

Unit-I- Meaning & Scope of Accounting, Book keeping & Accounting ,Trial Balance; Capital & Revenue

1. What are the definitions of accounting? Discuss the needs and development of accounting. (2016)
2. State with reasons which of the following items should be taken as of a Capital & which of a Revenue Nature :( 2016)
  - a) Rs.2,000 spent on Dismantling , removing & re-installing Plant & Machinery to a more convenient site.
  - b) Rs.6,000 paid for removal of stock to a new site.
  - c) Rs.1,000 paid for erection of a new machine.
  - d) Rs.2,000 paid on repairing of the new factory.
  - e) A car engine rings & pistons were changed at a cost of Rs.3,000.This resulted in improvement of Petrol consumption to 30kms per litre.It had fallen from 15kms. to 8kms.
  - f) A building constructed in 1960 was written down by 1990 to Rs.5,000.It was demolished & a new building was constructed at a cost of Rs.3 Lakhs including Rs.10,000 for demolishing the old building.
3. What is the meaning and definition of Accounting? Explain the need and development of Accounting. (2015)
4. Explain the term ledger and trial balance. What are the objectives and reasons for preparing the trial balance? (2015)
5. Journalise the following transactions in the year 2015: (2015)
  - a. January 1. Purchased goods from Akki RS. 1,100
  - b. January 3. Goods purchased from Roshi and he allowed trade discount 5% Rs. 800
  - c. January 5. Paid to Akki in full settlement RS. 1,050
  - d. January 7. Goods soldto Khushi RS. 1,000
  - e. January 9. Goods returned by Khushi RS. 200
  - f. January 11. Goods returned by Roshi Rs. 100
  - g. January 13. Cash withdrawn by owner for his personal use RS. 900
  - h. January 15. Paid wages for the construction of building RS. 900
  - i. January 17. Purchased furniture from Royal & Co. Rs. 1500
  - j. January 19. Paid Salary RS. 1500.
  - k. January 21. Insurance Premium paid Rs. 600
  - l. Januray 23. Sold goods RS. 1500
  - m. Januray 25. Received cheque from Khushi Rs. 800
  - n. January 27.Paid cash to Roshi Rs. 640.
6. What is the meaning and scope of accounting? What are its objective? How accounting is different from book keeping? Explain. (2015-S)
7. Why trial balance is prepared? Explain errors disclosed in the trial balance and discuss the trial balance is not a conclusive proof of accuracy of accounts. (2015-S)
8. What is the scope and objectives of accounting? How accounting is different from book keeping? (2014)
9. "The agreement of a Trial Balance is not a conclusive proof of books of accounts". Explain and discuss the errors that trail balance helps to detect. (2014)
10. Journalise the following transactions and post them in ledger: (2014)

Jan 2: Started Business with RS. 10,000
Jan 3: Bought furniture of RS. 500
Jan 5 Bought goods from Ram in cash Rs. 3000
Jan 6 Sold goods for RS. 600
Jan 13 : Sold goods to mohan Rs. 1000
Jan 15: Bought goods from P rs. 2000 on credit
Jan 18: Paid telephobe rent RS. 240 for one year
Jan 31: Paid Salaries RS. 200
Jan 31: Received rent RS. 100
Jan 31: Withdraw from bank rs. 300 for private use
11. Journalise the following transactions & make from them posting in ledger in the month January,2011. (2012)
  - January 1,2011. Started business with cash Rs.10,000.
  - January 3,2011. Paid into bank Rs.3,000.
  - January 5,2011. Bought furniture from M/s RVS furniture Rs.1500.
  - January 7,2011. Bought goods of the value of Rs.4,000 from Sabarwal Traders at 10% trade discount.
  - January 9,2011. Supplied the above goods to Amarkantak Traders at list price less 10% trade discount.
  - January 11,2011. Cash received from Amarkantak Traders in full settlement ,cash discount allowed @ 5%.

