

7. Of the sundry debtors Rs. 600 are bad and should be written off  
 8. Maintain a provision of 5% on sundry debtors for doubtful debts, and 2% for discounts on debtors and a reserve of 2% for discount on sundry creditors  
 9. The manager is entitled to a commission of 5% of the net profit before charging such commission.  
 30. The following is the trial balance of A Ltd and its Delhi branch as on March 31<sup>st</sup> 2016

Particulars	Head office (Rs)	Delhi (Rs)	Particulars	Head office (Rs)	Delhi (Rs)
Stock on 1.04. 2015	4,50,000	1,64,000	Creditors	2,03,300	54,100
Purchases	11,00,500	2,56,600	Goods send to the branch	1,44,000	0
Wages	8,08,400	1,30,700	Sales	33,02,000	6,99,000
Manufacturing expenses	3,53,600	68,300	Head office account	0	2,80,000
Machinery: Head office	10,00,000	-----	Capital in shares of Rs. 10 each	20,00,000	-----
Branch	5,00,000	-----			
Furniture : H O	50,000	-----	Discount earned	11,000	3,000
Branch	20,000	-----			
Rent	60,000	33,000	Purchases	25,500	6,600
Salaries	3,00,000	1,20,000			
Debtors	3,80,300	80,100			
General expenses	2,00,000	31,000			
Goods received from head office	0	1,44,000			
Cash in hand and at bank	1,03,000	15,000			
Branch account	3,60,000	----			
	56,85,800	10,42,700		56,85,800	10,42,700

Closing stock at head office was Rs. 3,87,000 and at Delhi Rs. 2,87,000. Depreciation is to be allowed @10% on machinery and @ 15% on furniture. Rent still payable in respect of March 2016 for the branch premises is Rs. 3,000.

Prepare the branch accounts, Trading,, P&L and consolidated Balance sheet in the books of A Ltd and Head office account in the books of the branch.

31. X transport Ltd, purchased from Ganesh motors 3 trucks costing Rs. 5,00,000 each under the hire purchase system. Payment was to be made Rs. 3,00,000 down and the reminder in 3 equal installments together with an interest of 18% p.a. X transport Ltd, wrote off depreciation @ 20% on the diminishing balances. It paid the installment due at the end of the first year, but could not pay the next. Ganesh motors agreed to leave 1 truck with the purchaser, adjusting the value of the other 2 trucks against the amounts due. The trucks were valued on the basis of 30% depreciation annually on Diminishing balances. Prepare the necessary ledger accounts in the books of the hire purchaser and hire vendor for 2 years.

(2x15=30 Marks)

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(Pages: 4)

Name: .....

Reg. No.....

**FIRST SEMESTER UG DEGREE EXAMINATION, NOVEMBER2017**  
(CUCBCSS-UG)

**CC15UBCP 1B01 - PRINCIPLES AND PRACTICE OF ACCOUNTING**

(B.Com. Professional - Core Course)

(2017 – Admissions Regular)

Time : Three Hours

Maximum : 80 Marks

**PART- A**

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

**Choose the correct answer from the following**

- .....concept assumes that business will exist for a long period of time
  - Business entity concept
  - Dual- aspect concept
  - Cost concept
  - Going concern concept
- Which of the following is related to credit balance
  - Money is owing to the firm
  - The firm owns goods
  - The firm has incurred expenses
  - The firm has earned an income
- Advertisement expenditure is which types of expenditure
  - Capital expenditure
  - Revenue expenditure
  - Deferred capital expenditure
  - Deferred revenue expenditure
- Reserves which are not available for distribution amongst the share holders as dividends are
  - Secret reserves
  - Capital reserves
  - General reserve
  - Contingency reserve
- Which of the following is not related to Profit and Loss account?
  - Its credit balance is known as net profit
  - Its debit balance is called net loss
  - In the case of Companies, it is shown as a separate item under Reserves and Surpluses
  - It is prepared by charitable institutions like clubs, hospitals, schools

**Fill in the blanks**

- .....is both a book of Original entry and a Principal book
- The difference between assets and liabilities is the .....
- In case *del credere* commission is given, the amount of bad debts Is to be borne by .....
- A .....balance in the Cash book will reflect a credit balance in the Pass book.
- The debt balance in an Income and Expenditure account is referred to a .....

