

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

END-OF-SEMESTER EXAMINATIONS : DECEMBER 2022

B.A.-ECONOMICS

MAXIMUM MARKS: 50

I SEMESTER

TIME : 3 HOURS

PART - III

BUSINESS ACCOUNTING

SECTION - A

(10 X 1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS.

MULTIPLE CHOICE QUESTIONS.

(K1)

1. Which is the scope of an accounting?
a) collection & processing of data b) verifying data
c) publishing data d) all of the above
2. The trading account reveals -----
a) financial position b) gross profit/gross loss
c) net profit/net loss d) distribution of profit
3. Which method of depreciation remains constant according to -----method?
a) straight line b) written down
c) annuity d) revaluation
4. The basic objective of cost accounting is -----
a) profit ascertainment b) cost distribution
c) cost ascertainment d) cost allocation
5. Who is the beneficiary of management accounting to take decision makings?
a) investors b) creditors c) bankers d) managers

SHORT ANSWERS IN ONE (OR) TWO WORDS.

(K2)

6. State the meaning of accounting.
7. Construct the term of bad debts.
8. Define the concept of depreciation.
9. Interpret the meaning of cost accounting.
10. Show the meaning of budgetary control.

SECTION – B (5x3=15 MARKS)**ANSWER EITHER 'a' OR 'b' IN EACH OF THE FOLLOWING****QUESTIONS:****(K3)**

11. a) Prepare the journal entries for the following transactions:

2020 June 1. Kumar started business with cash Rs.10000
 2. Paid salary to the staff Rs.500
 5. Sold goods to Krishna for cash Rs.5000
 15. Purchases from Ganesan Rs.2500

(Or)

b) Show the trial balance from the following:

	Rs.		Rs.
Capital	9000	Rent outstanding	1000
Plant and machinery	12000	Opening stock	2000
Purchases	8000	Sales returns	4000
Sales	12000	Investments	14000
Creditors	8000	Debtors	12000
Bank loan	22000		

12. a) Enter the following transactions in the purchases book and sales book of Mr.Pathy

			Rs.
2020			
Jan. 1	Purchased goods from Balu		30000
2	Sold goods to Swamy		15000
4	Bought goods from Gowri		13500
12	Sold goods to Thinakaran		10500
19	Sold goods to Jaya		750
21	Bought goods from Rajesh		9000
30	Sold goods to Shanthi		900

(Or)

b) Examine the Trading Account from the following details:

	Rs.		Rs.
Opening stock	80000	Purchase returns	10000
Purchases	860000	Sales returns	316000
Freight inward	52000	Closing stock	100000
Wages	24000	Import duty	30000
Sales	1440000	Salaries	25000

13. a) Analyze the causes for depreciation.

(Or)

b) A machine was purchased for Rs.50000 on 1.1.2020. It is expected to last for 10 years. Estimated scrap is Rs.10000. Find out the rate of depreciation under the straight line method.

14. a) Examine the objectives of cost accounting.

(Or)

b) Construct the cost sheet from the following details:

Direct materials Rs.10000; Direct labour Rs.4000; Direct expenses Rs.500
Factory expenses Rs.1500; Administrative expenses Rs.1000;
Selling expenses Rs.300
Sales Rs.20000

15. a) Analyze the nature of management accounting.

(Or)

b) Examine the types of budget prepared by the managers.

SECTION – C

(5 X 5 = 25 MARKS)

ANSWER EITHER 'a' OR 'b' IN EACH OF THE FOLLOWING QUESTIONS:

(K4/K5)

16. a) Discuss the concepts and conventions of Accounting.

(Or)

b) Show the Journal, Ledger and Trial balance from the following details.

