

BACHELOR'S DEGREE PROGRAMME

Term-End Examination

June, 2017

10190

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) Explain briefly the 'conservatism concept' of accounting with examples.
 - (b) State the advantages of maintaining a Petty Cash Book.
 - (c) Describe the utility of debit note and credit note.
 - (d) State the transactions recorded in Bills Receivable and Bills Payable Journals.

2. (a) What do you understand by self-balancing system ? State its advantages. 6+6
- (b) Explain the drawbacks of Single Entry System of accounting.

3. (a) The balance of Machine Account on January 1, 2013 was ₹ 10,00,000. New machines were purchased, one on 1-10-2013 for ₹ 50,000 and the other on 1-7-2014 for ₹ 1,00,000. On 1-4-2015, a machine whose book value had been ₹ 1,50,000 on 1-1-2013 was sold for ₹ 80,000 and the entire amount was credited to Machine Account. Depreciation had been charged at 10% p.a. on straight line method. Show Machine Account from 1.1.2013 to 31-12-2015. 8+4
- (b) Distinguish between Provisions and Reserves.
4. There was a difference of ₹ 5,250 in a Trial Balance. It had been transferred to the credit side of Suspense Account. Later on, the following errors were discovered. 12
- (a) An amount of ₹ 3,750 had been posted on the debit side of Commission Account instead of ₹ 2,750.
- (b) Goods worth ₹ 2,000 purchased from y had been posted to his account as ₹ 2,500.
- (c) Total of Sales Returns Book was overcast by ₹ 4,750.
- (d) Goods worth ₹ 3,000 sold to Mahesh was recorded in Purchases Book.
- Pass the necessary rectifying journal entries and prepare the Suspense Account.
5. (a) Distinguish between Joint Venture and Partnership. 4+8

- (b) Philips Radio Company, Mumbai consigned 100 transistors to their agents Paul Radios, Delhi. The cost price of each transistor was ₹ 750. The consignors paid ₹ 2,000 for freight, ₹ 500 for cartage and ₹ 4,000 for insurance. Five transistors were totally destroyed in transit. The insurance claim of ₹ 3,000 was admitted by the insurance company. The consignee took the delivery of 95 transistors and spent ₹ 6,850 on cartage and godown rent. They sold all the transistors at ₹ 1,000 each. Paul Radios are entitled to a commission of 5% on sales. Prepare consignment A/c and Abnormal Loss A/c in the books of the consignors.

6. (a) Why is an Income and Expenditure Account termed as Receipt and Expenditure Account in case of professionals ? How do they account for the outstanding fees ? 6+6
- (b) From the following information prepare the General Ledger Adjustment Account in Creditors' Ledger :

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Opening Balance of Sundry Creditors	2,80,100
Credit Purchases	2,76,000
Payment to Creditors	2,65,000
Discount Allowed by Creditors	18,500
Returns Outwards	22,400
Bills Payable Accepted	53,000
Bills Payable Dis-honoured	5,000