

Roll No. SRK

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KARNATAKA STATE SCHOOL & COMMERCE COLLEGE

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PGIIS-N 1116 A-2K11 P A B-385 491

M.Com. II Semester Degree Examination, May/June - 2011
Commerce
Accounting Systems (New)
Paper - 2.2

Time : 3 Hours

Maximum Marks : 80

Instructions to Candidates:

Attempt all Sections

SECTION - A

1. Answer all the sub-questions. Each sub-question carries 2 marks..

(10×2=20)

1. (a) What is ledger account? 15 Book B.com 1st
2. (b) Define revenue. 27 Book P.O.C 1st
3. (c) What is going concern concept? 40 Notes
4. (d) What is Deflation? 41 Notes
5. (e) Define social accounting. 45 Notes
6. (f) What is matching principle? 41 Notes
7. (g) State two features of inflation accounting.
8. (h) Define final accounts. 73 Book B.com 1st
9. (i) What are intangible assets? 55 book B.com 1st / P.O.C 3rd (Final acc.)
10. (j) What is accounting equation? 39 P.O.C 1st

SECTION - B

Answer any three questions. Each question carries five marks.

(3×5=15)

2. What is Journal? Give the ruling of Journal and explain its main constituents.
3. Why do you create provision for bad debts? Explain its treatment in final accounts.
4. What is general purpose financial reporting? Who are its users? 220 / 33 B.com 1st
5. Write a note on GAAP. 8 Notes U-B P.O.C 4th Book
6. Explain the need and importance of inflation accounting. P.O.C 1st

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(1)

[Contd....]

SECTION - C

Answer any three questions. Each question carries 15 marks. (3x15=45)

7. Discuss the importance of accounting from stakeholders point of view. *4 notes*
8. Discuss the activities associated with generation of revenue in a manufacturing concern. Explain revenue recognition criteria. *46 notes*
9. Discuss the objectives of financial reporting. Explain the relevance and reliability characteristics of financial accounting and reporting. *220 book record / P. N. record*
10. M/s. ABC. purchased on 1st January, 1986 second hand plant for Rs. 60,000 and immediately spent Rs. 40,000 in putting the same in working condition. On 1st January 1988 the plant purchased on 1st January 1986 became absolute and was sold for Rs. 50,000. On 1st July 1988 new machinery was purchased at a cost of Rs. 1,20,000. During the year 1986 to 1988 the firm provided depreciation on straightline method at 10% p.a. on the original cost of the asset. During the years 1989 to 1991 the firm provided depreciation on reducing balance method at 15% p.a. Show the plant and machinery account as it would appear in the books of the firm for the years 1986 to 1991.
11. From the following Trial Balance, prepare a Trading and Profit and Loss account for the year ended 31-12-2001 and a balance sheet on that date.

TRIAL BALANCE

	DEBIT	CREDIT
	Rs.	Rs.
Capital <i>— Bls</i>	--	4,250
Drawings <i>— Bls</i>	710	--
Plant and Machinery <i>— Bls</i>	950	--
Stock on 1 st January <i>— T</i>	1460	--
Purchases and Sales <i>— T</i>	10,362	11,906
Purchases and Sales Returns <i>— T</i>	210	291
General Expenses <i>— Plc</i>	440	--
Rent <i>— Plc</i>	120	--
Rates <i>— Plc</i>	200	--
Apprentice premium <i>— Plc</i>	--	80
Bank Overdraft <i>— Bls</i>	--	240
Bad debts <i>— Plc</i>	172	--
Debtors and Creditors <i>Bls</i>	4,200	2,000
Cash on hand <i>— Bls</i>	48	--
Bad debt reserve <i>— Plc</i>	--	105
	<u>18,872</u>	<u>18,872</u>

Make provision for the following :

- a) Depreciate plant and machinery at 10% p.a. *— Plc / Bls*
- b) Increase bad debt reserve to 5% on Sundry debtors. *Plc / Bls*
- c) Rent accrued is Rs. 40. *— Plc / Bls*
- d) Rates of Rs. 80 are paid in advance. *— Plc / Bls*
- e) Stock on hand as on 31st December is Rs. 1700. *T / Bls*
- f) Apprentice premium received in advance is Rs. 20. *Plc / Bls*