

SET - 1
Sample Question Paper
Restructured CSEET
Fundamentals of Accounting
Paper 2

Time allowed: 3 hours

Maximum Mark: 100

Note: Attempt: Q. No. 1 which is compulsory and any 5 (five) questions from Q. No. 2 to Q. No. 8.

Question 1:

Following is the trial balance of Mr. Jatin as on 31st March, 2026:

Particulars	Amount (Dr.)	Amount (Cr.)
Capital Account		4,00,000
Drawing Account	30,000	
Stock (1.4.2025)	2,25,000	
Purchases	13,00,000	
Sales		15,50,000
Furniture	50,000	
Sundry Debtors	2,00,000	
Freight and Octroi	23,000	
Trade Expenses	2,500	
Salaries	27,500	
Rent	12,000	
Advertising Expenses	25,000	
Insurance Premium	2,000	
Commission		6,500
Discount	1,000	
Bad Debts	8,000	
Provision for Bad Debts		4,500
Creditors		1,00,000
Cash in hand	26,000	
Bank	29,000	
Goodwill (at cost)	1,00,000	
Total	20,61,000	20,61,000

Adjustments:

- (a) Stock on 31st March, 2026 was valued at Rs. 2,65,000.
- (b) Salaries have been paid only for 11 months.
- (c) Unexpired insurance included in the figure of Rs. 2,000 appearing in trial balance is Rs. 500.
- (d) Commission earned but not yet received amounting to Rs. 610 is to be recorded in books of account.
- (e) Provision for bad debts is to be brought upto 3% of sundry debtors.
- (f) Manager is to be allowed a commission of 10% of net profits after charging such commission.
- (g) Furniture is depreciated @10% per annum.
- (h) Only 1/4th of advertising expenses is to be written off.

Prepare trading and profit and loss account for the year ended 31st March, 2026 and balance sheet as on that date.

[20 Marks]

Question 2:

(a) On 31st March, 2026 the following was the balance sheet of X, Y and Z who were equal partners:

Liabilities	Amount (Rs.)	Assets		Amount (Rs.)
Sundry Creditors	44,700	Cash in hand		900
General Reserves	75,000	Cash at Bank		19,850
X's Capital Account	1,20,000	Investments		25,000
Y's Capital Account	95,000	Debtors	1,05,000	
Z's Capital Account	87,500	Less: Provision for Bad debts	(1,100)	1,03,900
		Stock		1,85,050
		Furniture and Fittings		87,500
Total	4,22,200	Total		4,22,200

On that date, X decided to retire due to ill health and the following adjustments were agreed upon by the partners:

- Investments be appreciated by Rs. 7,500
- Provision for bad debts be brought upto 5% of debtors.
- Furniture be depreciated by 10%
- Stock be depreciated by Rs. 3,600

X was paid the amount due to him by means of cheque, the bank agreed to allow the necessary overdraft. Pass journal entries to record the above-mentioned transactions and show the balance sheet of the firm immediately after X's retirement.

(b) X Ltd. was registered with an authorised capital of Rs. 5,00,000 divided into 50,000 equity shares of Rs. 10 each out of which 25,000 equity shares were offered to the public for subscription. The shares were payable as under:

- Rs. 3 per share on application
- Rs. 2 per share on allotment
- Rs. 2 per share on 1st call
- Rs. 3 per share on 2nd and final call

The shares were fully subscribed for and the money was duly received. Show the journal entries to record the above transaction.

[8 marks each]

Question 3:

- a) Sun Ltd. had an issue 500, 12% redeemable preference shares of Rs. 100 each, repayable at a premium of 10%. These shares are to be redeemed now out of the accumulated reserves, which are more than the necessary sum required for redemption. Show the necessary entries in the books of the company, assuming that the premium on redemption of shares has to be written off against the company's Securities Premium Account.

[8 marks]

- b) If A, B and C share profits and losses in the ratio of 7:5:3 respectively and after B's retirement A and C decide to share profits and losses in the ratio of 3:2 respectively. Calculate the Gaining Ratio.

