

(FOR THE CANDIDATES ADMITTED

SUBJECT CODE **23 UEC 101**

DURING THE ACADEMIC YEAR 2023-24 ONLY)

REG.NO.

N.G.M.COLLEGE (AUTONOMOUS) : POLLACHI

END-OF-SEMESTER EXAMINATIONS : NOVEMBER – 2023

B.Com. – E.COMMERCE

MAXIMUM MARKS: 75

I SEMESTER

TIME : 3 HOURS

PART – III

PRINCIPLES OF ACCOUNTING

SECTION – A

ANSWER THE FOLLOWING QUESTIONS

(10 x 1 =10 MARKS)

(MULTIPLE CHOICE QUESTIONS)

(k1)

1. Journal proper is used to record.....
 - a) All purchases of goods
 - b) All sales of goods
 - c) All receivables
 - d) All adjusting and rectification entries
2. Depreciation is a _____
 - a) cash expenses
 - b) non-operating expenses
 - c) non-cash expenses
 - d) prepaid expenses
3. Casting errors are the results of.....
 - a) Ignoring to total an account
 - b) Wrong totaling
 - c) Wrong balancing
 - d) Account are finalized
4. Down payment is the payment made.....
 - a) The right to take repossession of the asset
 - b) At the time of paying the first instalment
 - c) At the time of paying the last instalment
 - d) At the time of signing the agreement
5. An accommodation bill is one drawn and accepted.....
 - a) Without any consideration
 - b) With some consideration
 - c) For effecting purchase of goods
 - d) The endorsee personal a/c

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES.

(k2)

6. Define accounting.
7. Infer the meaning of depreciation.
8. What is a bank reconciliation statement.
9. Indicate the term instalment purchase system.
10. Define Bill of Exchange.

(CONTD 2)

SECTION – B**(5 x 5 = 25 MARKS)****ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. (k3)**

11. a) Describe the accounting concepts and conventions.

(OR)

- b) From the following transactions, prepare journal entries in the book of Kannan:

Date	Particulars	Rs.
2015 Jan 1.	Started business with cash	45,000
3.	Paid into bank	25,000
6.	Goods purchased for cash	15,000
9.	Purchase of furniture and payment by cheque	5,000
12.	Sold goods for cash	8,500

12. a) A company whose accounting year is the calendar year, purchased on 1.1.2019 a machine for Rs.40,000. It purchased further machinery on 1st Oct.2019 for Rs.20,000 and on 1st July 2020 for Rs.10,000. On 1.7.2021, 1/4th of the machinery installed on 1.1.2019 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.

(OR)

- b) 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 to be made to the nearest rupee.

13. a) The bank overdraft of Rajini on 31.12.2022 as per cash book is Rs.9,000. From the following particulars, prepare bank reconciliation statement.

Particulars	Rs.
i. Unpresented cheque	3,000
ii. Uncleared cheque	1,700
iii. Bank interest debited in the pass book only	500
iv. Bill collected and credited in the pass book only	800
v. Cheque of Renu dishonored	500
vi. Cheque issued to Sekar entered in the cash column of cash book	300

(OR)

- b) The following errors were found in the book of Prabhakar & Sons. Give the necessary entries to correct them:
- Salary of Rs.1,000 paid to a Mohan due to him has been debited to his personal account.
 - Rs.1,500 paid in cash for a typewriter was charged to office expenses account.
 - Rs.5,000 paid for furniture purchased has been charged to purchases account.
 - Repairs made were debited to Building Account for Rs.250.
 - Rs.200 received from Shanthly & Co., has been wrongly entered as from Shajahan & Co.

(CONTD 3)

14. a) X Purchase a machine under hire purchase system. According to the terms of the agreement Rs.40,000 was to be paid on signing of the contract. The balance was to be paid in four annual installment of Rs.25,000 each plus interest. The cash price was Rs.1,40,000. Interest is chargeable on outstanding balance at 20% per annum. Calculate interest for each year and the installment amount.
(OR)
- b) Compare the differences between hire purchase system and installment system.
15. a) Abdul gave his acceptance for Amir's four months bill of Rs.2,400 on Jan.1 2022. One month before the due date Abdul paid the amount of the bill at 5% p.a. rebate. Pass the journal entries in the books of both the parties.
(OR)
- b) On 1st May 2019, Madhan accepted a two months bill for Rs.10,000 drawn on him by Mani for the latter's benefit. Mani discounted the bill on 4th May @ 12% p.a and on the due date sent Madhan a cheque for Rs.10,000 in order to enable him to honour the bill. Madhan duly honoured his acceptance. Pass journal entries in the books of Mani and Madhan.

