PG DEPARTMENT OF COMMERCE (CA)

QUESTION BANK

COURSE: B.Com (CA) **SEMESTER:**I

SUBJECT CODE: 19UCC101 **SUBJECT:** FINANCIAL ACCOUNTING

K1 LEVEL

1. Bills receivable book is a part of the

(a) Ledger

(b) Balance sheet

(c) **Journal**

(d) Profit and loss account

2. If the due date is a public holiday what will be the due date of the bill

(a) Following day

(b) Preceding day

(c) The same day only

(d) One month later

3. Prepaid rent is a

(a) Nominal A/c

(b) Representative personal A/c

(c) Tangible assets account

(d) None

4. Single column cash book may show –

(a) Only a debit balance

(b) Only a credit balance

(c) Either debit or a credit balance

(d) Neither debit nor credit balance

5. Commission will be shared by

(a) Consignor and consignee

(b) Only consignee

(c) Only consignor

(d) Third party

6. Debit balance in a Personal A/c means

(a) Amount due from anyone

(b) Amount due to anyone

(c) Discount allowed to anyone

(d) Goods sold by cash

7. Debts for which there is neither any possibility of becoming bad nor any doubt about its realization will arise in future is called :

(a)Bad Debts

(b) Doubtful Debts

(c)Good Debts

(d) None of the above

8. Which of the following are/is a current asset?

(a) Sundry Debtors

(b) Stock

(c) Prepaid insurance

(d) All of the above

9. If the Closing Stock in the Trading A/c is overcastted by `8,000 the amount of Gross Profit and Net Profit:

(a) Will be higher by `8,000

(b) Will be lower by `8,000

(c) Will not be affected

(d) None of the above

10. Cash book does not record

(a) Credit purchases

(b) Credit sales

(c) Outstanding expenses

(d) **All the these**

11. Subsidy of `40,000 received from the government per working capital is —

(a) Revenue Receipt

(b) Revenue Expense

(c) Capital Receipt

(d) Capital Expense

12. Gross profit is equal to

(a) Sales – cost of goods sold

(b) Sales – closing stock + purchase

(c) Opening stock + purchases – closing stock

(d) None of the above

13. Retirement of bill means:

(a) Making payment before the due date

(b) Cancellation of the bill

(c) Sending the bill for collection

(d)None of the above

14. Credit note is sent by:

(a) Seller

(b) Buyer

(c) Both (a) & (b)

(d) None of the above

15. Accumulated depreciation is an example of

(a) A liability

(b) An expense

(c)An income

(d) An unrecorded revenue

16. For charging depreciation, on which of the following assets, the depletion method is adopted?

(a) Plant & machinery

(b) Land & building

(c) Patent

(d) Wasting assets like mines and quarries

17. Depreciation is an example of

(a) Fixed Cost

(b)Variable Cost

(c) Semi Variable Cost

(d) None of these

18. At the end of the year the interest paid and depreciation charged are transferred to the ______ Account.

(a) Asset

(b) Profit and Loss

(c) Purchased

(d) Seller

19. Which of the following is a double entry for depreciation expense?

(a) Accumulated depreciation debit and depreciation expense credit

(b) Depreciation expense debit and accumulated depreciation credit

(c) Cash debit and depreciation expense credit

(d) Cash credit and depreciation expense debit

20. What is Accumulated depreciation?

(a) Sum of all depreciation for a fixed assets

(b) Depreciation expense

(c) Cost of depreciation of assets

(d) Future value of fixed assets

21. Under which depreciation method the amount of depreciation expense remains same throughout the useful life of a fixed asset

(a) Straight line method

(b) Reducing balance method

(c) Number of units produced method

(d) Machine hour rate

22. An increase in the value of fixed asset is referred to as:

(a) Depreciation

(b) Appreciation

(c) Market capitalization

(d) Reverse depreciation

23. An decrease in the value of fixed asset is referred to as:

(a) Depreciation

(b) Appreciation

(c) Market capitalization

(d) Reverse depreciation

24. In the calculation of depreciation, all of the following items are actually estimates except:

(a) Useful life

(b) Residual value

(c) Historical cost

(d) Salvage value

25. In accounting consignment means:

(a) Goods forwarded from one place to another

(b) Goods forwarded by a person to another

(c) Goods sent by its owner to his agent.

(d) Goods sent by its owner to his agent for the purpose by sale.

26. Goods sent on consignment account is of the nature of

(a) Personal Account

(b) Nominal account

(c) Real Account

(d) Sales Account

27. A proforma invoice is sent by

(a) Consignee to consignor

(b) Consignor to consignee

(c) Debtor to consignee

(d) Debtor to consignor

28. Goods sent on consignment should be debited by consignor to:

(a) Consignment A/C

(b) Goods sent on consignment A/C

(c) Consignees A/C

(d) Consignors A/C

29. In the book of consignor the balance of the consignment stock account would be shown:

(a) As an asset in the balance sheet.

(b) As an asset in the balance sheet.

