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**D.K.M.COLLEGE FOR WOMEN (AUTONOMOUS)**  
**SEMESTER EXAMINATIONS**  
**NOVEMBER – 2017**  
**ALLIED: ACCOUNTING FOR BUSINESS - 1**

**Time : 3 Hrs**

**SECTION-A (10 x 2 =20)**

**Answer ALL the questions.**

1. What is Double Entry System?
2. Rectify the following error: Purchases from Akila for Rs.1500 has been credited to her account.
3. What is 'Gross Profit'?
4. Prepare trading account of a trader for the year ending 31<sup>st</sup> December 1996 with the following data:
  - a) Opening Stock (1-1-96) = Rs.50000
  - b) Goods purchases during 1996 = Rs.280000
  - c) Freight and packing on the above = Rs.20000
  - d) Closing stock (31-12-96) = Rs.60000
  - e) Sales = Rs.380000
  - f) Packing expenses on sales for distribution = Rs.12000
5. What do you mean by "Diminishing Method of Depreciation"?
6. A machine was purchased for Rs.30000 on 1.1.86. This is expected to last for five years. Estimated scrap at the end of five years is Rs.5000. Find out the rate of depreciation by straight line method.
7. What do you mean by "Average Due Date"?
8. Kannan purchased goods from Raman, the due dates for payment in cash are as follows:

Date	Rs.	Due
Mar.15	1000	Due 18 <sup>th</sup> April
April 21	1500	Due 24 <sup>th</sup> May
April 27	500	Due 30 <sup>th</sup> June
May 15	600	Due 18 <sup>th</sup> July

Calculate Average Due Date.

9. What is "Single Entry System"?
10. Find out profit from the following data:

Capital at the beginning of the year	= Rs.800000
Drawings during the year	= Rs.180000
Capital at the end of the year	= Rs.900000
Capital introduced during the year	= Rs.500000

12. Prepare Trial Balance from the following information:

Capital a/c Rs.50000, Current a/c Rs.1500, Sales Rs.740000, Purchases Rs.1200, Carriage Inwards Rs.400, Carriage Outwards Rs.500, Light and Insurance Rs.400, Discount (cr) Rs.500, Building Rs.30000, Furniture Rs.8000, Sundry Creditors Rs.20000, Petty Cash 50, Cash at Bank Rs.

13. On January 1, 1993, a limited company purchases machinery worth Rs.40000. In 1994, it buys additional machinery worth Rs.46000 and spends Rs.4000 on repairs. The accounts are closed each year on 30<sup>th</sup> June (July to June). Assuming depreciation to be 10 percent, show the Machinery Account up to 30<sup>th</sup> June, 1996, under the following information:

14. Calculate Average Due Date from the following information:

Date of the bill	Term	Amount
August 10, 1994	3 months	6000
October 23, 1994	60 days	5000
December 4, 1994	2 months	4000
January 14, 1995	60 days	2000
March 8, 1995	2 months	3000

15. Mr. Josh keeps his books by single entry system. On April 1, 1997, he starts a business with a capital of Rs.90000. On March 31, 1998, the position of his business is as follows: Debtors Rs.40000, Cash in Hand Rs.2500, cash at bank Rs.25000, Stock Rs.25000 and Plant Rs.50000.

Josh drew Rs.20000 from the business during the year and introduced additional capital of Rs.20000. You are required to prepare a Statement of Affairs as on 31/3/98 and also ascertain the profit and loss made by him during the year.

16. Explain the advantages of "Accounting".

17. Explain the causes of "Depreciation".

18. What are the disadvantages of Single Entry System? Explain.

### **SECTION-C (3 x 10 =30)**

**Answer ALL the questions.**

(b) The following are the details as on 1<sup>st</sup> January 1998 regarding the person who did not maintain the accounts on the double entry system:

Cash in hand	Rs.300
Cash at bank	Rs.5500
Stock	Rs.5600
Debtors	Rs.3457
Creditors	Rs.4057
Furniture	Rs.200

His position at the end of the year was as follows:

Cash in hand	Rs.380
Cash at bank	Rs.2400
Stock	Rs.4680
Debtors	Rs.4620
Furniture	Rs.250
Creditors	Rs.3000

During the year, he withdrew Rs.6500 out of which he purchased a Motor Van for Rs.5600. Prepare a statement on 31<sup>st</sup> December 1998 showing his profit and loss, depreciation on Furniture and Motor Van @ 10% on initial cost and provision for bad debts. A provision for bad debts is to be made @5%.

20. (a) The following is the Trial Balance of B. Govil on 31<sup>st</sup> March, 1990:

Particulars	Dr. (Rs.)	Cr. (Rs.)
Cash in hand	540	
Cash at bank	12630	
Purchases	140675	
Sales		258780
Return Inwards	2680	
Return Outwards		1500
Wages	20480	
Fuel and Power	4730	
Carriage on Sales	3200	

Taking into account the following adjustments, prepare Trading and Profit and Loss Account and the Balance sheet:-

- (a) Stock on hand on 31<sup>st</sup> March, 1990 is Rs.26800.
- (b) Machinery is to be depreciated at the rate of 10% and patents at the rate of 5%.
- (c) Salaries for the month of March, 1990 amounting to Rs.1500 were not paid.
- (d) Insurance includes a premium of Rs.170 on a policy, expiring on 31<sup>st</sup> March, 1990.
- (e) Wages include a sum of Rs.2000 spent on the erection of a cycle for the use of customers.
- (f) A Provision for Bad and Doubtful Debts is to be created to the extent of 5% on Debtors.

20(b) For goods sold, Nair draws the following Bills on Roy who accepts them.

Amount of the Bills	Date of drawing	Date of acceptance	
8000	06.01.1998	9.1.1998	31.1.1998
9000	15.02.1998	18.2.1998	
8000	21.02.1998	21.2.1998	
15000	14.03.1998	17.3.1998	

On 18<sup>th</sup> March, 1998, it is agreed that the above bills will be paid by the acceptor will pay the whole amount in one lump sum by a cheque on the average due date and for this a rebate of Rs.1000 will be allowed. On the average due date, the amount and the due date of the cheque.

21. (a) On 1.1.1996 there were machineries worth Rs.180000 in a business. On 1.1.1996 machinery was purchased for Rs.20000. On 31.12.1996 a small machine worth Rs.4200 which was purchased for Rs.4000 on 1.1.1996. On 31.12.1996 a machine worth Rs.12000 which was purchased on 1.1.1996 for Rs.12000 was sold for Rs.8000. Depreciation is provided at the rate of 10% per annum on fixed instalment basis. Assuming that provision for depreciation is maintained, prepare Machinery A/C and Depreciation A/C for 1996 and Balance Sheet as at 31.12.1996.

(Or)

- (b) Explain different types of errors.