
Instructions to Candidates

You are allowed an **additional 15 minutes** for **only** reading the paper.
you must **NOT** start writing during reading time.

The question paper is divided into **two** sections.

You are required to attempt **all** questions from **Section A and Section B**.

Internal choices have been provided.

The intended marks for questions or parts of questions are given in the brackets [].

All calculations should be shown clearly.

SECTION A (60 Marks)

*Answer **all** questions.*

Question 1

In subparts (i) to (iv) choose the correct options and in subparts (v) to (x) answer the questions as instructed.

- (i) Balance sheet is prepared to determine: [1]
(a) Operating profit (b) Gross profit (c) Net profit (d) Financial position
- (ii) Donation received for special purpose is a : [1]
(a) Liability (b) Revenue receipt (c) Capital receipt (d) Asset
- (iii) Errors in which effect of one error is nullified by the effect of another error is: [1]
(a) Error of Omission
(b) Error of Principle
(c) Compensating error
(d) Error of Commission
- (iv) Under which circumstances drawer and payee is same person? [1]
(a) When drawer discounted the bill with banker.
(b) When drawer endorses the bill to the third party.
(c) When drawer holds the bill till maturity.
(d) When drawee rejects to accepts the bill.
- (v) **Assertion:** While passing the adjustments in final accounts, Dual Aspect Concept is followed. [1]
Reason: It should be ensured that the amount is debited to one account and credited to another account.
(a) Both Assertion and Reason are true and Reason is the correct explanation for Assertion.
(b) Both Assertion and Reason are true but Reason is not the correct explanation for Assertion.

- (c) Assertion is false and Reason is true
- (d) Both Assertion and Reason are false.
- (vi) Explain outstanding and prepaid expenses. [1]
- (vii) State the formula of cost of goods sold. [1]
- (viii) Name the method of depreciation which assumes that the asset is depreciated more in the earlier years and less in the later years of its life. [1]
- (ix) Where will you record 'Rent unpaid' in the cash book? [1]
- (x) Manager of a firm is entitled for a commission of 6%. The profit after the commission is ₹ 4,70,000. What is the amount of profit before commission? [1]

Question 2

- (i) **Rectify the following errors:** [4]

- (a) Credit sales to Lal ₹ 4,800 were recorded in purchase account.
- (b) Goods amounting to ₹ 4,000 have been sold on credit, but no entry has been made in the books.
- (c) Goods sold to Kiran for ₹ 380 on credit was recorded in sales book as ₹ 830.
- (d) ₹ 1,500 paid to Syam for salary were debited to his personal account.

OR

- (ii) **Give journal entries to rectify the following errors:**

- (a) Proprietor's medical bill ₹ 50,000 were debited to sundry expenses account.
- (b) An amount of ₹ 2,500 spent for the extension of machinery has been debited to wages account.
- (c) Goods of the value of ₹ 400 returned to Ashok, but no entry was made in the books.
- (d) ₹ 3,000 received from Gupta has been credited to Sharma's account.

Question 3

Subscriptions received during the year ended March 31, 2023 by Royal Club were as under: [4]

2021-22	3,000
2022-23	93,000
2023-24	2,000

The club had 500 members each paying ₹ 200 as annual subscription. Subscriptions outstanding as on March 31, 2022 were ₹ 8,000.

Calculate the amount of subscriptions to be shown as income in the Income and Expenditure Account for the year ended March 31, 2023.

Question 4

Following is the extract from the Trial Balance of a firm as at 31st March, 2023.

[4]

Head of accounts	Dr	Cr
Sundry Debtors	4,10,000	-----
Provision for Doubtful Debts	-----	20,000
Bad Debts	6,000	-----

Additional Information;

- Additional bad debts ₹ 10,000.
- Maintain the Provision for Doubtful Debts @ 10% on Sundry Debtors.

Calculate the amount of New Provision and also the amount of Debtors to be shown in the balance sheet.

Question 5

- (i) Receipts and Payments Account of Friends Entertainment Club showed that ₹ 68,500 were received by way of subscriptions for the year ended on March 31, 2023.

