



# THE AMERICAN COLLEGE, MADURAI

(An Autonomous Institution Affiliated to Madurai Kamaraj University)

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

## Backlog Arrear Examination, March 2021

### FINANCIAL ACCOUNTING -I

CMC 1535/1421/CIT 1503/1401

MARKS:75

Time: 3 Hrs

Answer any FIVE of the following questions (5 x 15= 75)

1. The following Trail balance is extracted from the books of Leon of Bangalore as on 31-12-91

Debit balance	Rs	Credit balance	Rs
Furniture	600	Capital	12,000
Motor vehicles	6,500	Discount	200
Building	7,500	Sundry creditors	3,000
Insurance	300	Sales	15,000
Sundry debtors	3,800	Bank overdraft	3,000
Stock(1.1.91)	3,500	Purchase returns	200
Purchase	5,500	Commission	600
Sales returns	200		
Advertising	450		
Interest	200		
Cash	650		
Taxes	1000		
General expenses	800		
Salaries	3,000		
	<u>34,000</u>		<u>34,000</u>

#### Adjustments:

- Closing stock on 31-12-91 was Rs.3,200
- Depreciation on building at 5% , furniture of 10% and Motor Vehicle at 20%
- Salaries Rs. 300 and taxes Rs.200 are outstanding.
- Insurance amounting to Rs. 100 prepaid.
- Provision for bad debts is be made at 5% on debtors.

Prepare Trading and Profit & loss Account for the year ending 31-12-91 and a Balance sheet as on date.

- Explain the different types of errors with give examples.
- Discuss the various methods of Depreciation
- A) On 1-4-1999, Balu drew's a bill on Ravi for Rs. 1,600 for goods sold at 90 days after sight. Ravi accepts the bill on 5-4- 1999. Balu , however , endorsed the bill to Sohan in settlement of a debt of Rs.1,700. On maturity the bill was duly honoured by Ravi. Show the Journal Entries in the books of all the parties.

B) On 1<sup>st</sup> May 1999, 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 4<sup>th</sup> 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.

5. Mopeds Ltd., Madras forwarded on 1<sup>st</sup> June 1994, 100 mopeds to Mr. Pathak of Patna to be sold on its behalf. The cost of one moped was Rs. 1600. But the invoice price was Rs . 2,000 Moped Ltd incurred Rs.20, 000 on freight and insurance. The consignment was received by Mr. Pathak on 10-6-94.He also sent a bank draft for Rs. 1,50, 000 as advance against the consignment. Mr. Pathak also incurred Rs. 1,200 on go down rent and Rs 2,800 on advertisement. On 10-8- 94, Mr Pathak sent an account sale stating that he had sold 90 Mopeds at a price of Rs. 2,150 each. He is also entitled to a Commission of 5% on gross sales. prepare Consignment Account and Mr. Pathak Account in the books of Mopeds

6. Make out an Account current to be rendered by Mohan to Surya on 30-9-2001, in respect of the following transactions appearing in the Books of Mohan.

2001	Rs
July 1 Debit Balance B/f	1350
July 5 Sold goods to Surya	900
July 15 Received cash from surya	1350
Aug. 4 Surya purchased goods	1920
Aug. 15 Received cash from surya	900
Sep 1 Bought goods from surya	2,100
Sep. 1 Paid cash to surya	750
Sep. 12 Sold goods to Surya	960
Sep. 15 Paid cash to surya	600

Interest to be taken into Account at 15% p.a., calculated to be according to product Method

7. A and B doing business separately as building contractors, undertake jointly to construct a building for a newly started joint stock compny for a contract price of Rs. 1,00,000 payable as to Rs. 80,000 by instalment in cash and Rs.20,000 in fully paid shares of the company. A banking account is opened in their joint names, A paying Rs. 25,000 and B Rs. 15,000. They are to share profits and losses in the proportion of 2/3, and 1/3 respectively. Their transactions were as follows :

	Rs.
Paid wages	30,000
Bought materials	70,000
Materials supplied by A	5,000
Materials supplied by B	4,000
Architect's fees paid by A	2,000

The contract was completed and the price (cash and shares)duly received. The joint venture was closed by 'A' taking up all the shares of the company at an agreed valuation of Rs. 16,000 and 'B' taking up the stock of materials at an agreed valuation of Rs. 3,000

Show the necessary ledger Accounts.

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