

SRI VENKATESWARA UNIVERSITY; TIRUPATI

I B.Com/ B.Com(CA)/B.Com(Tax)/B.Com(ASM)/B.A (Accountancy) ;

SEMESTER – II – W.E.F. 2016-17

DSC 1B – FUNDAMENTALS OF ACCOUNTING-II

Unit-I: DEPRECIATION

Methods of Depreciation - Straight line method - Diminishing balancing method - Annuity method - Depreciation fund method - Problems.

Unit-II: PROVISIONS AND RESERVES

Meaning – Provision Vs Reserve – Preparation of Bad debts A/c –RBDD A/c – Provision for Discount on Debtors A/c’.

Unit-III: BILLS OF EXCHANGE

Meaning of Bill –Features of bill – Parties in the Bill – Discounting of Bill – Renewal of Bill – Entries in the books of Drawer and Drawee (Problems).

Unit-IV: CONSIGNMENT ACCOUNTS

Consignment - Features - Proforma invoice - Account sales – Del-credre Commission - Accounting treatment in the books of consigner and consignee - Valuation of closing stock - Abnormal loss – Problems.

Unit-V: JOINT VENTURE ACCOUNTS

Joint venture - Features - Difference between joint venture and consignment – Accounting procedure - methods of keeping records - Problems.

Reference Books:

1. Tulsan, Accountancy-I, McGraw Hill Co.
2. R.L. Gupta & V.K. Gupta, Principles and Practice of Accounting, Sultan Chand
3. T. S. Reddy and A. Murthy - Financial Accounting, Margham Publications.
4. S.P. Jain & K.L Narang, Accountancy-I, Kalyani Publishers.
5. V.K. Goyal, Financial Accounting, Excel Books
6. T.S. Grewal, Introduction to Accountancy, Sultan Chand & Co.
7. Haneef and Mukherjee, Accountancy-I, Tata McGraw Hill

8. Arulanandam, Advanced Accountancy, Himalaya Publishers
9. S.N.Maheshwari & V.L.Maheswari, Advanced Accountancy-I, Vikas Publishers.

SRI VENKATESWARA UNIVERSITY
MODEL QUESTION PAPER
I B.Com Semester - II
DSC 1B - Fundamentals of Accounting-II
(common to B.Com (CA); B.A (Accountancy))

Time: 3 Hours

Max. Marks: 75

Section A

Answer any **Five** of the following Questions

(5 x 3= 15 Marks)

1. (a) Define Depreciation-
- (b) Provision for Bad debts - Journal entry
- (c) Account Sales
- (d) Features of Joint Venture
- (e) Write any three causes for depreciation?
- (f) Write any three differences between Provision and Reserve?
- (g) Delcredre Commission
- (h) Find annual Depreciation – Cost of the Machine Rs.9,500
Installation Charges Rs.500; Estimated Scrape Value Rs.1000
Estimated Life of the Machine 5 years
- (i) Parties in the bill of exchange
- (j) Characteristic features of a bill

Section - B

Answer any ONE Question from each unit.

(5 x12 =60 Marks)

UNIT - I

2. On 1st January, 2007, machinery was purchased by X for Rs.60,000. On 1st July, 2008 additions were made to the extent of Rs.30,000. On 1st April, 2009, further additions were made to the extent of Rs.16,000.
On 30th June, 2009 machinery, the original value of which was Rs.10,000 on 1st January, 2007, was sold for Rs.8,000. Depreciation is charged at 10% p.a. on original cost. So the machinery Account for the years from 2007 to 2010 in the books of X. X Closes his books on 31st December of every year.
3. A firm purchases a 5 years' lease for Rs.40,000 on 1st January. It decides to write off depreciation on the Annuity Method, presuming the rate of interest to be 5% per annum. The annuity tables show that a sum of Rs.9,239 should be written off every year. Show the Lease Account for five years. Calculations are to be made to the nearest-rupee.

