(FOR THE CANDIDATES ADMITTED DURING THE ACADEMIC YEAR 2025-26 ONLY)

SUBJECT CODE 25 UEO 1A1

REG.NO.

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

END-OF-SEMESTER EXAMINATIONS : NOVEMBER – 2025

B.A.ECONOMICS | MAXIMUM MARKS: 75

I SEMESTER | TIME : 3 HOURS

PART – III

BUSINESS ACCOUNTING

SECTION – A (10 X 1 = 10 MARKS)

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

1. In which one is another name for the day book?
   a) Ledger b) Cash book c) Pass book d) Journal
2. Which is caused the account showing the gross profit or gross loss of the business?
   a) Profit and Loss Account b) Balance Sheet c) Trading Account d) Trial Balance
3. Which one is the cause for depreciation?
   a) Inflation b) Wear and tear c) Appreciation d) Revaluation
4. Which one of the following is not a method of costing?
   a) Job costing b) Process costing c) Contract costing d) Financial costing
5. State which one is a function of management accounting?
   a) Decision making b) Tax computation c) Recording of transactions d) Auditing

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

6. Define accounting
7. What do you mean by net profit?
8. Name the methods of providing depreciation.
9. What is cost accounting?
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) Journalise the following transactions of post them in the ledger and balance the accounts on 31st Jan 1999.

Date	Particulars	Rs.
Jan 1	Lakshmi started business with capital	50,000
2	She purchased goods from Mala on credit	10,000
5	She paid cash to Mala	5,000
7	She sold goods to Shanthi	10,000
10	She received cash from shanthi	8,000
15	She further purchased goods from Mala	12,000
20	She paid cash to Mala	4,000
25	She further sold goods to shanthi	13,000
30	She received cash from shanthi	3,000

(CONTD …. 2)

(OR)

b) Prepare Trial Balance from the following ledger balance for the year ending 31.12.99

Particulars	Rs.	Particulars	Rs.
Capital	50,000	Plant & Machinery	80,000
Sales	1,77,000	Purchases	60,000
Returns outward	750	Returns inward	1,000
Stock(1.1.99)	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	6,500

12. a) From the following balances extracted at the close of the year ended 31st Dec.2001. Prepare the profit and loss account of Mr.Venkat as at that date:

Particulars	**Rs.**	Particulars	**Rs.**
Gorss profit	55,000	Repairs	500
Carriage on Sales	500	Telephone expenses	520
Office Rent	500	Interest (Dr)	480
General Expenses	900	Fire Insurance premium	900
Discount to customers	360	Bad debts	2100
Interest from Bank	200	Apprentice premium (Cr)	1500
Travelling expenses	700	Printing && Stationery	2500
Salaries	900	Trade expenses	300
Commission	300		

(OR)

b) From the following balances extracted at the close of the year ended 31st Dec.2015. Prepare Trading and profit and loss account of Mr.Hari as at that date:

Particulars	**Rs.**	Particulars	**Rs.**
Sales	1,00,000	Repairs	500
Carriage on Sales	500	Telephone expenses	520
Office Rent	500	Interest (Dr)	480
General Expenses	900	Fire Insurance premium	900
Discount to customers	360	Bad debts	2100
Interest from Bank	200	Apprentice premium (Cr)	1500
Travelling expenses	700	Printing & Stationery	2500
Salaries	900	Trade expenses	300
Commission	300	Purchase	50000
		Purchase return	10000
		Opening Stock	5000

(CONTD …. 3)

13. a) Hasan purchased a machine on 1st Jan. 1992 at Rs. 14,400. The scrap value after ten years is expected to be Rs. 3,400. If depreciation is written off by equal instalments every Dec. 31, show the Machinery A/c for the first three years. Calculate the rate of depreciation.

(OR)

b) A machine was purchased from abroad for Rs. 10,000. Import duty, shipping and other forwarding charges were Rs. 9,000 and the installation expenses were Rs. 1,000. Calculate depreciation for two years @ 10% per annum on diminishing balance method. Prepare machinery account for two years.

14. a) State the objectives of cost accounting

(OR)

b) From the following particulars prepare a cost sheet

Particulars	**1.1.2009**	**31.1.2009**
Raw materials	20,000	32,000
Work-in-Progress	26,500	14,000
Purchases of Raw Materials		90,000
Carriage Inwards		2,000
Direct wages		40,000
Chargeable Expenses		15,000
Works overheads		22,500
Administrative overheads		10,000
Selling & Distribution overheads		14,000
Sales		2,20,000

15. a) S. K. Brothers wish to approach the bankers for temporary overdraft facility for the period from October 2010 to December 2010. During the period of this period of these three months, the firm will be manufacturing mostly for stock. You are required to prepare a cash budget for the above period.

