



SB-4469

P. G. D. T. M. Examination

March / April - 2011

General Principles of Accountancy : Paper - IV

Time : 3 Hours]

[Total Marks : 70

Instructions :

(1)

नीचे दृशविले निशानीवाणी विगतो उत्तरवही पर अवश्य लपवी.
Fillup strictly the details of signs on your answer book.

Name of the Examination :
P. G. D. T. M.

Name of the Subject :
General Principles of Accountancy : Paper - 4

Subject Code No. : 4 4 6 9 Section No. (1, 2,.....): 1&2

Seat No. :

Student's Signature

- (2) Write both sections in **separate** answer books.
- (3) Figures to the **right** indicate full marks.
- (4) Show **necessary** calculations where it is required.
- (5) Q. 1 and Q. 4 are **compulsory**.

SECTION - I

1 (a) The following is the receipts and payment account of an Amusement Club for the year 31st December 2010 : 10

<i>Receipts</i>	<i>Amount</i>	<i>Payment</i>	<i>Amount</i>
Balance b/f		Salary of secretary	3,600
Cash : 60		Honorarium	450
Bank : 3000	3060	Wages	2,400
Subscription (including for 2009 Rs. 150)	9,000	Charities	2,000
Sale of old furniture on 1-1-10	750	Printing and stationary	300
Sale of newspapers	50	Postage	100
Legacies	3,000	Rent and Taxes	1,200
Interest on Investments (cost of investments Rs. 20,000)	1,200	Upkeep of the land	500
Endowment fund receipt	10,000	Sports Materials	2,500
Proceeds of concerts	800	Balance c/d	14,850
Advertisement in the year book	40		
	27,900		27,900

Current assets and liabilities as on December 31, 2009 and 2010 were as follows :

	<i>31.12.2009</i>	<i>31.12.2010</i>
	<i>Rs.</i>	<i>Rs.</i>
Subscription in Arrears	200	450
Subscription in Advance	300	600
Furniture	2,000	1,080

Depreciation was 10% per annum on furniture, left after selling a part of it. It was decided that half of the legacies may be capitalised. Prepare income and expenditure account and Balance sheet on that date.

- (b) Gupta Bros paid Rs. 87,000 for a fixed asset which is expected to last for seven years. It is to be written off on the straight line basis. Scarp value Rs. 3,000. 5

Calculate the depreciation charged each year, and the profit or loss on disposal, if the asset is actually sold for :

- (i) Rs. 45000 at the end of fourth year
- (ii) Rs. 25000 at the end of fifth year

How would the asset been shown in the Balance Sheet at the end of third year ?

- 2 (a) Prepare Bank Reconciliation statement of Mr. Tendulkar as on 31st December, 2010, from the following : 10

- (i) Bank balance as per cash book Rs. 12,500
- (i) During the month of December, cheques of Rs. 3000 were issued to Mr. Dutson but encashed after 31st December, 2010.
- (iii) On 20.12.2010, a cheque of Rs. 2000 was deposited in a bank which has been entered in the pass book on 16.1.2011. Another cheque of Rs. 1500 debited in the cash book but omitted to be sent to the bank.
- (iv) During a month a cheque of Rs. 1000 was received from a customer and sent to the bank without recording in the cash book.
- (v) Bank charges of Rs. 100 were debited in the pass book but not entered in the cash book.

- (vi) On 31.12.2010, bank credited the passbook with Rs. 350 as interest but no entry for this was made in the cash book.
- (vii) Dividend of Rs. 750 was collected by the bank and credited in the pass book but not debited in the cash book.
- (viii) Insurance premium of Rs. 400 was paid by the bank on 28.12.2010, but no entry for this was made in the cash book.
- (ix) A cheque of Rs. 900 was received from Mr. Power, was dishonoured, but it was not entered in the cash book.
- (x) As per instructions, given by Mr. Tendulkar, bank met a liability of Rs. 300 and debited in the pass book but not entered in the cash book.

OR

- (a) A. Arora's trial balance fails to agree and he opens a suspense account with a credit balance of Rs. 220 to balance his books. The following errors were discovered : **10**
- (i) Goods purchased for cash Rs. 360 has been correctly entered in the cash book but posted at Rs. 460 in the ledger.
 - (ii) Cash sales of Rs. 640 has been correctly entered in the cash book but posted at Rs. 460 in the ledger.
 - (iii) Cash received from a customer Mr. P Rs. 650 has been correctly recorded in the cash book but posted in the wrong side in the customer's account.
 - (iv) Goods purchased on credit Rs. 1,200 from Mr. B has been correctly entered in the purchase day book but wrongly posted to Mr. Bhatt account Rs. 2,100.
 - (v) The purchase of a new office typewriter for Rs. 4,350 from Mr. Goj on credit has been entered in the purchase day book as Rs. 4530.
- Show journal entries correcting the errors and show how suspense account would appear after the correction.

