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DEPARTMENT OF BUSINESS ADMINISTRATION

I-BBA

18 UBM 204-FINANCIAL ACCOUNTING

Multiple Choice Questions:

UNIT-I

1.The basic function of financial accounting is to

a) Record all business transactions b) Interpret the financial data

c) Assist the management performing functions effectively d) None of above

Answer:a

2.A person who brings capital in the business is called__________

a) A debtor b) A creditor

c) Proprietor d) None of these

Answer: c

3.Recording dual aspects of business transactions in terms of ‘debit’ and ‘credit’ is _______

a) Double entry system b) Single entry method

c) Personal account d) Journal

Answer: a

4.Accounts which include the accounts of persons with whom the business deals.

a) Real account b) Personal account

C) Nominal account d) Intangible real account

Answer: b

5.Nominal accounts is also known as

a) Temporary accounts b) Personal account

c) Tangible real account d) Real account

Answer: a

6.Investment is taken as

a) Current assets b) Fixed assets

c) All of the above d) None of these

Answer: b

7.What is a journal

a) Original entry b) Double entry

c) Duplicate entry d) Single entry

Answer: a

8.Entries in journal are made

a) Late-wise b) Month-wise

c) Annually d) None of these

Answer: a

9.Accounting principles are generally based on

a) Practicability b) Subjectivity

c) Convenience in recording d) None of these

Answer:a

10.Recording of fixed assets at cost ensures adherence of

a) Dual aspect concept b) Going concern concept

c) Cost concept d)Both (a) and (b)

Answer:a

11.Journal proper records

a) All transactions b) All cash transactions

c) All credit transactions d)All transactions not recorded in any of subsidiary books

Answer:d

12.Trail balance is prepared from which book?

a)Journal b) Cash book

c) Ledger d) None of these

Answer: a

13.A person who owns the money to the firm is known as

a) A debtor b) A creditor

c) Proprietor d) Owner

Answer: a

14.Accounts produced objectively will be unbiased and hence tend to be more

a) Reliable b) Comparable

c) Relevant d) All of the above

Answer: a

15.Which of the following is not modifying principle?

a) Cost benefit b) Timeliness

c) Dual aspect d) None of these

Answer: c

16.The accounting measurement that is not consistent with the going concern concept is

a) Historical cost b) Realization

c) The transaction approach d) Liquidation value

Answer: d

17.Which concepts assumes that a business will a last indefinitely?

a) Business entity b) Going concern concept

c) Periodicity d) Conservation

Answer: b

18.'Debit the Receiver' 'Credit the Giver' – this rule is applicable to

a) Personal account b) Nominal account

c) Real account d)None of these

Answer: a

19.The amount of salary paid to Suresh should be debited to

a) The account of Suresh b) Cash account

c) Salaries account d) None of these

Answer:c

20.Posting is made at the ________ side of the account appearing at the debit side of the cash book.

a) Debit b) Credit

c) Asset side d) None of these

Answer: b

UNIT-II

21.Which account shall be debited on the purchases of furniture of cash from M/s Yoga Ltd.

a) Purchases a\c b) Furniture a\c

c) Cash a\c d)Yoga Ltd.

Answer: b

22.The balance of Purchase Return book is always

a) Debit b) Credit

c) Debit or credit d) Asset side

Answer: c

23.Petty cash book means

a) Petty expenses b) All expenses

c) Outstanding expenses d) Petty expenses paid in cash

Answer: d

24.Cash book records

a) All cash transactions b) All credit transactions

c) All non-cash transactions d) All transaction

Answer: a

25.Bank balance as per cash book is

a) Liability b) Asset

c) Expenses d) Deferred expenditure

Answer: b

26.The _________balance in cash account should always be equal to the cash in the cash book.

a) Debit balance b) Credit balance

c) Opening balance d) Closing balance

Answer: d

27.Purchases book records

a) Purchases of goods b) All cash purchases

c) All credit purchases d) All credit purchases of goods

Answer: d

28.Sales book records

a) Sale of assets on credit b) Sale of goods on credit

c) Cash sales d) All credit sales

Answer: a

29.Correcting the errors that has occurred is called as________

a) Rectification b) Single-sided errors

c) Double-sided errors d) None of these

Answer: a

30.Purchase of furniture to debited to purchases a\c

a) Error of omission b) Error of principle

c) Error of commission d) None of above

Answer: b

31.The preparation of trail balance helps in

a) Locating errors of complete omission b) Locating errors of principle

c) Locating errors of commission d) None of these

Answer: d

32.Trail balance is

a) An account b) Cash book

c) Both(a) and (b) d) None of these

Answer: b

33.Errors of Commission do not allow

a) Correct totaling of balance sheet b) Correct totaling of trail balance

c) The trail balance of agree d) None of these

Answer: c

34.Purchase of Furniture is debited to Purchase a\c

a) Error of omission b) Error of principle

c) Error of commission d) None of these

Answer: b

35.A bank reconciliation is prepared by

a) A bank b) The firm

c) Creditors d) None of these

Answer: b

36.All credit transactions are recorded at________ side of the cash book.

