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**PRESIDENCY UNIVERSITY**

**Bengaluru**

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| **End - Term Examinations – JANUARY 2025** |
| **Date:** 08 – 01- 2025 **Time:** 01:00 pm – 04:00 pm |

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| **School:** School of Commerce | **Program:** B.Com | |
| **Course Code :** COM1027 | **Course Name :** Accounting | |
| **Semester**: I | **Max Marks**: 100 | **Weightage**: 50% |

**Instructions:**

1. *Read all questions carefully and answer accordingly.*
2. *Do not write anything on the question paper other than roll number.*

**Section A**

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|  | **Answer all the questions**  **(State with reasons whether the given statement is True or False)**  **(2 Marks \* 5 Questions = 10)** |
| 1 | The term current asset is used to designate cash and other assets or resources which are reasonably expected to be realized or sold or consumed within one year. |
| 2 | If there remain unfinished goods at the beginning and at the end of the accounting period, cost of such unfinished goods is shown in the Manufacturing Account. |
| 3 | Accrual basis of accounting is the method of recording transactions by which revenues and costs and assets and liabilities are reflected in the accounts in the period in which actual receipts or actual payments are made. |
| 4 | Choosing FIFO or weighted average method for inventory valuation is selection of accounting policy. |
| 5 | ABC purchased a machinery amounting Rs. 10,00,000 on 1st April, 2001. On 31st March, 2022, similar machinery could be purchased for Rs. 20,00,000. Current cost of machine is Rs. 20,00,000. |

**Section B**

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|  | **Answer any 5 questions Each question carries 4 marks (4 Marks \* 5 Questions = 20)** |
| 6 | Discuss the limitations which must be kept in mind while evaluating the Financial Statements. |
| 7 | Explain the difference between: Bills of Exchange and Promissory Note. |
| 8 | State any four causes of difference between the balance shown by the pass book and the cash book. |
| 9 | Mr. Yash and Mr. Harsh are partners in a firm. They had drawn the following amounts from the firm during the year ended 31.03.2020:   |  |  |  | | --- | --- | --- | | Date | Amount  Rs. | Drawn by  Rs. | | 01.05.2019  02.07.2019  15.08.2019  31.12.2019  04.03.2020  31.03.2020 | 75,000  20,000  60,000  50,000  75,000  15,000 | Mr. Yash Mr. Yash Mr. Harsh Mr. Harsh Mr. Harsh Mr. Yash |   Interest is charged @ 10% p.a. on all drawings. Calculate interest chargeable from each partner by using Average due date system. (Consider 1st May as base date) (1 year = 365 days) |
| 10 | A sends out goods on approval to few customers and includes the same in the Sales Account. On 31.3.2020, the Trade receivables balance stood at Rs.1,00,000 which included Rs.7,000 goods sent on approval against which no intimation was received during the year. These goods were sent out at 25% over and above cost price and were sent to - Mr. X - Rs. 4,000 and Mr. Y - Rs. 3,000. Mr. X sent intimation of acceptance on 30th April and Mr. Y returned the goods on 10th April, 2020. Make the adjustment entries and show how these items will appear in the Balance Sheet on 31st March, 2020. Show also the entries to be made during April, 2020. Value of closing Inventories as on 31st March, 2020 was Rs.60,000. |
| 11 | An inexperienced bookkeeper has drawn up a Trial Balance for the year ended 30th  June, 2020.   |  |  |  | | --- | --- | --- | |  | Debit (Rs.) | Credit (Rs.) | | Provision for Doubtful Debts  Bank Overdraft  Capital  Trade payables  Trade receivables  Discount Received  Discount Allowed  Drawings  Office Furniture  General Expenses  Purchases  Returns Inward  Rent & Rates  Salaries  Sales  Inventory  Provision for Depreciation on Furniture  **Total** | 200 1654 - - 2983 252 - 1200 2155 - 10923 - 314 2520 - 2418 364 **24983** | - - 4591 1637 - - 733 - - 829 - 330 - - 16882 - - **25002** |   Required:  Draw up a ‘Corrected’ Trial Balance, debiting or crediting any residual errors to a  Suspense Account. |

