

(8 pages)

APRIL 2021

**72220/MAM1C**

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Time : Three hours

Maximum : 75 marks

SECTION A — (10 × 2 = 20 marks)

Answer any TEN questions.

1. What is Money measurement concept?
2. Define Journal.
3. What is trail balance?
4. What is mean by income and expenditure account?
5. What do you mean by gaining ratio?
6. What is goodwill?
7. What is straight line method of depreciation?
8. What is loss of stock policy?
9. State any two features of single entry system.
10. What is meant by conversion method?
11. What is meant by Average Clause in Fire Policy?
12. Explain the three column cash book.

SECTION B — (5 × 5 = 25 marks)

Answer any FIVE questions.

13. Explain the various accounting conventions.
14. Pass journal entries for the following transactions in the books of Kannan.

2007

- Jan. 1 Kannan started business with cash  
Rs. 50,000
- Jan. 5 Bought goods for cash Rs. 30,000
- Jan. 7 Sold good for cash Ps. 25,000
- Jan. 10 Bought goods from Kalaimathi  
Rs. 20,000
- Jan. 12 Sold goods to Ravi Rs. 10,000
- Jan. 25 Paid rent Rs. 2,000

15. From the following balances extracted at the close of the year ended 31<sup>st</sup> March, 2016, prepare Profit and Loss account of Mr. Ravi

	Rs.		Rs.
Gross profit	55,000	Repairs	500
Carriage on sales	500	Telephone expenses	520
Office rent	500	Interest (Dr.)	480
General expense	900	Fire insurance premium	900

Discount to customers	360	Bad debts	2,100
Interest from bank	200	Apprentice premium(Cr.)	1,500
Travelling expenses	700	Printing and Stationery	2,500
Salaries	900	Trade expenses	300
Commission	300		

16. R and S were partners sharing profit in the ratio of 5:3 on the view of Venus's admission they decided to revalue their assets and liabilities, as given below:

- (a) To increase the value of Land by Rs. 30,000.
- (b) Provision for doubtful debts to be decreased by Rs. 400.
- (c) To decrease Machinery by Rs. 8,000, Furniture by Rs. 2,000 and Stock by Rs. 6,000
- (d) A provision for outstanding liabilities to be created for Rs. 400.

Prepare revaluation account.

17. On 1st January 2015 a limited company purchased Machinery for Rs. 12,000 and on 30<sup>th</sup> June 2016 it acquired additional Machinery at a cost of Rs.2,000. On 31<sup>st</sup> March, 2017 one of the original Machines which had cost Rs.500 was found to have become obsolete and was sold as scrap for Rs.50. It was replaced on that date by a new machinery costing Rs.800.

Depreciation is to be provided at the rate of 15 per cent per annum on the straight line method. The accounts are closed on 31<sup>st</sup> December every year. Show Machinery A/c for the first three years.

18. Jeejibhoy kept his books on Single Entry System. His position as on 31<sup>st</sup> March, 2017 was as follows:

Cash in hand Rs.200; Cash at Bank Rs.3,000; Stock Rs.20,000; Sundry Debtors Rs.8,500; Fixtures and Fittings, Rs.1,800; Plant and Machinery Rs.15,000; Sundry Creditors Rs.22,000.

Jeejibhoy put Rs.5,000 during the year as new capital and his drawings were @Rs.750 per month.

His Position on 31<sup>st</sup> March, 2018 was as follows:

Cash in Hand Rs.300; Cash at Bank Rs.2,000; Sundry Debtors Rs.14,000; Stock Rs.19,000; Plant and Machinery Rs.27,000; Fixtures and Fittings Rs.1,500; Sundry Creditors Rs.29,000

From the above information, prepare a statement of Affairs and calculate profit or loss for the year ending on 31<sup>st</sup> March, 2018.

19. A fire occurred in the premises of Mr. Patil on 31<sup>st</sup> March, 2018. From the following particulars, ascertain the claim to be lodged.

