

MAY 2011

P/ID 77713/MBN1B

Time : Three hours

Maximum : 100 marks

SECTION A — (10 × 3 = 30 marks)

Answer any TEN questions.

All questions carry equal marks.

Write short notes on the following :

1. Double entry book keeping.
2. Cash book.
3. Financial accounts.
4. Receipts.
5. Rectification of errors.
6. Single entry system.
7. Retail profit.
8. Selling price.
9. Repossession.
10. Insolvency.
11. Current assets.
12. Accounts of partners.

SECTION B — (5 × 6 = 30 marks)

Answer any FIVE questions.

All questions carry equal marks.

13. Describe the basic functions of accounting.
14. What is trail balance? Why is prepared?
15. What is an error in accounting? What are the types of errors?
16. Describe the causes for depreciation?
17. Distinguish between statement of affairs and balance sheet.
18. What is branch accounting? Why it is prepared?
19. Describe the contents of Hire Purchases Agreement?
20. Describe the essential elements of partnership.

SECTION C — (2 × 20 = 40 marks)

Answer any TWO questions.

All questions carry equal marks.

21. Prepare, Trading and profit and loss account and balance sheet as on 31.12.1991 from the trial

balance and additional adjustment information
extracted from the books of Mr. Kannan.

Trail Balance on 31.12.1991

Debit Balance	Rs.	Credit Balance	Rs.
Cash in hand	1,200	Discount	800
Purchases	1,62,500	Sundry creditors	18,200
Opening stock	26,700	Sales	2,60,000
Sundry debtors	32,000	Returns outwards	500
Salaries	16,000	Bills payable	8,000
Wages	12,000	Bank over draft	4,000
Carriage inwards	6,000	Kannan's capital	24,900
Carriage outwards	2,600		
Postal expenses	1,400		
Fuel and power	6,000		
Furniture	3,000		
Returns inwards	2,000		
Office expenses	4,000		
Interest	1,000		
Land and Building	10,000		
Plant and machinery	30,000		
	<u>3,16,400</u>		<u>3,16,400</u>

Adjustments :

- (a) Salary outstanding Rs. 2,000 ; wages outstanding Rs. 1,000.
- (b) Depreciate : Land and Buildings 3% ; plant and machinery 10%; furniture 15%.
- (c) Reserve for doubtful debts 5% on debtors.
- (d) Closing stock was valued at Rs. 40,000.

22. Following errors were detected after preparation of trail balance and taking the difference to suspense account. Rectify the errors.
- (a) A credit sales of Rs. 450 to chitra was debited to mitra.
 - (b) A purchase of goods for Rs. 750, from Chakravarthy was debited to his account.
 - (c) An office almirah purchased for Rs. 750 was debited to repairs account.
 - (d) A sum of Rs. 350, received from Maya a debtor, was debited to her account.
 - (e) Purchase of goods for the consumption of the proprietor was debited to purchases account.
 - (f) Discount allowed Rs. 75 was credited to discount receivable account.
23. Discuss the procedure for the preparation of departmental accounts.
24. Explain the following methods of preparing Hirepurchases trading accounts
- (a) Debtors method
 - (b) Stock and debtors method.