(c) On the credit side of trading account

(d) On the debit side of trading account

30. The consignor is:

(a) Principle

(b) Agent

(c) Buyer

(d) Seller

31. The consignee is:

(a) Principle

(b) Agent

(c) Buyer

(d) Seller

32. Account sales are submitted by:

(a) Consignor

(b) Consignee

(c) Principal to his agent

(d) Debtor to creditor

33. The consignee acts entirely on behalf of the:

(a) Customer

(b) Debtor

(c) Consignor

(d) Creditor

34. Del- creder commission is calculated on:

(a) Credit sale

(b) Cash sale

(c) Purchase

(d) Both (a) and (b)

35. Joint venture account is:

(a) A nominal A/C

(b) A personal A/C

(c) A real A/C

(d) None of these

36. Joint bank account is opened:

(a) When no separate book for the venture is maintained

(b)When separate book for the venture is maintained

(c) Under no circumstances

(d) All the above

37. When goods are purchased for the joint venture, the amount is debited to:

(a) Purchase A/C

(b) Joint venture A/C

(c) Venture's capital A/C

(d) Purchase returns A/C

38. In case of memorandum method when there are three co-ventures, each c0-venture open in its books for the venture:

(a) One A/C

(b) Two A/C

(c) There A/C

(d) Four A/C

39. When a venture recording the transactions bring goods to the joint venture from his own stock, the amount is credited to:

(a) Purchase A/C

(b) Joint venture A/C

(c) Venture's capital A/C

(d) Purchase returns A/C

40. Parties of joint venture are known as:

(a) Co-ventures

(b) Partners

(c) Sole traders

(d) None of these

41. Principle of mutual agency is applicable to:

(a) Joint venture

(b) Partners

(c) Sole traders

(d) None of these

42. The difference between Minimum rent and actual royalty is ;

(a)Short working

(b) Royalty

(c) Profit

(d) None of above

43. Right to recoup short working means;

(a)Write of short workings

(b) Recover short workings in coming years

(c) Fix short working amount

(d) All of above

44. Minimum rent term refers to the amount;

(a)Expense

(b) Income

(c) **Fix payment to Landlord**

(d) Royalty

45. When Royalty amount is more than Minimum rent, amount paid to landlord is;

(a) Royalty amount

(b) Minimum amount

(c) Difference of both

(d) None

46. For making use of Tally we must first go to –

(a) Ledger creation

(b) **Company creation**

(c) Accounting voucher

(d) Inventory

47. Minimum Rent in the first year Rs 1, 00,000 and will be increased by Rs 10,000 p.a. for three years and then after by 10% per year. What is the amount at the end of 6^{th} year?

(a)Rs 1, 00,000

(b) Rs 1, 50,000

(c) Rs 1, 57,300

(d) Rs 1, 60,000

48. Royalty is Rs 64,000, Minimum rent Rs 80,000. Strike is for 3 months with no work done, Minimum rent to be reduced in proportion of time, find the amount paid to Landlord.

(a)Rs 60,000

(b) Rs 64,000

(c) Rs 80,000

(d) None of these

49. In the books of Lessor short working is called;

(a) Royalty payable

(b) Royalty suspense account

(c) Royalty payable suspense account

(d)Royalty receivable suspense account

50. Short workings recouped means

(a) Royalty is more than minimum rent.

(b) Royalty is more than maximum rent

(c) Royalty is below the maximum rent

(d) None of these

K2 LEVEL

1. Clarify Book keeping.

   Book keeping is the art of recording business transactions in a systematic manner.

2. Construct the meaning of Accounting.

   Accounting is the process of identifying. Measuring and communicating financial information to end users.

3. Describe Accountancy.

   Accountancy is the theory and practices of accounting.

4. Discuss about transactions.

   A transaction means an event, activity or dealing involving the exchange of money or money's worth between the persons.

5. Explain Business Transactions.

   Every financial change which occurs in the business is a business transaction.

6. Indicate any two types of transactions.

a) Cash Transaction- A transaction where the value of the transaction is settled (i.e. Received or paid) in cash immediately

b) Credit Transaction- Is a transaction where the value of the transaction is not settled immediately, but its settlement is postponed to a future date.

7. Express Capital

The amount of money or money's worth invested or introduced by the proprietor into his business at the time of commencement of business is called capital

8. Infer the meaning of accounting concepts.

The assumptions and ideas which are fundamental to accounting practice.

9. Estimate the meaning of accounting conventions.

The customs and practices which are followed to prepare Financial Statements of a business concern.

10. Classify any two Accounting conventions.

(a) Convention of consistency: It signifies that the accounting practices and methods should practices and methods should remain consistent from one accounting year to another

(b) Convention of conservatism: It means Those business transactions should be recorded in such a way that profit should not be over stated and future loss should be considered.

(c) Convention of full disclosure: Accounting must disclose all material information.

11. Describe Double Entry system of book keeping.

Double entry system is a complete and scientific method of book keeping as both (Dr and Cr) aspects of transactions is recorded.

12. Explain Accounting Standards.

The policy documents issued by recognized accounting body.

