

31. From the following Trial balance of Sreeram as on 31<sup>st</sup> March 2017, prepare the Trading and Profit and loss account and Balance sheet

DEBIT	Rs	CREDIT	Rs
Opening stock	15,500	Capital	60,000
Land & Building	35,000	Loan from Mrs. Sreeram @ 9%	30,000
Furniture and fixtures	5,000	Sundry creditors	9,600
Machinery	50,000	Purchase return	2,100
Purchases	1,06,000	Sales	2,07,300
Salaries	11,000	Discount	1,200
General expenses	2,500		
Rent	3,000		
Postage and telegram	1,400		
stationary	1,300		
Wages	26,000		
Freight on purchases	2,800		
Carriage on sales	4,000		
Repairs	4,500		
Sundry debtors	30,000		
Bad debts	600		
Cash in hand	100		
Cash at bank	6,400		
Sales return	5,100		
	<b>310200</b>		<b>310200</b>

Further information is given:

- Wages for March 2017 amounted to Rs 2,100 have not yet been paid.
- Included in general expenses is an insurance premium of Rs 600 paid in advance for the next year.
- A provision for doubtful debts @ 5% on debtors is necessary.
- The loan from Mrs. Sreeram was taken on 1<sup>st</sup> October 2016 interest has not been paid yet
- The manager is entitled to a commission of 10% of the net profit after charging such commission.
- Depreciation is to be charged as follows:  
Land and building 2%  
Machinery 10%  
Furniture and fixtures 15%

(2 × 15 = 30 Marks)

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(4)

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(Pages: 4)

Name: .....

Reg. No.....

**FIRST SEMESTER B.Com. Professional DEGREE EXAMINATION, NOV 2018**

(Regular/Supplementary/Improvement)

(CUCBCSS-UG)

**CC17U BCP1 B01 - PRINCIPLES AND PRACTICE OF ACCOUNTING**

(Core Course)

Time : Three Hours

Maximum : 80 Marks

**Part I**

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

- Capital expenditure provide ..... benefit.  
a) Short period      b) Long period      c) Very short period      d) None of these
- Kannan Enterprises follows the written down value method of depreciating machinery year after year due to  
a) Comparability      b) Convenience      c) Consistency      d) All of these
- If the liabilities of a business are Rs 12,000 and the owners' equity is Rs 15,000, how much will be the asset?  
a) 3000      b) 27,000      c) 12,000      d) 15,000
- In the absence of any provision in the partnership agreement, profits and losses are shared  
a) In the ratio of capital      b) In the ratio of loans given by them  
c) Equally      d) None of these
- When balance as per Pass Book is the starting point, interest allowed by Bank is  
a) Added      b) Subtracted  
c) Not required to be adjusted      d) None of these
- Trial Balance create ..... Accuracy.
- X draws a bill on Y. X endorsed the bill to Z. The payee of the bill will be .....
- The consignment accounting is made on ..... basis.
- The determination of expenses for an accounting period is based on the principle of .....
- Accounting Standards in India are issued by .....

(10 × 1 = 10 Marks)

**Part II**

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

- What is double entry system?
- Who is endorser?
- Explain concept of materiality?
- What is BRS?
- What do you mean by errors of commission?
- What do you mean by Inter departmental transfers?
- Distinction between consignment and sale?

(1)

**Turn Over**

18. What is suspense Account?
19. Debit balance as per Cash Book of ABC Enterprises as on 31.3.2017 is Rs1,500. Cheques deposited but not cleared amounts to Rs 100 and Cheques issued but not presented of Rs 150. The bank allowed interest amounting Rs 50 and collected dividend Rs.50 on behalf of ABC Enterprises. Balance as per pass book should be .....
20. Ram and Shyam are partners with the capital of Rs. 25,000 and Rs15,000 respectively. Interest payable on capital is 10% p.a. Find the interest on capital for both partners when the profits earned by the firm is Rs 2,400.

