

MAR THOMA RESIDENTIAL SCHOOL, TIRUVALLA  
SECOND TERM EXAMINATION 2017  
ACCOUNTS

Marks: 80  
Time: 3hr

75

**Part I**

Answer the following:

Distinguish between fixed instalments method and reducing instalment method. (Four points)

Distinguish between bill and promissory note. (4 points)

What is meant by single entry system. Give its two advantages.

Give adjusting journal entries for bad debts and provision for bad debts.

Write the accounting treatment of:

- a. Life membership fee      b. Donations.

Distinguish between Trial balance and Balance sheet. (12)

**Part II**

Answer the questions:

From the following trial balance of Mr. Intelligent as on 31<sup>st</sup> March, 2015. Prepare trading, profit and loss Account and a Balance Sheet as on that date.

	Debit	Credit
Premises	36,000	----
Bank	5,000	----
Furniture	5,000	----
10% Bank loan(taken on 30 <sup>th</sup> April, 2014)	----	15,000
Debtors and Creditors	25,000	20,000
Capital	----	26,000
Opening stock	6,000	----
Purchases and sales	1,25,000	1,61,000
Returns	6,000	5000
Rent	3,000	----
Administration Expense	8,000	----
Commission	3,000	500
Interest on loan	1,000	----
Electric charges	1,000	----
Bad-debts	1,000	----
Bill receivable	<u>2,500</u>	<u>----</u>
	<u>2,27,500</u>	<u>2,27,500</u>

Adjustments:

1. Provide 10% depreciation on furniture.
  2. Provide for additional bad debts Rs 1000 and provision for doubtful debts @ 5%
  3. Unpaid rent Rs 500.
  4. Provide managers salary 5% of net profits before charging such commission.
- Closing stock Rs 8,000.

(12)

V. A company purchased machineries for Rs. 1 lakh, including there in a boiler worth Rs. 10,000 on 1<sup>st</sup> July 2012. On 1<sup>st</sup> April 2013 it bought another machine for Rs. 50,000 and on 31<sup>st</sup> December 2013 boiler became useless and sold for Rs. 2000. another boiler was purchased on the same date worth Rs. 12,000. Prepare machinery account for four years depreciation is charged 10% per annum on diminishing balance methods.

IV A retail trader has not kept proper books of accounts, but from the following details you are required ascertain the profit or loss for the year ended 31<sup>st</sup> December, 2014; and prepare the balance sheet.

	31 <sup>st</sup> December, 2013	31 <sup>st</sup> December, 2014
Stock in trade	16,700	18,500
Creditors	15,400	14,000
Debtors	11,200	10,500
Cash in hand	250	1,200
Bank overdraft	20,200	19,400
Bill receivable	15,050	14,200
Furniture	15,000	15,000
Motor Van	90,000	90,000

1. The drawings during the year amounted to Rs 26,000.
2. Depreciation Furniture by 10%; Motor Van Rs 3,000.
3. It is ascertained Rs 500, out of debtors is irrecoverable and a further reserve of 5% should be made.

(12)

V Punit draws a bill of exchange for Rs 10000 for 3 months on sunil on 1<sup>st</sup> September, 2012; which is accepted by the latter. On October 1<sup>st</sup> Punit discounts the bill with his bankers @ 6%p.a. On the due date the bill was dishonoured and bank paid Rs 100 as noting charges. Sunil offers Punit Rs 4500 and asks him to draw another bill for 3 months for the balance plus interest 6% P.A. Punit agrees to this, but before due date of second bill. Sunil becomes bankrupt. Sunil's estate pays 50 paise in the rupee. Give journal entries in the books of Punit and Sunil.

(12)



(a) A company purchased a machinery for Rs 1,00,000 including therein a boiler worth Rs 10,000 on 1st July 2012. On 1st April, 2013 it bought another machine for 50,000 and on 31st December, 2014 the boiler became useless and sold for Rs 2,000. Another boiler became useless and sold for Rs 2,000. Another boiler was purchased on the same date worth Rs 12,000. Prepare machinery account for four years. Depreciation is charged @ 10% P.A on diminishing balance method.

(b) Write adjusting journal entries for charging depreciation (two methods). (12)

VII. From the following receipts and payment account of Kabir educational society for the year ended 31st March, 2013. Prepare income and expenditure account for the year ended 31st March, 2013 and the Balance sheet as on that date:

Receipts and payments account for the year ending 31st March, 2013

To balance b/d	32,500	By honorarium to cashier	2000
To entrance fee	5,000	By stationary	500
To life membership fees	15,000	By books(1-4-2012)	3000
To subscriptions	7,000	By telephone charges	1200
To sale of old news paper	500	By computer(1-4-2012)	45000
To locker's rent	700	By repairs	1000
		By wages	2500
		By balance dd	<u>5500</u>
	60,700		60,700

On 1st April, 2012 the society had assets worth Rs 20,000 (including Books Rs 5,000 investment Rs 10,000 and furniture Rs 5,000). Subscriptions outstanding as on 1-4-2012 were Rs 600 as on 31-03-2013 were Rs 700. Creditors for stationary on 1st April 2012 were Rs 200. Bills outstanding for repairs as on 31st March were Rs 1100 and wages outstanding were Rs 500. 3/4th of the entrance fee is to be capitalised. Depreciate computers @ 25% P.A and Books 10% P.A. (12)

II. On 1-7-2007 M Ltd. Purchased a machinery for Rs 2,50,000. A part of the machinery which was purchased Rs 20,000 on 1st July 2007 became obsolete and was disposed of for Rs 2,000 on 1st October, 2009. Depreciation is charged @ 10% annually on written down value method. Show machinery account for the year ending 31st December, 2010 and machinery Disposal Account. The books closed on 31st December every