

07401

BACHELOR'S DEGREE PROGRAMME

Term-End Examination

June, 2015

ELECTIVE COURSE : COMMERCE

ECO-2 : ACCOUNTANCY-I

Time : 2 Hours

Maximum Marks : 50

Weightage : 70%

Note : *Attempt any four questions, including Question No. 1 which is compulsory.*

1. Answer any two of the following : 7+7

- (a) Name the parties interested in Accounting information and state their basic interests therein.
- (b) Explain with example the 'Cost Concept' and 'Dual Aspect Concept'.
- (c) "Single entry book-keeping is an incomplete system". Do you agree ? Explain.
- (d) Explain the method of valuation of unsold stock for calculating fair profit on consignment.

2. (a) What is Bank Reconciliation Statement ? 6+6
What are its advantages ?

(b) On 31st Dec. 2012, the Cash Book of Mr. Karamat Ali showed a debit balance of ₹ 5,850. Prepare the Bank Reconciliation statement to work out the passbook balance from the following information :

- (i) Cheques amounting to ₹ 1,350 issued in mid December have not been presented for payment till 31-12-12.
- (ii) A cheque of ₹ 900 was deposited but it was collected in the first week of January.
- (iii) Dividend collected by bank, ₹ 390 has not been shown in Cash book.
- (iv) ₹ 225 deposited by a customer direct in the bank account of the account holder.
- (v) Bank charges, ₹ 45 appeared only in the pass book.
- (vi) A cheque of ₹ 120 entered in Cash Book but it was not sent to bank for collection.

3. Prepare Final Accounts from the following Trial Balance which belong to financial year ending on 31st December 2012. 12

Name of Account	Debit Balance (₹)	Credit Balance (₹)
Stock (1-1-2012)	60,000	-
Land and Building	6,00,000	-
Furniture	1,12,500	-
Machinery	3,00,000	-
Capital	-	6,00,000
Sales	-	11,25,000
Wages	52,500	-
Purchases	5,73,750	-
Purchases Return	-	16,500
Sales Return	26,250	-
Carriage Inward	11,250	-
Salaries	36,000	-
Rent	26,250	-
Interest paid on bank loan	11,250	-
Discount	3,750	-
Bad debt	3,750	-
Interest received	-	7,125
Cash in hand	16,125	-
Cash at Bank	41,250	-
Investments	56,250	-
Debtors	1,14,000	-
Goodwill	37,500	-
Creditors	-	1,50,000
B/R and B/P	15,000	11,250
Bank Loan	-	1,87,500
	20,97,375	20,97,375

Other Information :

- (a) Stock as on 31-12-2012, ₹ 13,500
- (b) Make a provision for doubtful debts @ 5%
- (c) Accrued interest on investment, ₹ 1,200
- (d) Depreciate Machinery by 10% and Furniture by 10%

4. Ram and Raheem entered into a contract to construct a building for ₹ 10,00,000. Ram was entrusted to maintain joint venture accounts and also to look after the joint venture business. He was entitled to a commission of 5% on contract price, in addition to a profit in a ratio of 4 : 3. Raheem paid his share of contribution of ₹ 4,00,000. Ram purchased construction material for ₹ 7,25,000 and paid other expenses, 25,000. Ram also contributed material from his own stock worth ₹ 40,000. Stock remaining unconsumed was taken over by Raheem for ₹ 50,000. 12

Record the above transactions in the Journal of Ram and show the Joint Venture Account and Raheem's personal account as the working notes.

5. Comment on **any two** of the following statements : 6+6
- (a) Income and Expenditure Account is different from Profit and Loss Account.
 - (b) Trial Balance is not the conclusive proof of accuracy of books.
 - (c) Accounting equation is based on Dual concept of Book-keeping.

6. (a) From the following particulars taken from the Cash Book of a club prepare a Receipts and Payments Account for the year ending 31-3-2013. 6+6

Opening balance	₹
Cash	10,000
Bank	50,000
Subscriptions	3,30,000
Donations Received	26,000
Investments purchased	1,00,000
Rent paid	40,000
General Expenses	21,000
Postage and stationery	7,000
Sundry Expenses	3,000
Closing cash in hand	2,000

- (b) Explain the factors that are taken into account while determining the amount of depreciation, and show how its total amount is worked out.
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