

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.A. DEGREE EXAMINATION – TAMIL LITERATURE

FOURTH SEMESTER – APRIL 2010

CO 4202 - BOOK KEEPING AND ACCOUNTING

Date & Time: 03/05/2010 / 1:00 - 4:00

Dept. No.

Max. : 100 Marks

SECTION A

Answer **all** the questions:

(10 x 2 = 20)

1. Who are the users of accounting information?
2. When can shares be forfeited?
3. What is a Journal?
4. List any four errors disclosed by a trial balance.
5. Give two examples of each:
(i) Current assets (ii) Long term liabilities
6. Fill in the blanks:
 - a. Cash receipts and payments are recorded in _____ book.
 - b. Purchases Account will always have a _____ balance
7. What will be the capital of the proprietor, if his assets are of Rs. 8,70,000 and liabilities are of Rs. 2,20,000?
8. Calculate the capital at the end ,when capital at the beginning is 2,49,800, Loss during the year is Rs.9,800, Drawings Rs. 30,000.
9. Yamuna Ltd took over Ganga Ltd for the purchase consideration of Rs. 1,65,000. Yamuna Company has decided to pay the purchase consideration by issuing debentures of Rs. 100 each @ 10% premium. Calculate the number of debentures to be issued .
10. Give the journal entry to rectify the errors.
 - a. Goods worth Rs. 1,000 bought from Rishi have remained unrecorded so far
 - b. Rs. 300 salary paid to Mr. Natesh stands wrongly debited to his personal account

SECTION B

Answer **any five** questions:

(5 x 8 = 40)

11. Distinguish between single entry system and double entry system of book keeping.
12. Define Accounting. Explain the need of accounting in modern business.
13. What is Bank reconciliation statement? What are the reasons for difference between the balance shown by the cash book and the one shown by the pass book?
14. Prepare a trial balance from the books of Mr. Ashok as on March 31, 2010:

	Rs.		Rs.
Capital	9,20,000	Cash at bank	1,45,340
Creditors	1,88,520	Bills receivable	58,440
Bills payable	69,300	Purchases	8,55,220
Sales	12,18,500	Carriage Inwards	12,910
Provision for Doubtful debts	13,200	Carriage outwards	8,000
Interest (Cr)	3,400	General expenses	60,850
Building	7,12,300	Insurance	7,830
Debtors	1,56,000	Machinery	1,36,400
Opening stock	1,50,400	Audit fees	10,130
Cash in hand	99,100	Travelling expenses	9,450
		Sales returns	2,850

15. Ascertain Gross Profit and Net Profit from the following figures:

	Rs.		Rs.
Opening stock	5,570	Wages	1,400
Purchase returns	390	Import duty	250
Sales returns	240	Salaries	2,100
Sales	25,000	Purchases	13,600
Bad debts	300	Rent	2,500
Closing stock	5,890	Freight inwards	300

16. A company issued 8,000 equity shares of Rs. 100 each at a discount of Rs. 10 per share payable as follows.
Rs. 30 on application; Rs. 40 on allotment (including discount); Rs. 20 on First and Final call. All amounts were duly received. Share issue expenses amounted to Rs. 10,000. Pass Journal entries

17. Sharma maintains a Petty Cash Book on the imprest system. The imprest amount is Rs. 400. From the following write up the Petty cash book for the month of January 2010:

- 1 Petty cash balance Rs. 67
- Received cash to make up to imprest Rs. 333
- 2 Paid bus fares Rs. 28
- 3 Bought envelopes Rs. 30
- 4 Postal stamps bought Rs. 16
- 5 Cost of papers, pens and pencil Rs. 30
- 9 Paid train fares Rs. 60
- 12 Paid wages to sweeper Rs. 25
- 15 Paid towards repair charges Rs. 33

