

**MAR GREGORIOS COLLEGE OF ARTS & SCIENCE**  
**DEPARTMENT OF COMEREC (ACCOUNTING & FINANCE)**  
**FINANCIAL ACCOUNTING - I**

CHAPTER- 1

PART- A

1. Define Accounting.
2. What is ledger?
3. What is error of omission?
4. What are Errors?
5. What is Accounting?
6. Give any two objectives Accounting.
7. What is cash transaction?
8. What is error?
9. What do you mean by bank overdraft?
10. What is Double entry system of book-keeping?
11. What is Accounting Equation?
12. What is trail balance?
13. What do you mean by compensating error?
14. What do you mean by bank overdraft?
15. What is cost concept?
16. What is subsidiary books?
17. What is meant by petty cash book?
18. Mention the advantages of bank reconciliation statement.
19. What is meant by errors of Omission?
20. What do you mean by suspense account?
21. What is contra entry?
22. What is trial balance?
23. What are error of principle?
24. What is bank reconciliation statement?
25. State the rules under Double entry system.
26. What is debit and credit?
27. Assets = Equities. Explain.
28. What is cash book?
29. What is rectification of errors?
30. What is a bank charge?
31. Write the objectives of preparing Trial Balance.
32. Mention the types of cash book.
33. List the types of errors.
34. Define voucher.

PART- B

1. Explain the objectives of accounting.
2. Explain any four accounting conventions.
3. Explain the different types of errors.
4. From the information below, pass Journal entries:
  - (a) Salary Paid Rs. 5,000
  - (b) Rent paid to house owner Rs. 1,000
  - (c) Credit purchases from Mr. A Rs, 2,000
  - (d) Discount received Rs. 500.
5. Differentiate journal from ledger.
6. Explain the various types of cash book.

7. Journalise the following transactions and post them in the ledger.
- Ram started business with a capital of Rs. 10,000
  - He purchased furniture for cash Rs. 4,000
  - He purchased goods from Mohan on credit Rs. 2,000
  - He paid cash to Mohan Rs. 1,000.
8. Rectify the following errors:
- Purchases from Akila for Rs. 1,500 has been posted to the debit side of her account
  - Sales to Vijay for Rs. 1,520 has been posted to his credit as 1,250
  - Purchases from Chandra for Rs.750 has been omitted to be posted to the personal A/c.
  - Sales to Kandan for Rs. 780 has been posted to his account as Rs. 870.
9. Prepare trial balance from the following :

	Rs.
Capital	50,000
Stock	15,000
Sales	65,000
Drawings	8,000
Wages	12,000
Outstanding rent	3,000
Furniture	14,000
P/L a/c (Cr)	27,000
Purchases	40,000
Bills receivables	5,000
Bills payable	6,000
Loan	26,000
Salaries	20,000
Building	56,000
Returns inward	7,000

10. Prepare a Bank Reconciliation statement on 31.3.2016 from the following information :

- Balance as per cash book Rs. 9,500
- Cheque deposited but not credited by the banker Rs. 4,500
- Cheque issued but not presented for payment Rs. 5,000
- Cash directly paid into the bank by a customer Rs. 3,500
- Bank charges recorded in the passbook Rs. 50
- Dividend collected by the banker and recorded in the passbook Rs. 250.

11. On 31st December 2008, the pass book of Shri. Murali's current account showed a credit balance of Rs. 10,000. Prepare a bank reconciliation statement with the following information.

- (a) Murali issued a cheque for Rs. 300 on 25.12.2008 but this was not presented for payment till 31.12.2008.
- (b) A cheque for Rs. 200 drawn by Avinash has not been presented for payment.
- (c) Cheque for Rs. 285 paid into bank but not yet cleared.
- (d) In the pass book bank charge of Rs. 25 was recorded.

12. Journalise the following transactions in Balan's books : 1985

- Jan. 1 Balan started business by investing cash Rs. 50,000 He bought goods of Rs. 4,000 and furniture of Rs. 500
- 2 Purchased building for Rs. 10,000
- 3 Purchased goods for cash Rs. 3,000
- 4 Purchased goods on credit from Mr. Ram Rs. 2,500
- 5 Paid cartage Rs. 20.

13. Rectify the following errors :

- (a) Purchases book is over cast by Rs. 300
- (b) Sales book has been under cast by Rs. 200
- (c) Purchase returns book has been over cast by Rs. 75
- (d) Sales returns book has been under cast by Rs. 50

14. Rectify the following errors.

- (a) A credit purchase for Rs. 2,500 from A was not entered.
- (b) A credit sale to B for Rs. 3,200 was not entered.
- (c) Goods returned to D for 125 was not entered.
- (d) Goods sold to Shri Ram for Rs. 3,500 was debited to Sitaram account.
- (e) Purchase book was undercast by Rs. 50.

15. Journalise the following transaction.

- (a) Purchased goods from Mohan Rs. 2,000
- (b) Sold goods to Chandran Rs. 2,500
- (c) Cash received from Chandran in full settlement of his account.
- (d) Paid cash to Mohan Rs. 1,000
- (e) Paid wages Rs. 250
- (f) Paid rent Rs. 250.

### PART- C

1. Explain the account concepts.
2. How a Balance Sheet differs from a Trial Balance?
3. Describe the various stages in accounting cycles.
4. Prepare a three columnar cash book of Shri Kannan. 2009
  - May 1 Kannan started business with cash 10,000
  - 2 Opened a current account with syndicate bank 4,000
  - 3 Paid rent by cheque 2,000
  - 7 Cash sales 5,000
  - 9 Received interest directly through ECS in our bank 2,000

- 12 Paid wages 200  
20 Drew from bank for office use 500

5. From the following particulars, ascertain the bank balance as per cash book of Swamy as at 31st March 2015.

- (a) Credit balance as per pass book as on 31.3.2015 Rs. 2,500  
(b) Bank charges of Rs. 60 had not been entered in the cash book.  
(c) Out of cheques of Rs. 3,500 paid into bank, a cheque of Rs. 1,000 was not yet credited by the banker.  
(d) Out of the cheques issued for Rs. 4,500 cheques of Rs. 3,800 only were presented for payment.  
(e) A dividend of Rs. 400 was collected by the banker but not entered in the cash book.  
(f) A cheque of Rs. 600 had been dishonoured prior to 31.3.2015, but no entry was made in the cash book.

6. An account could not tally the trial balance. The difference of Rs. 5,180 was temporarily placed to the credit of suspense a/c for preparing the final a/c. The following errors were later located.

