

BACHELOR'S DEGREE PROGRAMME

Term-End Examination

December, 2018

ELECTIVE COURSE : COMMERCE

ECO-002 : ACCOUNTANCY-I

Time : 2 Hours

Maximum Marks : 50

Weightage : 70%

Note : Attempt any four questions, including question no. 1 which is compulsory.

1. Attempt any two questions from the following : 7+7

- (a) Enumerate the accounting concepts which guide the accountant at recording stage, and explain any one of these with its accounting implications.
- (b) Distinguish between capital reserves and revenue reserves.
- (c) State the expenses that are not considered while valuing unsold stock lying with the consignee.
- (d) What is self-balancing system ? State its advantages.

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2. On 30th April, 2016 the Cash Book of Srikanth showed an overdraft of ₹ 37,200. Prepare a Bank Reconciliation Statement using the following information :

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- (a) Out of two cheques issued to Kumar on April 25, 2016 (One for ₹ 1,500 and another for ₹ 3,750) the cheque for ₹ 3,750 was cashed on May 5, 2016.
- (b) A wrong credit for ₹ 375 relating to some other account was found in the Pass-Book.
- (c) Three cheques for ₹ 4,500, ₹ 6,000 and ₹ 7,500 were deposited in the bank on April 22, 2016. Only the cheque for ₹ 6,000 was collected by Bank upto April 30, 2016.
- (d) There was a debit of ₹ 1,200 for interest and ₹ 225 for bank charges in the Pass-Book only.
- (e) The Pass-Book showed that the bank had collected ₹ 9,000 as interest on securities. But there was no entry found in the Cash Book for the same.
- (f) A bill receivable for ₹ 7,500 which had been discounted with the bank in March, 2016 was dishonoured on April 28, 2016. But it was debited in the Pass-Book only.

3. The Trial Balance of firm showed the following 6+6
balances as on December 31, 2015 :

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Salaries	10,000
Wages (Indirect)	20,000
Rent Received	6,600
Commission Received	2,000
Interest on Investments	6,000

Additional Information :

- (a) Salaries amounting to ₹ 2,000 were outstanding.
- (b) Wages include ₹ 1,500 paid in advance.
- (c) Interest on investments include ₹ 1,200 for the month of January, 2016.
- (d) Rent ₹ 600 for the month of December, 2015 has not yet been received.

Gross Profit for the year amounted to ₹ 40,000 and other expenses ₹ 10,000.

Pass journal entries for the adjustments and prepare Profit and Loss A/c for the year ending December 31, 2015.

4. Distinguish between : 4+4+4
- (a) Outstanding expenses and Unexpired expenses.
 - (b) Bill of Exchange and Promissory Note.
 - (c) Provision for Discount on Debtors and Provision for Discount on Creditors.

5. Vanaspati Ltd. consigned 500 kg of vanaspati ghee to Ashoka Brothers, Chandigarh. Each kg of ghee cost ₹ 80. Vanaspati Ltd. paid ₹ 50 for carriage, ₹ 250 for packing and ₹ 200 for insurance in transit. After three months from the date of consignment of goods, Ashoka Brothers reported that 350 kg of ghee had been sold @ ₹ 95 per kg and expenses incurred were ₹ 500 on godown rent and ₹ 750 on salesman's salary. Ashoka Brothers are entitled to a commission of 5% on sales. 50 kg of ghee was accidentally destroyed in the godown. Insurance claim of ₹ 3,500 was admitted. 12

Prepare the necessary accounts in the books of Vanaspati Ltd.

6. Write short notes on the following : 4+4+4
- (a) Diminishing Balance Method of providing Depreciation.
 - (b) Sinking Fund to Repay a Liability.
 - (c) Memorandum Trading Account.
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