

ACCOUNTING SYSTEM

[Time: 3.00 Hrs.]

[Marks: 80]

Note:- 1. Q. 1 is Compulsory

2. Any 3 Questions from Q2. to Q. 5

Q.1. A) Select appropriate answer from alternative given and rewrite the sentences:- (10)

1. The prime function of accounting is to.....
 - a) Record economic data,
 - b) Provide the informational basis for action
 - c) Classifying and recording business transaction
 - d) Attention on economic goals
2. An accountant
 - a) Often directs and review the work of book keepers
 - b) Does more of a routine work
 - c) Is required to have a lower level of knowledge than what is required of a book keeper.
3. The practice of appending notes regarding contingent liabilities in accounting statements is pursuant to Convention of consistency
 - a) Money measurement concept
 - b) Convention of conservatism
 - c) Convention of disclosure
4. Recording of fixed assets at cost ensures adherence of
 - a) Conservatism
 - b) Cost concept
 - c) Going concern concept
 - d) Accrual concept
5. Concept is the basic idea that the business is separate from owner.
 - a) Dual aspect
 - b) Entity
 - c) Realization
 - d) Materiality
6. GAAP's are
 - a) Generally accepted accounting policies
 - b) Generally accepted accounting principles
 - c) Generally accepted accounting provisions
 - d) None of these
7. Construction Contract:
 - a) AS-5
 - b) AS-6
 - c) AS-7
 - d) AS-9
8. Revenue expense is that expense
 - a) Which is not recurring in nature
 - b) Benefit of which is exhausted in one year
 - c) Which increases useful life and productivity of asset
 - d) Which is shown on asset side of balance sheet
9. Following is an example of Deferred Revenue expenditure
 - a) Rent of the warehouse
 - b) Depreciation of Delivery van
 - c) Salesman's salary and commission
 - d) Heavy advertising expenses incurred to launch a product in the Market
10. The profit on sale of asset is debited to Reserves a/c
 - a) Asset a/c
 - b) Balance sheet

c) Profit and loss a/c

Q.1. B) State whether the following statement are True or False: - (05)

1. In accounting all business transactions are recorded as having a dual aspect.
2. Expenditure on repairs of furniture is a capital expenditure
3. Amount received as subsidy from the state Government is revenue receipt
4. Depreciation is the same as revaluation
5. Depreciation is a non-cash expense

Q.1. C) Match the Following:- (05)

GROUP – A	GROUP - B
1. Term loan from bank	Presentation of Financial Statements
2. Sale of goods	Fair Value Measurement
3. IFRS 8	revenue receipt
4. IFRS 13	Operating Segments
5. IAS 1	capital expenditure

2. The following is the Trial Balance of Ramesh as on 31st March, 2024.

You are requested to prepare the Trading and Profit & Loss Account for the year ended 31st. March, 2024 and a Balance Sheet as on that date after making the necessary adjustments:

Trial Balance as on 31st March, 2024.

(20)

Particulars	Dr. Amt.	Cr. Amt
Purchases	3,10,000	
Sales		4,00,000
Stock of Goods as on 1.4.2023	50,000	
Cash in hand	2,100	
Cash at Bank	12,000	
Mr. Ramesh's Capital		2,88,600
Drawings	4,000	
Rates and Taxes	5,000	
Salaries	32,000	
Postage and Telegrams	11,500	
Commission paid to Salesmen	35,000	
Insurance	9,000	
Furniture and Fittings	22,000	
Advertising	17,000	
Printing and Stationery	3,000	
Motor Car	48,000	
Bad Debts	2,000	
Cash Discounts	4,000	
General Expenses	14,000	
Carriage Outwards	22,000	
Carriage Inwards	10,000	
Wages	20,000	
Sundry Creditors		40,000
Sundry Debtors	96,000	
Total	7,28,600	7,28,600

The following adjustments are to be made:

1. Stock on 31st March, 2024; was valued at Rs. 1.45,000.
2. Mr. Ramesh has taken out for personal use goods costing Rs. 5,000 out of purchases during the year.
3. Furniture purchased for Rs. 10,000 was wrongly included in purchases.
4. Rs. 5,000 due from a debtor included in Sundry Debtors has become bad.
5. Creditors include a balance of Rs. 4,000 to the credit of Mr. Ram in respect of which it has been settled that only Rs. 1,000 is to be paid to him.
6. Provision for bad debts to be created at 5% on Sundry Debtors.

7. Depreciate Furniture and Fittings by 10% and Motor Car by 25%.
8. The salesmen are entitled to a commission of 10% on sales.

3. A company whose accounting year is the calendar year, purchased on 1st April, 2020, machinery costing Rs. 30,000.

It purchased further machinery on 1st October, 2020: costing Rs. 20,000 and on 1st July, 2021: costing Rs. 10,000. On 1st January, 2022: one third of the machinery installed on 1st April, 2020, became obsolete and was sold for Rs. 3,000.

Show how Machinery Account would appear in the books of the company, it being given that machinery was depreciated by fixed instalment method at 10% p.a. and accounts being closed on 31st December every year. (20)

4 A) Mr. Rajesh Traders provides you the following transaction for the month of April 2023.

- 1 Balances on Rajesh's Capital A/c. ₹ 40,000, Cash ₹ 25,000, Sundry Debtors ₹ 5,000, Sundry Creditors ₹ 25,000, Stock ₹ 20,000, and HDFC Bank Current A/c. ₹ 10,000
- 3 Purchased goods of ₹ 80,000 from a Supplier on credit and allowed us a Trade discount @ 10%.
- 9 Sold goods of ₹ 45,000 after allowing Cash Discount of 10%.
- 15 Paid for Shop Cleaning expenses ₹ 500
- 21 A Debtors purchased goods from us of ₹ 36,000 after allowing Trade discount of 10% and paid half of the amount by cash and balance by cheque.
- 23 Cash deposited in Bank ₹ 15,000
- 26 Cheque issued to Suppliers ₹ 15,000.

You are required to Pass Journal Entries in the books of Mr. Rajesh.

(10)

4. B) State with the reasons whether the following are capital (expenditure/ receipts) Revenue (expenditure / receipts) (answer any 5)

(10)

1. A building costing Rs. 6,00,000 was sold for Rs 6,30,000.
2. Premium of Rs.60,000 was received on issue of 10%Preference Shares.
3. Spent Rs. 70,000 for white washing of office building
4. Paid audit fees Rs. 5,000 to Mr. Ravindra our Chartered Accountant.
5. Wages of Rs. 5,60,000 paid for construction of building.
6. Factory rent paid for the year Rs. 50,000.
7. Custom duty paid Rs. 35,000 on import of raw materials.
8. Purchased 100 Box Files for office use at Rs 20 per file.

5. Write short notes (any Four)

(20)

- a) Features of Double Entry System
- b) Money Measurement Concept
- c) AS 9-Revenue Recognition
- d) Deferred Revenue expenditure
- e) Journal Voucher
- f) Need and Importance of Profit & Loss A/c