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## 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.***

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***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 [ ].***

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### SECTION A

***Attempt all questions from this Section.***

#### Question 1

- (a) From each set given below, write down the odd one. [4]
- (i) Productive wages, General manager's salary, Factory manager's salary, Direct wages.
  - (ii) Diminishing balance method, Written down value method, Fixed instalment method, Reducing instalment method.
  - (iii) General fund, Accumulated fund, Special fund, Capital fund.
  - (iv) Bank reconciliation statement, Trial Balance, Receipts and payments account, Balance sheet.

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This paper consists of 8 printed pages.

- (b) Indicate by a word or a phrase, to what or to whom, the following statements refer:- [4]
- (i) Current assets less current liabilities reflects this.
  - (ii) He contributes capital and shares profits and losses but does not take part in the management of the partnership business.
  - (iii) A summary of all capital and revenue receipts and payments for a non-trading concern.
  - (iv) A part of the net profit kept aside for unforeseen contingencies in the future.
- (c) Read the following sentences and state if they are True or False. [4]
- (i) Patents and Copyrights are intangible assets.
  - (ii) Capital Account is a real account.
  - (iii) Fixed liabilities are the liabilities which fall due for payment at any time during the year.
  - (iv) The relationship among the partners is that of a principal and an agent.

## Question 2

The following Trial Balance was extracted from the books of Mr. Shah as on 31<sup>st</sup> March 1999. You are required to prepare the Trading Account, Profit and Loss Account for the year ending 31<sup>st</sup> March 1999 and a Balance Sheet as on that date after taking into account the adjustments given below:-

	Debit	Credit
	Rs.	Rs.
Plant and Machinery	1,75,000	
Furniture	34,000	
Debtors and Creditors	40,000	30,000
Stock on 1.4.98	34,600	

Purchases and Sales	1,54,750	2,66,000
Returns	12,000	16,750
Bank Accounts	20,000	8,000
Advertising expenses	4,800	
Commission to Salesman	5,500	
Cash in hand	8,500	
Insurance	14,000	
General expenses	9,000	
Drawings and Capital	6,000	2,77,200
10% Loan to Mr. Dutt	50,000	
Bad Debts	2,000	
Import duty on purchases	5,000	
Carriage on sales	8,500	
Bills Receivable and Payable	19,000	7,000
Wages	19,800	
Rent	4,000	12,500
Brokerage		<u>9,000</u>
	<u>6,26,450</u>	<u>6,26,450</u>

**Adjustments:-**

- (i) Closing stock is valued at Rs. 27,000/-.
- (ii) Wages include Rs.5,000/- for the installation of the new machinery which had been purchased on 1.4.98.
- (iii) Loan to Mr. Dutt was given on 1.10.98. Interest is outstanding.
- (iv) The Salesman is entitled to a commission of 5% on net sales, after all adjustments and returns.
- (v) Insurance paid was for the period 1.4.98 to 31.5.99.
- (vi) Depreciation is to be charged on all fixed assets at 10% p.a.
- (vii) A cash payment of Rs.4,000/- by a Debtor on the day of making the trial balance had not been recorded by Shah's Accountant.

[28]

## 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

- (a) Prepare a Bank Reconciliation Statement from the following particulars:-

[16]

M/s Ashwin Bros. find that the bank balance shown by their Cash Book on 31<sup>st</sup> December 2000 is Rs.15,500/- (Dr.). The Pass Book shows a difference due to the following reasons.

- (i) Cheques of Rs.10,000/- were sent to the bank for collection on 27<sup>th</sup> December out of which cheques of Rs.7,000/- were credited before 31<sup>st</sup> December.
- (ii) The credit side of the Cash Book stands excess by Rs.200/-.
- (iii) Bank commission debited by the bank Rs.75/- was recorded in the Cash Book as Rs.57/-.
- (iv) Cheques of Rs.17,500/- were issued on 22<sup>nd</sup> December. Out of these, cheques of Rs. 13,500/- were presented before 31<sup>st</sup> December.
- (v) Cheques of Rs.6,000/- deposited and cleared during December entered on the payment side of the Cash Book as Rs.600/-.
- (vi) On 17<sup>th</sup> December, bank credited Ashwin's account with Rs.250/- as interest on Fixed Deposit. Intimation was received on 19<sup>th</sup> January 2001.
- (vii) On 23<sup>rd</sup> December, the bank gave wrong credit of Rs.3,000/- for a cheque which was not deposited by Mr. Ashwin.



(viii) A cheque of Rs.4000/- which was issued and presented during December was entered twice in the Cash Book.

(b) Following is the Trading and Profit & Loss Account of Mr. Joseph for the year ending 31<sup>st</sup> March 2001:-

Trading and Profit & Loss Account for the year ending 31<sup>st</sup> March 2001.