- (b) Classify the following into Capital or Revenue Expenditure 5
- (i) Purchase of motor van
 - (ii) Yearly premium to insure motor van
 - (iii) Cost of re-building factory wall damaged by flood.
 - (iv) Purchase of freehold land
 - (v) Cost of building extension to factory.
 - (vi) Cost of painting new extension
 - (vii) Legal costs on acquiring land for the extension
 - (viii) Re-painting extension four years after completion.
 - (ix) Cost of repairs to motor van
 - (x) Repairing roof of extension.

- 3 Short notes (any two) 5
- (i) Advantages of Double Entry System
 - (ii) Going concern concept
 - (iii) Capital income and Revenue income.

SECTION - II

- 4 From the following balances from the books of Anup, prepare trading and profit and loss account and Balance Sheet for the year ending 31st December 2010 : 15

	Rs.	Rs.	
Capital	27,000	Rent and Rates	360
Investments	5000	Debtors	12,400
Motor van	21,000	Creditors	11,640
Loan (cr).....	6,000	Provision for doubtful debts ...	1,200
Stock (1 st January).....	12,640	Drawings	8,200
Wages.....	5,400	Purchases	64,800
Carriage	1,320	Sales	1,40,000
Sundry expenses	7,570	Building.....	29,500
Discount allowed	820	Income tax.....	3,200
Cash at Bank	6,250	Bad debts	500
Furniture	6,800	Interest on Investments.....	420
Loan Interest.....	500		

Adjustments :

- (i) Stock on 31st December was Rs. 15,300 (including stationary stock Rs. 340)
- (ii) Purchase includes purchase of stationary Rs. 760.
- (iii) The loan was taken on 1st March at 15% p.a.
- (iv) Provide 5% discount on debtors and $7\frac{1}{2}$ % for doubtful debts.
- (v) Write off depreciation :
 - 5% on building
 - 10% on motor van
 - 15% on furniture.
- (vi) Included in sundry expenses was Rs. 4500 for legal charges in connection with the purchase of buildings.
- (vii) Interest on investments accrued Rs. 160
- (viii) The opening stock included stationary worth Rs. 260
- (ix) Rs. 300 received in respect of a debt which had been written off earlier stands credited to the debtor's account and included in the list of creditors.

- 5 (a) Hill, Vale and Dale are in partnership sharing P & L 10 in the ratio 2:2:1. Interest is charged on partners drawings at 6% p.a. and credited on partners capital account balances at the rate of 6% p.a.

Vale is the firm's marketing manager and for his specialized services, he is credited with a salary of Rs. 2000 per quarter.

During the year end 30th April, the net profit of the firm was Rs. 62,000 and the partners drawings were

Hill Rs. 12,000

Vale Rs. 8,000

Dale Rs. 8,000

In each case, the above drawings were made in two equal installments on 31st October and 30th April.

On 31st October the firm agreed that Hill should withdraw Rs. 10,000 from his capital account and Dale should subscribe a similar amount to his capital account. The balances of the partners accounts on 1st May were :

	<i>Capital A/c. (Rs.)</i>	<i>Current A/c (Rs.)</i>
Hill	80,000	6,400
Vale	70,000	5,600
Dale	60,000	4,800

Transfer 5% of the Net Profit to the reserve fund. Prepare P&L Appropriation account, Partners Capital A/c and current account for the year end 30th April, 2010.

OR

- 5 Dr. Gupta commenced practice on 1st January 2010. He gives the following Receipts and Payments Account : 10

<i>Receipts</i>	<i>Amount</i>	<i>Payments</i>	<i>Amount</i>
To Capital Introduced	5,000	By furniture	2,000
To Visits	16,000	By equipments	2,500
To receipts from Dispensing	10,000	By purchase of drugs	3,000
To miscellaneous Receipts	100	By salary of assistant	2,000
		By Rent	1,500
		By Conveyance	1,000
		By Stationary	100
		By Lightening	150
		By Journals	250
		By Drawings	12,000
		By Balance c/d.	6,600
	31,100		31,100

Amount still receivable on accounts of visits and dispensing are Rs. 1000 and Rs. 600. Salary of assistant still payable is Rs. 200. 40% of conveyance is for domestic purpose. Stock of drugs still on hand Rs. 800, amount still payable for their purchase is Rs. 200. Furniture and equipments are both subject to depreciation at 10%.

Prepare receipts and expenditure account of Dr. Gupta for 2010 and his balance sheet at the end.

- 5** Explain : (any **one**) **5**
- (i) Valuation of Inventory (A.S.2)
 - (ii) Accounting for Fixed Assets (A.S.10).
- 6** Short notes (any **two**) **5**
- (i) Advantages of computer accounting
 - (ii) Donation - Specific and General
 - (iii) Fixed and Fluctuating Capital.
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