

1. Balance as per cash book is ` 2, 000. Bank charge of ` 50 debited by the bank is not yet shown in the cash book. What is the bank statement balance now?
(a) ` 1,950 credit balance (b) ` 1,950 debit balance
(c) ` 2,050 debit balance (d) ` 2,050 credit balance
2. Balance as per bank statement is ` 1, 000. Cheque deposited, but not yet credited by the bank is ` 2, 000. What is the balance as per bank column of the cash book?
(a) ` 3,000 overdraft (b) ` 3,000 favourable
(c) ` 1,000 overdraft (d) ` 1,000 favourable
3. Which one of the following is not a timing difference?
(a) Cheque deposited but not yet credited
(b) Cheque issued but not yet presented for payment
(c) Amount directly paid into the bank
(d) Wrong debit in the cash book
4. A transaction not recorded at all is known as an error of
(a) Principle (b) Complete omission
(c) Partial omission (d) Duplication
5. Wages paid for installation of machinery wrongly debited to wages account is an error of
(a) Partial omission (b) Principle
(c) Complete omission (d) Duplication
6. Which of the following errors will not affect the trial balance?
(a) Wrong balancing of an account
(b) Posting an amount in the wrong account but on the correct side
(c) Wrong totalling of an account
(d) Carried forward wrong amount in a ledger account
7. Goods returned by Senguttuvan were taken into stock, but no entry was passed in the books. While rectifying this error, which of the following accounts should be debited?
(a) Senguttuvan account (b) Sales returns account
(c) Returns outward account (d) Purchases returns account
8. A credit purchase of furniture from Athiyaman was debited to purchases account. Which of the following accounts should be debited while rectifying this error?
(a) Purchases account (b) Athiyaman account
(c) Furniture account (d) None of these
9. Depreciation is to be calculated from the date when
(a) Asset is put to use (b) Purchase order is made

- (c) Asset is received at business premises (d) Invoice of assets is received
10. If the rate of depreciation is same, then the amount of depreciation under straight line method vis-à-vis written down value method will be
(a) Equal in all years
(b) Equal in the first year but higher in subsequent years
(c) Equal in the first year but lower in subsequent years
(d) Lower in the first year but equal in subsequent years.
11. Under straight line method, the amount of depreciation is
(a) Increasing every year (b) Decreasing every year
(c) Constant for all the years (d) Fluctuating every year
12. If the total charge of depreciation and maintenance cost are considered, the method that provides a uniform charge is
(a) Straight line method (b) Diminishing balance method
(c) Annuity method (d) Insurance policy method
13. Interest on bank deposits is
(a) Capital receipt (b) Revenue receipt
(c) Capital expenditures (d) Revenue expenditures
14. Amount received from IDBI as a medium term loan for augmenting working capital
(a) Capital expenditures (b) Revenue expenditures
(c) Revenue receipts (d) Capital receipt
15. Revenue expenditure is intended to benefit
(a) Past period (b) Future period (c) Current period (d) Any period
16. Pre-operative expenses are
(a) Revenue expenditure (b) Prepaid revenue expenditure
(c) Deferred revenue expenditure (d) Capital expenditure
17. Carriage inwards will be shown
(a) In the trading account (b) In the profit and loss account
(c) On the liabilities side (d) On the assets side
18. Bank overdraft should be shown
(a) In the trading account (b) Profit and loss account
(c) On the liabilities side (d) On the assets side
19. Current assets does not include
(a) Cash (b) Stock (c) Furniture (d) Prepaid expenses
20. Goodwill is classified as
(a) A current asset (b) A liquid asset (c) A tangible asset (d) An intangible asset

