

DE-3942

12

DISTANCE EDUCATION

B.C.S. DEGREE EXAMINATION, DECEMBER 2008.

BASIC FINANCIAL ACCOUNTING

(1999 onwards)

Time : Three hours

Maximum : 100 marks

SECTION A — (5 × 8 = 40 marks)

Answer any FIVE of the following.

All questions carry equal marks.

1. What are the errors disclosed by a Trial Balance?
2. What is a bill of Exchange? State its characteristics.
3. State the objects of self-balancing. Explain briefly the procedure of self-balancing.
4. What is a statement of affairs? How does it differ from a Balance Sheet?
5. What are the different methods adopted for recording the transactions of Joint Venture?
6. On 1st January, 2001, a machinery was purchased for Rs. 25,000. On 1st June, 2002 additions were made to the amount of Rs. 5,000. On 1st March, 2003 additions were made to the amount of Rs. 3,200. On 30th June, 2004, machinery of which the original value on 1st January, 2001 as Rs. 4,000 was sold for Rs. 3,000. Depreciation is charged at 10% on original cost. Show the machinery account for the four years from 2001 to 2004.

7. A, B and C enter into a joint venture to share the profits and losses at 5 : 3 : 2. No separate set of books is maintained. Amounts contributed and received by different ventures are given below :

	A	B	C
	Rs.	Rs.	Rs.
Cost of materials	40,000	20,000	-
Expenses	6,000	2,000	4,000
Sale proceeds received	-	14,000	80,000
Stock taken over	-	4,000	14,000

Prepare :

(a) Joint venture account and

(b) Co-ventures accounts in the books of A.

8. Naveen of Calcutta consigned 100 Prestige Toys to Rajesh of Coimbatore, costing Rs. 90 per Toy, but invoiced at a price so as to show 20% profit on such invoice price. Naveen spent Rs. 800 as freight and insurance. Rajesh was entitled to a commission at 10% on gross sales.

Rajesh sold 75 toys at Rs. 150 each and spent Rs. 150 as dock dues and Rs. 200 as miscellaneous expenses.

Show Consignment account and Consignee's Account in the books of the Consignor.

SECTION B — (4 × 15 = 60 marks)

Answer any FOUR questions.

9. The position of a businessman who helps his books on single entry was as under on 31.12.2005 and 31.12.2006 :

	31.12.2005	31.12.2006
	Rs.	Rs.
Cash in hand	800	960
Cash at bank	12,000	5,000
Stock	13,000	10,000
Debtors	8,000	10,400
Furniture	600	700
Sundry creditors	8,200	6,200

He withdraws Rs. 15,000 from business on 2.1.2006 out of which he spent Rs. 10,400 for purchase of a motor truck for the business :

Adjustments :

(a) Depreciation on closing balance of furniture and truck at 10%

(b) Write off Rs. 440 as bad debts.

(c) 5% provision for bad and doubtful debts is needed.
Find out the profit on loss for the year.

10. From the following particulars extracted from the books of M/s Kalyani & Co., who keeps a sales ledger and bought

ledger on the self-balancing system. Show how the various adjustment accounts will appear in each of the ledgers.

	Rs.
Debtors balance (1.1.2006)	45,750
Creditors balance (1.1.2006)	54,900
Transactions for the month of January 2006	
Credit purchases	20,500
Return inwards	400
Cash received from customers	25,000
Discount allowed to customers	550
Creditors bill accepted	12,000
Bad debts written off	2,500
Allowance from creditors	275
Discount received from creditors	670
Credit sales	22,700
Return outwards	600
Cash paid to creditors	30,700
Acceptance received from debtors	8,500
B/R returned dishonoured	1,200
B/P returned dishonoured	3,000
Sundry charges debited to customers	345

11. On 31st March 2006, the following Trial Balance was extracted from the books of Mr. Ramu :

Debit Balance	Rs.	Credit Balance	Rs.
Plant and machinery	80,000	Capital	50,000
Purchases	60,000	Sales	1,77,000
Returns inwards	1,000	Returns outwards	750
Opening stock	30,000	Discount received	800
Discount allowed	350	Sundry creditors	25,000
Bank charges	75	Bad debts provision	525
Sundry debtors	45,000		
Salaries	6,800		
Manufacturing wages	10,000		
Carriage inwards	750		
Carriage outwards	1,200		
Rent, rates and taxes	10,000		
Advertisement	2,000		
Cash in hand	900		
Cash at bank	<u>6,000</u>		<u> </u>
	<u>2,54,075</u>		<u>2,54,075</u>