Month	**Sales (Rs.)**	**Purchases (Rs.)**	**Wages (Rs.)**
August	3,60,000	2,49,600	24,000
September	3,84,000	2,88,000	28,000
October	2,16,000	4,86,000	22,000
November	3,48,000	4,92,000	20,000
December	2,52,000	5,36,000	30,000

(a) 50% of credit sales are realized in the month following the sales and remaining 50% in the second following.

(b) Creditors are paid in the month following the month of purchase

(c) Estimated cash as on 1-10-2010 is Rs.50,000.

(CONTD …. 4)

(OR)

b) Using the following information, prepare a flexible budget for the production of 80% and 100% activity

Production at 50% Capacity 5,000 Units

Raw Materials Rs.80 per unit

Direct Labour Rs.50 per unit

Direct Expenses Rs.15 per unit

Factory Expenses Rs.50,000 (50) (Fixed)

Administration Expenses Rs.60,000 (Variable)

SECTION – C (5 X 8 = 40 marks)

ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. (K4 (Or) K5)

16. a) The following are the transactions of Sankar & Co., for the month of July. Journalise the transactions.

		Rs.
July 1	Capital paid into bank	10,000
	Bought stationery for cash	60
2	Bought goods for cash	4,200
3	Bought postage stamps	20
5	Sold goods for cash	1,500
6	Bought office furniture from babu Brothers	1,000
11	Sold goods to Mohan	2,000
12	Received cheque from Mohan	2,000
14	Paid Babu Brothers by cheque	1,000
16	Sold goods to Raj & Co.	1,000
20	Bought goods from Swamy & Bros.	1,400
23	Bought goods for cash from Nathan & Co.	450
24	Sold goods to Palani	700
26	Raj & Co., paid on account	500
27	Paid Swamy & Bros. by cheque in full settlement	1,370
31	Paid salaries	500
	Rent is due to Satyan but not yet Paid	200

(OR)

(CONTD …. 5)

b) The following balances were extracted from the ledger of Ram company ltd on 31st March 2000. You are required to prepare a trial balance as on that date in proper form.

	Rs.		Rs.
Drawings	6,000	Salaries	9,500
Capital	24,000	Sales Returns	1,000
Sundry Creditors	43,000	Purchase Returns	1,100
Bills payable	4,000	Travelling expenses	4,600
Sundry debtors	50,000	Commission paid	100
Bills receivable	5,200	Trading expenses	2,500
Loan from Karthik	10,000	Discount earned	4,000
Furniture & fixtures	4,500	Rent	2,000
Opening Stock	47,000	Bank overdraft	6,000
Cash in hand	12,500	Purchases	70,800
Cash at bank	12,500		
Taxes	3,500		
Sales	1,28,000		

17. a) From the following Trial Balance of Ravi, prepare Trading and Profit and Loss Account for the year ended on December 31st 1993 and a Balance Sheet as on that date:

Trial Balance

Particulars	Debit Rs.	Credit Rs.
Capital		40,000
Sales		25,000
Purchases	15,000	
Salaries	2,000	
Rent	1,500	
Insurance	300	
Drawings	5,000	
Machinery	28,000	
Bank Balance	4,500	
Cash	2,000	
Stock 1-1-93	5,200	
Debtors	2,500	
creditors		1,000
	66,000	66,000

(CONTD …. 6)

Adjustment Required:

Stock on 31-12-93	Rs.4, 900
Salaries unpaid	Rs.300
Rent paid in advance	Rs.200
Insurance prepaid	Rs.90

(OR)

b) Prepare the Trading and Profit and Loss Account for the year ended on 31-12-1981 and a Balance Sheet as on that date:

Particulars	Rs.	Particulars	Rs.
Purchase	11,870	Capital	8,000
Debtors	7,580	Bad debt recovered	250
Return inwards	450	Creditors	1,250
Bank deposit	2,750	Return outwards	350
Rent	360	Bank overdraft	1,570
Salaries	850	Sales	14,690
Travelling expenses	300	Bills payable	1,350
Cash	210		
Stock	2,450		
Discount allowed	40		
Drawings	600		
	27,460		27,460

Adjustments:

i) The closing stock on 31-12-81 was Rs.4,200

ii) Write off Rs.80 as bad debts and create a reserve for bad debts at Rs.5% on sundry debtors.

iii) Three months rent is outstanding

18. a) On April 1, 2011 Venkat Ltd Company purchased a Machinery for Rs.4,00,000. On 1st October 2012, a new machine costing Rs.2,40,000 was purchased. On 30th September 2013, the machinery purchased on 1st April 2011 having become obsolete was sold for Rs.2,40,000. The accounting year ends on 31st March and depreciation is to be provided at 10% p.a. on Straight Line Method. Pass necessary journal entries and Machinery account and Depreciation account for three years.

