

**SUBJECT : ACCOUNTANCY (SET-II)****Time : 3 Hrs.****M.M.: 90****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. Land and Buildings are shown at ₹ 10 lac in the Balance Sheet of the business owned by Mr. Yuvraj. However as the certificate of Government approved valuer the realisable value of Land and Building is ₹ 200 lac. Mr. Yuvraj wants to show the Land and Building at this value in his books. Will it be recorded? Choose the correct alternative. (1)
- (a) Yes, it will be recorded.
  - (b) No, it will not be recorded.
  - (c) Yes, it will be recorded as footnote to final accounts.
  - (d) Yes, can be recorded only after attaching certificate of Government as proof.
- Q2. Which of the following is not an objective of accounting? (1)
- (a) To provide information about the assets, liabilities and capital of the enterprise.
  - (b) To provide information about the private assets and liabilities of the proprietor.
  - (c) To maintain records of the business.
  - (d) To provide information regarding the profit and loss of the enterprises.
- Q3. On 25th Marh, 2011 a fire broke out in the premises of Kamal Ltd. and destroyed a part of its plant and machinery. On account of this a sharp decline in production for the next six months is expected. The company did not disclose this fact in its annual report for the year ended 31st March, 2011. Which principle/concept is being violated? (1)
- (a) Materiality Principle
  - (b) Full Disclosure Principle

- (c) Realisation Principle
  - (d) Historical Cost Principle
- Q4. Which of the following group belongs to Personal category of traditional classification of accounts? (1)
- (a) Capital, drawings, outstanding salary, Prepaid Insurance
  - (b) Bad debts, Goodwill, Sales
  - (c) Machinery, Insurance, Stock
  - (d) Purchase, Salary, Land
- Q5. Which of the following is the Capital Expenditure? (1)
- (a) wages paid for repair of building
  - (b) wages paid for white washing of building
  - (c) wages paid for construction of building
  - (d) wages paid for cleaning of building
- Q6. Which of these errors would be disclosed by the Trial Balance and why : (1)
- (a) cheque of ₹ 9,500 from Vikas entered in Vikash's Account as ₹ 5,900
  - (b) Selling expenses have been debited to Sales Account ₹ 2,000.
  - (c) Credit sales of ₹ 3,000 entered in both the accounts as ₹ 300.
  - (d) A purchase of ₹ 2,500 was omitted entirely from the books.
- Q7. Ram Lal & Co. decided for plantation of trees around the premises of the factory and in the nearby parks. It has earmarked ₹ 50,000 for this purpose. Indicate the values of this decision of the firm. (3)
- Q8. Identify the nature of error in the following transactions : (3)
- (a) Amount paid for the proprietor's life insurance premium was debited to 'General Expenses Account'.
  - (b) Goods sold to Suresh for ₹ 650 were recorded as ₹ 560 in the Sales Book.
  - (c) Typewriter purchased for office use has been debited to Purchases Account.

Q9. Post the following transactions in Ledger Account 'Bank Account': (3)

2012		₹
April 3	Opened Bank Account with cash	50,000
April 15	Purchased Plant & Machinery and Payment is made by cheque	16,600
April 21	Received loan from Anil and deposited the same into bank	8,000
April 26	Withdrew from bank for personal use	5,000
April 27	Paid to Surya by cheque	8,000

Q10. Give three points of distinction between cash basis and accrual basis of accounting. (3)

Q11. (a) Pass an opening entry in the books of Gopal on 1st January, 2003 :

**Assets :** Cash ₹ 8,000; Bank Balance ₹ 20,000; Stock ₹ 54,000; Debtors ₹ 47,000; (Ashok ₹ 12,000; Pawan ₹ 15,000; Vivek ₹ 20,000); Machinery ₹ 60,000.

