



4. From the following ledger account balances as on 1.1.2019, prepare the Balance Sheet and ascertain the capital fund.

	Rs.
Endowment fund	60,000
Equipments	30,000
Furniture	9,000
Subscriptions due	3,600
Outstanding payments	6,400
Excess of income over expenditure	30,000
Subscriptions received in advance	1,200
Prepaid rent	400
Land and building	70,000
Investments	50,000

5. On 1.1.2016, a machinery was purchased for a sum of Rs. 50,000. Additions to the extent of Rs. 10,000 on 1.7.2017 and to the extent of Rs. 20,000 on 1.10.2018 were made.

Prepare Machinery account for three years, providing depreciation at 10% on the original cost. The accounts are closed every year on 31st December.

6. Pass journal entries to rectify the following errors :
- (a) Rs. 10,000 received in respect of a book debt was posted to Sales Account.
 - (b) Defective goods worth Rs. 800 returned to Prathap were recorded through the sales return book.
 - (c) Goods sold for Rs. 5,200 to Ravi were returned to us and recorded in the sales book.
 - (d) A purchase of Rs. 8,400 from Raju on the last day of the year was not passed through the purchase book.
 - (e) Wages paid for the installation of machinery were debited to wages account.
 - (f) Salaries paid Rs. 3,000 was recorded twice.



SECTION - B

Answer **any four** questions :

(4 × 12 = 48)

7. Explain the following Accounting concepts :

- Accrual concept.
- Business entity concept.
- Accounting period concept.

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8. Explain the 'errors of omission' and 'errors of commission'.

9. On 1.1.2015 a company purchased a machine for Rs. 3,90,000 and spent Rs. 10,000 on its installation. It decided to provide depreciation at 15% p.a. using written down value method. On 1.7.2017 the machine was sold for Rs. 1,00,000. On the same day the company acquired a new machine at a total cost of Rs. 7,60,000. The company closes its books on 31st Dec. every year.

Prepare Machinery Account till 31.12.2018.

10. Dr. Bharathraj is practicing as doctor and runs a clinic. His trial balance as on 31.3.2019 is as under :

Particulars	Dr. (Rs.)	Cr. (Rs.)
Purchase of medicines	22,500	-
Expenses of clinic	6,400	-
Investment in shares	25,000	-
Refrigerator	12,000	-
Cash	8,900	-
Rent (for 11 months)	11,000	-
Compounder's salary (for 13 months)	26,000	-
Professional tax	2,400	-
Telephone charges	4,000	-
Miscellaneous expenses	3,200	-
Printing and stationery	1,700	-
Newspapers and periodicals	1,400	-



Particulars	Dr. (Rs.)	Cr. (Rs.)
Dividend on shares	—	2,200
Interest on fixed deposit	—	11,500
Bank interest	—	600
Professional fees received from patients	—	60,200
Capital	—	50,000
	<u>1,24,500</u>	<u>1,24,500</u>

Additional information :

- (a) Rent of a month is outstanding.
- (b) Compounder's salary for one month is paid in advance.
- (c) Purchase of medicines Rs. 2,500 is yet to be paid.
- (d) Closing stock of medicine is Rs. 2,000.

Prepare Income and Expenditure Account for the year ended 31.3.2019.

11. Sky Club Mangalore extracts the following Receipts and Payments Account for the year ending 31.12.2018. Prepare Income and Expenditure Account.

Receipts and Payments Account for the year ending 31.12.2018

Receipts	Rs.	Payments	Rs.
To Cash in hand	11,250	By Newspaper	7,500
To Subscriptions	29,000	By Rent	2,500
To Tournament fund	7,500	By Salaries	18,000
To Life membership fees	10,000	By Office expenses	12,000
To Entrance fees	1,000	By Tournament expenses	4,500
To Donation for Club		By Sports equipment	
Building	15,000	Purchased	11,500
To Sale of newspaper	500	By Fixed deposit	20,000
To Legacies	20,000	By Cash balance	18,250
	<u>94,250</u>		<u>94,250</u>

Adjustments :

- (a) Subscriptions outstanding on 31.12.2017 Rs. 4,500 and on 31.12.2018 Rs. 4,000.
- (b) Subscriptions received Rs. 1,000 for the year 2019.
- (c) Sports equipments were valued on 31.12.2017 at Rs. 5,500 and on 31.12.2018 at Rs. 10,900.
- (d) Office expenses included Rs. 1,500 for 2017, whereas Rs. 2,000 is still payable for 2018.

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12. From the following balances of Mr. Sinchan, prepare Trading and Profit and Loss account for the year ended 31.3.2019.

Particulars	Rs.	Particulars	Rs.
Purchases	1,40,000	Commission received	12,000
Sales	3,00,000	Salaries	48,000
Opening stock	30,000	Insurance	12,000
Wages	30,000	Furniture	70,000
Carriage inwards	15,000	Interest received	8,000
Power and fuel	3,000	Rent and taxes paid	20,000
Purchases return	10,000	Interest on capital	4,000
Sales returns	20,000	Interest on drawings	2,000
Stationary	17,000	Bank charges	8,000
Cash	60,000	Reserve for bad debts	2,000
Bad debts	5,000		

Adjustments:

- (a) Closing stock Rs. 55,000
- (b) Outstanding wages Rs. 10,000 and salary Rs. 12,000.



SECTION - C

Answer **any two** questions :

(2 × 24 = 48)

13. On 1.1.2015, SRR Ltd purchased a machine for Rs. 1,00,000. The expected life of the machine is 4 years and was decided to create a depreciation fund in order to provide funds for its replacement. As per sinking fund table Rs. 23,200 should be invested every year in outside securities which were expected to earn 5% interest at compound rate. At the end of the 4th year investments were realized at 5% less than the book value.

