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| **University of Kerala** | | |
| Discipline: Commerce |  | Time: 2 Hours (120 Mins.) |
| Course Code:UK1DSCCOM100 |  | Total Marks: 56 |
| Course Title: Accounting Principles and Standards |  |  |
| Type of Course: DSC |  |  |
| Semester: 1 |  |  |
| Academic Level: 100-199 |  |  |
| Total Credit: 4, Theory: 4 Credit, Practical: 0 Credit |  |  |

Part A. 6 Marks. Time: 5 Minutes

Objective Type. 1 Mark Each. Answer All Questions (Cognitive Level: Remember/Understand)

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| **Qn.**  **No.** | **Question** | **Cognitive**  **Level** | **Course Outcome (CO)** |
| 1. | What are Contingent Assets?   1. Assets do not exist as on the date of Balance Sheet. 2. Assets shown as footnote in the Balance Sheet. 3. Assets acquired for immediate use. 4. Assets meant for prolonged use. | Remember | CO-1 |
| 2. | Name the accounting convention which states that “stock in trade is valued at cost price or market price whichever is less”   1. Consistency 2. Conservatism 3. Materiality 4. Full Disclosure | Remember | CO-1 |
| 3. | The term ‘Fluctuation’ is used in relation to   1. Fixed Assets 2. Current Assets 3. Wasting Assets 4. Intangible Assets | Understand | CO-4 |
| 4. | The excess of assets over liabilities of a non-profit organization is:   1. Cash in hand 2. Capital fund 3. Surplus 4. Revenue | Understand | CO-3 |
| 5. | Choose the formula used for calculating cost of goods sold   1. Cost of goods sold = Sales – Gross Profit 2. Cost of goods sold = Sales + Gross Loss 3. Cost of goods sold = Opening stock + Purchases -Closing stock 4. All of the above | Understand | CO-3 |
| 6. | Name the expenditure of revenue nature, the benefit of which lasts for more than one accounting year.   1. Capital Expenditure 2. Revenue Expenditure 3. Deferred Revenue Expenditure 4. None of the above | Understand | CO-2 |

Part B. 10 Marks. Time: 20 Minutes

Two-Three sentences. 2 Marks Each. Answer All Questions (Cognitive Level: Understand/Apply)

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| **Qn.**  **No.** | **Question** | **Cognitive Level** | **Course Outcome (CO)** |
| 7. | The sales achieved by a salesman and the commission payable to him is recorded in the books of accounts. But efficiency and intelligence of salesman is not recorded. Explain the reason with reference to the relevant accounting principle. | Understand | CO-1 |
| 8. | Write a brief outline about capital & revenue items with examples. | Understand | CO-2 |
| 9. | Marshal the items in the order of liquidity and permanent basis in a balance sheet.  Sundry Debtors, Investment, Goodwill, Cash in hand, Cash at Bank, stock of goods, Land and Building, Capital, Sundry Creditors, Bank Loan | Apply | CO-3 |
| 10. | You are looking at the profit and loss accounts of three business enterprises. You find the term Depletion in the first case, Depreciation in the second and Amortization in the third case. State the type of asset in relation to these terms. | Apply | CO-4 |
| 11. | You are given the various items in receipts and payments of a hospital. Classify them into capital and revenue.  Consultation Fees, Payment of salaries, Conveyance expense, Purchase of medicine, Purchase of surgical instruments, Life membership subscription for health plan. | Apply | CO-3 |

Part C. 16 Marks. Time: 35 Minutes

Short Answer. 4 Marks Each. Answer all 4 questions, choosing among options within each question. (Cognitive Level: Apply/Analyse)

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| Qn.  No. | Question | Cognitive Level | Course Outcome (CO) |
| 12.A | Explain the procedure for setting various Accounting Standards in India. | Apply | CO-1 |
| B | Why do the Trial balance and Balance sheet both tally when they are prepared? |
| 13.A  B | State which principle of accounting treats the proprietor to be a creditor to the extent of capital he has contributed to the business. Explain. | Apply | CO-2 |
| You are working as an accountant for Krishna Textiles. What proof you will refer to, before journalizing the transactions? Which principle you will adhere to? Elaborate. |
| 14. A | 1) Closing stock Rs.30000, Sales Rs.100000, Gross profit 20% on sales, purchases Rs.60000, Direct wages Rs. 7000.Find out opening stock.  2). The average stock of a trader is Rs. 40000.His closing stock Rs.10000 more than the opening stock. What is his closing stock? | Analyse | CO-3 |
| B | What do you mean by Adjusting entries and Closing entries? Give examples. |  |  |
| 15.A  B | There are two dentists, Dr Aggarwal and Dr Mehta in your locality who are competitors. Both have recently bought equipment for treatment of patients. Dr Aggarwal has decided to write off an equal amount of depreciation every year while Dr. Mehta wants write-off a larger amount in earlier years. They do not know anything about the methods of depreciation. Who is wise in your opinion? Give reasons in support of your answer. | Analyse | CO-4 |
| “In case of a long-term asset, repair and maintenance expenses are expected to rise in later years than in earlier years”. Which method, is suitable for charging depreciation if the management does not want to increase burden on profits and loss on account of depreciation and repair? |

Part D. 24 Marks. Time: 60 Minutes

Long Answer. 6 Marks Each. Answer all 4 questions, choosing among options within each question. (Cognitive Level: Apply/Analyse/Evaluate)

