

General Instructions:

- i) This question paper contains 34 questions. All questions are compulsory. Neatness is must.
- ii) This question paper has two parts, A and B.
- iii) Question Nos.1 to 20 carries 1 mark each.
- iv) Questions Nos. 21 to 26, carries 3 marks each.
- v) Questions Nos. from 27 to 29 carries 4 marks each.
- vi) Questions Nos. from 30 to 34 carries 6 marks each.
- vii) There is no overall choice. However, an internal choice has been provided in 7 questions of one mark, 2 questions of three marks, 1 question of four marks and 2 questions of six marks.
- viii) Attempt all parts of a particular question at one place. All working should be shown clearly near to the answer.

Part – A

1. Which qualitative characteristics of accounting information is reflected when accounting information is clearly presented? 1

(a) Relevance	(b) Comparability
(c) Reliability	(d) Understandability
2. Internal user of accounting information is: 1

(a) Researchers	(b) Creditors
(c) Management	(d) Employees

(OR)

Cost of products is ascertained by: 1

(a) Financial Accounting	(b) Cost Accounting
(c) Tax accounting	(d) Human resource accounting
3. Which of the following is not recorded in the books of account? 1

(a) Wages of Employees	(b) Sale of goods
(c) Payment of interest	(d) Quality of management
4. Stock is always valued at: 1

(a) Cost Price	(b) Market Price
(c) Cost price or Market price, whichever is less	
(d) Cost price or Market price, whichever is more	
5. Trade discount is allowed at the time of: 1

(a) Making prompt payment	(b) Sale of Goods
(c) Both (a) & (b)	(d) None of the above

(OR)

Cash column of the cash book can have 1

(a) Only debit balance	(b) Only credit balance
(c) Only zero balance	(d) Either debit balance or nil balance
6. Purchase refers to buying of: 1

(a) Stationary for office use	(b) Assets for the factory
(c) Goods for resale	(d) Investment

(OR)

Which of the following is not a fixed asset? 1

(a) Land & Building	(b) Plant & Machinery
(c) Goodwill	(d) Stock in Trade
7. Provision for doubtful debt is made due to: 1

(a) Materiality Principle	(b) Money Measurement Principle
(c) Consistency Principle	(d) Prudence Principle

(OR)

Which of the following is revenue? 1

(a) Sales	(b) Purchase
(c) Prepaid salaries	(d) Outstanding salaries
8. According to _____ irrelevant information or facts need not to be disclosed. 1

(a) Consistency Principle	(b) Matching Principle
(c) Going Concern	(d) Materiality Principle

(OR)

According to which accounting concept, the proprietor is treated as creditor of the entity to the extent of his capital 1

(a) Money Measurement Concept	(b) Cost Concept
(c) Going Concern Concept	(d) Accounting Entity Concept