- (a) Commission of Rs. 500 paid was posted twice once to discount allowed a/c and once to commission a/c.  
(b) The sales book was undercast by Rs. 1,000  
(c) A credit sales of Rs. 2,780 to Roja though correctly entered in sales book was posted wrongly to let a/c Rs. 3,860  
(d) A credit purchase from Natraj of Rs. 1,500 though correctly entered in purchase book was wrongly debited to his personal a/c.  
(e) Discount column of the payment side of the cash book was wrongly added as Rs 2,800 instead of Rs. 2,400. Pass the necessary rectifying entries and prepare suspense account.

7. The following are the transactions of Sankar & Co., for the month of July. Journalise the transactions.

1999		Rs.
July 1	Capital paid into bank	10,000
	Bought stationery for cash	60
2	Bought goods for cash	4,200
3	Bought postage stamps	20
5	Sold goods for cash	1,500
6	Bought office furniture from Babu Bros	1,000
11	Sold goods to Mohan	2,000
12	Received cheque from Mohan and Banked it	2,000
14	Paid Babu Bros by cheque	100
16	Sold goods to Raj & Co	1,000
17	Mohan's cheque dishonored	—
20	Bought goods from Swamy & Bros	1,400
23	Bought goods for cash from Nathan & Co	450
24	Sold goods to Palani	700
26	Raj & Co., paid on account	500
27	Paid Swamy & Bros. by cheque in full settlement	1,370
31	Paid salaries	500
	Rent is due to Satyan but not yet paid	300

8. From the following particulars ascertain the bank balance as per pass book on 31<sup>st</sup> December, 2002.
- (a) The bank balance as per cash book Rs. 14,000
  - (b) Cheques issued but not presented for payment before balance that date Rs. 2,000
  - (c) Cheques deposited into bank but not collected and credited in the pass book Rs. 3,000
  - (d) Bank charges debited in the pass book Rs. 100
  - (e) Interest on investments collected by the bank but not entered in the cash book Rs. 400.
  - (f) Insurance premium paid by the bank on behalf of our customer is not yet recorded in the cash book Rs. 200.
9. Prepare a bank reconciliation statement from the following data as on 30.11.1988
- (a) Balance as per pass book on 30.11.1988, overdrawn Rs. 9,204.
  - (b) Cheques drawn on 30.11.1988 but not cleared till Dec.1988, Rs. 3,225, Rs. 754 and Rs. 926
  - (c) Bank overdraft interest charged on 28.11.1988, not entered in cash book Rs. 1,610
  - (d) Cheques received on 29.11.1988 entered in cash book but not deposited into bank till 3<sup>rd</sup> December 1988, Rs. 11,322 and Rs. 1,730
  - (e) Cheques received amounting to Rs. 35 entered in the cash book twice.
  - (f) Bills receivable due on 29.11.88 was sent to bank for collection on 28.11.88, and was entered in cash book but the proceeds were not credited in bank pass book till 3<sup>rd</sup> Dec 1988 Rs. 2,980.
  - (g) A periodic payment by bank for Rs. 80 understanding instruction not entered in cash book.
  - (h) Cheques deposited on 30<sup>th</sup> Nov. 1988 dishonoured but the entry, therefore, was not made in the cash book Rs. 1,890.

## Chapter- 2

### PART-A

1. What is profit and loss account?
2. What is interest on drawings?
3. What do you understand by provision for bad and doubtful debts?
4. What is balance sheet?
5. What is meant by "Reserves"?
6. What is meant by fictitious assets?
7. What are final account?

8. What is closing stock?
9. Who is Sundry Debtors?
10. Find out Gross profit. Opening stock Rs. 10,000; purchases Rs. 20,000, Sales Rs. 50,000, closing stock 15,000
11. How will you treat closing stock in final accounts?
12. Who are referred to as Sundry Creditors?

#### PART- B

From the information given below prepare Trading Account.

	Rs.
Opening stock	1,00,000
Purchases	1,50,000
Purchase returns	25,000
Direct expenses	10,000
Carriage inwards	5,000
Sales	4,00,000
Closing stock	50,000

Prepare trading a/c from the following data :

	Rs.		Rs.
Opening stock	60,000	Purchases	
6,00,000		Carriage inwards	20,000
Purchases return	10,000	Sales	10,00,000
Freight and cartage	30,000	Sales returns	20,000
Carriage outwards	15,000	Wages	25,000
Closing inventory	50,000		

#### PART- C

From the following balances extracted from the books of Mr. A.as on 31.12.1992.

	Rs.
Mr. A'S capital	15,000
Mr. A'S drawings	2,700
Stock (1.1.1992)	11,000
Purchases	35,000
Sales	62,000
Returns inwards	1,200
Returns outward	800
Wages	5,740
Salaries	8,200

Electric charges	1,120
Discount paid	770
Discount received	300
Depreciation	750
Bills payable	4,500
Plant and machinery	15,000
Provision for bad debts	1,000
Debtors	8,000
Creditors	19,800
Cash in hand	700
Cash at bank	12,800
Bills receivable	420

Prepare Trading, Profit and loss account for the year ended on 31.12.1992 and a Balance sheet as on that date. The value of the closing stock on 31.12.1992 was Rs. 13,500.

From the trail balance given below, prepare final accounts for the year ending on 31.3.1999.

	Rs.		Rs.
Opening stock	9,300	Bank interest	200
Repairs	310	Purchase returns	440
Machinery	12,670	Creditors	12,370
Furniture	1,330	Sales	20,560
Office expenses	750	Capital	24,500
Trade expenses	310	Loan	5,000
Land and building	15,400		
Bank charges	50		
Purchases	15,450		
Sales returns	120		
Advertisement	500		
Cash in hand	160		
Cash at bank	5,870		
Sundry expenses	150		
Insurance	500		
Travelling expenses	200		
	63,070		63,070

Adjustments:

- Closing stock on 31.3.1999 Rs. 7,585.
- Prepaid insurance Rs. 250.
- Depreciation on land and building at 5% and machinery at 10%.

Prepare trading, profit and loss a/c and balance sheet from the following as on 31.3.2016.

	Rs.		Rs.
Capital	2,00,000	Bank	50,000
Rent	6,000	Land and building	25,000
Furniture	10,000	Bills payable	7,500
Debtors	8,000	Rent received	2,000

General expenses	750	Sales	
1,29,800			
Opening stock	5,000	Salaries	5,750
Wages	7,000	Stationery	4,000
Plant and machinery	50,000	Bills receivable	4,800
Creditors	12,000	Commission received	4,500
Telephone	1,500	Investment	78,000
Purchases	1,00,000		

Adjustment :

(a) Closing stock Rs. 12,200.

