

**FIRST SEMESTER UG DEGREE EXAMINATION, NOVEMBER 2024****(Improvement/Supplementary)****B.Com. PROFESSIONAL****GBCP1B01T: PRINCIPLES AND PRACTICE OF ACCOUNTING****Time: 3 Hours****Maximum Marks: 80****Part A. Answer all the questions. Each question carries *one* mark.****Choose the correct answer.**

1. The system of recording transactions based on dual aspect is called \_\_\_\_\_.  
A) dual account system.                      B) double entry system.  
C) cash accounting.                              D) single entry system.
2. Wages paid before it has become due is shown in the balance sheet as \_\_\_\_\_.  
A) Asset.                      B) Liability.                      C) Expense.                      D) None of the above.
3. Commission provided by the consignor to the consignee to cover bad debt is known as \_\_\_\_\_.  
A) Ordinary commission.                      B) Del-credere Commission.  
C) Over-riding commission.                      D) Over-riding commission.
4. Sacrificing ratio is calculated on \_\_\_\_\_ of a partner.  
A) admission                      B) death                      C) dissolution                      D) retirement
5. Which of the following is a nominal account?  
A) Drawings account.                      B) Outstanding interest account.  
C) Salary account.                      D) Machinery.

**Fill in the Blanks.**

6. A proprietor's Drawing Account is a \_\_\_\_\_ account.
7. Under instalment system the risk of loss is borne by \_\_\_\_\_.
8. Under \_\_\_\_\_ system, the vendor has a right to take back the goods
9. Recording of transaction in the journal is called \_\_\_\_\_.
10. Interest on capital of a partner is debited to \_\_\_\_\_ account.

**(10 × 1 =10 Marks)****Part B. Answer any *eight* questions. Each question carries *two* marks.**

11. Define business entity concept.
12. What is journal?
13. Comment on gaining ratio.
14. What do you mean by intra branch transaction?
15. List any four accounting standards.

**(PTO)**

16. X and Y are partners in a business sharing profits and losses in the ratio of 7/10 and 3/10. They admit Z as a partner. X sacrificed 1/7 of his share and Y sacrificed 1/3 of his share in favour of Z. Calculate the new profit sharing ratio.
17. What is cash price?
18. What is instalment payment system?
19. Define bill of exchange.
20. What is a negotiable endorsement?

(8 × 2 = 16 Marks)

**Part C. Answer any six questions. Each question carries four marks.**

21. Explain the accounting treatment of partial repossession?
22. Cash price of asset purchased on hire-purchase system Rs. 75,000 Down payment Rs. 10,000. Five annual instalments of Rs. 15,000 each. Rate of interest: 5%. Calculate interest included in each instalment.
23. On 1st January 2023 a Head Office opened a Branch at Chennai to which goods are sent at cost where sales are made both for cash and credit. The following relating to the branch for the year 2023:

|                              | Rs.    |
|------------------------------|--------|
| Good sent to branch:         | 80,000 |
| Cheques sent to branch for:  |        |
| Rent                         | 3,000  |
| Salary                       | 4,000  |
| Office expenses              | 1,100  |
| Cash sales                   | 62,000 |
| Credit sales                 | 40,000 |
| Cash received from debtors   | 32,000 |
| Stock at branch on closing   | 6,000  |
| Debtors at branch on closing | 8,000  |

Prepare Chennai Branch Account for the year 2023.

24. Prepare Two Column Cash Book from the following transactions and balance the book on 31st Jan., 2024:

2024

- Jan. 1 Cash in hand ₹50,000; Bank overdraft ₹1,90,000.
- Jan. 2 Purchased goods from Rajesh Kumar of the list price of ₹50,000 at 5% trade discount and payment made by cheque.
- Jan. 6 Goods sold for ₹80,000 and payment received by cheque. Cheque deposited into Bank on same day.
- Jan. 10 Goods purchased for cash ₹19,800.
- Jan. 15 Furniture sold for ₹1,77,000 and payment received by cheque & cheque deposited into Bank on same day.
- Jan. 18 Salaries paid ₹4,500.
- Jan. 21 Settled the amount due to Ram ₹2,000 by paying cash ₹1,910.
- Jan. 31 Deposited with bank the entire balance after retaining ₹7,000 cash in hand.

