

SUBJECT : ACCOUNTANCY (SET-I)

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.

- Q1. A limitation of computer system is (1)
 (a) Versatility (b) Accuracy
 (c) Decision making (d) Storage
- Q2. Statement of affairs is prepared to calculate (1)
 (a) Capital (b) Cash Balance
 (c) Total liabilities (d) Total assets
- Q3. What is the nature of life membership subscription in the books of Non-Profit organisations (1)
 (a) Capital Receipt
 (b) Revenue Receipt
 (c) Capital Expenditure
 (d) Revenue Expenditure
- Q4. Return outward appearing in Trial Balance is deducted from (1)
 (a) Return outward (b) Closing stock
 (c) Purchases (d) Total salaries
- Q5. If wrong balancing of creditors account is done, it is (1)
 (a) An error of principle
 (b) A compensating error
 (c) An error of commission
 (d) An error of omission
- Q6. The following is not considered a book of original entry (1)
 (a) The Cash Book
 (b) The Journal
 (c) The Ledger and Balance Sheet
 (d) The Bills Payable Book

Q7. A club has 1000 members. Each member has to pay subscription of ₹50. Total subscription received during the year ending 31st Dec 2007 was ₹90,000 including ₹23,000 for the year 2006 and ₹24,000 for the year 2008. Twenty five members paid their subscription for 2007 in the year 2006. Compute the amount of subscription to be credited to Income and Expenditure Account and show Balance Sheet for year 2006 and 2007. Show working clearly. (3)

Q8. Distinguish between Manual and Computerised Accounting on the following basis - (3)

- (a) Identification (b) Recording
(c) Classification

Q9. Explain briefly International Financial Reporting Standards (IFRS). State any two differences between IFRS and Accounting Standards issued by ICAI. (3)

Q10. Arya Book Depot is dealing in school books and stationery items. Firm decided to provide free books and stationery items to physically challenged students of the near by area. Firm also decided to sponsor 10 scholarships of ₹1,000 each per year to poor students for their outstanding performance in the C.B.S.E. board examination. Indicate the values involved in these decisions of the firm. (3)

Q11. (a) Distinguish between revenue expenditure and capital expenditure.

(b) What values are being promoted by Non-Profit organisation? (2+1=3)

Q12. Explain briefly, with example, the following concept :

- (a) Historical cost principle
(b) Principle of conservation (1½+1½=3)

Q13. Journalise the following transactions : (4)

- (a) Bought goods from Sonam ₹20,000 less trade discount 20% ~~plus VAT@10%~~
(b) Bought 10 shares of Wipro Ltd. for ₹40,000 and paid brokerage @1%. Payment is made by cheque.
(c) Withdraw cash ₹5,000 for office use and ₹2,000 for personal use from the Bank.

(d) Allowed interest on capital @ 8%. Capital was ₹ 50,000.

Q14. Discuss any four advantages of computerised Accounting system. (4)

Q15. State clearly what accounting convention or principle are followed or violated in each of the following : Explain it briefly : (4)

- (a) The Proprietor of business is treated as creditor of firm.
(b) If one aspect of transaction is not recorded, which accounting concept is not followed.
(c) Business enterprise will not be liquidated in near future.
(d) Advance received from customer is recorded as 'Advance against sales' and not sales.

Q16. Mohan Lal keeps incomplete records of his business. From the following information, determine the result of his business during the accounting period :

	1st April, 2009	31st March, 2010
Cash in hand	4,500	3,500
Bank Balance	8,500	7,500
Furniture	12,000	10,800
Stock	21,800	23,000
Creditors	24,000	25,400
Debtors	23,000	24,800

During the year, he withdrew ₹500 p.m. for his household needs and withdrew goods worth ₹3,000 for domestic purposes. During the year, he sold his motorbike for ₹10,000 and introduced ₹8,000 into the business. Compute his profit or loss during the year. (4)

Q17. Enter the following transactions in Purchase Book of Rajdhani Electronics, Delhi :

2010

Jan. 3 Bought from Bharat Electric Co., Dwarka Delhi on credit
100 Tubelights @ ₹40 each

- 50 Tables fans @ ₹415 each
 30 Electric Iron (Bajaj) ₹200 each
 Trade Discount @ 10%
- Jan. 9 Purchased from Ashoka Traders, Karol Bagh, on credit
 30 Ceiling fans - Polar @ ₹600 each
 20 Grinders - Usha @ ₹500 each
 Trade Discount @ 15%
- Jan. 16 Bought goods from Royal Electric Co. Delhi on credit
 20 dozen Bulbs @ ₹100 per dozen
 10 Table fans @ ₹500 each
 Trade Discount @ 15%
- Jan. 22 Bought from Prakash Lamp, Delhi for cash
 10 Ceiling fans - Orient @ ₹600 each
- Jan. 29 Bought from Laxmi Furniture, Rohtak on credit
 2 Tables @ ₹2,000 each
 2 Chairs @ ₹400 each (4)