13. Estimate any two Accounting Standards accepted under IAS.

AS-2 –Valuation of Inventory AS-3- Cash flow statement AS-6- Depreciation Accounting AS-10 Accounting for fixed assets

14. Report Ledger.

Ledger is a book which contains a summarised, classified and permanent form of recording all transactions.

15. Clarify Debit and Credit Balance.

Debit Balance: If the debit side total of an account is greater than the credit side total, the balance is Debit Balance.

Credit Balance: If the credit side total of an account is greater than the debit side total, the balance is Credit Balance.

16. report the reason of prepare final accounts.

Final accounts are summaries of ledger accounts prepared to show the profit or loss of the business and financial position of the business at the end of the accounting year. It consist of Trading A/c, Profit and loss A/c and Balance sheet.

17. Explain Balance sheet.

It is a statement of assets and liabilities of a business prepared at the end of the accounting period with the object of ascertaining the financial position of the business.

18. Discuss trading account.

An account which shows only the result of trading with all direct expenses and direct incomes called Gross Profit (G. P = Credit side>Debit side) or Gross Loss(G.L = Debit side >Credit side).

19. Contrast profit and loss account.

It is an account prepared with all the indirect expenses and indirect incomes to ascertain Net profit or Net loss of the firm in a particular period.

20. Generalize depreciation.

Depreciation is the process of spreading the cost of fixed assets over the different accounting periods which derive the benefit from their use.

21. Identify any two features of depreciation.

Depreciation is decline in the book value of fixed assets.

Depreciation is a non-cash expense. It does not involve any cash flow.

22. Report any two causes of depreciation?

The following are the main causes of depreciation: use, lapse of time, obsolescence, accidents, disuse, and inadequacy.

23. Indicate any two reasons for the charging of depreciation.

(i) a significant cost (ii) they will be useful only for a limited number of years.

24. Select any four factors affecting the amount of annual depreciation.

(i) Original cost of the asset (ii) Estimate scrap or residual value (iii) Estimate effective or Commercial or Legal life whichever is shorter.

25. Clarify any two methods of depreciation.

(i) When a provision for depreciation account is not maintained.

(ii) When a provision for depreciation account is maintained.

26. Describe straight line method of depreciation.

Depreciation is charged evenly every year throughout the effective life of an asset.

27. Discuss written down value method of depreciation.

Depreciation is charged at fixed rate on the reducing balance every year.

28. Discriminate any two differences between straight line methods and written down value method.

Point of distinction	Straight line method	Written down value
Balance in asset A/c	The balance in the asset account will be reduced to zero	The balance in the asset account will not be reduced to zero
Recognitionby income tax authorities	Income tax authorities do not recognize this method.	Income tax authorities recognize this method.

29. Infer the meaning of single entry system.

There is no system of accounts called “ single entry system”

30. Indicate any one possible reason for keeping incomplete records.

He has no knowledge or lack of knowledge about the accounting principles and concepts.

31. Explain consignment.

The manufacturer or wholesaler despatches goods to an agent who has a better knowledge of the local market, for the purpose of sale.

32. Express the features of consignment.

(i) It is not a sale (ii) No passing of property in the goods. (iii) Principal and agent. (iv) Non-assumption of risk.

33. Construct proforma invoice.

It’s a statement containing the details of goods consigned. It gives the particulars as to quality, quantity and price of goods consigned, and any expenses incurred.

34. Describe an account sale.

Its shows full particulars of not only goods sold, but also expenses incurred, commission receivable, remittances made and the net amount payable to the consignor.

35. Generative Del credere commission.

Where consignor desires that any loss arising on account of redit sales, like bad debts, should be suffered by the consignee, he arranges to pay extra commission called as del-credere commission.

36. Illustrate the calculation of unsold stock.

Value of unsold stock= cost price of closing stock+ proportionate non-recurring expenses.

37. Report the calculation of abnormal loss.

Abnormal loss= normal cost at normal production/ normal output* units of abnormal loss.

38. Explain invoice price.

The consignor, instead of sending the goods on consignment at cost price, may send it at a price higher than the cost price. This price is known as invoice price.

39. Describe normal loss.

Loss which is inherited and cannot be avoided. It should also be considered while valuing the closing stock.

40. Explain joint venture.

A joint venture is a business or project in which two or more companies or individuals have invested, with the intention of working together.

41. Discuss the features of joint venture.

(i) It's a specific purpose (ii) Limited transaction only (iii) Firm name is not generally used (iv) Most of the accounting concepts do not apply.

42. Differentiate between joint venture and partnership.

Basis of difference	Joint venture	Partnership

Nature of venture	It is a terminable venture	It is a going concern
Name of the persons	The persons carrying on business are called co- ventures	Here they are called partners.
No. of persons	No limited	20 in ordinary business and 10 in banking business.
Legislation	No act is applicable	Provision of Indian partnership act 1932.
Liability	Limited	Unlimited

43. Recognize merits of joint venture.

(i) Sharing of risk (ii) Financial resources (iii) Sufficient experience.

