

DE-6952**12**

DISTANCE EDUCATION

B.C.S. DEGREE EXAMINATION, DECEMBER 2009.

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. How does 'book-keeping' differ from accounting?
2. What is an accommodation bill? Explain its advantages.
3. State the differences between trial balance and balance sheet.
4. Vishnu maintains books on Single Entry System. He gives you the following information :

Capital on March 31, 1998	Rs. 11,400
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Capital on March 31, 1999	Rs. 12,675
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Drawings made during the period :

April 1998 to March 1999	Rs. 3,600
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Capital introduced on October 31, 1998	Rs. 1,500
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You are required to calculate the profit made by Vishnu.

5. Abhay of Calcutta consigned to Vijay of Delhi goods of the value of Rs. 6,000, which was 20% above cost. Abhay incurred Rs. 120 for freight and Rs. 80 for insurance. He received a bills receivable for Rs. 2,000 from his agent, Vijay. he discounted the bill for Rs. 1,950. Agent sold the entire consignment for Rs. 8,000 and incurred Rs. 175 as sales expenses. Agent is entitled for commission

@ 5% of sales. Agent paid the balance due through bank draft. Prepare consignment account.

6. Koshi and Joshi were partners in a joint venture sharing profits and losses in the proportion of three-fifths and two-fifths respectively. Koshi supplies goods to the value of Rs. 10,000 and incurs on freight Rs. 500. Joshi also supplied goods to the value of Rs. 8,000 and incurs Rs. 400 towards freight and other incidental charges. Joshi sells the entire stock of goods on behalf of the joint venture for Rs. 25,000. Joshi is also entitled to a commission of 5% on sales. Joshi settles his account by remitting a bank draft.

Prepare Joint-venture account and Joshi account in the books of Koshi.

7. Explain the different methods of depreciation which are followed in accounting.
8. What are the features of self-balancing system? Explain its merits.

SECTION B — (4 × 15 = 60 marks)

Answer any FOUR questions.

All questions carry equal marks.

9. Mota and Chhota were both in need of funds temporarily. On 1st April, 1992 Mota accepted Chhota's draft for Rs. 1,500 for three months. On the same date Chhota accepted a bill of exchange payable to Mota for Rs. 1,500 for three months. Both the bills were discounted at 20% p.a. On the due date both parties met their acceptances. Give journal entries in the books of both the parties.
10. A firm purchases a 5 years' lease for Rs. 1,60,000 on 1st January, 1995. It decides to write off depreciation on the Annuity method, presuming the rate of interest to be 5% per annum. The annuity table shows that a sum of Rs. 36,956 should be written off every year show the lease account for five years. Calculations are to be made to the nearest rupee.
11. The following balances of Yusuf as at 31st December, 1992 is given below :

	Rs.
Opening stock	15,500
Land and buildings	35,000

	Rs.
Machinery	50,000
Furniture and fixtures	5,000
Purchases	1,06,000
Salaries	11,000
General expenses	2,500
Rent	3,000
Postage and telegram	1,400
Stationery	1,300
Wages	26,000
Freight on purchase	2,800
Carriage on sales	4,000
Repairs	4,500
Sundry debtors	30,000
Bad debts	600
Cash in hand	100
Cash at Bank	6,400
Sales returns	5,100
Capital	60,000
Loans from Mrs. Yusuf @ 9%	30,000
Sundry creditors	9,600
Purchase returns	2,100
Miscellaneous receipts	1,200
Sales	2,07,300

The following further information is given :

- (a) Wages for December, 1992 amounting to Rs. 2,100 have not yet been paid.
- (b) Insurance premium of Rs. 600, paid for the year ending March 31, 1993 is included in General Expenses.
- (c) A provision for doubtful debts @ 5% on debtors is necessary.

- (d) Depreciation is to be charged as follows land and building 2%, machinery 10% and furniture and fixtures 15%.
- (e) The loan from Mrs. Yusuf was taken on 1st July, 1992. Interest has not been paid yet.
- (f) The value of stock on 31st December, 1992 was Rs. 14,900.

You are required to prepare trading and profit and loss account for the year ended 31st December, 1992 and a balance sheet as on that date.

12. On 1st January, 2000 X Ltd., of Kolkatta, consigned 100 cases of Milk Powder to Y Ltd., of Bombay. The goods were charged at a proforma invoice value of Rs. 10,000 including a profit of 25% on invoice price. On the same date the consignors paid Rs. 600 for freight and insurance. On 1st July the consignees paid import duty Rs. 1,000, dock dues Rs. 200. On 1st August, they sold 80 cases for Rs. 10,500 and sent a remittance for the balance due to the consignors after deducting commission at the rate of 5% on gross sales proceeds. Show the consignment account and Y's account in the books of X Ltd.
13. State the difference between receipts and payments account and income expenditure account.
14. Krishnan keeps his book under single entry system. From the following information prepare trading and profit and loss account for the year 1990 and balance sheet as on that date. Cash balance as on 1.1.1990 Rs. 8,500.

Assets and Liabilities	31.12.1989	31.12.1990
	Rs.	Rs.
Debtors	30,600	42,500
Stock	16,660	22,440
Furniture	1,700	1,700
Creditors	10,200	7,560

Other transactions :

	Rs.
Cash received from debtors	1,03,360
Cash paid to creditors	74,800

Salaries paid	20,400
Rent and taxes	2,550
Other expenses	3,060
Drawings	5,100
Fresh capital	3,400
Cash sales	2,250
Cash purchase	8,500
Discount received	1,190
Discount allowed	510
Return inwards	1,700
Return outwards	1,360
Bad debts	340

Adjustments :

Write off depreciation of 10% on furniture, create a reserve of 2% on debtors for doubtful debtors.

15. From the figures relating to June 2000 given below, prepare the bought ledger adjustment account and general ledger adjustment account.

	Rs.
Creditors on 1 st June, 2000	11,800
Credit purchases	19,300
Cash paid to creditors	16,500
Discount allowed by them	700
Bills payable issued	5,300
Transfer to sales ledger	1,100
Cash purchases	8,200