

## END OF SEMESTER EXAMINATIONS, NOVEMBER - 2018

## PRINCIPLES OF ACCOUNTANCY

SUBJECT CODE: 18UAC002/18UAC002

MAJOR: B.COM / B.COM.CA

SEMESTER : I

TIME : 3 HOURS

MAX. MARKS: 75

SECTION - A (10 X 1 = 10)Answer All the questions:

1. What is meant by double entry system?
2. Define Trial Balance.
3. What do you understand by adjusting entries?
4. Define profit and loss account.
5. What is revenue expenditure?
6. What do you understand by provisions?
7. What is suspense account?
8. Mention any two needs for bank reconciliation statement
9. Define Depreciation.
10. Give a short note on annuity method.

SECTION - B (5 X 4 = 20)Answer any FIVE questions:

11. Prepare Trial Balance from the following:

	Rs.		Rs.
Capital	9,000	Rent Outstanding	1,000
Plant and Machinery	12,000	Opening Stock	2,000
Purchases	8,000	Sales Returns	4,000
Sales	12,000	Investments	14,000
Sundry Creditors	8,000	Debtors	12,000
Bank Loan	22,000		

12. Prepare Trading and Profit & Loss Account from the following information:

Particulars	Rs.	Particulars	Rs.
Opening Stock	10,000	Office Rent	1,500
Purchases	60,000	Sales Returns	2,500
Wages	11,500	Purchase Returns	3,000
Closing Stock	13,000	General Expenses	3,000
Sales	1,00,000	Discount to Customers	900
Carriage Inwards	1,500	Interest Received from Bank	500
Carriage Outwards	1,200	Factory Rent	1,200

13. How the capital expenditure differ from the revenue expenditure?

14. From the following information, prepare a Bank Reconciliation Statement:

- i. Cash book bank balance Rs.5,520
- ii. Cheque deposited but not yet to be collected Rs.12,000
- iii. Cheque issued but not presented for payment Rs.5,000
- iv. Insurance premium paid by bank not entered in cash book Rs.640
- v. Bank charges Rs.140 debited in the pass book.
- vi. Dividend collected by bank Rs.1,200 not entered in cash book.

15. A company acquired a machine on 1.1.88 at a cost of Rs.40,000 and spent Rs.1,000 on its installation. The firm writes off depreciation at 10% on the diminishing balance. The books are closed on 31<sup>st</sup> December of each year. Show the machinery account for 3 years.

16. State the advantage of doubles entry system.

17. What are the different types of errors?

18. Journalize the following transactions

2009 January

	Rs.
1 Arul commenced business with	21,000
2 Bought goods for cash	9,200
4 Sold goods to Kannan on credit	5,600
5 Purchased goods from Ranjani	3,300
9 Received cash from Kannan	3,600
11 Paid Mani on account	2,100
30 Paid Rent	450

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**SECTION - C (3 X 15 = 45)****Answer any THREE questions:**

19. Enter the following transactions in a Three Column Cash Book:

2007 January

- 1 Cash in hand Rs.5,374; Balance at Bank Rs.15,490.
- 3 Cash sales Rs.6,400.
- 5 Paid Rs.7,000 into bank.
- 6 Received a cheque for Rs.700 from Sneh
- 7 Paid into bank Sneh's cheque for Rs.700
- 10 Paid to Anurag Rs.980 and discount allowed by him Rs.20.
- 12 Cash purchases Rs.2,500
- 14 Withdraw from bank for office use Rs.5,000
- 15 Received cheque for Rs.950 from Lucky & Co., allowed him discount Rs.50.
- 18 Cash sales Rs.7,500.
- 19 Paid into bank Lucky's & Co's cheque for Rs.950 and cash Rs.4,000.
- 21 Cash paid for stationary Rs.120.
- 23 Paid Commission to Rakesh by cheque Rs.500
- 25 Received cheque for Rs.1,000 from Chander Mohan and paid the same into bank
- 27 Lucky & Co.'s cheque dishonoured.
- 28 Drew a cheque for Rs.800 for personal use.
- 31 Paid salaries by cheque Rs.1,500 and by cash Rs.500.
- 31 Bank charges Rs.20 and insurance premium Rs.520 as shown in pass book.

20. The following are the balances extracted from the books of Ganesh as on 31.12.1999. Prepare Trading and Profit and Loss account for the year ending 31.12.1999 and a Balance Sheet as on that date

Debit Balances	Rs.	Credit Balances	Rs.
Drawings	4,000	Capital	20,000
Cash at Bank	1,700	Sales	16,000
Cash in hand	6,500	Sundry Creditors	4,500
Wages	1,000		
Purchases	2,000		
Stock 1-1-1999	6,000		
Buildings	10,000		
Sundry Debtors	4,400		
Bills Receivable	2,900		
Rent	450		
Commission	250		
General Expenses	800		
Furniture	500		
	<b>40,500</b>		<b>40,500</b>

The following adjustments are to be made:

- a) Stock on 31-12-99 was Rs.4,000
  - b) Interest on capital at 6% to be provided
  - c) Interest on drawings at 6% to be provided
  - d) Wages yet to be paid Rs.100
  - e) Rent prepaid Rs.50.
21. Discuss the various types of reserves.
22. A book-keeper failed to balance his trial balance, the credit side exceeding the debit side by Rs.1,750. This amount was entered in a suspense account. Later the following errors were discovered:
- i. Goods worth Rs.6,200 sold to Rahim were correctly entered in the sale book, but posted to Rahim's account Rs.2,600.
  - ii. A credit balance of Rs.7,550 of rent receivable account was shown as Rs.5,700.
  - iii. The total of returns outward book amounting to Rs.2,000 was not posted to ledger.
  - iv. Goods worth Rs.1,000 purchased from Prema were wrongly entered in the sales book. The account of Prema was correctly credited.
  - v. The sales book was as under cast by Rs.1,000.
  - vi. The total of the credit side of David's account was over cast by Rs.1,000. Give journal entries to rectify the above errors and prepare the suspense account.
23. Explain the various methods of providing for depreciation.

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