14.	**A**.Analyse the advantages and disadvantages of using the fixed instalment method compared to the diminishing balance method of depreciation. Which method would be more suitable for a business with rapidly depreciating assets? OR **B**.Given an asset purchased for 1,50,000 with a useful life of 4 years, compare the total depreciation charged for 2 years using the fixed instalment method and the diminishing balance method at a rate of 20%.	Analyse	CO 4
15.	**A**.Analyse the impact of the consistency principle on the financial statements of a business. What are the consequences of changing methods without proper disclosure? OR **B**.Explain the double-entry concept in accounting and illustrate how a business transaction, such as the purchase of goods on credit, would be recorded using this system?	Analyse	CO 1

Part D.
Answer all 4 questions, choosing among options within each question. Long Answer. 6 Marks Each.
(Cognitive Level: Apply/Analyse/Evaluate) 24 Marks. Time: 60 Minutes

Q.No.	Question	Cognitive Level	Course Outcome
16.	**A**.Analyse the importance of entity concept in cases where the owner injects personal funds into the business. How does this concept ensure that the financial statements reflect the true financial position of the business, independent of the owner's personal finance? OR **B**.Analyse how the matching principle applies when a business pays for insurance in advance for the year. How does this principle ensure that the expense is properly allocated over the correct accounting periods?	Analyse	CO 1
17.	**A.**Evaluate the importance of classifying the following items as capital and revenue. a) Purchase of machinery b) Salaries paid to staffs c) Sale of old car d) Income from rendering services e) Routine Maintenance of equipment f) Interest earned on savings account OR **B**.How would you treat the following items while preparing income and expenditure account of a not-for-profit organization. Justify your answer a) Entrance fees b) Life membership fees c) Subscriptions d) Legacy e) Capital fund f) Donations	Evaluate	CO 2

Part B.

Answer All Questions， Two-Three sentences.2 Marks Each.

(Cognitive Level: Understand/Apply) 10 Marks. Time: 20 Minutes

Q.No.	Question	Cognitive Level	Course Outcome
7	Differentiate between depreciation and amortization	Analyse	CO-4
8	Explain the role of trading account in financial statements	Understand	CO-3
9	Compute Cost of Goods Sold Opening stock 20,000 Purchases 40,000 Direct expenses 9,000 Sales 85,000 Closing stock 17,000	Apply	CO-3
10	Calculate the amount of stationery to be debited to income and expenditure account Paid for stationery during the year Rs.1,300 Stock of stationery on 31/12/2022 Rs. 250 Stock of stationery on 31/12/2023 Rs. 180 Due for stationery on 31/12/2023 Rs. 160	Apply	CO-3
11	If a machinery cost Rs. 5,00,000, its estimated scrap value is Rs. 25,000 and its expected life is 10 years. Calculate the amount of depreciation per annum.	Apply	CO-4

Part C.

Answer all 4 questions, choosing among options within each question.

Short Answer. 4 Marks Each.

(Cognitive Level: Apply/Analyse) 16 Marks. Time: 35 Minutes

Q.No.	Question	Cognitive Level	Course Outcome
12.	**A**.Explain how entrance fees can be considered both revenue receipts and capital receipts, provide justification for each classification. **OR** **B**.Classify the following transactions as capital or revenue expenditures or receipts, and explain your reasoning for each classification: a) Sale of old machine for 50,000 b) Rent and rates paid 2,000 c) Rent received 5,000 d) Purchased building for 40,000	Apply	CO-2
13.	**A**. After verifying the records, it is found that stock of the value of 3,000 was lost by fire for which insurance company admitted a claim of 2400 only. What changes will happen to your financial statements when you accommodate this transaction? OR **B**.Subscription received of 20,000 during the year include subscription outstanding of 4,000 and subscription received in advance of 2,000 for the current year. How would you treat this while preparing financial statements of not-for-profit organizations.	Apply	CO-3

U7503

Reg. No.: ……………..

Name: ………………...

University of Kerala

First Semester Degree Examination, November 2024

Four Year Under Graduate Programme

Discipline Specific Core Course

COMMERCE

UK1DSCCOM100- ACCOUNTING PRINCIPLES AND STANDARDS

Academic Level: 100-199

Time: 2 Hours **Max.Marks:56**

Part A.

Answer All Questions, Objective Type. 1 Mark Each.

