

## Introduction to Financial Accounts

QP Code : 767900

(2 ½ Hours)

[ Total Marks :75

- N.B. : (1) All Questions are compulsory carrying 15 marks each.  
(2) Working notes should form part of your answers wherever applicable  
(3) Use of simple calculator is allowed

1. (A) Select the correct alternative and rewrite the sentence :- (Attempt any 8) 8
- (1) Accounting helps to \_\_\_\_\_ the results of operation.  
(Analyse / Ascertain / understand)
  - (2) An Asset is generally recorded at \_\_\_\_\_  
(cost / market price/ Average price)
  - (3) \_\_\_\_\_ elaborates on Revenue Recognition  
(AS1 / AS6/ AS9)
  - (4) Amount withdrawn from business for personal purpose is termed as \_\_\_\_\_.  
(Capital / Drawings / Liability)
  - (5) All incomes generally have \_\_\_\_\_ balances  
( Debit / credit / Zero)
  - (6) Revenue Receipt is disclosed in the \_\_\_\_\_.  
(Trading A/c / Profit and loss A/c / Balance sheet)
  - (7) Trial Balance ensures \_\_\_\_\_ accuracy of Books of account.  
(Qualitative / Arithmetical / other)
  - (8) In errors of commission entry is recorded on \_\_\_\_\_ side.  
( One / Both / None)
  - (9) Errors can be Removed by \_\_\_\_\_.  
( Rectification / Assessment / Audit)
  - (10) Casting means \_\_\_\_\_.  
(Totalling / Cross checking / selecting)

[TURN OVER]

QP Code : 767900

2

1. (B) Match the following:

**Group A**

- 1) Going concern
- 2) Accrual
- 3) AS10
- 4) Commission
- 5) State Bank of India
- 6) Cash Book
- 7) Journal Proper

**Group B**

- (a) Accounting for fixed Assets
- (b) Nominal Account
- (c) Real Account
- (d) All other transaction
- (e) Personal Account
- (f) Subsidiary book
- (g) Accounting for Depreciation
- (h) Accumulation
- (i) Cash/Bank Receipt and payment
- (j) Continuation of business

2. (A) Journalise the following transactions in the books of Kestrel Ltd for July 2016 7

- 1<sup>st</sup> July Started business with cash ₹ 1,00,000  
2<sup>nd</sup> July Cash Deposited into Bank ₹ 50,000  
10<sup>th</sup> July Goods purchased from Tortoise Ltd. ₹ 24,000@10% Trade Discount and 5% cash Discount and paid cash immediately  
13<sup>th</sup> July Goods purchased on credit from Sarus Ltd. ₹ 28,000@10% trade Discount.  
14<sup>th</sup> July Placed an order for goods with parrot Ltd. for ₹1,00,000  
15<sup>th</sup> July Goods purchased for cash from Eagle Ltd. ₹ 100,000.  
16<sup>th</sup> July Goods purchased from Falcon Ltd. ₹ 50,000.

2. (B) You are required to prepare the Furniture A/c in the ledger book of Vulture 8  
Associates on the basis of following information for 2015-16.

- 1st April Opening Balance ₹ 10,000  
10<sup>th</sup> May Furniture Purchased for cross Ltd on Credit ₹ 25,000  
17<sup>th</sup> July Furniture Purchased from crow Ltd on cash basis ₹ 70,000  
12<sup>th</sup> Oct Old Furniture sold for cash (Cost 18,000) for ₹ 14,000  
15<sup>th</sup> Nov Furniture withdrawn from business ₹ 5,000  
16<sup>th</sup> Jan Furniture brought by the owner ₹8,000

OR

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2. Record the following transactions in triple column cash book for the month of December 2016.

- 1<sup>st</sup> Mr. Ramesh Started business by bringing cash of 10,000 and machinery of ₹ 20,000 as capital.
- 4<sup>th</sup> He opened an account in Bank by depositing cash ₹ 70,000
- 5<sup>th</sup> Purchased Machinery worth 35,000 from MAK Ltd and made payment in cash.
- 6<sup>th</sup> Installed Machinery and installation expenses Amount to ₹ 500
- 7<sup>th</sup> Bought goods worth ₹ 20,000 from sunny on credit.
- 11<sup>th</sup> Goods worth ₹ 10,000 were sold at 5% cash discount.
- 14<sup>th</sup> Paid wages to workers ₹ 5,000
- 16<sup>th</sup> Cheque of ₹ 1500 received from Suresh for interest. This cheque was endorsed to champak in full settlement of ₹ 1200
2. 20<sup>th</sup> Received from Rahul a cheque of ₹ 6000 on Account.
- 25<sup>th</sup> Cheque received from Rahul was Dishonoured by Bank due to insufficient funds.
- 28<sup>th</sup> Cash withdrawn from Bank household expenses ₹ 3,000
- 30<sup>th</sup> Paid Salary to staff ₹ 2,000

3. (A) The cash book of Dove Ltd. Shows a credit Balance of 5360 AS ON 30th Sept 2016. Prepare Bank Reconciliation statement from the following details.

