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5655

Register Number:

Name of the Candidate:

B.Com. DEGREE EXAMINATION, May 2015

(FINANCE & INVESTMENT)

(FIRST YEAR)

540: FUNDAMENTAL OF ACCOUNTS

Time: Three hours

Maximum: 100 marks

SECTION - A

Answer any FIVE questions

(5 × 8 = 40)

1. What are the basic principles of accounting rules?
2. What are the advantages of accounting?
3. Explain the sales book, creditors and debtors books?
4. Distinguish between subsidiary book and principle book.
5. What are the factors affecting the depreciation?
6. On the 1st January 2012 Tulsian Ltd., purchased a second hand machine for ₹80,000 and spent ₹20,000 on its cartage, repair and installation. The residual value at the end of its expected useful life of 4 years is estimates at ₹40,000. On the 30th September 2013, this machine is sold for ₹50,000. Depreciation to be provided according to SLM and DBM.
7. Following are the extracts from the Trial Balance of a firm, as at 31st March 2012.

Name of the Account	Dr. Balance	Cr. Balance
Sundry Debtors	2,05,000	
Bad debts	3,000	

Additional Information:

1. After preparing the Trial Balance, it is learnt that Mr.X, a debtor has become insolvent and nothing could be recovered from him and therefore the entire amount of the ₹5,000 due from him was irrecoverable.
2. Create 10% provision for doubtful debts.

Pass the necessary journal entries and show the relevant account(including final accounts).

8. Journalise the following transactions in the books of Mr.X post them in the ledger and balance the various accounts opened in the ledger.

	Date	Particulars	₹
2012 April	1	Mr.X.commenced business with cash.	80,000
	4	Purchased Furniture	22,000
	5	Bought goods for cash from Mr.Y	24,000
	8	Purchased goods from Mr.Z	40,000
	12	Sold goods on credit to Mr.A	10,000
	16	Received form Mr.A. on account.	4,800
	20	Sold goods for cash to Mr.B	5,200
	21	Paid to Mr.Z on account.	12,000
	27	Withdraw cash for personal use.	500
	28	Bought in further capital.	10,000
	29	Paid to Mr.Z on account	16,000
	30	Paid general expenses	250
	30	Rent due but not paid	520
	30	Salary paid to Mr.W, a clerk	1,200

SECTION - B

Answer any THREE questions

(3 × 20 = 60)

9. Classify the following under personal, real and Nominal accounts.
- | | |
|-------------------------------|--------------------------------|
| a) Manufacture account | b) Trading account |
| c) Profit and Loss account | d) Bills receivable account |
| e) Bills payable account | f) Prepaid Rent account |
| g) Outstanding salary account | h) Unexpired Insurance Account |
| i) Depreciation Account | j) Drawing Account |
| k) Capital account | l) accrued income |
| m) Interest on Capital | n) interest on drawings |
| o) Goodwill | p) Paten and Trade marks |
10. From the following particulars, prepare petty cash book on imprest system of Shri Lakshman & Co. for the month of January 2014.

	Date	Particulars	₹
2014 January	1	Opening Balance(on imprest system)	100
	2	Paid for stamps	12
	3	Paid cleaners wages	15
	4	Paid for fare	16
	5	Paid for office tea etc.	15
	6	Paid for repairs of cycle	10
	7	Paid for advertisement	30

2014 January	8	Draw imprest from head cashier	
	10	Paid for travelling expenses	10
	11	Paid for telegram sent	25
	12	Paid for entertainment to travelling salesmen	15
	13	Paid for repairs of cycle	20
	14	Paid for printing bill	10
	15	Paid for stationary	5
	16	Draw imprest from head cashier	3

11. From the following particulars and summary of cash book, prepare an income and expenditure accounts for the year ended 31st December 2012.

Receipts		₹	Payments		₹
To	Balance cash at bank 1455 cash at office 150	1,605	By	Salaries	3,600
To	Subscription (including ₹550 for 2011)	6,000	By	Rent	750
To	Interest on investment	560	By	Stationary	1,050
To	Bank interest	75	By	Postage	150
To	Sale proceeds of cycle	250	By	Cycle	830
			By	Fixed deposit	1,500
			By	Balance cash at bank 525 Cash at office 85	610
Total		8,490	Total		8,490

12. Journalise the following transaction
- Paid rent of building ₹12,000 half of the building is used by the proprietor for residential use.
 - Paid fire insurance of the building in advance ₹1,000.
 - Paid life insurance premium ₹2,000.
 - Paid income tax ₹3,000.
 - Salary due to clerk ₹500.
 - Charge depreciation on furniture @ 10% p.a. for one month (furniture ₹12,000).
 - Provide interest on capital (₹60,000) at 15% p.a. for two months.
 - Change interest on drawing (10,000) at 18% p.a. for six months.
 - Provide interest on loan to Ram (₹10,000) at 18% p.a. for two months.
 - Change interest on loan to Shyam (₹20,000) at 18% p.a. for two months.
 - Received commission ₹ 1,000 half of which is in advance.
 - Brokerage due to ₹500.

13. The following Trail Balance extracted from of a merchant Mr.Nageswara Rao on 31.03.2012.

Particulars	Dr.(₹)	Cr.(₹)
Furniture and fittings	640	
Motor vehicles	6,250	
Building	7,500	
Capital		12,500
Bad debts	125	
Provision for doubtful debts		200
Sundry debtors and creditors	3,800	2,500
Stock as on 01.04.2011	3,460	
Purchase and sales	5,475	15,450
Bank overdraft		2,850
Sales and purchases returns	200	125
Advertisement	450	
Interest on bank overdraft	1,184	
Commission		375
Cash	650	
Taxes and insurance Premium	782	
General expenses	1,250	
Salaries	3,300	
	34,000	34,000

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