

General Instructions:

- i) This question paper contains 34 questions. All questions are compulsory. Neatness is must.
- ii) Question Nos. 1 to 20 carries 1 mark each.
- iii) Questions Nos. 21 to 26, carries 3 marks each.
- iv) Questions Nos. from 27 to 29 carries 4 marks each.
- v) Questions Nos. from 30 to 34 carries 6 marks each.
- vi) There is no overall choice. However, an internal choice has been provided in 2 questions of three marks, 1 question of four marks and 2 questions of six marks.
- vii) Attempt all parts of a particular question at one place. All working should be shown clearly near to the answer.

Section – A

1. Which qualitative characteristics of accounting information are reflected when accounting information is clearly presented?
 - a) Comparability
 - b) Understandability
 - c) Relevance
 - d) Reliability
2. Assertion (A): Certain accounting conventions like conventions of consistency, conservatism, Full disclosure, etc. are allowed while preparing financial statements.
Reason (R): Use of accounting conventions makes the financial statements comparable, simple and realistic.
 - a) Both (A) and (R) are true and (R) is the correct explanation of (A).
 - b) Both (A) and (R) are true but (R) is not the correct explanation of (A).
 - c) (A) is true but (R) is false.
 - d) (A) is false but (R) is true.
3. During a lifetime of an entity, accounting produces financial statements in accordance with which basic accounting concept?
 - a) Conservation.
 - b) Matching
 - c) Accounting period
 - d) None of the above
4. Meaning of credibility of going concern is _____.
 - a) Closing of business
 - b) Opening of business
 - c) Continuing of business
 - d) None of the above
5. The entry which is passed for bringing forward the balances of personal and real accounts as shown in the last year's balance sheet is called _____.
 - a) Closing entry
 - b) Journal entry
 - c) Opening entry
 - d) None of these
6. The mathematical expression defining the comparative relationship between assets and liabilities of any person, institution, or business concern is called _____.
 - a) Accounting
 - b) Accounting equation
 - c) Bookkeeping
 - d) None of these
7. Balancing of accounts means _____.
 - a) Total of debit side
 - b) Total of credit side
 - c) Difference in a total of debit side and credit side
 - d) None of the above
8. The cheque which is issued to the creditor but is not presented for payment is called _____.
 - a) Uncredited cheque
 - b) Outstanding cheque
 - c) Omitted cheque
 - d) Dishonoured cheque
9. Which of the following items is not a reason for the difference between bank balance as per cash book and pass book?
 - a) Dishonored cheques
 - b) Cheques deposited but not yet cleared
 - c) Credit sales
 - d) Cheques issued but not yet presented for payment
10. XYZ Ltd. receives a cheque for Rs. 100, records it in the cash book, and deposits it on the same day. A statement sent by the bank that day does not show this Rs. 100. How is this shown on the bank reconciliation statement?
 - a) As an uncredited deposit added to the bank statement balance.
 - b) As an uncredited deposit deducted from the bank statement balance.
 - c) As an uncredited cheque added to the bank statement balance.
 - d) As an uncredited cheque deducted from the bank statement balance.

11. If the suspense account does not balance even after rectification of errors, it implies that _____.
- There are some one-sided errors only in the books yet to be ascertained.
 - There are no more errors yet to be ascertained.
 - There are some two-sided errors only, that is yet to be ascertained.
 - There may be both two-sided errors and one-sided errors, that are yet to be ascertained.
12. The error which can be disclosed by trial balance is _____.
- Error of omission
 - Error of principle
 - Compensatory error
 - None of the above
13. At the end of the year, the depreciation account is transferred to _____.
- Trading account
 - Profit and loss appropriation account
 - Profit and loss account
 - Balance sheet
14. Which of the following methods of depreciation is not recognised by Income Tax Law?
- Straight-line method
 - Diminishing balance method
 - Both straight-line and diminishing balance methods
 - None of the above
15. Choose the correct chronological order of ascertainment of the following profits from the profit and loss account:
- Operating Profit, Net Profit, Gross Profit
 - Operating Profit, Gross Profit, Net Profit
 - Gross Profit, Operating Profit, Net Profit
 - Gross Profit, Net Profit, Operating Profit
16. Profit earned through normal activities of the business is _____.
- Operating profit
 - Net profit
 - Gross profit
 - Manufacturing profit
17. Which of the following will not appear in Profit & Loss Account of a business?
- Bad Debts
 - Drawings
 - Outstanding expenses
 - Reserve for discount of creditors.
18. Assertion (A) - The income statement and the balance sheet are financial statements that show the cash flows in and out of the business unit.
Reason (R) - The general purpose of financial statements is to show the financial position and performance of a business unit.
- Both (A) and (R) are true and (R) is the correct explanation of (A).
 - Both (A) and (R) are true but (R) is not the correct explanation of (A).
 - (A) is true but (R) is false.
 - (A) is false but (R) is true.
19. If the opening capital is Rs. 60,000, drawings Rs. 5,000, capital introduced during the period Rs. 10,000, closing capital Rs. 90,000. The value of profit earned during the period will be _____.
- Rs. 20,000
 - Rs. 25,000
 - Rs. 30,000
 - Rs. 40,000
20. Accounts that are maintained under a single entry system is _____.
- Personal accounts
 - Impersonal accounts
 - both (a) and (b)
 - None of the above

