

General instructions:

- i) All questions are compulsory.
- ii) Marks for questions are indicated against each.
- iii) Short Answers should be brief and to the point.
- iv) Attempt all parts of a particular question at one place.

FINANCIAL ACCOUNTING

1. What is Depreciation? (1)
2. What is Contra Entry? (1)
3. What are compound journal entries? (1)
4. Give the meaning of entity. (1)
5. What are intangible assets? (1)
6. What is a debit note? (1)
7. What is an opening entry? Give an example. (3)
8. Define a trail balance. Why is it prepared? (3)
9. Explain briefly the objectives of accounting. (3)
10. Pass journal entries for the following transactions. (3)
 - i) Prepaid salary Rs 15,000/-.
 - ii) Unearned commission Rs. 10,000/-.
 - iii) Goods worth Rs 5,000/- distributed as free samples.
11. Mohan started a business on 1st Jan, 2013 with a capital of Rs 1,00,000/- and a loan of Rs. 50,000/- from the bank. On 31st Dec, 2013, his assets were Rs 1,75,000/-. Find out his capital as on 31st Dec, 2013 and profit earned during the year. (3)
12. What is meant by voucher? What are the types of vouchers? (3)
13. Explain the following concepts: (4)
 - i) Principle of prudence.
 - ii) Principle of full disclosure.
14. What is meant by ledger? Why is it maintained? Give two advantages of ledger. (4)
15. M/s Sita Ram & Sons who are dealers in furniture, purchased the following: (4)

2013 Jan 1	Purchased from Appolo Furnitures, Mumbai:- 120 chairs @ Rs 200/- per piece. 20 tables @ Rs 800/- per piece. Less: 10% Trade Discount
Jan 3	Purchased from Fashion house Chennai: 2 typewriters @ Rs. 2500/- per piece.
Jan 5	Purchased from Amitabh Furnitures, New Delhi for cash: 5 almirahs @ Rs 3,000/- per piece.
Jan 7	Purchased from Bharat Bhushan & Son, Mathura: 20 sofa sets @ Rs. 4000/- per piece. 25 steel cabinets @ Rs.500/- per piece.

Prepare Purchase book.

16. Evaluation & Multi disciplinary questions:
- i) Mohan, the owner of a business receives an order for supply of goods worth Rs. 2,00,000/-. He has also received Rs. 25,000/- against this order. Mohan wants to record it as a sale. Is Mohan correct in doing so? Give reasons. (2)
- ii) Mr. Ram Mohan has shown interest earned and interest paid at net amount in the Profit & Loss Account. Is he correct in doing so? Give reasons. (2)
17. Give the meaning of Bank Reconciliation Statement. Explain briefly its importance. (4)
18. On 1st Jan 2010, a company purchased a plant for Rs. 2,30,000/- and spent Rs. 10,000/- on its installation. The plant was put in use from 1st Feb. 2010. Depreciation provided at 15% per annum on straight line method. On 1st Jan 2012 the plant is sold for Rs. 1,20,000/-. Prepare plant account assuming that the company closes its books on 31st March of each year. (6)
19. The following trail Balance has been prepared by an incompetent person. Draw up a correct Trial balance. (6)

Name of Accounts	Balance Dr.	Balance Cr.
Closing Stock	40,000	
Plant & Machinery	2,00,000	
Returns inwards		8,000
Prepaid salary	12,000	
Carriage outwards	2,000	
Rent of premises from subletting		20,000
Accrued Commission		8,000
Interest on loan taken		7,000
Unearned income	4,500	
Outstanding bills		3,000
Patent		3,500
Capital		2,23,000
Interest on Bank over draft		10,000
Total	2,58,500	2,82,500