a) Debit b) Credit

c) Either debit or credit d) Either debit nor credit

Answer: d

37.___________ is used for the purposes of recording the return of merchandise sold on credit

a) Sales book b) Sales return book

c) Purchase book d) Purchase return book

Answer: b

38.Which book is used to record all transactions relating to cash receipts and cash payments

a) Purchase book b) Petty cash book

c) Cash book d) Sales book

Answer: c

39.General Journal is also known as________

a) Opening entries b) Journal proper

c) Journal d) None of these

Answer: b

40.A cash book which contains only one column is called _______

a) Double column cash book		b) Contra entry

c) Triple column cash book		d) Single column cash book

Answer: d

UNIT-III

41.________ account give the cost of goods manufactured during a given period

a) Manufacturing account		b) Profit &loss account

c) Trading account		d) Personal account

Answer: a

42.Income received in advance by a business unit is

a) An asset		b) A liability

c) A loss		d) None of these

Answer: b

43.Bank overdraft is shown as a

a) Current liability		b) Current asset

c) Unsecured loan		d)Fixed asset

Answer: a

44.The assets which are purchased for the use of the business but not resale are known as

a) Current assets		b) Fixed assets

c) Fictitious assets		d) Current liability

Answer: b

45.Bad debts recovered will

a) Increase the profits of the business b) Increase the debtor's balance

c) Will decrease the debtor's balance d) All the above

Answer: a

46.Interest on Drawings is

a) Expenditure for the business b) Expense for the business

c) Gain for the business d) None of these

Answer: b

47.Expenses which have become due for payment but have not yet been paid are known as

a) Prepaid expenses b) Outstanding expenses

c) Bills receivable d) Accrued income

Answer: b

48._________ represents the funds invested in government securities,shares of company.

a) Capital b) Investments

c) Drawings d) Sundry debtors

Answer: b

49.Interest on capital should generally be regarded as

a) An appropriation of profit b) An asset

c) An expenses d) A liability

Answer: c

50.Debts which cannot be recovered is called

a) Bad debts b) Sundry debtors

c) Sundry creditors d) None of these

Answer: a

51.How many stages of preparing final accounts of trading concern?

a)1 b)2

c)3 d)4

Answer:d

52.__________ account gives the information about gross profit or gross loss

a) Profit &loss account b) Trading account

c) Balance sheet d) Manufacturing account

Answer:b

53.Goods which are returned to suppliers are termed as

a) Sales return b) Purchase return

c) Sales d) None of these

Answer:b

54.______ are paid to workers who are engaged in production.

a) Rent b) Prepaid expenses

c) Wages d) Outstanding expenses

Answers: c

55.Which of the following will appear on the debit side of trading account

a) Carriage inward b) Advertisement

c) Depreciation d) Insurance

Answer: a

56.________ paid to the employees are debited to the profit & loss account.

a) Wages b) Salaries

c) Postage & stationary d) Commission

Answer: b

57.Which represents the sums of money or goods withdrawn by the proprietor from the business for personal use.

a) Drawings b) Income tax

c) Funds d) Investment

Answer: a

58.Which is statement of assets and liabilities of the business enterprise.

a) Ledger b) Journal

c) Balance sheet d) None of these

Answer: c

59._______ assets are those assets which can be converted to cash within one year.

a) Fixed assets b) Current assets

c) Both (a) &(b) d) None of these

Answer: b

60.When an undertaking withdraws from the bank more than the amount deposited in its account is called_________

a) Bills payable b) Bills receivable

c) Capital d) Overdraft

Answer: d

UNIT-IV

61.Drawings by the proprietor has the effect of reducing the balance on his ____ account.

a) Capital b) Profit & loss

c) Trading d) Manufacturing

Answer: a

62.Expenses which are paid in advance is known as

a) Outstanding expenses b) Prepaid expenses

c) Accured income d) None of these

Answer: b

63.Non-profit organization render _________ to members of the public.

a) Entity b) Service

c) Form d) None of these

Answer: b

64. _________ is very important to non-trading institution to prepare an annual budget.

a) Budget b) Funds

c) Financing d) Service

Answer:a

65.The income and expenditure account begins with

a) Debit balance b) Credit balance

c) No balance d) None of these

Answer: c

66.The receipts and payments account records receipts and payments of

a) Revenue nature only b) Receipts & payments account

c) Income & expenditure account d) None of these

Answer: c

67.A profit on the sale of furniture of a club will be taken to

a) Cash account b) Credit account

c) Income & expenditure account d) None of these

Answer: c

68.Entrance fees are generally

a) Capitalized b) Taken as income

c) Treated as liability d) Market value

Answer: a

69.Legacy for specific period is

a) Added to specific fund b) Shown in income & expenditure account

c) Shown as separate liability d) None of these

Answer: a

70.Depreciation according to the straight line method is calculated on _____

a) Opening balance b) Closing balance

c) Original cost d) Market value

Answer: c

71.In the straight line method, the amount of depreciation _______ every year.