(b) Depreciation : Land and building plant and machinery an

### CHAPTER- 3

#### PART- A

13. What is revaluation method of depreciation?
14. Define Depreciation.
  1. What is annuity method?
  2. What is depreciation?
  3. What is written down value method?
  4. What do you understand by depletion?
  5. What do you understand by net worth method?
  6. What is a drawing?
  7. What is straight line method of depreciation?
  8. Define depreciation.
  9. What do you mean by Annuity method?
10. What is bill of exchange?
11. What is a trade bill?
12. What is an accommodation bill?
13. What do you understand by discounted bill?

#### PART - B

1. Briefly explain the method of depreciation.
2. Explain the causes of depreciation?
3. Distinguish between a trade bill and an accommodation bill.
4. Distinguish between bill of exchange and promissory note.
5. On 1.1.2014, a firm purchased a machine for Rs. 80,000 and spent Rs. 20,000 on its installation. Depreciation is charged at 20% as per written down value method. On 30th September 2016, this machine was sold for Rs. 50,000. Prepare machinery account for the first three years assuming that the accounts are closed on 31st December every year.
6. On 1<sup>st</sup> Jan. 2015 a fixed asset is purchased for Rs. 50,000. Depreciation is to be provided annually according to the straight line method. The life of the asset is 10 years and its scrap value Rs. 10,000. Prepare asset account for the first three years.
7. A machine purchased on 1<sup>st</sup> July 1983 at a cost of Rs. 14,000 and Rs. 1,000 was spent on its installation. The depreciation is written off at 10% on the original cost every year. The books are closed on 31<sup>st</sup> December every year. The machine was sold for Rs. 9,500 on 31<sup>st</sup> March 1986. Show the machinery account for all the years.
8. Deepak company purchased on 1st April 2013, machinery for Rs. 2,90,000 and



spend Rs. 10,000 on its installation. After having used in for three years it was sold for Rs. 2,00,000. Depreciation is to be provided every year at the rate of 15% p.a. on the fixed installment method. Prepare machinery account.

9. An asset purchased for Rs. 25,000. Depreciation is to be provided annually according to straight line method. The useful life of the asset is 10 years and its residual value is Rs. 5,000. You are required to find out the rate of depreciation and prepare the asset accounts for the first three years.

#### PART- C

1. A machinery was purchased on 1.1.2012 for Rs. 40,000. After 5 years depreciating it by 16% under straight line method, it was sold for Rs. 5,000 in 31.12.2016. Show the machine account for the 5 years period.
2. AB company purchased a second hand plant for Rs. 30,000. It immediately spent on it Rs. 5,000. The plant was put to use on 1.1.2011. After having used it for six years, it was sold for Rs. 15,000. You are required to prepare the plant a/c for 6 years, providing depreciation @ 10% on original cost.
3. A machinery was purchased on 1.1.2010 for Rs. 40,000. The Same year in June another machine was purchased for Rs. 15,000 and Rs. 5,000 were spent on its installation. On 30.6.2012 the second machine was sold for Rs. 15,000. Prepare machine a/c upto 31.12.2012 by depreciating it at 10% under reducing installment method.
4. Akbar & Co. purchased a plant for Rs. 80,000 on 1.4.2010. It is depreciated at 10% p.a. on reducing balance method for three years. Accounts are closed on 31st March every year. Prepare plant account for three years.

#### CHAPTER- 4

#### PART- A

1. State any two limitations of single entry system.
2. What is statement of affairs?
3. What is Single Entry System?
4. What is capital account?
5. State the features of single entry system.
6. What is capital account?
7. Give any two advantages of single entry system.
8. What do you understand by conversion method?
9. Give any two limitations of single entry system.

#### PART- B

1. State the features of single entry system.
2. How will you prepare statement of fire claims?
3. From the following information calculate the amount to be shown in an income expenditure account for the year ended 31.12.2015.
  - (a) Stock of stationery on 1.1.2015 Rs. 400
  - (b) Creditors for stationery on 1.1.2015 Rs. 250

- (c) Advance paid for stationery carried from 2014 Rs. 60.
- (d) Stock of stationery on 31.12.2015 Rs. 75
- (e) Creditors for stationery on 31.12.2015 Rs. 150
- (f) Advance paid for stationery on 31.12.2015 Rs. 45
- (g) Amount paid for stationery during the year 2015 Rs. 1,200.

4. X keeps his records under single entry system. His assets and liabilities stood as follows:

	31.12.2015	31.12.2016
Cash	10	2,000
Bank balance	990	10,000
Stock	7,000	10,000
Debtors	15,000	20,000
Furniture	3,000	3,000
Creditors	3,000	3,000

He introduced an additional capital of Rs. 3,000 during 2016 and he withdrew Rs. 7,000 for his personal use. Find out profit or loss.

5. Calculate debtors balance at the end :

	Rs.
Opening debtors	40,000
Total sales	1,60,000
Cash sales	20,000
Bad debts	4,000
Returns inward	1,000
Bills received from customers	18,000
Cash received from customers	60,000

PART- C

1. P keeps his books by single entry system. His position on 1.4.2014 and 31.3.2015 was as follows :

	1.4.2014	31.3.2015
Cash	500	6,000
Bank balance	10,000	15,000
Stock	7,000	10,000
Sundry debtors	30,000	40,000
Furniture	6,000	6,000
Sundry creditors	6,000	12,000

He introduced an additional capital of Rs. 8,000 during the financial year. He withdraw Rs. 14,000 for domestic purpose. Find out the profit for the year ended 31.3.2015

2. The following is the receipt and payment account of MadrasSports Club for the first year ending 31<sup>st</sup> Dec. 2015.

Receipts	Rs.	Payments	Rs.
To Donations	50,000	By Buildings	40,000
To Life member fees (kept in reserve fund)	4,000	By Expenses towards matches	900
To Receipt from foot ball matches (kept in match fund)	8,000	By Furniture	2,100
To Subscriptions	5,200	By Investments	16,000
To Interest on securities	240	By Salaries	1,800
To Locker rent	50	By Wages	600
To Miscellaneous receipts	350	By Insurance premium	350
		By Telephone	250
		By Electricity	110
		By Sundry expenses	210
		By Balance on hand	5,520
	67,840		67,840

Additional Information :

- (a) Subscription outstanding Rs. 250, Salaries unpaid Rs. 170, Wages outstanding Rs. 90, Outstanding bills for Sundry expenses Rs. 40.
- (b) Insurance premium prepaid Rs. 50. Donations received in full are to be capitalized. Prepare income and expenditure a/c and the balance sheet as on 31.12.2015.
3. Mr. X keeps his books under single entry system. From the following, prepare trading, profit and loss account and balance sheet as on 31.3.2015.

