

**FIRST SEMESTER UG DEGREE EXAMINATION, NOVEMBER 2022**  
(Regular/Improvement/Supplementary)

**B.Com Professional**

**GBCP1B01T: PRINCIPLES AND PRACTICE OF ACCOUNTING**

**Time: 3 Hours**

**Maximum Marks: 80**

**PART A: Answer all the questions. Each carries 1 mark.**

**Choose the correct answer.**

1. Back calculation is a method of ascertaining.....  
 A) Cash Price                      B) Instalment price                      C) Interest                      D) Down payment
2. If the goods are invoiced at to branch at 25% on cost price, it will be at ..... on selling price  
 A) 25%                      B) 20%                      C) 75%                      D) 125%
3. The balance in petty cash book is .....  
 A) Asset                      B) Income                      C) Profit                      D) Surplus
4. If the interest on drawings is charged to partner, it shall be .....  
 A) Credited to capital a/c                      B) Debited to Capital a/c  
 C) Credited to current a/c                      D) None of these
5. X and Y are partners in a business sharing profit and losses in the ratio of 3:2. They admit Z as a new partner with 1/5 share in the profits. The new profit sharing ratio of the partners is.....  
 A) 8:4:3                      B) 12:8:5                      C) 8:12:4                      D) None of these

**Fill in the Blanks.**

6. The goods sent by head office to branch is credited to ..... a/c in the records of head office
7. Generally..... discount is not recorded in the books of account
8. The excess of hire-purchase price over cash price is treated as.....
9. Adding outstanding expenses to P&L account is based on .....principle
10. Ind as 112 deals with .....

**(10 × 1=10 Marks)**

**PART B. Answer any eight questions. Each carries 2 marks.**

11. What is meant by retiring bill under rebate?
12. Write a note on partnership deed.
13. What is convergence of IFRS?
14. Comment stock reserve.
15. What is endorsement of a bill?

**(PTO)**

16. Give an account on bank reconciliation statement.
17. What is co-ventures account?
18. Enlist the features of financial statement.
19. What is repossession?
20. What is conservatism?

**(8 × 2 = 16 Marks)**

**PART C: Answer any six questions. Each carries 4 marks.**

21. Differentiate between hire-purchase system and instalment system.
22. Write a note on unsold stock in consignment accounts.
23. Distinguish between joint ventures and consignment.
24. From following information calculate sales.

a. Opening stock	12000
b. Purchase	40000
c. Wages	3000
d. Salary	9000
e. Return outward	2000
f. Stock at the end	20000
g. Gross profit	1500

25. On 10<sup>th</sup> December, 2021, Anu sells goods to Binu for Rs. 15,000. On that date, Binu accepted a bill drawn upon him by Anu at two months for Rs. 15,000. Anu retains the bill till due date and on due date sends the bill to the Banker for collection. In due course, Anu receives the information from the Bank that the bill has been duly met. Pass Journal Entries in the books of both parties.
26. The profits earned by a firm during the last four years were as follows:

Year ended 31st March	Profits (Rs.)
2019	90000
2020	100000
2021	120000
2022	140000

Calculate the value of goodwill on the basis of three year's purchase of weighted average profits.

Weights to be used are 1,2,3, and 4 respectively to the profits for 2019, 2020,2021 and 2022.

27. Arun Ltd. Purchased a photocopier on 1-1-2019 from Canon Ltd. by paying ₹ 75000 down and agreeing to pay 75000 each in 3 consecutive years beginning from 31-12- 2020. The cash price of the product is ₹ 246000 and vendor charge interest @ 15% p.a. Give journal entries in the book of purchaser

28. Anu, Binu, Cinu and Dinu are partners in a firm sharing profits and losses in the ratio of 2:2:1:1 They decided to share future profits and losses in the ratio of 3:2:2:3. For This purpose goodwill of the firm valued at Rs. 1,50,000. There was also a reserve of Rs. 60,000 in the books of the firm. Find out sacrifice ratio and gaining ratio and pass necessary journal entry assuming that reserve is not to be distributed.

(6 × 4 = 24 Marks)

**PART D: Answer any two questions. Each carries 15 marks.**

29. Define accounting. Write an account on accounting standards. Explain principles, concepts and conventions of accounting.

30. Following is the trial balance of a head office and its branch as on 31- 03- 2021

Particulars	Head office		Branch	
	Debit	Credit	Debit	Credit
Head office A/c				20000
Branch	54000			
Opening stock	20000		16000	
Purchases	160000			
Goods sent to branch		80000	60000	
Machinery				
Head office	60000			
Branch	40000			
Furniture				
Head office	30000			
Branch			24000	
Debtors	10000		4000	
Capital		120000		
Sales		190000		96000
Rent	8000		6000	
Salary	16000		4000	
Cash	2000		6000	
Creditors		10000		4000
	400000	400000	120000	120000

Additional information

- Closing stock at Head office ₹ 40000 Branch ₹ 10000
- Goods worth ₹ 20000 is in transit
- Rent outstanding Head Office, ₹ 2000, Branch ₹ 1000
- Depreciate Machinery by 25%, Furniture by 20 %

Prepare Trading P&L a/c, General P&L a/c and consolidated Balance sheet

(PTO)

31. X, Y and Z are partners sharing profits and losses in the ratio of 5:3:2.  
Following is their balance sheet on 31<sup>st</sup> March 2021

Liabilities		Amount	Asset		Amount
Sundry creditors		120000	Bank		34000
Capital a/c			Debtors	150000	
X	400000		Less Provision for DD	<u>9000</u>	141000
Y	250000		Stock		145000
Z	<u>150000</u>	800000	Plant		200000
			Land and Building		400000
		<u>920000</u>			<u>920000</u>

X retires on this date and the following adjustments were agreed upon:

- (i) Bad debts amounting to Rs. 10,000 were to be written off and provision for doubtful debts be maintained at existing rate.
- (ii) An unrecorded creditor of Rs. 20,000 will be taken into account.
- (iii) Provision is to be made for legal damages amounting to Rs. 25,000.
- (iv) There is a liability for Rs. 15,000 for outstanding salaries.
- (v) Sundry creditors be reduced by Rs. 8,000 being a liability not payable.
- (vi) Stock be increase by Rs. 15,000 and plant is to be reduced to Rs. 1,80,000.

Pass journal entries to give effect to above adjustments and prepare Revaluation Account.

**(2 × 15 = 30 Marks)**