Section – B

21. Prepare an accounting equation on the basis of the following:
- Kapil invested Rs 15,000 in cash.
 - Purchased securities for Rs 7,500 in cash.
 - Purchased furniture for Rs 15,000, giving Rs 5,000 in cash and the balance through a loan.
 - Sold securities costing Rs 1,000 for Rs 1,500.
 - Bought a Scooter for Office Rs 2,800 in cash.
 - Received commission for Rs 3,600.
- (OR)
- Raj started business on 1st January, 2018 with capital of Rs 1,50,000 and a loan of Rs 10,000 taken from State Bank of India. On 31st December, 2018 his assets were Rs 3,00,000. Find out his capital on 31st December, 2018 and the profit made or loss incurred during the year 2018.
 - If in the above problem, Raj had introduced additional capital of Rs 25,000 and had withdrawn Rs 8,000 for Personal purposes, find out the profit or loss.
22. Journalize the following transactions:
- Goods purchased of the list price of Rs 40,000 from Ali at trade discount of 20%.
 - Goods purchased of list price of Rs 50,000 from Ali at trade discount of 20% and 5% cash discount.
 - Goods purchased of the list price of Rs 60,000 from Ali less 20% trade discount and 5% cash discount and paid 40% by check.

(OR)

- i) Received commission of Rs. 5,000, charged CGST and SGST @ 6% each.
- ii) Sunil was allowed rebate of Rs. 5,000 as goods supplied to him were defective. These goods were sold by charging CGST and SGST @ 6% each.
- iii) Purchased goods from Kamaal for Rs. 40,000 at a trade discount of 10%, plus CGST and SGST@ 9% each. 3

23. From the following transactions, prepare sales book of M/S Craft Furniture for the month of March, 2019. 3

2019	
March 14	Sold to St Xavier School Delhi 50 Chairs @ Rs 300 each 40 Table @ Rs 650 each Trade Discount @ 10%
March 18	Sold to Jain School, Moradabad for Cash 100 chairs @ Rs300 each
March 22	Sold to Denzel Public School, Faridabad 80 benches @ Rs 1200 each 10 tables @ Rs 650 each Trade discount @ 10%
March 28	Sold to Victoria Girls School, Jodhpur 2 old Air Conditioners @ Rs 5,000 each

24. Calculate Gross Profit when:
- i) Total Purchases during the year are Rs 8,00,000.
 - ii) Return outward Rs 20,000.
 - iii) Direct Expenses Rs 60,000.
 - iv) 2/3 of the goods are sold for Rs 6,10,000. 3

25. Distinguish between Capital Receipts and Revenue Receipts on the basis of the following:

- i) Source ii) Non Recurring or Recurring nature
- iii) Where Shown

(OR)

Distinguish between Capital Expenditure and Revenue Expenditure on the basis of the following:

- i) Purpose ii) Recording
- iii) Effect on Net Profit 3

26. Rectify the following errors:
- i) An item of Rs. 110 written off as a bad debt from Arun has not been debited to bad debts account.
 - ii) Total of return outward of Rs. 16,500 was posted as Rs. 15,600.
 - iii) A payment to Ankit of Rs. 780 was recorded as Rs. 870. 3

