

(FOR THE CANDIDATES ADMITTED

23UBP101

DURING THE ACADEMIC YEAR 2023-2026 ONLY)

REG.NO. : 

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

END-OF-SEMESTER EXAMINATIONS: NOVEMBER 2023

COURSE NAME: B Com (BPS)

MAXIMUM MARKS: 75

SEMESTER : I

TIME : 3 HOURS

**PART - III****23UBP101 – FINANCIAL ACCOUNTING**

SECTION – A

(10 X 1 = 10 MARKS)

**ANSWER THE FOLLOWING QUESTIONS**

(K1)

1. According to Accounting Standard AS-09, which of the following is not a tangible fixed asset?

a) Land	c) Goodwill
b) Building	d) Machinery

2. The errors that would require an adjusting journal entry at the end of the accounting period?

a) Error of omission	c) Error of principle
b) Error of commission	d) Error of original entry

3. When using the double declining balance method, what is the salvage value?

a) The asset's original cost	c) The asset's current market value
b) Zero	d) The estimated residual value at the end of life

4. In a consignment arrangement, who bears the risk of loss or damage to the goods while in transit?

a) Consignor	c) Consignee
b) Carrier (shipping company)	d) Insurance company

5. What does the Gross Profit Ratio represent in financial analysis?

a) The ratio of net profit to total revenue	c) The ratio of operating expenses to gross profit
b) The ratio of gross profit to net sales	d) the ratio of CGS to total expenses

(CONTD .... 2)

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

(K2)

6. Purpose of preparing a journal entry in accounting
7. How can an error in the original entry be rectified
8. Explain the concept of an "outstanding check" in the context of a Bank Reconciliation Statement.
9. Bring out the key features of Consignment Accounts
10. What is the average clause in a fire insurance policy?

**SECTION – B****(5 X 5 = 25 MARKS)****ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. (K3)**

11. a) Prepare Trial Balance for the following Balances as on 31st March 2021

<b>Balance</b>	<b>₹</b>
Cost of Goods Sold	5,20,000
Opening Stock	50,000
Closing Stock	50,000
Salary and Wages	50,000
Sales	8,00,000
Plant & Machinery	2,00,000
Drawing	50,000
Investment	4,30,000
Creditors	1,00,000
Capital	4,00,000

**(OR)**

b) Prepare Cash Ledger on the following

2018		₹.
April 1	Commenced business with cash	1,50,000
April 2	Opened a bank a/c with SBI	50,000
April 3	Purchased furniture	20,000
April 7	Bought goods from M/s. Britannia Traders, Bangalore	30,000
April 8	Purchased goods from M/s. Cadbury Traders, Mysore	42,000
April 10	Cash sales	30,000
April 14	Sold goods on credit to M/s. Lindt Traders, Kerala	12,000
April 16	Rent paid	4,000
April 18	Paid electricity expenses	1,000
April 20	Received cash from Lindt Traders	12,000
April 22	Goods returned to Cadbury Traders	2,000
April 23	Cash paid to Cadbury Traders	40,000
April 25	Bought postage stamps	100
April 30	Salary paid to Priyata	4,000

**(CONTD .... 3)**

12. a) Rectify the following errors which are located in the books of Mr. Ahmed at end March, 2017:

- (i) Sale of old furniture for Rs. 2,000 treated as sale of goods.
- (ii) Rs. 12,000 paid of salary to cashier Mr. Naeem, stands debited to his personal account.
- (iii) An amount of Rs. 5,000 withdrawn by the proprietor for his personal use has been debited to trade expenses a/c.
- (iv) Cash received from Mr. Bilal Rs. 300 was credited to Mr. Baber.
- (v) Repairs made were debited to building account Rs. 100.
- (vi) Rs. 1,000 received as interest was credited to commission account.
- (vii) Rs. 5,200 paid for the purchase of typewriter was charged to office expenses account.

**(OR)**

b) Pass Rectification entries for the following transactions at end January, 2017:

1. Purchase of furniture for Rs. 615 passed through Purchase Book.
2. The motor car had been purchased for Rs. 3,400. Cash had been correctly credited but Motor Car account had been debited with Rs. 3,140 only.
3. Interest on deposits received Rs. 60 had been debited in cash account, but had been not credited to the interest account.
4. The balance in the Account Receivable\_ Ali Rs. 100 had been written off as bad but no other account had been debited.
5. Rs. 7,700 paid for wages to workman for making showcases had been charged to wages account.
6. Bill Payable Book overcast by Rs. 500.
7. Goods purchased for proprietor's use for Rs. 1,000 was debited to purchase account.

13. a) On 1st April 2014, merchant purchased furniture costing Rs.55,000. It is estimated that its life is 10 years at the end of which it will be sold Rs.5,000. Additions are made on 1st April 2015 and 1st October 2017 to the value of Rs.9,500 and Rs.8,400 (Residual values Rs.500 and Rs.400 respectively). Show the Furniture Account for the first four years, if Depreciation is written off according to the Straight Line Method.

