

Final Examination - 2017-2018

ACCOUNTS

Time : 3 hrs.

Std. : XI

F. M. : 80

Students are allowed additional 15 minutes for only reading the paper. They must not start writing during the time)

Part 1 is compulsory. Answer any 5 questions from part II. The intended marks for the questions are given in the brackets []. All calculations should be shown clearly. All working, including rough work, should be done on the same page as, adjacent to, the rest of the answer.

PART 1 (20 Marks)

Answer all questions

Question I

[10x2=20]

- 1) What is Endowment Fund?
- 2) Differentiate between Capital Expenditure and Revenue Expenditure.
- 3) Explain 'Implied Interest'.
- 4) Define Single Entry System.
- 5) How is Provision for discount on creditors treated in Final Accounts, if it is given in the adjustment?
- 6) What is meant by Retiring of Bill?
- 7) Closing Stock is valued at lower cost or realisable value (market price). Which concept of Accounting is applied here? Explain the concept.
- 8) What is Secret Reserve?
- 9) If depreciation reduces profits and value of fixed assets and thus, the capital of the owner, why do businesses provide for depreciation?
- 10) What is Accrual Basis of Accounting?

PART II (60 Marks)

Answer any 5 questions

Question II

- 1) Bhama Ltd purchased two Machines for Rs 20,00,000 on 1st April 2013. It purchased one more machine for Rs 6, 00,000 on 1st June 2014. It sold one machine on 1st October 2015 for Rs 7,50,000 which was purchased on 1st April 2013 for Rs 12,00,000 and on the same day purchased one more machine from the sale proceeds. On 30th September, 2016, the second machine bought on 1st April 2013, for Rs 8, 00,000 was sold at 40% of the book value on that date. Depreciation was charged at 10% p.a. by Diminishing Balance Method. Prepare Machinery Account for 4 years. [8]
- 2) Prepare Bank Reconciliation Statement from the following particulars as on 31st March, 2016 [4]

- a) Debit balance as per Cash Book Rs 1,500.
- b) A sum of Rs 3600 deposited in the bank has been credited as Rs 360 in the pass book.
- c) Payment side of the cash book has been under caste by Rs 100
- d) Interest debited by the bank but not entered in the cash book Rs 50
- e) Wrongly credited by bank to account, deposit of some other party Rs 200
- f) A cheque deposited in bank for Rs 5000, credited in passbook on 5th April.
- g) Cheque received Rs 750 entered twice in the cash book
- h) On 10th March a cheque issued to a creditor for Rs 2000. But bank paid the amount on 22nd March.

Question III

[12]

Mr. Das Gupta carries on the business as a retailer. He extracted the following balances from his books of accounts as on 31st march 2017:

Particulars	Debit (Rs)	Credit (Rs)
Capital Account		750000
Drawings	18000	
Buildings	500000	
Furniture and Fixtures	20000	
Opening stock	225000	
Sales		1800000
Purchases	1337000	
Sundry creditors		200000
Sundry Debtors	500000	
Office expenses	24000	
Salaries	18000	
Rent	6000	
Travelling and conveyance	4000	
Insurance	1000	
Motor car expenses	15000	
Postage and telephones	3600	
Electricity charges	2400	
Fixed deposit @ 10% interest	50000	
Cash in hand	1000	
Cash at bank	10000	
12% Bank loan		25000
Motor car	40000	
Printing and stationary	5000	
Provision for bad and doubtful debts		5000
	<u>2780000</u>	<u>2780000</u>

You are required to prepare Trading and Profit and Loss Account for the year ended 31st March 2017 and a Balance Sheet as on that date after taking into the following adjustments;

- a) Closing stock as on date is valued at Rs 64800.
- b) Provision for doubtful debt is to be kept at one percent on sundry debtors.
- c) Provide depreciation on building @5%, motorcar @ 20%
- d) Mr. Das used goods for his personal use costing Rs 2000.
- e) Unexpired insurance amounted to Rs 250 yet to be adjusted.
- f) General Manager will get a commission @10% on net profit after charging such commission.
- g) Rs 4000 due from Gokul is included in debtors while 2600 due to him is included in Creditors.
- h) Goods costing Rs 5000 were sent to a customer on 'sale on approval basis' for Rs 6400 on 29th March, and had been recorded in the actual sales.

Question IV

- 1) On 1st February 2003 Mr. Khan sold goods to Mr. Biswas for Rs 50,000. Biswas accepted a bill for three months. Khan endorsed the bill to Mr. Sarkar in full settlement of his Account of Rs 51000. On the due date Biswas requested Mr. Khan for the renewal of the bill. Khan agreed on the condition that he has to pay Rs 15000 immediately.

Biswas paid Rs 15000 in cash and accepted another bill on him for the balance amount for 2 months with interest @ 12% p.a. Before due date Biswas become insolvent and nothing could realise from his estate. Pass journal entries in the books of Mr. Khan and Biswas. [6]

- 2) On 31st March 2005, an accountant of a sole proprietorship concern could not agree his trial balance. He put the difference in a newly opened suspense account and closed the books of account for the year. In the subsequent accounting year, the following errors in the books for the year 2004-05 were located;
- a) Rs 8000 paid for purchase of office furniture was posted to the purchases account.
 - b) The sale book was overcast by Rs 100
 - c) Wages paid for erection of machinery Rs 2750 had been debited to wages account as 5250.
 - d) A cheque for Rs 7330 was received from Ram after allowing him a discount of Rs 70. It was endorsed in favour of Mr. Sen in full settlement of Rs 7500. The cheque was dishonoured, but no entry for dishonour was passed in the books.

