

SECTION B

2. Write a detailed note on concepts that are followed in accounting.
3. What do you mean by bank reconciliation statement? Why it is prepared?
4. Write a detailed note on
 - a) Fixed installment method of depreciation
 - b) Accounting cycle
 - c) Accounting equation
 - d) Journal proper
5. Journalize the following in the books of Mr. Smith:
2010
April 11 Goods purchase from Ram for Rs. 12,000 trade discount @ 10%
April 13 Above, goods sold to sham at original price less 3% trade discount.
April 15 $\frac{1}{4}$ of the total goods returned by sham.
April 16 Goods received back from Sham returned to Ram.
6. On 1st January, 2008, X Ltd purchase machinery for Rs. 58,000 and spent Rs. 2,000 on its erection. On 1st July, 2008 an additional machinery costing Rs. 20,000 was purchased. On 1st July, 2010 the machine purchased on 1.1.2008 was sold for 28,600 and on the same date, a new machine was purchased at a cost of 40,000. Show the machinery account for the first four calendar years according to written down value method taking the rate of depreciation at 10%.

7. The following are the balance extracted from the books of Mr. X as on 31st March, 2012. From these balances and information given, prepare his trading, profit and loss account and balance sheet.

| Trial balance as on 31 st March, 2012 | | |
|--|---------------|---------------|
| | Rs. | Rs. |
| Drawings | 3,500 | |
| Building | 6,000 | |
| Debtors and Creditors | 5,000 | 8,000 |
| Purchases and Sales | 30,000 | 46,500 |
| Sales return and Purchase Return | 350 | 290 |
| Discount | 710 | |
| Insurance | 300 | |
| Cash | 3,000 | |
| Stock | 1,200 | |
| bad debts | 500 | |
| carriage | 630 | |
| wages | 2,770 | |
| machinery | 20,000 | |
| furniture | 6,000 | |
| salaries | 3,300 | |
| Bank charges | 200 | |
| Bill receivable and payable | 6,000 | 4,000 |
| Trade charges | 830 | |
| capital | | 31,500 |
| Total | 90,290 | 90,290 |

Adjustments

1. Depreciate building 5% and machinery 10% p.a.
2. Trade expenses Rs. 250 and wages Rs. 350 have not yet been paid.
3. Allow interest on capital at 10% p.a.
4. Stock on 31st March, 2012, Rs. 5000.
5. Wages include 1,000 spent on the installation of the machinery.