

Time : Three hours

Maximum : 100 marks

SECTION A — (10 × 2 = 20 marks)

Answer ALL questions.

1. Define Journal.
2. What are the different types of accounts?
3. Mention any two merits of Bank reconciliation statement.
4. What do you mean by Partial Omission?
5. Write a note on compensating error.
6. What do you mean by Departmental accounting?
7. Write down the formula for average clause policy.
8. What is profit sharing ratio?
9. Write the meaning of Depreciation.
10. What is branch accounts?

SECTION B — (5 × 7 = 35 marks)

Answer any FIVE questions.

11. What are the bases of accounting?
12. Enter the following transactions in the proper subsidiary books:

2003 July

1. Bought goods from Mohan Rs.2,500
2. Sold goods to Raman Rs.1,500
3. Bought goods from Kannan Rs.1,000
4. Sold goods to Murali Rs.1,500
5. Received goods returned by Ranian Rs. 100
6. Returned goods to kannan Rs.200

13. From the following balances extracted at the close of the year ended 31st December, 1996, prepare Profit and Loss account of Mr. Raj as at that date.

	Rs.		Rs.
Gross Profit	55,000	Repairs	500
Carriage on sales	500	Telephone charge	520
Office rent	500	Interest	480
General expenses	900	Insurance premium	900
Discount to customers	360	Bad debts	2,100
Interest from bank	200	Apprentice premium (Cr)	1,500
Travelling expenses	700	Printing	2,500
Salaries	900	Trade expenses	300
Commission	300		

14. From the following, find how much is to be shown in Income and Expenditure account, for the year ending 31.12.2000 against subscription:

Subscription received during the year Rs.14,340

Subscription outstanding on 1.1.2000 Rs.1,200

Subscription outstanding on 31.12.2000 Rs.1,500

Subscription received in advance on 1.1.2000 Rs.900

Subscription received in advance on 31.12.2000 Rs.540

15. A Fire occurred on September 30, 2001 in the godown of Mr. Anand. From the following figures ascertain the claim to be lodged.

Opening stock Rs.17,000

Purchases from 1st January to date of fire Rs.1,70,000

Wages and other manufacturing expenses Rs.17,000

Sales from 1st January to date of fire Rs.2,00,000

The rate of gross profit is 25% on cost. The stock salvaged was valued at Rs.4,000.

16. Distinguish between Departments and Branches.

17. From the following details, calculate total sales made during the year 2004.

	Rs.
Opening debtors	17,425
Closing debtors	15,300
Cash received from debtors	49,200
Sales returns	3,700
Bad debts	2,500
Discounts	1,800
Bills receivable	5,000
Cash sales	12,000

18. What are the factors affecting value of goodwill on admission of a new partner?

SECTION C — (3 × 15 = 45 marks)

Answer any THREE questions.

19. Distinguish between single entry system and double entry system.
20. From the following Trial balance of Mr. Raja as on 31st March 2005, Prepare Trading and Profit and Loss account and Balance Sheet taking into account the adjustments:

Debit balances	Rs.	Credit balances	Rs.
Land and buildings	42,000	Capital	62,000
Machinery	20,000	Sales	98,780
Patents	7,500	Return outwards	500
Opening stock	5,760	Sundry creditors	6,300
Debtors	14,500	Bills payable	9,000
Purchases	40,675		
Cash in hand	540		
Cash at bank	2,630		
Return Inwards	680		
Wages	8,480		
Fuel and Power	4,730		
Carriage on Sales	3,200		
Carriage on Purchases	2,040		
Salaries	15,000		
General expenses	3,000		
Insurance	600		
Drawings	5,245		
	<u>1,76,580</u>		<u>1,76,580</u>

Adjustments:

- (a) Stock on 31st March 2005 was Rs.6,800
- (b) Salary outstanding Rs.1,500
- (c) Insurance Prepaid Rs.150
- (d) Depreciate machinery @ 10% and patents @ 20%
- (e) Create a provision of 2% on debtors for bad debts.

21. A second hand machine was purchased on 1.1.90 for Rs.30,000 and repair charges Amounted to Rs.6,000. It was installed at a cost of Rs.4,000. On 1st July 1991, another machine was purchased for Rs.26,000. On 1st July 1992 the first machine was sold for Rs.30,000. On the same day, one more machine was bought for Rs.25,000. On 31.12.1992, the machine bought on 1st July 1991 was sold for Rs.23,000. Accounts are closed every year on 31st December. Depreciation is written off at 15% per annum. Prepare the machinery account for 3 years ending 31.12.1992.

22. P, Q and R are partners in a firm, they share profits and losses equally. Their Balance sheet on 31.12.2002 is given as under:

Liabilities	Rs.	Assets	Rs.
P's Capital	16,000	Machinery	40,000
R's Capital	12,000	Furniture	16,000
Reserve fund	18,000	Debtors	40,000
Creditors	64,000	Cash	8,000
		Q's Capital	6,000
	<u>1,10,000</u>		<u>1,10,000</u>

The partnership is dissolved due to insolvency of Q who is unable to contribute anything in the payment of his debt to the firm. Machinery realized Rs.30,000 and furniture Rs.6,400. Only Rs.24,000 was recovered from debtors. Creditors were paid at a discount of 5%. Prepare necessary accounts in the books of the firm when the capitals are fluctuating. Apply Garner Vs Murray.

23. What are differences between Hire purchase system and Instalment system?