(8 pages)

NOVEMBER 2025 **72261/150C1B**

Time : Three hours Maximum : 75 marks

SECTION A — (10 × 2 = 20 marks)

Answer any TEN questions.

1. Write a short note on subsidy ledger.

2. What is meant by cost concept?

3. What is Compound Journal Entry?

4. What are the objectives of preparing a Trail Balance?

5. Pass journal entries to rectify the following errors

   (a) Sale day book under cast by Rs. 1,000

   (b) Sales returns day book under cast by Rs. 600.

6. What is suspense account?

7. What do you understand by contra entries?

8. When can the ownership be transferred in instalment sale?

9. Explain the term default in hire purchase agreement.

10. Arun Ltd., purchased an asset costing Rs. 30,000 from Babu Ltd on hire purchase system. It was agreed to pay Rs. 10,000 per year in three annual instalments with interest at 5%. Calculate Interest amount for 3 years.

11. What is a statement of affairs. How does it differ from a Balance sheet?

12. State the limitations of recording transactions in the Journal.

SECTION B — (5 × 5 = 25 marks)

Answer any FIVE questions.

13. "Recording of transaction is an important step in accounting process" Comment.

14. Prepare a simple cash book from the following Information.

2021 Jan.		
1	Mr. Ashvin started business with cash Rs 95,000	
3	Purchased furniture for office use Rs 17,500	
4	Purchased goods worth Rs. 11,000	
7	Purchased machinery for Rs 15,000	
10	Sold goods of Rs 14,300 to Sanket Traders for cash	

2021 Jan.		
13		Received from Suyash Rs 9,000.
15		Withdrew Rs 2,500 from business for personal use
19		Borrowed loan from Mr. Trilok Rs 40,000
22		Purchased goods of Rs 14,000 at 5% trade discount
26		Paid salary to staff Rs. 18,000

15. Prepare a Bank Reconciliation of M/s Anu as on 31st December 2021 from the following Particulars.

(a) Bank overdraft as per cash book Rs. 8,900

(b) A cheque for Rs. 1,200 issued to supplier on 28th December but the cheque was not presented to bank till 5th January 2022.

(c) Cheque for Rs. 3,400 paid into bank, but cheque of Rs. 1,600 only were cleared and credited by the bankers

(d) A bill for Rs. 4,000 discounted for Rs. 3,980 returned dishonoured by the bank, noting charges being Rs. 20.

(e) Dividends amounting to Rs. 500 had been paid direct to the bank and not entered in the cash book.

(f) A cheque of Rs. 1,200 was issued to creditor was inadvertently destroyed it. A duplicate cheque was issued and recorded in the cash book as a new payment.

(g) Interest for Rs. 100 charged by the bank recorded twice in the cash book.

16. What are the various kinds of errors? Which of these affect the agreement of trial balance?

17. Explain the advantages and disadvantages of Double entry system.

18. Distinguish between Hire purchase and Instalment -purchase system.

19. From the information given below, calculate the total sales.

Total Debtors Account balance on 1.1.2022 Rs. 39,400

Bills Receivables Account balance on 1.1.2022 Rs. 12,000

Cash sales Rs. 17,000

Cash received from debtors Rs. 40,000

Bills receivable encashed during the year Rs. 25,000

Sales Returns Rs. 3,000

Bill Receivable dishonoured Rs. 2,000

Bad Debts written off Rs. 1,000

Discount Allowed Rs. 3,000

Bills receivable balance as on 31.12.2022 Rs. 18,000

Total Debtors Account balance on 31.12.2022 Rs 50,000.

SECTION C — (3 × 10 = 30 marks)

Answer any THREE questions.

20. Examine the role of accounting concepts in the preparation of financial statements. Do you find any of the accounting concepts conflicting with each other? Give examples.

21. What do you mean by Subsidiary books? Name the principle subsidiary books used for recording credit transactions and also give a brief account of each.

22. Following is the trial balance as on 31-Dec 2018. Prepare a trading and profit and loss account on 31 Dec 2018 and balance sheet on that date.

	Rs.		Rs.
Cash at bank	61,590	Sales	9,36,200
Cash in hand	11,800	12% Bank Loan	80,000
Drawings	20,000	Capital	1,60,000
Bill receivable	39,600	Bills payable	5,200
Salary	44,000	Discount Received	2,400
Investment (Market Value Rs. 28,000)	24,000	Sundry creditors	1,26,200
Stock on 1-1-2018	1,27,360	Income from	
Land and Building	80,000	investment	1,980
Travelling Expenses	13,800	Purchase	
Motor Van	32,000	Return	7,400
Furniture	16,000		
Telegram	1,600		
Sundry Debtors	1,28,000		
Discount Allowed	3,600		
Sundry Expense	37,240		
Stationary	3,200		
Bank Loan Interest	6,000		
Establishment	9,190		
Advertisement	2,000		
Sales Return	5,000		
Purchase	6,53,400		
	13,19,380		13,19,380

Additional information

(a) Closing stock is valued at Rs. 2,40,000

(b) Maintain a reserve of 10% of debtors as reserve for debtors

(c) Provide a reserve of 5% on sundry debtors as reserve for discount and 5% on sundry creditors

(d) Stock worth Rs 20,000 destroyed by fire on 25-11-2018 in respect of which the insurance company admitted the claim only Rs 15,000

(e) Charge depreciation 2.5% on land and building, 10% on furniture, 20% on motor van

(f) Salary paid in advance 3,000

23. Malan purchased a machine on hire purchase system on 1.1.2001. The terms of payment are four annual instalments of Rs 12,690 at the end of each year. Interest is charged @ 5% and is included in the annual payment of Rs 12,690. Show the machinery account and hire vendor account in the books of Malan who defaulted in the payment of third yearly instalment where upon the vendor repossessed the machinery. Malan provides depreciation on the machinery @ 10% on the reducing balance.

24. Mr. X has maintained his books by single entry method. From the following details calculate profit for the year and a statement of affairs at the end of the year. Rs. 1,000 (Cost) furniture was sold for Rs. 5,000 on 1.1.2021. 10% depreciation is to be charged on furniture. Mr. X has drawn Rs. 1,000 p.m. Rs. 2,000 was invested by Mr. X in 2021 as further capital.

Details	1.1.2021 Rs	31.12.2022 Rs.
Stock	40,000	60,000
Debtors	30,000	40,000
Cash	2,000	1,000
Bank	10,000	5,000 (overdraft)
Creditors	15,000	25,000
Outstanding expenses	5,000	8,000
Furniture (cost)	3,000	2,000

Bank balance on 1.1.2021 is as per cash book but the bank overdraft 31.12.2021 is as per bank statement. Rs. 2,000 cheques drawn in Dec. 2018 not been encashed within the year.

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