20. 2012 March 1 Mohammad started business with cash Rs. 2,00,000/-.
 March 2 Purchased goods from Dilip for Rs. 40,000/- less 20% trade discount.
 March 3 Gave a cheque of Rs. 20,000/- and he allowed discount of Rs. 500/-.
 March 4 Bought goods from Suresh Rs. 75,000/-.
 March 5 Settled the account of Suresh after 5% discount.
 March 6 Salary paid Rs. 20,000/-.
 Mohammad decided to close the books of accounts on 31st March. Pass journal entries and prepare Dilip's Account, Salary Account and Cash Account. (6)
21. Enter the following transactions in a petty cash book in analytical form. The book is kept on imprest system, amount of imprest being Rs. 500/-.
- 2012 April 1 Petty cash in hand Rs. 42/-. Received cash to make up the imprest.
 April 2 Paid for office cleaning Rs. 20/- and repairs to furniture Rs. 25/-.
 April 3 Paid bus fare Rs. 40/- and telegrams Rs. 20/-.
 April 4 Bought stamps for Rs. 30/- and paid telephone bills Rs. 35/-.
 April 5 Bought envelopes Rs. 25/- and stapler pins Rs. 15/-.
 April 6 Paid for conveyance Rs. 30/- and served refreshment to customers Rs. 20/-. (6)

22. Prepare Accounting equation from the following: (6)
- i) Commenced business with cash Rs. 20,000/-, goods Rs. 50,000/- and furniture Rs. 30,000/-.
 - ii) Purchased goods from Gopal on credit Rs. 1,00,000/-.
 - iii) Sold goods for cash Rs. 40,000/- (costing Rs. 30,000/-)
 - iv) Goods costing Rs. 20,000/- sold at a loss of 5%, out of which Rs. 12,000/- received in cash.
 - v) Accrued Interest Rs. 5,000/-.
 - vi) Purchased typewriter for personal use of the proprietor Rs. 20,000/-.
23. Enter the following transactions in a cash book with cash and bank columns: (8)
- 2013 Jan 1 Bank overdraft Rs. 5,000/-, Cash in hand Rs. 1,000/-.
- Jan 2 Sold goods for cash Rs. 4,000/-.
- Jan 3 Sold goods for cheque and paid in to bank on the same day Rs. 3,000/-.
- Jan 4 Sold goods for cash Rs. 2,500/-.
- Jan 5 Deposited cash with bank Rs. 5,500/-.
- Jan 6 Paid bank charges Rs. 100/-.
- Jan 7 Withdrew from bank for office use Rs. 1,000/- and for personal use Rs. 1,200/-.
- Jan 8 Amanda's cheque deposited with bank last week dishonored Rs. 1,500/-.
- Jan 9 Received a repayment of loan Rs. 6,000/- and was deposited with bank on 10 Jan.
- Jan 10 Deposit with the bank the entire balance after retaining Rs. 1,000/- at office.
24. From the following particulars prepare a Bank Reconciliation statement in the books of Ram Manohar as on 30th Sept 2013. (8)
- a) Overdraft on 30th Sept 2013 as per pass book Rs. 10,000/-.
 - b) Cheque deposited in to the bank but not recorded in cash book Rs.100/-.
 - c) Cheque received and recorded in the cash book but not sent to bank for collection Rs. 1,000/-.
 - d) Several cheques were drawn in the last week of September, totaling Rs. 15,000/- of these cheques totaling only Rs. 9,000/- were cashed before 30th September.
 - e) Similarly, several cheques totaling Rs. 9,000/- were sent for collection; of these cheques of the value of Rs. 1,500/- were credited on 5th October and Rs. 2,000/- on 7th October and the balance being credited before 30th September.
 - f) Fees of Rs. 250/- was paid directly by the bank but was not recorded in the cash book.
 - g) In the cash book a bank charge of Rs. 30/- was recorded twice while another bank charge of Rs. 50/- was not recorded at all.
 - h) Interest of Rs. 1,400/- was charged by the bank but was not recorded in the cash book.
 - i) A cheque of Rs. 13,300/- paid into the bank was returned dishonored but no intimation was received from the bank till June 2011.