Q18. Ashoka Ltd. bought a machine on 1st Jan 2008 for ₹2,40,000 and spent ₹4,000 on its carriage and ₹6,000 towards installation cost. On 1st April, 2009, it purchased a second hand machinery for ₹75,000 and spent ₹25,000 on its overhauling, on 1st October, 2010 it decided to sell the machinery bought on 1st Jan 2008 for ₹1,40,305 and bought another machine on the same date for ₹40,000. Company decided to charge depreciation @15% p.a. on reducing balance method. Prepare machinery account for 3 years. (6)

Q19. Prepare a Bank Reconciliation Statement from the following particulars as on 31st March, 2010 :

- (a) Credit balance (overdraft) as per Cash Book ₹
 on 31st March 2010 4,260

- (b) Cheques drawn but not presented for payment 1,900
 (c) Cheques deposited but not collected by bank till date 2,100
 (d) Interest on overdraft not recorded in Cash Book 200
 (e) A cheque of ₹400 was received from a customer. It was correctly entered in Cash Book but omitted to be banked.
 (f) Bank paid club fee of ₹500 as per standing instruction but it was not recorded in Cash Book. (6)

Q20. Pass Rectifying entries for following errors :

- (a) Mohan was paid ₹4,000 but Sohan was wrongly debited by ₹3,000.
 (b) Goods sold to Amar ₹1,000 has been passed through Purchase Book, however, account of Amar has been correctly debited.
 (c) Total of Returns Inward Book ₹2,400 is posted to Return Outward A/c.
 (d) Discount received from supplier, Ram ₹120 is debited to him as ₹210.
 (e) Wages paid ₹1,000 for installation of machine was debited to Wages A/c.
 (f) Purchase Return Book was carried forward as ₹1,100 instead of ₹1,200. (6)

Q21. On 1st January 2010, Amit drew 3 Bills of exchange on his debtor Sumit. First for ₹7,000 for 1 month, second for ₹8,000 for two months and third for ₹10,000 for four months. Sumit accepted these bills. Amit endorsed the first bill to his creditor Kamal. On 1st February, Amit discounted the second bill from his bank for ₹7900. This bill was dishonoured and bank paid ₹60 towards noting charges. Sumit paid required amount by cheque on 14th March. The third bill was paid by Sumit under rebate of 12% p.a., one month prior to date of maturity. Pass necessary entries in books of Amit. (6)

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

2011	₹		₹
Dec. 1	Cash in hand	1,50,000	
	Bank overdraft	2,500	
Dec. 2	Purchased goods from Rahim	10,000	
Dec. 4	Fax machine purchased for office use	15,000	
Dec. 5	Deposited in Bank	12,000	
Dec. 6	Paid to Rahim by cheque	9,800	
Dec. 8	Bills payable paid in cash	8,000	
Dec. 11	A bill of ₹20,000 was discounted through Bank @ 2%		
Dec. 13	Wages paid	2,500	
15	Loans repaid through cheque	16,500	
17	Sold to Vikram goods worth	30,000	
22	Vikram became insolvent and received 25% from him		
26	Withdrew cash for private expenses	4,000	
28	Bank charges	250	
29	Cheque issued for office use	14,000	
31	Cash sales to Amar	3,200	

Q23. Following is the Receipts and Payments A/c of Chennai Sports Club for the year ending 31-12-06.

Receipts	₹	Payments	₹
Balance b/d	5,000	Salary	12,000
Subscriptions	26,000	Furniture	10,000
Tournament fund	15,000	Office expenses	8,000
Sale of old Newspaper	2,000	Tournament expenses	21,000
Legacy	35,000	Sports equipment	20,000
Entrance fees	4,000	Balance c/d	16,000
	87,000		87,000

On 31-12-06, subscription outstanding was ₹4,000 and on 31-12-05 subscription outstanding was ₹3,000. Salary outstanding on 31-12-06 was ₹2,000.

(6)

On 1-1-2006, the club had furniture ₹1,00,000, 10% Investment ₹45,000, Sports equipment ₹25,000. Depreciation charged on these items including purchases was 10%. Prepare Income and Expenditure Account of the club for the year ended 31-12-06 and Balance Sheet as on 31.12.06. (8)

Q24. Following is trial Balance of Ram on 31st Dec. 2010. Prepare financial statements. (8)

Name of Accounts	Dr. Balance	Cr. Balance
Drawing and Capital	15,000	47,000
Purchase and Sales	80,500	1,57,000
Debtors and Creditors	28,400	30,600
Discount	2,400	1,500
Stock (1-1-2010)	32,500	
Wages	7,000	
Establishment charges	8,500	
Rent	10,000	
Power	6,400	
Furniture	10,000	
Machinery	20,000	
Investment	10,000	
10% Bank loan		15,000
Interest on loan	1,000	
Manufacturing expenses	4,500	
Trade expenses	3,600	
Insurance	2,800	
Cash at Bank	8,500	
Total	2,51,100	2,51,100

Adjustments :-

- Closing stock ₹34,000.
- Rent is paid for 10 months.
- Wages outstanding ₹1,500 and Salary outstanding ₹2,000.
- Depreciate furniture and machinery by 10% p.a.
- Interest on investment is accrued @ 8% p.a.
- Manager is entitled to 10% commission on net profit before charging his commission.

(7)