

ACCOUNTS

(Maximum Marks 80)

(Time allowed: Three hours)

(Candidates are allowed additional 15 minutes for only reading the paper. XI

They must NOT start writing during this time.)

Answer Question 1 from Part I and any five questions from Part II.

The intended marks for questions or parts of questions are given in the brackets [].

Transactions should be recorded in the answer book.

All calculations should be shown clearly.

All working, including rough work, should be done on the same page as, and adjacent to, the rest of the answer.

PART I

(Compulsory)

Question 1

[10×2]

Answer the following questions briefly and to the point:

- (i) Give any two differences between Sales Book and Sales Account.
- (ii) The building account of a high school stands in its books at ₹ 1,00,000. The undermentioned expenses were incurred on the building during the year 2018-19.
 - (a) White washing the entire building for ₹ 20,000
 - (b) Repairs for a few classrooms ₹ 1,000
 - (c) Addition of a new wing to the lunch hall ₹ 40,000
 - (d) Pulling down the library and rebuilding it for ₹ 25,000

State whether each of the above transactions is *Capital Expenditure* / *Revenue Expenditure*.

- (iii) What is meant by *Reserve Fund*?
- (iv) Give any one example to show that International Financial Reporting Standards is principle based.
- (v) What is meant by *Accounting Reports* with reference to Computerised Accounting?
- (vi) Give any two limitations of incomplete records.
- (vii) Explain the following terms, with examples:
 - (a) Transaction
 - (b) Source documents
- (viii) Why does a Receipts and Payments Account show the receipts and payments without distinguishing between capital and revenue and without taking into account the period to which they relate?

This Paper consists of 8 printed pages.

- (ix) (a) Pass the *adjusting entry* for outstanding salary.
- (b) Pass the *closing entry* for discount received.
- (x) State the name of the relevant accounting assumptions or the principles applied to the following:
 - (a) Classification of assets as current assets and fixed assets.
 - (b) Making provision for doubtful debts.
 - (c) Appending notes to financial statements.
 - (d) Accounting of a small calculator as an expense and not as an asset.

PART II
(Answer any five questions)

Question 2

- (A) Unable to find the difference in the Trial Balance on 31st March, 2019, Shashank placed the difference in a newly opened Suspense Account and prepared the Final Accounts. 18

In April, 2019, the following errors were located in the books of accounts for the year ended 31st March, 2019.

- (a) A sale of ₹ 2,000 to Chandan was passed through the Purchases Book. The transaction had, however, been correctly recorded in Chandan's Account.
- (b) The total of Discount Allowed from the Cash Book for the month of March, 2018, amounting to ₹ 400 was not posted.
- (c) Cash of ₹ 950 paid to Biren was posted as ₹ 590.
- (d) A sale of ₹ 780 made to Peter was correctly entered in the Sales Day Book but wrongly posted to the debit of Anand as ₹ 870.
- (e) Depreciation on Plant and Machinery ₹ 560 was recorded as ₹ 650.
- (f) Commission of ₹ 500 received from Murthy was credited, both to commission account and to Murthy's account.
- (g) Amount payable to Amrit for repairs of office furniture ₹ 150 and a new piece of furniture purchased for ₹ 1,050, were entered in the Purchases Book for ₹ 1,100. Amrit's account was, however, credited with the correct amount.

You are required to pass necessary journal entries to rectify the above-mentioned errors without affecting the profit for the year ended 31st March, 2020.

(B) From the following particulars, you are required to find:

[4]

(i) Cost of Goods Sold

(ii) Closing Stock

Particulars	₹
Purchases	30,000
Sales	52,000
Opening stock	14,000
Salaries and wages	3,000
Carriage inward	400
Returns outward	300
Power, fuel and gas	500
Rate of Gross Profit is 25% of Sales.	

Question 3

[12]

Ankit & Sons deal in garments. Given below are the purchases made by them from the manufacturers in the month of November, 2019. The purchases were made at the recommended list price, less agreed trade discount, subject to the terms of purchase.

