

UNIT-III

4. a) What is Trial Balance? What are its objectives? State the reasons for its disagreement. 8

OR

- b) From the following balances extracted from the books of Mr. Rao for the year ended 31st March, 2008, prepare Trading and Profit and Loss Account and Balance Sheet as on that date 8

	Debit Balances Rs.	Credit Balances Rs.
Drawings and Capital	6,000	30,000
Sundry debtors & creditors	51,000	43,000
Bills receivable and payable	5,000	4,000
Opening stock	47,000	---
Cash in hand	900	---
Cash at bank	12,500	---
Fixtures and fittings	8,500	---
Loan given to Deepak & company	12,000	---
Purchases and sales	50,000	1,28,000
Wages	3,500	---
Salaries	9,500	---
Returns	1,000	1,100
Rent paid	4,500	---
Commission received	---	4,000
Bank overdraft	---	6,000
Office expenses	4,700	---
	2,16,100	2,16,100

Adjustments :

- i) Closing stock Rs.50,000
- ii) Outstanding salaries Rs.500

[MPIBA 0205]
IMBA DEGREE EXAMINATION
II TRIMESTER

FINANCIAL ACCOUNTING - I
(Effective from the admitted batch 2008–09)

Time: 3 Hours

Max.Marks: 60

Instructions: All parts of the unit must be answered in one place only.
Figures in the right hand margin indicate marks allotted.

SECTION-A

1. Answer any **FIVE** of the following
Each answer should not exceed one page. (5 x 4 = 20)
- a) Briefly explain Accounting cycle.
 - b) Distinguish between Journal and Ledger.
 - c) X draws a bill on Y payable after three months for Rs.15,000. After securing Y's acceptance, X gets it discounted with his Bank at 10% p.a. On the due date the bill is honoured. Pass journal entries in the books of X and Y
 - d) Journalise the following transactions in the books of Ramesh.
 - i) Ramesh commenced business with Rs.1,00,000 on 1st April, 2008
 - ii) On 5th April, opened a Current Account with SBI and deposited Rs.50,000 in the account
 - iii) Purchased furniture, payment made by cheque Rs.25,000 (on 15th April, 2008)
 - iv) Purchased goods from Arun for cash Rs.20,000 and from Bhuvan Rs.15,000 on credit on 18th and 25th April, 2008 respectively
 - v) Sold goods for cash to Kishore on 30th April, 2008 Rs.12,000
 - vi) Paid Rs.14,900 to Bhuvan in full settlement of his account on 10th May, 2008
 - e) What are different types of errors?

- f) The books of Suman, a merchant did not agree. The accountant placed the difference of Rs.1,270 to the debit of suspense account. Rectify the following errors and prepare suspense account.
- i) A sale of Rs.430 to Krishna Textiles has been credited as Rs.340
 - ii) A purchase of Rs.400 from Shankar has been entered in sales book. However, Shankar's account has been correctly credited
 - iii) A sale of Rs.296 to Kailasam has been entered in the sales book as Rs.269
 - iv) Goods taken by proprietor Rs.250 have not been entered in the books at all
- g) How do you value unsold stock while preparing consignment account?
- h) A and B enter into joint venture sharing profits in the ratio of 3:2. A is to purchase timber from Bhopal and forward it to B in Visakhapatnam. A purchases timber worth Rs.1,00,000 and pays Rs.10,000 as expenses. B received the consignment and immediately accepted A's bill for Rs.80,000. A got it discounted for Rs.78,500. B sold the timber for Rs.1,50,000. He spent Rs.3,000 towards insurance and Rs.2,000 towards rent. Under the agreement he is entitled to a commission of 5% on sales. Prepare Joint Venture Account in the books of 'A'

SECTION-B

Answer the following

UNIT-I

2. a) What is double entry system of Accounting? Explain the rules of the double entry system. 8

OR

- b) Journalise the following transactions and show Cash Account and Bank Account 8