[3]

The additional information was as under:

1. Subscription outstanding as on March 31, 2022 were ₹ 6,500.
2. Subscription received in advance as on March 31, 2022 were ₹ 4,100.
3. Subscription outstanding as on March 31, 2023 were ₹ 5,400.
4. Subscription received in advance as on March 31, 2023 were ₹ 2,500.

Calculate the amount of subscription to be shown as income in the Income and Expenditure Account.

- (ii) **Explain the following terms:**

[3]

1. Legacy
2. Payment of Honorarium
3. Life membership fees

Question 6

- (i) X Ltd. purchased on April 1, 2008 a second hand plant for ₹ 8,00,000 and immediately spent ₹ 1,60,000 for its overhauling and ₹ 40,000 for its installation. On Oct 1, 2011 the plant became obsolete and was sold for ₹ 4,00,000. Depreciation is provided at 10 % p.a on Original Cost Method. Accounts are closed each year on 31st March.

[6]

You are required to prepare:

- (i) **Plant Account.**
- (ii) **Provision for Depreciation Account.**

OR

- (ii) Kanitka purchased a machinery against cheque for ₹ 1,00,000 on 1st October, 2020. Another machine was purchased for ₹ 60,000 against cheque on 1st April, 2022. Depreciation is provided @ 10% p.a. by the straight line method. Accounts are closed every year on 31st March.

You are required to prepare Machinery Account for three years and Provision for Depreciation Account.

Question 7

Prepare Single Cash Book for the month of April, 2023 from the following transactions of Reema, Delhi:

[6]

2023 April 1	Cash in hand	25,000
2	Cash sales	2,20,000
3	Deposited cash into bank	2,00,000
3	Issued cheque to a creditor ₹ 49,900 after deducting cash discount of ₹ 3,100	
4	Wages paid in cash	22,500
4	Cash sales of ₹ 1,80,000. Out of which ₹ 1,00,000 was deposited in bank on April 7	
9	Paid freight in cash to Transport Corporation of India	4,500
20	Paid cash for window cleaning service	2,000
21	Purchased goods on credit from U & Co	15,000
28	Paid cash to Sharp, a creditor, after deducting discount ₹ 500	9,500
29	Paid electricity bill in cash	9,000
30	Cash collected from Mahesh (debtor) ₹ 45,000 after allowing discount of ₹ 2,500	

Question 8

- (i) The treasurer of a Social Club has prepared the following Receipts and Payments Account for the year ended 31st March, 2023:

[10]

Receipts and Payments Account for the year ended 31st March, 2023

Receipts	₹	Payments	₹
Bank Balance	6,400	Rent for Rooms	2,800
Subscriptions	20,000	Wages for Caretaker	4,000
Entrance fees	3,000	Purchase of Sports Equipment	12,800
Sale of Refreshments	7,600	Dance Show Expenses	3,800

Sale of Dance Show Tickets	4,500	Refreshment Supplies	5,200
Interest on investments @ 7% for full year	3,500	Secretary's Expenses	800
		General Expenses	2,500
		Printing and Stationery	1,400
		Bank Balance	11,700
	45,000		45,000

(i) On 31st March, 2022 assets comprised:

Furniture ₹ 9,600; Sports Equipment ₹ 5,200; Subscriptions in Arrears ₹ 1,500.

Liabilities were: Accrued rent ₹ 600 and Subscriptions Received in Advance ₹ 400.

(ii) On 31st March, 2023 assets comprised:

Furniture ₹ 8,600; Sports Equipment ₹ 15,200; Subscriptions in Arrears ₹ 1,300.

Liabilities were: Accrued rent ₹ 300 and Subscriptions Received in Advance ₹ 1,800.

You are required to prepare:

(i) Income and Expenditure Account for the year ended 31st March, 2023.

(ii) Balance Sheet as at that date.

OR

(ii) Following is the Receipts and Payments Account of Good Health Sports Club for the year ended 31-03-2023.

