0.4 M

9/2014

FT-F

SUBJECT : ACCOUNTANCY (SET-II)

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. The Basic function of financial accounting is to : (1)

(a) record all business transactions

(b) interpret financial data

(c) assist management in performing functions effectively

(d) none of the above

Q2. Bank overdraft is a : (1)

(a) contingent liability (b) long-term liability

(c) short-term liability (d) none of the above

Q3. Sales Book is part of :

(a) Journal (b) Ledger

(c) Balance sheet (d) None of the above

Q4. The debit balance of Cash Book means : (1)

(a) Positive balance (b) Negative balance

(c) either positive or negative

(d) neither positive nor negative

Q5. Which of the following best describes the "Depreciation"? (1)

(a) Valuation of fixed asset at the end of the year

(b) Verification of assets

(c) Allocation of cost of fixed assets over its useful life

(d) Decreasing the market value of asset

Q6. A Bank Reconciliation Statement is : (1)

(a) a part of Double entry system

(b) not a part of Double entry system

(c) both (a) and (b)

(d) none of the above

Q7. Explain the objectives of Depreciation. (3)

Q8. (a) Explain the statement 'Cash Book is both journal and Ledger.

(b) Define Petty Cash Book. (2+1=3)

Q9. Distinguish between Sales Book and Sales Account on the following basis : (3)

(a) Format (b) Recording (c) Amount

Q10. Post the following transactions in 'Sales Account' and 'Debtor's Account : (3)

		₹
April 4	Sold goods for cash	14,000
April 6	Sold furniture for cash	60,000
April 14	Sold goods to Gokul	15,000
April 16	Goods returned by Gokul	4,000
April 18	Gokul paid cash in full settlement of his account, after deducting 10% Cash discount	

Q11. (a) Pass the opening entry as on 1st January 2013

Assets : Cash ₹6000, Bank ₹10,000, Debtors ₹40,000 (Raman ₹8000, Amit ₹7000, Gopal ₹10,000, Mohan ₹15,000), stock ₹44,000, furniture ₹20,000, machinery ₹60,000.

Liabilities : Creditors ₹30,000 (X ₹9000, Y ₹11,000 and Z ₹10,000).

(b) What are Artificial Personal Accounts? Give example. (1½+1½=3)

Q12. State the difference between Provisions and Reserves. (3)

Q13. Identify the accounting concept or convention. (4)

(a) Proprietor of a business is treated as a creditor to extent of his capital.

(b) Financial statements of an entity are prepared during its lifetime.

(c) Calibre/quality of management team is not directly disclosed in Balance sheet.

(d) Depreciation is to be charged as per particular method year after year.

Q14. Distinguish between Cash Basis and Accrual Basis of accounting. (4)

Q15. (a) Ram Lal & Co. decided for plantation of tress 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.

(b) A sole proprietorship firm decided to select 5 children from BPL (Below Poverty Line) families and decided to sponsor their free education in a privately managed school. Accordingly it selected 3 girls and 2 boys. Which values do the firm wish to promote by taking this decision? (1+3=4)

Q16. What are International Financial Reporting Standards (IFRS)? What are the objectives of IFRS? (4)

Q17. Prepare an Accounting Equation :

1. Sumit started business with cash ₹30,000 goods ₹80,000 and machinery worth ₹50,000.
2. Goods purchased from Ram on credit ₹15,000.
3. Sold goods costing ₹20,000 for ₹25,000 to Ruchi and received ₹10,000 in cash.
4. Paid 14,500 to Ram in full settlement.
5. Received commission ₹2000 including ₹500 in advance.
6. Ruchi settled her account at a discount of ₹200.

7. Withdrew cash ₹2000 and goods for ₹3000 for personal use by Sumit.
8. Charge depreciation on machinery @ 10% for the year.
9. Paid rent ₹3000, 800 is still unpaid.
10. Allow interest on capital ₹500.
11. Goods costing ₹2000 were given as charity.
12. Paid insurance of ₹2000 of which ¼th on belong to next year. (6)

Q18. Explain briefly :

(a) Full disclosure principle

(b) Materiality principle

(c) Historical cost principle (2x3=6)

Q19. (a) (i) Mohan started a business on 1st April, 2012 with a capital of ₹10,000 and borrowed ₹3000 from a friend. He earned a profit of ₹5000 during the year ended 31st March, 2013 and withdrew cash ₹4000 for private use. What are his Capital and Assets on 31st March, 2013?

