1. (a) Explain any two of the following:
   (i) Accounting policies.
   (ii) Capital receipts and revenue receipts.
   (iii) Accrual system of accounting.

   (5 marks each)

2. (a) Re-write the following sentences after filling-in the blank spaces with appropriate word(s)/figure(s):
   (i) Accounting records only those events which are of __________ character.
   (ii) The amount spent on machinery to keep it in working condition is a __________ expenditure.
   (iii) __________ method of depreciation is used to have a uniform charge for depreciation.
   (iv) The accounting period mostly consists of __________ months.
   (v) Noting charges are paid in the event of __________ of a bill.

   (2 marks each)
(vi) When cash is withdrawn from the bank, the entries passed in the three columnar cash book are called \underline{\textbf{cash}} entries.
(vii) A sum of ₹2,000 earlier written off as bad debts, is now received, it will be credited to \underline{\textbf{receivables}} account.
(viii) In final accounts, carriage inwards appears in \underline{\textbf{cost of goods sold}} account while carriage outwards appears in profit and loss account.

\(1\ \text{mark each}\)

(b) Distinguish between \textbf{any two} of the following:
(i) ‘Fixed capital accounts’ and ‘fluctuating capital accounts’ in partnership accounts.
(ii) ‘Invoice’ and ‘account sales’.
(iii) ‘Trial balance by balance method’ and ‘trial balance by totals method’.

\(4\ \text{marks each}\)

3. (a) Write the most appropriate answer from the given options in respect of the following:

(i) The ruling of a purchases book does not include —
   (a) Ledger folio
   (b) Invoice number
   (c) Details
   (d) Debit and credit columns for amounts.

(ii) The statement showing balance of all the ledger accounts is known as —
   (a) Trial balance
   (b) Balance sheet
   (c) Bank reconciliation statement
   (d) Account sales.

(iii) At the time of admission of a new partner, reserves and undistributed profits are credited to old partners’ capital accounts in —
   (a) Old profit-sharing ratio
   (b) New profit-sharing ratio
   (c) The ratio of sacrifice
   (d) The ratio of gain.
(iv) Which of the following item is not financial in nature —
(a) Purchase of a car on credit
(b) Dismissing an employee from job
(c) Withdrawal of cash by proprietor for his personal use
(d) Purchase of building for cash.

(v) Which of the following will be goods for a business run by a furniture merchant —
(a) Electrical appliances
(b) Shoes
(c) Tables and chairs
(d) Pens and pencils.

(vi) Balance of a petty cash book denotes —
(a) An expense
(b) An asset
(c) A liability
(d) Capital.

(vii) Balance sheet discloses —
(a) Cash position of the business
(b) Financial position of the business
(c) Income position of the business
(d) Profit-earning capacity of the business.

(viii) Capital + liabilities =
(a) Total assets
(b) Losses
(c) Current assets
(d) Fixed assets.

(1 mark each)

(b) Explain any two of the following statements:
(i) If stock at the end appears in the trial balance, it will be shown only in the balance sheet in final accounts.
(ii) Joint venture is in the nature of a partnership but without a firm’s name.
(iii) Accounting is a science as well as an art.

(4 marks each)
4. (a) The cash book of Giriraj shows a balance of ₹44,000 standing to his credit in bank on 30th June, 2011. On comparison of entries in the cash book with those in the pass book, it is found that —

(i) Cheques amounting to ₹60,000 issued to creditors have not been presented till that date.

(ii) Cheques amounting to ₹55,000 only were collected by bank upto 30th June, 2011 out of the cheques of ₹1,05,000 paid into bank.

(iii) A dividend of ₹10,000 received by bank has not been recorded in cash book.

(iv) Insurance premium (upto 30th June, 2011) paid by the bank ₹2,700 has not been recorded in the cash book.

(v) A bill receivable for ₹6,000 discounted with bank at a discount of ₹100 has not been recorded in the cash book.

Record in the bank column of the cash book entries not yet recorded, ascertain the amended bank balance as per cash book and then prepare a bank reconciliation statement showing bank balance as per pass book.

