

Annual Examination – (2015-16)
Accountancy (Set 5)
Class – XI

Time: 3 Hrs. M.M. 90

General Instructions:

- (i)** All the questions are compulsory.
- (ii)** Question no. **1 to 4** and **16 to 17** are very short answer type question carrying **1 mark** each.
- (iii)** Question no. **5 to 8** and **18 to 19** are short answer type question carrying **3 marks** each.
- (iv)** Question no. **9 to 12** and **20** are also short answer type question carrying **4 marks** each.
- (v)** Question no. **13 to 15** and **21 to 22** are long answer type question carrying **6 marks** each.
- (vi)** Question no. **23** and are very long answer type question carrying **8 marks** each.
- (vii)** All parts of the question must be attempted at one place.
- (viii)** Show working notes wherever necessary.

Section-A

- 1.** Why is the evidence provided by source documents important to accounting?
- 2.** Why is ledger called the book of final entry.
- 3.** When is closing stock shown in trial balance.
- 4.** Raj, a dealer in furniture received advance against sales of tables and chairs, he treated the advance as sales. Identify the value not followed. State the correct treatment.
- 5.** Accounting performs a number of functions. Give any three such functions.
- 6.** From the following, prepare bank reconciliation statement on 31st March, 2013. The cheques from X Rs 25,000, Y Rs 30,000 and Z Rs 24,000 were deposited into account in March, 2013 but were credited by the bank in April, 2013.
The cheques issued to W Rs 30,000, P Rs 50,000 and Q Rs 30,000 in March, 2013 were presented for payment in April, 2013.
A cheque for Rs 10,000 which was received from a customer was entered in the bank column of the cash book in March, 2013 but the same was paid into bank in April, 2013.

The pass book shows a credit of Rs 25,000 for interest and a debit of Rs 5,000 for bank charges. The balance (Debit) as per the cash book was Rs 18,00,000 whereas the pass book showed a credit balance of Rs 18,41,000.

7. Give any three points of distinction between accrual and cash basis of accounting.
8. Briefly discuss the system of accounting which does not record two fold effects of transactions?
9. Show the accounting equation on the basis of the following transactions
 - (i) Started business with cash Rs 6,00,000 and goods Rs 3,00,000.
 - (ii) Purchased goods for cash Rs 4,00,000 and on credit Rs 2,50,000.
 - (iii) Goods costing Rs 4,80,000 sold at a profit of 33%. Three-fourth payment received in cash.
 - (iv) Goods costing Rs 2,00,000 sold at a loss of 5%, out of which Rs 1,20,000 received in cash.
 - (v) Paid rent Rs 40,000 and salary Rs 60,000.
 - (vi) Received cash from debtors Rs 1,50,000.
 - (vii) Paid telephone bill amounting to Rs 8,000.

10. Rectify the following errors

- (i) Goods returned to W Rs 8,000 were recorded in sales return book.
- (ii) Goods returned to W Rs 8,000 were recorded in sales return book. However, W's account was correctly debited.
- (iii) Goods returned from X Rs 12,000 were recorded in purchase return book.
- (iv) Goods returned from X Rs 12,000 were recorded in purchase return book. However, X's account was correctly credited.

11. Prepare returns inward and returns outward books from the following transactions.

2013	
Jul-01	Yadav Bros, Rampur, returned 10 pieces of shirt are being defective @ Rs 350 per piece (-) Trade discount 10%
Jul-03	Returned to Titan Pvt Ltd, Delhi 100 pieces of watch being not up to the approved sample @ Rs 250 per piece

	(-) Trade discount 10%
Jul-10	Galaxy Company, Almora returned 200 pieces of jeans @ Rs 650 per piece
	(-) Trade discount 10%
Jul-21	Returned to New Trend Pvt Ltd, Kerala
	100 pieces of Kurta @ 150 per pieces
	(-) Trade discount 10%
Jul-28	Hari Bros, Mumbai returned 100 pieces of Blazer @ Rs 850 per pieces

12. Record the following transactions in a suitable cash book and find out the cash and bank balances

2013		Amt (Rs)
Mar-01	Cash in hand	3,80,000
Mar-02	Paid wages	2,35,000
Mar-03	Deposited into bank	1,80,000
Mar-04	Cash sales	6,75,000
Mar-05	Sold goods for cheque which was deposited in bank on the same day	4,30,000
Mar-06	Purchased goods from Shyam on credit	2,80,000
Mar-07	Draw from bank for personal use	80,000
Mar-08	Paid to Shyam account, discount received Rs 8,500	2,85,000
Mar-09	Received from Yadav, who owes Rs 1,70,000, Rs 1,85,000 only on account in full settlement	

13. A joint stock company had bought machinery for Rs 1,00,000 including a boiler worth Rs 10,000. This machinery account was for the first four years credited for depreciation on the reducing installment system at the rate of 10% per annum during the fifth year, i.e., the current year, the boiler becomes useless on account of damage to its parts. The damaged boiler is sold for Rs 2,000 which amount is credited to the machinery account.