Show:

- (a) Machinery A/c.
 - (b) Depreciation Fund A/c.
 - (c) Depreciation Fund Investment A/c.
14. From the following Trial balance of Mr. Prakash, prepare a Trading and Profit and Loss Account for the year ending 31.3.2019 and a Balance Sheet as on that date.

	Dr. (Rs.)	Cr. (Rs.)
Capital	-	7,10,000
Cash in hand	39,000	-
Purchase and sales	4,10,000	9,88,000
Returns	6,000	5,000
Wages	1,05,000	-
Power and fuel	40,000	-
Salaries	1,50,000	-
Carriage outwards	32,000	-
Carriage inwards	20,000	-
Stock (1.4.2018)	58,000	-
Building	4,00,000	-
Plant and machinery	2,00,000	-
Furniture	75,000	-
Debtors	1,40,000	-
Creditors	-	60,000

	Dr. (Rs.)	Cr. (Rs.)
Bad debts	5,000	-
Provision for bad debts	-	3,000
General expenses	15,000	-
Rent and taxes	15,000	-
Insurance	6,000	-
Drawings	50,000	-
	<u>17,66,000</u>	<u>17,66,000</u>

Adjustments :

- Stock on 31.3.2019 was valued at Rs. 70,000.
- Building, machinery and furniture are to be depreciated by Rs. 20,000, Rs. 30,000 and Rs. 1,500 respectively.
- Salaries and advertisement bill are outstanding to the extent of Rs. 5,000 and Rs. 10,000 respectively.
- Write off further bad debts Rs. 2,000 and create 5% RBD on debtors.
- Prepaid insurance amounted to Rs. 1,700.
- Goods purchases worth Rs. 50,000 were received and included in stock but were not entered in purchase book.
- Debtors include Rs. 1,000 due from proprietor.

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15. From the following Receipts and Payment Account and Balance Sheet of Bangalore Sports Club, prepare an Income and Expenditure Account and Balance Sheet as on 31.12.2018.

Balance Sheet as on 31.12.2017

Liabilities	Rs.	Assets	Rs.
Capital fund	30,500	Buildings	32,000
Subscription for 2018	500	Subscription receivable	800
Sundry expenses payable	2,000	Rent receivable	200
Bank loan	10,000	Furniture	6,000
		Cash	4,000
	<u>43,000</u>		<u>43,000</u>

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Receipts and Payments A/c for the year ended 31.12.2018

Receipts		Rs.	Payments		Rs.
To	Balance b/d	4,000	By	Sundry expenses:	
To	Subscription:			2017 -	2,000
	2017 -	800		2018 -	3,000
	2018 -	8,800	By	Salary	2,200
	2019 -	1,400	By	Newspaper	1,000
To	Entrance fees	200	By	Refreshment expenses	2,000
To	Rent	2,000	By	Investment	5,000
To	Sale of old newspaper	2,000	By	Bank loan	4,000
To	Receipts from refreshment	3,000	By	Balance c/d	3,000
		<u>22,200</u>			<u>22,200</u>

Adjustments :

- (a) Subscription outstanding Rs. 500.
 - (b) Staff salary outstanding Rs. 200.
 - (c) Interest on bank loan accrued but not paid Rs. 1,200.
 - (d) Depreciation of building Rs. 2,000.
 - (e) Depreciation on furniture Rs. 500.
 - (f) 50% of the entrance fees are to be capitalized.
16. (a) Rectify the following errors in the books of Asha and prepare the Suspense Account.
- (i) The total of return inward book Rs. 2,200 was not posted in the ledger.
 - (ii) A credit purchase of Rs. 4,000 from Nisha was entered in the sales book. However, her account was correctly credited.
 - (iii) A sale of Rs. 4,300 to Lakshmi was entered in her account as Rs. 3,400.
 - (iv) Old furniture sold Rs. 5,400 was entered in the Sales account as Rs. 4,500.



- (v) Goods taken by Asha for Rs. 5,000 was not entered in the books.
- (vi) Repairs to Motor Van Rs. 5,000 were debited to Motor Van account.
- (vii) Total of the discount column of the cash book (Cr) was Rs. 1,000 short.
- (viii) A dividend of Rs. 1,500 received from the estate of Mamatha, an insolvent was found to be posted to the debit of her account.
- (b) From the following Trial Balance of CA Rayappa Nayak prepare Income and Expenditure Account as on 31.3.2019.

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Particulars	Dr (Rs.)	Cr (Rs.)
Capital	-	6,50,000
Audit fee received	-	10,50,000
Honorarium received	-	1,50,000
Dividend received	-	20,000
Other professional fee received	-	60,000
Term loan	-	3,00,000
Furniture	3,20,000	-
Motor car	6,80,000	-
Computers	1,60,000	-
Cash and Bank balance	4,01,600	-
Newspapers and periodicals	15,900	-
Motor car expenses	1,23,000	-
Salary and stipend	1,44,000	-
Rent	46,000	-
Telephone expenses	22,800	-
Printing and stationery	67,500	-
Electricity	33,500	-
Income tax	65,600	-
Membership fee to ICAI	7,500	-



Particulars	Dr (Rs.)	Cr (Rs.)
Insurance	60,000	-
Conveyance	42,600	-
Staff welfare expenses	30,000	-
Interest on term loan	10,000	-
	<u>22,30,000</u>	<u>22,30,000</u>

Additional information:

- (a) Insurance includes Life Insurance premium Rs. 20,000.
- (b) 25% of Motor car expenses is related to personal use.
- (c) Depreciation charged @ 10% on furniture, @ 15% on Motor car and @ 40% on computers.
- (d) Term loan is borrowed @ 10% on 1.7.2018.

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