Pass journal entries to rectify the above mentioned errors. Also prepare the Suspense Account and Profit and Loss adjustment Account assuming that all errors have been located. [6]

Question V

[12]

The Receipts and Payments Accounts of DamodharAggarsain Club for the year ending 31st March 2016 was as under;

Receipts	Amount	Payments	Amount
To Balance bid	6800	By Purchase of food stuffs	6000
To Subscriptions		By Postage stamps	3000
(including Rs 2000 for 2014-15)	120000	By Furniture purchased	25000
To Sales of food stuffs	8500	By Salaries	32000
To Admission fees	15000	By Books	41500
To Hire of goods	7100	By News paper	800
To Income from advertisement in souvenir	22000	By Rent and insurance	24200
		By sundry expenses	4000
		By Travelling expenses	18500
		By Printing of Souvenir	9200
		By Balance c/d	15200
	<u>179400</u>		<u>179400</u>

Other information :

- Assets on 1-4-2015 were:- Land and Building Rs 150000, Stock of food stuffs Rs 2200, unused postage stamps Rs 800.
- Subscription due on 31-3-2015 was Rs 2400 and on 31-3-2016 (for 2015-16) was Rs 3500
- On 31-3-2016 stock of food stuffs was Rs 3800 and unused postage stamps were of the value Rs 600
- The Bye-Laws of the club provide that 20% of the surplus of any year is to be transferred to Reserve Fund.

Prepare Income and Expenditure Account of the Club for the year ended 31st March 2016 and the Balance Sheet as at that date.

Question VI

- 1) Arun commenced business on 1st April 2010 with a capital of Rs 30,000. He decided to keep books on Single Entry System. On 1st July 2010 he has borrowed Rs 15000 from bank for 12% interest (yet to be paid). During the year he has received Rs 19000 from his father- in- Law and invested half of the money into business. He had withdrawn Rs 500 per month up to 30th September, 2010 and thereafter Rs 900 per month as drawings, and out of this drawings amount, he had purchased a type writer costing Rs 1500 for the business. on 31st March 2011, his position was as follows:- Cash in hand Rs 600, Cash at bank Rs 800 Sundry debtors Rs 14400, Stock Rs 20400 Bill receivable Rs 4800, Sundry creditors Rs 1500, and Rent due Rs 450.

You are required to prepare Statement of Profit and Loss and Final Statement of Affairs during the year after considering the following:

- Type writer is to be depreciate @10%
 - Writing off bad debt Rs 200
 - Provision for bad debts @5% is to be created on debtors (9)
- 2) Pass adjusting entries for the following item : (3)
- a) Unexpired insurance Rs 700
 - b) Goods worth Rs 1500 utilised for making an asset.
 - c) Interest on investment @ 10% on 10,000.

Question VII

- 1) Compile the Triple Column Cash Book of Mr. Sahu for October, 2016 and balance the Cash Book for the month
- 2016
- Oct 1 Cash balance Rs 45000 and bank balance Rs 25000 (Cr)
- 2 Received Rs 10,000 from cash sales to Mr. Kundu, which sum was immediately banked.
- 4 Paid salary Rs 4000 for September, 2015
- 8 Deposited the required cash in to bank account; to clear the overdraft balances as on date.
- 12 Made a purchase from Mr. Bose of value of Rs 20,000, subject to a 10% trade discount and a 1% cash discount - the amount paid in exchange of goods.
- 16 Recorded a direct deposit of Rs 30,000 made by customer into bank account, being an 'on account' payment towards goods sold earlier value Rs 60,000.
- 24 Credit advice note received from bank about the maturity of Fixed Deposit valued Rs 10800 – 10,000 as principal amount and Rs 800 as interest on Fixed Deposit.
- 28 Mr Sahu withdrew Rs 13,500 by a self and bearer cheque for home needs.
- On the last date of the month Mr. Sahu deposited all the cash in to bank account.
- 2) From the following information, prepare Ledger account of Naveen in the books of Mohan. [5]
- 2017
- Jan 1 Balance owing from Naveen 1560
- 2 Purchased goods by Naveen valued Rs 760, less 10% Trade Discount. The carriage charged On these goods amounted to Rs 55
- 5 Mohan received a cheque from Naveen for the balance owing on 1st January , less 5% Cash Discount.
- 10 Mohan sold Naveen goods valued Rs 880, less 10% trade discount
- Feb 12 Naveen returned goods, the catalogue price of which was Rs 80
- 27 Naveen accepted a three months bill for the balance of his account.
- On April 3rd Naveen become bankrupt, Mohan received a cheque of Rs 580 as a first and final dividend on the amount owing to him.

Question VIII

1) Journalise the following transactions;-

[7]

- i. Borrowed Rs 5000 from Mr. Raju
- ii. Paid landlord Rs 1200 for rent. One third of the premises is occupied by the proprietor for his own residence.
- iii. Wrote off B.Banerjee's debt of Rs 500 as irrecoverable.
- iv. Bought furniture worth Rs 4000 (Rs 1000 worth for office decoration and balance for stock)
- v. Returned one motor car worth Rs 15000 from stock and another worth Rs 8000 from business use to Sen & Co.
- vi. Proprietor brought his own car in to business, the value of which is Rs 20000.
- vii. Issue a cheque for Rs 2500 in favour of Mr.Gupta, a supplier, for goods purchased in the last month.

2) Prepare Trial Balance from the following balances taken as 31st March 2009

[5]

Particulars	Amount
Sales	40,00,000
Purchases	25,00,000
Cost of goods sold	33,60,000
Premises	7,00,000
Fixtures	1,30,000
Customers	5,10,000
Suppliers	2,80,000
Opening stock	560000
Closing stock	470000
Expenses	220000
Owners contribution	800000
Cash	10000
PNB (Overdraft)	320000