II answer any seven (questions 30 is compulsory) 7 x2 =14

21. Name any two direct expenses and indirect expenses.
22. What is meant by revenue expenditure?
23. What is meant by depreciation?
24. What are compensating errors?
25. What is meant by bank overdraft?
26. From the following particulars of Simon traders, prepare a bank reconciliation statement as on 31st March, 2018.
- (a) Debit balance as per bank statement `2,500
- (b) Cheques deposited amounting to ` 10,000, not yet credited by bank.
- (c) Payment through net banking for `2,000, omitted in the cash book
27. Rectify the following errors discovered before the preparation of the trial balance:
- (a) Sales book was undercast by ` 100
- (b) Purchases returns book was overcast by ` 200
28. A firm purchased a plant for ` 40,000. Erection charges amounted to ` 2,000. Effective life of the plant is 5 years. Calculate the amount of depreciation per year under straight line method.
29. Classify the following expenses as capital or revenue.
- (i) The sum of ` 3,200 has been spent on a machine as follows:
- a) ` 2,000 for additions to double the output.
- b) ` 1,200 for repairs necessitated by negligence
30. Compute cost of goods sold from the following information:

Particulars		Particulars	
Opening stock	10,000	Indirect expenses	5,000
Purchases	80,000	Closing stock	15,000
Direct expenses	7,000		

II answer any seven (questions 40 is compulsory) 7 x3 =21

31. What is deferred revenue expenditure? Give two examples.
32. What are the causes for depreciation?
33. write a note on error of principle by giving an example.
34. Substitute the following statements with one word/phrase
- (a) A copy of customer's account issued by the bank
- (b) Debit balance as per bank statement
- (c) Statement showing the causes of disagreement between the balance as per cash book and balance as per bank statement
35. Write a note on suspense account.
36. Give journal entries to rectify the following errors discovered after the preparation of trial balance:
- (a) Purchases book was overcast by ` 10,000.
- (b) Repairs to furniture of ` 500 was debited to furniture account.

(c) A credit sale of goods to Akilnilavan for ` 456 was credited to his account as ` 654.

37. From the following particulars prepare a bank reconciliation statement of Jayakumar as on 31st December, 2016.

(a) Balance as per cash book ` 7,130

(b) Cheque deposited but not cleared ` 1,000

(c) A customer has deposited ` 800 into the bank directly

38. Furniture was purchased for ` 1,00,000 on 1.7.2016. It is expected to last for 5 years. Estimated scrap at the end of five years is ` 10,000. Find out the rate of depreciation under straight line method.

39.

From the following balances extracted from the books of M/s. Lavanya and sons, prepare trading account for the year ended 31st March, 2017:

Particulars		Particulars	
Opening stock	16,500	Carriage inwards	1,200
Purchases	45,000	Wages	4,800
Sales	72,000	Fuel and power	3,200
Purchases returns	500	Closing stock	18,000
Sales returns	1,500		

40. Find out the amount of sales from the following information.

Particulars

Opening stock	20,000
Purchases less returns	70,000
Direct expenses	10,000
Closing stock	30,000
Gross profit margin (on sales)	20%

IV ANSWER ALL 7 X 5 =35

41.

From the following information, prepare profit and loss account for the year ended 31st March, 2018.

Particulars		Particulars	
Gross profit b/d	1,50,000	Advertisement expenses	3,800
Carriage outward	25,500	Bad debts	8,500
Office rent	7,000	Dividend received	9,000
Office stationery	3,500	Discount received	4,600
Distribution expenses	2,000	Rent received	7,000

OR

From the following particulars of Kamakshi traders, prepare a bank reconciliation statement as on 31st March, 2018.

- (a) Debit balance as per cash book ` 10,500
 (b) Cheque deposited into bank amounting to `5,500 credited by bank, but entered twice in the cash book
 (c) Cheques issued and presented for payment amounting to ` 7,000 omitted in the cash book
 (d) Cheque book charges debited by the bank ` 200 not recorded in the cash book.
 (e) Cash of ` 1,000 deposited by a customer of the business in cash deposit machine not recorded in the cash book.

42. A manufacturing company purchased on 1 April, 2010, a plant and machinery for `4,50,000 and spent ` 50,000 on its installation. After having used it for three years, it was sold for ` 3,85,000. Depreciation is to be provided every year at the rate of 15% per annum on the fixed instalment method. Accounts are closed on 31st March every year. Calculate profit or loss on sale of machinery.