	Rs.
Stock on 01.01.2017	4,50,000
Purchases during the year 2017	18,55,000
Purchases Returns during the year 2017	15,000
Goods taken by Mr. Patil for his personal use during the year 2017	10,000

Stock on 31.12.2017	6,30,000
Sales for the year 2017	20,60,000
Sales Returns during the year 2017	60,000
Purchases from 01.01.2018 to date of fire	4,20,000
Sales from 01.01.2018 to date of fire	4,95,000
Value of Stock Saved	99,000
Goods destroyed by fire during the year 2017	30,000

SECTION C — (3 × 10 = 30 marks)

Answer any THREE questions.

20. Briefly explain the various methods of depreciation.
21. The following particulars relate to the Rural Club for the year ended 31<sup>st</sup> Dec. 2017

Receipts and Payments A/c

	Rs.		Rs.
To Balance b/d	6,000	By Salaries	12,450
To subscriptions		By Stationery	2,400
2016	240	By Rates and taxes	3,600
2017	12,660	By Telephone	600
2018	480	13,380 By Investment	7,500
To Profit from canteen	9,000	By Advertisements	1,050

To Miscellaneous	450	By Postage	1,000
To Sale of old newspapers	1,120	By Sundries	3,500
To Dividends	4,850	By Balance c/d	2,700
	<u>34,800</u>		<u>34,800</u>

You are required to prepare an Income and Expenditure A/c and Balance Sheet after making the following adjustments

- There are 450 members each paying annual subscription of Rs. 50, Rs. 270 being in arrears for 2016 at the beginning of this year.
- Stock of Stationery on 31<sup>st</sup> Dec. 2016 was Rs. 300 on 31<sup>st</sup> Dec. 2017 Rs.540.
- Cost of buildings is Rs. 60,000. Depreciate at the rate of 5%.

22. Sunil, Devan and Ravi are equal partners in a firm and their Balance Sheet as on 31.03.2018 is given below.

Liabilities	Rs.	Assets	Rs.
Creditors	40,500	Machinery	43,500
Reserve	4,500	Furniture	1,500
Capital:		Debtors	30,000
Sunil	15,000	Stock	15,000
Devan	12,000		
Ravi	18,000		
	<u>90,000</u>		<u>90,000</u>

Ravi retired on 31.03.2018 and assets were revalued as under:

Machinery Rs. 51,000; Furniture Rs. 1,200; Debtors Rs. 28,500; Stock Rs. 14,700; Goodwill of the firm is valued at Rs. 9,000 and Ravi's share of goodwill is to be adjusted to continuing partners' Capital without raising goodwill account. Prepare necessary ledger accounts and new balance sheet.

23. On January 1, 2015 machinery account showed a balance of Rs.20,000. On 1<sup>st</sup> July 2016, a new machine costing of Rs.12,000 was purchased. On 30<sup>th</sup> June 2017, a machinery whose book value on 1.1.2015 was Rs.20,000 sold for Rs.12,000 Depreciation is provided at 10% per annum on diminishing balance method. The accounts are closed 31<sup>st</sup> December each year. Prepare machinery account for Three Years.
24. Rama purchased business on 1.4.2017 with a capital of Rs. 25,000. He immediately bought furniture for Rs. 4,000. During the year he borrowed Rs. 5,000 from his wife and introduced a further capital of Rs. 3,000. He has withdrawn Rs. 600 at the end of each month for family expenses. From the following particulars obtained from his books, you are required to prepare Trading and P/L A/c and Balance Sheet as on 31.03.2018.

	Rs.
Sales (including cash sales of Rs. 30,000)	1,00,000
Purchases (including cash purchase of Rs. 10,000)	75,000
Carriage	700
Wages	300
Discount allowed	800
Salaries	6,200
Bad debts	1,500
Trade expenses	1,200
Advertisement	2,200

Rama has used goods worth Rs. 1,300 for private purpose and paid Rs. 500 to his son which is not recorded anywhere. On 31.12.2018 his debtors, were worth Rs. 21,000, creditors Rs. 15,000 and stock Rs. 10,000. Furniture to be depreciated at 10% pa.

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