

**D.K.M. COLLEGE FOR WOMEN (AUTONOMOUS), VELLORE-1**

**ACCOUNTING FOR BUSINESS – I**

**CLASS: I BCA**

**Unit –I Section – A**

1. Define Accounting.
2. What do you mean by Double entry system?
3. What is Journal?
4. Define Ledger.
5. Why a Trial Balance is prepared?
6. What are the golden rules of Accounting?
7. What are the various types of subsidiary Books?
8. What is purchase Book?
9. What is cash Book?
10. What is contra entry?
11. What is Dual aspect concept?
12. What is going concern concept?
13. What is Business entity concept?
14. What is a Bank Reconciliation statement?
15. Why is the preparation of Bank Reconciliation statement?
16. What do you mean by Rectification Errors?
17. What do you mean by compensating Error?
18. What is a suspense Account?
19. Rectify the error.  
Sales to Vijay Rs.1520 have been posted to his credit as Rs.1250.
20. What are the errors disclosed and? Not disclosed by Trial Balance?
21. What is a Trading Account?
22. What is profit and Loss Account?
23. What do you mean by a Balance Sheet?
24. What are direct expenses?

25. What are indirect expenses?
26. What do you mean by Fixed Assets?
27. What do you mean by outstanding expenses?
28. What do you mean by prepaid expenses?
29. What is Bad debt?
30. What is meant by current liability?
31. What is meant by provision for doubtful debts?
32. Define Depreciation?
33. What is obsolescence?
34. What is efflux ion of Time?
35. Write the formula to calculate rate of depreciation.
36. A company purchased machinery for Rs.1, 00,000. Its installation cost amounted to Rs. 10,000. Its estimated life is 5 years and the scrap Value is Rs.5000. Calculate the amount and Rate of depreciation.  
[Rs.21, 000; 19%]
37. What do you mean by Average Due Date?
38. Write the formula for calculating interest under Average Due Date.

### **Section -B**

1. Explain the objectives of Accounting.
2. Explain the Basic concepts of Accounting.
3. Write the distinction between Journal and Ledger.
4. What are the advantages of Trial Balance?
5. Write the difference between Trial Balance and Balance Sheet.
6. What are the advantages of subsidiary Books?
7. Journalise the following transaction in the books of Mr. Joseph.

August 2015	1. Started Business with cash	Rs.4,50,000
	2. Goods Purchased	70,000
	3. Goods sold	51,000
	4.Furniture purchased	10,000
	5. Salary Paid	12,000

8. The balances are extracted from the books of Ram as on 31-12-2012.

Prepare a Trial Balance.

<b>Particulars</b>	<b>Rs.</b>	<b>Particulars</b>	<b>Rs.</b>
Capital	19,000	Outstanding Rent	1,000
Plant & Machinery	12,000	Opening Stock	2,000
Purchases	8,000	Sales Returns	4,000
Sales	24,000	Investment	14,000
creditors	8,000	Sundry Debtors	12,000
			-----
			Rs.52,000

9. Enter the following transactions for the month of April 2015 in the purchase books of M/S Anbu Traders.2015

April 1 Purchased from M/S Swetha Traders.

30 Scooters @ Rs. 20,000 per Scooter, trade discount at 5%.

12 Purchased from Paul raj &co,

50 Motor Cycles @ Rs. 40,000 per cycle at a trade discount of 10%

15 Purchases from Indu motors

60 Motor Cycles @ Rs. 50,000 per Motor Cycle.

Accessories worth Rs. 10,000.

[Rs. 53,800]

10. Prepare a cash Book from the following transactions.

2015		Rs.
Jan	1 Cash in hand	2,200
	5 Received from Mani	1,300
	7 Paid Rent	130
	8 Sold goods	1,200
	10 Paid Rajesh	1,700
	27 purchased furniture	1,200
	30 paid salaries	1,100.