44.Indicate the methods by which accounts are maintained in joint venture.

(i) Recording of transaction in separate set of books.

(ii) Recording of transactions when no separate set of books is maintained.

45. Discriminate any two different between joint venture and consignment.

	Joint venture	Consignment
Nature	Temporary partnership business without a firm name	An extension of business by principal through agent
Ownership	All the co-ventures are the owners of the joint venture	The consignor is the owner of the business

46. Explain the memorandum joint venture account.

It is not an account prepared under double entry principles of accounts. All the expense paid by each co-ventures are debited and income made by each co-ventures are credited in the respective co-ventures name. it is prepared to find out the profit or loss of joint venture.

47. Describe joint bank account.

It is similar to normal bank account. It records all expense in the credit side and all incomes in the debit side. The contribution of cash made by co- venture's, income through sale of goods etc, are debited and expenses of joint venture, purchase of goods are credited.

48. Discuss co-venture.

The two are more people who start joint venture to achieve the short term objectives and ready to share the risk and return in the venture, are called co- ventures.

49. Explain Royalty.

Royalth is an amount payable by one person to another for the use of an asset or right or monopoly.

50. Indicate the methods of recoupment.

(i) Fixed recoupment (ii) Flexible recoupment

51. Explain the term sub-leasing.

When the terms of the original lease gives powers to the lessee to sub-let a part of the land or right to another person, this privilege is known as sublease.

52. Indicate the Accounting treatment of sub-leasing.

(i) In the book of landlord (ii) In the book of lessee (iii) In the book of sub-lessee.

53. Explain minimum rent.

This is a guaranteed minimum amount payable by the lessees to the landlord irrespective of the actual output or sales of the lessee.

K3 LEVEL

1. Transactions of Kawya for January 2016 are given below. Journalise them.

May **1** Vimalini started his business with cash Rs. 90,000

2 Purchased furniture by issuing cheque Rs. 10,000

6 Sold goods to Suraj Rs. 8,000

18 Cash drawn from bank for personal use Rs 2,500

25 Cash drawn from bank for business purpose Rs. 10,000

2. Journalize the following transactions:

    1. Purchased goods for cash Rs.10,000
    2. Sold goods for cash Rs. 8,000
    3. Sold goods to Priya Rs. 2,000
    4. Paid salary Rs. 8,000
    5. Paid wages Rs. 2,000
    6. Paid rent to Krishnan, the landlord Rs. 800

3. Journalize the following transactions in the books of Sri T.N. of Coimbatore:

    i) Purchased goods for cash Rs.13, 000

    ii) Sold goods for cash Rs. 7,000

    iii) Paid salary Rs.6, 000

    iv) Paid wages Rs. 5,500

4. Enter the following transactions in the ledger:

    1. commenced business with cash Rs. 1, 80,000
    2. Deposited into bank Rs. 55,000
    3. Purchased goods for cash Rs.22, 000
    4. Cash sales Rs. 16,200
    5. Paid wages Rs. 2,000
    6. Paid cash for stationery Rs. 180

5. Prepare purchase return book and sales return book from the following data:

    1998.

Jan 1 Purchased goods returned to senthil Rs. 205

3 Received goods returned by Natarajan Rs.300

5 Goods returned to Kannan Rs.500

7 Sales returns of Rs.1, 260 by Mathavan

15 Returned defective goods to Rajan Rs.1, 280

18 Damaged goods returned by Murali Rs. 1,120

23 Outward returns to Kanagasabai Rs.275

29 Inward returns by Swaminathan Rs.750

30 Returned inferior goods to Sankar Rs.890

31 Selvan returned goods to us Rs.1, 330

6. Prepare trading account of Mani for the year ending 31.12.96 from the following information.

Opening Stock	80,000
Purchases	8, 60,000
Freight Inward	52,000
Wages	24,000
Sales	14,40,000
Purchase returns	10,000
Sales Returns	3, 16,000
Closing Stock	1, 00,000
Import duty	30,000

7. Prepare trading account of a trader for the year ending 31st December 1996 from the following data:

Opening Stock (1.1.96)	50,000
Goods purchased during 1996	2,80,000
Freight and packing on the above	20,000
Closing stock (31.12.96)	60,000
Sales	3,80,000
Packing expenses on sales for distribution	12,000

8. From the following particulars extracted from the books of Mr. Alavayan, prepare Trading a/c for the year ended 31.03.2014

	Rs

Stock 1.4.13`	8,000
Purchases	70,000
Wages	15,000
Sales	1,25,000
Carriage inwards	800
Gas	2,200
Purchase return	2,000
Sales return	1,500
Value of closing stock	10,000.

