

Note: All questions are compulsory

Q.1. A) Fill in the blanks (Any 8)

(08 marks)

1. Wages account is a _____ account.
a) Real b) Nominal c) Personal d) Fictitious
2. Cash Account is _____ account.
a) Real b) Nominal c) Personal d) Fictitious
3. Goodwill is a _____ asset.
a) Intangible b) Tangible c) Current d) None of these
4. _____ is called as a book of prime entry.
a) Ledger b) Trial Balance c) Journal d) None of these
5. Credit Sales are recorded in _____ book.
a) Sales book b) Cash book c) Journal Proper d) All of these
6. Under _____ method stock is valued after every transaction.
a) LIFO b) FIFO c) Weighted Average Method d) All of these
7. Prepaid Insurance is classified as _____.
a) Fixed Asset b) Current Asset c) Fictitious Asset d) None of these
8. On hire purchase ownership of asset is transferred on payment of _____ installment.
a) Last b) First c) Half d) Second
9. Small expenses of daily routine business are recorded in _____ account.
a) Petty Cash b) Cash c) Sales d) None of these
10. Prepaid Expenses are shown in _____ side of balance sheet.
a) Asset b) Liabilities c) None of these d) All of these

Q.1. B) State whether the following statements are true or false (Any 7) (07 marks)

1. Reputation of business is known as goodwill
2. Outstanding rent is not to be considered as an expense
3. Person buying the goods is termed as customer
4. Cash discount is not recorded in the books of accounts
5. Expenses incurred to keep the machinery in condition are revenue expenditure
6. Salary paid to Ram is debited to Ram.
7. ICAI stands for Institute of Chartered Accountants of India
8. State Bank of India is a nominal account
9. All facts whether material or immaterial are recorded in accounts.
10. AS-3 provides valuation of fixed assets.

Q.2. A) Enter the following transactions in the books of Paresh, for the month of April, 2008.

- 1) Cash on hand Rs 2,000 and cash at Bank of India Rs. 15,000.
- 2) Purchased books from Ajay products, Rs 50,000 at 5% trade discount.
- 3) Sold our shares (personal) for Rs. 25,000 and invested that sum in the business.
- 4) Sold to Vijay Traders goods worth Rs. 30,000 for cash.
- 5) Deposited Rs 20,000 in Bank sent a cheque of Rs. 25,000 to Ajay products.
- 6) Paid Rs. 400 for the fees of son from office (Paresh's son).
- 7) LIC Premium Rs 420 and insurance for the goods Rs 320 (Rs 420 paid from house)
- 8) Purchased goods worth Rs. 30,000 from Jeet and Co. at 15% trade discount and 10% cash discount
- 9) Settled amount with Ajay products
- 10) Sold goods to Parth and Co. for Rs. 30,000 at 10% trade discount.
- 11) Received cash from Parth and Co. in full settlement
- 12) Goods worth Rs 15,000 destroyed by fire Insurance Company paid Rs. 12,000 as Claim.

(15 marks)

OR

Q.2. B) The Car Mart company purchases a motor car from Autoriders company on a hire purchase agreement on January 1, 2011, paying cash Rs. 10,000 and agreeing to pay for the three instalments of Rs. 10,000 each on 31st December each year. The cash price of the car is Rs. 37,250 and the Autoriders company charges interest at 5% per annum. The Car Mart company writes off 10% per annum as depreciation on the reducing instalment system. You are required to Journalise the transactions for all the years in the books of Car Mart company under the full Cash Price / Credit Purchase Method. (07 marks)

Q.2. C) State whether the following is capital expenditure, revenue expenditure, capital receipt or revenue receipt. Give reason for your answer.

- 1) Purchase of typewriter
- 2) Salary paid Rs. 40,000
- 3) Received Rs. 2,00,000 from sale of investment
- 4) Purchase of raw material Rs 20,000
- 5) Commission received Rs. 2,000 from sale of goods
- 6) Loan taken from Bank Rs. 10,00,000

(08 marks)

Q.3. A) The Accountant of Lucky stores presents the following trial balance as on 31-12-2012

