

HSE I - SECOND TERMINAL EVALUATION DECEMBER V 2018
PART III – ACCOUNTANCY WITH COMPUTERISED ACCOUNTING

Maximum score : 60

Time : 2 hours

Cool of time : 15 Minutes

ANSWER KEY

1. b) Error of commission
2. a) Drawings *** b) Purchase is also correct
3. c) Source document *** Option b) in Malayalam version
4. b) Amortisation
5. c) Conservatism concept
6. b) An unconditional order
7. a) Credited to profit and loss A/c
8. d) Capital payments

9.

Internal Users
Store manager
Vice president

External Users
Investors
Tax authorities

10. Trial balance as on 31st march 2017

Account title	LF	Debit(Rs.)	Credit(Rs.)
Capital			40,000
Machinery		8,500	
Debtors		10,000	
Sales			35,000
Cash		21,500	
Wages		2,500	
Depreciation		1,500	
Purchases		31,000	
Total		75,000	75,000

11. Match the following

Asset = Capital + Liability	Dual aspect concept
Cost concept	Purchase price
Consistency concept	Accounting policies and procedures are not changed.
Objectivity concept	Verifiable documents

12. a) profit and loss A/c....Dr. 15,000
Salary A/c 15,000
- b) Commission received A/c...Dr 4,000
Profit and Loss A/c 4,000

13. A cash book serves the purpose of both a Journal and Ledger. Since all cash transactions are first recorded in this subsidiary book it is a book of original entry (Journal). It also serves the purpose of a ledger account. This is due to the fact that it is written in the form of an account (with debit side and credit side). Therefore, it is not necessary to open a separate cash A/c in the ledger. Thus cash book is both a journal and a ledger.

14. Objectives of preparing Trial Balance

- a) To ascertain the arithmetical accuracy of the ledger accounts.
- b) To help in locating errors.
- c) To help in the preparation of final accounts.

15. Distinguish between Revenue and Capital reserve

Base	Capital reserve	Revenue reserve
1)Mode of Creation	Created out of capital profits or profits of an unusual nature	Created out of revenue profits.
2)Distribution	Never distributed.	Can be distributed as dividend
3)Application	Acts as a provision for future contingencies	Acts as a reinvesting source for the business
4)Term	Is useful for long term purposes	Is useful for short and mid-term purposes
5)Money Value	Can't always be received in money value	Can always be received in money value

16. Cost of goods sold = Opening stock + Net purchase + Direct Expenses – Closing stock
 = 3,000 + 15,000 + (1,000 + 1,000) – 4,000
 = 16,000

17. a) Money measurement concept.

b) It states that a business should only record an accounting transaction if it can be expressed in terms of money. Money measurement concept in accounting, also known as measurability concept, means that only transactions and events that are capable of being measured in monetary terms are recognized in the financial statements.

18. Journal

Date	Particulars	LF	Debit(Rs.)	Credit(Rs.)
2018 Jan 1	Purchase A/cDr. To Ganesh A/c (Purchased goods from Ganesh)		25,000	25,000
Jan 10	Drawing A/cDr. To Purchase A/c (Goods withdrawn by proprietor for personal use)		2,000	2,000
Jan 20	Rent A/c.....Dr. To Bank A/c (Rent paid by cheque)		4,000	4,000

19.. Bank Reconciliation Statement as on 31st March 2018

	Add	Less
a) Balance as per cash book	25,000	
b) Cheque issued but not presented for payment	3,000	
c) Bank collected the dividend and credited in pass book	4,000	
d) Cheque deposited into bank but not collectd		3,000
e) Bank charges were not entered in cash book		400
Balance as per Pass book		28,600
	32,000	32,000

20. Pradeep & Co. Machinery A/c

Date	Particulars	LF	Amount	Date	Particulars	LF	Amount
2012 July 1	To Cash (54,000+6,000)		60,000	2012 Dec 31	By Depreciation (4,500 x 6/12) By Balance c/d		2,250 57,750
			60,000				60,000
2013 Jan 1	To Balance b/d		57,750	2013 Dec 31	By Depreciation By Balance c/d		4,500 53,250
			57,750				57,750
2014 Jan 1	To Balance b/d		53,250	2014 Dec 31	By Depreciation By Balance c/d		4,500 48,750
			54,250				54,250
2015 Jan 1	To Balance b/d		48,750	2015 Dec 31	By Depreciation By Balance c/d		4,500 44,250
			48,750				48,750
2016 Jan 1	To Balance b/d		44,250				

21. Purchases Book

Date	Name of suppliers	Invoice No.	LF	Amount
2018 Jan 1	40 Chairs @ Rs.1,500 each	60,000	341	
	50 Tables @ Rs. 6,000 each	<u>3,00,000</u>		
		3,60,000		
	Trade discount 5%	<u>18,000</u>		3,42,000
15	60 TV sets @ Rs.3,000 each	1,80,000	768	
	80 Alamarah @ Rs.4,000 each	<u>3,20,000</u>		5,00,000
				<u>8,42,000</u>

