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ECO-002

BACHELOR'S DEGREE PROGRAMME

Term-End Examination, 2019

ELECTIVE COURSE : COMMERCE

ECO-002 : ACCOUNTANCY - I

Time : 2 Hours

Maximum Marks : 50

Weightage : 70%

Note : Attempt **any four** questions including question no. 1 which is **compulsory**.

1. Attempt **any two** of the following questions: [7+7]
- (a) What is meant by Dual Aspect Concept ? Explain its accounting implications.
 - (b) What is Trial Balance ? How it is prepared ?
 - (c) State various causes of disagreement between the balances shown by the cash book and the pass book.
 - (d) Define "Bill of Exchange" and "Promissory Note". Also state their importance for the modern business.

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(1)



2. An extract from a trader Trial Balance on March 31, 2017 is given below :

Name of the Account	Dr. (Rs.)	Cr.(Rs.)
Sundry Debtors	6,40,000	
Bad Debts	40,000	
Provision for Bad Debt		70,000

Adjustments: Write off further bad debts Rs.20,000 and create a provision for doubtful debts at 5 per cent on debtors. Pass the necessary journal entries and show Bad Debts and Provision for Bad Debts Accounts. Also show their treatment in the final accounts. [12]

3. Vanaspati Ltd. consigned 5,000 Kg. of vanaspati ghee to Ashoka Dealers, Chandigarh. A kg. of ghee costs Rs.80. Vanaspati Ltd. paid Rs. 500 for carriage, Rs. 2,500 for packing and Rs. 2,000 for insurance in transit. After 3 months from the date of consignment of goods, Ashoka Dealers reported that 3,500 kg. of ghee was sold @ Rs.95 per kg. and expenses incurred were Rs.5,000 on godown rent and Rs. 7,500 on salesman salary. Ashoka Dealers were entitled to a commission of 5 per cent on sales. 500 kg. of ghee was accidentally destroyed in the godown. Insurance claim of Rs. 35,000 was admitted. Prepare the necessary ledger accounts in the books of consignor. [12]

4. (a) Explain briefly as to how Debtors Ledger is made Self-balancing. How do you deal with a transfer from one personal ledger to another ? [6]
- (b) State the drawbacks of Single Entry System of Accounting. Explain briefly any one method of ascertaining profit when accounting records are incomplete. [6]
5. (a) Distinguish between Specific Reserve and General Reserve. [4]
- (b) Suraj and Sons purchased a car for Rs. 10,00,000 on April 1, 2013. The car was depreciated at 10 per cent under the written down value method. On April 1, 2016. they changed the method of depreciation from written down value method to straight line method without changing the rate and effective from the beginning. Show the Car Account from April 1, 2013 to March 31, 2017. [8]
6. (a) Show, how will you deal with the following items while preparing the final accounts of a non-trading concern :

(i) Life Membership Fees

(ii) Sale of Used Sports Materials [6]

(b) From the following cash transactions of a firm for the year ending March 31, 2017, ascertain the amount of cash at bank at the end: [6]

	Rs.
Cash in hand as on April 1, 2016	10,000
Cash at bank as on April 1, 2016	40,000
Cash received from debtors	80,000
Payments to creditors	72,000
Other Incomes	8,000
Cash in hand as on March 31, 2017	6,000
Salaries paid	36,000
Other Expenses	13,000
Cash Purchases	8,000
Cash Sales	16,000
Drawings	8,000
Furniture Purchased	6,000
Sale of old Motor Car	16,000
Bank Charges	1,000

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