(8 marks)

(b) While preparing final accounts on 31st March, 2011, the trial balance of Suman did not match. Suman transferred the difference to a newly opened suspense account. In the next accounting period, the following errors were discovered in the books of account for the year 2010-11:

(i) The total of the sales book for January, 2011 was short by ₹2,500.

(ii) Entertainment expenses ₹375 incurred on 5th February, 2011 were omitted to be posted from the cash book to the ledger.

(iii) Discount column on the receipt side of the cash book for February, 2011 was added as ₹5,575 instead of ₹5,325.

Pass the necessary journal entries to rectify the abovementioned errors without affecting the profit for the year ended 31st March, 2011. Also prepare — (i) Suspense account; and (ii) Profit and loss adjustment account. Assume that all the errors have been located.

(8 marks)
On 31st March, 2011, the capital accounts of three partners, namely X, Y and Z stood at ₹8,00,000, ₹6,00,000 and ₹4,00,000 respectively after making adjustments for profit for the year and drawings during the year. Subsequently, it was discovered that interest on capital, and on drawings had been omitted to be charged both being @ 5% per annum. The drawings during the year were X : ₹2,00,000; Y : ₹1,30,000; Z : ₹90,000 and interest on drawings chargeable to partners were X : ₹5,000; Y : ₹3,600; and Z : ₹2,000. The profit for the year amounted to ₹12,00,000 to be distributed among X, Y and Z in the ratio of 3:2:1 respectively. You are required to prepare —

(i) Statement showing capital as on 1st April, 2010.

(ii) Profit and loss adjustment account.

(iii) Partners’ capital accounts, showing the amended closing balances as on 31st March, 2011.

(16 marks)

6. (a) On 1st July, 2011, Sohan sold to Mohan goods for ₹10,00,000. On the same date, Mohan accepted four bills drawn by Sohan on him, the first bill being for ₹1,00,000 at 1 month, the second bill for ₹2,00,000 at 2 months, the third bill for ₹3,00,000 at 3 months and the fourth bill for ₹4,00,000 at 4 months.

Sohan decided to keep the first bill till maturity with himself. On 4th July, 2011, he got the second bill discounted with the bank @ 12% per annum. On 29th July, 2011, he endorsed the third bill for ₹3,00,000 in favour of his creditor Tahir and sent the fourth bill for ₹4,00,000 to his bank for collection on the date of maturity.

All the bills were duly met on due dates.

Pass journal entries for all the transactions in the books of Sohan.

(8 marks)
(b) A fire broke out on 10\textsuperscript{th} January, 2011 in the premises of Vikrant Ltd. The entire stock was destroyed except to the extent of ₹2,48,000. From the following figures, ascertain the amount of loss suffered by the company:

<table>
<thead>
<tr>
<th>Description</th>
<th>₹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Book value of opening stock as on 1\textsuperscript{st} April, 2009</td>
<td>14,40,000</td>
</tr>
<tr>
<td>Purchases during the accounting year ended 31\textsuperscript{st} March, 2010</td>
<td>58,00,000</td>
</tr>
<tr>
<td>Sales less returns during the accounting year ended 31\textsuperscript{st} March, 2010</td>
<td>80,00,000</td>
</tr>
<tr>
<td>Book value of closing stock as on 31\textsuperscript{st} March, 2010</td>
<td>9,00,000</td>
</tr>
<tr>
<td>Purchases from 1\textsuperscript{st} April, 2010 to 10\textsuperscript{th} January, 2011</td>
<td>58,40,000</td>
</tr>
<tr>
<td>Sales from 1\textsuperscript{st} April, 2010 to 10\textsuperscript{th} January, 2011</td>
<td>75,60,000</td>
</tr>
</tbody>
</table>

It is the practice of the company to value stock at 20\% less than cost. On 1\textsuperscript{st} April, 2010, the company raised the prices by 10\%.

