
ACCOUNTS

(Two hours)

Answers to this paper must be written on the paper provided separately.

You will NOT be allowed to write during the first 15 minutes.

This time is to be spent in reading the question paper.

**The time given at the head of this paper is the time allowed
for writing the answers.**

**All working, including rough work, must be clearly shown; it should be done
immediately before / after the rest of the answer.**

**Please Also Note that parts of the same question must be done continuously so as to
facilitate evaluation.**

Attempt all questions from Section A and any two questions from Section B.

The intended marks for questions or parts of questions are given in brackets [].

SECTION A

Attempt all questions.

Question 1

- (a) The following questions have to be answered in columnar form using two columns. Copy Column I in the given order. Column II contains descriptive phrases for items given in Column I. Match the phrases to suit the items in Column I by selecting suitable phrases from Column II. Ignore those that remain.

Column I

- i) Receipts & Payments A/c
- ii) Loss on sale of an asset
- iii) Floating Capital System

Column II

- A receipt of non-recurring nature.
- Shown on the asset side of the Balance Sheet.
- Fixed Capital System.

This paper consists of 8 printed pages.

- | | |
|---------------------------------------|--|
| iv) Admission Fees | Real account. |
| v) A debit balance of Current account | Must be accounted as a revenue loss. |
| | Profit & loss A/c. |
| | Balance of Capital account changes every year. |
| | Shown in the Income & Expenditure Account. |

[5]

(b) From each set given below write down the odd one out. Answer in the given serial order:

- (i) Bad debts, Wages, Salaries, Depreciation.
- (ii) Prepaid expenses, Outstanding expenses, Capital expenses, Deferred expenses.
- (iii) Fixed instalment method, Fixed capital method, Original cost method, Reducing balance method.
- (iv) Gross profit, Net Profit, Excess of income over expenditure, Excess of expenditure over income.
- (v) Salaries to the partners, Interest on capital, Interest on drawings, Interest on loan.

[5]

(c) Indicate by one word/phrase what the following descriptions represent. (write your answer only).

- (i) There may be certain expenses which have been incurred during the year and whose benefit has been derived during the year, but payment in respect of which has not yet been paid.
- (ii) It is available outside the trial balance – it ignores the higher value.

- (iii) You may have an oral agreement with your friend but to avoid future disputes with a partner, it is always better to get it in writing.
- (iv) It is the amount which a non-profit making organisation may get as per the will of a person who is not alive. [4]
- (d) Explain the terms:
- (i) Dormant Partner.
- (ii) Endowment Fund.
- (iii) Scrap Value. [6]

Question 2

The following is the Trial Balance of Mr. Yogesh as on 31st December 1998. Prepare the Trading A/c., Profit & Loss Account for the year ended 31-12-98 and the Balance Sheet as on that date incorporating the adjustments given:

	Debit Rs.	Credit Rs.
Capital and Drawings	7,000	50,000
Office Furniture	2,600	
Stock on 1-1-1998	48,000	
Discount	6,500	3,700
Plant and Machinery	50,000	
Insurance	4,150	
Motor Van	12,000	
Goods (return and price adjustments)	9,300	5,500
Debtors & Creditors	45,700	52,000
Bad debts	2,500	
Rent and Rates	6,000	
Commission	3,150	2,500
Cash and Bank	7,900	1,000
Wages	90,800	
Goods traded in	2,03,500	4,60,000

Salaries	74,000	
Bills payable and receivable	17,200	15,600
	<u>5,90,300</u>	<u>5,90,300</u>

Adjustments:

- Closing Stock is valued at Rs.52,000.
- Depreciation rates p.a. – Plant & Machinery @ 5%, Furniture @ 10% and Motor Vans @ 20%.
- Insurance including a Life Insurance policy of Mr. Yogesh for Rs.1,200 covered upto March 1999.
- Rent is payable for December 1998 Rs.200, and Rates Rs.600 paid for the year ended 31st March 1999.
- Sundry Debtors include an amount of Rs.1,000 due from Mr. Simran, who has become insolvent.

[20]

SECTION B

Attempt any two questions.

Where required, candidates are advised to spread their answers across the two sides of the answer booklet to ensure neatness.

Question 3

From the following Receipt and Payment account of “Young Discovery Club” you are to draw up an Income & Expenditure account for the year ended 31st March 1998 and a Balance Sheet as on that date, incorporating the adjustments given below:

- On 1-4-1997, the club owned Land & Building Rs.56,000, Furniture Rs.16,000, Books Rs.3,700, Equipment Rs.12,800 and Capital Rs.1,00,900.
- Liabilities are to be provided for Salaries Rs.500 & Electricity Rs.200.

- (iii) The club has 100 members each paying Rs.250 p.a. as subscription.
- (iv) Furniture, Land & Pavilion are to be depreciated @ 10% p.a. on year end balance.
- (v) Subscription for Magazine was paid for the year ended 31st December, 1998.

