

2025

ACCOUNTANCY

Full Marks : 100

Pass Marks : 33

Time : Three hours

Instructions:

- I. All the questions are compulsory.*
- II. Marks are indicated on the right margin of each question.*
- III. For Question Nos. 1 - 12, four alternatives are given, Choose the correct alternatives and re-write them.*
- IV. For Question Nos. 13 - 20, the answers and calculations may be as short as possible.*
- V. For Question Nos. 21 - 28, answers and solutions are to be given as required.*
- VI. For Question Nos. 29 - 36, answers and solutions are to be given in detail.*
- VII. For Questions Nos. 37- 40 are Essay type of questions. Calculation are solutions are to be shown as required.*

P.T.O.

1. Accounting Principles are – 1
(A) made by the Government (B) made by man
(C) made by Law (D) made by creditors
2. In accrual basis recording is made of – 1
(A) Cash transactions
(B) Credit transactions
(C) Cash as well as credit transactions
(D) Either Cash or Accrual
3. Accounting Standards are formulated by – 1
(A) Planning Commission
(B) Institute of Chartered Accountants of India
(C) Companies Act
(D) Institute of Company Secretaries of India
4. The number of accounting standards specified by the Institute of Chartered Accountant of India so far is – 1
(A) 29 (B) 30
(C) 31 (D) 32
5. Given below are two statements, one labelled as Assertion (A) and other labelled as Reason (R).
Assertion (A) : The essence of convention of prudence is to anticipate no profit and provided for all possible losses.
Reason (R) : Convention of prudence results in understatement of profit and assets and overstatement of liabilities. 1

Which of the following is correct?

- (A) Both (A) and (R) are true and (R) is correct explanation of (A)
(B) Both (A) and (R) are true but (R) is not the correct explanation of (A)
(C) (A) is true, but (R) is false
(D) (A) is false, but (R) is true
6. On selling the goods for cash of the list price of Rs. 40,000 at 15% trade discount and 4% cash discount, Cash A/c will be debited by – 1
- (A) Rs. 32,640 (B) Rs. 32,400
(C) Rs. 34,000 (D) Rs. 38,400
7. Which of the following may have either Dr. or Cr. balance – 1
- (A) Only cash column of the cash book
(B) Only bank column of cash book
(C) Both cash and bank column
(D) Neither bank nor cash column
8. A machine purchased for Rs. 10,000 was wrongly recorded in Purchase A/c. Due to this error – 1
- (A) Trial Balance will show difference of Rs. 10,000
(B) Trial Balance will not show any difference
(C) Trial Balance will show the difference of Rs. 20,000
(D) Trial Balance will show the difference of Rs. 5,000

9. If X has been debited by Rs. 50 instead of Rs. 500 and Y has been debited by Rs. 500 instead of Rs. 50, it is an example of – 1
- (A) error of principle (B) error of commission
(C) error of omission (D) compensating error
10. Balance of Petty Cash is – 1
- (A) Expenses (B) Income
(C) Liability (D) Asset
11. Closing Stock appearing in the Trial Balance is shown – 1
- (A) On Dr. side of the Trading Account
(B) On Cr. side of the Trading Account
(C) On the Asset side of the Balance Sheet
(D) On the Liability side of the Balance Sheet
12. Assertion(A) : The Financial Statements do not reflect the true position of business. 1
- Reason(R) : Accounting information is sometimes based on estimates. 1
- (A) Both A and R are correct and R is the correct explanation of A
(B) Both A and R are correct and R is not the correct explanation of A
(C) A is correct but R is incorrect
(D) A is incorrect but R is correct
13. What type of information is required by the long-term lenders ? 1
14. A firm earned profit on sales of Fixed Asset. What is the accounting treatment of its profit? 1
15. Why is Accounting Standard required ? 1

16. What is a debit note ? 1
17. "Even a Sales Book is maintained, there is need to open Sales Account in the ledger". Why ? 1
18. Give the formula for calculating Operating Profit from Net Profit. 1
19. Cost of obtaining license to carry out business is a Capital Expenditure or Revenue Expenditure ? 1
20. Why is discount on debtors made after making Provision for doubtful debts ? 1
21. Write two advantages of accrual basis of Accounting. 2
22. Why should a business follow the consistency concept ? 2
23. A commenced business on 1st April, 2023 with a capital of Rs. 5,00,000. On 31st March, 2024 his assets were worth Rs. 7,80,000 and liabilities Rs. 70,000. Find out his closing capital and profits earned during the year. 2
24. What are the advantages of cash discount to the buyers ? 2
25. Point out any two items which are not recorded in an amended cash book. 2
26. What are the characteristics of a Balance Sheet ? 2
27. What will be the effect of the following items in Final Account ? 2

Trial Balance

	Dr. (Rs.)	Cr. (Rs.)
Rent Received		39,000

Adjustment: Rent received but not earned Rs. 3000

28. State any two advantages of Work Sheet in final account. 2
29. What are the advantages of financial accounting ? 4

Or

List out the items included and not included in closing inventories. 4

30. What are the characteristics of Double Entry System ?

4

31. Prepare Accounting Equation from the following :

4

- (a) Started business with cash Rs. 1,00,000
- (b) Purchased goods for cash Rs. 20,000 and on credit Rs. 30,000
- (c) Sold goods for cash costing Rs. 10,000 and on credit costing Rs. 15,000 both at a profit of 20%

Or

Enter the following transactions in the Cash Book with Cash and Bank Column :

