

(6 pages)

MAY 2015

**P/ID 77713/MBN1B/
MBS1B**

Time : Three hours

Maximum : 100 marks

SECTION A — (10 × 3 = 30 marks)

Answer any TEN questions.

Write short notes on the following:

1. Transaction
2. Cash Book
3. Depreciation
4. Rectification of errors.
5. Bank reconciliation
6. Single Entry
7. Whole sale profit
8. Selling price
9. Repossession
10. Admission of a partner
11. Insolvency
12. Creditors.

SECTION B — (5 × 6 = 30 marks)

Answer any FIVE questions.

13. Journalise the following transactions in the book of G Ltd. 2009, Feb.
- 1 Sold goods for Rs. 90,500
 - 5 Purchased goods Rs. 74,300
 - 9 Purchased goods on credit from Joy Rs. 59,000
 - 12 Sold goods on credit to Nathan Rs. 1,20,000
 - 17 Salary paid for Rs. 40,000
 - 21 Paid to Joy Rs. 43,000
 - 25 Received cash from Nathan Rs. 70,000
 - 27 Sold goods to Vimal for cash Rs. 1,00,000
14. Explain the meaning and scope of accounting.
15. Indicate the needs, importance and uses of ledgers.
16. Discuss the different types of errors in accounting.
17. Write the features and advantages of double entry system.

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18. Explain the concept of branch accounts.
19. Write the procedure for treatment of expenses which cannot be allocated.
20. Explain the procedure of dissolution of a partnership.

SECTION C — (2 × 20 = 40 marks)

Answer any TWO questions.

21. The following is the trail balance of Raja Jewelers as on 31st December 1995.

Debit Balance	Rs.	Credit Balance	Rs.
Opening Inventory	72,000	Capital	5,00,000
Purchases	2,25,000	Sales	3,50,000
Furniture	15,000	Purchase returns	1,800
Motor Car	30,000	Ram	32,000
Buildings	4,25,800	Shyam	24,000
Sanjay	12,000	Commission	7,500
Kishore	20,000		

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Raghav	18,000	
Advertisement	22,000	
Repairs and Maintenance	13,000	
General Expenses	16,000	
Insurance	7,000	
Cash in Hand	3,500	
Cash at Bank	6,000	
Salaries	30,000	
	<u>9,15,300</u>	<u>9,15,300</u>

You are required to draft a Profit and Loss a/c and Balance sheet as on 31st December 1995 after taking into account the following adjustments:

- (a) Closing Inventory as on 31.12.1995 Rs. 80,000
- (b) Interest on Capital at 6%
- (c) Prepaid advertisement Rs. 2,000
- (d) Goods used for domestic purpose Rs. 18,000
- (e) Outstanding Salaries Rs. 3,000

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22. You are presented with a trial balance showing excess debit of Rs. 1,770 which has been carried to Suspense account. On a close scrutiny of the books, the following errors are revealed:
- (a) A cheque of Rs.6,400 received from a customer after allowing him discount of Rs.600 as dishonoured but no entries were passed in the books.
 - (b) Goods of the value of Rs.4,600 returned by Arun were entered in the purchase book and posted from here to Arun as Rs.6,400
 - (c) Goods worth Rs.4,000 received from a supplier for approval were wrongly recorded in purchases book. Stock at the end is yet to be calculated.
 - (d) Rs.200 paid as cartage on goods purchased was debited to purchase account.
 - (e) Bad debts recovered Rs. 1,000 were wrongly posted to the debit side of bad debts account.
 - (f) Goods sold to X for Rs.380 were posted to X's account as Rs.830. Sales book was overcast by Rs.450

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23. What is meant by 'Harmonisation of accounting practices'? How does accounting standards help in achieving this harmonization?
 24. Discuss on gradual realization of assets and piecemeal distribution.
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