9. Prepare trading account of Archanaa for the year ending 31-12-2017 from the following information:

	Rs
Opening stock	80,000
Purchases	8,60,000
Freight inward	52,000
Wages	24,000
Sales	14,40,000
Purchase returns	10,000
Sales returns	3,16,000
Closing stock	1,00,000
Import duty	30,000

10. Prepare trading and profit and loss A/c from the following information given below:

Particulars	Rs	Particulars	Rs
Opening stock	3600	Rent(factory)	400
Purchases	18260	Rent(office)	500
Wages	3620	Sales returns	700
Closing stock	4420	Purchase returns	900
Sales	32000	General expenses	900
Carriage on purchases	500	Discount to customers	360
Carriage on sales	400	Interest from bank	200

11. Prepare a trial balance of Shri. Babu as on March, 31,2016

Capital	9,20,000	Buildings	7,00,000
Creditors	1,88,520	Machinery	1,20,000
Bills payable	69,300	Furniture	16,400
Sales	12,18,500	Debtors	1,56,000
Provisions for Doubtful debts	13,200	Opening Stock	1,50,400

Interest (Cr.)	3,400	Cash in hand	9,880
Cash at Bank	1,45,340	Insurance	7,830
Bills Receivable	58,440	Bad Debts	6,130
Purchases	8,55,220	Travelling expenses	3,250
Carriage inwards	12,910	Audit Fees	4,000
Carriage outwards	8,000	Discounts (Dr.)	6,200
General expenses	60,850	Investments	89,220
Sales Returns	2,850		

12. From the following prepare a trail balance:

Particulars	**Amount**
Drawings	23,760
Land	20,000
Opening stock	62,000
Debtors	90,000
Bank	21,000
Capital	34,000
Car	25,240
Rent	9,000
Creditors	35,000
Purchases	4,00,000
Postage	3,000
Sales	6,10,000
Plant	25,000

13. Prepare trial balance from the following

	Rs		**Rs**
Capital	9,000	Rent outstanding	1,000
Plant& Machinery	12,000	opening stock	2,000
Purchases	8,000	sales returns	4,000
Sales	12,000	investments	14,000
Sundry creditors	8,000	debtors	12,000
Bank loan	22,000		

14. A company purchased a plant for Rs. 50,000. The useful life of the plant is 10 years and the residual value is Rs. 10,000. Find out the rate of depreciation under the straightline method.

15. A machine purchased on 1st July 1983 at a cost of Rs. 14,000 and Rs. 1000 Was spent on its installation. The depreciation is written off at 10% on the Original cost every year. The books are closed on 31st December each year The machine was sold for Rs. 9,500 on 31st March 1986. Show the machinery accounts for all the year.

16. Messrs. SarojiniBalu& Co., purchased a machine for Rs. 22,000 on January 1. 1992 The estimated life of the machinery is 10 years, after which it's break-up value will be Rs. 2000. Depreciation has to be charged at 21% on the diminishing balance. There was an Addition to the original plant on January 1 1994 to the value of Rs. 4,000. You are required To prepare machinery A/c for the first three years.

17. A company whose accounting year is the calendar year, purchased on 1-1-93 a Machine for Rs. 40,000. It purchased further machinery on 1st Oct 1993 for Rs. 20.000 And on 1st July 1994 for Rs. 10,000. On 1-7-1995, of the machinery installed on 1-1-1993 became obsolete and was sold for Rs.6.800. Show how the machinery account would appear in the books of the company for all the 3 years under Diminishing Balance method Depreciation is to be provided at 10%p.a.

18. A firm purchases a 5 year lease for Rs. 80,000 on 1st January. It decides to write off depreciation on the Annuity method, presuming the rate of interest to be 5% per annum. The annuity tables show that a sum of Rs. 18,478 should be written off every year. Show the lease account for five years. Calculations are tobe made to the nearest rupee.

19. On 1.1.2008 Anand in Delhi sent 400 cycles at Rs. 1,000 per cycle to selvam in kolkatta. Anand has paid Rs. 5,000 for insurance and Rs. 10,000 for wages. Selvam received the said consignment on 15.4.2008. He paid Rs. 3,000 for unloading and Rs.1,500 as dock charges. On 4.10.2008 selvam sent his account sales to anand. As per that he sold 260 cycles@ Rs. 1,150 per cycle and 120 cycle@ Rs. 1,300 per cycle and 20 cycles at Rs. 1,250 per cycle up to 30.9.2008. He sent a bank draft for the sales amount after deducting his commission on sale at 10%. Give the journal entries.

20. Calculate value of unsold stock.

	Rs.
Goods sent 10,000 kgs.	1,00,000
Consignor expenses	10,000
Consignee’s direct expenses	2,000
Sales 8,000 kgs.	1,12,000

Normal loss due to evaporation 100 kg.

21. Gokul sent goods cost Rs. 2, 00,000 to Ramesh at a price, which is cost plus 25% on 1.1.2019. At the end of the year goods worth Rs. 50,000 at invoice price were remain unsold. They are valued at Rs. 50,000 to show the stock. Give the journal entries.

22. Karthik sent 100 boxes of tomato worth Rs. 20,000 to Kumar for which he spent Rs. 500. Of which 20 boxes of tomato get spoiled. Remaining 70 boxes of tomato were sold by him. Calculate the value of closing stock.