**Section C**

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|  | **Answer any 3 questions. Each question carries 5 marks (5 Marks \* 3 Questions = 15)** |
| 12 | Write out the Journal Entries to rectify the following errors, using a Suspense Account.  (1) Goods of the value of Rs. 100 returned by Mr. Sharma were entered in the Sales Day Book and posted therefrom to the credit of his account;  (2) An amount of Rs.150 entered in the Sales Returns Book, has been posted to the debit of Mr. Philip, who returned the goods;  (3) A sale of Rs. 200 made to Mr. Ghanshyam was correctly entered in the Sales Day Book but wrongly posted to the debit of Mr. Radheshyam as Rs. 20; and.  The total of Jan. Discount Allowed Jan. column in the Cash Book for the month of September, 2020 amounting to Rs. 250 was not posted. |
| 13 | From the following particulars ascertain the balance that would appear in the Bank Pass Book of A on 31st December, 2022.  (1) The bank overdraft as per Cash Book on 31st December, 2022 Rs. 6,340.  (2) Interest on overdraft for 6 months ending 31st December, 2022 Rs. 160 is entered in Pass Book.  (3) Bank charges of Rs. 400 are debited in the Pass Book only.  (4) Cheques issued but not cashed prior to 31st December, 2022, amounted to Rs. 11,68,000.  (5) Cheques paid into bank but not cleared before 31st December, 2022 were for Rs. 22,17,000.  (6) Interest on investments collected by the bank and credited in the Pass Book Rs. 12,00,000. |
| 14 | Kishanlal has made the following sales to Babulal. He allows a credit period of 10 days  beyond which he charges interest @ 12% per annum.   |  |  | | --- | --- | | Date of Sales | Amount (Rs.) | | 26.05.2018  18.07.2018  02.08.2018  28.08.2018  09.09.2018  17.09.2018 | 12,000 18,000 16,500 9,500 15,500 13,500 |   Babulal wants to settle his accounts on 30.9.2018. Calculate the interest payable by him  using Average Due Date (ADD). If Babulal wants to save interest of Rs. 588, how many days  before 30.9.2018 does he have to make payment ? Also find the payment date in this case. |
| 15 | Enter the following transactions in Sales book of M/s. Pranat Engineers Ltd., Delhi.  Jan. 2020  2 Sold to M/s. Ajanta Electricals, Delhi 5 pieces of Ovens @ Rs. 6,000/- each less  Trade Discount @ 10%.  8 Sold to M/s. Ajanta Electricals Plaza, 10 pieces of Tables @ Rs. 8,000/- each less  trade discount 5%.  15 Sold to M/s. Haryana Traders, 5 pieces of Juicers @ Rs. 3,500/- each less trade  discount @ 10%.  Post into the ledger the entries of Sales Book prepared in Question. |

**Section D**

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|  | **Answer any 2 questions - Each question carries 8 marks (8 Marks \* 2 Questions = 16)** |
| 16 | Enter the following transactions in Cash Book with Discount and Bank Columns. Cheques  are first treated as cash receipt.  2020 Rs.  Jan.1 Chandrika commences business with Cash 20,000  Jan. 3 He paid into Current A/c 19,000  Jan. 4 He received cheque from Kirti & Co. on account 600  Jan. 7 He pays in bank Kirty & Co.’s cheque 600  Jan. 10 He pays Rattan & Co. by cheque and is allowed discount Rs. 20 330  Jan. 12 Tripathi & Co. pays into his Bank A/c 475  Jan. 15 He receives cheque from Warshi and allows him discount Rs. 35 450  Jan. 20 He receives cash Rs. 75 and cheque Rs. 100 for cash sale  Jan. 25 He pays into Bank, including cheques received on 15th and 20th 1,000  Jan. 27 He pays for cash purchase 275  Jan. 30 He pays sundry expenses in cash 50 |
| 17 | Journalise the following transactions. Also state the nature of each account involved in  the Journal entry. Following figures are given in (‘00)  1. December 1, 2020, Ajit started business with capital Rs. 4,00,000  2. December 3, he withdrew cash for business from the Bank. Rs. 2,000  3. December 5, he purchased goods making payment through bank Rs. 15,000  4. December 8, he sold goodsRs. 16,000 and received payment through bank.  5. December 10, he purchased furniture and paid by cheque Rs. 2,500.  6. December 12, he sold goods to Arvind Rs. 2,400.  7. December 14, he purchased goods from Amrit Rs. 10,000.  8. December 15, he returned goods to Amrit Rs. 500  9. December 16, he received from Arvind Rs. 2,300 in full settlement.  10. December 18, he withdrew goods for personal use. Rs. 1,000  11. December 20, he withdrew cash from business for personal use Rs. 2,000.  12. December 24, he paid telephone charges Rs. 110.  13. December 26, amount paid to Amrit in full settlement Rs. 9,450 |
| 18 | 1. Prepare a bank reconciliation statement as on 30th September, 2019 from the following particulars:  |  |  | | --- | --- | | Particulars | Rs. | | Bank balance as per pass-book  Cheque deposited into the bank, but no entry was passed in the cash- book  Cheque received, but not sent to bank  Credit side of the bank column cast short  Insurance premium paid directly by the bank under the standing advice  Bank charges entered twice in the cash book  Cheque issued, but not presented to the bank for payment  Cheque received entered twice in the cash book  Bills discounted dishonoured not recorded in the cash book. | 10,00,000 5,00,000  11,20,000 2,000 60,000 2,000 5,00,000 10,000 5,00,000 |   b) State with reasons whether the given statement is True or False: Debit balance in cash book is same as overdraft as per pass book. |