Particulars	Rs.	Rs.
Cash in hand	-	700
Balance with Bank of India	-	1,300
Overdraft from Dena Bank	4,000	-
Amount due from Shah brothers- a customer	-	15,000
Amount due to Mehta sons- a supplier	-	10,000
Loan from Mrs Patel	20,000	-
Purchases	-	68,000
Sales	75,000	-
Return outwards	3,000	-
Return inwards	-	4,000
Patel's Capital	-	25,000
Patel's Drawings	12,000	-
Rent Income	6,000	-
Carriage outwards	-	2,000
Delivery vans	29,000	-
Commission income	6,000	-
Advance to Jai, a supplier	-	16,000
Advance from Raju, a customer	-	5,000
Discount to customers	-	1,000
General Expenses	-	3,000
Discount by suppliers	-	2,000
Interest on Ms. Patel's loan	-	2,000
	1,55,000	1,55,000

The accountant feels that though the trial balance has tallied, there are some mistakes. You are asked by him to look into the same and prepare a revised and corrected trial balance. In the course of your checking you find, among other things, that discount allowed to customers was actually Rs. 2,000 while discount allowed by suppliers was only Rs. 1,000. (15 marks)

OR

Q.3. B) From the following particulars, prepare stock register by LIFO Method (15 marks)

Date	Transaction	Units	Rate per unit (Rs.)
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01-01-2023	Opening Stock	17,500	3.50
04-01-2023	Purchase	30,000	3.80
08-01-2023	Sale	32,500	4.20
12-01-2023	Purchase	37,500	3.90
16-01-2023	Sale	42,500	4.30
21-01-2023	Purchase	40,000	4.05
25-01-2023	Sale	33,750	4.40
29-01-2023	Purchase	46,250	4.10
31-01-2023	Sale	39,000	4.55

Q.4. A) From the following trial balance of Ravindra Co., prepare Manufacturing Account, Trading and Profit and Loss Account and Balance Sheet as on 31st March 2016. (15 marks)

Particulars	Debit (Rs)	Credit (Rs)
Capital	-	40,000
Sales	-	25,000
Purchases	15,000	
Salaries	2,000	
Rent	1,500	
Insurance	300	
Drawings	5,000	
Machinery	28,000	
Bank balance	4,500	
Cash balance	2,000	
Stock as on 1-04-2015:		
-Raw materials	2,000	
-Work in progress	2,000	
-Finished goods	1,200	
Debtors and creditors	2,500	1,000
	66,000	66,000

Adjustments:

1. Stock on 31st March 2016 was as follows:
Raw materials Rs. 1500, work in progress Rs. 1500, finished goods Rs. 1900.
2. Machinery to be depreciated at 10% per annum.
3. Rent paid in advance Rs. 200.
4. Insurance prepaid Rs. 90.
5. Salaries to be distributed between factory and office in the ratio 2:5.

OR

Q.4. B) From the given trial balance of Chris prepare Manufacturing, Trading and Profit and Loss account for the year ended 31st December, 2013 and Balance Sheet as at that date.

Particulars	Amt. (Rs.)	Amt. (Rs.)
Opening stock:		
-Raw materials	24,000	
-Work in progress	14,000	
-Finished goods	40,000	
Purchase of raw materials	1,94,000	
Octroi on raw materials	22,000	
Direct wages	1,14,000	
Factory rent	14,000	
Other direct expenses	24,000	
Indirect wages	16,000	

Machinery	1,20,000	
Cash at Bank	24,000	
Sales	-	6,20,000
Administrative expenses	62,000	
Selling expenses	26,000	
Creditors	-	50,000
Interest	14,000	
Discount allowed	8,000	
Bad debts	2,000	
Provision for bad debts	-	6,000
Sundry debtors	1,00,000	
Drawings	42,000	
Capital	-	
Bills payable	-	
	8,60,000	8,60,000

Adjustments:

1. Closing stock was Raw materials Rs. 16,000; Finished goods Rs. 20,000 and Work in progress Rs. 8,000.
2. Outstanding direct wages at the end were Rs. 2,000.
3. Other direct expenses were prepaid to the extent of Rs. 1,000.
4. Depreciate machinery at 10% per annum.
5. Maintain provision for bad debts at 5% of sundry debtors.

(15 marks)

Q.5. A) Define the term accounting. Explain the importance of accounting. (08 marks)

Q.5. B) What is trial balance? Explain the objectives of preparing trial balance. (07 marks)

OR

Q.5. C) Write Short Notes (Any 3)

(15 marks)

1. IFRS
2. FIFO Method
3. Manufacturing Account
4. Contingent Liability
5. Capital and Revenue Expenditure