[4 marks]

- c) M and N share profits in the ratio of 5:3 respectively and on admission of O the new ratio among M, N and O is agreed upon as 7:5:4 respectively. Calculate the sacrificing ratio on admission of "O" as a partner.

[4 marks]

Question 4:

- a) Following are the Receipts and Payments Account for the year ending March 31, 2026 of Rotary Club.

Receipt and Payment Account for the year ending March 31, 2026

Receipt	Amount (Rs.)	Payment	Amount (Rs.)
Balance b/d (Cash & Bank)	1,30,750	Purchase of furniture (1.7.25)	25,000
Subscriptions		Salaries	60,000
2024-25	12,500	Telephone expenses	1,500
2025-26	1,00,000	Electricity charges	8,000
2026-27	<u>7,500</u>	Postage and Stationery	5,750
Donation	10,000	Purchase of books	12,500
Hall rent	16,500	Entertainment expenses	4,500
Interest on bank deposits	7,250	Purchase of 8% government papers (1.7.25)	40,000
Entrance fees	5,000	Miscellaneous expenses	8,000
		Cash	1,500
		Bank	1,22,750
Total	2,89,500	Total	2,89,500

The following additional information is available:

- Salaries outstanding – Rs. 7,500;
- Entertainment expenses outstanding – Rs. 2,500;
- Bank interest receivable – Rs. 2,250;
- Subscriptions accrued – Rs. 7000;
- 50 per cent of entrance fees is to be capitalised;
- Furniture is to be depreciated at 10 per cent per annum.

Prepare Income and Expenditure Account for the same period.

[8 marks]

- b) Briefly explain the circumstances under which Accounting Policies can be changed?

[4 marks]

- c) Briefly explain with example the meaning of term "Measurement"?

[4 marks]

Question 5:

- What is Double Entry System of Accounting?
- What is an Accounting Estimate? Explain with example.
- What is Rectification of Errors? Explain with example.
- A Club is of 100 members. Subscription per member is Rs. 500 per month. Subscription of 8 members of whole year's was not received and subscription from 5 members has been received in advance for six months of the next year. Calculate the amount of subscription to be shown in Receipts and Payments Account.

[4 Marks each]

Question 6:

- a) Pass the following Journal Entries in the books of Mr. A

April 1: Commenced business with cash Rs. 2,00,000.
April 2: Purchased goods for cash Rs. 60,000.
April 3: Paid rent Rs. 10,000.
April 4: Sold goods to Mohan (credit) Rs. 80,000.
April 5: Received cash from Mohan Rs. 50,000.
April 6: Purchase goods from Shyam on credit Rs. 10,000
April 7: Sales Goods to Ram on Credit Rs. 20,000
April 8: Purchase Return to Shyam Rs. 2000

[8 Marks]

- b) Explain with examples the Classification of Accounts”?

[4 Marks]

- c) Why Bank Reconciliation Statement (BRS) is prepared?

[4 Marks]

Question 7:

- a) Prepare Bank Reconciliation Statement from the following information:

- i. Balance as per Cash book (Dr.) on 31st March 2026 Rs. 12,000
- ii. Cheques issued but not presented for payment Rs. 4,000
- iii. Cheques deposited but not collected Rs. 6,000
- iv. Bank charges debited in pass book Rs. 1,000
- v. Bank Interest credited in Bank statement but yet to be recorded in Cash Books Rs. 500
- vi. Rs. 10,000 directly deposited by customer in bank yet to be recorded in cash book.

[8 Marks]

- b) Write adjusting entries:

- i. Outstanding wages Rs.10,000
- ii. Prepaid Insurance Rs. 5,000
- iii. Rent due but not received Rs. 10,000
- iv. Commission received in advance Rs. 2,000

[8 Marks]

Question 8:

- a) Mr. A acquired a machinery on 1st July 2022 at a cost of Rs. 90,000 and spent Rs. 10,000 for its installation. The machinery is used for the purpose of Mr. A Business. Mr. A writes off depreciation at 10% per annum on the original cost every year. The books are closed on 31st March every year. Show Machinery Account and Depreciation Account for three years.

- b) Difference between Depreciation and Amortization?

[8 Marks each]