	Rs.
Interest charges	100
Personal withdrawals	2,000

Staff salaries	8500
Other business expenses	7,500
Payment to creditors	15,000
Balance at bank as on 31.3.2015	425
Cash in hand as on 31.3.2015	75
Received from debtors	25,000
Cash sales	15,000

Further details available are :

	As on 31.3.2014 (Rs.)	As on 31.3.2015 (Rs.)
Stock on hand	9,000	10,220
Creditors	8,000	5,500
Debtors	22,000	30,000
Furniture	1,000	1,000
Office Premises	15,000	15,000

Provide 5% interest on X's capital balance as on 1.4.2014. Provide Rs. 1,500 for doubtful debts, 5% depreciation on all fixed assets, 5% groups incentive commission to staff has to be provided for on net profit after meeting all expense and the commission.

4. Rama commenced business on 1.1.89 with a capital of Rs. 25,000. He immediately bought furniture for Rs. 4,000. During the year, he borrowed Rs. 5,000 from his wife and introduced a further capital of Rs. 3,000. He has withdrawn Rs. 600 at the end of each month for family expenses. From the following particulars obtained from his books, you are required to prepare Trading and P and L A/c and Balance Sheet as on 31.12.89.

	Rs.
Sales (Including cash sales of Rs. 30,000)	1,00,000
Purchases (Including cash sales of Rs. 10,000)	75,000
Carriage	700
Wages	300
Discount allowed to debtors	800
Salaries	6,200
Bad debts written off	1,500
Trade expenses	1,200
Advertisement	2,200

Rama has used goods worth Rs. 1,300 for private purposes and paid Rs. 500 to his son which is not recorded anywhere. On 31.12.89, his debtors, were worth Rs. 21,000 Creditors Rs. 15,000 and stock in trade Rs. 10,000. Furniture to be depreciated at 10% p.a.

#### CHAPTER- 4

#### PART- A

10. State any two limitations of single entry system.
11. What is statement of affairs?
12. What is Single Entry System?

13. What is capital account?
14. State the features of single entry system.
15. What is capital account?
16. Give any two advantages of single entry system.
17. What do you understand by conversion method?
18. Give any two limitations of single entry system.

PART- B

6. State the features of single entry system.
7. How will you prepare statement of fire claims?
8. From the following information calculate the amount to be shown in an income expenditure account for the year ended 31.12.2015.

- (a) Stock of stationery on 1.1.2015 Rs. 400
- (b) Creditors for stationery on 1.1.2015 Rs. 250
- (c) Advance paid for stationery carried from 2014 Rs. 60.
- (d) Stock of stationery on 31.12.2015 Rs. 75
- (e) Creditors for stationery on 31.12.2015 Rs. 150
- (f) Advance paid for stationery on 31.12.2015 Rs. 45
- (g) Amount paid for stationery during the year 2015 Rs. 1,200.

9. X keeps his records under single entry system. His assets and liabilities stood as follows:

	31.12.2015	31.12.2016
Cash	10	2,000
Bank balance	990	10,000
Stock	7,000	10,000
Debtors	15,000	20,000
Furniture	3,000	3,000
Creditors	3,000	3,000

He introduced an additional capital of Rs. 3,000 during 2016 and he withdrew Rs. 7,000 for his personal use. Find out profit or loss.

10. Calculate debtors balance at the end :

	Rs.
Opening debtors	40,000
Total sales	1,60,000
Cash sales	20,000
Bad debts	4,000
Returns inward	1,000
Bills received from customers	18,000
Cash received from customers	60,000

PART- C

5. P keeps his books by single entry system. His position on 1.4.2014 and 31.3.2015 was as follows :

	1.4.2014	31.3.2015
Cash	500	6,000
Bank balance	10,000	15,000
Stock	7,000	10,000
Sundry debtors	30,000	40,000
Furniture	6,000	6,000
Sundry creditors	6,000	12,000

He introduced an additional capital of Rs. 8,000 during the financial year. He withdraw Rs. 14,000 for domestic purpose. Find out the profit for the year ended 31.3.2015

6. The following is the receipt and payment account of MadrasSports Club for the first year ending 31<sup>st</sup> Dec. 2015.

Receipts	Rs.	Payments	Rs.
To Donations	50,000	By Buildings	40,000
To Life member fees (kept in reserve fund)	4,000	By Expenses towards matches	900
To Receipt from foot ball matches (kept in match fund)	8,000	By Furniture	2,100
To Subscriptions	5,200	By Investments	16,000
To Interest on securities	240	By Salaries	1,800
To Locker rent	50	By Wages	600
To Miscellaneous receipts	350	By Insurance premium	350
		By Telephone	250
		By Electricity	110
		By Sundry expenses	210
		By Balance on hand	5,520
	<u>67,840</u>		<u>67,840</u>

Additional Information :

- (a) Subscription outstanding Rs. 250, Salaries unpaid Rs. 170, Wages outstanding Rs. 90, Outstanding bills for Sundry expenses Rs. 40.
- (b) Insurance premium prepaid Rs. 50. Donations received in full are to be capitalized. Prepare income and expenditure a/c and the balance sheet as on 31.12.2015.
7. Mr. X keeps his books under single entry system. From the following, prepare trading, profit and loss account and balance sheet as on 31.3.2015.

	Rs.
Interest charges	100
Personal withdrawals	2,000
Staff salaries	8500

Other business expenses	7,500
Payment to creditors	15,000
Balance at bank as on 31.3.2015	425
Cash in hand as on 31.3.2015	75
Received from debtors	25,000
Cash sales	15,000

Further details available are :

	As on 31.3.2014 (Rs.)	As on 31.3.2015 (Rs.)
Stock on hand	9,000	10,220
Creditors	8,000	5,500
Debtors	22,000	30,000
Furniture	1,000	1,000
Office Premises	15,000	15,000

Provide 5% interest on X's capital balance as on 1.4.2014. Provide Rs. 1,500 for doubtful debts, 5% depreciation on all fixed assets, 5% groups incentive commission to staff has to be provided for on net profit after meeting all expense and the commission.

8. Rama commenced business on 1.1.89 with a capital of Rs. 25,000. He immediately bought furniture for Rs. 4,000. During the year, he borrowed Rs. 5,000 from his wife and introduced a further capital of Rs. 3,000. He has withdrawn Rs. 600 at the end of each month for family expenses. From the following particulars obtained from his books, you are required to prepare Trading and P and L A/c and Balance Sheet as on 31.12.89.

	Rs.
Sales (Including cash sales of Rs. 30,000)	1,00,000
Purchases (Including cash sales of Rs. 10,000)	75,000
Carriage	700
Wages	300
Discount allowed to debtors	800
Salaries	6,200
Bad debts written off	1,500
Trade expenses	1,200
Advertisement	2,200

Rama has used goods worth Rs. 1,300 for private purposes and paid Rs. 500 to his son which is not recorded anywhere. On 31.12.89, his debtors, were worth Rs. 21,000 Creditors Rs. 15,000 and stock in trade Rs. 10,000. Furniture to be depreciated at 10% p.a.