**Unit-II- Accounting concepts & convention, Final Accounts with adjustment entries**

1. Prepare Trading Account , Profit & Loss A/c & Balance Sheet for the year ending on 31<sup>st</sup> March,2016.from the following balances: (2016)

Particulars	Amount(Rs.)
Capital	1,00,000
Drawings	17,600
Purchases	80,000
Sales	1,40,370
Purchase Returns	2,820
Stock ( 1.04.2015)	11,460
Bad Debts	1,400
Bad Debts Reserve( 1.04.2015)	3,420
Rates & Insurance	1,300
Discount Received	190
Bills Receivable	1,240
Sales Returns	4,240
Wages	6,280
Buildings	25,000
Rent Received	2,100
Railway Freight & other expenses on goods sold	16,940
Carriage inwards	2,310
Office expenses	1,340
Printing & Stationary	660
Postage & telegrams	820
Sundry Debtors	62,070
Sundry Creditors	18,920
Cash at bank	12,400
Cash in hand	2,210
Office furniture	3,500
Salary & Commission	9,870
Addition to building	7,000

Additional information:

- Depreciate old building at 2.5% & new addition to building at 2%. & office furniture at 5%.
  - Write off further bad debts Rs.570 & increase the bad debts reserve to 6% of debtors.
  - On 31<sup>st</sup> March 2016 Rs.570 is outstanding for salary,rent receivable Rs.,200.
  - Interest in capital at 5%.
  - On 31<sup>st</sup> March, 2016 , stock is valued at Rs.14,290 , unexpired insurance Rs.240.
2. “Anticipate no profit but provide for all losses” Explain the statement and write any five concepts of accounting. (2016)
3. “Anticipate no profit but provide for all losses” Explain the statement and write any five concepts of accounting. (2015)
4. From the following Trail Balance of Tinku, as at 31<sup>st</sup> December, 2014. You are required to prepare a Trading and Profit and Loss account for the year ended 31<sup>st</sup> December, 2014 and a Balance Sheet as at that date, after making the necessary adjustments. (2015)

Trial Balance

Amount in Rupees

Particulars	Debit	Credit
Tinku's Capital	-	80,000
Tinku's Drawing	6,000	-
Plant and Machinery, balance 1 <sup>st</sup> Jan 2014	20,000	-
Plant and Machinery addition on 1 <sup>st</sup> July, 2014	5,000	-

Stock on January 1, 2014	15,000	-
Purchases	82,000	-
Return Inwards	2,000	-
Sundry Debtors	20,600	-
Furniture and Fixtures	5,000	-
Freight and Duty	2,000	-
Carriage Outwards	500	-
Rent, Rates and Taxes	4,600	-
Printing and Stationery	800	-
Trade Expenses	400	-
Sundry Creditors	-	10,000
Sales	-	1,20,000
Return Outwards	-	1,000
Postage and Telegrams	800	-
Reserve for Doubtful Debts	-	400
Discounts	-	800
Rent of Premises sublet for the year to 30 <sup>th</sup> June, 2015		1,200
Insurance Charges	700	-
Salaries and Wages	21,300	-
Cash in Hand	6,200	-
Cash at Bank	20,500	-

Adjustments:

- Stock on 31<sup>st</sup> December, 2014 was valued at RS. 14,600
- Write off Rupees 600 as Bad Debts
- The Reserve for Doubtful Debts is to be maintained at 5 percent on Sundry Debtors
- Create a Reserve for discount on Debtors and Discount on Creditors at 2 percent.
- Provide for Depreciation on furniture and Fixtures at 5 percent per annum on plant and Machinery at 20 percent per annum.
- Insurance prepaid was Rs. 100
- A fire occurred on 25<sup>th</sup> December, 2014 in the godown and stock of the value of Rs. 5,000 was destroyed. It was fully insured and the Insurance company admitted the claim in full.

5. From the following trial balance extracted from the books of Khiladi & Sons, prepare Trading & P&L account for the year ended 31<sup>st</sup> (2015-S)

Particulars	Debit (Rs.)	Credit (Rs.)
Purchase & Sales	25,000	50,500
Debtors & Creditors	10,000	4,000
Drawings	5,500	-
Returns	300	250
Discount	760	-
Insurance Premium	300	-
Cash	2,800	-
Stock (1-1-2015)	1,400	-
Bad Debts	500	-
Bad Debts Reserve	-	1,540
Wages	2,800	-
Carriage	600	-
Machinery	22,000	-
Furniture	4,000	-
Salaries	3,000	-
Bank charges	500	-
B/R & B/P	5,500	5,000
Trade Expenses	1,330	-
Capital	-	29,000

Building	4000	-
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Adjustments:

