

NGM COLLEGE (AUTONOMOUS) POLLACHI

END-OF-SEMESTER EXAMINATIONS: DECEMBER- 2022

B.Com – International Business

MAXIMUM MARKS: 50

I SEMESTER

TIME: 3 HOURS

PART - III

PRINCIPLES OF ACCOUNTING

SECTION – A

(10 X 1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS.

(K1)

1. Accounting principles are generally based on \_\_\_\_\_
  - a) Practicability
  - b) Subjectivity
  - c) Convenience in recording
  - d) Cost efficiency
2. Financial accounting deals with \_\_\_\_\_
  - a) Determination of costs
  - b) Determination of profits
  - c) Determination of price
  - d) Cost cutting
3. Sales are equal to \_\_\_\_\_
  - a) Cost of goods sold + gross profit
  - b) Cost of goods - sold gross profit
  - c) Gross profit - cost of goods sold
  - d) Cost price + Selling Price
4. Income tax paid by a sole trader is shown \_\_\_\_\_
  - a) on the debit side the trading account
  - b) an the debit side of profit and loss account
  - c) by way of deduction from the capital in the balance sheet
  - d) all the above
5. Sinking fund method of depreciation is known as \_\_\_\_\_
  - a) Straight line method
  - b) Revaluation method
  - c) Depreciation fund method
  - d) Diminishing balance method

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES

(K2)

6. Describe the meaning of book keeping.
7. Explain the importance of subsidiary books.
8. Discuss the characteristics of trial balance.
9. Differentiate between Outstanding expenses and Prepaid expenses.
10. Comment on the need for depreciation.

SECTION – B

(5 X 3 = 15 MARKS)

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

(Qn. No. 11 to 15 Questions for Short Answers with internal choices)

(K3)

11. a) Narrate the objectives of accounting.  
(OR)  
b) Explain the accounting concepts briefly.

(CONTD....2)

12. a) Discuss the principles of double entry system of book keeping.  
(OR)  
b) Highlight the need for subsidiary books.
13. a) Interpret the statement “agreement of a trial balance a conclusive proof of the accuracy of books of account” ? Discuss.  
(OR)  
b) Enter the following transactions of Sekar, a dealer in electrical goods, in the purchases book for the month of April 2022.
- |                |  |
|----------------|--|
| April 3, 2022  | Purchased from General Supplies Co. Ltd.,<br>24 Transistor Radio sets at Rs.200 each<br>20 Electric Toasters at Rs.100 each<br>6 Electric clocks at Rs.200 each<br>Less: Trade discount 20% on all items |
| April 6, 2022  | Purchased from Topaz Ltd.,<br>12 Electric Razors at Rs.120 each<br>48 Battery torches at Rs.20 each  |
| April 7, 2022  | Purchased from Radio House<br>10 Color T.V at Rs.6,000 each<br>4 LED T.V. at Rs.1,500 each   |
| April 19, 2022 | Purchased 400 LED bulbs at Rs.5 each<br>Less: Trade discount at 20%  |
14. a) Distinguish between balance sheet and trial balance.  
(OR)  
b) Prepare a trading account of a trader for the year ending 31st December 2021 from the following data:
- |  |          |
|--|----------|
| Opening Stock                              | 50,000   |
| Goods purchased during 2021                | 2,80,000 |
| Freight and packing on the above           | 20,000   |
| Closing stock (31-12-21)                   | 60,000   |
| Sales                                      | 3,80,000 |
| Packing expenses on sales for distribution | 12,000   |
15. a) Explain the methods of providing for depreciation.  
(OR)  
b) A machine was purchased for Rs.30,000 on 1.1.2022. This is expected to last for 5 years. Estimated scrap at the end of five years is Rs.5,000. Find out the rate of depreciation under the straight line method.

**SECTION – C****(5 X 5 = 25 MARKS)****ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS.****(Qn. No. 16 to 20 Questions for Long Answers with internal choices****(K4 (Or) K5)**

16. a) Describe the rules governing the accounting equation.  
(OR)  
b) Elucidate the meaning of Materiality and Consistency? Explain by giving examples.
17. a) Explain the meaning of (a) Journalising (b) Posting (c) Balancing (d) Debiting (e) Crediting  
(OR)  
b) Explain the utility of Petty cash book under 'Imprest system'

**(CONTD...3)**

18. a) Balamurugan of Coimbatore is not an expert in accounting. He prepared the following trial balance. You are requested to correct it and prepare a corrected trial balance.

Name of account	Debit balance	Credit balance
Capital		15,560
Sales		27,560
Sales returns		980
Drawings a/c	5,640	
Sundry debtors		5,300
Freehold premises	7,410	
Purchases	12,680	
Returns outwards	2,640	
Loans from Sakthi		2,500
Sundry Creditors	5,280	
Administration expenses	7,840	
Cash in hand	1,420	
Bills payable	1,000	
Wages	5,980	
Opening stock		2,640
Factory expenses	-----	-----
	54,540	54,540
	-----	-----

(OR)

- b) Describe the purpose and method of preparation of each subsidiary book.

19. a) The following is the trial balance of Salmaan of Madras as on 31.12.2022.

Debit balances		Credit balances	
Opening stock	6,200	Sales	82,920
Buildings	34,000	Capital	24,000
Furniture	2,000	Bank loan	6,000
Purchases	43,400	Sundry creditors	9,840
Salaries	4,400	Return outwards	840
Rent	1,200	Interest	260
Miscellaneous expenses	1,000	Dividend	220
Postage	560		
Freight on purchases	1,120		
Carriage on sales	1,600		
Repairs	1,800		
Sundry debtors	12,000		
Bad debts	240		
Cash in hand	2,600		
Return inwards	2,040		
	-----		-----
	1,24,080		1,24,080
	-----		-----

The value of stock on 31.12.2022 was estimated at Rs.5,960. You are required to prepare Trading and Profit & Loss Account and a Balance Sheet as on 31.12.2022.

(OR)

- b) Discuss the statement "The accrual concept is the basis for final accounts"

20. a) A firm purchases a 5 years' lease for Rs.80,000 on 1st January. It decides to write off depreciation on the Annuity method, presuming the rate of interest to be 5% per annum. The annuity tables show that a sum of Rs.18,478 should be written off every year. Show the lease account for five years. Show the lease account for five years. Calculations are to be made to the nearest rupee.

(CONTD....4)

(OR)

b) A company whose accounting year is the calendar year, purchased on 01.01.2020, a machine for Rs.40,000. It purchased further machinery on 1st October 2020 for Rs.20,000 and on 1st July 2021 for Rs.10,000. On 01.07.2022 1/4th of the machinery installed on 01.01.2020 became obsolete and was sold for Rs.6,800.

Show 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.

A-11

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