UNIT – II

4. A firm desires to debit its Profit and Loss Account with a uniform figure every year in respect of repairs and renewals. It expects that considering the life of the asset in question Rs.10,000 will be the average amount to be spent per year. Actual repairs are Rs.1,000 in the first year, Rs.2,300 in the second year and Rs.3,700 in the third year. Show the Provision for Repairs and Renewals Account.
5. From the following figures you are required to prepare:
- i) Bad Debts Account
 - ii) Provision for Bad Debts Account
 - iii) Profit and Loss Account.
- | | | |
|----------------|-------------------------|-----------|
| April 1, 2012 | Provision for Bad Debts | Rs.2,500 |
| March 31, 2013 | Bad Debts | Rs.3,600 |
| | Debtors | Rs.40,000 |
- Make provision for bad debts at 5% on debtors.

UNIT - III

6. On 1st January 2015 Venkatesh sold goods worth Rs.5,000 to Nagarjuna and drew a bill on Nagarjuna for 3 months for the same amount. Nagarjuna accepted the bill and returned it to Venkatesh. On 1st February 2015, Venkatesh endorsed the bill in favour of his creditor Prabhakar in settlement of his debt. The bill was honoured on due date. Pass the necessary journal entries in the books of Venkatesh, Nagarjuna and Prabhakar.
7. Narayana purchased goods for Rs.20,000 from Ravindra on 1st March 2015. Ravindra drew upon Narayana a bill of exchange for the same amount payable after four months. The bill was immediately discounted by Ravindra with his bank @ 6% p.a. On the due date the bill was dishonoured and Bank paid Rs.250 as noting charges. Pass the necessary journal entries in the books of Ravindra and Narayana.

UNIT – IV

8. Ram & Co. of Calcutta consigned 150 cases of goods at Rs.500 each to Raghava of Bombay. The consignor pays Rs.1,200 for insurance and for freight Rs.1,500. Raghava sent an advance for Rs.40,000 through cheque and sent an account sales showing the gross proceeds at Rs. 1,16,000. The expenses paid by Raghava were dock dues Rs.2,000, carriage Rs.3,000, warehousing expenses Rs.4,000. He sent the amount due to the consignor after deducting 4 per cent commission. Show necessary A/c's in the books of both.

9. 300 bicycles were consigned by Ramanujam Bicycle Co., Delhi to Superior Bros., Chennai Rs.800 each. Ramanujam Co. paid freight Rs.10,000 and insurance in transit Rs 3,500. During transit 30 bicycles were totally damaged by fire. Superior Bros.took delivery of the remaining bicycles and paid Rs.3,500 for octroi.

Superior Bros. sent a bank draft to Ramanujam Co. for Rs.1,50,000 as advance payment and later sent an Account Sales showing that 250 bicycles were sold at Rs.1000 each. Expenses incurred by Superior Bros. is entitled to commission of 5%. Prepare the consignment Account, Accidental Loss Account and Superior Bros. Account in the books of Ramanujam Bicycle Co., Delhi assuming that a claim from insurance company was settled for Rs.18,000.

UNIT - V

10. A and B enter into joint venture sharing profit $\frac{3}{5}$ ths and $\frac{2}{5}$ ths. A is to purchase timber in Madhya Pradesh and forward it to B in Delhi. A purchases timber worth Rs.10,000 and pays Rs.1,000 as expenses. B received the consignment and immediately accepted A/s draft for Rs.8,000. A got it discounted for Rs.7,850. B sold the timber for Rs.16,000. He had to spend Rs.350 for fire insurance and Rs.300 for rent. Under the agreement he is entitled to a commission of 5% on sales. SGive ledger accounts in the books of A and B.

11. Ramesh and Naresh undertook the construction of a building for Ideal Engineering Co. Ltd. for a contract price of Rs.3,00,000 payable as to Rs.2,00,000 by installments in cash and Rs.1,00,000 in fully paid debentures of a company. Ramesh put Rs.75,000 and Naresh Rs.45,000 in a joint banking account opened for the purpose. They are to share profits and losses equally. The following amounts were spent.

On wages Rs.75,000; On Materials Rs.1,58,000 and On plant Rs.20,000.

The contract was completed and the price duly received. The joint venture was closed by Ramesh taking up all the debentures at an agreed valuation of Rs.95,000. Half of the plant was taken over by Naresh and the other half was sold for Rs.12,000. Naresh also took over unused stock of materials at a mutually agreed price of Rs.8,000. Prepare necessary ledger accounts.