(8 × 2 = 16 Marks)

**Part III**

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

21. What are the qualitative characteristics of financial statements?
22. What is goodwill? What are the methods used for valuation of goodwill?
23. How to treat depreciation in the books of Hire purchases?
24. What are the advantages of adopting IFRS?
25. The following errors were found in the book of Sam & Sons. Give necessary entries to correct them
- i) Repairs made were debited to Building Account Rs 50
  - ii) Rs 500 paid for furniture has been charged to ordinary Purchase Account
  - iii) Rs 100 paid for rent debited to Landlord’s Account
  - iv) An amount of Rs 100 withdrawn by the proprietor for his personal use has been debited to Trade Expenses Account
  - v) Salary Rs 125 paid to a clerk due to him has been debited to his personal account
  - vi) Rs 700 paid in cash for a typewriter was charged to Office Expenses Account
26. On 31<sup>st</sup> March 2017 the passbook of a trader showed a credit balance of Rs. 1,565, but the pass book balance was different for the following reasons from the cash book balance :
- i) Cheque issued to ‘X’ for Rs 600 and to ‘Y’ for Rs 384 were not yet presented for payment.
  - ii) Bank charged Rs 35 for bank charges and ‘Z’ directly deposited Rs 816 in to the bank account, which were not entered in the cash book.
  - iii) Two cheques one from ‘A’ for Rs 515 and another from ‘B’ for Rs 1,250 were collected in the first week of April,2017 although they were banked on 25/03/2017
  - iv) Interest allowed by bank Rs 45 .

Prepare a bank reconciliation statement as on 31<sup>st</sup> March, 2017

27. A draws upon B three Bills of Exchange of Rs.3,000 , Rs.2,000 and Rs. 1,000 respectively. A week later his first bill was mutually cancelled, B agreeing to pay 50% of the amount in cash immediately and for the balance plus interest Rs.100, he accepted a fresh Bill drawn by A. This new bill was endorsed to C who discounted the same with his bankers for Rs.1,500. The second bill was discounted by A at 5%. This bill on maturity was returned dishonoured (nothing charge being Rs.30). The third bill was retained till maturity when it was duly met.

Give the necessary journal entries recording the above transactions in the books of A.

28. X, Y and Z were in partnership sharing profits and losses in the ratio of 2:2:1. The partnership deed provided :-

- a) Interest on capital to be provided @ 5% p.a
- b) ‘X’ should be given a salary of Rs 3,000 p. a
- c) Z was entitled to have a commission @ 1% on sales ( sales being Rs.1,00,000)
- d) Capital account of the partners were X - Rs.1,00,000 , Y – Rs 80,000, Z – Rs.40,000
- e) Net profit (before the above adjustment) were Rs 25,000

Prepare profit and loss appropriation account and distribute the profit among the partners

(6 × 4 = 24 Marks)

**Part IV**

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

29. Briefly state the scope, identification, determination, allocation and disclosure requirements under Ind AS 115.
30. Following is the Profit and loss Account of Jorthan Electronics for the year ending 31<sup>st</sup> march 2017:

Purchases :		Sales:	
Transistors ( X)	1,50,000	Transistors (X)	1,65,000
Tape Recorders (Y)	1,25,000	Tape Recorders (Y)	1,40,000
Instruments for repairs etc (Z)	80,000	Services of repairs etc	34,000
Wages	48,000	Stock on 31 <sup>st</sup> March 2017:	
Rent	10,800	Transistors ( X)	60,100
Sundry expenses	10,000	Tape Recorders (Y)	20,300
profit	40,200	Instruments for repairs etc (Z)	44,600
	<b>464000</b>		<b>464000</b>

Other particulars are given below :

- i) Transistors and Tape Recorders have been sold in showroom and repairs etc. made in factory.
  - ii) Appointment of Wages is : Showroom ¾ ; Factory ¼ ; Wages of showroom are to be divided in 1: 2 ratio in X and Y departments.
  - iii) Rent of factory is Rs 500 p.m , Rent of showroom is apportioned equally in X and Y departments.
  - iv) Sundry expenses are apportioned in the sales ratio of the departments.
- Prepare Departmental Trading and Profit and Loss Account.