

(6 pages)

MAY 2014

**P/ID 77713/MBN1B/  
MBS1B**

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Time : Three hours

Maximum : 100 marks

SECTION A — (10 × 3 = 30 marks)

Answer any TEN questions.

Write short notes on the following :

1. Sundry Debtors.
2. Business entity concept.
3. Compensating error.
4. Cash Book.
5. Reducing Balance method of depreciation.
6. Independent Branches.
7. Single entry.
8. Departmental accounts.
9. Hire purchase.

10. Fixed capital.
11. Undistributed profits.
12. Trading accountancy.

SECTION B — (5 × 6 = 30 marks)

Answer any FIVE questions.

13. Explain the role of accountant in the present day economy.
14. Explain the need and significance of depreciation. What factors should be considered for determining amount of depreciation?
15. State the need for stock and debtor system.
16. Explain the features of Hire Purchase Arrangement.
17. What are adjustments to be made in connection with retirement of a partner?
18. What are the ways in which branch trial balance may be incorporated in the book of account of the head office?

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19. Calculate the missing information from the following :

	Rs.
Profit made during the year	4,800
Capital at the end	?
Additional capital introduced during the year	4,000
Drawings	2,400
Capital in the beginning	9,600

20. State the difference between receipts and payments accounts and income and expenditure account.

SECTION C — (2 × 20 = 40 marks)

Answer any TWO questions.

21. From the following particulars of Mr. Surender. Prepare the profit and loss account and balance sheet for the year ended 31.12.2012.

Particulars	Rs.
Capital	75,000
Cash	4,000
Buildings	40,000
Wages	6,000

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Particulars	Rs.
Salary	5,000
Rent of taxes	800
Printing and Stationery	700
Stock 1.1.2012	12,000
Insurance premium	600
Machinery	12,000
Drawings	4,000
Purchases	50,000
Sales	75,000
Carriage inwards	500
Fuel gas	1,900
Sundry debtors	25,000
Sundry creditors	11,600
Sales returns	1,800
Purchase returns	1,500
Bills receivable	2,000
Advertisement	1,600
Dividend	800
Furniture	2,000
Loan	6,000

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Adjustments :

- (a) Closing stock valued at Rs. 14,000.
- (b) Write off Rs. 1,000 as Bad debts; provide 5% for Bad and doubtful debts. Make provision for Discount on debtors at 2%.
- (c) Provision for discount on creditors at 2%.

22. Rectify the following errors :

- (a) An amount of Rs. 3,000 received from Mannavan was credited to Thennavan's account.
- (b) Salaries amounting to 985 were paid in cash but no entry was made at all.
- (c) Dues to Ravi Rs. 7,000 were settled by paying Rs. 6,900 and that had been made as  
Ravi A/C Dr. – Rs. 6,900  
To cash A/c – Rs. 6,900
- (d) An amount of Rs. 1,000 paid to Chidambaram for repairs was entered in his personal account.

23. Explain the procedure to be used for preparing a Bank reconciliation statement.

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24. If partnership deed of firm is silent on the following points. What will you assume?
- (a) Profit sharing ratio.
  - (b) Interest on drawings.
  - (c) Interest on capital.
  - (d) Salary to partners.
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