23. Arun sent 10,000 litres of sunflower oil to suresh for sale @ Rs. 56 each for which Arun spent Rs. 7,000 for wages and Rs. 7,000 for insurance. Such spent Rs. 2,000 as selling expense. He received commission @ 5% on sale. 1,500 liters of oil lost in transit. Insurance company admitted for the claim Rs. 64,000. Suresh sold 7,000 litres of oil @ Rs. 67 each litre.

Consignee was allowed to assume 600litres as normal loss. Calculate the value of abnormal loss.

24. Manohar and Mohan entered into joint venture and agreed to share profits and losses in ratio of 2:3. They opened a joint Bank A/c by depositing Rs. 10,000 respectively. They purchased 10 condemned television sets at Rs. 1,500 each. They paid expense out of joint Bank A/c for reconditioning the sets to the extent of Rs. 3,000. Mohan incurred carriage and other expense to the extent of Rs. 2,000. Mohan received a cheque for Rs. 1,000 from Manohar. Nine sets were sold at Rs. 2,500 each and the rest were taken over by Mohan at cost. Pass necessary journal entries.

25. Das and Krishnan enter into joint venture sharing profits and losses as 3:2. They opened a Joint Bank A/c and deposited Rs. 40,000 each.

Das purchased 800 Kg. of goods @ Rs.60 per Kg. and expenses were Rs. 13,000. Krishnan purchased goods 10,000 Kg. @ Rs. 2.10 per Kg. and his expenses were Rs. 11,000. Expenses were by co-ventures and purchases were paid from Joint Bank A/c.

Krishnan sold 600 Kg. of the first item @ Rs. 100 per Kg and his selling expenses were Rs. 6,000. All the sale proceeds were deposited in the bank account and expenses were from private sources. Prepare venture account.

26. X and Y entered into a joint venture on 1st May 2009. They opened a joint bank account with a sum of Rs. 7, 50,000, out of which X contributed Rs. 4, 00,000 and Y, the balance. They agreed to share profit or losses in the ratio of 3:2 after providing for interest on capitals at 12%p.a.

They purchased goods for Rs. 7, 00,000, in cash and sent to a Chandigarh agent for sale. Freight and insurance amounted to Rs. 28,000. All the goods were sold by the agent for Rs. 10, 00,000 and the agent remitted the amount after deducting his commission at 8% and expenses Rs. 15,800. Prepare the joint venture A/C.

27. A company leased a colliery on 1-1-92 at a minimum rent of Rs. 20,000 merging into a royalty of Rs. 1.50 per tonne with power to recoup shortworkings over the first four years of a lease. The output of the colliery for the first four years was 9,000 tonnes, 12,000 tonnes, 16,000

tonnes and 20,000 tonnes respectively. Give journal entries and ledger accounts for the four years in the books of lessee and lessor.

28. Ravi took a colliery on lease. The dead rent was Rs. 750 a year, merging into a royalty of 35 paise per tonne of coal raised , with the right to recover shortworkings out of royalties of two subsequent years from the period in which the shortworkings arose. The outputs raised were.

1 year	1,000 tonnes
2 year	1,500 tonnes
3 year	2,500 tonnes
4 year	1,500 tonnes
5 year	1,000 tonnes

Give necessary ledger a/c for each of the five years in the books of Ravi.

29. A company acquired lease of a mine at a minimum rent of Rs. 10,000 pa. The royalty was fixed at Rs. 0.50 per tonne. Shortworkings could be recouped within three years following the year in which the shortworkings occur. If there is stoppage of production due to strike in any year, the minimum rent world be proportionately reduced in regard to the length of the stoppage.

The output (in tonnes) of the mine was as follows:

Year	Output(tonnes)
1978	8,000
1979	12,500
1980	21,500
1981	26,000
1982	17,000 (strike)
1983	30,000

During the there was strike lasting for 3 months. Show the necessary ledger accounts for each of the years in the books of the company.

29. Calculate insurance claim from the following facts assuming that the insurers met their liability under the policy on ‘average bases

A traders stock valued at Rs. 40,000 was totally destroyed. The stock in the godown was insured for Rs. 30,000 subject to average clause. The balance of stock, left after fire, appeared in the books at Rs. 24,000.

30. Fire occurred in the premises of Paswan on 10th May 1996. In order to make a claim on their fire policies in respect of the stock, they ask your advice and you are able to obtain the following information.

	1993 Rs.	1994 Rs.	1995 Rs.	1996 Rs.

Opening stock	16,000	15,000	16,000	18,000
Purchases	41,000	47,200	56,600	78,000
Sales	60,000	66,000	78,000	99,000
Closing stock	15,000	16,000	18,000	?

The stock salvaged was Rs. 3,800. Compute the amount of claim.

