

# BUSINESS ACCOUNTING

Time : Three Hours

Maximum Marks :

*[Regular Candidates : 80, Reappear Candidates 90]*

**Note :** Attempt **five** questions in all. Question No. 1 is compulsory. All questions carry equal marks.

1.
  - (a) Explain three limitations of Accounting.
  - (b) Explain money measurement concept.
  - (c) Name any six Accounting Standards.
  - (d) What are the types of Accounts ? Give two examples of each.

- (e) Why a Trial Balance prepared ?
  - (f) What is Capital Expenditure ? Give six examples of Capital Expenditure.
2. What is Accounting ? What are its main objectives ?
  3. What do you mean by Accounting Principles ? Explain the different types of accounting principles.
  4. Capital expenditure is different from Revenue expenditure. Explain with examples.
  5. What is Suspense Account ? Why is it opened and how is it closed ?
  6. From the following Trial Balance prepare Trading and Profit and Loss Account for the year ending 31-12-93 and Balance Sheet as on that date :

	Dr. Rs.	Cr. Rs.
Purchase and Sales	2,75,000	5,20,000
Return Inwards	15,000	-
Return Outwards	-	9,000
Carriage	12,400	
Wages and Salary	58,600	
Trade Expenses	2,200	
Rent	-	13,000
Insurance	2,000	
Audit Fee	1,200	
Debtors and Creditors	110,000	62,100
B/P and B/R	3,300	2,200
Printing and Advt.	5,500	
Commission	-	1,000
Opening Stock	36,000	
Cash in hand	12,800	

Cash at Bank	26,800	
Bank Loan	—	2,50,000
Interest on Loan	1,500	
Capital	—	2,50,000
Drawings	15,000	
Fixed Assets	300,000	
	<hr/>	<hr/>
	8,77,300	8,77,300
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### Adjustments :

1. Closing Stock Rs. 60,000
2. Depreciate Fixed Assets by 10%.
3. Commission earned but not received Amount to Rs. 400.
4. Rent Received in Advance Rs. 1000.
5. Interest on Bank Loan @15% p.a. is unpaid for the last six months.
6. Allow 8% interest on Capital and charge Rs. 900 as interest on Drawings.
7. What are various types of errors ? How would you rectify one sided and two sided errors ? Explain with suitable examples.
8. Pass Journal Entries to rectify the following errors :
  - (a) Sales of Rs. 200 to Manoj were recorded as Rs. 2,000 in the Sales Book.
  - (b) Goods of Rs. 300 taken by the proprietor have not been entered in the books at all.
  - (c) Goods of the value of Rs. 400 returned to Ashok but no entry was made in the books.

- (d) A cheque of Rs. 400 received from Shiv Prasad was dishonoured and debited to Discount Allowed Account.
- (e) An amount of Rs. 600 due from Harish Bros. which has been written off as Bad-debt in previous year, was unexpectedly recovered, and has been credited to the personal A/c of Harish Bros.