

BACHELOR'S DEGREE PROGRAMME

Term-End Examination

December, 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) Distinguish between Single Entry System and Double Entry System of Accounting.
- (b) What is the difference between Receipts and Payment Account and Income and Expenditure Account ? Explain.
- (c) Explain the concepts of 'Conservatism' and 'Consistency' with examples.
- (d) State the difference between Capital Expenditure and Revenue Expenditure.

2. (a) What is 'Net Worth' ? How is it computed ? Explain with an example. 6+6
- (b) What do you understand by Self-Balancing System ? State its advantages.

3. On 1st April, 2013 a firm of Sportswear, Delhi sent a consignment of 500 swimming suits to M/s Ram Niwas and Sons of Kanpur (consignee) valuing ₹ 1,25,000. The consignor incurred an amount of ₹ 1500 in sending the goods to the consignee. At the end of the month, the consignee sent a statement of sales showing that 400 suits were sold @ ₹ 350 per suit and his selling expenses amounted to ₹ 8000. The consignee is entitled for a commission of ₹ 25 per suit sold. The unsold stock is to be valued at cost plus proportionate expenses. The consignee had also spent ₹ 500 on consignment received. 12

You are required to show necessary ledger accounts in the books of the consignor.

4. From the following Ledger Balances extracted from the books of a proprietor as on 31st March, 2013 prepare the Trading and Profit and Loss Account for the year ending on 31-03-2013 and also the Balance Sheet after taking into account the following additional information : 12

Name of Ledger Account	Debit Balance (₹)	Credit Balance (₹)
Capital	-	8,00,000
Sales	-	15,00,000
Return inward	35000	-
Purchases	7,65,000	-
Return outward	-	22000
Stock (1-4-2012)	80000	-
Land and Building	8,00,000	-
Plant and Machinery	4,00,000	-
Furniture and Fixtures	1,50,000	-
Wages	70000	-
Carriage inward	15000	-
Salaries	48000	-
Rent	35000	-
Interest on loan	15000	-
Discount	5000	-
Bad debts	5000	-
Interest on Investment	-	9500
Cash in hand	21500	-
Cash at Bank	55000	-
Investments	75000	-
Debtors	1,52,000	-
Creditors	-	2,00,000
Goodwill	50000	-
Bills Receivable and Payable	20000	15000
Loan	-	2,50,000
Total	27,96,500	27,96,500

Additional Information :

- (a) Unsold stock on 31-3-2013, ₹ 1,75,000.
- (b) Depreciate : Plant and Machinery @ 15%
Furniture and Fixtures @ 15%.
- (c) Provide Bad debt Reserve @ 5%.
- (d) Outstanding Rent, 13,000.

5. On January 1, 2010, a firm purchased a Machine for ₹ 75,000 and spent ₹ 5,000 on its erection. On 1st July, the same year, a second machine was purchased for ₹ 40,000. On 1st July 2011, the firm sold the machine which had been purchased on 1-1-2010, for ₹ 55,000. 12

On July 1, 2012, a new plant costing ₹ 60,000 was added and the machinery purchased on 1st July 2010 was disposed off for ₹ 30,000.

Firm charges depreciation annually @ 10% on fixed instalment basis. Prepare Machinery Account for 3-years showing balance as it would appear on 1-1-2013.

6. Write short notes on **any two** of the following : 6+6
- (a) Joint Venture as a temporary partnership.
 - (b) Secret reserves.
 - (c) Selection of a method of charging depreciation.
 - (d) Types of Assets.