

- ix) The process of recording financial data up to trial balance is
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|-----------------|----------------|
| a) Book-keeping | b) Classifying |
| c) Summarizing | d) Analyzing |
- x) When a businessman introduces capital into his business, the transaction is debited in the cash book and credited to his capital account. Of which accounting concept is this an example?
- | | |
|--------------------|------------------|
| a) Business entity | b) Going concern |
| c) Matching | d) Prudence |

b) Fill in the Blanks **5**

- i) Accounts payable is a ----- liability reported on the balance sheet.
- ii) Depreciation is charged on -----
- iii) A balance sheet is a statement of assets and ----- of a business.
- iv) The amount of cash and goods that the owner of a business invests in the business is known as -----
- v) Relation of consignor and consignee is of -----

c) Answer in one sentence **5**

- i) Write Accounting Equation
- ii) What do you mean by Depreciation?
- iii) What is meant by Rectification of errors?
- iv) Why is Balance Sheet prepared? ‘
- v) What is Consignment account?

2. a) Define Depreciation. Explain the objects of depreciation and mention its methods. **10**

OR

b) A manufacturing Company purchased on 1st January 2019 second hand machinery for Rs. 30,000 and immediately spent Rs. 20,000 in overhauling it. On 1st July, 2019 additional machinery costing Rs. 25,000 was purchased. On 1st July 2021 the machinery purchased on 1st January, 2019 became absolute and was sold for Rs. 10,000. On that date new machinery was purchased at a cost of Rs. 60,000 **10**

Depreciation was provided for annually on 31st December, at the rate of 10% p.a. on the original cost of asset. In 2023, however, the company changed this method of providing depreciation and adopted the method of writing off 15% on the diminishing value.

Show the Machinery Account as it would appear in the books of the company for the year 2019 to 2022.

3. a) What is the bills of exchange. Explain its importance and elaborate about Bills Receivable and Bills Payable. **10**

OR

- b) M/s Vimal Electronics, Nagpur consigned 50 vacuum cleaners costing Rs. 2,000 each to their agent. Shri. Sanjay of Pune has incurred Rs. 1,200 for freight and Rs. 400 for insurance. **10**

On the receipt of the consignment Shri. Sanjay sent a bank draft of Rs. 40,000 to M/s Vimal Electronics as an advance against the consignment. He is entitled to a commission of 5% on gross sales proceed and 2% del-credere commission on credit sales.

On 31st March, 2010 Shri Sanjay submitted an 'Account Sales' stating that he had sold 20 Vacuum cleaners at Rs. 3,000 each for cash and 25 vacuum cleaners at Rs. 3,200 each on credit basis. He incurred the following expenses:-

Godown rent	Rs. 1,000
Insurance of Godown	Rs. 200
Selling expenses	Rs. 1,500
Advertisement	Rs. 1,000

Shri Sanjay remitted the amount due by bank draft.

Prepare necessary ledger account in book of M/s Vimal Electronics.

4. a) Which items are on the debit side and credit side of Profit & Loss A/c. Write it's proforma. **10**

OR

- b) Mr. Arvind had a small business enterprise. He has given trial balance as on 31st March 2022 **10**

Particulars	Debit (Rs)	Credit (Rs)
Mr. Arvind Capital		1,00,000
Machinery	36,000	
Depreciation on machinery	4,000	
Repairs to machinery	5,200	
Wages	54,000	
Salaries	21,000	
Income tax of Mr. Arvind	1,000	
Cash in hand	4,000	
Land & Building	1,49,000	
Depreciation on building	5,000	
Purchases	2,50,000	
Purchase returns		3,000
Sales		4,98,000
Citi Bank		7,600
Accrued Income	3,000	
Salaries outstanding		4,000
Bills receivables	30,000	
Provision for doubtful debts		10,000
Bills payable		16,000
Bad debts	2,000	
Discount on purchases		7,080
Debtors	70,000	
Creditors		62,520
Opening stock	74,000	
Total	7,08,200	7,08,200

Additional Information:

- 1) Stock as on 31st March 2022 was valued at Rs. 60,000
- 2) Write off further Rs. 6,000 as bad debt and maintain a provision of 5% on doubtful debt.
- 3) Goods costing Rs. 10,000 were sent on approval basis to a customer for Rs. 12,000 on 30th March, 2022. This was recorded as actual sales.
- 4) Rs. 2,400 paid as rent for office was debited to Landlord's A/c and was included in debtors.
- 5) General Manager is to be given commission at 10% of net profits after charging his commission.
- 6) Works manager is to be given a commission at 12% of net profit before charging General Manager's commission and his own.

You are required to prepare final accounts in the books of Mr. Arvind

5. a) What are the provisions relating to financial statements under the Companies Act, 2013 **10**

OR

- b) From the following Trial Balance has been prepared as on 30th June, 2022 in the books of Vijay stores. **10**

	Rs.	Rs.
Purchases (adjusted by Stock A/c)	30,000	-
Wages	3,720	-
Factory Expenses	2,880	-
Carriage	960	-
Outstanding Wages upto 1-7-2022	-	144
Sales	-	48,000
Prepaid Insurance upto 1-7-2022	100	-
Bad Debts	96	-
Rent & Insurance	1,240	-
Salaries	2,160	-
Bad Debts Reserve	-	400
Dividend & Interest	-	832
Sundry Debtors	6,000	-
Stock (30-06-2022)	3,280	-
Investment	3,200	-
Bank	400	-
Accrued Interest up to 30-06-2021	48	-
Furniture	1,680	-
Machinery	8,000	-
Creditors	-	3,000
Capital	-	11,388
	<u>63,764</u>	<u>63,764</u>

- 1) Write off Depreciation on machinery and Furniture @10% p. a.
- 2) Maintain the Reserve for Doubtful Debts at 4% on Debtors.
- 3) Goods worth Rs. 440 were taken for personal use by owner but no entry has made in the books.
- 4) Provide for Manager's commission at 10% on net profit before charging such commission.

6. a) What is Cash Flow Statement. Explain uses & limitations of Cash Flow Statement. **10**

OR

b) From the following Balance sheet of X Ltd. Make out Cash Flow Statement. **10**

Solution :

Liabilities	2022 Rs.	2023 Rs.	Assets	2022 Rs.	2023 Rs.
Equity share capital	3,00,000	4,00,000	Goodwill	1,15,000	90,000
8% Redeemable Preference Share Capital	1,50,000	1,00,000	Land & Buildings	2,00,000	1,70,000
General Reserve	40,000	70,000	Plant	80,000	2,00,000
Profit & Loss	30,000	48,000	Debtors	1,60,000	2,00,000
Proposed Dividend	42,000	50,000	Stock	77,000	1,09,000
Creditors	55,000	83,000	Bills Receivable	20,000	30,000
Bills Payable	20,000	16,000	Cash in hand	15,000	10,000
Provision for Taxation	40,000	50,000	Cash at Bank	10,000	8,000
	6,77,000	8,17,000		6,77,000	8,17,000

Additional Information

- Depreciation of Rs. 10,000 and Rs. 20,000 have been charged on Plant and Land & Buildings in 2023.
- An interim dividend of Rs. 20,000 has been paid in 2023.
- Rs. 35,000 Income Tax was paid during 2023.
