

**BACHELOR'S DEGREE PROGRAMME**

**Term-End Examination**

**December, 2014**

**ELECTIVE COURSE : COMMERCE**

**ECO-2 : ACCOUNTANCY-I**

*Time : 2 Hours*

*Maximum Marks : 50*

*Weightage : 70%*

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

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

- (a) Capital + other liabilities = Total Assets.  
Explain this Accounting equation with examples.
- (b) "Agreement of Trial Balance does not mean that there is no error in account books". Do you agree ? Explain.
- (c) Write a clear note on Cash concept Vs Accrual concept of accounting.
- (d) Name the parties and their interests in financial statements of a company.

2. Prepare a **three** column Cash Book from the following transaction : 12

Date	Transaction	Amount Rs.
2012		
Jan. 1	Opening Cash Balance,	5000
	Balance with Bank	30,000
Jan. 2	Borrowing from SBI	50,000
Jan. 5	Cash purchases from Ram	10,000
Jan. 5	Credit purchases	8500
Jan. 10	Cash Sales	12,000
Jan. 15	Deposit in Bank	9000
Jan. 18	Issued cheque to Ram	8000
Jan. 20	Bad debt recovered	5000
Jan. 22	Received cash from A	750
Jan. 25	Withdrawal from Bank for business purpose	4500
Jan. 26	Withdrew cash for personal use.....	2000
Jan. 27	Received cheque from Sham and deposited in bank	5000
Jan. 28	Paid monthly Rent by cheque	3000
Jan. 29	Received cash from Soni, 2910 in full settle of	3000
Jan. 30	Paid to Ram Rs. 1950 in full settlement of his account of	2000
Jan. 30	Issue salary cheque	4500
Jan. 30	Paid Installment of loan by cheque	5500

3. (a) State the entries that are usually passed for recording transactions in consignor's and consignee's books. **6+6**
- (b) What steps are required to be taken to convert single entry into double entry system of book keeping ? Explain.

4. What is an Accommodation Bill of Exchange ? **4+8**  
Explain with an example.

On 1<sup>st</sup> Jan. 2012, X draws a bill amounting to Rs. 12000 for 3 months, on Y for mutual benefit. Y accepts the bill and return to X who discounted the same with his banker @ 12% per annum and remitted half of the proceeds to Y. On due date X sends the requisite amount to Y who met the bill on maturity.

Pass the necessary entries in the books of X and Y.

5. (a) Where will you show the following items in the Final Accounts of a sole proprietor. **8+4**
- (i) Loss by fire
  - (ii) Transfer of some profit to General Reserve
  - (iii) Commission paid to agents
  - (iv) Drawings by the proprietor
  - (v) Outstanding Rent
  - (vi) Sales returns
  - (vii) Manufacturing expenses
  - (viii) Samples distributed
- (b) List the errors which do not effect the agreement of Trial Balance.

6. (a) From the following Receipts and Payments Account of a club, prepare Income and Expenditure Account for the year ended as on Dec. 31, 2011. 8+4

Receipt and Payment Account for the year ending Dec. 31, 2011

Receipts	Rs.	Payments	Rs.
Balance b/d	3,500	General expenses	900
Subscription :		Salary	16,000
2010	1,800	Postage	1,300
2011	70,000	Electricity bill	7,800
2012	3,200	Furniture	26,500
Sale of old books (cost Rs. 3,200)	2,000	Books	13,000
Rent from use of Hall	17,000	Newspapers	600
Sale of old News papers	400	Meeting expenses	7,200
Profit from entertainment programme	7,300	TV set	16,000
		Balance c/d	15,900
	1,05,200		1,05,200

Additional Information :

- (i) The club has 100 members each paying an annual subscription of Rs. 900. Subscription outstanding on Dec 31, 2010, were Rs. 3600.
  - (ii) On Dec. 31, 2011, salary outstanding accounted to Rs. 1000, salary paid included Rs. 1000 for the year 2010.
- (b) How do professionals account for their outstanding professional fees ?