

Part - A

Financial Accounting-I

56 Marks

1. Which of the following is an area of interest for the management while using accounting information?
 (A) Financial Position (B) Long-term and short-term solvency
 (C) Profitability (D) All of these [1]
2. Cost of a calculator of ₹ 500 is charged as Revenue and not treated as an asset, although its useful life is extended to more than one year. Which accounting concept is being followed? [1]
3. _____ means the first journal entry of the accounting year passed to record various assets and liabilities in the beginning of the year. [1]
4. _____ account should be credited if computer is purchased from Ram for cash. [1]
5. Balancing of account means :
 (A) Total of debit side (B) Total of credit side
 (C) Finding the difference in total of debit & credit (D) None of These [1]
6. The amount paid to the petty cashier at the beginning of a period is known as _____ amount. [1]
7. Favourable bank balance means :
 (A) Credit balance in the cash book (B) Credit balance in passbook
 (C) Debit balance in the cash book (D) Both (B) and (C) [1]
8. State whether the following statement is True or False :
 When payments are made by the bank as per the standing instructions of the customer, the balance in the passbook will be more when compared to the cash book. [1]
9. _____ is a cause of depreciation. [1]
10. Amounts that are created against profit to meet a known liability :
 (A) Reserves (B) Provisions
 (C) both (A) and (B) (D) None of the above [1]
11. As per the accounting equation, if the total asset of the firm are ₹3,00,000 and outsider's Liabilities are ₹ 1,00,000. The capital Employed of the firm will be:
 (A) ₹ 3,00,000 (B) ₹ 4,00,000
 (C) ₹ 2,00,000 (D) None of These [1]
12. Which of the following is not true about ledger?
 (A) It is a principle book of business.
 (B) It is the collection of all accounts.
 (C) Ledger helps in the preparation of journal.

(D) Trial Balance is prepared on the basis of the information given in trial Balance.

13. Read the hypothetical text given below and answer the Questions 14 to 17.

Ravindra Tyagi had the following transactions for the month of may 2021:

12th May, sold Goods of ₹ 30,000 to Vikram for cash.

15th may, deposited 10,000 to bank Account.

16th May, purchased goods of list price ₹ 12,000 @ 10% trade discount.

20th May, cash paid to Varun of ₹ 11,900 and received discount of ₹ 100.

26th May withdrew goods for personal use ₹ 3,000.

14. Which account will be debited for the transaction on 15th May?

(A) Bank A/c

(B) Cash A/c

(C) Drawings A/c

(D) None of These

15. What is the actual amount of sales for the transaction on 16th May?

16. Which account will be credited for the transaction on 20th May?

17. Name the account that will be debited for the transaction on 26th May:

(A) Purchase A/c

(B) Drawings A/c

(C) Cash A/c

(D) Sundry Exp. A/c

Read the hypothetical text given below and answer the Questions 18 to 21.

The following is the trial balance prepared by a novice person.

Trial Balance as at —

Particulars	L.F.	Amount Dr. (₹)	Amount cr. (₹)
Cost of Goods sold		1,50,000	-
Debtors		-	60,000
Fixed Assets		50,000	-
Expenses		-	20,000
Sales		-	2,00,000
Capital		91,000	-
Drawings		-	1,000
Opening stock		60,000	-
Closing stock		-	40,000
Creditors		-	30,000
		3,51,000	3,51,000

18. Debtors given in the trial balance should be placed at:

(A) Debit side

(B) Credit side

(C) No side

(D) Either Debit or credit

19. Where will opening stock be placed?

(A) Debit side

(B) Credit side

(C) No side

(D) Either Debit or credit

20. Is capital placed on the correct side?

(A) Yes

(B) No

(C) Can't say

(D) None of These

21. Is closing stock placed on the correct side?

(A) Yes

(B) No

(C) Can't say

(D) None of These

22. How will you deal with the following items in accounting equation (answer any three):

(i) Interest due but not received

(ii) Rent received in advance

(iii) Insurance premium paid in advance

(iv) Salaries due but not paid.

State the rules of debit and credit on the basis of nature of accounts. [3]

23. Accounting provides qualitative information about the financial transactions which are useful in making economic decisions. Accounting collects, records, classifies and summarizes the financial information which is communicated to its users. In the same context explain any three external users of accounting. [4]

OR

Why is the consistency principle important? [4]

24. On 31st March, 2015 the pass book showed a credit balance of ₹ 9,000.
Prepare a Bank Reconciliation Statement from the following particulars :

- Cheque issued but not yet presented for payment ₹ 7,000.
 - Cheque issued but omitted to be recorded in cash book ₹ 3,800.
 - Cheque paid into bank but not yet collected by the bank ₹ 2,600.
 - Premium of life policy paid by bank on standing order ₹ 360
 - Payment received from customers directly by the bank ₹ 2,000.
- [4]

25. Enter the following transactions in a simple Cash Book of Lata, Delhi

Jan. 01 Started Business with Cash	1,00,000	
Jan. 02 Opened a bank account and deposited	50,000	
Jan.03 Purchased goods for cash for ₹ 20,000 plus CGST and SGST @ 6% each from Kala Electricals, Delhi		
Jan. 03 Sold goods of ₹ 5000 plus IGST @ 12% to Ram of Chandigarh on credit.		
Jan. 05 Received from Ram	3000	
Jan. 07 Paid Rent of ₹ 4000 plus CGST and SGST @ 6% each		
Jan. 31 Paid Salaries	5,000	[4]

