

No. of Printed Pages : 8

24647

ECO-002

**BACHELOR'S DEGREE PROGRAMME**

**Term-End Examination, 2019**

**ELECTIVE COURSE : COMMERCE**

**ECO-002 : Accountancy-I**

**Time : Two Hours]**

**[Maximum Marks : 50**

**Weightage : 70%**

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**Note : Answer any four questions including Question Number 1 which is compulsory.**

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1. Attempt **any two** questions from the following : [7+7=14]
- (a) Define Accounting and state its limitations.
  - (b) Who are interested in accounting information ?  
What are their needs ?
  - (c) State the most commonly used instruments of credit. Which are the various parties to a Bill of Exchange ?
  - (d) What are the different types of cash books used in business ? Explain the use of any one of these.

2. (a) Identify the types of errors which are usually committed in the process of accounting. [4]
- (b) Rectify the following errors assuming that a Suspense Account had been opened :
- (i) A purchase of Rs. 8,000 from 'B' on credit was debited to him.
  - (ii) An amount of Rs. 300 received from Mr. C was debited to his account.
  - (iii) A credit sale of Rs. 500 to Ramesh was credited to his account.
  - (iv) A sale of Rs. 3,000 to Goel was debited to his account as Rs. 8,000.

Pass necessary rectifying journal entries. [8]

3. Rohan and Sohan entered into a contract to construct a building for Rs. 40,00,000. Rohan and Sohan contributed Rs. 20,00,000 and Rs. 15,00,000 respectively. They agreed to share profits and losses in the ratio of 4 : 3. It was decided that the work will be looked after by Rohan who will be paid 5 per cent commission on contract price in addition to his share of profits. Rohan purchased the

necessary materials for Rs. 32,00,000 and paid Rs. 90,000 for expenses. Rohan also contributed building materials from his own stock worth Rs. 2,00,000. Rs. 50,000 remained to be paid for wages. Sohan took over the stock of materials for an agreed valuation of Rs. 1,60,000. The building was completed and the contract money was duly received. Show the Joint Venture Account and Sohan's Account in the books of Rohan assuming that the outstanding wages were paid by Rohan. [12]

4. (a) Explain briefly the Self-Balancing System of Accounting. Also state its advantages. [6]
- (b) What is Single Entry System ? Distinguish it from Double Entry System. [6]
5. (a) Distinguish between Capital Reserve and Revenue Reserve. [4]
- (b) Mohan and Sons purchased a machine for Rs. 50,00,000 on April 1, 2013. The machinery was depreciated at 10 per cent under the straight line method. On April 1, 2016, they changed the method of depreciation from straight line method

to written down value method without changing the rate and effective from the beginning. Show the Machinery Account from April 1, 2013 to March 31, 2017. [8]

6. (a) Show how will you deal with the following items while preparing the final accounts of a non-trading concern : [4]

(i) Donation when purpose is not mentioned.

(ii) Receipts for Tournament Fund.

(b) From the following particulars, draw up a General Ledger Adjustment Account in the Debtors Ledger : [8]

	Rs.
Opening Balance	12,200
Credit Sales	37,200
Cash received from Debtors	20,050
Sales Returns	3,170
Discount Allowed	1,300
Bad Debts Written-off	3,710
Allowances	420
Bills Receivable Received	1,300
Bills Receivable Dishonoured	500