(OR)

(CONTD …. 7)

b) Akbar & Co. purchased a fixed asset on 1.4.2017 for Rs.2,50,000. Depreciation is to be provided @10% annually according to the Written down value method. The books are closed on 31st March every year. Prepare the journal entry, fixed asset Account and Depreciation Account for the first three years.

19. a) Calculate Prime cost, Factory Cost, Cost of Production, Cost of sales and profit from the following

	Rs.		Rs.
Direct Materials	1,00,000	Depreciation:	
Direct wages	30,000	Factory plant	500
Wages of foreman	2,500	Office premises	1,250
Electric power	500	Consumable stores	2,500
Lighting: Factory	1,500	Manager's salary	5,000
Office	500	Director's fees	1,250
Storekeeper's wages	1,000	Office stationary	500
Oil and water	500	Telephone charges	125
Rent: Factory	5,000	Postage and Telegrams	250
Office	2,500	Salesman's salaries	1,250
Repairs and Renewals:		Travelling expenses	500
Factory plant	3,500	Advertising	1,250
Office Premises	500	Warehouse charges	500
Transfer to Reserves	1,000	Sales	1,89,500
Discount on shares written off	500	Carriage outward	375
Dividend	2,000	Income Tax	10,000

(OR)

b) From the following particulars prepare a cost sheet showing the total cost per tonne for the period ended 31st Dec 2006.

Particulars	Rs.	Particulars	Rs.
Raw Materials	33,000	Rent and taxes (office)	500
Productive wages	38,000	Water supply(works)	1,200
Unproductive Wages	10,500	Factory insurance	1,100
Factory rent and taxes	7,500	Office insurance	500
Factory lighting	2,200	Legal expenses	400
Factory heating	1,500	Rent of Warehouse	300
Motive power	4,400	Depreciation of	
Haulage(works)	3,000	- plant & Machinery	2,000
Director's fees (works)	1,000	- office building	1,000
Director's fees(office)	2,000	- Delivery vans	200
Factory cleaning	500	Bad debts	100
Sundry office expenses	200	Advertising	300
Estimating expenses(works)	800	Sales dept salaries	1,500
Factory stationary	750	Upkeep of delivery vans	700
Office stationary	900	Bank Charges	50
Loose tools written off	600	Commission on sales	1,500

The total output for the period has been 14,775 tonnes.

(CONTD …. 8)

20. a) Sumatra Co. Ltd. wishes to arrange overdraft facilities with its bankers from the period August to October 2010 when it will be manufacturing mostly for stock. Prepare a cash budget for the above period from the following data given below

Month	**Sales (Rs.)**	**Purchases (Rs.)**	**Wages (Rs.)**	**Mfg. Exp. (Rs.)**	**Office Exp.(Rs.)**	**Selling Exp. (Rs.)**
June	1,80,000	1,24,800	12,000	3,000	2,000	2,000
July	1,92,000	1,44,000	14,000	4,000	1,000	4,000
August	1,08,000	2,43,000	11,000	3,000	1,500	2,000
September	1,74,000	2,46,000	12,000	4,500	2,000	5,000
October	1,26,000	2,68,000	15,000	5,000	2,500	4,000
November	1,40,000	2,80,000	17,000	5,500	3,000	4,500
December	1,60,000	3,00,000	18,000	6,000	3,000	5,000

Additional Information:

(a) Cash on hand 1-08-2010 Rs.25,000.

(b) 50% of credit sales are realized in the month following the sale and the remaining 50% in the second month following. Creditors are paid in the month following the month of purchase.

(c) Lag in payment of manufacturing expenses half month.

(d) Lag in payment of other expenses one month.

(OR)

b) Prepare a Flexible budget for overheads on the basis of the following data. Ascertain the overhead rates at 50% and 60% capacity.

Variable overheads:	At 60% capacity (Rs)
Indirect Material	6,000
Labour	18,000
Semi-variable overheads:	
Electricity: (40% Fixed & 60% variable)	30,000
Repairs: (80% fixed & 20% Variable)	3,000
Fixed overheads:	
Depreciation	16,500
Insurance	4,500
Salaries	15,000
Total overheads	93,000
Estimated direct labour hours	1,86,000

ETHICAL PAPER

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