- Depreciate Building @5% & machinery @ 10%
  - Trade Expenses of Rs.270 and wages of Rs.200 have not yet been paid.
  - Allow Interest on capital at 10%p.a.
  - Make provision for doubtful debts at 12%
  - Stock on 31<sup>st</sup> December 2015 was Rs. 10,000
  - Prepaid Insurance Premium is Rs.50.
- What do you mean by accounting concepts and conventions? Enumerate any seven accounting concepts in detail. (2015-S)
  - What do you mean by accounting concept? Explain any seven accounting concepts in detail. (2014)
  - Prepare Trading and Profit and Loss Account of RVS Ltd for 2013 and his balance sheet on 31<sup>st</sup> Dec., 2013 after making the necessary adjustments. (2014)

	Dr	Cr
Opening Balance	10000	-
Cash and Bank	4000	25000
Purchases and sales	70000	90000
Returns	3000	4000
Buildings	30000	-
Capital Account	-	30000
Furniture and fittings	7000	
Debtors and Creditors	30000	21000
Bad Debts reserve		2000
Petty cash in hand	200	-
Carriage Inward	800	
Salaries	11000	-
Sundry Trade Exp.	6000	-
Interest charged	500	-
Insurance premium upto 30 <sup>th</sup> June 2013	1000	
Telephone Charges	500	-
Commission		2000
	1,74,000	1,74,000

Also consider the following:

- Stock of goods on 31-12-2013, Rs. 15000
  - Building and furniture and fittings are to be depreciated @10 % and 20% respectively.
  - Bad Debts Rs. 1000 are to be written and reserve of 5% is to be made
  - Commission received in advance Rs. 1000
- The Profit & Loss a/c of a merchant for the year ended 31<sup>st</sup> December,2011 disclosed a net profit of Rs.37,5000. The following information relating to his business for the year in question was, however overlooked in preparing the Profit & Loss a/c : (2012)
    - The value of stock in hand on 31<sup>st</sup> December ,2011 was overstated by Rs.2,000 as the stock sheets were wrongly casted by that figure;
    - Rs.4,000 was outstanding on account of wages & salaries;
    - Rs.3,000 spent on current repairs of plant & machinery was capitalized;
    - An amount of Rs.4,000non account of claim against the merchant was in dispute,& it was estimated that Rs.2,000 would probably have to be paid on the account;
    - Interest accrued on investments was Rs.2,000.

Give the necessary adjusting entries in the merchant's journal in a way that current year's profit is not affected.Prepare Profit & Loss a/c.
  - From the following Trial balance extracted from the books of Khiladi & Sons , prepare Trading & Profit & Loss a/c for the year ended 31<sup>st</sup> December,2011. (2012)

Particulars	Debit(Rs.)	Credit (Rs.)
Purchase & Sales	25,000	50,500
Debtors & Creditors	10,000	4,000

Drawings	5,500	
Returns	300	250
Discount	760	
Insurance Premium	300	
Cash	2,800	
Stock( 1-1-2011)	1,400	
Bad Debts	500	
Bad Debts Reserve		1,540
Wages	2,800	
Carriage	600	
Machinery	22,000	
Furniture	4,000	
Salaries	3,000	
Bank Charges	500	
B/R & B/P	5,500	5,000
Trade Expenses	1,330	
Capital		29,000
Buildings	4,000	

#### Adjustments-

- Depreciate building @5% & machinery @10%.
  - Trade Expenses of Rs.270 & wages of Rs.200 have not been paid.
  - Allow interest on capital at 10% p.a.
  - Make provision for doubtful debts at 12%.
  - Stock on 31<sup>st</sup> December 2011 was Rs.10,000
  - Prepaid balance Premium is Rs.50.
11. What is concept and convention of accounting? Explain the concepts and principles of accounting. (2012)
12. A company purchased a four year's lease on 1<sup>st</sup> January 2004 for Rs.50,000. It is decided to provide for the renewal of lease at the end of four years by setting up a depreciation fund. It is expected that investments will fetch interest at 4% per annum. Sinking fund table shows that Rs. 0.235490 invested each year will produce Re.1 at the end of four years at 4% per annum. On 31<sup>st</sup> December, 2007, the depreciation fund investment are sold for Rs. 36,455.22. On 1<sup>st</sup> January, 2008, the same lease was renewed for a further period of four years by payment of Rs.55,000. Show the Journal entries & also prepare the necessary ledger accounts. (2012)