9. Conservatism Principle takes into account 1
 (a) All future profit and losses (b) All future profit and not losses
 (c) All future losses and not profit (d) Neither profits nor losses of the future
10. Under accrual basis of accounting, incomes are recorded when they are: 1
 (a) Received (b) Earned
 (c) Earned as well as received (d) None of these
11. In Accrual basis of accounting, recording is made of:
 (a) Credit Transactions (b) Cash Transactions
 (c) Both (a) & (b) (d) Neither (a) nor (b)
- (OR)
- Under cash basis of accounting, revenue is recognize 1
 (a) When goods are supplied on credit (b) When cash is received
 (c) When order is received (d) None of these
12. 'X' started business on 1st April, 2018 with a capital of Rs 6,00,000. On 31st March, 2019 his assets were worth Rs 8,00,000 and liabilities Rs 50,000. Find out his closing capital 1
 (a) Rs 5,50,000 (b) Rs 7,50,000
 (c) Rs 2,00,000 (d) None of the above
13. Which equation is incorrect out of the following? 1
 (a) Liabilities = Assets – Capital (b) Assets = Liabilities – Capital
 (c) Capital = Assets – Liabilities (d) Assets = Liabilities + Capital
14. If owner's equity is Rs 80,000 and external liability Rs 40,000, cash in hand Rs 20,000, Then total assets of the firm will be: 1
 (a) Rs 1,00,000 (b) Rs 1,20,000
 (c) Rs 80,000 (d) Rs 1,40,000
15. Purchase of shares for cash would lead to 1
 (a) No change in the total asset (b) Total asset to decrease
 (c) Total asset to increase (d) Total liabilities increased
16. Accounting equation is based on the: 1
 (a) Accrual Concept (b) Prudence Principle
 (c) Dual Aspect Principle (d) Accounting Entity Principle
- (OR)
- Goods withdrawn by the proprietor for personal use will: 1
 (a) Increase cash and Capital (b) Decrease cash and capital
 (c) Increase stock and capital (d) Decrease stock and Capital
17. **Assertion (A) :** Accounting does not record the state of its owner's health.
Reason (R) : Accounting does not record the state of its owner's health because this cannot be measured in terms of money. 1
 (a) Both Assertion (A) and Reason (R) are the true and Reason (R) is a correct explanation of Assertion (A).
 (b) Both Assertion (A) and Reason (R) are the true but Reason (R) is not a correct explanation of Assertion (A).
 (c) Assertion (A) is true and Reason (R) is false.
 (d) Assertion (A) is false and Reason (R) is true.
18. Good taken by the proprietor is assumed to be taken by him at 1
 (a) Cost price (b) Selling Price
 (c) Cost plus 10% (d) None of these
19. Prepaid expenses are: 1
 (a) Current Assets (b) Non current assets
 (c) Current Liability (d) None of these
20. **Assertion (A) :** A liability is a present obligation of the enterprise as a result of past events the settlement of which is expected to result in outflow from the enterprise of resources embodying economic benefits.
Reason (R) : An asset is a resource controlled by the enterprise as a result of past events from which future economic benefits are expected to flow to the enterprise. 1
 (a) Both Assertion (A) and Reason (R) are the true and Reason (R) is a correct explanation of Assertion (A).
 (b) Both Assertion (A) and Reason (R) are the true but Reason (R) is not a correct explanation of Assertion (A).
 (c) Assertion (A) is true and Reason (R) is false.
 (d) Assertion (A) is false and Reason (R) is true.

Part – B

21. Briefly explain any three characteristics of accounting.
(OR)
Explain briefly cost accounting and management accounting. 3
22. Explain the Principle of Prudence with an example.
(OR)
Explain briefly the dual aspect principle with an example. 3
23. Enter the following transactions in the journal of Suresh. 3
2022 January, 1 Suresh invested capital in cash of Rs 1,50,000 into a business
January, 3 Goods purchased from Mukesh on credit Rs 36,000
January, 6 Sold goods to Patel Rs 7,500
24. Distinguish between book keeping and accountancy on the basis of scope, nature of job, and performance.
(OR)
Explain the accounting process. 3
25. Prepare Accounting equation on the basis of the following: 3
i) Started business with cash Rs. 1,00,000.
ii) Purchased goods for cash Rs. 20,000 and on credit Rs. 30,000.
iii) Sold goods for cash costing Rs. 10,000 and on credit costing Rs 15,000 both at a profit of 20%.
26. Give the meaning of ledger. Explain briefly its importance. 3
27. Following accounts are maintained in the book of Mr. Kamlesh. Classify them into Personal, Real and Nominal Accounts. 4
(a) Bank (b) Bad Debts Written off
(c) Carriage inward (d) Accrued Interest
(e) Building Sold (f) Bad Debts recovered
(g) Prepaid Rent (h) Lease hold property
28. Prepare accounting equation from the following: 4
i) Started Business with cash Rs 70,000.
ii) Credit Purchases of goods Rs 18,000.
iii) Payment made to creditors in full settlement Rs 17,000.
iv) Purchase of machinery for cash Rs 19,200.
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29. On 31st March, 2022, the total assets and external liabilities were Rs 1,00,000 and Rs 3,000 respectively. During the year, the proprietor had introduced additional capital of Rs 10,000 and had withdrawn Rs 6,000 for personal use. He made a profit of Rs 10,000, during the year. Calculate the capital as on 1st April 2021.
(OR)
On 1st April, 2020, Atul started a business with a capital Rs 5,00,000 and a loan of Rs 2,50,000 borrowed from his uncle. During 2020-21 he earned a profit of Rs 2,50,000, introduced an additional capital of Rs 3,00,000 and had withdrawn Rs 1,00,000 for his personal use. On 31st March, 2021 the total assets were Rs 18,00,000. Calculate external liabilities. 4
30. Prepare a cash account from the following transaction and find closing cash in hand balance through the process of balancing. 6
2023 January 1 : Jayesh started business with cash Rs 80,000
2 : Purchased goods for cash Rs 40,000
3 : Sold goods for cash Rs 48,000
4 : Paid salaries Rs 1,200
6 : Paid for stationary Rs 800
9 : Withdrew for personal use Rs 2,000
11: Sold goods to Anil for Rs 7,000
12 : Paid for electricity charges Rs 1,216
16 : Received cash from Anil Rs 7,000
18 : Purchased a cooler for Rs 3,500
20 : Paid cartage Rs 2,100
21 : Paid wages in cash Rs 910