Date	Manufacturer	List Price (₹)	Trade Discount	Terms
2.11.2019	Mir & Sons	3,600	20%	Amount due will include carriage ₹ 20
11.11.2019	Kate & Co.	9,000	$33\frac{1}{3}\%$	3% cash discount if payment is made within a month.
19.11.2019	Longman Industries	3,000	25%	
25.11.2019	MB & Co.	12,000	$33\frac{1}{3}\%$	

Additional information:

(a) On 1st November, 2019, Ankit & Sons owed ₹ 2,500 to MB & Co.

(b) On 30th November, 2019 Kate & Co. were paid in full settlement.

You are required to prepare the following in the books of Ankit & Sons:

(i) Purchases Book

(ii) MB & Co.'s Account

(iii) Kate & Co. Account

(iv) Carriage Inward Account

Note: Ankit & Sons balanced / closed their accounts at the end of every month.

Question 4

[12].

From the following information provided by Rex Co. Ltd., you are required to prepare its Plant and Machinery Account for the years 2017-2018 and 2018-19.

The company charges depreciation @ 10% per annum on the Straight Line Method.

It closes its books of accounts on 31st March, every year.

Date	Particulars	₹
1/4/17	Balance standing in the Plant & Machinery Account (Cost price of the plant in use was ₹ 3,00,000)	1,00,000
1/4/17	Cost price of machine purchased	10,000
1/4/17	One machine which had cost ₹ 3,300, in the year 2004 and so was not in use, was sold as scrap for ₹ 200	
1/4/18	Cost price of machine purchased	6,000
1/4/18	One machine which had cost ₹ 4,000, on 1 st April, 2014, was sold for ₹ 2,700	
1/10/18	Cost price of machine purchased	8,000

Question 5

(A) From the following information obtained from the Secretary of XYZ Club, for the year 2018-19, you are required to:

[8]

- (i) Prepare a statement or an account to show the subscription income for the year ended 31st March, 2019.
- (ii) Show how the relevant items will appear on 31st March, 2019, in:
 - Income & Expenditure Account.
 - Balance Sheet of the club.

Particulars	₹
Subscriptions received in 2018-19 as per Receipts and Payments Account	95,000
Advance Subscriptions received in 2017-18 for 2018-19	7,000
Subscriptions outstanding on 31 st March, 2019 (including ₹ 2,000 for 2017-18)	15,000
Advance Subscriptions received for 2019-20	4,000
Subscriptions outstanding for 2017-18	9,000
Subscriptions written off during 2018-19	1,000

(B) You are required to journalise the following transactions:

[4]

- (i) Bought goods for ₹ 5,000 from Vinay at a trade discount of 10%. The purchase is subject to a levy of CGST and SGST @ 9% each. The payment is immediately made by cheque.
- (ii) One-month interest @ 6% per annum is due to Geeta on her loan of ₹ 10,000.
- (iii) Paid Life Insurance Premium ₹ 4,000.

Question 6

(A) Sanjay maintains his books on the single entry system.

[4]

He provides the following information pertaining to his business:

Capital as on 1 st April, 2018	₹ 60,000.
Capital as on 31 st March, 2019	₹ 70,000

During the year 2018-19:

- (i) He withdrew goods worth ₹ 2,000 for his personal use.
- (ii) To raise further capital, he sold his investments worth ₹ 40,000 at a loss of 10% and invested the sale proceeds in his business.

You are required to calculate the profit / loss made by Sanjay in the year 2018-19.

(B) On 31st July, 2019, the bank column of Sana's Cash Book showed a debit balance of ₹ 8,250. On comparing the Cash Book with the Bank Statement for the month of July, 2019, she finds that:

[8]

- (i) Out of the total cheques amounting to ₹ 9,000 issued, cheques amounting to ₹ 6,000 had been presented for payment up to 31st July, 2019.
- (ii) Out of the total cheques amounting to ₹ 7,000 sent to the bank for collection, cheques of ₹ 5,000 were credited in the Pass Book up to 31st July, 2019.
- (iii) On 28th July, 2019, a customer deposited ₹ 3,800 directly in Sana's bank account but it was not recorded in the Cash Book.
- (iv) Debit side of the Cash Book (Bank Column) had been overcast by ₹ 100.
- (v) No entry had been made in the Cash Book for the rent of ₹ 1,000 paid by the bankers as per Sana's instructions.
- (vi) A bill for ₹ 700 was retired by the bank on Sana's behalf, under a rebate of ₹ 20. However, the full amount of the bill was credited in the Cash Book.
- (vii) The Pass Book showed a credit of ₹ 320 for interest, but this was not entered in the Cash Book.