25. Explain why it is considered better to make a partnership agreement in writing.
26. What is consignment? Distinguish it from a sale.
27. Suresh of Delhi consigned 600 fans to Naresh of Bareilly to be sold on his account and at his risk. The cost of each fan is Rs. 300. Suresh paid Rs. 6000 as freight and insurance. Naresh paid Rs. 1500 as Octroi & Cartage; Rs. 3500 for godown rent and Insurance. 500 fans were sold for Rs. 1,80,000. Naresh was entitled to a commission of 4% on sale @ Rs. 350 per fan and 20% of any surplus price realized. Naresh remitted the amount due to Suresh. Write up the ledger accounts in the books of both.
28. What do you mean by joint venture? Distinguish between joint venture and consignment.
- (6 × 4 = 24 Marks)**

**Part D. Answer any two questions. Each carries fifteen marks.**

29. From the following particulars taken out from the books of Mr Ajith and Sons. You are required to prepare Trading and Profit & Loss Account and Balance Sheet as at December 31st, 2023.

|          |  | ₹                      |                   |
|----------|--|------------------------|-------------------|
| 70,000   | Coal Gas water<br>Capital  | 10,500                 | A/c               |
| 1,55,000 | Furniture<br>Sales   | 79,000                 |                   |
| 800      | Purchases<br>Opening Stock<br>Discount                               | 65,000<br>30,000       | 350               |
| 700      | Returns  |                        | 1,000             |
| 10,000   | Debtors and creditors  |                        | 45,000            |
| 500      | Salaries<br>Carriage inward<br>Carriage outward<br>Bad               | 6,000<br>750<br>1,200  | debt<br>provision |
| 20,000   | Travelling expenses<br>Cash in Hand<br>Interest on loan paid<br>Loan | 11,000<br>6,900<br>300 | @ 6%<br>p.a       |
| 2,57,000 | Total  | 2,57,000               |                   |

The following adjustments are required:

1. Closing stock ₹35,000.
2. Depreciation on furniture 6%.

3. Create 5% provision for bad and doubtful debts on sundry debtor.
4. Create provision at 2% for discount on debtors.
5. Interest on loan due for 9 months.

30. Prem, Neeta and Manu were sharing profits and losses in the ratio of 2:2:1. Their balance sheet as on 31st December 2019 is provided. Neeta decided to retire from the business on that date.

| Balance Sheet               |                |                    |                |
|-----------------------------|----------------|--------------------|----------------|
| Liabilities                 | Amount<br>(Rs) | Assets             | Amount<br>(Rs) |
| Sundry creditors            | 30,000         | Cash in hand       | 6,000          |
| Provident fund              | 6,000          | Sundry debtors     | 50,000         |
| Profit and Loss             | 14,000         | Less provision     | 3,000          |
| Investment fluctuation fund | 3,000          | Stock              | 30,000         |
| Outstanding expenses        | 2,000          | Investment         | 18,000         |
| Capital                     |                | Motor Van          | 30,000         |
| Prem                        | 55,000         | Furniture          | 12,000         |
| Neeta                       | 30,000         | Leasehold premises | 32,000         |
| Manu                        | 35,000         |                    |                |
|                             | 1,20,000       |                    |                |
|                             | 1,75,000       |                    | 1,75,000       |

Additional Information:

- i. The Goodwill should be valued at 3 years purchase of the average profit of the proceeding three years. The profits for the proceeding three years were Rs. 8,000, Rs. 12,000 and Rs. 10,000.
- ii. 5% on debtors should be provided for doubtful debts.
- iii. Furniture and motor van be depreciated by 10%.
- iv. Stock and Leasehold premises appreciated by Rs. 2,000.
- v. Neeta takes over the investments at the value of Rs. 16,000.
- vi. Neeta has been paid Rs. 15,520 immediately and balance is transferred to her loan account which will be paid in 3 equal instalments together with interest @ 10% pa.

Prepare Revaluation account, capital account and Balance Sheet of Prem and Manu. Also prepare Neeta's loan account.

31. From the following figures prepare departmental Trading and Profit and Loss Accounts for the year ended 31st March. 2024.

|  | Cloth department | Readymade cloths |
|--|------------------|------------------|
| Opening Stock on 1st April, 2023         | 3,00,000         | 50,000           |
| Purchases                                | 20,00,000        | 15,000           |
| Sales                                    | 22,00,000        | 4,50,000         |
| Transfer to Readymade Clothes Department | 3,00,000         | Nil              |
| Expenses: Manufacturing                  | Nil              | 60,000           |
| Selling                                  | 20,000           | 6,000            |
| Stock on 31 <sup>st</sup> March 2024     | 2,00,000         | 60,000           |

The stock in the readymade clothes department may be considered as consisting of 75% cloth and 25% other expenses. The Cloth Department earned gross profit at the rate of 15% in 2022-23. General Expenses of the business as a whole came to Rs 1,10,000.

**(2 × 15 = 30 Marks)**