(10x1=10 Marks)

**Part B**

Answer any *eight* questions. each carries 2 Marks.

- What is the difference between a debit note and a credit note?
- What is a ledger?
- Explain the business entity concept.
- Pass journal entries to rectify the following errors:
  - An amount of Rs. 2000 withdrawn by the proprietor for his personal use has been debited to trade expenses account
  - Purchases from Nathan amounting to Rs. 3000 wrongly entered in the sales book
  - A credit sale of Rs. 1000 to Santhanam has been wrongly passed through Purchases book
  - Rs. 8750 paid to cashier Dhawan as salary stands debited to his personal account.
- On 1<sup>st</sup> Jan 2017, Mohan draws on Ram a bill for 3 months for Rs. 20,000 which Ram duly accepts. Mohan discounts the bill for Rs. 19,400. On the same date Ram draws on Mohan a bill for 3 months for Rs. 20,000 which is accepted by Mohan. Ram gets the bill discounted with his bankers for 18%. On the due date, Mohan meets his bill while Ram fails to honour his acceptance, the bank having to pay Rs. 10 as noting charges. Give journal entries in the books of Mohan

**Turn Over**

16. What are errors of omission? Give 2 examples
17. Metro Ltd acquired a machine for Rs.5,40,000 on 1<sup>st</sup> April 2015. Depreciation was to be charged at 20% p.a on Straight line method. On 1<sup>st</sup> October, 2015 a modification was made to improve its technical efficiency at a cost of Rs.50,000 which was considered would also extend the useful life of the machine by 2 years. At the same time, an important component of the machine was replaced at a cost of Rs.10,000 because of excessive wear and tear. Routine maintenance during the accounting year ending 31<sup>st</sup> March 2016, cost Rs. 7,500. Show for the year ending 31<sup>st</sup> March, 2016: a) Machinery account and b) Provision for depreciation account.
18. A, B and C are partners who were sharing profits in the ratio of 6:5:2 respectively. On the 1<sup>st</sup> April 2017, they agree to become equal partners. The value of firm's goodwill is agreed to be Rs. 78,000. Pass necessary adjustment entry.
19. What is a Promissory Note?
20. Write a brief note on Accrual concept.

(8x2=16 Marks)

**Part C**

Answer any six questions. Each carries 4 Marks.

21. Differentiate trade discount and cash discount.
22. What are the factors affecting value of goodwill?
23. From the following particulars, find out the adjusted bank balance as per cash book and prepare thereafter bank reconciliation statement as on 31<sup>st</sup> December 2011 of Ram Sons:

	Rs.
Bank overdraft as per cash book	80,000
Cheques deposited as per bank statement but not entered in cash book	3,000
Cheques recorded for collection, but not sent to bank	10,000
Credit side of bank column cast short	1,000
Bank charges recorded twice in cash book	100
Customer's cheque dishonoured as per bank statement, not yet recorded in the cash book	4,000
Cheques issued but dishonoured on technical grounds	3,000
Bills collected by bank directly	20,000
Cheques received entered twice in cash book	5,000