27. On 30th June, 2014, the bank column of Mohan Kapoor's Cash Book showed a debit balance of Rs 12,000. On checking the Cash Book with bank statement you find that:-

- i) Cheques paid into Bank Rs 8,000, but out of these only cheques of Rs 6,500 were cleared and credited by the Bankers upto 30th June.
- ii) Cheques of Rs 9,200 were issued but out of these only cheques of Rs 7,000 were presented for payment upto 30th June.
- iii) The receipt column of the Cash Book has been undercast by Rs 200.
- iv) The Pass Book shows a credit of Rs 330 as interest on investments collected by bankers and debit of Rs 60 for bank charges.
- v) On 29th June a Customer deposited Rs 3,000 direct in the bank account but it was entered only in the Pass Book.

Prepare a Bank Reconciliation Statement. 4

(OR)

- a) What do you mean by grouping and Marshalling of Assets and Libalities?
- b) Distinguish between Balance Sheet and Statement of Affairs on the basis of
 - i) preparation ii) objective

28. From the following balances, taken from the books of M/s Dwarka Parshad & Sons as at 31st March 2017, prepare a Trial Balance in proper form :-

4

Name of Accounts	(Rs)	Name of Accounts	(Rs)
Cash in Hand	4,500	Machinery	24,000
Bank Overdraft	8,000	Land & Buildings	50,000
Opening Stock	20,000	Debtors	18,400
Purchases	80,000	Creditors	8,500
Purchases Returns	2,000	Bills Receivable	2,850
Sales	1,30,000	Bills Payable	1,650
Sales Returns	5,000	Capital	60,000
Travelling Expenses	1,800	Drawings	6,000
Discount Allowed	600	Rent	3,700
Discount Received	1,500	Salaries	3,600
		Loan (Cr.)	10,000
		Interest on Loan	1,200

29. Ram Prashad keeps his books on Single Entry System and from them and the particulars supplied, the following figures were gathered together on 31st March, 2019:
Book Debts Rs 10,000; Cash in Hand Rs 510; Stock-in-Trade (estimated) Rs 6,000; Furniture and Fittings Rs 1,200; Trade Creditors Rs 4,000; Bank Overdraft Rs 1,000; Ram Prashad stated that he started business on 1st April, 2018 with cash Rs 6000 paid into bank but stocks valued at Rs 4,000. During the year he estimated his drawings to be Rs 2,400. You are required to prepare the statement, showing the profit for the year, after writing off 10% for Depreciation on Furniture and Fittings. 4
30. Deluxe company purchased a furniture worth Rs 80,000 on 1st April 2009 and additional furniture on 1st October 2009 worth Rs 60,000.
They charged depreciation at 15% p.a. on Fixed Instalment basis.
On 1st October 2011 they sold out furniture for Rs 60,000 which was purchased on 1st April 2009. Prepare Furniture Account and Depreciation Account for the year 2009-10, 2010-11 and 2011-12 assuming that the financial year closes on 31st March every year.
(OR)
Prakash Trading Company Purchased a machine worth Rs 77,600 and installed at a cost Rs 2,400 on 1st October 2006. On 1st April 2007 an additional Machine costing Rs 40,000 was purchased. The machine purchased on 1st April 2007 having become obsolete and was Sold for Rs 22,000 on 1st October 2009, and a new machine worth Rs 60,000 was purchased on 1st November 2009. The depreciation was provided annually on 31st March @ 10% p.a. on original cost of machine. Show Machinery Account for the year 2006-07, 2007-08, 2008-09 and 2009-10. 6
31. The Trial Balance shows a difference of Rs 1,339 in the debit column and is made to agree by putting this difference against a suspense account later the following errors were discovered, Rectify them and prepare a suspense account.
i) Goods sold to Deepak worth Rs 550 on credit this was recorded in sales but not posted in the ledger to Deepak account.
ii) Goods worth Rs 325 were returned by Bhat. The amount was credited to his account but was not entered in the sales Return Book.
iii) Nandu paid Rs 760 to us, but their account was credited for Rs 706.
iv) Goods worth Rs 225 purchased from Subhash were wrongly entered in the sales Book.
v) An amount of Rs 320 owned by Kishor was omitted from the list of Sundry Debtors.
vi) The Purchase Book was overcast by Rs 252. 6
32. From the following transactions Prepare necessary Cash accounts, Capital Accounts, Purchases Accounts (Ledger Accounts) in the books of Mr. Joshi. 6
2011 July 1 Started Business with Cash Rs 8,000.
4 Purchased goods on credit from Mr. Desmukh Rs 3,000 at 10% T.D.
6 Cash Sales Rs 4,000 at 5% C.D.
10 Paid Rent Rs 900.
15 Cash Purchases Rs 800.
20 Credit sales to Mr. Kulkarni Rs 2,700.
22 Paid cash to Mr. Deshmukh Rs 2,700.
23 Received cash from Mr. Kulkarni Rs 1,000.
31 Paid wages Rs 500.

