

Answer any 7 questions from 1 to 8, each carries 1 score.

(7 × 1 = 7)

- Which of the following is not a qualitative characteristic of accounting information ?
  - Reliability
  - Relevance
  - Comparability
  - Measurability
- "Bought goods on credit". The effect of this transaction is :
  - Asset increases, Asset decreases
  - Asset increases, Liability increases
  - Asset increases, Liability decreases
  - Asset decreases, Liability increases
- Tax that is levied on the inter state supply of goods and services in India is :
  - Central GST
  - State GST
  - Integrated GST
  - Union Territory GST
- Bought goods for cash : Cash Book  
Bought goods on credit : \_\_\_\_\_ ?
- A Bank Reconciliation Statement is prepared to :
  - Detect errors in the pass book only
  - Detect errors in the cash book only
  - Reconcile the differences between the cash book and the pass book balances
  - Identify fraudulent transactions in the bank account
- Cost of the asset ₹ 80,000  
Scrap value ₹ 10,000  
Useful life period – 10 years  
Find the Annual Depreciation.
- Find the odd one out with regard to direct expenses.
  - Wages
  - Production expenses
  - Factory rent
  - Office rent

8. Outstanding rent is a/an :
- (a) Liability (b) Asset  
(c) Expense (d) Income

Answer any 3 questions from 9 to 13, each carries 2 scores.

(3 × 2 =

9. Journalise the following adjustments :

- (1) Rent paid in advance ₹ 500  
(2) Depreciation on furniture ₹ 1,000

10. Choose the correct answer from brackets.

[Revenue expenditure, Capital expenditure]

- (1) Expenditure incurred to increase the earning capacity of business : \_\_\_\_\_ ?  
(2) Expenditure incurred to maintain the earning capacity of business : \_\_\_\_\_ ?

11. State whether the following items are shown as debit balances or credit balances in the trial balance :

- (1) Bank overdraft  
(2) Stock  
(3) Capital  
(4) Rent received

12. Mention any two transactions to be recorded through Journal Proper.

13. A businessman signs a contract on 10<sup>th</sup> January, 2024 to deliver a software by 31<sup>st</sup> March, 2024, with a price of ₹ 15,000. The software was delivered on 25<sup>th</sup> March 2024. The client pays the entire amount on 10<sup>th</sup> April, 2024.

- (1) When should the businessman recognize this revenue according to the Revenue Recognition Concept ?  
(2) Write a short note about Revenue Recognition Concept.

Answer any 5 questions from 14 to 19, each carries 3 scores.

14. Calculate cost of goods sold and gross profit/loss

Opening Inventory : ₹ 10,000

Purchases : ₹ 70,000

Purchase Returns : ₹ 5,000

Carriage Inward : ₹ 3,000

Wages ₹ 2,500

Closing Inventory : ₹ 18,000

Sales : ₹ 90,000

Sales Returns : ₹ 1,000

15. Identify the transaction from the following journal entries :

1	Drawings a/c To Bank account (.....)	Dr.	5,000	5,000
2	Cash a/c To Bank account (.....)	Dr.	2,000	2,000
3	Drawings a/c To Purchase account (.....)	Dr.	500	500

16. The following transactions took place during the month of May 2024 for Anu Traders :

May 2 – Purchased from ABC Traders, Kannur

50 water bottles @ ₹ 120 each

100 Note books @ ₹ 40 each

60 Umbrellas @ ₹ 280 each

Trade discount - 15%

May 8 – Purchased from Gaya Traders, Kannur

40 School bags @ ₹ 350 each

80 Rain Coats @ ₹ 100 each

Trade discount – 10%

Prepare a Purchase Book.

17. Complete the following table with regard to Bank reconciliation statement :

Balance of Cash / Pass book	Indicates
Debit balance as per Pass book	?
Debit balance as per Cash book	?
Credit balance as per Pass book	?

**Hint :** Favourable  
Unfavourable

18. (1) Read the following statements and state whether they are True or false.

**Statement I** – Creating provision for known liabilities.

**Statement II** – Creating reserves for unknown events.

- (2) Write any two difference between Provision and Reserve.

