

**SUBJECT : ACCOUNTANCY (SET-I)****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.**

(iii) **Show working notes clearly.**

Q1. Miss Priti, an electronic goods dealer, gifted a washing machine valued at ₹ 25,000 to her friend Suruchi. Will it be recorded in books of accounts? Choose the correct alternative. (1)

- (a) Yes, it will be recorded.
- (b) No, it will not be recorded.
- (c) Yes, will be recorded as footnote to final accounts.
- (d) Yes, can be recorded only after attaching gift certificate given by dealer.

Q2. Which of the following limitations of accounting states that accounts may be manipulated to conceal vital facts : (1)

- (a) Accounting is not fully exact.
- (b) Accounting may lead to window dressing.
- (c) Accounting ignores price level changes.
- (d) Accounting ignores qualitative elements.

Q3. A company purchased goods for ₹ 5,00,000 and sold 80% of such goods during the year. The market value of remaining goods was ₹ 90,000. The company valued the closing stock at cost. Which principle/concept is being violated? (1)

- (a) conservatism principle
- (b) Realisation concept
- (c) Materiality principle
- (d) Historical cost principle

Q4. Which of the following group belong to nominal category of traditional classification of accounts? (1)

- (a) Machinery, Land, Building
- (b) Rent, Insurance, Salary
- (c) Accrued interest, prepaid wages, interest outstanding
- (d) Goodwill, drawings, Bad debts

Q5. Which of the following is revenue expenditure? (1)

- (a) Purchase of goods
- (b) Purchase of machinery
- (c) Wages paid for installation of machinery
- (d) Expenses of overhauling of second-hand machinery

Q6. Suspense Account in the Trial Balance will be entered in the (1)

- (a) Manufacturing A/c
- (b) Trading A/c
- (c) Profit & Loss A/c
- (d) Balance Sheet

Q7. A firm has decided that 2% of its net profit will be given to Prime Minister Relief Fund every year. Indicate the value in this decision. (3)

Q8. Identify the nature of error in the following transactions :

- (a) Purchased goods from Bhardwaj on credit for ₹ 800 but were recorded in the purchase book as ₹ 6,000.
- (b) Goods amounting to ₹ 2,000 have been returned to Chakarvati, but no entry has been made in books.
- (c) Wages paid for the construction of Building ₹ 15,000 were recorded in 'Wages Account'. (3)

Q9. Post the following transactions into Cash A/c : (3)

2012		₹
April 1	Ram commenced business with cash	2,00,000
April 3	Purchased office furniture for cash	20,000
April 8	Purchased goods from Vishal Trading Co.	25,000
April 14	Paid cash to Vishal Trading Co. in full settlement of their account, after deducting 5% cash discount	40,000

April 18	Sold goods to Hero Limited, Less 10% Cash Discount	30,000
April 20	Ram withdrew from business for his personal use - cash	10,000
	- Goods	4,000

Q10. Name the error committed by violating the rules of Accounting. Explain it briefly. (3)

Q11. (a) The following balance appeared in the books of Vishal stores on 1st April, 2011 :-

**Assets :** Cash ₹ 15,000; Bank Balance ₹ 5,000; Stock ₹ 40,000; Furniture ₹ 3,600; Debtors ₹ 24,000 (X - ₹ 6,000; Y - ₹ 8,000 and Z - ₹ 10,000).

**Liabilities :** Bank Loan ₹ 10,000; Creditors ₹ 12,500; (Ajay ₹ 5,000; Vijay ₹ 7,500). Pass opening entry.

(b) What are representative personal accounts? Give an example. ( $1\frac{1}{2} + 1\frac{1}{2} = 3$ )

Q12. Prepare a Petty Cash Book on the Imprest System from the following particulars : (3)