11. The following are the balances extracted from the ledger of Sundram as on 31 Dec 2014. Prepare a Trading A/C.

	Rs.		Rs.
Stock 1.1.14	12,500	Purchases	78,000
Sales	1,25,000	Return onwads	3,000
Return inwards	5,000	Salaries	4,400
Wages	7,500	Rent	2,750
Carriage in wards	3,000	Carriage outwards	750

[G.P= Rs.36, 000]

12. Prepare profit & Loss a/c from the balances of Mr. Kanan for the year ending 31-12-2003.

	Rs.		Rs.
Office rent	30,000	Advertisement	36,000
Printing expenses	2,000	Gross profit	2,50,000
Tax, Insurance	4,000	Salaries	80,000
Discount allowed	6,000	Stationeries	3,000
Travelling expenses	26,000		
Discount received	4,000		

[N.P=Rs.67, 000]

13. From the following particular of Mr. Suman, prepare Bank Reconciliation statement as on 31-12-2015.

(i) Balance as per cash Book was Rs. 15,000

- (ii) Cheque for Rs.8, 000 was deposited on December out of which only Cheques for Rs.2000 were presented for payment in Dec.2015.
- (iii) Banker has debited bank charges of Rs.25 for which no entry has been made in cash Book.
- (iv) Cheque issued but not presented for payment Rs.1000.

[Rs.9, 975]

14. Prepare a Bank Reconciliation statement as on June 30, 2102 for M/S Jothi Sales Pvt ltd from the following given below.

1. Bank Overdraft as per cash Book Rs.1,10,450
2. Cheque issued on June 20, but not yet presented for payment Rs.15, 000.
3. Cheques deposited but not yet credited by Bank Rs.22, 750.
4. Bills receivable directly collected by Bank Rs.47, 200.
5. Interest on overdraft debited by bank Rs.12, 115.
6. Amount wrongly debited by bank Rs.2400.

[Rs.85,515].

15. The following errors were found in the books of Mr.Prabakaran. Give the necessary entries to correct them.

- (I) Salary of Rs.10, 000 paid to Murali has been debited to his personal account.
- (ii) Rs.3500 paid for a typewriter was charged to office expenses account.
- (iii) Rs. 8000 paid for purchase of furniture has been charged to purchase account.
- (iv)Repairs made were debited to building account for Rs.500.
- (V)An amount of Rs.5000 withdrawn by the proprietor for his personal use has been debited to trade expenses account.

(VI) Rs. 2000 received from Shakti & co, has been wrongly entered as from shakila &co.

16. What are the items appearing in the trading a/c?
17. Write a model format for a Balance Sheet.
18. Write the difference between trial balance and Balance sheet.
19. Write the adjustment entries for outstanding and prepaid ex pens.
20. Prepare profit and loss account of Mr. Sri for the year ending 31-12-2015.

	Rs.		Rs.
Salary	4,000	Discount allowed	400
Insurance	2,000	Bad debts	1,200
Advertisement	1,400	Telephone Charges	1,100
Office Rent	1,000	Trade Expenses	900
Sales salary	3,200	Gross profit	22,000
Carriage inwards	800	Rent Received	1,000
Printing & Stationary	1,200		

[NP=Rs6, 600]

21. From the followings particulars of Mr. Joe, prepare a Balance Sheet as on 31-12-2010.

	Rs.		Rs.
Capital	1,00,000	Loan to Mr. John	10,000
Building	1,10,000	Investment	6,000

Bills Receivable	7,000	Drawings	6,000
Furniture	5,000	Cash in hand	7,400
Bills Payable	5,000	Net profit	77,800
Plant & Machinery	9,000	Creditors	31,600
Closing Stock	14,000	Debtors	40,000

[B/s Total Rs. 2, 08,400

22. What are the causes of Depreciation?

23. What is straight line method?

24. What is written down value method?

25. What are the merits and demerits of straight line method?

26. On 1.1.2014 there were machineries worth Rs.1,80,000

On 30.06.2014 machinery was purchased for Rs.20, 000.

On 31.12.2014 an old machine was sold for Rs.4200

Which was purchased for Rs.4000? On 1-1-2014. On 31-12-2015, a machine which was purchased on 1-1-2014 for Rs. 12,000 was sold for Rs.8, 000. Depreciation is provided at 10% P. A on fixed instatement basis.

[Bal a/c (loss on sale ) Rs.1600]

Robert &co, purchased machinery on 1<sup>st</sup> April 2002 for Rs.75, 000. After having used it for 3 years it was sold for Rs.35, 000. Depreciation provided at the rate of 10% P. a. on Diminishing balance method. Accounts are closed on 31<sup>st</sup> March every year. Find out profit / Loss on sale of machinery.