**Section E**

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|  | **Answer any 2 Questions - Each question carries 12 marks (12 Marks \* 2 Questions = 24)** |
| 19 | A firm purchased second hand machinery on 1st January, 2019 for Rs. 3,00,000, subsequent to which Rs. 60,000 and Rs. 40,000 were spent on its repairs and installation, respectively. On 1st July, 2020 another machinery was purchased for Rs. 2,60,000. On 1st July, 2021, the first machinery having become outdated was auctioned for Rs. 3,20,000 and on the same date, another machinery was purchased for Rs. 2,50,000.  On 1st July, 2022, the second machinery was also sold off and it fetched Rs. 2,30,000.  Depreciation was provided on machinery @ 10% on the original cost annually on 31st December, under the straight line method.  **Required**  Prepare the following accounts in the books of the company: (i) Machinery Account for the years ending Dec. 31, 2019 to 2022 and (ii) Machinery Disposal Account. |
| 20 | On 1st July, 2019 Gorge drew a bill for Rs.1,80,000 for 3 months on Harry for mutual  accommodation. Harry accepted the bill of exchange. Gorge had purchased goods worth  Rs.1,81,000 from Jack on the same date. Gorge endorsed Harry’s acceptance to Jack in full  settlement. On 1st September, 2019, Jack purchased goods worth Rs.1,90,000 from Harry.  Jack endorsed the bill of exchange received from Gorge to Harry and paid Rs. 9,000 in full  settlement of the amount due to Harry. On 1st October, 2019, Harry purchased goods worth  Rs.2,00,000 from Gorge. Harry paid the amount due to Gorge by cheque. Give the  necessary Journal Entries in the books of Harry and Gorge. |
| 21 | A:Journalize the following in the books of Don:  (i) Bob informs Don that Ray’s acceptance for Rs. 3,000 has been dishonoured and  noting charges are Rs. 40. Bob accepts Rs. 1,000 cash and the balance as bill at three  months at interest of 10% p.a. Don accepts from Ray his acceptance at two months  plus interest @ 12% p.a.  (ii) James owes Don Rs. 3,200; he sends Don’s own acceptance in favour of Ralph for Rs.  3,160; in full settlement.  (iii) Don meets his acceptance in favour of Singh for Rs. 4,500 by endorsing John’s  acceptance for Rs. 4,450 in full settlement.  (iv) Ray’s acceptance in favour of Don retired one month before due date, interest is  taken at the rate of 6% p.a.  (8 MARKS)  B:State with reasons whether the given statement is True or False:  1. Days of grace are added to the due date to arrive at the maturity date.  2. Foreign bill is drawn in the country and payable outside the country. |

**Section F**

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|  | **Answer any 1 Question - Each question carries 15 marks (15 Marks \* 1 Question = 15)** |
| 22 | Mr. Roy was unable to agree the Trial Balance last year and wrote off the difference to the Profit and Loss Account of that year. Next Year, he appointed a Chartered Accountant who examined the old books and found the following mistakes:  (1) Purchase of a scooter was debited to conveyance account Rs.3,000.  (2) Purchase account was over-cast by Rs.10,000.  (3) A credit purchase of goods from Mr. P for Rs. 2,000 was entered as a sale  (4) Receipt of cash from Mr. A was posted to the account of Mr. B Rs. 1,000.  (5) Receipt of cash from Mr. C was posted to the debit of his account, Rs. 500.  (6) Rs. 500 due by Mr. Q was omitted to be taken to the trial balance.  (7) Sale of goods to Mr. R for Rs. 2,000 was omitted to be recorded.  (8) Amount of Rs. 2,395 of purchase was wrongly posted as Rs. 2,593.  Mr. Roy used 10% depreciation on vehicles. Suggest the necessary rectification entries. |
| 23 | Mr. Mohan gives you the following trial balance and some other information:  **Other Information:**  (i) Closing Inventory was Rs. 1,80,000;  (ii) Depreciate Furniture @ 10% p.a.  **Required**  Prepare Trading and Profit and Loss Account for the year ended on 31.3.2022 and Balance Sheet of Mr. Mohan as on that date. |