

Time : 3 Hrs.

M.M.: 100

Instructions :

- (i) Marks for each question are indicated against it.**
- (ii) All parts of a question should be attempted at one place.**

Q1. Define the following terms (a) Fictitious Assets (b) Long term Liabilities. (1)

Q2. Define Error of principle. Give example. (1)

Q3. Shiv, proprietor of Shiv and sons is not willing to deposit dues in Provident fund & employees state insurance as he believes, these dues are of no use. Is he correct in doing so? (1)

Q4. Give any two objectives of Accounting. (2)

Q5. Define accrual basis of Accounting. Enumerate its two advantages. (2)

Q6. Distinguish between Journal & Ledger. (3)

Q7. State clearly what accounting convention or principle are followed or violated in each of the following :

(a) Business enterprise will not be liquidated in near future.

(b) If one aspect of transaction is not recorded, which accounting concept is not followed.

(c) Advance received from customer is recorded as 'Advance against sales' & not sales. (3)

Q8. Define Trial Balance. Explain any three objectives of Trial Balance. (4)

Q9. (a) Sanjeev started business with capital of ₹ 7,5000 on 1st April, 2010. During the year, he withdrew ₹ 20,000 for private use and introduced fresh capital of ₹ 10,000. If he earned a profit of ₹ 12,000 during the

year and his external liabilities are ₹ 20,000.

Assets as on that date.

- (b) Calculate Total equity & owner's equity at end if :
- (i) Owner's equity in beginning is ₹ 60,000.
 - (ii) Equity of creditors at end is ₹ 50,000.
 - (iii) Revenue during period is ₹ 70,000
 - (iv) Expenses during period is ₹ 65,000. (2+2=4)

Q10. Prepare ledger account of machinery from following transactions :

- (i) Purchased machinery from Arun for ₹ 2,00,000 & paid by cheque.
- (ii) Wages paid for installation of machinery ₹ 2000.
- (iii) Repairs of machinery ₹ 1,000
- (iv) Depreciation on machinery @ 10%. (4)

Q11. Explain the following with examples :

- (a) Conservation concept
- (b) Principle of full disclosure (2x2=4)

Q12. State whether the following are errors of Principle error of omission, compensating error or error of commission.

- (a) Total of purchase book is carried forward as ₹ 10,000 instead of ₹ 1,000.
- (b) ₹ 7,000 paid in cash for a typewriter was charged to office expenses A/c.
- (c) On 31st March, 2012 goods of value of ₹ 3,000 were returned by Hari & were later taken into stock on same date, but no entry was passed in books.
- (d) Shyam's A/c was debited with ₹ 100 instead of ₹ 1,000 while Ram Prasad's A/c was debited with ₹ 1,000 instead of ₹ 100. (4)

Q13. (a) Rahul, the proprietor of M/s R.K. & Co. purchased an airconditioner and installed it at his residence

so? Which concept is violated in this case?

- (b) XYZ Co. & PQR Co. are both well reputed companies having variety of people as their shareholders. These include housewives, retired people, salaried people, small scale businessmen, managers of companies etc. XYZ Co. adopts practice of giving footnotes & explanatory statements wherever required, apart from following all accounting standards while making their financial statements. However, Accountants at PQR Co. do not feel the need to make their financial statements bulky by giving any other extra information as they believe any investor is interested in his share of profit & don't need to study & understand company's records. Which company is right & why? (2+2=4)

Q14. Classify the following accounts according to traditional approach & modern approach. (4)

- | | |
|----------------------|-------------------------------|
| (a) Purchases A/c | (b) Printing & Stationery A/c |
| (c) Drawings A/c | (d) Bank A/c |
| (e) Prepaid rent A/c | (f) Wages & Salaries A/c |
| (g) Building A/c | (h) Cash A/c |

Q15. From the following particulars, prepare Sales Book of Joseph Ltd. for the month of February 2010

- Feb. 1 Sold to Kamal Book Depot Ltd.
 20 reams of white paper @ ₹ 25 each
- Feb. 2 Sold Rajpoot Bros.
 15 reams of ruled sheets @ ₹ 10 each
 12 reams of white sheets @ ₹ 20 each

Less : Trade Discount @ 10%

- Feb. 10 Sold to Ahuja & Co. for cash
10 reams of brown paper @ ₹ 12 each.
- Feb. 14 Sold to Rajpoot Bros.
24 bundles of charts @ ₹ 8 each
15 bundles of white papers @ ₹ 21 each. (4)

Q16. (a) Pass opening entry :

Cash in hand ₹ 300; Cash at Bank ₹ 7,000; Bills payable ₹ 1,000, Zahir (Debit Balance) ₹ 800; Stock ₹ 4,000; Gobind (Credit Balance) ₹ 2000; Sharma (Debit Balance) ₹ 1,500; Ramlal (Credit Balance) ₹ 900

(b) What is Book Keeping? Differentiate between Book Keeping and Accounting. (2+3=5)

Q17. From balance were extracted from books of Shri S. Pal on 31st March, 2011. Prepare a Trial Balance :

	₹		₹
Cash in hand	55,000	Capital	1,44,200
Provision for Bad debts	1,700	Purchases	60,000
Drawings	700	Sales	35,000
Opening Stock	1,000	Discount allowed	250
Fixed Assets	40,000	Return inward	2,500
Return outward	1,000	Wages	800
Debtors	20,000	Creditors	16,000
Drawings	15,000	Discount received	100
Bills receivable	5,000	Bill Payable	2,800
Rent	200	Interest Paid	350
			(5)

Q18. Prepare an Analytical Petty cash book on imprest system from the following :

2012

		(₹)
Jan. 1	Received ₹ 1,000 for Petty cash	0
Jan. 2	Paid Taxi fare	5
Jan. 3	Paid for Postage & Telegram	50

Jan. 6	Paid for Stationery	40	
Jan. 9	Paid auto charges	20	
Jan. 10	Snacks & Tea charges	10	
Jan. 12	Cartage	40	
Jan. 12	Stationery Expenses	20	
Jan. 14	Refreshment to customers	50	(5)

Q19. Overdraft shown by Pass book of Mr. Murli is ₹ 20,000. Prepare Bank reconciliation statement on dated December 31, 2011.

- (i) Bank charges debited as per Pass Book ₹ 500
- (ii) Cheques recorded in Cash Book but not sent to bank for collection ₹ 2,500
- (iii) Received a payment directly from customer ₹ 4,600
- (iv) Cheque issued but not presented for payment ₹ 6,980
- (v) Interest credited by Bank ₹ 100
- (vi) LIC paid by Bank ₹ 2,500
- (vii) Cheques deposited with bank but not collected ₹ 3,500
- (viii) Wrongly debited by bank ₹ 500. (8)

Q20. Pass following journal entries :

- (a) Provide 10% interest on capital amounted to ₹ 1,00,000
- (b) Paid income tax ₹ 5,000
- (c) Received cash from Ram for a Bad debt written off last year ₹ 1,000
- (d) Mohan who owed ₹ 2,000 has become insolvent. He pays a compensation of 50 paise in a rupee.
- (e) Rent due to landlord ₹ 800
- (f) Purchased goods from Y for list price ₹ 20,000 at Trade discount of 10% & cash discount 5%.

- (g) Goods worth ₹ 3,500 and cash ₹ 1,000 were stolen