[Loss on sale Rs.19, 675]



27. A Company purchased machinery for Rs.50, 000 on 1<sup>st</sup> April 2002. It is depreciated at 10% P. A on written Down value method. The accounting year ends on 31<sup>st</sup> March every year. Prepare machinery account and Depreciation a/c. For 3 years.

[BAL C/D Rs.36, 450]

28. What are the uses of Average Due Date?

29. What are the methods of calculating interest in Average Due Date?

30. Rahul purchased from Ramu on the date given below.

Rs. 1016 due on 12-2-93

Rs. 936 due on 23-3-93

Rs. 136 due on 19-5-93

Rs. 828 due on 22-5-1993.

Ascertain the Average Due date.

[A.D.D=31-3-93]

31. A has the following bills due to B on difference dates. Decide on the date of cheques.

Rs. 6000 due on 17-7-96

Rs. 4000 due on 15-8-96 (Independence Day)

Rs. 14000 due on 18-9-96 (Sunday)

Rs. 6000 due on 3-10-96.

[A.D.D=3-9-96]

32. Find out the Average Due Date.

Date	Amount	Period
	Rs.	
1989 Jan 15	250	1 month 5 month

1989 Mar 14	400	1 month
1989 Apr 10	500	2 Months.
1989 Apr 22	200	

[A.D.D=9.6.89]

**Section – C.**

1. Explain the objectives of Accounting.
2. Explain the Accounting concepts.
3. Explain the Accounting conventions.
4. What is a Trial Balance? Explain its features.
5. Explain the types of cash Book.
6. Explain the Types of Errors.
7. List out the reasons of disagreement between Balance shown  
By cash Book and Pass Book.
8. Explain the objectives of preparing final accounts
9. Journalise the transactions in the Journal of Mr. James post them in ledger.

<b>April 2014</b>		<b>Rs.</b>
	1. James commenced business	21,000
	2. Bought goods for cash	9,200
	4. Sold goods to Peter on credit	5,600
	5. purchased goods from Stephen	3,300
	9. Received cash from Antony	3,600
	10. Withdrew for personal use	2,000
	11. Paid Stephen on account	2,100
10.	16. sold goods to martin	3,500
three	21. Cash Sales	7,500
Book	26. paid Stephen	1,200
following	29. Receivef cash from Martin	3,500
2012	30. Paid Rent	450
	31. Paid salaries to staff	700

Compile  
column cash  
from the  
transaction

2 Sundram started a business

2. Deposited into Bank

4. Cash purchases

5. Purchased by cheque

6. Goods sold to Natham on Credit

8. Received cheque from Mano Rs. 490, Discount

Allowed Rs.10

1. Paid carriage Rs.1000
31. Withdrew from Bank for office use Rs.10,000
16. Paid to sundari Rs.4960. Discount allowed by her Rs.40.
21. Received a Cheque for Rs.4950 from Nathan in full settlement of his account, which is deposited in to Bank.

[Balanced C/D

Cash: Rs.149530

Bank: Rs.38950]

11. The following errors were located in the books of a concern.

Pass the rectifying Journal entries.

- a. A purchase of goods from Deva raj Rs500 has been wrongly passed through the sales Book.
- b. A credit sale of goods Rs.600 to Rajesh has been wrongly passed through purchase Book.
- c. Sold old furniture for Rs.750 passed through sales Book.
- d. Paid wages for construction of Building debited to wages a/c Rs.10,000.
- e. Paid Rs.1000 for the installation of m/c debited to wages a/c.

12. Explain the various adjustments and the treatment in final a/c.

13. The following particulars are extracted from the books of Mr. Durai as on 31-01-2014. Prepare the final a/c.

<b>Particulars</b>	<b>Dr. Rs.</b>	<b>Cr. Rs.</b>
Capital	-	50,000
Opening Stock	10,000	-
Machinery	20,000	-

Purchases	35,000	-
Purchase Returns	-	500
Sales	-	45,000
Sales Returns	500	-
Wages	1,000	-
Salaries	2,500	-
Office Rent	1,000	-
Insurance	2,500	-
Sundry Debtors	25,000	-
Sundry Creditors	-	14,500
Cash	500	-
Bank Balance	14,000	-

**Adjustments:**

1. On 31-3-2014 Closing Stock Rs.10,000
2. Outstanding Salaries Rs.500
3. Prepaid Insurance Rs.250
4. Bad debts Rs.500
5. Provide 10% depreciation on machinery.