19. Name the accounting term mentioned in the following :

- (1) Deduction given at the time of sale, usually based on the quantity purchased
- (2) The excess of revenue over expenses
- (3) Economic resources owned by a business that are expected to provide future benefits

**Answer any 5 questions from 20 to 25, each carries 4 scores.**

**(5 × 4 = 20)**

20. On 1<sup>st</sup> April, 2021, a machinery was purchased for ₹ 80,000 from Machine Land. On 30<sup>th</sup> June, 2023, the machinery purchased on 1<sup>st</sup> April, 2021 was sold for ₹ 60,000 and a new machinery was bought for cash ₹ 25,000. Depreciation is charged @10% p.a. on straight line method. Prepare machinery account up to 31<sup>st</sup> March, 2024.

21. ABC Ltd. has a balance of ₹ 2,000 as per pass book as on 31<sup>st</sup> March, 2024. However, the balance as per cash book as on 31<sup>st</sup> March, 2024 is ₹ 2,610.

Transaction details are given below :

- (1) A cheque of ₹ 500 was deposited, but it is not yet processed by the bank.
- (2) Bank charges of ₹ 60 were recorded in the pass book, but not in the cash book.
- (3) Cheques worth ₹ 300 were issued, but not presented.
- (4) Bank interest of ₹ 150 was recorded in the pass book, but not in the cash book.
- (5) Payment of a cheque ₹ 500 is recorded twice in the pass book.

Prepare a bank reconciliation statement with pass book balance as the starting point.

22. You are given the following information :

Profit before adjustments : ₹ 40,000

**Adjustments required :**

Outstanding wages : ₹ 5,000

Prepaid insurance : ₹ 1,500

Accrued income : ₹ 2,000

Depreciation on machinery : ₹ 3,000

Show how the above adjustments affect the profit and calculate the net profit.

23. Explain briefly the objectives of accounting.

24. Read the following cases :

**Case I** – A businessman buys a machinery for ₹ 50,000 and records it on the balance sheet at ₹ 50,000, regardless of any changes in market value.

**Case II** – When the owner invests cash ₹ 10,000 into the business, it affects two accounts – Cash account and Capital account.

- (1) Identify the Accounting concept mentioned in the above two statements.
- (2) Briefly explain them.

25. Classify the following under the headings **Journal** and **Ledger** :

- Book of second entry
- Initial recording of transactions
- Detailed chronological record of transactions
- Summarized record of transactions
- Contains description of transactions
- Contains number or description of transactions
- Records both debit and credit aspects
- Separates debit and credit side

Answer any 2 questions from 26 to 28, each carries 6 scores.

(2 × 6 = 12)

26. Some accounting errors are given below :

- (1) Purchased goods on credit from Maya Traders ₹ 2,500, posted to Maya Traders at ₹ 500
- (2) Purchase of machinery ₹ 8,000 has been entered in the purchase book
- (3) Paid wages ₹ 3,000 were not recorded
- (4) Purchases book undercast by ₹ 1,000

**Question :**

- (i) Identify and write the type of error mentioned in each of the above cases.
- (ii) Rectify the above errors.

27. Enter the following transactions in double column cash book of Kefco Traders for July 2024 :

- 01 - Commenced business with cash ₹ 50,000
- 03 - Opened bank account for ₹ 30,000
- 05 - Purchased goods for cash ₹ 10,000
- 10 - Purchased office machine for ₹ 5,000
- 15 - Sold goods to Rohan and received cheque ₹ 7,000
- 18 - Cash sales ₹ 8,000
- 22 - Paid rent by cheque ₹ 1,500
- 24 - Drew cash from bank ₹ 2,000
- 28 - Paid insurance by cheque ₹ 1,800

28. The following were extracted from the books of a business for the year ended 31<sup>st</sup> March, 2024 :

Capital	25,000
Cash	10,500
Rent	2,500
Furniture	15,000
Debtors	9,500
Creditors	9,000
Salary	3,000
Electricity charges	1,700
Interest received	1,200
General expenses	800
Discount received	800
Drawings	2,000
Closing stock	6,000
Gross Profit	15,000

**Other information**

- (1) Depreciate furniture by 10%.
- (2) Rent due but not paid ₹ 1,500 and Salary outstanding ₹ 500.
- (3) Create a provision for doubtful debts on debtors @10%.
- (4) Electricity charges paid in advance ₹ 200.

Prepare Profit and Loss account and Balance sheet for the year ending 31<sup>st</sup> March, 2024.