

**TOPIC : Introduction & Fundamentals to Accounts, - Accounting Process - Books of Accounts and Trial balance & Theory, - Rectification of Errors, - Bank Reconciliation Statement, - Inventories, - Depreciation Accounting**

**QUESTION : 1(A)**

Record the following transactions in a Journal, assuming CGST and SGST@ 6% each.

- (i) Sold goods to Mukesh at the list price of Rs. 50,000 less 20% trade discount.
- (ii) Sold goods to Mukesh at the list price of Rs. 1,00,000 less 20% trade discount and 5% cash discount.
- (iii) Sold goods to Mukesh at the list price of Rs. 1,50,000 less 20% trade discount. Out of the amount due 60% is received out of which three-fourth is received by cheque.

**(3 MARKS)**

**QUESTION : 1(B)**

Explain the objective of “Accounting Standards” in brief.

**(3 MARKS)**

**QUESTION : 1(C)**

Discuss the limitations which must be kept in mind while evaluating the Financial Statements.

**(3 MARKS)**

**QUESTION : 2**

A firm purchased second hand machinery on 1<sup>st</sup> January, 2019 for Rs. 3,00,000, subsequent to which Rs. 60,000 and Rs. 40,000 were spent on its repairs and installation, respectively. On 1<sup>st</sup> July, 2020 another machinery was purchased for Rs. 2,60,000. On 1<sup>st</sup> July, 2021, the first machinery having become outdated was auctioned for Rs. 3,20,000 and on the same date, another machinery was purchased for Rs. 2,50,000.

On 1<sup>st</sup> July, 2022, the second machinery was also sold off and it fetched Rs. 2,30,000.

Depreciation was provided on machinery @ 10% on the original cost annually on 31<sup>st</sup> December, under the straight line method.

**Required**

Prepare the following accounts in the books of the company: (i) Machinery Account for the years ending Dec. 31, 2019 to 2022 and (ii) Machinery Disposal Account.

**(8 MARKS)**

**QUESTION : 3**

M/s X, Y and Z are in retail business, following information are obtained from their records for the year ended 31st March, 2022:

Goods received from suppliers

(subject to trade discount and taxes)	Rs.	15,75,500
Trade discount 3% and GST 11%		
Packaging and transportation charges	Rs.	87,500
Sales during the year	Rs.	22,45,500
Sales price of closing inventories	Rs.	2,35,000

Find out the non-historical cost of inventories using adjusted selling price method.

**(5 MARKS)**

**QUESTION : 4**

From the following particulars ascertain the balance that would appear in the Bank Pass Book of A on 31st December, 2022.

- (1) The bank overdraft as per Cash Book on 31st December, 2022 Rs. 6,340.
- (2) Interest on overdraft for 6 months ending 31st December, 2022 Rs. 160 is entered in PassBook.
- (3) Bank charges of Rs. 400 are debited in the Pass Book only.
- (4) Cheques issued but not cashed prior to 31st December, 2022, amounted to Rs. 11,68,000.
- (5) Cheques paid into bank but not cleared before 31st December, 2022 were for Rs. 22,17,000.
- (6) Interest on investments collected by the bank and credited in the Pass Book Rs. 12,00,000.

**(5 MARKS)**

**QUESTION : 5**

Correct the following errors found in the books of Mr. Dutt. The Trial Balance was out by Rs. 493 excess credit. The difference thus has been posted to a Suspense Account.

- (a) An amount of Rs.100 was received from D. Das on 31st December, 2022 but has been omitted to enter in the Cash Book.
- (b) The total of Returns Inward Book for December has been casted short by Rs.100.
- (c) The purchase of an office table costing Rs. 300 has been passed through the Purchases Day Book.
- (d) Rs. 375 paid for Wages to workmen for making show-cases had been charged to "Wages Account".
- (e) A purchase of Rs. 67 had been posted to the trade payables' account as Rs. 60.
- (f) A cheque for Rs. 200 received from P. C. Joshi had been dishonoured and was passed to the debit of "Allowances Account".

- (g) Rs. 1,000 paid for the purchase of a motor cycle for Mr. Dutt for his personal use had been charged to "Miscellaneous Expenses Account".
- (h) Goods amounting to Rs.100 had been returned by customer and were taken into inventory, but no entry in respect thereof, was made into the books.
- (i) A sale of Rs. 200 to Singh & Co. was wrongly credited to their account. Entry was correctly made in sales book.

**(8 MARKS)**

**QUESTION : 6**

M/s Akash & Co. purchased a machine for Rs. 10,00,000. Estimated useful life and scrap value were 10 years and Rs. 1,20,000 respectively. The machine was put to use on 1.1.2017.

**Required**

Show Machinery Account and Depreciation Account in their books for 2022 by using sum of years digits method.

**(5 MARKS)**

**QUESTION : 7**

**State with reasons whether the given statement is True or False :**

1. Accrual basis of accounting is the method of recording transactions by which revenues and costs and assets and liabilities are reflected in the accounts in the period in which actual receipts or actual payments are made
2. Expenditure incurred for major repair of the asset so as to increase its productive capacity is Revenue in nature.
3. A claim that an enterprise is pursuing through legal process, where the outcome is uncertain, is a contingent liability.
4. Choosing FIFO or weighted average method for inventory valuation is selection of accounting policy.
5. ABC purchased a machinery amounting Rs. 10,00,000 on 1<sup>st</sup> April, 2001. On 31<sup>st</sup> March, 2022, similar machinery could be purchased for Rs. 20,00,000. Current cost of machine is Rs. 20,00,000.

**(5 \* 2 MARKS = 10)**