31. a) Distinguish between Trade Discount & Cash Discount on the basis of
 i) Recording ii) Objective iii) Timming
- b) The Following balances existing in the book of Sonu Traders as on 1st April 2019.
 Pass opening entry.
- | | | |
|---------------------|---------------|---|
| Cash in Hand | : Rs 2,00,000 | |
| Debtors | : Rs 80,000 | |
| Furniture | : Rs 40,000 | |
| Plant and Machinery | : Rs 1,40,000 | |
| Stock of Goods | : Rs 1,80,000 | |
| Creditors | : Rs 1,10,000 | |
| Bank Loan | : Rs 60,000 | 6 |

32. (i) Resignation by a marketing manager is not recorded in the book of account. Identify and explain the Accounting Principle.
- (ii) Name and Explain the Accounting Principle applied in classification of Assets as Current Asset and Fixed Assets.
- (iii) Identify and Explain the Accounting Principle which suggest that Economic Life of an enterprise is artificially split into periodic intervals.

(OR)

From the following transaction prepare a two column Cash Book of Denzel Enterprises:

2021	March 1:	Cash in Hand	: Rs 15,000	
		Cash at Bank	: Rs 50,000	
2021	March 3:	Purchased goods for cash	: Rs 6,000	
2021	March 5:	Deposited in Bank	: Rs 5,000	
2021	March 8:	Cash Sales for the month	: Rs 10,000	
2021	March 10:	Cash Withdrew from bank for office use	: Rs 2,000	
2021	March 12:	Received Cash from Kalpana	: Rs 3,000	
		Allowed her discount of Rs 100 against dues		
2021	March 15:	Received cheque from Nirmal	: Rs 2,000	
		and allowed him discount Rs 75 against dues		
2021	March 18 :	Withdrew from bank for personal use	: Rs 1,500	6

33. a) Explain the following terms briefly:
 (i) Transfer Voucher (ii) Compound Voucher
 (iii) Credit Note
- b) Explain any three limitations of journal. 6

34. Journalize the following transaction as on 1st April, 2021 in the book of Ishaan.
- | | | | | |
|------|-----------|--|-------------|--|
| 2021 | April 1: | Ishaan Started Business with cash Rs 50,000 and cheque Rs 1,00,000 | | |
| 2021 | April 1: | Paid for repair of premises | : Rs 10,000 | |
| 2021 | April 2: | Paid into bank | : Rs 70,000 | |
| 2021 | April 3: | Goods given as charity | : Rs 5,000 | |
| 2021 | April 4: | Drew cash from bank for office use | : Rs 1,000 | |
| 2021 | April 13: | Rs. 1000 stolen by an employee | | |
| 2021 | April 13: | Paid Cartage. | : Rs 500 | |

(OR)

Prepare the Accounting Equation on the basis of the following:

- | | | |
|-------|---|---------------|
| i) | Rakesh Started Business with Cash | : Rs 1,50,000 |
| ii) | Furniture purchased for cash | : Rs 20,000 |
| iii) | Purchased goods from Mahesh on credit | : Rs 25,000 |
| iv) | Sold goods (Costing Rs 10,000) to Mohan for Cash | : Rs 14,000 |
| v) | Additional Capital introduce | : Rs 20,000 |
| vi) | Commission Received in advance | : Rs 2,000 |
| vii) | Paid to a creditor (Mahesh) in full settlement | : Rs 22,500 |
| viii) | Sold Goods (Costing Rs 15,000) for Rs 18,000 out of which Rs 5000 received in cash. | |
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