a) Increases b) Decreases

c) Remains constant d) Either decreases or increases

Answer: c

72.According to diminishing balance method depreciating is charged on _____ of assets.

a) Original cost b) Written down value

c) Market value d) Average cost

Answer: b

73.Depreciation is calculated on _________.

a) Fixed assets b) Current assets

c) Fictitious assets d) Wasting assets

Answer: a

74.Depreciation is calculated on __________ of assets.

a) Cost price b) Market value

c) Book value d) Invoice price

Answer: c

75.________ method is similar to sinking fund method.

a) Insurance policy method b) Written down value method

c) Deprecation method d) None of these

Answer:a

76. Profit or Loss on depreciation fund investment is transferred to

a) Deprecation Reserve Account b) Depreciation Fund Account

c) Assent Account d) None of these

Answer: b

77. The profit on depreciation policy is transferred to

a) Deprecation Reserve Account b) Depreciation Fund Account

c) Assent Account d) None of these

Answer: a

78. According to depreciation fund method

a) Interest is earned from the first year

b) Interest is earned from the second year

c) Interest is earned from the middle of the first year

d) All the above

Answer: b

79. According to insurance policy method, premium is paid

a) At the end of the year

b) At the beginning of the year

c) At the beginning of the second year

d) All the above

Answer: b

80. The amount to be received at the end of the last year is certain under

a) Insurance policy method b) Sinking fund method

c) Annuity method d) All the above

Answer: a

UNIT-V

81. Depletion method of depreciation is used in

a) Cattle, loose tool, etc., b) Machinery, building furniture, etc.,

c) Mines, quarries, etc., d) None of these

Answer: c

82. Under single entry system, certain transitions are recorded

a) At regular intervals b) At end of accounting period

c) Totally d) None of these

Answer: c

83.Under single entry system details of

a) Expenses will not be available

b) Revenues will not be available

c) Expenses and revenues will not be available

d) None of these

Answer: c

84. Under single entry system only personal accounts are kept and in some cases

a) Cash account is maintained

b) Fixed asset accounts are maintained

c) Liabilities are maintained

d) None of these

Answer: a

85. Statement of affairs is prepared for ascertaining

a) Financial position of the business

b) Trading profit or loss

c) Capital of the owner d) None of these

Answer: b

86. From incomplete record, record, it is possible to prepare

a) Ledger accounts

b) Trail balance

c) Statement of affairs

d) None of these

Answer: c

87.With the single entry system _____________ cannot be prepared

a) Trading account b) Balance sheet

c) Trading ac, profit& loss ac, balance sheet d) None of these

Answer: c

88. Total debtors account is prepared to ascertain ______________

a) Cash sales b) Credit sales

c) Total sales d) All of these

Answer: b

89.Total creditors account is prepared to ascertain ______________

a) Cash purchase b) Total purchase

c) Credit purchase d) All of these

Answer: c

90. Calculating profit by preparing trading and profit & loss account under single entry system is known as

a) Conversion method b) Return down value method

c) Statement of affairs d) All of these

Answer: a

91. If the adjusted closing capital is more than opening capital is called as ____

a) Profit b) Loss

c) None d) Both (a) & (b)

Answer: b

92.The opening statement of affairs is prepared to find-out_______

a) Closing capital b) Opening capital

c) Purchases d) None of these

Answer: b

93. Single entry system lacks in _______

a) Balancing b) Uniformity

c) Expenses d) None of these

Answer: b

94. If the adjusted closing capital is less than opening capital it is called____

a) Loss b) Profit

c) Both (a) & (b) d) None of these

Answer: a

95.________ figure is not usually available from the incomplete records.

a) Credit purchases b) Cash purchases

c) Total purchases d) Credit sales

Answer: a

96. Single entry system is only suitable for ______

a) Small Traders b) Large scale concern

c) Multinational Companies d) None of these

Answer: a

97. Single entry system is not accepted by ________

a) Profit estimate b) Small scale concerns

c) Sole trader d) Tax authorities

Answer: d

98. Statement of affairs is also called as _______

a) Conversion method b) Single entry system

c) Net worth method d) None of these

Answer: c

99. In which method single entry system is converted into double entry system_________

a) Conversion method b) Statement of affairs

c) Net worth method d) None of these

Answer: a

100. The capital of the business is ascertained by _____

a) Trading account b) Statement of affairs

c) Balance sheet d) None of above

Answer: b

18UBM204-FINANCIAL ACCOUNTING

K2 QUESTIONS

UNIT-I

1. What Is Financial Accounting?
2. What Is The Role Of Financial Accounting In Business?
3. Define Journal.
4. What Is The Primary Objective Of Financial Accounting?
5. What Are Financial Statements? Name The Major Financial Statements?
6. Define double entry system.
7. Write three types of accounts.
8. What Are The Golden Rules Of Accounting?
9. What is ledger?
10. List Few Advantages of Accounting Standards?