**Liabilities :** Creditors ₹ 20,000 (Chaman Lal ₹ 7,000; Om Pal ₹ 13,000), Capital ₹ 2,00,000.

(b) Give two advantages of Petty Cash Book. ( $1\frac{1}{2}+1\frac{1}{2}=3$ )

Q12. Prepare Petty Cash Book from the following transactions. The imprest amount is ₹ 2,000. (3)

		(₹)
Jan. 1	Paid cartage	50
Jan. 2	STD Charges	40
Jan. 2	Bus fare	20
Jan. 3	Postage	30
Jan. 4	Refreshment for employees	80
Jan. 6	Courier charges	30
Jan. 15	Taxi fare to manager	70
Jan. 18	Stationery	65
Jan. 20	Bus fare	10
Jan. 25	Telegram charges	35
Jan. 27	Postage Stamps	200

Q13. Explain briefly any two qualitative characteristics of accounting information. (4)

Q14. Explain briefly : (4)

(a) Error of omission (b) Compensating error

Q15. Distinguish between Trade discount and Cash discount.

(4)

Q16. What are 'Accounting Standards'? What are the two basic objective of Accounting Standards?

(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) Production manager of the company is interested to reflect the good industrial relations in the accounts.
- (b) Although the sales have not yet actually taken place, some reliable customers of the company have placed large orders from which company is expected to earn large profits.
- (c) At present, market price of the fixed assets of the company is very high as compared to the book value and directors are interested to show the fixed assets in accounts at their current market price.
- (d) During the year, the company purchased pencils of ₹ 50. These had all been issued from stock and were still in use at the end of the year.
- (e) At the end of the accounting period, factory rent of the company is outstanding for ₹ 10,000. Accountant is interested in showing in final accounts. However proprietor feels it is not necessary information.
- (f) Directors are interested to adopt different method of inventory valuation instead of present method for the current accounting period for showing better results.

(6)

Q18. (a) Ram started a business on 1st Jan. 2009 with capital of ₹ 1,00,000. During the year ending 31st Dec. 2009 he introduced further capital of ₹ 20,000 and withdrew goods and cash worth ₹ 15,000 for personal use. On 31st Dec. 2009 his assets includes Cash ₹ 30,000; Stock ₹ 80,000; Debtors ₹ 40,000 and Furniture ₹ 30,000 and liabilities include bank loan ₹ 30,000 and creditors ₹ 20,000.

(4)



Ascertain his capital at the end of 2009 and profit or loss incurred during the year.

- (b) On 31st March, 2013, the total assets and external liabilities were ₹ 1,00,000 and ₹ 3,000 respectively. During the year the proprietor had introduced additional capital of ₹ 10,000 and had withdrawn ₹ 6,000 for personal use. He made profit of ₹ 10,000 during the year. Calculate his opening and closing capital. (3+3=6)

Q19. Prepare an Accounting Equation from the following transactions :

- (i) D. Mahapatra commenced business with cash ₹ 1,50,000; goods ₹ 60,000; machinery ₹ 1,00,000 and furniture ₹ 50,000.
- (ii) Sold goods for cash costing ₹ 10,000 and on credit costing ₹ 15,000 both at a profit of 20%.
- (iii) Withdrew cash for personal use ₹ 10,000.
- (iv) Depreciation on machinery provided @ 10%.
- (v) Interest on drawings charged @ 5%.
- (vi) Goods sold to Gupta for ₹ 10,000 and received a Bill Receivable for the same amount for 3 months.
- (vii) Received ₹ 10,000 from Gupta against the Bill Receivable on its maturity.
- (viii) Received interest in cash ₹ 200. (6)

Q20. Prepare Trial Balance of Rama Enterprises from the following balance as on 31st March, 2010 : (6)

	(₹)
Opening stock	10,500
Purchases	50,600
Sales	80,500
Purchase Return	600
Sales Return	1,500
Commission paid	3,000
Discount Allowed	2,000
Salaries	10,000
Drawing	6,000
Bank overdraft	5,000
Plant	22,000

Debtors	18,000
Bill Receivable	4,500
Creditors	3,000
Bills payable	5,000
Cash in Hand	5,000
Capital	60,000
Furniture	14,000
Wages	7,000

Q21. Enter the following transactions in the Purchase Book of Pawan Electric Store, New Delhi: (6)

