

D 94193

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Name.....

Reg. No.....

FIRST SEMESTER B.VOC. DEGREE EXAMINATION, NOVEMBER 2020

Logistics Management

SDC1LM02—FUNDAMENTALS OF ACCOUNTING

Time : Three Hours

Maximum : 80 Marks

Part A*Answer all questions.**Each question carries 1 mark.*

1. The debit and credit column of the trail balance should always be _____.
2. Ledger accounts with credit balances are placed in _____ column of the trail balance.
3. A bill of exchange is a _____ instrument.
4. A _____ is used to record a business event as they occur throughout the year.
5. The statement which is prepared to know the cash situation is called _____.
6. A _____ is a profit distributed to shareholders.
7. The sales income of a business during a given period is called _____.
 - (a) Transactions.
 - (b) Sales returns.
 - (c) Turnover.
 - (d) Purchase returns.
8. Any written evidence in support of a business transaction is called :
 - (a) Journal.
 - (b) Ledger.
 - (c) Ledger posting.
 - (d) Voucher.
9. Which financial statement displays the revenues and expenses of a company for a period of time ?
 - (a) Income statement.
 - (b) Balance sheet.
 - (c) Cash flow statement.
 - (d) Statement of stock holders equity.
10. Which of these is not included as a separate item in the basic accounting equation ?
 - (a) Assets.
 - (b) Revenues
 - (c) Liabilities.
 - (d) Stock holders equity.

(10 × 1 = 10 marks)

Turn over

Part B (Short Answer Questions)

*Answer any **eight** questions.
Each question carries 2 marks.*

11. What is nominal account ?
12. What you mean by ledger ?
13. What is cost principle ?
14. What is full disclosure principle ?
15. What is double column cash book ?
16. What are the different branches of accounting ?
17. What is purchase return ?
18. What is sales return ?
19. What is principle of prudence ?
20. What is matching principle ?
21. What is permanent account ?
22. What is historical cost principle ?

(8 × 2 = 16 marks)

Part C (Short Essay questions)

*Answer any **six** questions.
Each question carries 4 marks.*

23. Explain different methods of recording Depreciation.
24. From the following particulars of Reema traders prepare Bank reconciliation statement as on 31-03-2018
 - (a) Balance as per cash book Rs. 35,750
 - (b) Rs. 250 charges of credit card fees is debited by bank which was not received in cash book
 - (c) Cheques for Rs. 7,550 are deposited in the bank but not collected by bank
 - (d) There is a debit in the passbook of Rs. 3,500 in respect of bill dishonored
 - (e) Customer paid directly into our bank account Rs. 250
 - (f) Bank allowed interest of Rs. 50.

25. Prepare a double column cash book for the month of February, 2017 from the following data :
- 01/02/2017 Paid rent Rs. 1,300
 06/02/2017 Paid to Ram and company Rs.3,950 and discount received Rs.50
 08/02/2017 Paid salaries Rs. 20,000
 09/02/2017 Received from star and company Rs. 9,900 discount allowed Rs. 1,100
 10/02/2017 Received commission Rs. 25,000
 12/02/2017 Paid commission Rs.5,000
 14/02/2017 Purchased goods from ABC company Rs.24,500 and discount received Rs.500
 20/02/2017 Sale goods to Mr. Ajay for Rs. 18,000 discount allowed Rs. 2,000
 24/02/2017 Interest paid Rs. 4,000
 28/02/2017 interest received Rs. 13,000.
26. A machine purchased on 1st January 2016 at a cost of Rs. 32,000 and Rs. 4,000 was spend on its installation. The depreciation is return of at 12% on the orginal cost of every year. The books are closed on 31st December each year. The machine was sold at Rs. 20,000 on 31st May 2017. Show the machinery account for all the years.
27. Explain the need for preparing Bank reconciliation statement.
28. Explain the causes of depreciation.
29. Differentiate between Bill of exchange and Promissory note.
30. From the following information prepare Balance sheet of a trader as at 31st March 2016 arranging the assets and liabilities order of performance and in order of liquidity :
- | | Rs. | | Rs. |
|-----------------------------|--------|------------------------------|----------|
| Goodwill | 20,000 | Capital | 1,80,000 |
| Liabilities for expenses... | 1,200 | Cash in hand | 1,000 |
| Investment | 15,000 | Bills payable | 10,700 |
| Net profit | 92,600 | Sundry debtors | 50,000 |
| Land and building | 60,000 | Bank | 20,000 |
| Sundry creditors | 63,000 | Bills receivable | 13,000 |
| Plant and machinery | 40,000 | Provision for doubtful debts | 2,500 |
| Closing stock | 80,000 | Furniture | 16,000 |
| Drawings | 30,000 | | |
31. What is Annuity method ? Explain its advantages and disadvantages ?

(6 × 4 = 24 marks)

Turn over

Part D (Short Essay Questions)

*Answer any two questions.
Each question carries 15 marks.*

32. From the following information of Mohit traders, prepare final account as on 31st March 2014 :

<i>Debit</i>	<i>Amount</i>	<i>Credit</i>	<i>Amount</i>
	<i>Rs.</i>		<i>Rs.</i>
Opening stock ...	24,000	Sales ...	4,00,000
Purchases ...	1,60,000	Return outwards ...	2,000
Cash in hand ...	16,000	Capital ...	1,50,000
Return inwards...	4,000	Creditors ...	64,000
Wages ...	22,000	Bills payable ...	20,000
Fuel and power...	18,000	Commission received ...	4,000
Carriage inward...	6,000	Insurance ...	8,000
Buildings ...	1,00,000	Plant ...	80,000
Patent ...	30,000	Salaries ...	28,000
Furniture ...	12,000	Drawings ...	18000
Rent ...	2,000	Debtors ...	80,000

33. Royal company acquires a machinery costing Rs.300000 on 1st April 2005 for a term of 6 years. You find it from annuity table that in order to write off the machinery on the annuity method at 14% p.a interest. The amount to be written off annually works out to be Rs.0.2443441 for every rupee. Prepare Machinery account for all the 6 years books are closed on 31st March every year.
34. Prepare Trail balance from the following balance sheet extracted from the books of Mr.Raj as on 31-03-2018

	<i>Rs.</i>		<i>Rs.</i>
Owners equity ...	5,00,000	Machinery ...	1,00,000
Cash in hand ...	50,000	Accounts receivable ...	48,000
Building ...	2,00,000	Accounts payable ...	26,000
Sales ...	1,00,000	Commission paid ...	750
Telephone charges ...	2,000	Furniture ...	10,000
Salaries ...	50,000	Purchase ...	1,65,250

35. What is accounting ? Explain needs and principles of accounting.

(2 × 15 = 30 marks)