

2020

ACCOUNTANCY

Full Marks : 100

Pass Marks : 33

Time : Three hours

PART – A

FINANCIAL ACCOUNTING–I

MARKS – 50

PART–B

FINANCIAL ACCOUNTING–II

MARKS – 50

Instructions :

- I. All the questions are compulsory.
- II. Marks are indicated on the right margin of each question.
- III. For question Nos. 1, 2, 22 and 23, four alternatives are given, choose the correct alternatives and rewrite them.
- IV. For question Nos. 3–8, 24 and 25, the answers and calculations may be as short as possible.
- V. For question Nos. 9–15 and 26–30, the answers and calculations / solutions are to be given as required.
- VI. For question Nos. 16–20 and 31–33, the answers and solutions are to be given in details.
- VII. Question Nos. 21 and 34–36 are Essay type questions. Calculations and solutions are to be shown as required.

PART-A
FINANCIAL ACCOUNTING – I
MARKS – 50

1. AS-10 provide the method of accounting for – 1
 - A. Inventories
 - B. Depreciation
 - C. Fixed Assets
 - D. Revenue Recognition

2. Goods given away as charity should be credited to – 1
 - A. Drawing Account
 - B. Purchases Account
 - C. Sales Account
 - D. Charity Account

3. Why is double entry system considered a complete record of transaction ? 1

4. How does capital behave when a firm earn profit ? 1

5. Give one example of the application of Going Concern Assumption. 1

6. What are the rules for debit and credit in case of Nominal Account ? 1

7. When does Provision become liability ? 1

8. Differentiate between Revenue Reserve and Capital Reserve on the basis of sources. 1

9. Give two objectives of Accounting. 2
10. Why are goodwill, patent and trade marks etc. intangible assets? 2
11. Why is the Concept of Consistency to be followed? Write an example also. 2
12. State two importance of Accounting Entity Principle. 2
13. Ram sold goods costing ₹ 6,000 at a loss of ₹ 2000 in cash. What will this transaction have effect on Accounting Equation? 2
14. State the book in which following transactions are recorded: 2
- (a) Sale of goods on credit
 - (b) Purchased goods for cash
 - (c) Goods returned to creditors
 - (d) Providing for interest on Capital to Proprietor
15. Find out the due date of a bill of exchange dated 1st January, 2019, payable after 45 days. 2
16. Prepare a Bank Reconciliation Statement from the following information: 4
- Cash at bank as shown by Cash Book ₹ 75,000.
- Cheques drawn but not yet presented:
- Ajit ₹ 2,000
- Suraj ₹ 3,000
- Cheques paid into bank not yet credited ₹ 1,900.
- Bank charges not yet entered in Cash Book ₹ 100.

17. How does Bill of Exchange facilitate the growth of Business ? Give four points. 4
18. Raju received from Prem an acceptance for ₹ 5,000 on 1st September 2018 of 3 months. Raju got the acceptance and discounted it at 9% per annum from the bank. On the due date Prem paid the required amount.
Give Journal entries in the books of Raju and Prem. 4
19. Indicate four types of errors with examples which do not affect the Trial Balance. 4
20. Enumerate any four points of utility of Suspence Account. 4
21. On 1st April 2018, Priya Ltd. decided to sell a machine for ₹ 5,00,000. This machine was purchased for ₹ 7,50,000 on 1st April 2015.
Prepare a Machinery Account and Provision for Depreciation Account for the year 2018–19 assuming that the company has been charging depreciation at 10% per annum on the Straight Line Method. 8

PART – B
FINANCIAL ACCOUNTING – II
MARKS – 50

22. _____ Account is a summary of Cash Book. 1
- A. Income and Expenditure
- B. Ledger
- C. Balance Sheet
- D. Receipts and Payments

23. Statement of Affairs is prepared to calculate _____ 1
- A. Total Assets
- B. Capital
- C. Cash Balance
- D. Total Liabilities
24. How is entrance fees treated in final account of non-trading organisations ? 1
25. Give one reason for keeping incomplete records. 1
26. State two importance of Financial statement. 2
27. Net sales during the year 2018 –19 is ₹ 2,90,000. Gross Profit is 25% on sales. Find the cost of goods sold. 2
28. “A computer cannot function without the operating software”. Elaborate. 2
29. Draw a diagram showing the four sub-systems of Accounting Information System (AIS). 2
30. Point out two steps in designing the accounting reports. 2
31. Make the necessary adjusting entries as on December 31, 2018 : 4
- (a) Outstanding expenses : salaries ₹ 3,000.
- (b) Insurance amounting to ₹ 2,000 is paid in advance.
- (c) Accrued Commission ₹ 1,000 as income.
- (d) Interest on drawings ₹ 500.

32. What are abnormal losses? How are they treated in financial statement? 4
33. State four advantages of Automation of Accounting Process. 4
34. The following informations were extracted from Mr. Y's books as on 31st December, 2018. 8

Particulars	₹	Particulars	₹
Capital	10,000	Furniture	7,250
Outstanding wages	2,000	Postage	4,226
Sales	2,52,400	Power and Fuel	1,350
Purchases	1,62,505	Trade expenses	5,831
Provision for doubtful debts	5,200	Bad debts	525
Sundry Debtors	50,200	Loan to Kaberi @10% (September 1st 2018)	3,000
Sundry Creditors	30,526	Cash in hand	1,000
Bills Payable	3,950	Trade expenses accrued not paid	700
Opening stock	26,725	Drawings	4452
Wages	23,137		
Salaries	5,575		

Prepare Trading and Profit and Loss Account for the year ended 31st December, 2018, after taking into consideration the following information—

- Depreciation on furniture is to be charged @ 10%.
- Sundry debtors includes an item of ₹ 500 due from customer who has become insolvent, nothing can be recovered.
- Reserve for bad debts is to be maintained @5% on sundry debtors.

- (iv) Goods of value of ₹ 1,500 has been destroyed by fire and insurance company admitted a claim for ₹ 1,000
- (v) Stock on 31st December 2010 was ₹ 12,550.
35. Tennis Club of Imphal was started from 01-01-2018. Its Receipts and Investments Account for the year ended 31-12-2018 was as follows :

Particulars	₹	Particulars	₹
To Endowment Fund		By Tournament expenses	7,600
Receipts	20,000	" Furniture	12,800
" Donation	40,000	" Sports Equipment	25,400
" Life Membership		" Function expenses –	
Fees	6,000	(a) Honorarium	14,000
" Tournament Fund	10,000	(b) Others	4,000
" Entrance Fees	600	" Printing	1,000
" Fees for functions	24,000	" Rent	2,400
" Subscriptions	6,000	" Salaries	7,200
		" Postage	300
		" Fixed Deposit in Bank	30,000
		" Cash Balance	1,900
	1,06,600		1,06,600

Adjustment :

- (i) Expenses outstanding salaries ₹ 2,400, painting ₹ 1,000.
- (ii) Subscription due for 2018 were ₹ 4,000.
- (iii) Sports Equipment on 31-12-2018 were valued at ₹ 20,400 and postage stamps on hand ₹ 40.
- (iv) Entrance fees and life membership fees are to be capitalised.

Prepare :

(a) Income and Expenditure Account and

(b) Balance Sheet as on 31-12-2018.

4+4=8

36. Name two accounts maintained in "Accounts from Incomplete Records".

State three points each of the merits and the demerits of Single Entry System.

2+6=8