K4 AND K5 LEVELS

1. Journalise the following transactions of M/S. Radha & Sons.

M/S. RADHA & SONS

Date	Particulars	Amount
2000, Jan1	Business started with Rs.2,50,000 and cash deposited With bank	1,50,000
3	Purchased machinery on credit from Rangan	50,000
6	Bought furniture from Ramesh for cash	25,000
12	Goods sold to Yasodha	22,500
13	Goods returned by Yasodha	2,500
15	Goods sold for cash	50,000
17	Bought goods for cash	25,000
20	Cash received from Yasodha	10,000
21	Cash paid to Romala	20,000
25	Cash withdrawn from bank	50,000
29	Paid advertisement expenses	12,500
30	Bought office stationery for cash	5,000
31	Cash withdrawn from bank for personal use of the proprietor	6,250
31	Paid salaries	15,000
31	Paid rent	2,500

2. Journalize the following transaction of Mr. Rahim

Date	Particulars	Amount
2014,march 1	Rahim commenced business with cash	1,60,000
1	Purchased Goods worth	80,000
1	Purchased Furniture	30,000
2	Opened current account with Indian Bank	40,000
3	Bought goods of Santhanam	20,000

4	Sales to Radha	16,000
5	Sold to Jagan	80’000
6	Swamy sold goods to us	10,000
7	Kannan bought goods from us	6,000
8	Typewriter purchased	12,000
9	Received goods returned by Radha	1,400
15	Received cheque from Radha	14,000
18	Sold goods to sankar and cash received	2,000
19	Paid into bank	2,000
25	Drew cheque for personal use	3,000
31	Paid salaries	5,000

3. From the following Trail Balance, prepare final accounts for the year ended 31st December 2005:

	Debit Rs.	Credit Rs.
Capital and drawings	1,700	20,000
Purchases and sales	2,000	4,200
Debtors and Creditors	3,600	2,600
Bills payable	-	2,350
Plant and Machinery	12,000	
Horses and Carts	2,600	
Wages	800	
Cash at Bank	2,600	
Salaries	800	
Repairs	190	
Stock (opening)	1,600	
Rent	450	
Manufacturing expenses	150	
Bad debts	500	
Carriage	160	
	29,150	**29,150**

Adjustments:

(i) Closing stock Rs. 1,600
(ii) Depreciation – Plant and Machinery 10%, Horses and Carts 15%
(iii) Allow Interest on capital at 5% per annum
(iv) Rs. 150 is due for wages
(v) Paid rent Rs. 50 in advance.

4. Enter the following transactions in the proper subsidiary books of Mithran Stores. Post them to the ledger

2014,Jan 4	Bought goods from Bharathi	3,000
2	Elango supplied goods to us	600
4	Saradha bought goods from us	600

7	Sold goods to vani	6,000
9	Yevan sold goods to us	1,000
14	Returned goods to Valen	100
17	Saradha returned goods	300
29	Cash sales	300

5. From the following balances as at 31st December 1994 of a trader, prepare a Trading and Profit & Loss A/C for the year 1994 and a Balance Sheet as on that date:

Particulars	Rs	Particulars	Rs
Salaries	5,500	Creditors	9,500
Rent	1,300	Sales	32,000
Cash	1,000	Capital	30,000
Debtors	40,000	Loans	10,000
Trade expenses	600		
Purchases	25,000		
Advances	2,500		
Bank balance	5,600		
Total	**81,500**	**Total**	**81,500**

Adjustments:

(i) The Closing stock amounted to Rs 9,000.
(ii) One month's Salary is outstanding.
(iii) One month's rent has been paid in advance.
(iv) Provide 5 percent for doubtful debts.

6. A second hand machine was purchased on 1-1-90 for Rs. 30,000 and repair charges amounted to Rs 6,000. It was installed at a cost of Rs. 4,000.0n 1st July 1991, another machine was purchased for Rs. 26,000. On 1st July 1992 The first machine was sold for Rs. 30,000. On the same day, one more machine was bought for Rs 25,000. On 31-12-92, the machine bought on 1st July 1991 Was sold for Rs 23.000. Accounts are closed every year on 31st December Depreciation is written off at 15% per annum. Prepare the Machinery A/c for 3 years ending 31-12-92.

7. George Co. Ltd. purchased a machine on 1st January 1995 for Rs. 50,000 On 1st July 1995 further machinery was purchased for Rs. 25,000. On 1stJuly 1996, the machinery purchased on 1st January 1995 having become obsolete was sold off for Rs. 20,000. Depreciation has to be charged at 20% on the original cost assuming that the accounts are closed every year on 31st December You are required to prepare:

(a) Machinery Alc

(b) Provision for Depreciation A/c.

8. Machinery account in the books of a company was as follows:

Balance as at 1.1.86	Rs. 14,900
Purchase of machinery on 1.7.86	Rs. 4,400
Sale of machinery on 1.10.86	Rs. 1,000

The original cost of machinery sold was Rs. 6,000 on 1.7.83 Machinery is being depreciated at 10% p.a. on diminishing balance of the asset. Show the machinery Alc in the books of the company for the year 1986. The books are closed on 31st Dec. each year

9. A second-hand machine was purchased on 1.1.90 for 40,000. Overhauling And installation expenses for the same machine amounted to Rs. 10,000. Another machine was purchased on 1.7.90 for Rs. 20,000, On 1.7.92, the machine installed on 1.1.90 was sold for Rs. 25,000. Dismantling charges for the machine sold on 1.7.92 were Rs. 1,000. On the Same date another machine was purchased for Rs. 80,000 and commissioned On 30.9.92. The company has adopted calendar year as its financial year. Under the existing practice, the company provides depreciation @ 10%p.a on original Cost In 1993, it has been decided that depreciation will be charged on the diminishing balance@ 15%p.a The change is not to be made with retrospective Effect. Show Machinery A/c from 1990 to 1994.