July 1	Received ₹ 2,000 from the cashier.
July 2	Purchased stationery ₹ 200
July 6	Paid for telegram ₹ 34, for charity ₹ 51
July 9	Paid taxi fare ₹ 80, coolie ₹ 20
July 12	Paid postal expenses ₹ 75
July 14	Paid autotaxi ₹ 50, Paid for courier service ₹ 30
July 25	Speed Post charges ₹ 80, Telegram charges ₹ 45
July 26	Paid carriage ₹ 40
July 28	Pen/Pencils ₹ 150
July 29	STD call charges ₹ 92

Q13. State any four users of accounting information. Why do they need accounting information? (4)

Q14. State any four functions of Trial Balance. (4)

Q15. Distinguish between Book Keeping and Accounting? (4)

Q16. What are 'International Financial Reporting Standards'? What are the objectives of International Accounting Standards Board? (4)

Q17. State clearly what accounting conventions or principles are followed or violated in each of the following cases. State in each case as to what would be the correct procedure to be followed :

- (a) A company incurs a heavy amount of ₹ 15,00,000 on publicity through T.V. and Radio. It wishes to spread the expenditure over a period of five years.
- (b) A company wishes to decrease the rate of depreciation from 15% to 10% in view of the inadequate profits in the current year.
- (c) A company with a heavy turnover purchases a desk calculator for ₹ 4,000. As its life is for 5 years, it wishes to charge depreciation of ₹ 800 in the current year.
- (d) A company commissions the making of a very special machine useful for a number of years. As the machine is very special and has no resale value in the event of liquidation, it wishes to provide 100% depreciation in the current year itself.
- (e) A company gets a contract of ₹ 100 crore to build a shopping mall to be completed in 3 years. The management of the company wants to ascertain profit or loss on this contract only when contract is completed.
- (f) The owner of a company records his medical expenses in the firm's income statement. (6)

Q18. (a) A started business on 1st April, 2009 with a capital of ₹ 1,10,000 and took loan from bank ₹ 40,000. At the end of the year, on 31st March, 2010 his assets were ₹ 2,50,000, creditors ₹ 70,000. Bank loan has not been paid so far. However, interest on loan has been paid. Find the closing capital and profit earned during the year.

- (b) Find the opening and closing capital of the firm from the following information given at the end of the year. Total assets ₹ 1,30,000; external liabilities ₹ 40,000.

During the year, proprietor introduced additional capital of ₹ 20,000, withdrew ₹ 15,000 for personal use and earned profit of ₹ 25,000. (3+3=6)

Q19. Create an Accounting Equation on the basis of the following transactions :

- (i) Commenced business with cash ₹ 50,000, goods ₹ 30,000 and furniture ₹ 20,000.
- (ii) Sold goods to Ajay on credit costing ₹ 4,000 for ₹ 5,000.
- (iii) Paid rent ₹ 3,000 including ₹ 2,000 in advance.
- (iv) Salaries outstanding ₹ 1,000.
- (v) Charge depreciation on furniture ₹ 500.
- (vi) Received security deposit from tenants ₹ 1,500.
- (vii) Invested ₹ 5,000 in shares.
- (viii) Goods worth ₹ 500 destroyed by fire. (6)

Q20. Prepare a Trial Balance from the following balances extracted from the books of Mohan Lal & Sons on 31st March, 2010 : (6)

	(₹)
Opening stock	28,500
Purchases	45,000
Sales	65,400
Purchase Return	800
Sales Return	1,000
Capital	1,00,000
Drawings	4,000
Loan from Ram	20,000
Interest on loan	1,000
Wages	10,000
Salaries	14,200
Plant and Machinery	42,000
Debtors	22,000
Creditors	12,000
Discount (Dr.)	500
Bill Receivables	10,000



Cash	9,000
Bank overdraft	4,000
Furniture	15,000

Q21. Prepare a Sales Book from the following transactions of Navketan Furniture House : (6)