11.UNIT-II

11.What is Book keeping?

12. Explain subsidiary books.
13. What is cash book ?
14. What are Accounting Standards?
15. What are the kinds of cash book?
16. Define purchase books.
17. Define sales book books.
18. What is purchase return book?
19. What is sales return book?
20. Define errors.

UNIT-III

21. Define manufacturing Accounting.
22. Give the meaning of Trading account.
23. Define Profit and loss account.
24. List the features of trading Account.
25. Explain the meaning of balance sheet.
26. List out any two current assets.
27. Write any two fixed assets.
28. List out any two liabilities.
29. What is intangible asset?
30. Give any two importance of trading account.

UNIT-IV

31. What is depreciation?
32. Write any two causes of depreciation.
33. What are the two types of depreciation?
34. Is depreciation charged on personal assets?
35. What is the straight line method of calculating depreciation?
36. What is written down value method?
37. What is Annuity method?
38. Write any two advantages of depreciation.
39. How straight line method is used in accounting concept.
40. Give formula for written down value method?

UNIT-V

41Define incomplete records.

41. What is single entry system?
42. Define conversion method.
43. Define net worth method.
44. List out two advantages of single entry system.
45. List out two disadvantages of single entry system.
46. List out twoadvantages conversion method.
47. List out two advantages net worth method.
48. Write any two suitable example for single entry system.
49. Write any two differences between single entry system and double entry system.

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SECTION-B

K3 Questions

UNIT-I

1.Explain different types of accounts in detail with examples and rules applicable to them.

2. Journalize the following transactions.

2005		□
Jan.1	Started business with cash□□	30,000
Jan.2	Deposited in to Bank	10,000
Jan.3	Goods purchased for cash	5,000
Jan.4	Withdraw from bank for office use	1,000
Jan.5	Credit sales to krishna	1,500

3. Explain double entry system of accounting.

4. Journalize the following transactions:

2008		Rs
1	Ajith started business with cash	40,000
2	He paid into the Bank	20,000
3	He purchased goods for cash	15,000
4	He sold goods for cash	6,000
5	He paid telephone charges	1,000

5. Journalize the following transactions and post them in the ledger and business the accounts on 31-01-2008.

1) Abhishek started business with a capital of □1,00,000
2) Purchased goods from Sandeep on credit worth □ 20,000
3) Paid cash to Sandeep of □10,000
4) Abishek sold goods to Chandan worth □ 22,000
5) Abishek spent □ 1,000 towards office expenses.

6. Distinguish between Separate entity concept and going concern concept.

UNIT-II

7. Record the following transactions for the month of January 1999 in the purchase book of M/S Narian Electronics:

Jan .4 Purchased from M/s Brown Electronics:
20 Black and white T.Vs @ Rs.5.200 per piece.
10 Color T.Vs @ 12,00 Per Piece.

Trade discount on all items @12_%.

Jan .10	Purchased from M/s Mani electronics: 12 video tapes @ Rs 600 per piece. 8 Philips tape recorders @ rs.2,500 per piece.
Jan .19	Purchased from M/s Sehgal Electronics: 10 L.G Stereos @ Rs 3,500 per piece. 8 LG Colour T.Vs @ Rs .25,000 per Piece. Trade discount @ 15%.
Jan ,24	Purchased from M/S Gupta Electronics: 200 Audio cassettes @ Rs 25 per piece 30 Equity toasters @ Rs 500 Per piece.

8.Enter the following transactions in the sales book of M/s .Saran Raj & Sons .

1999

May	2	Sold to M/s Ragul Bros: 200 pieces long cloth at Rs .90 per piece. 300 pieces shirting @ Rs .110 Per piece
May	5	Sold to M/s Gupta &Verma: 20 pieces coating @ Rs 250 per piece.
May	16	Sold to M/s Mathur& Jain: 250 Blankets @ Rs.50 each. 120 Blankets @ Rs .75 each.
May	20	sold 20 shirts to cheap stores @ Rs.30 Each of cash.
May	25	Sold old furniture to M/s Santhosh& co on credit Rs.800

It is the practice followed by M/s Saran Raj & sons to allow 10% trade discount on all sales.