4

2023	Particulars	Rs.
June 1	Cash in hand	800
	Bank overdraft	5700
June 7	Received a cheque from Tomba	3250
June 9	Deposited the above cheque into bank	
June 12	Paid to Bhavan by cheque	2425
June 15	Tomba's cheque dishonoured	
June 20	Withdrawn from bank for office use	250
June 25	Cheque received from Prem	1200
June 28	Prem's cheque endorsed in favour of Kamal	
June 30	Income Tax paid by cheque	150
	Bank charges	25

32. On 31st August, 2023 the Pass Book of Sharma showed a bank balance of Rs. 1,575. A comparison of the entries with the cash book showed: 4

- (a) He had deposited cheque for Rs. 580 which had not yet been cleared.
 - (b) He had issued cheque for Rs. 960 on 18th August 2023, out of which those of Rs. 640 were presented on 3rd September, 2023.
 - (c) The Pass Book showed a credit of Rs. 25 on account of interest allowed by bank.
- Mr. Sharma's bank balance as per Cash Book on the same date was Rs. 1490. Prepare a statement reconciling the bank balance as per Cash Book with the balance as per Pass Book.

33. What are the special features of depreciation? 4

Or

What are the advantages of Straight Line Method of depreciation? 4

34. "Provisions are created for the fulfilment of various objectives". Explain. 4

35. Distinguish between Trading Account and Manufacturing Account. 4

36. From the following figures calculate Operating Profit : 4

Net Profit	Rs. 1,00,000
Rent Received	Rs. 10,000
Gain on sale of machine	Rs. 15,000
Interest on loans	Rs. 20,000
Donation	Rs. 2000

Or

Calculate Gross Profit and Cost of Goods sold from the following information : 4

Net Sales	Rs. 9,00,000
Gross Profit is 20% on cost	

37. "Agreement of Trial Balance is not conclusive proof of accuracy of books of accounts". Give reasons. 8

Or

Give reasons of disagreement of the balance of Pass Book and the Cash Book. 8

38. On July 1st, 2016 Rubi Ltd. purchased a machinery of Rs. 5,70,000 and paid Rs. 30,000 for its overhauling installation. Depreciation is provided @ 20% p.a. on original cost method and the books are closed on 31st March every year. The machine was sold on 31st January, 2019 for a sum of Rs. 1,60,000.

Prepare the Machinery Account and Provision for Depreciation Account for three years. 8

Or

Hellen Ltd. purchased a machinery on 1st May, 2018 for Rs. 60,000. On 1st July, 2019 it purchased another machine for Rs. 20,000, on 31st March, 2020 it sold off the first machine purchased in 2018 for Rs. 38,500 and on the same date purchased a new machine for Rs. 50,000. Depreciation is provided at 20% p.a. in the original cost each year. Accounts are closed each year on 31st December. Show the machinery account for 3 years. 8

39. Trial Balance of Bijeshori did not agree and showed an excess debit of Rs. 16,300. She put the difference to a Suspense Account and discovered the following errors :

- Cash received from Victoria Rs. 5,000 was posted in the debit of Seema as Rs. 6000.
- Salaries paid to an employee Rs. 2000 were debited to his personal account as Rs. 1,200.
- Goods withdrawn by proprietor for personal use Rs. 1,000 were credited to Sales A/c as Rs. 1,600.
- Depreciation provided on Machinery Rs. 3,000 was posted to Machinery A/c as Rs. 300.
- Sale of old car for Rs. 10,000 was credited to Sales A/c as Rs. 6,000.

Rectify the errors and prepare Suspense A/c.

3+5=8

Or

Pass Journal entries to rectify the following errors :

8

- (a) Rs. 1,500 paid for purchase of Radio set for the proprietor debited to General Expenses Account.
 - (b) Goods sold to Ram for Rs. 3000 on credit have been entered in the Purchase Book.
 - (c) An amount of Rs. 5000 paid to Raman has been debited to the account of Roben.
 - (d) A sum of Rs. 4500 paid as rent has been debited to Landlord's personal Account.
 - (e) Wages Rs. 3000 paid for erection of Machinery debited to Wages Account.
 - (f) Sale of goods for Rs. 10,000 to Romesh were recorded as Rs. 1000 in the Sales Book.
 - (g) Goods for Rs. 10,000 have been returned by a customer. These have been taken into stock but no entry in respect thereof has been made in the books.
 - (h) Purchase of furniture for Rs. 3000 has been debited to Purchase Account.
40. Prepare Trading, Profit and Loss A/c and Balance Sheet from the following balances relating to 31st March, 2024. 5+3=8

Particulars	Rs.	Particulars	Rs.
Capital	10,000	Wages	5,000
Creditors	1,200	Bank	1,000
Return Outward	500	Repairs	50
Sales	16,400	Stock(1-4-2023)	2,000
Bills payable	500	Rent	400
Plant and Machinery	4,000	Manufacturing Expenses	800
Sundry Debtors	2,400	Trade Expenses	700
Drawings	1,000	Bad Debts	200
Purchases	10,500	Carriage	150
Return inward	300	Fuel and power	100

The Closing Stock was valued at Rs. 1,450

Depreciate Plant and Machinery Rs. 400

Allow 5% Interest on capital

A sum of Rs. 40 is due for repairs

Or

Extract of a Trial Balance as at March 31st, 2023 was as follows :

8

Sundry Debtors Rs. 1,02,000

Bad Debts Rs. 1,400

Provision for doubtful debts Rs. 3,400

Additional information :

A debtor of Rs. 2,000 could not be recovered. It is decided to maintain Provision for doubtful debts @ 5% on Debtors and Provision for discount at 2%. Show the adjustments of the above items by preparing Bad Debts Account, Provision for Doubtful Debt Account, Profit and Loss Account and Balance Sheet.