SECTION – C**(5 x 8=40 MARKS)****ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. (k4/k5)**

16. a) The following balances were extracted from the ledger of Ramakrishna Engineering works on 31st March, 2022. You are required to prepare a trail balance as on that date in proper form.

Particulars	Rs.	Particulars	Rs.
Drawings	6,000	Salaries	9,500
Capital	24,000	Sales return	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 & 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	Sales	1,28,000
Tax	3,500		

(OR)

- b) The following are the ledger balances extracted from the book of Weifa.

Particulars	Rs.	Particulars	Rs.
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	26,600	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 purchase	3,600
Purchases	2,20,000	Provision for doubtful debts	1,000
Bad debts. Written off.	1,600		

(CONTD 4)

Adjustments:

- i. Stock on hand on 31.12.2022 was estimated as Rs.40,120.
 - ii. Write off depreciation on business premises Rs.600 and furniture Rs.520.
 - iii. Make a provision of 5% on debtors for bad & doubtful debts.
 - iv. Allow interest on capital at 5% and carry forward Rs.1400 for unexpired insurance.
- Prepare final accounts for the year ended 31.12.2022.

17. a) On 1st January 2019 Machinery was purchased by X for Rs.50,000. On 1st July 2020 additions were made to the extent of Rs.10,000. On 1st April 2021, further additions were made to extent of Rs.6,400.

On 30th June 2022 Machinery the original value of which was Rs.8,000 on 1st January 2019 was sold for Rs.6,000. X close his books on 31st December each year.

Show machinery account for the year from 2019 to 2022 in his book of X if depreciation is charged at 10% at original cost method.

(OR)

- b) A company purchased a 3 year, lease on 1.1.2020 for Rs.50,000. It is decided to provide for the replacement of lease at the end of three years by setting up a sinking fund. It is expected that the investment will fetch interest at 5%. Sinking Fund tables show that to provide the requisite sum at 5% at the end of three years, an investment at Rs.15,846 is required every year. Investments are made to the nearest rupee.

On 31st December 2022, the investment were sold for Rs.30,500. On 1.1.2023, the same lease was renewed for a further period of 3 years by payment of Rs.60,000.

Show the lease a/c, sinking fund a/c and sinking fund investments a/c. calculations are to be made to the nearest rupee.

18. a) Prepare a bank reconciliation statement from the following data as on 31.12.2022.

Particulars	Rs.
i. Balance as per cash book	12,500
ii. Cheque issued but not presented for payment	900
iii. Cheques deposited in bank but not collected	1,200
iv. Bank paid insurance premium	500
v. Direct deposit by a customer	800
vi. Interest on investment collected by bank	200
vii. Bank charges	100

(OR)

- b) Experiment with the classification of errors.
19. a) On 1st January 2016 Baba & Co. purchased a machine on hire purchase basis, the total amount payable being Rs.42,700. Payment was to be made Rs.12,000 on that date and balance in three half-yearly instalment of Rs.11,400, Rs.10,900, and Rs.8,400 commencing from 30th June 2016. The vendor charged interest @ 10 p.a., calculated on half yearly rests.

Baba & Co. close their books annually on 30th June and provide depreciation @ 10% p.a. on reducing balance method.

Determine the cash price of the machine and show the relevant accounts in the books of Baba & Co.

(OR)

(CONTD 5)

- b) On 1.1.2020, a firm purchased a Truck on installment system. The cash price of the machinery was Rs.11,175 and payment was to be made as follows:
Rs.3,000 was to be paid on signing of the agreement and the balance in three instalment of Rs.3,000 each at the end of each year. Interest at 5% is charged by the vendor. The firm has decided to write off 10% annually on the diminishing balance of the cash price.

Pass the necessary journal entries in the books of the purchaser and Hire vendor.

20. a) Point out the differences between bill of exchange and promissory note.

(OR)

- b) Raka drew a bill on Baka for Rs.30,000 for mutual accommodation in the ratio of 2:1. Baka accepted the bill on 5.4.2021, payable on 8.8.2011. Raka discounted the bill with his Bank in Covai for Rs.29,100 and sent Baka's share immediately. Just before the due date they agreed that Baka should draw a bill on Raka for Rs.45,000 payable on 11.11.2021. It should be discounted by Baka on 7.8.2021 and pay off the first bill out of the proceeds and any balance should be shared by them in their agreed ratio. The agreement was carried out, the discount on the new bill being Rs.1,500. On 10.11.2021, Raka informed Baka that he has become insolvent. Baka was forced to meet the bill from his own resources. On 1.12.2021 Baka received 50% of the amount due from Raka his estate as final settlement.

Give journal entries in the book of Baka and also show Raka's account in Baka's Books.