[G .p = Rs.9000; N.P = Rs2250

B/s Rs=67,250]

14.The following are the ledger balances extracted from the books of Weifa.

	Rs.		Rs.
Weifa's capital	50,000	Discount (Cr)	800
Bank overdraft	8,400	Taxes & Insurances	4,000
Furniture	5,200	General expenses	8,000
Business premises	40,000	Salaries	18,000
Creditors	26,600	Commission allowed	4,400
Opening stock	44,000	Carriage on purchase	3,600
Debtors	36,000	Provision for Doubtful debr	1,000
Rent from tenant	2,000	Bad debt written off	1,600
Purchases	2,20,000		

**Adjustments:**

- I. Stock on hand on 31-12-95 was Rs40,120
- II. Write off depreciation on Business premises Rs.600  
Furniture Rs. 520.
- III. Provision of 5% on Debtors for Bad& Doubtful Debt.
- IV. Allow interest on capital at 5% carry forward Rs.1400 for unexpired Insurance.

15.Explain the methods of providing depreciation.

16. Differentiate between straight line and Diminishing balance method.

17. On 1<sup>st</sup> Jan, 2014 a machinery was purchased for

Rs.50, 00 on 1<sup>st</sup> July 2015, additions were made for Rs.10, 000. On 1<sup>st</sup> April 2016. Further additions were made to the extent of Rs.6, 400. On 30<sup>th</sup> June 2017, machinery the original value of which was Rs.8000, 1<sup>st</sup> Jan 2014 was sold Rs.6, 000 Books of a/c were closed on 31 Dec. every

year. Show the machinery a/c if depreciation is charged at 10% at original cost method.

[Profit on sale of m/c –Rs.800

BALC/D Rs/37,980]

18. Machinery a/c showed a balance of Rs. 80,000 on 1<sup>st</sup> April 2001.

19. On 1<sup>st</sup> April 2005, a firm purchased machinery worth

Rs.1, 50, 000. On 1<sup>st</sup> October 2007, it buys additional machinery worth Rs.30, 000 and spends Rs.3, 000 on its erection. The accounts are closed each year on 31 March.

Assuming that the annual depreciation to be 10% show the machinery a/c for 5 years under

(i) Straight line method (ii) written Down value method.

[ (i) Bal c/d =Rs. 99,750

(ii)BAL C/D Rs.113967]

20. A second hand machine was purchased on 1-1-90 for Rs.40, 000.

Overhauling and installation expenses for the same machine

amounted to Rs.10, 000. Another machine installed on 1-7-90 for

Rs.20, 000. On 1-7-92. Dismantling charges were Rs.1, 000. On the

same date another machine was purchased for Rs.80,000 and

Commissioned on 30-9-92. The company has adopted calendar year as its.

Under the existing practice, the company provides depreciation

Will be charged on the diminishing balance @ 15% P. a the change is not to be made with retrospective effect. Show machinery a/c from 1990 to 1994.

[B&L a/c –Rs.13, 500

BAL C/D –Rs.65747]

21. Moorthy owes Mukesh Rs. 13540 on Jan 1 2015. The following transactions are  
 Jan 16, Moorthy by goods Rs.1, 400  
 Feb 2, Moorthy received cash Rs.1, 100  
 Mar 5, Moorthy buys goods Rs.800  
 Moorthy pays the whole amount on 31<sup>st</sup> march 2015 find out Average Due Date and Interest.

- 22. Define single entry system.
- 23. What is net worth method?
- 24. What is conversion method?
- 25. What is statement of affairs?
- 26. Write the format for statement of profit.
- 27. Write the format of Debtors A/c.
- 28. Write the format of creditors A/c.
- 29. Write the format of Bills Receivable A/c.
- 30. Find out profit/Loss from the following.

Rs.