OR

An asset is purchased for ` 50,000. The rate of depreciation is 15% p.a. Calculate the annual depreciation for the first two years under diminishing balance method.

43. State whether the following are capital or revenue items.

- (i) ` 5,000 spent towards additions to buildings.
 (ii) Second-hand motor car purchased for `30,000 and paid `2,000 as repairs immediately.
 (iii) ` 10,000 was spent on painting the new factory.
 (iv) Freight and cartage on the new machine ` 150, erection charges ` 200.
 (v) ` 150 spent on repairs before using a second hand car purchased recently.

OR

From the following balances extracted from the books of M/s. Lavanya and sons, prepare trading account for the year ended 31st March, 2017:

Particulars		Particulars	
Opening stock	16,500	Carriage inwards	1,200
Purchases	45,000	Wages	4,800
Sales	72,000	Fuel and power	3,200
Purchases returns	500	Closing stock	18,000
Sales returns	1,500		

44. Distinguish between straight line method and written down value method of providing depreciation. OR

From the following information, prepare bank reconciliation statement to find out balance as per bank statement on 31st March, 2017.

Particulars	
(i) Cheques deposited but not yet collected by the bank	500
(ii) Cheque issued but not yet presented for payment	1,000
(iii) Bank interest charged	100
(iv) Rent paid by bank as per standing instruction	200
(v) Cash book balance	300

45. Ananth is a trader dealing in textiles. For the following transactions, pass journal entries for the month of January, 2018.

Jan. `

- 1 Commenced business with cash 70,000
- 2 Purchased goods from X and Co. on credit 30,000
- 3 Cash deposited into bank 40,000
- 4 Bought a building from L and Co. on credit 95,000
- 5 Cash withdrawn from bank for office use 5,000
- 6 Cash withdrawn from bank for personal use of Ananthu 4,000
- 7 Towels given as charities 3,000
- 8 Shirts taken over by Ananth for personal use 12,000
- 9 Sarees distributed as free samples 3,000
- 10 Goods (table clothes) used for office use 200

OR

From the following balances of Niruban, prepare balance sheet as on 31st December, 2017.

Particulars	Dr. `	Cr. `
Plant and machinery	8,00,000	1,80,000
Land and building	6,00,000	2,40,000
Furniture	1,50,000	
Cash in hand	20,000	
Bank overdraft	3,20,000	
Debtors and Creditors		
Bills receivable and Bills payable	1,00,000	60,000
	4,00,000	15,00,000
Closing stock	80,000	6,20,000
Investments (short-term)	1,30,000	
Capital		

Drawings
Net Profit

26,00,000

26,00,000

46.

Prepare the trial balance from the following balances of Rajesh as on 31st March, 2017.

Bills receivable	13,000	Drawings	7,000
Bank charges	750	Sundry debtors	17,100
Conveyance charges	350	Bills payable	12,000
Discount received	1,300	Capital	25,900
Cash in hand			1,000

OR

Prepare bank reconciliation statement as on 31st December, 2017 from the following information:

- (a) Balance as per bank statement (pass book) is ` 25,000
- (b) No record has been made in the cash book for a dishonour of a cheque for ` 250
- (c) Cheques deposited into bank amounting to ` 3,500 were not yet collected
- (d) Bank charges of ` 300 have not been entered in the cash book.
- (e) Cheques issued amounting to ` 9,000 have not been presented for payment

47. Ramu Brothers purchased a machine on 1st July 2016 at a cost of ` 14,000 and spent ` 1,000 on its installation. The firm writes off depreciation at 10% of original cost every year. The books are closed on 31st December every year. Give journal entries and prepare machinery account and depreciation account for 2 years.

OR

Joy and Co. purchased machinery on 1st April 2016 for ` 75,000. On 31st March 2018, it sold the machinery for ` 62,000. Depreciation is to be provided every year at 10% per annum on the fixed instalment method. Accounts are closed on 31st March every year. Find out the profit or loss on sale of machinery.