



THE AMERICAN COLLEGE, MADURAI

(An Autonomous Institution Affiliated to Madurai Kamaraj University)

Re-accredited (2nd Cycle) by NAAC with Grade "A", CGPA – 3.46 on a 4-point scale

Backlog Arrear Examination, March 2021

COM/CME 1531/1421

FINANCIAL ACCOUNTING - I

Max Marks: 75

ANSWER ANY FIVE OF THE FOLLOWING

5 X 15 = 75

1. Prepare Trading, Profit & Loss Account and Balance Sheet from the following Trial Balance of Mr.M.Maran

Debit Balances	Rs.	Credit Balances	Rs.
Sundry Debtors	92,000	Maran's Capital	70,000
Plant and Machinery	20,000	Purchase Returns	2,600
Interest	430	Sales	2,50,000
Rent, Rates, Taxes & Insurance	5,600	Sundry Creditors	60,000
Conveyance Charges	1,320	Bank Overdraft	20,000
Wages	7,000		
Sales Returns	5,400		
Purchases	1,50,000		
Opening Stock	60,000		
Maran's Drawings	22,000		
Trade Expenses	1,350		
Salaries	11,200		
Advertising	840		
Discount	600		
Bad debts	800		
Business Premises	12,000		
Furniture and Fixture	10,000		
Cash in Hand	2,060		
Total	4,02,600	Total	4,02,600

Adjustments:

- i) Stock in Hand on 31-12-2017 Rs.90,000
- ii) Provide depreciation on Premises at 2.5%; Plant & Machinery at 7.5%; and Furniture & Fixtures at 10%.
- iii) Write off Rs.800 as further Bad debts.
- iv) Provide for doubtful debts at 5% on Sundry Debtors.
- v) Outstanding rent was Rs.500 and Outstanding wages was Rs.400
- vi) Prepaid insurance Rs.300 and Prepaid salaries Rs.700

2. Prepare Bank Reconciliation Statement from the following particulars:

Bank balance as per pass book Rs.10,000 .

- (i) Cheque deposited into bank but not entry was passed in the cash book Rs.500
- (ii) Cheque received but not sent to bank Rs.1,200
- (iii) Credit side of the bank column cast short Rs.200
- (iv) Insurance premium paid directly by the bank understanding advice Rs.600
- (v) Bank charges entered twice in the cash book Rs.20
- (vi) Cheque issued but not presented to the bank for payment Rs.500
- (vii) Cheque received entered twice in the cash book Rs.1,000
- (ix) Bills discounted dishonored not recorded in the cash book Rs.5,000

3. On 1-6-1999, John drew four bills of exchange on Mani for Rs.750, Rs.1,500, Rs.2,000 & Rs.3,500 for 1 month, 2 months, 3 months and 4 months respectively. Mani accepted the bills. John endorsed the first bill to his creditor Samy. He sent the second bill to the bank for collection. He discounted the third bill discounted with the bank at 24% p.a. He retained the fourth bill till the due date. All the bills were duly honoured at maturity. Pass journal entries in the books of John & Mani.

4. A machinery was purchased on 1-1-86 for Rs.40,000. On 30th June, another second hand machine was purchased for Rs.15,000 and Rs.5,000 was spent for repairs. On 30th June 1987 the second machine was sold for Rs.15,000. Prepare machinery account after allowing depreciation of 10% p.a. on the written down value method.

5. Central India Company of Madras, consigned 100 tape recorders to National company of Hyderabad. The cost of each recorder was Rs.500. The consignors paid insurance Rs.500 freight Rs.800. Account sales was received from National company showing gross sales proceeds of 80 units at Rs.600 each. The expenses paid and commission deducted by them were: Carriage Rs.200; Establishment expenses Rs.130; Commission @ 5% Rs.2,400. Show necessary ledger accounts in the books of Central India Company.

6. 'A' and 'B' entered into joint venture to share profit and losses in the ratio of 3:2. 'A' bought Rs.20,000 worth of goods and paid Rs.2,000 for expenses. 'B' bought Rs.10,000 worth of goods and paid Rs.1,000 for expenses. 'B' agreed to sell the goods and paid Rs.5,000 advance to 'A'. 'B' sold goods for Rs.50,000 and incurred Rs.3,000 selling expenses and charged 5% commission on sales. The unsold stock is taken by 'A' for Rs.3,500. Both 'A' and 'B' maintain complete record of all transactions. show ledger accounts in the books of 'A' and 'B' assuming that they settled their accounts.

7. 'C' Co. Ltd. purchased four years' lease on 1-1-91 for Rs.50,000. It is decided to provide for the renewal of the lease at the end of four years by setting up a depreciation fund. it is expected that investments will fetch interest at 4% p.a. Sinking fund table shows that Re.0.235490 invested each

year will produce Re.1 at the end of four years at 4%p.a. investments are made in multiples of Rs.5. on 31.12.94, the depreciation fund investments are sold for Rs.36,455. on 1-1-95, the same lease was renewed for a further period of four years by payment of Rs.55,000. Prepare necessary ledger accounts.