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| **Qn.**  **No.** | **Question** | **Cognitive Level** | **Course Outcome (CO)** |
| 16. | A) Sonu places an order on 01/01/2024 with Abin for the supply of machinery for Rs. 50000.But goods are supplied to Sonu on July 17,2024 and payment is made on July 21, 2024.In this context when was revenue realised? Explain the relevant principle.  **OR**  B) Recording of transactions against stationery purchased is shown by a firm as expenses though they remain to be an asset. Which principle allows you to do so? Explain the answer with reference to the underlying accounting principle. | Analyse | CO-1 |
| 17 | A) Critically evaluate the difference between capital and revenue expenditure & capital and revenue income with examples.  **OR**  B) State whether the following statements are items of capital or revenue expenditure and Justify  1.Expenditure incurred on repairs and whitewashing at the time of purchase of an old building in order to make it usable.  2.Expenditure incurred to provide one more exit in a cinema hall in compliance with a government order.  3.Registration fees paid at the time of purchase of a building.  4.Expenditure incurred in the maintenance of a tea garden which will produce tea after four years.  5.Depreciation charged on a plant.  6.The expenditure incurred in erecting a platform on which a machine will be fixed.  7.Advertising expenditure, the benefits of which will last for four years. | Evaluate | CO-2 |
| 18. | A) The Balance Sheet as on 31st Dec.2022 and 2023 contain plant and machinery worth Rs.30000 and Rs.27000 respectively. During the year 2023 there has been no sale of plant and machinery. What could be the probable reasons which has led to the decrease in the value of this asset?  **OR**  B) Mr. James is running a software development business. On 31st Dec 2023 his Balance Sheet shows total computers worth Rs. 250000.These computers were bought on 1st April 2018 at the same value as shown by the books. Mr. James is of the view that depreciation is not an expense as we don’t pay any amount for depreciation and on account of this, he never charges depreciation on computers as well as on other fixed assets. Is Mr. James view correct, defend your opinion? | Evaluate | CO-4 |
| 19. | A) Following is the Receipts and Payments Account of Majestic Club, Calicut for the year ending 31st December,2023.   |  |  |  |  | | --- | --- | --- | --- | | Receipts | Amt. (Rs.) | Payments | Amt. (Rs.) | | Balance b/d | 3500 | Rent | 10500 | | Subscription | 57500 | Salaries | 25000 | | Interest | 400 | Sundry expenses | 3500 | | Donation (General purpose) | 6000 | Investment purchased | 25000 | | Donation for Building Fund | 60000 | Newspapers | 1000 | | Miscellaneous receipts | 620 | Sports equipments (30/06/2013) | 30000 | | Sale of grass | 200 | Balance c/d | 33,220 | |  | 128220 |  | 128220 |   Subscriptions outstanding at the end of 2022 were Rs.4500 and at the end of 2023 Rs. 6500.Salaries outstanding at the end of 2022 and at the end of 2023 were Rs.2500 and Rs.4000 respectively.  On 31st December 2022, the club had investments worth Rs.20000, Furniture Rs.12000 and sports equipments valued at Rs.40000.  Prepare Income and Expenditure Account for the year ended 31st December,2022 after depreciating furniture by 10% and sports equipment by 20%.  **OR**  B) The following is the Trial Balance of Govind as on 31st March 2023.   |  |  |  | | --- | --- | --- | | Particulars | Dr. (Rs.) | Cr. (Rs.) | | Cash in hand | 540 |  | | Cash at bank | 12630 |  | | Purchases | 140675 |  | | Sales |  | 258780 | | Returns | 2680 | 1500 | | Wages | 20480 |  | | Fuel and Power | 4730 |  | | Carriage on sales | 3200 |  | | Carriage on purchases | 2040 |  | | Stock (1st April 2022) | 25760 |  | | Buildings | 30000 |  | | Freehold land | 20000 |  | | Machinery | 20000 |  | | Patents | 7500 |  | | Salaries | 15000 |  | | General expenses | 13000 |  | | Insurance on stock | 600 |  | | Life Insurance premium | 15245 |  | | Capital |  | 82000 | | Sundry debtors | 14500 |  | | Sundry creditors |  | 6300 | |  | 348580 | 348580 |     Taking into account the following adjustments, prepare Trading and Profit and Loss Account.   1. Stock in hand on 31st March,2023 is Rs.26800. 2. Machinery is to be depreciated at the rate of 10% and patents at the rate of 20%. 3. Salaries for the month of March, amounting to Rs.1500 were unpaid. 4. Insurance on stock includes a premium of Rs.170 on a policy, expiring on 30th September,2023. 5. Wages include a sum of Rs.2000 spend on the erection of a cycle shed for employees and customers. 6. A provision for bad and doubtful debts is to be created to the extent of 5 per cent of Sundry Debtors. | Apply | CO-3 |

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| **Cognitive Level** | **Marks** | **Percentage** |
| Remember | 2 | 3.6 |
| Understand | 8 | 14.3 |
| Apply | 20 | 35.7 |
| Analyse | 14 | 25.0 |
| Evaluate | 12 | 21.4 |
| **TOTAL** | **56** | **100** |

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| **Course Outcomes** | **Marks** | **Percentage** |
| CO 1 | 14 | 25 |
| CO 2 | 13 | 23.2 |
| CO 3 | 16 | 28.5 |
| CO 4 | 13 | 23.3 |
| **TOTAL** | **56** | **100** |