33. Record the following transactions in Double Columns Cash Book and balance the book on 31st March, 2019:

6

2019		Rs.
March 1	Cash in Hand	12,750
	Cash at Bank	72,400
March 4	Received from Asha cash Rs 1,200 and a cheque for Rs 3,200, allowed discount Rs 400	
March 7	Paid salary to staff by cheque	25,600
March 9	Withdrawn cash from bank for office use	21,900
March 12	Interest paid by bank on bank balance	1,200
March 16	Purchased furniture in cash	16,500
March 21	Paid Mohan & Co. by cheque, discount received Rs 100	10,900
March 24	Proprietor withdrew from office cash for his personal use	11,600
March 29	Sold goods to Manoj for cash	14,800
March 31	Deposited office cash into bank	21,200

34. From the following Trial Balance of Shradha as on 31st March, 2019, prepare Trading and Profit and Loss Account and Balance Sheet:

Heads of Accounts	Debit Balances (Rs)	Credit Balances (Rs)
Capital	...	80,000
Drawings	18,000	...
Sales	...	1,55,000
Purchases	82,600	...
Stock (1 st April, 2018)	42,000	...
Returns Outward	...	1,600
Carriage Inwards	1,200	...
Wages	4,000	...
Power	6,000	...
Machinery	50,000	...
Furniture	14,000	...
Rent	22,000	...
Salary	15,000	...
Insurance	3,600	...
8% Bank Loan	...	25,000
Debtors	20,600	...
Creditors	...	18,900
Cash in Hand	1,500	...
Total	2,80,500	2,80,500

Adjustments:

- i) Closing Stock Rs 64,000.
- ii) Wages outstanding Rs 2,400.
- iii) Bad Debts Rs 600.
- iv) Provision for Doubtful Debts to be 5%.
- v) Rent is paid for 11 months.
- vi) Insurance premium is paid per annum, ended 31st May, 2019.
- vii) Loan from the bank was taken on 1st October, 2018.
- viii) Provide Depreciation on machinery @ 10% and on Furniture @ 5%.

(OR)

From the following Trial Balance of Mahesh, prepare Trading Account, Profit & Loss Account and Balance Sheet for the year ended 31st March, 2019:

Heads of Accounts	Debit Balances (Rs)	Credit Balances (Rs)
Purchases	2,50,000	...
Sales	...	5,00,000
Returns Inward	12,000	...
Returns Outward	...	10,000
Carriage	8,000	...
Wages	60,000	...
Miscellaneous Expenses	2,000	...
Insurance	1,200	...
Repairs	8,000	...
Debtors	1,15,000	...
Creditors	...	1,00,000
Printing and Stationery	6,000	...
Advertisement	15,000	...
Bills Receivable	4,000	...
Bills Payable	...	2,000
Opening Stock	30,000	...
Cash in Hand	12,000	...
Interest on Bank Loan	2,800	...
Machinery	2,80,000	...
Furniture	34,000	...
Drawings	20,000	...
Commission	...	1,000
12% Bank Loan	...	30,000
Capital	...	2,40,000
Rent Received	...	5,000
Cash at Bank	28,000	...
Total	8,88,000	8,88,000

Additional Information:

- i) Closing Stock on 31st March, 2019 was Rs 21,000.
- ii) Rent of Rs 1,200 has been received in advance.
- iii) Outstanding liability for Miscellaneous expenses Rs 12,000.
- iv) Commission earned during the year but not received was Rs 2,100.
- v) Goods costing Rs 2,000 were taken by the proprietor for his personal use but entry was not passed in the books of account.