Receipts		Payments	
	Rs.		Rs.
To Balance b/d	11,000	By Salaries	6,800
To Subscription		By Electricity	650
1996-97	1,400	expense	
1997-98	20,500		
1998-99	600		
To Donation for Pavilion	6,500	By Subscription for Magazine	3,200
To Sale of Magazine	400	By 10% investment (01-01-98)	10,000
To Life Membership fees (to be Capitalised)	9,000	By Trade fair visit	1,350
		By Club house and Pavilion	15,000
		By Balance c/d	12,400
	49,400		49,400

[20]

Question 4

On 1st January, 1994, the Furniture Account of M/s. Dense Co. Ltd. showed a balance of Rs.45,000 (original cost Rs.50,000). The company purchased a second-hand sofa set for its Calcutta office, on 1st April 1994 for Rs.20,000. The sofa set was found to have deteriorated. The Calcutta Branch office manager Mr. Giri reported the same to the head office.

On 1st July 1995, the second hand sofa set was sold off for Rs.16,000. A new super brand sofa set was purchased for Rs.37,500 and Rs.2,500 was spent for its decoration on 1-7-95.

Depreciation was provided @ 10% p.a. on the Fixed instalment method at the end of each year. On 1st January 1997 M/s. Dense Ltd. decided to change this method and adopted Reducing Balance method of Depreciation @ 10% p.a.

Show the Furniture account for four years commencing from 1-1-1994 and ending on 31st December 1997. [20]

Question 5

- (a) Exact, Perfect and Equal are equal partners of Excellent Enterprise. On 1st January, 1998, their terms and conditions of agreement are as follows:

	Exact Rs.	Equal Rs.	Perfect Rs.
Capital contribution	60,000	50,000	40,000
Current account balance	2,500 (Dr.)	11,600 (Cr.)	13,800 (Cr.)
Salaries per month	800	—	600
Drawings p.m.	2,000 (on 1 st date)	2,500	3,000 (on last date)
Adjustment of capital	10,000 (withdrawn on 1.7.1998)	—	10,000 (introduced on 1.7.1998)
Interest on Capital @	10% p.a.	10% p.a.	10% p.a.
Interest on Drawings @	10% p.a.	10% p.a.	10% p.a.

Exact is entitled to get a commission @ 7% of the net profit. For the year ended 31st December'98, the net profit amounted to Rs.80,000.

The undistributed profit of 1997 amounting to Rs.9,200 is to be divided this year.

Draw up a profit & loss Appropriation account for the year ended 31st December,1998 and Current Accounts of the partners. [20]

Question 6

- (a) The Balance Sheet of Krishna Ltd. as on 31st December 1998 is given below:

Liabilities	Rs.	Assets	Rs.
Equity Share Capital	3,20,000	Land & Buildings	3,00,000
Profit & Loss Account	80,000	Machinery	1,00,000
General Reserve	1,00,000	Stock of goods	1,00,000
Sundry Creditors	1,20,000	Sundry Debtors	1,50,000
Bills Payable	80,000	Prepaid expenses	20,000
Bank Overdraft	30,000	Cash in hand	40,000
Outstanding expenses	10,000	Bills receivable	30,000
	7,40,000		7,40,000

Net Sales during the year amounted to Rs.8,00,000. You are required to calculate (i) Liquid Ratio and (ii) Working Capital turnover ratio. [8]

- (b) From the following particulars, ascertain the Bank balance that would appear in the books of D.Anand as on 31st December 1998.

- The bank pass book showed an overdraft balance of Rs.65,000 on the day of reconciliation.
- Interest on overdraft for the last six months amounting to Rs.2,500 is recorded in the passbook, but not entered in the Cash Book.
- Bank charges Rs.350 recorded in the Bank Statement, which was left out through an oversight and no entry was made in the Cash book of Mr. Anand.

(iv) Total cheques issued but not presented for payment till 31st December 1998, amounted to Rs.15,000.

(v) Cheques of Rs.25,000 were deposited into the bank during the month of December, but not collected on or before the due date.

(vi) Interest on Investment collected by the Bankers and posted in the pass book amounted to Rs.18,000.

[12]

Liabilities	Rs.	Assets	Rs.
Equity Share Capital	3,20,000	Land & Buildings	3,00,000
Profit & Loss Account	80,000	Machinery	1,00,000
General Reserve	1,00,000	Stock of goods	1,00,000
Sundry Creditors	30,000	Sundry Debtors	40,000
Bills Payable	80,000	Prepaid expenses	20,000
Bank Overdraft	30,000	Cash in hand	40,000
Outstanding expenses	10,000	Bills receivable	30,000
	7,40,000		7,40,000