## CHAPTER- 5

### PART- A

1. Write any two advantages of fire insurance.
2. What do you mean by Income and Expenditure account?
3. What is short sale?

4. What do you understand by standing charge?
5. What is average clause?
6. What is meant by salvage?
7. What is an insurance claim?
8. What is average clause in Fire insurance claims?
9. What is loss of stock?
10. What is insured standing charge?
11. How will you calculate the amount of claim as per average clause?
12. What is Royalty?
13. Who are 'Lessor' and 'Lessee'?
14. State the meaning of short workings.
15. Who is land lord?

Part- B

1. A fire occurred at the premises of a trader on 31.5.2015 destroying a great part of his goods. His stock at 1.1.2015 was Rs. 60,000. The value of stock salvaged was Rs. 13,500. The gross profit on sale was 30% and sales amounted to Rs. 1,53,000 from January to date of fire, while for the same period the purchases amounted to Rs. 1,03,500. Prepare a statement of claim.
2. What are the various types of fire insurance policies?  
Fire occurred in the premises of K on 10<sup>th</sup> May 2016. In order to make a claim on their fire policies in respect of the stock they

ask your advice and you are able to obtain the following information :

	2013	2014	2015	2016
Opening stock	16,000	15,000	16,000	18,000
Purchases	41,000	47,200	56,600	78,000
Sales	60,000	66,000	78,000	99,000
Closing stock	15,000	16,000	18,000	?

The stock salvaged Rs. 3,800. Compute the amount of claim.

3. Shanthan commenced business on 1<sup>st</sup> January 1997 with a capital of Rs. 15,000. On 1<sup>st</sup> July, 1997 he introduced a further capital of Rs. 8,000. During the year he withdrew Rs. 500 p.m. for domestic use.

Stock	Rs. 21,000
Debtors	10,000
Furniture	3,500
Cash in hand	2,100
Cash at Bank	1,400
Expenses unpaid	700
Sundry creditors	8,300

Ascertain Shanthan's profit for 1997.

**PART- C**

1. How will you prepare statement of fire claims?
2. Fire occurred in the premises of M/s Ezhil Co on 10<sup>th</sup> September 2008. All stock were



destroyed except to the extent of Rs. 6,200. From the following figures, ascertain the loss suffered and claim to be made by the business. There is no average clause in the policy.

	Rs.
Stock on 1.1.2007	40,000
Purchase during 2007	1,45,000
Sales during 2007	2,00,000
Purchases from 1.1.2008 to the date of fire	1,52,200
Sales from 1.1.2008 to the date of fire	1,89,000
Stock on 31.12.2007	25,000

3. Calculate the insurance claim from the following particulars assuming that the insurers met their liability under the policy on average clause. Stock of a trading concern worth Rs. 40,000 was totally destroyed. The stock was insured for Rs. 30,000 subject to average clause. The value of stock salvaged was Rs. 24,000.
4. A fire occurred on 1<sup>st</sup> June 2015 in the premises of a company. From the following particulars ascertain the amount of claim to be lodged in case of the loss of stock which was insured.

Transaction between 1.1.2015 to 1.6.2015.	Rs.
Stock on 1 <sup>st</sup> Jan. 2015	26,000
Debtors on 1.1.2015	50,000
Debtors on 1.6.2015	80,000
Cash received from debtors	60,000
Discount allowed to debtors	10,000
Cash purchases	10,000
Cash paid to creditors	67,000
Creditors on 1.1.2015	16,000
Creditors on 1.6.2015	18,500

The rate of gross profit on cost is 25%. Calculate the amount of claim taking into account that goods salvaged from the fire were worth Rs. 3,000.

5. A fire occurred in the premises of X Ltd., on 10.10.2013. All stocks were destroyed except to the extent of Rs. 6,200. From the following figures, ascertain the loss of stock suffered by the company.

	Rs.
Stock on 1.1.2012	40,000
Purchase during 2012	1,45,000
Sales during 2012	2,00,000
Stock on 31.12.2012	25,000
Purchases during 2013 upto the date of fire	1,52,200
Sales during 2013 upto the date of fire	1,89,000



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**DEPARTMENT OF COMMERCE (ACCOUNTING & FINANCE) – SHIFT-1**  
**MARKETING QUESTION BANK**  
**UNIT-1**

**SECTION- A (2 MARKS)**

1. What is marketing environment?
2. Define marketing.
3. What is financing?
4. What do you mean by storage?
5. Define the term marketing mix.
6. What are the two objectives of marketing?
7. Define buying.
8. What is meant by gold market?
9. Define the term 'Marketing'.
10. What is Marketing Myopia?
11. State the meaning of selling.

**SECTION – B (5 MARKS)**

12. Explain the importance of marketing.
13. What are the objectives of Marketing Management?
14. What are the differences between marketing and selling?
15. Describe the evolution of marketing.
16. What are the two objectives of marketing?

**SECTION – C (10 MARKS)**

17. Explain the different functions of marketing.
18. Explain the classification of market with suitable example.
19. Explain the components of marketing mix.
20. Explain the various classifications of markets.
21. Explain the concept of modern marketing.
22. Explain the different classification of goods.

## UNIT-2

### SECTION- A (2 MARKS)

1. Give any two types of buying.
2. State the meaning of market segmentation.
3. What is consumer behaviour?
4. Give the meaning of Segmentation.
5. Who is called as Consumer?
6. What are the buying motives?
7. State the two kinds of market segmentation.
8. Define buying.

### SECTION – B (5 MARKS)

9. Discuss the different levels of market segmentation.
10. Explain the various factors determining market segmentation.
11. Explain the three dimensions of the product mix.
12. How will you segment the market on the basis of age of the consumer?

### SECTION – C (10 MARKS)

13. Discuss the consumer buying decision process.
14. Explain the process of consumer buying decisions.
15. Explain the various factors that determine buyer behavior.

## UNIT-3

### SECTION- A (2 MARKS)

1. What is product item?
2. What do you mean by penetration pricing?
3. Define producer.
4. Explain the objectives of pricing.
5. What do you mean by price mix?
6. Define the term product.
7. What is product policy?
8. What is odd pricing?
9. State the meaning of Grading.
10. What do you mean by dual pricing?
11. Expand the terms PLC and MIS
12. What is branding?
13. Define pricing.
14. What is meant by dual pricing?
15. What is label?

### SECTION – B (5 MARKS)

16. Discuss the features of a new products.
17. State the need for product elimination.
18. What are the features of a package?
19. Explain the objectives of pricing.
20. Explain the different classification of goods..
21. What are the functions of package?
22. Explain the pricing objectives of a business.