18. Pass rectification entries for the following transactions:

- i. Interest paid to Mr. Anand by cheque was wrongly entered into the cash column as interest received Rs. 1,250
- ii. Rs. 300 salary paid to Mr. Natesh stands wrongly debited to his personal account
- iii. An amount of Rs. 900 received for commission has been wrongly entered in the cash book as received on discount
- iv. A sum of Rs. 1,200 paid towards cost of a second hand type writer purchased has been debited to Repairs A/c
- v. Sales to Mr. Xavier Rs. 8,500 posted to Mr. Yadav's account
- vi. Furniture purchased on credit from Gupta for Rs. 3,000 posted to Guru's account
- vii. The purchase of Rs. 250 from Dhanaraj was entered in the Sales book
- viii. Rs. 5,000 paid for furniture purchased, has been charged to the purchase of goods

SECTION C

Answer **any two** question:

(2 x 20 = 40)

19. Record the following transactions in the Three column cash book of Mr. Dinesh for the month of March 2010:

- 1 Started business with cash Rs. 1,00,000
- 2 Paid for the purchase of furniture from Mr. Ram Rs. 5,000
- 3 Deposited Rs. 50,000 in bank
- 5 Paid cash for purchase of goods Rs. 7,500
- 7 Sold goods to Mr. Vijay Rs. 5,000
- 8 Paid rent Rs. 5,500 by cheque
- 10 Drew cash from bank for personal use Rs. 2,500
- 15 Received cash from Mr. Arun Rs. 2,750 in full settlement of an invoice of Rs. 2,900
- 16 Withdrew Rs. 7,000 cash from bank for office use
- 20 Vijay settled his account by paying Rs. 4,900
- 22 Sold goods for cash Rs. 3,000
- 25 Received interest Rs. 500 by cheque and deposited in the bank on the same date

20. Kumar supplies to you the following information:

	1 st April, 2009	31 st March, 2010	
Sundry debtors	1,26,700	1,35,100	
Stock	1,05,000	98,000	
Furniture	28,000		
Machinery	1,75,000		
Sundry creditors	77,000	87,500	
Summary of cash transactions during the year ended 31 st March 2010			
Receipts	Rs.	Payment	Rs.
Opening balance	3,500	Payment to creditors	2,45,000
Cash sales	42,700	Wages	1,12,000
Received from Debtors	5,17,000	Salaries	1,05,000
Miscellaneous receipts	11,500	Drawings	28,000
		Expenses	77,000
9% Loan from Durai taken		Machinery (purchased	
On 1 st Oct 2009	70,000	on 1 st Oct 2009)	66,500
		Closing balance	<u>11,200</u>
	<u>6,44,700</u>		<u>6,44,700</u>

Discounts allowed were Rs. 4,900 and discounts received were Rs. 2,800. Bad debts written off were Rs. 5,600. Depreciation is to be written off furniture @5% and machinery @10%. Expenses include insurance @ Rs. 3,500 p.a paid up to 30th June 2010, wages Rs. 14,000 are still due.

Prepare Trading and Profit and Loss Account and Balance Sheet relating to the year ended 31st March 2010.

21. The following is the trial balance of Bengal traders Ltd., as at 31st March 2010:

Particulars	Rs.	Rs.
Opening stock	7,50,000	
Sales		35,00,000
Purchases	24,50,000	
Wages	5,00,000	
Discount		50,000
Furniture	1,70,000	
Salaries	75,000	
Rent	49,500	
Sundry expenses	70,500	
P & L Appropriation Account(31-3-2010)		1,50,300
Dividends paid	90,000	
Share capital		10,00,000
Plant and Machinery	2,90,000	
Cash at bank	1,62,000	
General Reserve		1,55,000
Patents	48,300	
Debtors and Creditors	<u>3,75,000</u>	<u>1,75,000</u>
	<u>50,30,300</u>	<u>50,30,300</u>

Prepare Trading Account, Profit and Loss Account, Profit and Loss Appropriation Account for the year ended 31st March 2010, and Balance Sheet as at that date. Taking into consideration the following adjustments:

- i. Closing stock Rs. 8,20,000
- ii. Depreciation on fixed assets @ 10%
- iii. Make a provision for income tax @ 50%