10. A company purchased machinery on 1-7-87 for Rs 80,000, On 1-1-89 they purchased another machine for Rs. 60,000 and again on 1-10-91 machinery costing Rs. 1, 50,000 was purchased. They adopted a policy of charging depreciation @20% p.a. on diminishing balance On 1-7-91 they, however, changed the method of providing depreciation and adopted the method of writing off the machinery A/c at 15% p.a. under straight line method with retrospective effect from 1-7-87, the adjustment being made in the accounts for the year ended 30-6-92. The depreciation has been charged on time basis, you are required to calculate the difference in depreciation To be adjusted in the machinery on 1-7-91 and show the machinery Alc from 1987-88 to 1991-92.

11. The position of a businessman who keeps his books on Single entry was 2s under on 31.12.90 and 31.12.91.

	1990(Rs)	1991(Rs)
Cash in Hand	400	480
Cash at Bank	6,000	2,500
Stock	6,500	5,000
Debtors	4,000	5,200
Furniture	300	350
Sundry Creditors	4,100	3,100

He withdraws Rs. 7,500 from business on 2.1.91 out of which he spent R$ 5,200 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 220 as bad debts

(c) 5% Provision for bad and doubtful debts is needed.

Find out the profit or loss for the year

12. Rama commenced business on 1.1.89 with a capital of Rs. 25,000. He immediately bought furniture for Rs. 4,000. During the year, he borrowed Rs 5.000 from his wife and introduced a further capital of Rs 3,000. He has withdrawn Rs. 600 at the end of each month for family expenses From the following particulars obtained from his books, you are required to prepare Trading and P&L A/c and Balance Sheet as on 31.12.89

Sales (Including cash sales of Rs 30,000).	1,00,000
Purchases (Including cash purchases of Rs. 10,000)	75,000
Carriage	700
Wages	300
Discount allowed to debtors	800
Salaries	6,200
Bad debts written off	1,500
Trade expenses	1,200
Advertisement	2,200

Rama has used goods worth Rs. 1,300 for private purposes and paid Rs. 58 to his son which is not recorded anywhere. On 31.12.89, his debtors, were worth Rs. 21,000 Creditors Rs. 15.000 and stock in trade Rs. 10.000. Furniture To be depreciated at 10% p.a.

13. Sudharsan oil mills, Erode consigned 10,000 Kg. of castor oil to srinivasan of Bangalore at a cost of Rs. 23 per Kg. on 1.1.2000. this oil mills paid Rs. 20,000 for packing, fright and insurance. During transit 250 Kg. was accidentally destroyed for which insurers paid directly to the consignors Rs. 4,500 in full settlement of the claim.

Srinivasan took delivery of the consignment on 10th January. On 31-3-2000, he reported that 7,500 Kg. were sold @ Rs. 30. His expenses were: godown rent Rs. 3,000, advertisement Rs. 4,000, salesmen salaries Rs. 6,400. The consignee is entitled to a commission of 3% plus 1.5% del credere. A customer who purchased 1,000 Kg. was able to pay only 80% of the amount due from him.

The consignee reported a loss of 1000 Kg. due to leakage. Assuming that the consignee paid the balance by bank draft. Prepare necessary accounts in the books of both the parties.

14. Arun sent 10,000 litres of sunflower oil to suresh for sale @ Rs. 56 each for which Arun spent Rs. 7,000 for insurance. Suresh spent Rs. 2,000 as selling expense. He receives

commission @ 5% on sales. 1,500 litres of oil lost in transit. Insurance company admitted for the claim Rs. 64,000. Suresh sold 7,000 litres of oil @Rs. 67 each litre.

Consignee was allowed to assume 600 litres as normal loss. Calculate the value of abnormal loss, net loss to be charged to be charged to profit and loss account and the value of closing stock.

15. Gopu and Balu entered into a joint venture to deal in consumer durables, profit and losses being shared in the ratio of 3:2. Following transaction took place:

Date August,2009	Particulars	Amount
1	Gopu bought goods for cash	3,600
5	Balu incurred freight and other charges	110
10	Balu bought goods for cash	2,000
12	Gopu incurred travelling expenses	25
15	Balu sold goods for Rs. 4,000 less 10% allowance for faulty goods	
20	Gopu sold goods for cash	3,000

Goods costing Rs. 500 remained unsold and these were retained by the partners in their profit sharing proportions. Balu was further allowed a sum of Rs. 40 to cover the cost of insurance and warehousing. Give journal entries and ledger account in the books of both the parties.