#### Unit-III- Depreciation, Provisions & Reserves, Sectional & Self balancing, Accounts for NPO, Acc. Standards

1. The receipt & Payments A/c & the income & expenditure A/c of a Recreation Club for the year ending 31<sup>st</sup> Decem, 2015 was as follows: (2016)
- | Dr.                          | Receipts & Payment A/c |                          | Cr.   |
|------------------------------|------------------------|--------------------------|-------|
| Receipts                     | Rs.                    | Payments                 | Rs.   |
| To Balance b/d               | 1,500                  | By books purchased       | 1,000 |
| To subscription 2014 600     |                        | By printing & stationary | 200   |
| 2015 4,300                   | 4,900                  |                          |       |
| To interest                  | 500                    | By salary                | 1,500 |
| To donation for special fund | 300                    | By advertisements        | 200   |
| To rent                      |                        | By electric charges      |       |
| 2014 150                     |                        | By Balance c/d           | 4,350 |
| 2015 300                     | 450                    |                          |       |
|                              | 7,650                  |                          | 7,650 |
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- | Dr.                         | Income & Expenditure A/c |                 | Cr.   |
|-----------------------------|--------------------------|-----------------|-------|
| Expenditure                 | Rs.                      | Income          | Rs.   |
| To Salary                   | 1,800                    | By interest     | 400   |
| To tent hire                | 200                      | By Subscription | 4,800 |
| To Electric charges         | 400                      | By Rent         | 300   |
| To depreciation on building | 750                      |                 |       |
| To Printing & stationary    | 200                      |                 |       |

To advertisement	150	
To surplus	2,000	
	5,500	5,500

The clubs assets as on 1<sup>st</sup> January ,2015 were :

Building Rs.15,000;Books Rs.10,000;Furniture Rs.1,000;Investment Rs.10,000;Liabilities on that date were Rs.50 for advertisement & Rs.100 for salary.

You are required to prepare the balance sheet of the club on 31<sup>st</sup> December ,2014 & 31<sup>st</sup> December ,2015.

2. What is sectional balancing? Differentiate b/w sectional and self balancing system. What are the advantages of maintaining ledgers under self balancing system? (2016)
3. Write notes: (2016)
  - a. Importance and methods of preparing trial balance.
  - b. Treatment of Accrued Income and provision for doubtful debts in final account.
  - c. International accounting standards
4. What do you understand by non-trading concerns? What organizations prepare it? What are points of distinction between receipts and payments and income and expenditure accounts. (2015)
5. Write short notes on any two: (2015)
  - a. Methods for providing Depreciation
  - b. Accounting Standards in India
  - c. Provisions and Reserves
6. What do you mean by provisions and reserves? How they are different? Explain the purpose for preparing the provisions and reserves. (2015-S)
7. Write notes on: (2015-S)
  - d. Development of accounting
  - e. Marshalling of assets and liabilities in Balance sheet
  - f. Accounting standard in India
8. Second hand machinery was purchased on 1<sup>st</sup> January, 2013 for Rs. 55,000 and Rs. 5,000 were spending on its repairs and installation. On 1<sup>st</sup> July 2014 machinery (new) was purchased at a cost of Rs. 40,000. On 1<sup>st</sup> October 2015, 2015, the machinery purchased on 1<sup>st</sup> January , 2013 was Sold for Rs. 38,000 and in its place ; new machinery was replaced at a cost of Rs. 60,000.The Firm closes its books on 31<sup>st</sup> December every year, Depreciation@10% is charged annually on straight line method. From 1<sup>st</sup> January,2013, the firm changes the method of Diminishing Balance method and the rate of depreciation is raised to 15% p.a., difference adjusted on 31<sup>st</sup> December,2015. Show the machinery account for three years with working in detail. (2015-S)
9. What is receipt and payments accounts? Which organization prepares it? What are points of distinction between receipt and payments and income and expenditure accounts? Explain. (2014)
10. What do you mean by accounting standards? Why it is required? How many accounting standards are prevalent in India at present? Discuss any five accounting standards. (2014)
11. Write Notes: (2012)
  - Accounting standard in India
  - Trial Balance
  - Sectional V/S Self Balancing System