22. **** in this question Feb.6 and 24 the name Sumesh wrongly specified as Suresh
Sumesh A/c

Date	Particulars	LF	Amount	Date	Particulars	LF	Amount
2017 Feb1 15	To sales ,, Cash ,, Balance c/d		15,000 20,000 2,000 <u>37,000</u>	2017 Feb6 24	By Purchase ,, Cash ,, Balance b/d		24,000 13,000 <u>37,000</u> 2,000

As per the question there may be another two answers

i) As per English version

Date	Particulars	LF	Amount	Date	Particulars	LF	Amount
2017 Feb1 15	To sales ,, Cash		15,000 20,000		,, Balance c/d		35,000
	,, Balance b/d		<u>35,000</u>				<u>35,000</u>

ii) As per Malayalam version

Date	Particulars	LF	Amount	Date	Particulars	LF	Amount
2017 Feb1 15	To sales ,, Cash		15,000 20,000	2017 Feb24	By Cash ,, Balance c/d		13,000 22,000
	,, Balance b/d		<u>35,000</u> 22,000				<u>35,000</u>

23. a) If rectification before the preparation of trial balance, the treatment is

Since the total of the purchase daybook was undercast by Rs.1,000, the posting to purchase account there from was also Rs.1,000 less. The error is only in the purchase A/c. personal A/c are not affected as they are posted individually. The error should first be corrected in the purchase book where the total should be altered to make it Rs.1,000 more. Then the purchase A/c in the ledger should be debited with Rs.1,000 for rectification

*** if rectification after the preparation of trial balance , it is done through the rectifying entry.

Date	Particulars	LF	Debit	Credit
a)	Purchase A/cDr. To Suspense A/c (To correct the Short debit in purchase A/c)		1,000	1,000
b)	Repairs A/cDr To machinery A/c (Rectification of error of principle Repairs on machinery debited to		2,500	2,500

c)	Machinery A/c) Drawings A/c.....Dr To purchase A/c (Error of complete omission rectified)	1,400	1,400
d)	Rohan A/cDr. To Sohan A/c (rectification of Sales to Rohan Wrongly posted in Sohan's A/c)	6,000	6,000
e)	Purchase A/c.....Dr. Sales A/cDr. To Rahul A/c (Correction of wrong entry insales book of credit purchase from Rahul)	4,000 4,000	8,000

24. Cash book (Two columns – Cash and Bank)

Date	Particulars	R N	L F	Cash	Bank	Date	Particulars	V N	L F	Cash	Bank
2017 Mar1	To Balance b/d			30,000	84,000	2017 Mar4	By Purchase				24,000
8	„ Sales			12,000		13	„ Furniture				11,000
16	„ Sales				9,000	17	„ Purchases			34,800	
						21	„ Books				2,200
						23	„ Rajan				3,000
26	„ Bank		c	20,000		26	„ Cash		c	20,000	
						28	„ Salaries				5,000
						30	„ Insurance			7,000	
							„ Balance c/d			20,200	27,800
				62,000	93,000					62,000	93,000
	„ Balance b/d			20,200	27,800						

25. Journal entries of Pramod

Date	Particulars	LF	Debit	Credit
2017 April 4	Manoj A/cDr. To sales A/c (Credit Sales)		60,000	60,000
	B/R A/cDr. To Manoj A/c (Bill accepted and received)		60,000	60,000
30	Bank A/c.....Dr. Discount A/c.....Dr. To B/R A/c (B/R discounted with bank)		59,000 1,000	60,000
Aug 7	Manoj A/c.....Dr. To Bank A/c (Discounted bill dishonoured) Cash A/c.....Dr. B/R A/c..... Dr.		60,000 20,500 40,000	60,000

	To Manoj A/c To Interest A/c			60,000 500
	(Amount partly received and renewed the bill for balance amount with interest) Ajith A/cDr. To B/R A/c (B/R endorsed)		40,000	40,000

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Trading and Profit and Loss A/c of Mayuri Ltd.

For the year ending 31st December 2017

Particulars	Amount	Particulars	Amount
Opening stock	15,000	Sales 54,000	
Purchases 38,000		Less Sales returns <u>1,000</u>	53,000
Less Purchase returns <u>2,000</u>	36,000	Closing stock	25,000
Gross Profit c/d	27,000		
	<u>78,000</u>		<u>78,000</u>
Salaries 6,000		Gross profit b/d	27,000
Add outstanding <u>3,000</u>	9,000		
Rent	4,000		
Printing and stationary	2,000		
N/p transferred to Capital	12,000		
	<u>27,000</u>		<u>27,000</u>

Balance Sheet of Mayuri Ltd. as on 31st December 2017

Liabilities	Amount	Assets	Amount
Creditors	8,000	Debtors	10,000
Salary outstanding	3,000	Closing stock	25,000
Capital 52,000		Building	40,000
Add Net profit <u>12,000</u>	64,000		
	<u>75,000</u>		<u>75,000</u>

*** In this question Machinery is not mentioned. Therefore here depreciation Cannot be charged.