9. Enter the following transactions in Cash Book:

2002		Rs
Jan 1	Cash in hand	1,500
Jan 5	Paid to Ram	300
Jan 5	Discount allowed by him	10
Jan 8	Purchased goods	400
Jan 10	Received from R.Gupta	980
Jan 10	Discount allowed	20
Jan 16	Sold goods	400
Jan 21	Paid to Sharma	295
	Discount received	5
Jan 25	Paid wages	50
Jan 31	Paid to Narayan in full settlement of his account which shows a credit balance Rs.400	390

10. Enter the following transactions in a simple cash book of shri .Subramaian.

	1999		**Rs**
April.	1	Commenced business with cash	24,000
	5	Bought goods for cash	6,000
	10	Goods sold for cash	11,200

13	Paid in to bank	2,500
14	Sold goods to Ganesan on Credit	9,000
15	Bought goods from mohan on credit	13,600
20	Purchased furniture	9,600
21	Purchased Stationery	160
23	Received Cheque from Ganesan	9000
25	Paid Mohan	13,600
26	Received commission	740
27	Paid telephone charges	300
30	Drawn from bank	3,800

11. Rectify the following errors:(one sided errors)
    a) Purchase Book is over cast by Rs.300(For the month of march)
    b) Sales book has been under cast by Rs.200
    c) Purchase return book has been over cast by Rs.75
    d) Sales return book has been under cast by Rs .50.
12. Rectify the following errors:(one sided errors)
    a) Purchase Book is over cast by Rs.200(For the month of march)
    b) Sales book has been under cast by Rs.100
    c) Purchase return book has been over cast by Rs.55
    d) Sales return book has been under cast by Rs .30.

UNIT-III

13. Draw the Proformaof Manufacturing Account.

14. From the following details, prepare a manufacturing accounting for the year ending 31st December,1998:

	Rs
Stock on 1.1.1998	
Raw Materials	**10,000**
Work- in –Process	**5,000**
Finished goods	**20,000**
Stock on 31.12.1998	
Raw Materials	**5,000**
Work- in –Process	**15,000**
Finished goods	**30,000**
Purchase of Raw materials	**50,000**
Direct Wages	**10,000**
Carriage Charges on purchase of raw materials	**5,000**
Factory power	**5,000**
Depreciation on Factory machines	**5,000**

Purchase of finished goods	**30,000**
Cartage paid on finished goods purchased	**2,000**

15. Analyze how you treat stock when it is given in (a) trial balance (b)Adjustment .Give journal entry necessary.

16. Prepare trading account for the year ending 31-12-96 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

17.The Provision for Bad & Doubtful debts account shows a balance of Rs.2,000 on 1st Jan 1994. The bad debts during the year 1994 amount to Rs.1,600. The sundry debtors on 31st Dec 1994 are Rs.32,000. Create a new Provision for Bad debts @5%.Show the Journal and profit & loss account and Balance sheet.

UNIT-IV

18. Examine and write brief note on depreciation .

19. Analyze and write brief note on causes of depreciation.

20.Analyze and write brief note onstraight line method of depreciation.

21.List out the merits of written down value method.

22.List out the demerits of written down value method.

23.. 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 straight line method.

24.. A company purchased a plant for Rs . 60,000. The useful life of the plant is 10 years and the residual Value is Rs. 11, 000. Find out the rate of depreciation under the straight line method.

25. Distinguish between straight line method and written down value method.

26. A Company acquired a machine on 1.8.88 at a cost of Rs. 40,000 and spent Rs.1000 on tis installation the firm writes off depreciation at 10% on the diminishing balance. The books are closed on 31st December of each year. Show the machinery A/c for 3 years.

27. A Company acquired a machine on 1.8.90 at a cost of Rs. 50,000 and spent Rs.900 on tis installation the firm writes off depreciation at 10% on the diminishing balance. The books are closed on 31st December of each year. Show the machinery A/c for 3 years.
28.Examine and write the features of annuity depreciationmethod.

29.List out the advantages of Annuity depreciation method.

30.List out the disadvantages of Annuity depreciation method.

UNIT-V

31. Examine the single entry system in detail.

32. Find out profit from the following data

	Rs.
Capital at the beginning of the year	8,00,000
Drawings during the year	1,80,000
Capital at the end of the year	9,00,000
Capital introduced during the year	50,000

33. Find out profit from the following data

	Rs.
Capital at the beginning of the year	9,00,000
Drawings during the year	1,90,000
Capital at the end of the year	1,00,000
Capital introduced during the year	60,000

34. From the following data ascertain sales made during the year by preparing Memorandum trading account.(conversion Method)

	Rs,
Stock on 1-1-95	60,000
Stock on 31-12-95	40,000
Purchases during 1995	4,00,000
Rate of gross profit on sale	20%
Wages paid	10,000

35. From the following information ascertain opening stock (on 1-1-96) .(conversion Method)

	Rs.
Purchases made during 1996	2,50,000
Sales made during 1996	3,25,000
Stock on 31-12-1996	60,000
Wages	3,000
Rate of gross profit on cost	25%

18UBM204 FINANCIAL ACCOUNTING

K4 AND K5 Questions:
UNIT-I

1. Explain a list of different accounting concepts.

2. Explain the kinds of accounts.

3.Record the following transactions and post them in to ledgers.
i)Started business with a capital of □ 5,000
ii) Sold goods to Mr.X. for □ 500
iii) Received cash from Mr.X □ 450 in full settlement
iv)Purchased good from Mr.T for □ 1,500
v) Paid to Mr.T in full in cash □ 1,450.
vi) Paid salary to Mr.Z □ 300.
vii) Purchsed a plant for □ 1,000
viii) Sold goods for cash □ 1,300.
ix) Received Interest □ 50.
x) Deposited cash in to bank □ 1,000
xi) Paid wages □ 100
xii) Withdraw cash from bank for personnel use □ 200

4..Enter the following transactions in the appropriate type of cash book and post the same to the relevant ledger accounts:

2008

July 1 : Started business with an investment of Rs.9,000.