### SECTION – C (10 MARKS)

23. Explain the scope of product decisions.
24. Describe the different stages in product life cycle.
25. Explain the various stages involved in the introduction of a new product.
26. List out the functions of branding.
27. Why do some products fail? Suggest measures to overcome product failures.
28. Explain the influence of discounts and allowances on pricing decisions.
29. Explain various kinds of pricing.
30. Analyse the different factors which influence pricing decisions.

## PUNIT-4

### SECTION- A (2 MARKS)

1. What is channel of distribution?
2. What is advertisement frame?
3. What is shopping malls?
4. Differentiate advertisement from publicity.
5. What is many by personal selling?
6. State the methods of dealers sales promotion.
7. What is Seasonal Discount?
8. Who is a Retailer?
9. What is an advertising agency?
10. Give the meaning of Sales Promotion.
11. What is Promotional mix?
12. Give the meaning of publicity.
13. Who is called as broker?
14. Who is wholesaler?
15. Differentiate advertisement from publicity.
16. What is many by personal selling?

### SECTION – B (5 MARKS)

17. Analyse the different media of advertisement.
18. Discuss the importance of advertisement in modern business.
19. Explain the various kinds of discounts being offered by a marketer.
20. What are the factors to be influenced in channel selection? Explain.
21. Explain the functions of channels of distribution.
22. Discuss the importance of personal selling.
23. Explain the characteristics of press media.
24. State briefly the advantages of advertising to the consumers.
25. Explain the different media of advertisement.
26. Explain the qualities of a good salesman.
27. State the methods of dealers sales promotion.

### SECTION – C (10 MARKS)

28. What are the qualities of a good sales man?
29. Discuss the functions of the different types of salesmen.
30. Explain the various functions of retailers.
31. Discuss the process of personal selling.
32. Explain the different methods of sales promotion.

## UNIT-5

### SECTION- A (2 MARKS)

1. Write a short note on consumer rights.
2. Write a short notes on consumer protection Act.
3. What are the types of consumer rights?
4. Write a note on Consumerism
5. What is Unfair Trade Practice?
6. In which year the Consumer Protection Act was enacted?
7. Define Consumerism.
8. What is consumer forum?
9. Give any two consumer rights.

### SECTION – B (5 MARKS)

10. Explain the importance of consumer rights.
11. What are the objectives of marketing research?
12. What are the components of marketing research?
13. Write a short notes on consumer protection Act.
14. What are the functions of consumer grievances redressal forces?
15. Bring out the various advantages of E-Marketing.
16. What are the types of consumer rights?

### SECTION – C (10 MARKS)

17. Discuss the types of E-Marketing.
18. Bring out the various stages involved in marketing research.
19. What are the features of consumer protection act?
20. What are the benefits of marketing research?

**MAR GREGORIOS COLLEGE OF ARTS & SCIENCE**  
**DEPARTMENT OF COMEREC (ACCOUNTING & FINANCE)**  
**INCOMETAX LAW AND PRACTICE -I**

**UNIT- 1**

**Part- A**

1. What is previous year?
2. State the basic conditions of residential status of individuals.
3. What is Assessment Year?
4. Give the meaning of the term 'Income'.
5. How do you mention the residential status of a HUF?
6. What is Tax?
7. Who is a Non-Resident?
8. What is Illegal business?
9. Who is Deemed to be an Assessee?
10. What is Gross Total Income?
11. Define Assessee.
12. Who is a Resident?

**Part – B**

13. State any four regulatory objectives of taxation.
14. Mr. Chandramouli was born in India in the year 1980 from 2000 to 2013 he was in Canada, 2013 to 31st March 2017 he was in Australia. On 1st April 2017 he came to India and till date he is staying in India. Identify his residential status for the assessment year 2018 – 2019.
15. Mr. Gurusamy, an Indian citizen for the first time went abroad on 16.09.2018 and returned India on 30.04.2019. Determine his residential status for the A/Y 2019-20.
16. Explain the procedure for calculation of tax payable
17. Mr. Rajendran left for U.S.A. along with his family, for the first time, on 14.10.2018. He returned to India on 31.5.2019. Determine his residential status for the assessment year 2019-20.
18. State any five fully exempted allowances
19. Define the term 'Person' under the I.T. Act 1961.
20. A doctor who is an Indian Citizen left to France from India on 6th July 2018, to take up an employment there. He has never been out of India in the past. Determine Residential status of the Doctor for the previous year 2018 – 19?

**Part –C**

21. Explain the concept of 'Income' and given its features.
22. Explain the various components of Taxation
23. Explain any ten exempted incomes u/s 10 of the Income Tax Act 1961.
- 24.

## UNIT- 2

### Part- A

1. Define “Perquisites”
2. What is Pension?
3. Give examples for Allowances.
4. What is meant by pension?
5. State the types of provident fund.
6. What is meant by ‘Allowance’?
7. Explain the term “Gratuity”.
8. What is Public Provident Fund?
9. State any five tax free perquisites.
10. State the different forms of salary.
11. What is “Gross qualifying amount” under sec. 80 C?
12. Give any two fully exempted allowances.
13. What is provident fund?
14. Define salary.

### 15. Part- B

16. Arun an employee of AB Ltd. received Rs. 96,000 as gratuity and not covered by the payment of Gratuity Act. He retires from services on 31.1.2019 after 28 years. 11 months and 28 days. At the time of retirement his salary was Rs. 6,300 p.m. Find out taxable gratuity.
17. Mr. A receives Rs.42,000 p.a. as net salary. Employer had deducted Rs.4,000 as Employee’s contribution to R.P.F. Rs.5,000 p.a. as tax deducted at source and Rs.2,000 p.a. professional tax. During the year employer had deducted Rs.2,500 towards the recovery of house building advance taken by Mr. A. Compute Gross salary.
18. From the following calculate taxable leave salary  
Name of employee Mr. Vajawat  
Name of employer V & Co Ltd  
Leave salary received Rs. 4,00,000  
Salary at the time of retirement Rs.14,000 p.m  
Duration of service 23 years and 8 months Leave entitled for every year of service 40 days Leave availed while in service 4 months
19. ‘R’ an employee of ABC Ltd., receives Rs. 2,05,000 as gratuity under the payment of Gratuity Act, 1972. He retires on September 10, 2018 after rendering service for 35 years and 7 months. The last drawn salary was Rs. 2,700 per month. Calculate the amount of gratuity chargeable to tax.
20. Mr. A is Government employee getting salary at Rs. 10,000 per month. DA (forming part) Rs. 4,000 per month. He receives Entertainment Allowance Rs. 1,000 per month. Calculated exempted Entertainment allowance.