(8 marks)

7. For Roshanara Club, prepare the receipts and payments account for the year ended 31\textsuperscript{st} March, 2011 and the balance sheet as on that date from the following information:

\textit{Income and Expenditure Account for the year ended 31\textsuperscript{st} March, 2011}

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>₹</th>
<th>Income</th>
<th>₹</th>
</tr>
</thead>
<tbody>
<tr>
<td>To Drama expenses</td>
<td>68,300</td>
<td>By Subscriptions</td>
<td>1,50,000</td>
</tr>
<tr>
<td>To Salaries</td>
<td>1,00,000</td>
<td>By Donations</td>
<td>20,000</td>
</tr>
<tr>
<td>To Postage and stationery</td>
<td>4,800</td>
<td>By Surplus from annual meet</td>
<td>26,000</td>
</tr>
<tr>
<td>To Printing of souvenirs</td>
<td>56,000</td>
<td>By Sale of souvenirs</td>
<td>1,24,000</td>
</tr>
<tr>
<td>To Journals and newspapers</td>
<td>3,500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>To General expenses</td>
<td>19,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>To Insurance</td>
<td>11,800</td>
<td></td>
<td></td>
</tr>
<tr>
<td>To Depreciation on fixed assets</td>
<td>13,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>To Surplus, \textit{i.e.}, excess of income over expenditure</td>
<td>43,600</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Total                                     | 3,20,000|                                     | 3,20,000|

2/2011/FA Contd ........
Additional information:

<table>
<thead>
<tr>
<th></th>
<th>As on 31st March, 2010 (₹)</th>
<th>As on 31st March, 2011 (₹)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subscriptions due</td>
<td>8,000</td>
<td>12,000</td>
</tr>
<tr>
<td>Subscriptions received in advance</td>
<td>3,000</td>
<td>2,000</td>
</tr>
<tr>
<td>Salaries outstanding</td>
<td>7,000</td>
<td>7,500</td>
</tr>
<tr>
<td>Prepaid insurance</td>
<td>3,800</td>
<td>4,000</td>
</tr>
</tbody>
</table>

The club had sports equipments on 1st April, 2010 valued at ₹55,000 and at the end of accounting year 2010-11 after depreciation of ₹11,000, it amounted to ₹60,000. Also, the club had furniture costing ₹20,000 at the beginning of the year and as on 31st March, 2011 after depreciation of ₹2,000, it amounted to ₹30,000. On 31st March, 2011, cash in hand amounted to ₹24,500.

(16 marks)

8.  (a) A lease is purchased on 1st April, 2006 for 5 years at a cost of ₹5,00,000. The firm decided to depreciate the lease by annuity method charging interest @ 10% per annum. Show the lease account for the entire period of 5 years assuming that accounts are closed every year on 31st March.

A reference to the annuity table shows that to depreciate ₹1 by annuity method over 5 years, charging interest @10% per annum, one must write off a sum of ₹0.263797 every year.

(8 marks)

(b) A trader does not maintain proper books of account as required under the double entry system. However, he prepares a statement of affairs at the end of every accounting year on 31st March and maintains a proper cash book. An analysis of his cash book for the accounting year ended 31st March, 2011 reveals the following figures for the year:
Cash received from sundry debtors 4,01,150
Discount allowed to sundry debtors 3,960
Cash paid to sundry creditors 2,08,460
Discount received from sundry creditors 3,010
Amount received on maturity of bills receivable 35,000
Amount paid for bills payable 67,000
Cash purchases 97,500
Cash sales 1,65,000

Statements of affairs reveal the following:

<table>
<thead>
<tr>
<th></th>
<th>As on 31st March, 2010 (₹)</th>
<th>As on 31st March, 2011 (₹)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sundry debtors</td>
<td>44,250</td>
<td>59,490</td>
</tr>
<tr>
<td>Sundry creditors</td>
<td>26,910</td>
<td>38,000</td>
</tr>
<tr>
<td>Bills receivable</td>
<td>5,000</td>
<td>6,000</td>
</tr>
<tr>
<td>Bills payable</td>
<td>11,000</td>
<td>13,000</td>
</tr>
</tbody>
</table>

Ascertain total sales and total purchases for the year.

(8 marks)