July 2: Deposited in Bank of India, Rs.7000

July 4: Acquired a building by issuing a cheque of Rs.5,000

July 10: Paid the bill of the furniture by cheque Rs.1,000

July 15: Purchased Rs.800 of merchandise by cheque.

July 18: Withdrew Rs.100 from the bank.

July 20: Sold merchandise for Rs. 1,200

July 22: Deposited Rs.2,000 into the bank.

July 25: Bought Rs.1,000 merchandise.

July 26: Sold Rs.1500 merchandise by crossed cheque.

July 27: Paid Rs.100 by cheque as the premium for insuring building against fire.

July 28: Paid freight Rs.50

July 30: Withdrew from bank for personal use Rs.500

July 31: Cleared electricity bill Rs.90

July 31: Paid to Mahesh Rs.1,080 in full satisfaction by cheque. We owed to Mahesh Rs.1,100 for goods purchased.

July 31: Received from Suresh a cheque for Rs.1,480 in full satisfaction of the debt of Rs.1,510.

5. Enter the following transactions in a three column cash book and ascertain the balance on 31.01.2005:

2005		**Rs**
Jan. 1	Cash in hand	500
	Cash at bank	8,000
Jan. 6	Received a cheque from Kumar	1,000
	Allowed him discount	100
Jan. 7	Deposited Kumar cheque into bank	1,000
Jan. 10	Bought goods by issuing cheque	400
Jan. 13	Paid Raman by cheque	3,000
	Discount received from him	200
Jan. 18	Draw from bank for personal use	1,000
Jan.19	Drew for office use	1,400
Jan. 31	Paid salary	800

UNIT-II

6. Prepare a petty cash book from the following information

2008		
Jan. 1	Received from Rs.700 for petty cash	10.00
Jan. 2	Paid tonga charges	6.00
Jan. 3	Paid cartage	17.00
Jan. 4	Paid for telegram	15.00
Jan. 5	Paid wages to casual laborer	40.00
Jan. 6	Paid for stationary	15.00
Jan. 7	Paid for repairs	17.00
Jan. 8	Paid for bus fare	30.00
Jan. 9	Paid for cooliage	60.00
Jan. 10	Paid for taxi	70.00
Jan. 11	Paid for refreshment	50.00
Jan. 12	Paid for carriage	17.00
Jan. 13	Paid for Printing	20.00
Jan. 14	Paid for conveyance	12.00

7. The following balances were extracted from the ledger of Ramakrishna Engineering works on 31 st march 1997.You are required to prepare trial balance as on that date in proper form.

	Rs		Rs
Drawings	6,000	Salaries	9,500
Capital	24,000	Sales Returns	1,000
Sundry creditors	43,000	Purchase Returns	1,100
Bills payable	4,000	Travelling expenses	4,600
Sundry debtors	50,000	Commission paid	100
Bills receivable	5,200	Trading Expenses	2,500
Loan from Karthik	10,000	Discount earned	4,000
Furniture and fixtures	4,500	Rent	2,000
Opening stock	47,000	Bank overdraft	6,000
Cash in hand	900	Purchases	70,800

Cash at Bank	12,500
Tax	3,500
Sales	1,28,000

8. Prepare purchase return book and sales returns book from the following data.

1987			Rs
Aug.	1	Purchased goods to returned to Senthil	205
	3	Received goods returned by Natarajan	300
	5	Goods returned to Kannan	500
	7	Sales return of Rs.1,260 by mathavan	
	15	Defective goods to Rajan	1280
	18	Damaged goods returned by Murali	1,120
	23	Outward returns to Kanagasabai	275
	29	Inward returns by Swaminathan	750
	30	Returned inferior goods to Sankar	890
	31	Selvan returned goods to us	1,330

9. Enter the following transactions in Double column Rehan's Cash book with discount and cash columns:

1999			Rs
Jan.	1	Cash Balance	18,500
	3	Cash sales	33,000
	7	Paid David	15,850
		Discount allowed by him	150
	13	Sold goods to Manohar on credit	19,200
	15	Cash withdrawn for personal expenses	2,400
	16	Purchased goods from Charles on credit	14,300
	22	paid in to bank	22,750
	25	cash received from Manohar	19,000
		Allowed him discount	200
	26	Drew a Cheque for office use	17,500
	27	Paid cash to Saravanan	2,950
		Discount received from him	50
	28	paid cash to Charles discount	14,200
	29	Cash purchases	13,500
	30	Paid for advertising	600
	31	Paid salaries	12,000