**(OR)**

b) Rim Zim Ltd. maintains a current account with the State Bank of India. On 31st March, 2017, the bank column of its cash book showed a debit balance of 1, 54,300. However, the bank statement showed a different balance as of that date. The following were the reasons for the difference:

S No	Particulars	Amount
(i)	Cheques deposited, but not yet credited by the bank	75,450

(ii)	Cheques issued, but not yet presented for payment	80,760
(iii)	Bank charges not yet recorded in the cash book	1,135
(iv)	Cheques received by the bank directly from trade debtors	1,35,200
(v)	Insurance premium paid by the bank as per standing instructions, but not yet recorded in the cash book	15,400
(vi)	Dividend collected by the bank, but not yet recorded in the cash book	1,000

Find out the balance as per the bank statement as on 31st March 2017

14. a) Mr. R consigned 10,000 litres of oil @ ` 3 per litre and paid ` 2,000 as forwarding expenses. Mr. S, agent of Mr. R received the stock and sold 6,000 litres @ ` 6 per litre, and paid ` 1,000 as selling expenses. He was entitled for 10% commission on sales. There was a normal loss of 2%. Prepare Consignment account in the books of Mr. R

**(OR)**

b) Mr. A consigned 200 cycles @ ` 500 each and paid ` 3,000 on freight. During the transit 20 cycles were lost by theft. Mr. B received the remaining stock and paid ` 3,600 on its clearing. He sold 150 cycles @ ` 800 per cycle. He was entitled for 10% commission on sales. He paid ` 5,000 as miscellaneous expenses. Prepare Consignment Account in books of Mr. A.

15. a) X Co. Ltd. took a lease from a landlord for a period of 25 years from 1-1-2010 on a royalty of Rs.2 per ton of coal raised with a minimum rent of Rs.20,000 and power to recoup short-workings during the first 4 years of the lease. The annual output was as follows – 2010 - 5,000 tons; 2011 – 8,000 tons; 2012 – 10,000 tons; 2013 – 15,000 tons; 2014 – 20,000 tons. Prepare Minimum rent A/c, Royalty A/c, Short-workings A/c and Landlord A/c.

**(OR)**

b) Prepare Royalty analysis table from the following details:

- Minimum Rent Rs.75,000 p.a..
- Royalty payable Rs.5 per ton of output.
- Short-working of the year can be recouped in the next 2 years out of excess royalty.
- Output for the first five years were:

S.No	Years	Output
1	1	10,000
2	2	12,200
3	3	20,800
4	4	25,500
5	5	35,500

**(CONTD .... 5)**

## SECTION – C

(5 X 8 = 40 MARKS)

**ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS.****(Qn. No. 16 to 20 Questions for Long Answers with internal choices – 2 questions from each unit.****(K4 (Or) K5)**

16. a) Mr. Ramu has the following transactions in the month of July. Record them into the journal and show postings in the ledger and balance the accounts.

July 1 <sup>st</sup>	Ramu started the business with a capital of 75,000
1 <sup>st</sup>	Purchased goods from Manu on credit 25,000
2 <sup>nd</sup>	Sold goods to Sonu 20,000
3 <sup>rd</sup>	Purchased goods from Meenu 15,000
4 <sup>th</sup>	Sold goods to Tanu for cash 16,000
5 <sup>th</sup>	Goods retuned to Manu 2,000
6 <sup>th</sup>	Bought furniture for 15,000
7 <sup>th</sup>	Bought goods from Zenu 12,000
8 <sup>th</sup>	Cash paid to Manu 10,000
9 <sup>th</sup>	Sold goods to Jane 13,500
10 <sup>th</sup>	Goods returned from Sonu 3,000

**(OR)**

b) Journalise the following transactions in the books of Moon and post them into the ledger for the month of August

Aug 10 <sup>th</sup>	Moon commenced business with a capital of 1,50,000
11 <sup>th</sup>	Cash deposited into bank 50,000
12 <sup>th</sup>	Bought equipment for 15,000
13 <sup>th</sup>	Bought goods worth 20,000 from Star and payment made by cheque
14 <sup>th</sup>	Sold goods to Sun for 15,000 and payment received through cheque
16 <sup>th</sup>	Paid rent by cheque 5,000
17 <sup>th</sup>	Took loan from Mr. Storm 25,000
18 <sup>th</sup>	Received commission from Mr. Air by cheque 5,000
19 <sup>th</sup>	Wages paid 15,000
20 <sup>th</sup>	Withdrew from bank for personal use 3,000
21 <sup>st</sup>	Withdrew from bank for office use 10,000
22 <sup>nd</sup>	Bought goods for 25,000
23 <sup>rd</sup>	Cash paid into bank 30,000
24 <sup>th</sup>	Interest paid through cheque 2,000

25 <sup>th</sup>	Gave loan to Mr. Wind 10,000
26 <sup>th</sup>	Amount paid to Mr. Storm on loan account 15,000
27 <sup>th</sup>	Salary paid to Manager Mr. Liquid 5,000
28 <sup>th</sup>	Postage paid 1,000
29 <sup>th</sup>	Received cheque from Mr. Wind on loan account 3,000
30 <sup>th</sup>	Sold part of the equipment for 2,000

17. a) By passing Journal entries through Suspense A/c.