- (1) Cheque of ₹ 2,350 received and deposited in the bank but same were not cleared upto 5th Oct 2016.
- (2) Cheque of ₹ 3,450 issued but not presented for payment till 30<sup>th</sup> Sept 2016.
- (3) Bank charges ₹ 95 as interest on overdraft and commission ₹ 60 but these were not recorded in Cash Book
- (4) Bank received commission of ₹ 600 on our behalf behalf and collected Dividend ₹ 200 on our investment and both were not recorded in Cash Book.
- (5) Mr. Shrike, a customer directly deposited ₹ 600 into bank
- (6) Receipt side of Bank Column is short by ₹ 400
- (7) Pass book shows Overdraft balance of ₹ 2615

3. B on 1/1/2014 Kite Ltd. Purchased a machinery for ₹ 12,00,000. On 1/7/2016 a part of Machinery Purchased on 1/1/2014 for ₹ 80,000 was sold for ₹ 45,000 and new machinery at a cost of ₹ 1,50,000 was purchased on the same date. The company has adopted the method are providing 10% p.a. Depreciation on original cost method. Show Machinery Account

OR

4. State which of the following expenses /Receipt are capital, Revenue and deferd reuenues. Explain with reason. 15

- (1) Expenditure incurred on overhanding of machinery.
- (2) Profit earned on sale of machinery.
- (3) Cost of acquisition of goodwill
- (4) Cost of dismantling a plant from particular locality and reinstalling the same in another Locality.
- (5) Cost of transporting newly acquired machinery.
- (6) Amount spent on replacement of defective part of an old plant.
- (7) Travelling expenses for a trip abroad for Purchase of assets.

- 4 (A) Rectify the following errors.

- (1) Goods sold to stork Ltd. on credit ₹1000 were omitted from accounts. 8
- (2) Goods worth ₹ 2500 returned by Yuhina Ltd. have not been posted to their account though entered in appropriate subsidiary record.
- (3) Conveyance of ₹ 2000 on the purchase of land was debited to conveyance A/c.
- (4) ₹ 5000 paid for repairs of machinery is posted to machinery A/c

4. (B) The following Trial Balance has a number of inaccuracies. You are required to rewrite it correctly.  
Trial Balance on 31st March 2016.

| Account Name          | Debt ₹ | Credit ₹ |
|-----------------------|--------|----------|
| Cash at Bank          | 200    |          |
| Discount allowed      | --     | 40       |
| Discount Received     | 20     | --       |
| Capital               | --     | 1700     |
| Sales                 | --     | 900      |
| Return outwards       | 30     | --       |
| Purchases             | 600    | --       |
| Return Inwards        | --     | 35       |
| Carriage on purchases | 50     | --       |
| Carriage on sales     |        | 75       |
| Stock                 | 200    | --       |
| Loan from Mr. Khan    | 500    | --       |
| Premises              | 2000   | --       |
| Rent from Premises    | 100    | --       |
| Suspense Account      | --     | 900      |
| Total                 | 3700   | 3700     |

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4. Trial Balance of Darter Ltd. As on 31/03/2016 is as follows.

| Particulars             | Debt ₹           | Credit ₹         |
|-------------------------|------------------|------------------|
| Opening Stock :         |                  |                  |
| Raw materials           | 2,50,000         |                  |
| Work in Progress        | 80,000           |                  |
| Finished goods          | 2,20,000         |                  |
| Purchases               | 2,15,000         | --               |
| Building                | 1,50,000         | --               |
| Plant and Machinery     | 3,50,000         | --               |
| Furniture               | 40,000           | --               |
| Trade Mark              | 30,000           | --               |
| Wages                   | 83,000           | --               |
| Factory Taxes           | 4,000            | --               |
| Power                   | 9,000            | --               |
| Factory Insurance       | 5,000            | --               |
| Printing and Stationary | 5,200            | --               |
| Bank Charges            | 2,500            | --               |
| Travelling Expenses     | 10,000           | --               |
| Discount                | 3,300            | --               |
| Sales Return            | 11,000           |                  |
| Advertisement           | 5,500            |                  |
| Sales                   |                  | 7,80,000         |
| Capital                 |                  | 8,50,000         |
| Creditors               |                  | 52,000           |
| Debtors                 | 82,500           |                  |
| Discount                |                  | 2500             |
| Miscellaneous Expenses  | 5500             |                  |
| Bills Payable           |                  | 34,000           |
| Bills Receivable        | 16,000           |                  |
| Bank Account            | 98,000           |                  |
| Cash an hand            | 9,000            |                  |
| Salary to office Staff  | 11,000           |                  |
| Office Rent             | 10,500           |                  |
| Carriage inwards        | 2500             |                  |
|                         | <b>17,18,500</b> | <b>17,18,500</b> |

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4 **Adjustments:**

## (1) Closing Stock :

|                 |          |
|-----------------|----------|
| Raw material    | 85,000   |
| Working Process | 30,000   |
| Finished goods  | 2,05,000 |

## (2) Factory Taxes Prepaid

2,000

## (3) Depreciation :

|                           |
|---------------------------|
| Furniture - 10%           |
| Plant and Machinery - 15% |
| Trade mark - 20%          |
| Building - 5%             |

Prepare manufacturing

Trading profit and Loss Account for the financial year  
2015-16 and Balance sheet as on 31/03/2016.5. Attempt **any three** from the following short notes :-

15

- (1) Accounting Standard 1
- (2) Conservatism
- (3) Reducing Balance method of Depreciation
- (4) Objectives of Book Keeping
- (5) IFRS.

(A) Features of Computerised Accounting system

(B) Advantages of computerised Accounting System

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8

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