Prepare the machinery account for the current year, adjusting there in the cash received and the loss suffered on the damaged boiler and the depreciation of the machinery for the current year.

14. Z and Y were in need of funds temporarily. On 1st January, 2013, Z drew upon Y a bill for Rs 4,000 for 3 months. Y returned it duly accepted and Z got it discounted at 18% per annum. Half the proceeds were remitted to Y. On the due date, Z sent the required sum to Y who met the bill. Journalise the transactions in the books of both the parties.

15. (i) How does matching principle apply to depreciation?

(ii) Explain briefly the accounting period principle?

Section – B

Financial Accounting – II

16. Name the information system that provides the needed information to the managers to manage the organization effectively?

17. State the similarity between a receipt and payment account and an income and expenditure account?

18. Briefly discuss any three elements/components of a computer system?

19. Calculate the value of opening stock

	Amt (Rs)
Cash sales	4,00,000
Sales return (out of credit sales)	50,000
Purchases return	40,000
Closing stock	3,60,000
Credit sales	16,50,000

Purchases	12,40,000
Carriage inwards	80,000
Rate of gross profit	40% on sales

20. Karun Nayar keeps incomplete records. The statement of affairs of his business as on 1st April, 2012 was as follows:

Liabilities	Amt (Rs)	Assets	Amt (Rs)
Creditors	86,000	Cash in hand	6,000
Capital	4,50,000	Cash at bank	20,000
		Debtors	1,15,000
		Stock	90,000
		Furniture	60,000
		Plant and machinery	2,45,000
	5,36,000		5,36,000

His position on 31st March, 2013 was cash in hand Rs 10,000 cash at bank Rs 20,000, bills receivable Rs 40,000, debtors Rs 2,10,000, stock Rs 3,20,000, furniture Rs 80,000, plant and machinery Rs 4,00,000 and creditors Rs 1,80,000. He withdrew during the year Rs 3,00,000 out of which he spent Rs 1,80,000 for purchasing a scooter for the business.

Calculate his net profit for the year after the following adjustments

- (i)** Depreciation furniture and scooter @ 20%.
- (ii)** 5% of the debtors are doubtful and Rs 8,000 are absolutely bad.
- (iii)** Make a provision of 5% on bills receivable also.

21. (i) A computer system possesses some characteristics which in comparison to human beings, turn out to its capabilities. Discuss any three such characteristics.

(ii) Briefly discuss management information system?

22. (i) From the following items of receipts and payments account of K & K club, prepare an income and expenditure account for the year ended 31st March, 2013.

	Amt (Rs)
Salaries paid	50,000

Lighting and heating	5,000
Printing and stationary (including Rs 500 for the previous year)	3,500
Subscriptions received (including Rs 2,000 received in advance and Rs 5,000 for the previous year)	40,000
Net proceeds of refreshment room	45,000
Miscellaneous expenses	16,000
Interest paid on loan for half year	1,200
Rent and rates (including Rs 1,000 prepaid)	7,500
Locker rent received	4,500

Additional Information:

(i) Subscriptions in arrears on 31st March, 2013 were Rs 8,000 and half year's interest on loan was also outstanding.

(ii) Give two main sources of income of non-profit organisation?

23. (i) From the following receipts and payments account for the year ended 31st December, 2013 and additional information given, prepare the income and expenditure account of RK Club for the year ended 31st December, 2013.

Receipts and Payments Account For the year ended 31st December, 2013

Receipts	Amt (Rs)	Payments	Amt (Rs)
Balance b/d		Salary	1,65,000
Cash 8,900		Billiards table	1,75,000
Bank 70,000	78,900	Office expenses	41,000
Subscriptions	2,22,000	Stationary	23,000
Life membership fee	3,22,000	Tournament expenses	2,05,000
Tournament fund	2,00,000	Furniture purchased	77,000
Lockers rent	15,000	Sports equipments purchased	1,20,000
Sale of old sports material (costing Rs 2,200)	25,000	Cash in hand 6,900	

Interest on fixed deposit	5,00	Cash at bank 2,20,000	2,26,900
Legacy	3,75,000	Fixed deposit (on 1st October, 2008 at 10% per annum)	3,00,000
Entrance fees	90,000		
	13,32,900		13,32,900

Additional Information:

(i) Subscriptions outstanding on 1st January, 2013 were Rs 1,500 and on 31st December, 2013 were Rs 20,000. On 1st January, 2013 the club had building Rs 4,00,000, furniture Rs 1,50,000, sports equipments Rs 1,60,000. Charge depreciation on these items @ 10% including purchases during the year.