### 21. Part- C



22. Calculate income from salary of Mr. Rajesh, a director employee of HD Ltd., Bilaspur.  
 Basic salary : Rs. 40,000 p.m. DA : Rs. 12,000 p.m (not forming part) Bonus : Rs. 50,000  
 HRA : Rs. 8,000 p.m (Rent paid nil) Both the employer and the employee contribute 14%  
 of salary towards RPF. The employee was provided with an Ambassador car (1800 CC)  
 for his personal and official use along with a driver and the employer meets expenses.  
 The employer pays Rs. 2,000 professional tax and Rs. 3,000 insurance premium of Mr.  
 Rajesh.
23. From the following, calculate income from salary of Mr. Sunil for the AY 2019-20.  
 Salary Rs. 78,400; Bonus Rs. 6,200; EA Rs. 3,000 ; HRA Rs. 7,000 P.A. (He stays in his  
 own house) ; D.A. Rs. 24,400 (forming part) ; Education allowance : Rs. 4,400; Hostel  
 allowance : Rs. 6,000; Travelling allowance : Rs. 4,900 (actual amount spent Rs. 3,720) ;  
 washing allowance Rs. 1,175 (Actual amount spent Rs. 795); Assume Mr. Sunil as Non-  
 Government employee, employed in Chennai.
24. From the following calculate Income from Salary of Mr. Krishna who is working in ABC  
 International Pvt. Ltd, Chennai. Basic Salary Rs. 50,000 p.m DA Rs. 30,000 p.m Bonus  
 Rs. 1,00,000 CCA Rs. 1,500 p.m EA Rs. 6,000 p.m Education allowance Rs. 8,000 p.m  
 (for his two children) Hostel allowance Rs. 10,000 p.m (for his two children) Academic  
 research allowance Rs. 25,000 (Actual amount spent Rs. 50,000) HRA Rs. 20,000 p.m  
 (Rent paid Rs. 12,000 p.m) Conveyance allowance for official purposes Rs. 3,000 p.m  
 Assume DA as forming part of salary.
25. Mr.A is employed at Hyderabad at a basic salary of Rs.25,000 p.m and he is also getting  
 following allowances.
- Dearness allowance 2,000 p.m.
  - Lunch allowance 1,000 p.m
  - Servant allowance (He is paying Rs.1,200 p.m. to a servant) 1,000 p.m
  - Transport allowance 1,000 p.m.
  - Education allowance @ 200 p.m. per child for three children
  - Hostel allowance to one child 500 p.m,
  - Conveyance allowance 800 p.m.
  - Overtime allowance 2,000 p.m.
  - Officiating allowance 2,000 p.m.
  - Cash allowance 1,200 p.m.
  - Entertainment allowance 2,000 p.m.
  - Medical allowance 800 p.m.
  - City compensatory allowance 600 p.m.
  - House rent allowance 5,000 p.m.

He is having a family house at the place of his posting but he is living in a rented house and is  
 paying a rent of Rs.7,000 p.m. Find out his gross salary.

### UNIT- 3

#### Part- A

1. What is gross annual value?
2. What is Municipal value?
3. What are the deductions available u/s 24 of the IT Act?
4. What is meant by composite rent?
5. What is Standard Rent?
6. What is Net Annual Value?
7. What is Standard Rent?
8. What is Annual value?
9. What is unrealized rent?
10. Give any two exempted house property income

#### Part- B

11. Ravi owns a big house. 50% of the house is let-out for residential purpose of monthly rent of Rs. 10,000; 25% the area is self-occupied for own residence and remaining 25% is used for own business. Municipal valuation of the house is Rs. 2,00,000. Fair rent is Rs. 2,10,000. Find out its gross annual value.

12. From the following calculate gross annual value, assuming that there is no vacant period.

Particulars	House 1	House 2
MRV	1,05,000	1,05,000
FRV	1,07,000	1,07,000
SR under Rent Control Act	1,35,000	1,35,000
Actual Rent [AR]	1,12,000	98,000
Period in the previous year	12 months	12 months

13. Determine the Gross Annual value in the following cases for the AY 2019 – 20. Assume that all properties are let out. (Rs. in thousands)

Properties	I	II	III	
For Rental value	87	50	70	
Municipal Rental value		86	42	50
Standard Rent	84	64	–	
Actual Rent	82	92	79	

14. Mr. Ram resides in Mumbai, gets Rs. 3,00,000 p.a. as basic salary, D.A forming part of salary for service benefits Rs. 40,000 and 2% commission on turnover achieved by his (Turnover achieved by him during the relevant period is Rs. 3,00,000) He receives Rs. 60,000 as HRA though he pays a rent of Rs. 80,000 p.a. Calculate Taxable HRA.
15. Calculate Income from house property of Mrs. Sundari. Rs. Municipal rental value 25,500 Fair rental value 37,500 Standard rent 40,000 Actual rent 4,000 p.m Municipal tax paid by the owner 2,250 Interest on loan taken for his daughter's marriage 12,000 Unrealized rent recovered Rs. 2,500 which was allowed as deduction in 2012 – 13.

16. What are the admissible deductions under Profits and gains of business or profession?

**Part- C**

17. Mr. L is the owner of two houses. The following are the particulars :

	1. House A	House B
	a. Rs.	Rs.
Date of completion of construction	(31.3.1996)	(1.7.2000)
Municipal rental value	3,60,000	6,00,000
Actual rent received	3,00,000	60,000 p.m
Municipal taxes paid	36,000	30,000 (due)
Ground rent	1,000	7,800
Interest on loan taken for construction	50,000	1,82,000

Out of the municipal taxes of House 'A', Rs. 18,000 are paid by the tenant. Compute his income from house property for the AY 2019-2020.

18. 'X' owns a house property. It is used by him throughout the previous year 2018-19 for his residence. Municipal value of the house is Rs. 40,000, whereas fair rent is Rs. 50,000. Municipal tax paid by him was Rs. 4,000. X borrowed Rs. 10,00,000 on 1.1.2012 at 10% p.a. for construction of the house. The construction was completed on 1.10.2014. The loan amount repaid on 31.12.2020. Compute the income from house property for the assessment year 2019-20.

19. Mr. Gupta constructed a House in 2,000. 50% of the property is let out and 50% is occupied for his residence. The let out portion was self occupied for 2 months. Rs. Municipal value 5,000 p.a Annual rent of 50% portion 4,000 p.a Municipal taxes 1,000 Ground rent 100 Repairs 900 Fire insurance premium 200 Collection charges 300 Interest on Loan taken for construction 1,000 His income from all other sources amounts Rs. 50,000. Determine his income from house property for the Assessment year 2018-2019.

20. Ramesh is the owner of 4 houses. One house is let to tenant for Rs.3,000 pa. The Second house, the municipal valuation is Rs. 4,500 p.a. is in his own occupation. The third house remained vacant throughout the whole year as it was not in rentable condition. The fourth house, the municipal valuation of which is Rs.6,000 is used by Ramesh for his business.