26. Rajan purchased a machine on 1st October, 2017 for ₹ 5,00,000 plus CGST and SGST @ 6% each. He paid ₹ 20,000 for loading/unloading and carriage expenses to the bring the machine to factory. He further incurred ₹ 25,000 for installing the machine. Determine : [4] [6]

- How much amount did Rajan pay to vendor of machine?
 - How much amount will be debited to Machinery Account?
 - Pass the Journal Entries giving effect to the transaction.
- [6]

27. (i) Which GST is levied on the supply?
(ii) Explain the accounting treatment of GST. [6]

28. Pass the necessary journal entries to rectify the following errors :

- A credit purchase of ₹ 560 from Raja was recorded as ₹ 650.
 - A credit purchase of ₹ 560 from J.S. was recorded as purchase from Priyanka.
 - A credit purchase of ₹ 560 from Priya was recorded in the Sales Book.
 - A Bills Receivable of ₹ 500 received from Raja was treated as a Bills Payable.
 - A credit sale of old furniture to Sheetal for ₹ 560 was entered in the Sales Book for ₹ 650.
 - A cash purchase of ₹ 560 from Mukesh was recorded as ₹ 650.
- [8]

OR

Pass the necessary journal entries to rectify the following errors :

- A cheque of ₹ 10,000 received from Arvind was dishonoured and has been posted to the debit of Sales Returns A/c.
 - Salary paid ₹ 2,000 was debited to Employee's Personal A/c.
 - A cash sale for ₹ 500 to Savita was posted to the credit of Kavita.
 - An amount of ₹ 5,000 withdrawn by proprietor for his personal use has been charged to Expenses A/c.
 - A credit sale of ₹ 1,500 to Jalpreet was posted to Harjeet's A/c.
 - A credit purchase of Machinery from Shravan for ₹ 3,000 was debited to Purchases A/c.
- [8]

Part - B

Financial Accounting-II

24 Marks

29. Income statement consist of _____ and _____. [1]
30. Cost of Goods sold = opening stock + Net purchase + _____ Expenses – Closing Stock
 (A) Direct (B) Indirect
 (C) Opening (D) None of These [1]
31. Trading account shows profit _____. [1]
32. Income statement consists of :
 (A) Trading Account (B) Trial Balance
 (C) Balance Sheet (D) All the above [1]
33. Gross Profit is :
 (A) Excess of income over Expenditure (B) Excess of sales over purchases
 (C) Excess of sales and stock over purchases (D) Excess of sales over cost of goods sold [1]
34. Give one advantage of balance sheet. [1]
35. 'It means the income that has been earned but not been received in current year'. Identify the adjustment started above. [1]
36. Write a short note on Prepaid Expenses. [3]
37. (i) List any six Office and Administrative Expenses. [6]
 (ii) What is a Contingent Liability? How is it shown in Final Accounts?
38. Prepare a Trading and Profit & Loss Account for the year ended 31st March, 2015 from the balances extracted from M/s Harikrishan. Also prepare a Balance Sheet at the end of the year.

Account title	Amount (₹)	Account title	Amount (₹)
Cash-in-Hand	1,080	Sales	1,97,560
Cash at Bank	5,260	Returns Outward	1,000
Purchases	81,350	Capital	1,24,000
Returns Inward	1,360	Sundry Creditors	12,600
Wages	16,960	Rent Received	18,000
Fuel and Power	9,460		
Carriage on Sales	6,400		
Carriage on Purchase	4,080		
Opening Stock	11,520		
Building	64,000		
Freehold Land	20,000		
Machinery	40,000		
Salaries	30,000		
Patents	15,000		
General Expenses	6,000		
Insurance	1,200		
Drawings	10,490		
Sundry Debtors	29,000		

Adjustments :

- (i) Machinery is to be depreciated @ 10% and Patents @ 20%.
- (ii) Insurance includes a premium of ₹ 340 on a policy expiring on 30th September, 2015.
- (iii) Salaries for the month of March 2015 amounting to ₹ 3,000 were outstanding.
- (iv) Further bad debts ₹ 1,450. Provision for bad debts @ 5% on debtors.
- (v) Rent Receivable ₹ 2,000.
- (vi) Closing Stock ₹ 13,600.

[8]

B - OR

Prepare Trading and Profit & Loss Account and Balance Sheet from the following Trial Balance and information as on 31st December, 2016:

Particulars	Debit (₹)	Credit (₹)
Stock (1 st January, 2016)	16,000	
Sales		7,00,000
Purchases	3,00,000	
Wages	40,000	
Rent and Rates	30,000	
Salaries	46,000	
Insurance	15,000	
Machinery	72,000	
Building	11,50,000	
Capital less Drawing		6,00,000
Sundry Debtors	65,000	
Sundry Creditors		32,000
Furniture	36,000	
Cash in Hand	14,400	
Bad Debts	5,000	
Bank	12,000	
General Expenses	5,000	
Secured Loan		4,78,000
Carriage Inwards	3,600	
Total	18,10,000	18,10,000

Adjustments :

- Closing Stock was valued at ₹ 15,000.
- Depreciation on Machinery is to be charged @ 10% p.a.
- Make a provision @ 5% for Doubtful Debts.
- Provide 2½% discount on debtors.
- Prepaid insurance ₹ 1,200
- Outstanding Salaries ₹ 11,800.

[8]

Finished Solving the Paper ?
Time to evaluate yourself !

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