2011

May 1 Sold goods to Five Star Furniture Co. New Delhi on Credit

150 chairs @ ₹ 200 each

40 tables @ ₹ 600 each

Discount 10%

May 15 Sold goods to Vishal Furniture House, Faridabad

10 Almirahs @ ₹ 2,000 each

5 Sofa Sets @ ₹ 3,000 each

Trade Discount 15%

May 20 Sold goods to Prakash Furniture House, Chandigarh

100 chairs @ ₹ 180 each

less 5%

May 25 Sold to Moonlight Furniture Co. for cash

50 chairs @ ₹ 175 each

May 28 Sold on credit to Sunil Machinery Store

2 old machineries @ ₹ 500 per machine

1 old typewriter for ₹ 1,200

Q22. Enter the following transactions in the Cash Book with Cash and Bank columns. Also pass journal entries where necessary : (6)

2012

April 1 Cash in Hand 16,200

Bank overdraft 18,500

April 2 Received a cheque from Vinod 3,300

April 5 Cheque received from Vinod deposited in Bank

April 12 Withdrew by cheque for private use 5,000

April 17 Received a cheque from Ajay 3,700

April 20 Cheque received from Ajay endorsed to Vijay

(6)

- April 26 Received a cheque from Prem and sent it to Bank immediately 4,150
- April 28 Bank notifies that Prem's cheque has been dishonoured, Bank charged ₹ 20 on this cheque
- April 30 Bank has charged ₹ 60 for Bank charges and interest on overdraft

Q23. Prepare a Bank Reconciliation statement as on 30th September 2003 from the following particulars : (8)

- (₹)
- |                                                                           |        |
|---------------------------------------------------------------------------|--------|
| (i) Bank Balance as per the Pass Book                                     | 10,000 |
| (ii) Cheque deposited in Bank, but no entry was passed in the cash book   | 500    |
| (iii) Cheque received and entered in cash book but not sent to Bank       | 1,200  |
| (iv) Credit side of the Cash Book Bank column cast short                  | 200    |
| (v) Insurance premium paid directly by the bank under the standing advice | 600    |
| (vi) Bank charges entered twice in the Cash Book                          | 20     |
| (vii) Cheque issued but not presented to bank for payment                 | 500    |
| (viii) Cheque received entered twice in the Cash Book                     | 1,000  |
| (ix) Bill discounted dishonoured not recorded in the Cash Book            | 5,000  |

Q24. Pass the necessary journal entries for the following transactions : (8)

- (i) Bought goods for cash, of the list price of ₹ 50,000 at 20% Trade discount and 5% cash discount.
- (ii) Provide 12% interest on capital amounting to ₹ 10,00,000.
- (iii) Paid fire insurance premium on building by cheque ₹ 1,000 and proprietor's life insurance premium by cheque ₹ 4,000.

- (iv) Purchased goods from Azad Ltd for ₹ 40,000 less trade discount 15% ~~plus VAT @ 10%~~
- (v) Bought shares in 'Colgate Ltd.' for ₹ 50,000 and brokerage @ 2%. All the payment is made by cheque.
- (vi) Goods destroyed by fire (cost price ₹ 16,000, sale price ₹ 20,000).
- (vii) Sudhir Kumar who owed me ₹ 30,000 has failed to pay the amount. He pays a compensation of 45 paise in a rupee.
- (viii) Received ₹ 38,000 from Dushyant on his account for ₹ 40,000.

Q25. Rectify the following errors by passing journal entries : (8)

- (a) The purchase of ₹ 400 from Saran was entered into Sales Book but Saran's personal account was rightly credited.
- (b) ₹ 3,000 received from a customer as an advance against order was credited to Sales A/c
- (c) Payment of ₹ 500 to Mohan and ₹ 600 to Sohan was made but Mohan was debited with ₹ 600 and Sohan with ₹ 500.
- (d) Discount ₹ 500 allowed by P. Sahoo, a creditor has not been entered in the books of account.
- (e) ₹ 350 paid in cash for a typewriter was charged to office expense A/c.
- (f) The total of one page of the Sales Book was carried forward to the next page as ₹ 680 instead of ₹ 860.
- (g) ₹ 6,000 owing by a customer had been omitted from the schedule of sundry debtors.
- (h) Bill receivable for ₹ 1,600 from Noor was dishonoured and posted to debit of Allowances account.