10. From the following balances extracted at the close of the year ended 31 st Dec.1996,Prepare Profit and Loss account of Mr,Raj as at that date:

	Rs		Rs
Gross profit	55,000	Repairs	500
Carriage on sales	500	Telephone expenses	520
Office rent	500	Interest (Dr)	480

General expenses	900	First insurance premium	900
Discount to customers	360	Bad debts	2,100
Interest from bank	200	Apprentice premium (Cr)	1,500
Travelling Expenses	500	Trade expenses	300
Salaries	900		
Commission	300		

UNIT-III

11. From the following particulars presented by Mazumdar Bros. Prepare a Manufacturing account for the year ended 31.12.1994.

	Rs		**Rs**
Opening Stock:		Hire of Special rent	2,000
Raw Materials	3,000	Factory rent	4,000
Work-in-Progress	4,000	Repairs to Plant	2,000
Finished goods	8,000	Repairs to Factory	1,000
Closing Stock:		Supervisor's Salary	8,000
Raw materials	1,000	Salaries of Work's staff	3,000
Work-in-Progress	5,000	Wages of Durwan	1,000
Finished Goods	4,000	Royalties on production	2,000
Purchase of raw material	40,000	Works Manager salary	6,000
Wages of Workers	20,000	Carriage Inwards	1,000
Light, Gas etc.(factory)	2,000		

12. Solve the following information, prepare the profit and loss account of Mr.Kandan for the year 31/12/2008.

Particulars	Amount	Particulars	Amount
Gross Profit	5,00,000	Commission	5,000
Salaries and wages	10,000	Commission Received	17,000
Carriage outwards	5,000	Interest on long-term loan	3,000
Freight Outwards	5,000	Interest Received	4,000
Discount allowed	1,000	Rent paid	4,000
Discount Received	2,000	Rent Received	5,000
Dividend Received	3,000	General Expenses	1,000
Profit on Sale of Fixed Assets	5,000	Brokerage Allowed	3,000
		Loss on Sale of Fixed Assets	7,000

13. From the following balances extracted from the books of R and Co. Prepare Trading and Profit and Loss account and Balance sheet.

Opening stock	1,250	Plant & Machinery	6,230
Sales	11,800	Purchase Returns	1,380
Depreciation	667	Cash	895
Commission Received	211	Salaries Paid	750
Insurance Premium	380	Debtors	1,905
Carriage Inwards	300	Discount Paid	328
Furniture	670	Bills Receivable	2,730
Printing and Stationery	481	Wages	1,589
Carriage Outwards	200	Sales Returns	1,659
Capital	9,228	Bank overdraft	4,000
Creditors	1,780	Purchases	8,679
Bills Payable	541		
Bad Debts	180		

14. The following trial balance was extracted from the books of Balkishan as on 31 stdec 2008.

Partculars	Amount Rs.	Particulars	Amount Rs.
Plant and machinery	20000	Capital account	80,000
Manufacturing wages	34,500	Sundry creditors	44,560
Salaries	15,850	Bank loan	15,000
Furniture	10,000	Purchase return	1,740
Freight on purchase	1,860	Sales	2,50,850
Freight on sales	2,140	Reserve for bad debts	2,000
Building	24,000		
Manufacturing expenses	9,500		
Insurance and tax	4,250		
Goodwill	25,000		
General Expenses	8,200		
Factory fuel and power	1,280		
Sundry debtors	78,200		
Factory lighting	950		
Stock(31 st dec.2007)	34,200		
Motor car	12,000		
Purchases	1,02,000		
Sales Returns	3,100		
Bad Debts	1,400		
Interest and bank	400		
charges	4,200		
Cash at bank	1,120		
Cash in hand			
	3,94,150		3,94,150

Prepare the Trading and profit and loss accounts for the year ended 31st Dec 2008 and the balance sheet as on that date taking into consideration the following information:

1) Stock in hand on 31^{st} December 2008 was valued at Rs. 30,500.
2) Depreciation plant and machinery by 10%, furniture by 5% and motorcar by Rs.1000.
3) Create reserve for bad debts at 5% on sundry debtors.
4) A commission of 1% on the gross profit is to be provided to Works manager.
5) General manager is to be allowed a commission @ 2 % on net profit after charging works manager's and before charging general manager's commission.

15. From the following Trail balance extracted from the books of Kamalnath prepare Trading and Profit & Loss A\c and balance sheet for the year ended 31-12-96.

