Model Set 1

**Section A (1x10)**

**Q. 1)** Accounting Principles are statements prescribed by

1. Law
2. Bodies of Shareholders
3. Professional accounting bodies

**Q. 2)** Accounting Principles are generally based on

1. Practicability
2. Subjectivity
3. Convenience in recording

**Q. 3)** which is the accounting concept that requires the practice of crediting closing stock to the trading account?

1. Going Concern
2. Cost
3. Matching

**Q. 4)** Areas where in different accounting policies can be adopted are:

1. Providing depreciation
2. Valuation if inventories
3. Valuation of investments
4. All of the above

**Q. 5)** In Double Entry System of Book Keeping, every business transaction affects

1. Two accounts
2. Two sides of the same account
3. The same account on two different dates
4. All of the above

**Q. 6)** Classify each of the following items under

1. Prepaid Salaries account
2. Personal
3. Real
4. Nominal
5. None of the above
6. Bills Payable account
7. Personal
8. Real
9. Nominal
10. None of the above
11. Rent Expenses account
12. Personal
13. Real
14. Nominal
15. None of the above
16. Proprietor’s account
17. Personal
18. Real
19. Nominal
20. None of the above
21. Salaries paid
22. Revenue
23. Expenses
24. Assets
25. Liabilities

**Section B**

**Attempt any six questions (5 x 6= 30 marks)**

**Q.11)** The followings information is available from the bank of a Trader as on 31st Chaitra, 2076.

1. Debit Balance as per cash book, Rs. 50,000.
2. Cheque sent for collection Rs. 10,000 on 20th Chaitra has not yet collected by Bank.
3. Cheque issued but not presented for payment up to 31st Chaitra, amounted Rs 10,000.
4. Interest on investment collected by bank but not debited in the cash book, Rs 5,000.
5. Insurance premium paid by bank but not entered into the cash book amounted to Rs 5,000.

**Required:** Bank Reconciliation Statement.

**Q.12)** The following transactions are extracted from the book of Himalayan trading for the month of January.

|  |  |
| --- | --- |
| January 1 | Started business with Cash Rs. 150000 |
| 2 | Opened bank Account with Rs. 60,000 |
| 6 | Purchased Office Equipment’s for Rs. 45,000 and Paid 1/3 of cash and balanced through Cheque |
| 10 | Purchased goods for Rs. 40,000 from Sital and partially Rs. 20,000 |
| 15 | Cash Withdrew from Bank Rs 10,000 for office use and Rs 4,000 for personal use |
| 18 | Sold Goods for Rs 16,000 to Mr. Sharma and received Cheque of Rs. 6,000 partially |
| 24 | Paid to Sital in full settlement by Cheque after deducting 10% discount |
| 26 | Paid Sundry Expenses for Rs. 2,000 by Cheque |
| 30 | Paid Rs. 12,000 for Wages and Salaries |
| 31 | Issued Cheque of Rs. 18,000 to Sital after deducting 10% discount |

**Required:** Double Column Cash Book with Cash & Bank Column.

**Q. 13)** Stores transactions during the month of Magh are as under:

Opening Stock: Magh 1 : 500 units @ Rs. 10 per unit

Purchased: Magh 4 : 600 @ Rs. 11 per unit

Magh 9 : 600 @ Rs. 12 per unit

Magh 20 : 600 @ Rs. 12.50 per unit

Issued: Magh 7 : 500 units

Magh 15 : 500 units

Magh 25 : 500 units

Stock verification loss: Magh 28 : 20 units

**Required:** Stores under First-in-First-out (FIFO) method.

**Q. 14)** Asmita Company Ltd. Was registered with a share capital of Rs. 12,00,000 divided into 12,000 shares of Rs. 100 each. 12,000 shares were offered to the public for subscription at Rs. 120 per share. The money was payable as follows:

On Application ………………………………….. Rs. 30 per share

On Allotment ……………………………………. Rs. 40 per share (including Premium)

On First call ……………………………………….. Rs. 20 per share

On Final Call ………………………………………. Rs. 30 per share

Applications were received for 12,000 shares. All calls were duly made and received except:

1. A shareholder holding 400 shares paid the full value of shares on allotment.
2. A shareholder holding 600 shares failed to pay the first and final call on due date.

Required: Journal entries for: (A) Application (B) Allotment (C) First call (D) Final Call

**Q. 15)** what do you understand by Financial Accounting Concepts? Enumerate these concepts.

**Q. 16)** Define inventory? Make short note on perpetual inventory system.

**Q. 17)** what do you mean by Final Accounts? Differentiate between trading and profit and loss.

**Section C (10x2) = 20 marks**

**Attempt any two questions**

**Q.18)** Record the following transaction in the journal of the Delhi furniture mart. Post them into ledger account and drift a trial balance.

Jan.1 started business with cash Rs.40, 000

Jan.2 Deposited into bank Rs.19, 000

Jan.3 Purchase machinery for Rs.15, 000 from J.K and gave him a cheque

Jan 4 Paid installation charges of machinery Rs.1, 100

Jan 15 Purchased Timber from Naveen of the list price of Rs.2, 000.He allowed 10%Trade discount

Jan 16 Furniture coasting Rs.500 was used in furnishing the office.

Jan 20 Sold furniture to Naresh of the list price Rs.1000 an allowed him 5% T.D

Jan 22 received a cheque from Naresh for Rs.930 in full settlement and send the cheque to bank.

Jan23.Send to Naveen in full settlement a cheque for Rs.1, 750.

Jan.25 Paid wages Rs.350 and rent Rs.200

**Q.19)** The following is the trial balance of a trader as on 31 Chaitra.

|  |  |  |
| --- | --- | --- |
| **Particulars** | **Debit Rs.** | **Credit Rs.** |
| Opening Stock………….  Purchases…………………  Machinery………………..  Wages………………………  Debtors…………………...  Insurance…………………  Carriage…………………...  Salaries…………………....  Bad Debts………………..  Furniture…………………  Rent………………………..  Cash…………………………  Sales………………………..  Capital……………………..  Creditors………………….  Interest Received…… | 1,00,000  9,00,000  1,50,000  30,000  70,000  10,000  5,000  40,000  5,000  50,000  20,000  45,000  ---  ---  ---  --- | ---  ---  ---  ---  ---  ---  ---  ---  ---  ---  ---  ---  10,50,000  2,00,000  1,50,000  25,000 |
| **Total……………..** |  |  |

**Additional Information:**

1. Closing Stock: Rs. 2,10,000
2. Pre-paid Insurance: Rs. 2,000
3. Wages Due: Rs. 5,000
4. Depreciation Machinery: @ 10% P.A.
5. Additional Bad Debts: Rs. 4,000
6. Rent Due for Two Months: Rs.

**Required:**

1. Trading Account
2. Profit and Loss Account
3. Balance Sheet

Q. 20) Define Company. Differentiate between private and public company.