2011

- June 2 Purchased goods from Surya Electric Store, Chandni Chowk on credit (Invoice No. 480)  
 200 tubelights @ ₹ 50 each  
 50 table fans @ ₹ 400 each  
 20 Heaters @ ₹ 100 each  
 Trade discount 15%
- June 10 Bought goods from New Light Traders, C.P. on credit (Invoice No. 2310)  
 20 table fans @ ₹ 500 each  
 40 ceiling fans @ ₹ 600 each  
 10 electric irons @ ₹ 200 each  
 Trade discount 20%
- June 20 Purchased goods from Ravindra Electric Co., Patel Nagar on credit (Invoice No. 1508)  
 20 Dozen Bulbs @ ₹ 20 each  
 Less Trade discount 10%
- June 22 Bought from Sunny Lamps, Lajpat Nagar for cash (Invoice No. 705)  
 5 Electric Irons @ ₹ 175 each
- June 28 Bought from Fashion Furniture Co., Chitra Gupta Road on credit (Invoice No. 3450)  
 12 Chairs @ ₹ 200 each  
 2 Tables @ ₹ 1,000 each

Q22. Enter the following transactions in a Cash Book with Cash and Bank columns: (6)

2011

- Jan. 1 Bank overdraft 12,000  
 Cash in Hand 2,300

(6)

Jan. 7	Cheque received from S. Nair	4,000
	Discount allowed	200
Jan. 9	Cheque received from S. Nair deposited in Bank	
Jan. 12	Cheque paid to Radha ₹ 2,500 and discount received	50
Jan. 15	S. Nair's cheque dishonoured	
Jan. 20	Money withdrawn from bank for office use	3,400
Jan. 23	Fees of children paid by cheque	75
Jan. 25	Cheque received from Hira and endorsed it to Sunita on 27 Jan.	4,500
Jan. 27	Bank charges	20
Jan. 31	Paid into Bank the entire Balance after retaining ₹ 700 at office	

Q23. Prepare a Bank Reconciliation statement from the following particulars on 31st March, 2009 : (8)

(₹)

(i)	Debit Balance as per bank column of the Cash Book	3,72,000
(ii)	Cheque issued to creditors, but not yet presented to the bank for payment	72,000
(iii)	Dividend received by the bank, but not entered in the Cash Book	5,000
(iv)	Interest allowed by the Bank	1,250
(v)	Cheque deposited into Bank for collection but not collected by bank upto this date	15,400
(vi)	Bank charges	200
(vii)	A cheque deposited into bank was dishonoured but no intimation received	320
(viii)	Bank paid House tax on our behalf, but no information received from bank in this connection	350

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

- (i) Sold goods for cash, of the list price of ₹ 20,000 at 10% trade discount, at 3% cash discount.

- (ii) Provide interest on capital of ₹ 15,00,000 at 6% p.a. for 9 months.
- (iii) Bricks for ₹ 15,00,000 and timber for ₹ 10,00,000 purchased for the construction of building. The payment was made by cheque.
- (iv) Sold goods costing ₹ 9,000 for ₹ 12,000 and charged VAT @ 10%. Payment is received by cheque which is immediately deposited into bank.
- (v) Sudhir Kumar who owed me ₹ 30,000 has failed to pay the amount. He pays me a compensation of 45 paise in a rupee.
- (vi) Goods worth ₹ 25,000 were distributed as free samples.
- (vii) Goods costing ₹ 2,000 (sale price ₹ 2,500) used in making furniture.
- (viii) Bought 10 shares of WIPRO Ltd. for ₹ 40,000 and paid brokerage @ 1%. Payment is made by cheque.

Q25. Give journal entries to rectify the following errors : (8)

- (a) Goods returned from Chandni ₹ 12,000 were recorded in Purchase Return Book. However, Chandni's account was correctly credited.
- (b) Sales to X ₹ 500 were posted to Y's Account.
- (c) A sum of ₹ 800 written off as depreciation on Machinery, were not posted to Depreciation Account.
- (d) A cheque for ₹ 500 received from Ashok was dishonoured and has been posted to the debit of Sales Return Account.
- (e) A discount of ₹ 581 allowed to a customer has been credited to him as ₹ 562.
- (f) Rent of ₹ 350 received from Ashok credited both to Rent Account and Ashok Account.
- (g) In the Sales Book for the month of January total of Page No. 2 was carried forward to Page No. 3 as ₹ 1,000 instead of ₹ 1,200.
- (h) Wages paid for installation of Machinery ₹ 500 was posted to wages Account as ₹ 50.