Debit balance	Rs.	Credit balance	Rs
Cash at bank	2,610	Creditors	4,700
Books Debts	11,070	Discounts	150
Salaries	4,950	Creditors for expenses	400
Carriage inwards	1,450	Returns outwards	2,520
Carriage outwards	1,590	Sales	80,410
Bad debts	1,310	Capital	40,000
Office expenses	5,100		
Purchases	67,350		
Return inwards	1,590		
Furniture & Fixtures	1,500		
Stock	14,360		
Insurance	3,300		
Depreciation on property	1,200		
Freehold property	10,800		

Adjustments:

- Make provision for doubtful debts at 5%
- Calculate discount on creditors @ 2%
- Office expenses include stationery purchased Rs.800
- Carriage Inwards includes carriage paid on purchase of furniture Rs 50.
- Outstanding salaries Rs.150.
- Prepaid Insurance Rs.300

- Stock on hand Rs 10,700 (including stationery stock Rs.200)

UNIT-IV

16. The following are the ledger balance extracted from the books of Weifa.

	Rs		Rs.
Weifa's capital	50,000	Sales	3,01,000
Bank overdraft	8,400	Return inwards	5,000
Furniture	5,200	Discount(Cr.)	800
Business premises	40,000	Taxes & Insurance	4,000
Creditors	26,000	General Expenses	8,000
Opening stock	44,000	Salaries	18,000
Debtors	36,000	Commission allowed	4,400
Rent from tenants	2,000	Carriage on purchases	3,600
Purchases	2,20,000	Provision for doubtful debts	1,000
		Bad debts written off	1,600

Adjustments:

a) Stock on hand on 31-12-1995 was estimated as Rs.40,120

b) Write off deprecation on business premises Rs.600 and furniture Rs.520

c) Make a provision of 5% on debtors for bad & doubtful debts.

d) Allow interest on capital at 5% and carry forward s.1,400 for unexpired insurance.

Prepare Final Accounts for the year ended 31-12-1995.

17. Discuss in detail note on methods of depreciation.

18. On 1.01.2001 a company bought machinery costing Rs70, 000. It is estimated that its working life is 10 years, at the end of which it will fetch Rs 10,000. Additions are made on 1.1.02 to the value of Rs 40,000(residual value Rs 4000). More additions are made on 1.7.03 to

the value of 20,000 (breakup value Rs2, 000). The working life of both the additional machinery is 20years.

Show the machinery account for the first four years, if depreciation is written off according to S.L account. The accounts are closed on 31st Dec every year.

19.. A machine purchased on 1st July 1983 at the 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 Dec at each year. The machine was sold for Rs 9500 on 31st March 1986. Show the machinery account for all the years.

20. A Second hand machine purchased on 01.01.90 Rs. 30,000 and repairs charges amounted to Rs 6,000. It was installed at the cost of Rs.4,000.On 01.07.1991, another machine was purchased for Rs 26,000. On 01.07,1992 the 1st was sold for 30,000. On the same day, one more machine bought for Rs 25,000. On 31.12.92, the machine bought on 1st July 1991 was sold for Rs23,000. Accounts are closed every year on 31st Dec. Depreciation is written off at 15% per annum. Prepare the machinery account for 3 years ending 31.12.1992.(S.L.Method)

UNIT-V

21. A machine is purchased for Rs1,02,400. Its life is expected to be 4 years and scarp value is expected to be Rs 32,400.You are required to determine the rate of depreciation under diminishing balance method.

22.A company acquired a machine on 01.01.88 at a cost of Rs.40,000 and spent Rs.1,000 on its installation. The firm writes of depreciation at 10% on diminishing balance. The books are closed on 31st Dec every year. Show the machinery account for 3 years.

23. Messrs. Sarojini Balu & Co.., purchased a machine for Rs.22,000 on January1,1992.The estimated life of the machinery is 10 years, after which it's break-up value will be Rs.2,000.Depreciation has to be changed at 21% on the diminishing balance. There was an addition to be the original plant on January 1, 1994 to the value of Rs.4,000. You are required to prepare machinery account for 3 years.

24. Determine the causes of depreciation and explain characteristics of depreciation.

25. A firm purchases a 5 years lease for Rs. 80,000 on 01 January. It decides to write off depreciation on the Annuity Method, presuming the rate of interest to be 5% 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. Calculate are to be made to the nearest rupee.

26. Mohan ,a retail merchant commenced business with a capital of Rs.12,000 on 1.1.94 .Subsequently on 1.5.94 he invested further capital of Rs 5,000. During the year ,he has withdrawn Rs.2000 for his personal use . On 31.12.94,his assets and liabilities were as follows:

	RS
Cash at bank	3,000
Debtors	4,000
Stock	16,000
Furniture	2,000
Creditors	5,000

Calculate the profit (or)loss made during the year 1994.

27. Explain the conversion method.

28. Find out purchases and sales from the following details by making necessary accounts. (Conversion mthod).

	Rs
Opening balance of debtors	30.000
Opening balance of creditors	10,000
Collections from debtors	1,60,000
Discount Received	2,500
Bad debts	1,000
Payment to creditors	14,000
Discount allowed	1,500
Return inwards	2,000
Return outwards	3,000

Cash purchases	6,000
Cash sales	10,000
Closing balance of debtors	35,000
Closing balance of creditors	15,000