

SHRIMATHI DEVKUNVAR NANALAL BHATT VAISHNAV COLLEGE FOR WOMEN
(AUTONOMOUS)

(Affiliated to the University of Madras and Re-accredited with 'A+' Grade by NAAC)
Chromepet, Chennai - 600 044.

B.A.Economics - END SEMESTER EXAMINATIONS APRIL - 2024
SEMESTER - III

20UECAT3003 - Basic Financial Accounting

Total Duration : 2 Hrs. 30 Mins.

Total Marks : 60

Section B

Answer any **SIX** questions ($6 \times 5 = 30$ Marks)

1. Explain the objectives of Accounting.
2. What is double entry system of accounting? Explain its advantages.
3. Journalise the following transactions:
 2021 Jan.1 Balan started business by investing cash Rs.2,00,000
 2021 Jan.2 Purchased goods for cash Rs.5,000 and
 Purchased a table Rs.4,500
 2021 Jan.3 purchased machinery Rs.15,000
 2021 Jan.4 purchased goods for cash Rs.30,000
 2021 Jan.5 purchased goods on credit from Kumar Rs.25,000
 2021 Jan.6 paid Rent Rs.10,000
 2021 Jan.7 goods sold Rs.20,000
4. Prepare a bank reconciliation statement from the following data as on 31-12-2005
 a) Balance as per cash book Rs.12,500
 b) Cheques issues but not presented for payment Rs.900
 c) Cheques deposited in bank but not collected Rs.1,200
 d) Bank paid insurance premium Rs.500
 e) Direct deposit by a customer Rs.800
 f) Interest on investment collected by bank Rs.200
 g) Bank charges Rs.100
5. Prepare trading and profit and loss Account from the information given below:

Opening stock	3,600	Rent (office)	500
Purchases	18,260	Sales return	700
Wages	3,620	Purchase returns	900
Closing stock	4,420	General expenses	900
Sales	32,000	Discount to customers	360
Carriage on purchases	500	Interest from bank	200
Carriage on sales	400		
Rent (factory)	400		

6. Explain the various methods of providing depreciation.
7. On 1-7-2018 A Co. Ltd., purchased a second hand machine for Rs.20,000 and spent Rs.3,000 on reconditioning and installing it. On 1-1-2019 the firm purchased new machinery worth Rs.12,000. On 30-06-2020, the machinery purchased on 1-1-2019 was sold for Rs.8,000 and on 1-7-2020 fresh plant was installed at a cost of Rs.15,000. The company writes off 10% on original cost of machinery each year. The accounts are closed every year ending 31st March. Show the Machinery A/c for three years ending 31-3-2021.

Contd...

8. Mr. Mano keeps his books of accounts under single entry system. His financial position on 31-12-2020 and 31-12-2021 was as follows:

	2020 (Rs.)	2021 (Rs.)
Cash	9,860	800
Stock in trade	38,520	57,020
Plant and machinery	54,420	61,000
Bills receivable	—	16,480
Sundry debtors	24,840	43,940
Sundry creditors	72,040	80,000
Furniture	4,960	5,220
Drawings	—	5,000

During the year he introduced additional capital of Rs.20,000.

From the above particulars, prepare a statement of profit and loss of Mr. Mano for the year ended 31-12-2021.

Section C

Answer any **THREE** questions ($3 \times 10 = 30$ Marks)

9. Explain the various accounting concepts briefly.
10. Prepare Trail Balance.

Opening stock	10,600	Debtors	3,000
Wages	2,200	Income tax	500
Carriage	200	Drawings	700
Commission (dr.)	300	Return outwards	150
Purchases	12,000	Sales	25,200
Return inward	440	Discount received	400
Trade expenses	580	Capital	7,000
Rent	200	Creditors	830
Plant	2,600	Loan (cr.)	14,000
Repairs to plant	460		
Cash in hand	200		
Cash at bank	1,000		

11. From the following Trail Balance of Thiru. Rehman as on 31st March 2020, prepare Trading and profit and Loss account and balance sheet taking into account the adjustments:

Land and building	42,000	Capital	62,000
Machinery	20,000	Sales	98,780
Patents	7,500	Return outwards	500
Stock 1-4-2020	5,760	Sundry creditors	6,300
Sundry debtors	14,500	Bills payable	9,000
Purchases	40,675		
Cash in hand	540		
Cash at bank	2,630		
Return inwards	680		
Wages	8,480		
Fuel and power	4,730		
Carriage on sales	3,200		
Carriage on purchases	2,040		
Salaries	15,000		
General expenses	3,000		
Insurance	600		
drawings	5,245		
	1,76,580		1,76,580

Adjustments:

1. Stock on 31-12-2020 was Rs.6,800
 2. Salary outstanding Rs.1,500
 3. Insurance premium Rs.150
 4. Depreciate machinery @ 10% and patents @ 20%
 5. Create a provision of 2% on debtors for bad debts.
12. On 1-1-2014, machinery was purchased for Rs.80,000. On 1-1-2015 additions were made to the amount of Rs.40,000. 31-3-2016 machinery purchased on 1-1-2015 costing Rs.12,000 was sold for Rs.11,000 and on 30-6-2016, machinery purchased on 1-1-2014 costing Rs.32,000 was sold for Rs.26,700. On 1-10-2016 additions were made to the amount of Rs.20,000. Depreciation was provided at 10% p.a. on the diminishing balance method.
Show the machinery account for the three years from 2014 to 2016.
(Books closed on 31st December every year)
13. Find out purchase and sales from the following details by making necessary accounts:

	Rs.
Opening balance of debtors	30,000
Opening balance of creditors	10,000
Collection from debtors	1,60,000
Discount received	2,500
Bad debts	1,000
Payment to creditors	14,000
Discount allowed	1,500
Return inwards	2,000
Return outwards	3,000
Cash purchases	6,000
Cash sales	10,000
Closing balance of debtors	35,000
Closing balance of creditors	15,000