You are required to prepare a Bank Reconciliation Statement as on 31st July, 2019.

Question 7

[12]

From the following balances of Vipul & Sons, as at 31st March, 2019, and additional information given, you are required to prepare:

- Trading and Profit & Loss Account.
- Balance Sheet.

Trial Balance
As at 31st March, 2019

Particulars	L.F.	Debit Balance ₹	Credit Balance ₹
Capital			4,10,000
Drawings		5,000	
Goodwill		42,000	
Plant and Machinery		1,62,000	
Adjusted Purchases		95,000	
Sales			2,40,000
Sundry Debtors		23,600	
Sundry Creditors			1,600
Advertising expenses		15,000	
Cash in hand		5,500	
Stock as on 31.3.2019		48,000	
Wages		14,000	
Outstanding Wages			6,500
Commission Received			5,000
General Expenses		4,000	
Investments		2,40,000	
HGST		40,000	
OIGST			30,000
Bills Payable			1,000
Total		6,94,100	6,94,100

Additional information:

- To write off one-fifth of the Advertising expenses.
- Sundry Debtors include an item of ₹ 3,000 due from a customer who has become insolvent and nothing is recoverable from his estate.
- To maintain a Provision for Doubtful Debts @ 5% on the Sundry Debtors.
- A Bill Receivable for ₹ 2,500, which was to mature on 4th April, 2019, was discounted on 1st March, 2019.

From the following particulars of Mr. Mondal, you are required to compile for October 2019:

- (i) A Triple-column Cash Book.
- (ii) Petty Cash Book (maintained on the Imprest system) showing the amount to be received by the petty cashier to make up the amount on the imprest on 1st November, 2019.

2019

- Oct. 1 Cash Balance ₹ 50,000 and Bank Balance ₹ 25,000 (Cr).
- Oct. 1 Gave ₹ 400 (imprest amount) to petty cashier.
- Oct. 2 Received ₹ 12,000 from cash sales made to Manish after giving him a cash discount of ₹ 200. The amount received was immediately banked, thus helping to reduce the overdraft.
- Oct. 4 Paid rent ₹ 5,000 for September, 2019.
- Oct. 8 To clear the overdraft balance, the required cash was deposited into the bank account.
- Oct. 12 Made a purchase from Reena of the value of ₹ 20,000, subject to a trade discount of 10% and 1% cash discount, the amount being paid immediately.
- Oct. 16 Recorded a direct deposit of ₹ 15,000 made by Ravi, a customer, into the bank account, being an 'on account' payment towards goods of ₹ 50,000 sold to him in September, 2019.
- Oct. 24 Bank allowed interest of ₹ 700 on ₹ 9000 invested in a fixed deposit, six months earlier.
- Oct. 28 Mr. Mondal withdrew ₹ 15,500 from the bank for his personal needs.
- Oct. 31 Mr. Mondal deposited all the cash with him into the bank account, as he was scheduled to go out of station on a long trip.

The petty cash transactions during the month of October, 2019 were:

- Oct. 1 Paid carriage on goods purchased ₹ 37.50.
- Oct. 5 Purchased stationery ₹ 18.
- Oct. 10 Staff refreshments ₹ 20.
- Oct. 20 Conveyance charges ₹ 35.

Question 9

[12]

Amit owed Vikas ₹ 90,000.

On 1st June, 2019, Vikas drew on Amit two bills of exchange for ₹ 60,000 and ₹ 30,000.

Both the bills were drawn for 3 months and duly accepted by Amit.

On 1st July, 2019, Vikas discounted the first bill with his bank @ 18% per annum, and on the same date endorsed the second bill to his creditor Soham, in full settlement of his account of ₹ 30,500.

Amit dishonoured both the bills on the due date, noting charges of ₹ 100 and ₹ 70 being paid by the holders of the respective bills.

To settle the amount owed to Vikas, Amit paid him ₹ 25,000 and the noting charges of both the bills, immediately in cash. For the balance, Amit accepted another bill at two months along with interest @ 12% per annum.

On the due date of the new bill, Amit became bankrupt and only 25 paise in a rupee could be recovered from his estate.

You are required to pass journal entries in the books of Vikas.