Opening stock	4, 00,000
Drawings	20,000
Closing capital	5, 00,000
Additional capital	
During the year	30,000

[N.P = Rs.160000]

31. From the following information supplied by x who keeps his books on single entry. Calculate Total purchase.

	Rs.
Opening balance of creditors	30,000



Closing balance of creditors	20,000
Cash paid to creditors	1,51,000
Acceptance given to creditors (B/p)	
Return outward	54,500
Cash purchases	6,000
	1,29,000

[Credit purchase Rs.201500

Total=Rs. 330500]

32. Mr. Senthil started business with Rs.2, 00,000 on 1<sup>st</sup> April 2013. His books are under single entry. On 31March 2014 his position is as follows.

Liabilities	Rs	Assets	Rs.
Sundry creditors	40,000	Cash in hand	6,000
Bills payable	5,000	Cash at Bank	10,000
Outstanding creditors	7,500	Furniture	30,000
	52,500	Plant & Machinery	1,00,000
	-----	Debtors	50,000
		Stock	90,000
		Bills Receivable	15,000
			52,000

Ascertain Profit or Loss made for the year ended 31 March 2014.

[Opening Capital Rs= 248500

Profit = Rs.48500

33. Distinguish between single entry system and double entry system.

34. State the features of single entry system.

35. Mr. Prakash keeps his books by single entry system. His position on 1-4-2014 and 31-3-2014 was as follows

	1-4-2013	31-3-2014
	Rs.	Rs.
Cash	500	600
Bank Balance	10,000	15,000
Stock	7,000	10,000
Debtors	30,000	40,000
Furniture	6,000	6,000
creditors	6,000	12,000

Additional Capital Rs. 8000. He withdraw Rs.14, 000 for domestic use.

Fine out the profit for the Year 31-3-2014.

[profit Rs.23500]

36 .Surya keeps his by single entry method, His position on 31 Dec.2014 was as follows:

	Rs.	
Cash in hand	200	
Cash at Bank	3,000	Machinery Rs.15,000

Stock	20,000	Creditors Rs.22,000
Debtors	8,200	
Furniture	1,800	

37. During the year he introduced Rs.5000 as further capital in the business and withdraws Rs.750 per month. On 31-December 2015 his position was as follows:

Cash in hand Rs. 300	Stock Rs.19,000
Cash at Bank Rs.2000	Plant & Machinery Rs.27,000
Sundry Debtors Rs.14,000	Furniture Rs.1500
Sundry creditors Rs.29,000	Plant & machinery at the end (31-12-2015) included a machine Rs.1,50,000 which was purchased on 31-12-2014.

[Capital Rs.26, 500: capital Rs.34, 800; N.P-Rs.9300 Depn=Rs.3000]

38. Mr. Ranjith commenced cloth business on 1<sup>st</sup> Jan 2007, with a capital of Rs.10, 000. Same day, he purchased furniture for Rs.3000. From the following, prepare Trading and Profit & Loss a/c and Balance Sheet as on 31 December 2007.

	Rs.
Sales(including cash sales Rs.7000)	
Purchases (including cash purchase Rs.4000)	17,000

Ranjith' s Drawings	
Salaries	15,000
Bad debts written off	1,200
Business expenses	2,000
	500
	700

Ranjith took cloth worth Rs.500 from the shop for private use and paid Rs.200 to his sons. On 31 December 2007, His debtors were Rs.5200. Sundry creditors Rs.3600 and closing stock Rs.6500.

[Cash balance Rs.2800; G.P=9000,

N.P =Rs.5800; B/s= Rs.17500]

39. Mr. Mani keeps his books under single entry. He request you to prepare profit and Loss a/c for the year ended 31 Dec .2007 and balance sheet as at the date.

Capital Rs.18, 000 creditors Rs.11, 000 Debtors Rs.14, 000, Bills receivable Rs.3400, Bills Payable Rs.1600. Plant & Machinery Rs.1800, stock Rs.9000,cash Rs.2400,Transaction during the year, Bills accepted Rs.10,200.Acceptance paid Rs.6000, Bills Receivable received Rs.5400, Cash received from B/R honoured Rs.6000.

Cash received from Debtors Rs.72, 000, cash paid to creditors Rs.48,000, Discount allowed Rs.3000, Discount earned Rs 1200, cash paid for expenses Rs.17600,Debtors on 31 December 2007 Rs.18,000, creditors Rs.7200. The value of stock Rs.12, 000

[G.P=Rs31800 N.P=Rs12400

B/s Rs.43,400