2020

Jan. 1. Mugin commenced business with a capital of Rs.80000
2. Purchased goods for Rs.24000
3. Bought furniture for Rs.20000
5. Sold goods for Rs.18000
7. Sold goods to Kumar on credit for Rs.15000
8. Purchased goods from Deva on credit for Rs.6000
15. Cash received from Kumar Rs.14950; allowed him discount Rs.50
18. Paid cash to Deva Rs.2000
22. Drawn for personal use Rs.3000
25. Opened a bank account by depositing Rs.11000
26. Cash sales Rs.5000
31. Rent paid Rs.2000; Salary paid Rs.3500

17. a) Show the format of Trading, Profit & Loss account and Balance sheet of a sole trader.

(Or)

b) From the following Trial Balance of Thiru.Mohan as on 31st March 2020. Ascertain the Trading and Profit & Loss A/C and Balance Sheet taking into account the adjustments:

	Debit	Credit
	Rs.	Rs.
Capital	40000	
Sales	25000	
Purchases	15000	
Salaries	2000	
Rent	1500	
Insurance	300	
Drawings	5000	
Machinery	28000	
Bank balance	4500	
Cash	2000	
Stock 1.4.2019	5200	
Sundry debtors	2500	
Sundry creditors	1000	
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	66000	66000
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Adjustments:

- i) Stock on 31.03.2020 was Rs.4900
- ii) Salary outstanding Rs.300
- iii) Insurance prepaid Rs.90
- iv) Rent paid in advance Rs.200

18. a) On 1st July 2018, Machinery was purchased for Rs.15000. Depreciation is charged at 10% on original cost. The books are closed on 31st December each year. The machine was sold for Rs.9500 on 31st March 2021. Analyze the machinery account for the years 2018 to 2021.

(CONTD.....5)

(Or)

b) A company whose accounting year is the calendar year, purchased on 1.1.2018 a machine for Rs.40000. It purchased further machinery on 1st Oct. 2018 for Rs.20000 and on 1st July 2019 for Rs.10000. On 1.7.2020, 1/4th of the machinery installed on 1.1.2018 became obsolete and was sold for Rs.6800. Examine, how the machinery account would appear in the books of the company for all the 3 years under diminishing balance method.

Depreciation is to be provided at 10% p.a.

19. a) Show the cost sheet from the following data given below:

	Rs.
Stock of Raw materials -1.1.2018	75000
Stock of Raw materials -31.1.2018	91500
Direct wages	52500
Indirect wages	2750
Sales	211000
Work-in-progress -1.1.2018	28000
Work-in-progress -31.1.2018	35000
Purchase of raw materials	66000
Factory rent, rates and power	15000
Depreciation on plant and machinery	3500
Expenses on purchases	1500
Carriage outwards	2500
Advertising	3500
Office rent and taxes	2500
Traveller's commission	6500
Stock on finished goods – 1.1.2018	54000
Stock on finished goods – 31.1.2018	31000

(Or)

b) Summarize the advantages and disadvantages of cost accounting.

(CONTD.....6)

20. a) A firm expects to have Rs.30000 on 1st May 2019 and requires you to ascertain an estimate of the cash position during the 3 months May to July 2019 from the following information.

Month	Sales	Purchases	Wages	Factory exp.	Office exp.	Selling exp.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
March	40000	24000	6000	3000	4000	3000
April	46000	28000	6500	3500	4000	3500
May	50000	32000	6500	4000	4000	3500
June	72000	36000	7000	4400	4000	4000
July	84000	4000	7250	4250	4000	4000

Other information:

- i) 25% of the sale is for cash, remaining amount is collected in the month following that of sale.
- ii) Suppliers supply goods on two months credit.
- iii) Delay in payment of wages and all other expenses: one month.
- iv) Income tax of Rs.10000 is due to be paid in July.
- v) Preference share dividend of 10% on Rs.100000 is to be paid in May.

(Or)

b) The following are the budgeted expenses for the production of 10000 units:

Per unit Rs.

Direct materials	60
Direct labour	30
Variable overheads	25
Fixed overheads (Rs.150000)	15
Variable expenses (Direct)	5
Selling expenses (10% fixed)	15
Administration expenses (Rs.50000 fixed)	5
Distribution expenses (20% fixed)	5

Total cost of sales per unit	160
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Compute a flexible budget for production of 8000 and 12000 units.
