

(8 pages)

S.No. 8301

P 22 MCNME 1

(For candidates admitted from 2022–2023 onwards)

P.G. DEGREE EXAMINATION, NOVEMBER 2023

Commerce — Non Major Elective

INTRODUCTION TO ACCOUNTING

Time : Three hours

Maximum : 75 marks

SECTION A — (20 marks)

Answer ALL questions

I. (A) Choose the best choice: (5 × 1 = 5)

1. _____ is a book in which business transaction are recorded

- (a) Journal (b) Firm
(c) Business (d) Creditor

2. Journal proper is used to record

- (a) All purchase of goods
(b) All sales of goods
(c) Business expenses paid in cash
(d) All adjusting and rectification entries

3. Which of the following error is not disclosed by trial balance?

- (a) Partial omission (b) Error of commission
(c) Casting (d) Error of principle

4. Outstanding wages is

- (a) An asset (b) An income
(c) An expenditure (d) A liability

5. Bad debts a/c Dr To Sundry Debtors a/c is an example for

- (a) Adjusting entry (b) Transfer entry
(c) Opening entry (d) Closing entry

(B) Fill in the blanks : (5 × 1 = 5)

6. Purchased goods from Murthy on credit should be credited to _____

7. BRS is prepared by _____

8. If suspense a/c shows debit balance, it should be recorded on _____ side of balance sheet.

9. Unearned income is showed as an _____ in balance sheet.

10. In the adjusting entry for Bad debts written off _____ a/c should be debited.

II. Descriptive type questions: (5 × 2 = 10)

11. State the meaning of journal.
12. What do you mean by Cash Discount?
13. Write short notes on error of principle.
14. Bring out the meaning of balance sheet.
15. Write short notes on transfer entry.

SECTION B — (5 × 5 = 25)

Answer ALL questions, choosing either (a) or (b)

16. (a) State the definition of accounting.

Or

- (b) State the principles of double entry system.

17. (a) Enter the following transactions in proper subsidiary books:

		Rs.
2019	Purchased goods from Bala	2,000
March 1		
	2 Sold goods to Senthil	1,000
	3 Goods purchased from Durai	1,000
	5 Sold goods to Saravanan	700

8	Sold goods to Senthil	500
10	Purchased goods from Elangovan	600
14	Purchased goods from Parthiban	300
20	Sold goods to Sukumar	600

Or

- (b) From the following balances, prepare a bank reconciliation statement.

(i) Balance as per cash book Rs. 12,500

(ii) Cheque issued but not presented for payment Rs. 900

(iii) Cheque deposited in bank but not collected Rs. 1,200

(iv) Bank paid insurance premium Rs. 500

(v) Direct deposit by customer Rs. 800

(vi) Interest on investment collected by bank Rs. 200

(vii) Bank charges Rs. 50

18. (a) Write short notes on Suspense Account.

Or

- (b) List out the any three errors disclosed by trial balance.

19. (a) From the following information, prepare Balance Sheet.

	Rs.		Rs.
Capital	4,00,000	Furniture	1,00,000
Bank balance	50,000	Cash in hand	75,000
Profit	25,000	Bills receivable	50,000
Bills payable	40,000	Sundry debtors	30,000
Sundry creditors	50,000	Goodwill	60,000
Building	1,50,000		

Or

- (b) Explain the accounting treatment for the following adjustments:

Closing stock

Outstanding expenses

Expenses paid in advance

Outstanding income

20. (a) Write short notes on adjusting entries.

Or

- (b) The trial balance prepared on 31st March 2023 shown capital Rs. 5,00,000. Adjustment:

Provide interest on capital @ 4% p.a.

Pass adjusting entry and transfer entry.

SECTION C — (3 × 10 = 30)

Answer any THREE questions.

21. From the following transactions, prepare various ledger accounts:

- Started business with cash Rs. 1,00,000
- Paid in to bank Rs. 40,000
- Goods purchased for cash from Amma Rs. 10,000
- Machinery purchased from Selvam Rs. 20,000
- Salary paid to manager Mr. Nijan Rs. 10,000
- Sold goods for cash to Natarajan Rs. 5,000

22. Enter the following transactions in the cash book with cash, bank and discount columns:

2019 Balance of cash in hand Rs. 400; overdraft at Ap.1 bank Rs. 5,000

- Invested further capital of Rs. 10,000, out of this Rs. 6,000 was put into the bank
- Sold for cash goods worth Rs. 3,000
- Collected from the debtors of last year Rs. 8,000; discount allowed to them Rs. 200
- Withdrew from banks Rs. 500

Close the cash book on April 7th 2019.

23. Correct the following errors found in the books of Mr. Dhandapani. The trial balance was out by '986. excess credit. The difference has been posted to a suspense account.

- A sale of Rs. 400 to Bobby & Co. was wrongly credited to their account.
- A purchase of Rs. 134 had been posted to the creditor's account as Rs. 120.
- The total of returns inward book for December had been cast Rs. 200 short.
- A cheque for Rs. 400 received from Sandhya had been dishonoured and was posted to the debit of "allowance account".

24. The following Trial Balance is extracted from the books of Rajan on 31st December, 2019. Prepare final accounts.

Adjustment: Stock at the end (31.12.2019) Rs. 30, 000

Trial Balance as on 31st Dec. 2019

Debit	Amount	Credit	Amount
Salaries and wages	4,000	Capital	2,05,000
Purchases	2,00,000	Discount received	300
Duty on purchase	7,000	Sales	3,00,000
Legal charges	2,000	Purchases returns	4,000

Sales returns	10,000	Sundry creditors	16,000
Cash balance	10,000	Bank overdraft	3,000
Stock on 1.1.2019	15,000	Bill payable	1,000
Advertisement	1,000	Loan	10,000
Land and Building	1,60,000	Income from investment	700
Plant and Machinery	50,000		
Investments	5,000		
Drawings	6,000		
Sundry debtors	60,000		
Bills Receivable	10,000		
	<u>5,40,000</u>		<u>5,40,000</u>

25. Explain in detail the need and purpose of passing adjusting entries.