(ii) How is subscription calculated?

Or

The Treasurer Club presented the following receipts and payments account for the year ended 31 March, 2015.

Receipt and Payment Account

For the year ended 31st March, 2015

Receipt	Amt (Rs)	Payment	Amt (Rs)
To cash at bank (opening)	20,400	By purchase of balls	8,000
To subscriptions	48,000	By refreshment creditors	44,000
To sales of refreshments	61,000	By marking and repairing courts	7,600
To court hire	5,400	By construction of new court	50,000
To sales of balls	7,400	By general expenses	6,200
		By cash at bank (closing)	26,400
	1,42,000		142,200

Additional Information:

(i) The club's courts were valued at Rs 1,20,000 on 1st April, 2014.

(ii)

Particulars		

	1st April 2014 (Rs)	31st March 2015 (Rs)
Tennis balls on hand (at cost)	800	1,800
Creditors for refreshment	8,000	6,000
Subscriptions outstanding	4,000	7,000

Prepare an income and expenditure account for the year ended 31st March, 2015 and show the balance sheet as on that date.

24. On 31st March, 2013 the following trial balance was extracted from the books of a merchant.

Debit balances	Credit balances		
Amt (Rs)	Amt (Rs)		
Drawings	3,00,000	Capital	28,00,000
Sundry debtors	20,10,000	Sundry creditors	10,40,100
Interest on loan	30,000	Loan on mortgage	9,50,000
Cash in hand	2,05,000	Provision for doubtful debts	71,000
Stock on 1 st April, 2012	6,83,900	Sales	1,10,24,300
Moto vehicles	10,00,000	Purchase return	1,34,600
Cash at bank	3,55,500	Discounts	54,000
Building	12,00,000	Bills payable	2,61,400
Bad debts	52,500	Rent received	25,000
Purchases	66,45,800		
Sales return	7,82,100		
Carriage outwards	2,40,400		
Carriage inwards	2,92,900		
Salaries	9,09,700		
Rates, taxes and insurance	2,89,100		
Advertising	3,26,400		
General expenses	3,48,900		

Bills receivable	6,88,200		

Prepare the trading and profit and loss account for the year ended 31st March, 2013 and balance sheet as at that date, after making adjustments for the following matters.

- (i)** Depreciate building at $2\frac{1}{2}$ and motor vehicles at 20%.
- (ii)** Interest on loan at 6% per annum is unpaid for 6 months.
- (iii)** Salaries amounted to Rs 75,000 and rates amounted to Rs 35,000 are outstanding.
- (iv)** Prepaid insurance amounted to Rs 15,000.
- (v)** Provision for doubtful debts is to be maintained at 5% on sundry debtors.
- (vi)** Provision for manager's commission at 10% on net profits after charging such commission.
- (vii)** Stock in hand on 31st March, 2013 was valued at Rs 6,25,000.

Or

Prepare trading, profit and loss account and balance sheet from the following particulars as on 31st march, 2015.

Name of Accounts	Debit Balances (Rs)	Credit Balances (Rs)
Cash in hand	40,000	
Cash at bank	3,60,000	
Purchase and sales	44,00,000	70,00,000
Return inwards	1,20,000	
Return outwards		1,50,000
Carriage on purchases	88,000	
Carriage on sales	42,000	
Fuel and power	3,10,000	
Stock (1st April, 2014)	7,20,000	
Bad debts	1,24,000	
Bad debts provision		50,000
Debtors and creditors	16,40,000	6,00,000
Capital		43,40,000

Investments	4,00,000	
Interest on investments		40,000
Loan from X @ 18% per annum		2,00,000
Repairs	30,400	
General expenses	2,12,000	
Land and buildings	36,00,000	
Wages and salaries	3,60,000	
Miscellaneous receipts		2,400
Bill payable		1,04,000
Stationery	40,000	

Additional Information

- (i)** Written-off Rs 40,000 as bad debts and provision for doubtful debts is to be maintained at 5% on debtors.
- (ii)** Loan from X was taken on 1st August, 2014. No, interest has been paid so far.
- (iii)** Included in general expenses is insurance premium Rs 24,000. Paid for one year ending 30th June, 2015.
- (iv)** 1/3 of wages and salaries is to be charged to trading account and the balance to profit and loss account.
- (v)** Entire stationery was used by the proprietor for own purpose.
- (vi)** Closing stock was valued at Rs 10,00,000.