditors are paid in the month following the Month of Purchase.

Lag in Payment of Wages 1 Month.

c) Cash at bank on 1-4-2008 (estimated) Rs. 25,000.

**SECTION-C****(5 X 8 = 40 MARKS)****ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS.(K4/K5)**

16. a) Journalize the following Transactions of M/s Don &amp; Bros

June	1	Business Started with Cash	Rs. 2,50,000
	3	Purchased Goods for Cash	Rs.10,000
	7	Purchased Furniture for Cash	Rs.15,000
	10	Sold Goods for Cash	Rs.8,000
	15	Bought Goods for Cash	Rs.1,500
	18	Sold Goods to James for Rs	Rs.20,000
	21	Paid Cash for Stationary	Rs.2,500
	23	Paid Salary	Rs.8,000
	27	Cash Withdrawn from Bank	Rs.12,000
	30	Cash Received from James	Rs.20,000 <b>(OR)</b>

b) From the balance of Mr. Saravanan Prepare Trail balance on 31.3.2010

<b>Particulars</b>	<b>Amount (Rs)</b>	<b>Particulars</b>	<b>Amount (Rs)</b>
Purchases	70,000	Discount Received	1,000
Capital	56,000	Sundry Creditors	30,000
Sales	1,50,000	Bank Charges	500
Sales Return	5,000	Salaries	4,500
Purchase Return	4,000	Wages	5,000
Opening Stock	20,000	Freight inward	4,000
Discount Allowed	2,000	Freight Outward	1,000
Rent Rates and Taxes	5,000	Advertising	6,000
Sundry Debtors	60,000	Cash at bank	7,000
Cash in Hand	1,000	Plant & Machinery	50,000

17. a) From the following Trial Balance of Mr. Prasanth, Prepare Trading and Profit and Loss Account for the Year ended December 31<sup>st</sup> 2020 and Balance Sheet as on that Date.

<b>Particulars</b>	<b>Debit (Rs)</b>	<b>Credit (Rs)</b>
Capital	-	40,000
Sales	-	25,000
Purchases	15,000	-

Salaries	2,000	-
Rent	1,500	-
Insurance	300	-
Drawings	5,000	-
Machinery	28,000	-
Bank	4,500	-
Cash	2,000	-
Stock 01-01-2020	5,200	-
Debtors	2,500	-
Creditors	-	1,000
<b>Total</b>	<b>66,000</b>	<b>66,000</b>

**Adjustments:**

- a) Stock as on 31-12-2020      Rs. 4,900
- b) Outstanding Salaries      Rs.300
- c) Rent Paid in Advance      Rs.200
- d) Prepaid Insurance      Rs.90 **(K5) (OR)**

b) From the following Trial balance, prepare Trading and Profit & Loss Account for the year ended 31-12-2021 and a Balance Sheet on that Date.

<b>Particulars</b>	<b>Amount (Rs)</b>	<b>Particulars</b>	<b>Amount (Rs)</b>
Purchases	11,870	Capital	8,000
Debtors	7,580	Bad Debts Recovered	250
Sales Return	450	Sundry Creditors	1,250
Bank Deposit	2,750	Purchase Return	350
Rent	360	Bank Overdraft	1,570
Salaries	850	Sales	14,690
Travelling Expenses	300	Bills Payable	1,350
Cash	210		
Opening Stock	2,450		
Discount Allowed	40		
Drawings	600		
	27,460		27,460

**Adjustments:**

- a) Closing Stock 31-12-2021 was Rs.4,200

b) Write off Rs 80 as Bad Debts and Create a Reserve for Bad Debts at 5% on Debtors.

c) Outstanding Rent is 3 Months

18. a) Briefly explain various Methods of providing Depreciation **(OR)**

b) 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 Straight Line Method for 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 machine account for all the years.

19.a) From the following data Prepare Cost Sheet

Purchase of Raw materials	90,000
Work-in-Progress 1-1-2014	26,500
Work-in-Progress 31-1-2014	14,000
Raw Materials 1-1-2014	20,000
Raw Materials 31-1-2014	32,000
Carriage Inward	2,000
Direct Wages	40,000
Chargeable Expenses	15,000
Administrative Overheads	10,000
Selling Overheads	14,000
Factory Overheads	22,500
Sales	2, 20,000

**(OR)**

b) What are the Advantages and Disadvantages of Cost Accounting?

20.a) Explain Nature and Scope of Management Accounting.

**(OR)**

b) The expenses for Budgeted Production of 10,000 units in a Factory are furnished below:

	<b>Per Unit</b>
Material	70
Labour	25
Variable Overheads	20
Fixed Overheads (Rs.100000)	10
Variable Expenses (Direct)	5
Selling Expenses (10% Fixed)	13
Distribution Expenses (20% Fixed)	7
Administration Expenses	<u>5</u>
Total Cost per Unit	155

Prepare a Budget for Production of: \_\_\_\_\_

- a) 8,000 Units
- b) 6,000 Units
- c) Indicate Cost per Unit at both the levels. Assume that Administration Expenses are fixed for all levels of production.

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