24. Raja Mills Ltd of Ahmedabad sent 100 pieces of shirting to Fancy stores Delhi, on consignment basis. The consignees are entitled to receive 5% commission plus expenses. The cost to Raja Mills Ltd is Rs. 600 per piece. Fancy stores Delhi pay the following expenses: Railway freight etc- Rs. 1,000, Godown rent and Insurance- Rs. 1,500. Raja Mills draw on consignees a draft for Rs.30,000 which is duly accepted. It is discounted for Rs. 28,650. Later Fancy stores reported that the entire consignment was sold for Rs. 78,000. Prepare important ledger accounts in the books of Consignor and Consignee
25. Explain the different types of branches.
26. Write short notes on
- Suspense accounts
  - Trade discount Vs Cash discount
27. Mr. Bose of Kollam has opened a branch in Mumbai, which sells goods for cash only. The following are the transactions between the branch office and head office for the year ended Dec 2015. Opening stock on 1<sup>st</sup> Jan 2015 Rs.1,00,000, goods supplied to branch- Rs. 2,50,000, Cash sent to branch for rent Rs. 1000, Cash sent to branch for other expenses Rs. 500, cash received from Branch during 2015 is Rs. 3,00,000. Closing stock on 31<sup>st</sup> Dec 2015 is Rs. 75,000. Petty cash balance on 31<sup>st</sup> December 2015 Rs.50. From the above prepare Mumbai branch account.
28. Sunrise Ltd, has 2 departments X and Y. From the following particulars prepare Departmental trading accounts and general P&L a/c for the year ending 31<sup>st</sup> March 2017

Particulars	Department (Rs)	X	Department Y (Rs)
Opening stock at cost	40,000		24,000
Purchases	1,84,000		1,36,000
Carriage inward	4,000		4,000
Wages	24,000		16,000

Sales	2,80,000	2,24,000
Purchased goods transferred:		
By Dept. Y to Dept.X	20,000	-----
By Dept X to DEPT. Y	-----	16,000
Finished goods transferred:		
By Dept. Y to Dept.X	70,000	-----
By Dept X to DEPT. Y	-----	80,000
Return of finished goods:		
By Dept. Y to Dept.X	20,000	-----
By Dept X to DEPT. Y	-----	14,000
Closing stock :		
Purchased goods	9,000	12,000
Finished goods	48,000	28,000

Purchased goods have been transferred mutually at the respective departmental purchase cost and the finished goods at departmental market price and that 20% of the closing finished stock with each department represents finished goods received from the other department.

(6x4=24 Marks)

**PART D**

29. From the following figures extracted from the books of M. Narayanan, you are required to prepare a Trading and P&L a/c for the year ended 31<sup>st</sup> March, 2012 and the balance sheet as on that date, after making the necessary adjustments

M. Narayanan's Capital a/c	Rs. 2,58,000	Office furniture and fixtures	Rs. 25,000
M. Narayanan's Drawings a/c	Rs. 42,000	Discounts account (dr.)	Rs. 1,200
Purchases	Rs. 1,96,000	Sundry debtors	Rs. 26,600
Freehold Property	Rs. 60,000	Loan to D.Das @15% p.a.-balance on 1.4. 2011	Rs. 40,000
Plant and machinery	Rs.1,00,000	Cash at bank	Rs. 26,600
Returns outwards	Rs. 7000	Bills payable	Rs. 5000
Salaries	Rs.42,000	Stock (01.04.2011)	Rs. 49,175
Office expenses	Rs. 12,500	Wages	Rs. 62,000
Sundry creditors	Rs. 40,000	Postage and telegrams	Rs. 1,400
Insurance charges	Rs. 3,200	Gas and fuel	Rs. 2,700
Bad debts	Rs. 600	Office rent	Rs. 12,600
Freight and duty	Rs. 9,000	Loose tools	Rs. 7,000
Factory lighting	Rs.1,600	Provision for doubtful debts	Rs.800
Interest on loan to D.Das	Rs. 3,000	Cash in hand	Rs. 3,625

Adjustments:

- Stock on 31<sup>st</sup> March, 2012 was valued at Rs. 66,000
- Wages Rs. 4,600 and salaries Rs. 3,600 were outstanding
- Insurance prepaid was Rs.800
- A new machine was installed on 31<sup>st</sup> Dec 2011, costing Rs. 14,000 but it was not recorded in the books and no payment was made for it. Wages, Rs.1,000 paid for its erection, have been debited to wages account
- Loose tools were valued at Rs. 5,600 on 31<sup>st</sup> March 2012
- Depreciate plant and machinery by 10% p.a, furniture and fixtures by 7.5% p.a and freehold property by 2% p.a

**Turn Over**