- (1) Rs. 5,000 paid to Mohit were entered in the cash Book but omitted to be posted to the ledger.
- (2) Rs. 5,000 paid to Mohit were debited to his A/c as Rs. 500.
- (3) Rs. 5,000 paid to Mohit were debited to his A/c as Rs. 50,000.
- (4) Rs. 5,000 paid to Mohit were credited to his A/c
- (5) Rs.5,000 paid to Mohit were credited to his A/c as Rs. 500.
- (6) Sales Book was overcast by Rs. 2,000
- (7) Sales Return Book undercast by Rs. 4,000
- (8) Purchase Return Book undercast by Rs. 5,000.

**(OR)**

b) An accountant of a trading concern could not agree the Trial Balance. There was an excess credit of Rs. 100 which he transferred to the suspense A/c. The following errors were subsequently discovered.

- (1) Received Rs. 550 from X, were posted to the debit of his account.
- (2) Rs.100 being purchase return were pointed to the debit of purchases A/c.
- (3) Discount received Rs. 200 Correctly entered in the Cash Book but posted to the debit of the discount A/c.
- (4) Salary paid Rs. 3,500 to X were posted to the salary A/c as Rs 2,500.
- (5) A purchase of Rs. 400 has been passed through Sales Book. However the customer's account has been correctly credited.

18. a) From the following transactions of concern, prepare the Machinery Account for the year ending 31 st March, 2017 :

1.4.17	Purchased a second – hand machinery for Rs.40,000
1.4.17	Spent Rs.10,000 on repairs for making it serviceable.
30.9.17	Purchased additional new machinery for Rs.20,000
31.12.17	Repairs and renewals of machinery Rs.3,000.
31.3.18	Depreciate the machinery at 10% per annum.

**(OR)**

b) A firm purchased on 1st January, 2010 a second-hand machinery for Rs.36,000 and spent Rs.4,000 on its installation. On 1st July in the same year, another machinery costing Rs.20,000 was purchased. On 1st July, 2012 machinery brought on 1st January, 2010 was sold for Rs.12,000 and a new machine purchased for Rs.64,000 on the same date. Depreciation is provided annually on 31st December @ 10% per annum on the written down value method. Show the machinery account from 2010 to 2012.

**(CONT'D .... 7)**

19. a) The Swastik Oil Mills, Bombay, consigned 10,000 Kg. of Castor Oil to Dass of Calcutta on 1st April 2016. The cost of the oil was ` 2 per Kg. The Swastik Oil Mills paid ` 5,000 as freight and insurance. During transit 250 Kg. were accidentally destroyed for which the insurers paid, directly to the consignors, ` 450 in full settlement of the claim. Dass took delivery of the consignment on the 10th April. On 30th June, 2016, Dass reported that 7,500 Kg. were sold at ` 300 the expenses being on godown rent ` 200/- on advertisement ` 1,000 and on salesman's ` 2,000. Dass is entitled to a commission of 3 per cent plus 1.5 per cent *delcredere*. A party which had bought 1,000 was able to pay only 80% of the amount due from it. Dass reported a loss of 100 kg. as handling loss. Assuming that Dass paid the amount due by bank draft, show the account in the books of both the parties. The Swastik Oil Mills Ltd. close books on 30th June

**(OR)**

b) On 1st January, 2016 Lila & Co. of Calcutta consigned 100 cases of Milk Powder to Shila& Co. of Bombay. The goods were charged at a proforma invoice value of ` 10,000 including a profit of 25% on invoice price. On the same date the consignor paid ` 600 for freight and insurance. On 1st July, the consignees paid import duty ` 1,000, dock dues ` 200. On 1st August, they sold 80 cases for ` 10,500 and sent a remittance for the balance due to the consignor after deducting commission at the rate of 5% on gross sale proceeds. Show the Consignment Account and Shila&Co's Account in Lila &Co's Book.

20.a) From the below given information's, please open prepare the necessary accounts in the books of M/s Black Diamond Limited.

- Company leased a colliery on 01-01-2010 at a minimum rent of Rs. 75,000.
- Royalty Rate@ Rs. 1/- per ton.
- Right of recouping of short workings is restricted to first 3 years.
- Output for the first four years of the lease was 40,000, 65,000, 1, 05,000, and 90,000 tons respectively.

**(OR)**

b) Mr Ajith has patent of safety locks. He gave right of manufacture and safe of lock to national traders for 14 years on the following terms. Royalty will be at Rs 5 on each lock sold and minimum rent is Rs 1,00,000 per year. Short working will be recouped in the following two year . open the necessary accounts

Year	No of locks sold
2016-2017	16000
2017-2018	18000
2018-2019	22000
2019-2020	36000

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