	Rs.		Rs.
To opening stock	62,000	By Sales A/c	4,00,000
To purchases	2,50,000	By Closing Stock	78,000
To Carriage Inwards	1,500		
To Wages	4,000		
To Gross Profit c/d	<u>1,60,500</u>		
	4,78,000		4,78,000
	=====		=====
To Administrative exps.	80,000	By Gross Profit b/d	1,60,500
To Selling exps.	9,000	By non op. Income	2,500
To Financial exps.	5,000		
To Non operating exps.	1,500		
To Net Profit	<u>67,500</u>		
	1,63,000		1,63,000
	=====		=====

Calculate:-

[4]

(i) Gross Profit Ratio.

(ii) Net Profit Ratio.

#### Question 4

Mr. Operator bought a machine worth Rs.1,00,000/- from Mr. Technical paying only half of the price by a cheque on 1.10.1990.

Happy with the profits made, he bought two more machines on 1.7.1991, this time from Mr. Tool for Rs.2,00,000/- and Rs.50,000/- respectively, paying only for the smaller priced machine by cheque (the balance was

cleared within six months). However, at the end of that very accounting year, on audit advice, he disposed off the costlier of the two machines, at a no profit no loss price, after using it in that year.

On 1.10.1992, he incurred a capital expenditure of Rs.40,000/- on the machines in use, which helped to increase production and minimized raw-material wastage.

Write out the Machinery Account for the three years ending 31.3.1993, using the straight-line method for depreciation @ 10% p.a.

[20]

#### Question 5

Good, Better and Best are equal partners in "Great Venture Enterprises".

On 1<sup>st</sup> January 1998, their capital balances were Rs.1,60,000, Rs.2,00,000 and Rs.2,40,000 respectively.

As per their partnership deed:

- (i) Interest on capital is allowed at 10% p.a.
- (ii) Interest on drawings is charged at 10% p.a.
- (iii) Annual allowances are payable to Good Rs.2,000/- and to Best Rs.1000/-.
- (iv) An annual transfer of Rs.12,000 is made to General Reserve.

Other details for 1998 are:-

- (1) Good had made drawings of Rs.2,000/- per month on the 1<sup>st</sup> of every month. Better had drawn Rs.18,000/- on 1<sup>st</sup> July 1998 and Best drew Rs.10,000/- on 31<sup>st</sup> December 1998.
- (2) Better brought into the business furniture worth Rs.50,000/- on 1<sup>st</sup> October 1998, but made a permanent withdrawal of capital of Rs.10,000/- cash on the same date.
- (3) Best had advanced a loan to the business of Rs.60,000/- the period of which expired on 1<sup>st</sup> July 1998. However, Best decided not to withdraw this amount from the business and introduced it as additional capital from the same date. This is to be adjusted.

(4) Net Profit for the year was Rs.1,50,000/-.

Prepare a Profit & Loss Appropriation A/c and the Partners Capital A/c's for the year ending 31<sup>st</sup> December 1998.

[20]

Question 6

The following is the Receipts and Payments Account of Proxima Sports Club for the year ending 31<sup>st</sup> March 2000.

Receipts and Payments Account for the year ending 31<sup>st</sup> March 2000.

<u>Receipts</u>	<u>Amount</u> <u>Rs.</u>	<u>Payments</u>	<u>Amount</u> <u>Rs.</u>
To Donations	80,000	By buildings	50,000
To Life Membership fees	1,600	By Furniture (1.4.1999)	2,000
To Entrance Fees	1,500	By Salary	1,500
To Tournament Fund	10,000	By expenses	1,200
To Subscription	4,000	By insurance	300
To interest on Investment	300	By printing	100
To Misc. receipts	1,000	By postage	50
		By sports material	2,000
		By sundry expenses	200
		By investments	20,000
		By bal c/d	<u>21,050</u>
	<u>98,400</u>		<u>98,400</u>

- (a) Subscriptions for 1999-2000 amounting to Rs.500/- were outstanding.
- (b) Unpaid salaries for March 2000 were Rs.250/-.
- (c) Investments were made on 1.4.99 and the interest on investments was 10%.
- (d) The Capital Fund on 31.3.99 was Rs.16,000/-.
- (e) The Sports Club possessed sports material worth Rs.10,000/- on 1.4.99. The value of sports material on 31.3.2000 was Rs.8,000/-.

- (f) Donations are to be fully capitalised.
- (g) One third of the entrance fees and 50% of Life Membership fees are to be capitalised.
- (h) Furniture possessed on 31.3.1999 was worth Rs.5,000/-.
- Depreciation is to be provided @ 10%.

Prepare the Income and Expenditure Account for the year ending 31<sup>st</sup> March 2000 and the Balance Sheet as on that date.

[20]





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