(Cognitive Level: Remember/Understand) 6 Marks. Time: 5 Minutes

Q.No.	Question	Cognitive Level	Course Outcome
1	------------- is the investment made by the owners in the business.	Remember	CO-1
2	Mention the Accounting Standard that relates to "Revenue Recognition".	Remember	CO-1
3	When should revenue be recognized under the accrual method of accounting? a) When cash is received b) When the order is placed c) When goods are shipped or services are provided d) When the customer pays for the goods	Understand	CO-3
4	Which of the following is an intangible asset? (a) Furniture (b) Machinery (c) Goodwill (d) Investment	Understand	CO-1
5	Which of the following cause depreciation? a) Obsolescence b) Depletion c) Non-use d) All of the above	Understand	CO-4
6	From the following expenses, identify capital expenditure. a) Purchase of goods b) Purchase of Building c) Rent paid d) Advertising	Understand	CO-2

<table>
<tr>
<td>18</td>
<td>A. Evaluate the implications of choosing the fixed instalment method compared to the diminishing balance method of depreciation for a new delivery truck purchased for 2,00,000 with a useful life of 5 years and a residual value of 20,000. How does each method impact company's profit?
OR
B. A firm purchased 3 machines of 1,00,000 each on 1st January 2022. Depreciation is charged at 10% p.a of original cost and accumulated depreciation provision account. On 1st January 2023 one machine was sold for 85,000. Show machine account and asset disposal account. How would you treat the profit on sale?</td>
<td>Evaluate</td>
<td>CO-4</td>
</tr>
<tr>
<td>19.</td>
<td>A. From the following trial balance prepare Trading and Profit and Loss account and Balance sheet as on 31st December 2023.
<table>
<tr><th>Particulars</th><th>Debit</th><th>Credit</th></tr>
<tr><td>Purchases</td><td>78,000</td><td></td></tr>
<tr><td>Sales</td><td></td><td>1,18,500</td></tr>
<tr><td>Creditors</td><td></td><td>35,000</td></tr>
<tr><td>Capital</td><td></td><td>96,000</td></tr>
<tr><td>Opening stock</td><td>20,000</td><td></td></tr>
<tr><td>Debtors</td><td>46,000</td><td></td></tr>
<tr><td>Wages</td><td>9,000</td><td></td></tr>
<tr><td>Carriage outward</td><td>5,000</td><td></td></tr>
<tr><td>Salaries</td><td>10,000</td><td></td></tr>
<tr><td>Rent received</td><td></td><td>10,300</td></tr>
<tr><td>Bills payable</td><td></td><td>25,500</td></tr>
<tr><td>Cash</td><td>4,300</td><td></td></tr>
<tr><td>Building</td><td>80,000</td><td></td></tr>
<tr><td>Furniture</td><td>23,000</td><td></td></tr>
<tr><td>Bad debts</td><td>2,000</td><td></td></tr>
<tr><td>Insurance</td><td>6,000</td><td></td></tr>
</table>
Adjustments
a) Closing stock 45,000
b) Salary outstanding 2,000 and insurance prepaid 8000
c) Create provision for bad debts at 10% on debtors
d) Depreciate building at 5% and furniture at 10%
OR
B.From the following receipts and payments account prepare Income and expenditure account and Balance sheet of the club as on 31st December 2023
<table>
<tr><th>Receipts</th><th>Amount</th><th>Payments</th><th>Amount</th></tr>
<tr><td>Balance b/d</td><td>3,500</td><td>Salaries</td><td>2,500</td></tr>
<tr><td>Subscriptions</td><td>9,200</td><td>Stationery</td><td>500</td></tr>
<tr><td>Entertainment receipt</td><td>2,000</td><td>Xmas party expenses</td><td>6,500</td></tr>
<tr><td>Musical event receipts</td><td>3,000</td><td>Furniture</td><td>3,000</td></tr>
<tr><td></td><td></td><td>Rent</td><td>2,500</td></tr>
<tr><td></td><td></td><td>Balance b/d</td><td>3,000</td></tr>
<tr><td></td><td>18,000</td><td></td><td>18,000</td></tr>
</table>
Additional information
Subscription unpaid for 2023 amounted to 1100. The club had furniture of 5000 and capital fund of 8950 as on 1st January 2023. Stock of stationery on 1st January 2023 and 31st December 2023 were valued at 150 and 120 respectively.</td>
<td>Apply</td>
<td>CO-3</td>
</tr>
</table>