April, 2008 : Ravi commenced business with Rs.50,000 as capital

April, 3rd : Opened bank account with Rs.25,000

April, 5th : Purchased goods from Das on credit Rs.10,000

April, 8th : Purchased goods from Rajesh for cash Rs.8,000

April, 10th : sold goods to Ajay for cash Rs.5,000

April, 15th : Barrowed Rs.20,000 from Bharath for business use

- April, 20th : Paid rent Rs.1,000 to Karunakar for business premises by cheque
- April, 25th : Purchased goods from Vijay subject to a trade discount of 10% Rs.10,000
- April, 28th : Sold goods to Manoj subject to a trade discount of 5% Rs.5,000
- April, 30th : Ravi withdrew Rs.1,500 cash and goods worth Rs.1,000 for personal use
- May, 10th : Received cheque from Manoj for the amount due
- May, 15th : Paid through cheque to Vijay towards the amount due to him

UNIT-II

3. a) What are the subsidiary books that may be maintained by a business house? Give the purpose of such books. 8

OR

- b) Enter the following transactions in cash book with cash, discount and bank columns. 8

- 1st Dec. 2008 : Balance of cash in hand Rs.500, overdraft at bank Rs.5,000
- 4th Dec. 2008 : Invested further capital Rs.10,000 out of which Rs.6,000 deposited in bank
- 5th Dec. 2008 : Sold goods for cash Rs.8,000
- 6th Dec. 2008 : Collected from Sudheer a debtor Rs.8,000, discount allowed to him Rs.200
- 7th Dec. 2008 : Paid Ramesh, a creditor Rs.2,500, discount allowed by him Rs.65
- 13th Dec. 2008 : Commission paid to Robert (agent) Rs.500
- 14th Dec. 2008 : Office furniture purchased from Keshav Rs.600 and issued him cheque
- 15th Dec. 2008 : Drew cheque for personal use Rs.700
- 16th Dec. 2008 : Deposited cash in the bank Rs.5,000
- 20th Dec. 2008 : Commission received by cheque Rs.300 deposited in the bank on the same date
- 30th Dec. 2008 : Drew from the bank for salary of the office staff Rs.1,000

UNIT-IV

5. a) Define consignment and explain the differences between consignment and sales of goods. 8

OR

- b) 500 Sewing machines were consigned by Mahesh & Company of Mumbai to Dinesh of Hyderabad costing Rs.500 each. Expenses incurred by Mahesh & Company amounted to Rs.5,000. On the way, 5 sewing machines were completely damaged due to bad handling and insurance company admitted claim to the extent of Rs.2,000. Dinesh took delivery of the remaining Sewing machines and incurred non-recurring expenses of Rs.9,900 and recurring expenses of Rs.2,100. He sold 450 Sewing machines at Rs.700 each. He is entitled to a commission of 5% on sales. Prepare Consignment Account, Dinesh Account in the books of Mahesh & Company assuming that Dinesh remitted the amount due from him. 8

UNIT-V

6. a) What is Joint Bank Account? Why it is maintained in Joint Venture Accounts? 8

OR

- b) Satyam and Sivam entered into a Joint Venture to purchase and sell timber. Profits and losses were to be shared equally. Satyam financed the venture and Sivam undertook the sales. Sivam is entitled to a commission of 5% on the sale proceeds.

Satyam purchased timber of the value of Rs.60,000 and sent it to Sivam. Satyam also paid towards freight Rs.1,600 and advance of Rs.1,000 to Sivam to meet the expenses of Joint Venture. Sivam paid for carriage Rs.200 and rent Rs.500. Sales made by Sivam amounted to Rs.74,500.

It was agreed that Satyam should receive Rs.3,400 as interest on his investments. The remaining stock of unsold timber was taken over by Sivam at an agreed value of Rs.2,700.

Give Journal entries and show Joint Venture Account in the books of Satyam. 8

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Give Journal entries and show Joint Venture Account in the books of Satyam. 8