(ii) Mahesh started a business with a capital of ₹15,000 on 1st April 2012. During the year, he made a profit of ₹3000. He owes ₹2500 to suppliers of goods. What is the total assets in his business on 31st March, 2013?

(b) Pass the Journal entry :

Goods damaged by fire ₹1000. Insurance company admitted claim of ₹7000 and paid cheque of same. (1½+1½+3=6)

Q20. Prepare Trial Balance from the following balances extracted from books of Mohan Lal and Sons on 31st March, 2011 :

	₹
Opening stock	28,500
Purchases	45,000
Sales	65,400
Purchase return	800
Sales return	1,000
Capital	1,00,000

Drawing	4,000
Loan from Ram	20,000
Interest on loan	1,000
Wages	10,000
Salaries	14,200
Plant & 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

(6)

Q21. Enter the following transaction in the Purchase Book and Sales Book of Rajdhani Electronics, Delhi.

2013

Jan 3 Bought from Bharat Electronics Co. on credit
100 tubelights @ ₹40 each
50 table fans @ ₹415 each

Jan 8 Purchased from Ashoka Traders, Delhi on credit
30 ceiling fans @ ₹600 each
Less trade discount 15%

Jan 12 Bought from Laxmi Furnitures on credit
2 tables @ ₹2000 each

Jan 19 Bought from Prakash Lamps for cash
10 ceiling fans @ ₹600 each

Jan 20 Sold to Varma Electric & Co. on credit
40 electric irons @ ₹100 each
Less trade discount @ 10%

Jan 21 Sold to Sharma Traders on credit
60 tubelights @ ₹40 each
Less trade discount @ 10%

Jan 25 Sold to Royal Traders on credit
100 shirts @ ₹100 each

Jan 31 Sold to Laxmi Electric Co. for cash
30 ceiling fans @ ₹600 each

(6)

Q22. Enter the following transactions in Cash Book with cash, Bank and discount columns. (6)

		₹
2013		
May 1	Cash in hand	45,000
	Bank overdraft	7,000
3	Bought Goods	
	Paid by Cash	13,000
	Cheque	5,000
	Discount received	100
8	Sold shares of Escort's Ltd. for ₹10,000 less brokerage 1%	
10	Received cheque for sale of old furniture	2,500
12	Paid into bank, cheques received on May 10	
14	Drew cash for office use	3,000
19	Received ₹3000 from Jai, allowed discount ₹100	
26	Bank charged interest	200
31	Bank collected dividend on securities	1,500
31	It was decided to maintain a cash balance of ₹5,000 in hand and deposit the remaining balance in bank	

(6)

Q23. Prepare a Bank Reconciliation Statement from the following particulars on 31st March, 2014 : (8)

		₹
(a)	Debit Balance as per bank column of Cash Book	5,620
(b)	Cheque issued to creditor but not yet presented to bank for payment	2,400
(c)	Interest collected on securities by bank, but not entered in Cash Book	1,300
(d)	Interest allowed by the Bank	400
(e)	Cheque deposited into bank for collection, but not yet collected by Bank	4,150
(f)	Bank charges	200
(g)	A cheque deposited into bank was dishonoured but no intimation was received	800

(h) Bank paid life insurance premium on our instruction but no information was received from bank in this connection — 1,400

Q24. Journalise the following transactions : (8)

(a) Sold goods to Ram of the list price ₹40,000 at a trade discount of 10% and cash discount of 2%. Ram paid ¼th of amount in cash.

(b) Amit is declared insolvent. Received 40 paisa in a rupee from his official receiver on a debt of ₹8000.

(c) Goods worth ₹1000 given as charity.

(d) Provide 10% interest on capital amounting to ₹80,000.

(e) Sold goods costing ₹6,000 to Ram for ₹8000 plus VAT 10%.

(f) Rent paid ₹2000 and rent is still owing ₹1000.

(g) Goods costing 10,000 (sale price ₹15,000) withdrawn for personal use by proprietor.

(h) Paid sales tax ₹50,000.

Q25. ABC Ltd. purchased a machinery on 1st April 2012 for ₹70,000. It bought another machinery on 1st July, 2013 for ₹50,000. On 1st December, 2014 plant bought on 1st April, 2012 was sold for ₹50,000 and a fresh plant was purchased for ₹40,000 in same date.

Depreciation is charged at 10% p.a. on diminishing balance method. Show machinery account for 3 years assuming that accounts are closed on 31st December each year. (8)