

Time: 3 hrs.

M.M.90

**General instructions:** All the questions must be attempted in serial order. Working notes should be given neatly with the solutions.

- Q1.** What do you mean by Credit voucher? (1)
- Q2.** What is Statement of Affairs? (1)
- Q3.** What are the two main limitations of Single Entry system? (1)
- Q4.** What are the two main purposes of preparing Trial Balance? (1)
- Q5.** Who is responsible for preparing Accounting standards in India? (1)
- Q6.** Explain: Capital expenditure, Revenue, Contingent liability. (3)
- Q7.** Give any three differences between Cash basis of accounting and Accrual basis of accounting. (3)
- Q8.** What do you mean by Accounting principles? Write any two uses of Accounting principles. (3)
- Q9.** What do you mean by Reserves? Explain the types of reserves. (3)
- Q10.** Journalise the following transactions in the books of Harpreet Bros.:
- (a) `1,000 due from Rohit to be written off as bad debts.
- (b) Goods worth `2,000 were used by the proprietor for his domestic use.
- (c) Provide interest on capital of ` 1,50,000 at 6% p.a. for 9 months. (3)
- Q11.** Prepare Trial Balance from the following information:
- Bank overdraft `28,000, Cash in hand `4,000, Purchase return `8,000, Sundry expenses `24,000, Sales return `16,000, Salaries `16,000, Purchases `56,000, Sales `88,000, Creditors `24,000, Debtors `16,000, Stock (opening) `20,000, Machinery `40,000, Capital `44,000. (3)
- Q12.** Enter the following transactions in a cash book with cash and bank columns:
- Aug. 01 Cash balance `15,000, Bank balance `10,000.

Aug. 03 Paid insurance premium by cheque `4,200.

Aug. 08 Sale of goods worth `22,000 at 10% cash discount, payment received by cheque.

Aug. 09 Cash deposited in bank `15,000.

Aug. 10 Withdrawn from bank for personal use `6,000. (3)

**Q13.** Write any three disadvantages of Data Base Management system. (3)

**Q14.** What do you mean by accounting software? Explain in brief about the types of such software. (5)

**Q15.** Explain any five limitations of Accounting. (5)

**Q16.** Krishna Kulkarni has not kept proper books of accounts. Prepare the statement of profit or loss for the year ending December 31, 2013 from the following information:

	Jan. 01, 2013(₹)	Dec. 31, 2013(₹)
Cash in hand	10,000	36,000
Debtors	20,000	80,000
Creditors	10,000	46,000
Bills receivable	20,000	24,000
Bills payable	4,000	42,000
Car	—	80,000
Stock	40,000	30,000
Furniture	8,000	48,000
Investment	40,000	50,000
Bank balance	1,00,000	90,000

The following adjustments were made:

(a) Krishna withdrew cash ` 5,000 per month for private use.

(b) Depreciation @ 5% on car and furniture @10%.

(c) Outstanding Rent ` 6,000.

(d) Fresh Capital introduced during the year `30,000.

(6)

**Q17.** On October 01, 2007 Juneja Transport Company purchased 2 Trucks for ` 10,00,000 each. On July 01, 2009, One Truck was involved in an accident and was completely destroyed and ` 6,00,000 were received from the insurance company in full settlement. On December 31, 2009 another truck was involved in an accident and destroyed partially, which was not insured. It was sold off for ` 1,50,000. On January 1, 2010 company purchased a fresh truck for ` 12,00,000. Depreciation is to be provided at 10% p.a. on the written down value every year. The books are closed every year on December 31. Give the truck account from 2007 to 2010. (6)

**Q18.** Prepare a bank reconciliation statement from the following particulars and show the balance as per cash book.

(i) Balance as per passbook on December 31, 2013 overdrawn ` 20,000.

(ii) Interest on bank overdraft not entered in the cash book ` 2,000.

(iii) ` 200 insurance premium paid by bank has not been entered in the cash book.

(iv) Cheques drawn in the last week of December, 2013, but not cleared till date for ` 3,000 and ` 3,500.

(v) Cheques deposited into bank on Nov. 2013, but yet to be credited.

(vi) Wrongly debited by bank ` 500.

(6)

**Q19.** On Jan. 15, 2013 Sachin sold goods `30,000 to Narain and drew upon the later a bill for the same amount payable after 3 months. The bill was accepted by Narain. The bill was discounted by Sachin from his bank for `29,250 on Jan. 31, 2013. On maturity the bill was dishonoured. He further agreed to pay `10,500 in cash including ` 500 interest and accept a new bill for two months for the remaining `20,000. The new bill was endorsed by Sachin in favour of his creditor Kapil for settling a debt of ` 20,800. The new bill was duly met by Narain on maturity. Record the necessary journal entries in the books of Sachin and Narain. (6)

**Q20.** Calculate value of Opening Stock from the following information:

Cash sales `1,00,000; credit sales `3,30,000; sales return `10,000; Purchases `2,48,000; Purchase return `8,000;

carriage inwards `16,000; closing stock `72,000; Rate of gross profit is 40% on sales.(6)

**Q21.** From the following Trial Balance as on December 31,2013,Prepare Trading and Profit & Loss Account and Balance Sheet of Mr.Anant:

Particulars	Dr.(Amount)	Cr.(Amount)
	( )	( )
Land & Buildings	3,40,000	-----
Plant & Machinery	2,50,000	-----
Capital	-----	7,50,000
Drawings	30,000	-----
6% Loan from Canara bank( borrowed on 31.07.13)	-----	1,50,000
Sales	-----	8,80,000
Furniture & Fittings	60,000	-----
Sundry Debtors	2,10,000	-----
Trade Expenses	35,000	-----
Purchases	4,00,000	-----
Cash in hand	1,00,800	-----
Cash at bank	1,80,200	-----
Wages & Salaries	1,60,000	-----
Stock(31.3.2011)	2,08,000	-----
Sundry Creditors	-----	1,55,200
Returns Outward	-----	18,000
Rent Received	-----	12,800
Discount	8,000	-----
Returns Inward	15,000	-----
Bills Receivables/Payables	10,000	35,000
Bad Debts	4,500	-----
Interest	-----	10,500
	20,11,500	20,11,500

**Additional information:** The stock on Dec. 31, 2013 was valued at ` 2, 70,000. Interest on Capital is to be allowed at 6% p.a. Interest on Drawings is to be charged at 5% p.a. This amount was drawn on 30.06.13. Depreciation on machinery is to be charged at 12% p.a. Wages were prepaid to the extent of ` 25,000. There were further bad debts `8,000.Provision for doubtful debts to be maintained at 5%. (15)

**Q22.** Identify the type of error and Rectify the errors in the following cases:

(a) Goods worth ` 10,000 returned by Keshwari were taken into stock but the transaction was not recorded by Mr. Shaad (accountant) in the books of account as he was doing some of his personal work and left the company after office hours not caring for the transaction to be entered in the books of accounts.

(b) Purchase of goods worth ` 15,000 from ABC Ltd. was recorded by Mr. X in the purchase book with ` 1,500. Mr. X has already resigned from the firm and it was his last day in the firm so he presented it to the management without rectifying the error.

(6)