His expenses in respect of these houses are as follows:

Interest on loan taken to repair the residential house Rs. 400

Fire insurance premium for 1st, 2nd, and 4th house Rs. 1,410

Collection charges Rs. 350

Ground rent in respect of 2nd house Rs. 200

The first house, which is let, remained vacant for two months. Calculate Ramesh's income from house property.

## Unit- 4

### Part- A

1. Mention any two disallowed expenses of personal nature.
2. What is meant by profession?
3. Define “Depreciation”
4. What are allowable expenses
5. What is meant by ‘Business’?
6. What is meant by vocation?
7. State any two expenses that are expressly disallowed
8. What is the tax treatment regarding expenditure on patents?

### Part- B

9. From the following details, compute the chargeable depreciation on plant and machinery for the AY 2019-20.

Rs.

- WDV of plant and machinery on 1.4.18 1,00,000
- Cost of new machinery purchased on 1.1.2019 and put to use 60,000
- WDV of sold machinery on 1.2.19 30,000
- Amount received on machinery sold on 1.2.19 40,000

10. From the following information, compute the amount of depreciation allowable for the AY 2019 – 20.

- WDV on Furniture 1.4.18 1,10,000
- Furniture purchased on 10th June 2018 15,000
- Furniture purchased on 18th Jan. 2019 20,000
- Part of furniture sold in Feb. 2019 3,000
- Rate of Depreciation 10%.

11. X made the following expenditure on scientific research upto 31st March 2019. Find out the eligible amount of deduction.

(a) On Dec., 21, 2018, X paid Rs. 60,000 to the Madras University for carrying out research in Social and Statistical Science.

(b) On July 20, 2018, X also purchased a land for Rs. 6,00,000. Later on, a building for research was constructed at a cost Rs. 30,00,000.

(c) X also paid to National Lab Rs. 1,00,000 for scientific research

12. From the following P & L A/c calculate income from business. Rs. Rs. 7,00,000

To Rent	50,000	By Gross profit	3,00,000
To Salary to employees	45,000	By house property income	1,50,000
To Depreciation	8,000	By income from other sources	2,50,000
To Donation 8,000			
To Net profit 5,89,000			
	7,00,000		7,00,000

Depreciation to be allowed as per income tax provision Rs.8,000. (b) Business income of Rs. 10,000 is not shown in the P & LA/c. (c) Rs 5,000 rent includes personal expenditure.

**Part – C**

13, Calculate income from profession from the following receipts and payments given by Mr. A.

Receipts	Rs.	Payments	Rs.
To Balance b/d	1,20,000	By Car expenses	24,000
To Fee from client :		By Office expenses	6,000
2017-18	25,000	By Salary to staff	7,000
2018-19	30,000	By Interest on loan	1,000
2019-20	32,000	By Income tax	1,500
To presents from client	20,000	By Income tax penalty	600
To Winnings from lottery	24,000	By Wealth tax	250
By Purchase cost	5,000	By Balance c/d	2,05,650
	2,51,000		2,51,000

14. From the following P/L a/c, calculate income from business.

Expenditure	Rs.	Income	Rs.
To Rent	40,000	By Gross profit	2,50,000
To Salary to employees	25,000	By House property income	1,50,000
To Depreciation	10,000	By Income from other sources	2,00,000
To Donation	8,000		
To Net profit	5,17,000		
	6,00,000		6,00,000

(a) Depreciation to be allowed as per income tax provision Rs. 8,000. (b) Business income of Rs. 12,000 is not shown in the P/L a/c. (c) Rs. 8,000 of the rent is of personal nature.

15. Mr. Jayaraj is a owner of departmental store at Madurai. From the following P & L account. Calculate Income from business. Rs. 44,50,000 44,50,000

Expenditure	Rs.	Income	Rs.
To Opening stock	3,60,000	By Sales	40,00,000
To Purchases	35,00,000	By Closing stock	4,50,000
To Salaries and wages	1,00,000		
To Rent and rates	50,000		
To Commission	30,000		
To Postage and telegram	14,000		
To Interest on own capital	8,000		
To House hold expenses	18,000		
To Income tax	45,000		
To Advertisement	10,000		

To Reserve for future losses	5,000		
To Depn. on furniture	1,000		
To Net profit	3,09,000		
	44,50,000		44,50,000

Opening stock is undervalued by 10% and closing stock is overvalued by 10%. (b) The amount of house hold expenses includes a contribution of Rs. 7,000 towards PPF. (c) Depreciation according to Income Tax rules Rs. 500. (d) Salary and wages included Rs. 12,000 being entertainment allowance paid to employee.

16. From the following P & L account of Nicoles Ltd., calculate income from business.

Expenditure	Rs.	Income	Rs.
To General Expenses	10,000	By Gross Profit	2,80,000
To Fire Insurance Premium	8,000	By Bad debts, recovered but disallowed earlier	4,000
To Bad debts	2,000	By Interest from Govt. Securities	6,000
To Salary	1,30,000	By Rent received from employees	24,000
To municipal taxes of quarters let to employess	44,500	By Interest from debtors for delayed payment	12,000
To proprietor's salary	25,000		
To interest on cap (own)	4,000		
To income tax	2,000		
To depreciation	4,000		
To advance income tax paid	2,000		
To donations	1,000		
To motor car expenses	1,500		
To Advertisement (in cash)	10,000		
To Net profit	82,000		
	3,26,000		3,26,000

(a) General expenses include Rs.5,000 paid as compensation to an old employee whose services were terminated in the interest of the business and Rs.3,000 by way of help to a poor student. (b) Depreciation calculated according to the rates prescribed by the act comes to Rs.3,000

## **UNIT- 5**

### **Part- A**

1. Expand the term: TRACES.
2. Write a short note on 'PAN'.
3. What is 'e-filing'?
4. What is meant by 'Tax Deducted at source'?
5. What is TDS?
6. Give the meaning of PAN.
7. Write a note on e-filing.
8. What is meant by Filing of Return?
9. What is meant by Transfer Pricing?
10. Write a note on Tax Liability.
11. What is filing of return?

### **Part- B**

12. Explain who should file return of income.
13. What are the various types of assessee?
14. From the following details, calculate the taxable income and tax liability of Mr. Bala aged about 62 years. Particulars Rs. Net income from profession 4,50,000 Income from other sources 1,75,000 Deduction u/s 80C 1,75,000 Medical insurance premia 30,000

### **Part- C**

15. Explain the provisions relating to tax deducted at source from salary.
16. What is meant by PAN? Explain its features.
17. Bring out the advantages of e-filing.
18. Explain the procedure for filing of returns to income tax department.