Receipts	₹	Payments	₹
To Balance b/d	10,000	By Building	54,000
To Donation for building	50,000	By Match expenses	450
To Life membership fee	4,000	By Furniture	2,550
To Receipts from matches	8,000	By Investments purchased on 01.07.2022 @ 20%	16,000
To Subscriptions including ₹ 100 for 2021-22	5,200	By Salaries 2021-22 --- 2,000 2022-23 --- 5,000	7,000
To Locker's rent	400	By Insurance	350
To Interest on investments	240	By Sundry expenses	970
To Entrance fees	3,000	By Balance c/d	520
To Sale of furniture (book value ₹ 800)	1,000		
	81,840		81,840

Additional Information:

(a) Subscriptions outstanding on 31-03-2022 were ₹ 200 and on 31-03-2023 were ₹ 300.

(b) Outstanding salaries for the year ended 31-03-2023 were ₹ 800 and outstanding bills for sundry expenses were ₹ 600.

(c) Donations for building includes ₹ 10,000 for general donations.

Prepare Income and Expenditure Account of the club for the year ending 31st March, 2023.

Question 9

(i) Sri. Alok is a merchant. The following trial balance was extracted from his books: [10]

Drawings	2,500	Capital	30,000
Building	15,000	Bad debts provision	500
Opening stock	7,834	Creditors	11,133
Machinery	4,340	6% Loan	5,000
Furniture	1,140	Sales	61,725
Carriage inwards	952	Bank overdraft	543
Purchases	33,437		
General expenses	1,766		
Rent and taxes	770		
Advertisement	3,714		
Debtors	17,860		
Salaries	10,862		
Sales returns	683		
Cash	100		
Bad debts	100		
Insurance	326		
Wages	6,975		
Discount allowed	542		
	1,08,901		1,08,901

Before preparing the final accounts, following adjustments are necessary:

(a) Make a provision for bad and doubtful debts on debtors at 5%.

(b) One year's interest is due on loan.

(c) Insurance prepaid ₹ 100.

(d) Salaries outstanding ₹ 500.

(e) Depreciate machinery by 10%.

(f) Closing stock is ₹ 6,931.

You are required to prepare Trading and Profit and Loss Account for the year ended 31st March, 2023 and a Balance Sheet as at that date.

OR

(ii) The following is the trial balance of Amrit Raj as at 31st March, 2023.

Name of Accounts	Dr	Cr
Capital		25,000
Building	30,000	
Furniture	2,640	
Scooter	4,000	
Return inwards and outwards	2,300	1,600
Opening stock	8,000	
Purchases and sales	33,800	56,040
Bad debts	300	
Carriage inwards	700	
General expenses	1,200	
Bad debts provision		700
Bank loan		5,000
Interest on bank loan	300	
Commission		900
Insurance and taxes	2,000	
Scooter expenses	2,600	
Salaries	4,400	
Cash in hand	2,000	
Debtors and creditors	3,000	8,000
	97,240	97,240

You are required to prepare Final Accounts for the year ending 31st March, 2023.

- Closing stock ₹ 4,340.
- Commission included ₹ 300 being commission received in advance.
- Salaries have been paid for 11 months.
- Bank loan has been taken at 10% p.a interest.
- Depreciate building by 5% and scooter by 15%.
- Write off ₹ 200 as further bad debts and maintain bad debts provision at 5% on book debts.
- Scooter is used for business as well as for private purposes equally.

SECTION B (20 Marks)

Question 10

In subparts (i) to (ii) choose the correct options and in subparts (iii) to (v) answer the questions as instructed.

- (i) Which of the following will be treated as drawings: [1]
(a) Withdrew money for payment of salary to employees.
(b) Withdrew money for payment to creditors.
(c) Withdrew money from business for private expenses.
(d) Withdrew money for purchase of asset.
- (ii) Which of the following is not recorded in cash book? [1]
(a) Trade discount
(b) Bad debts
(c) Credit purchase
(d) All of the above
- (iii) Goods costing ₹ 20,000 is sold at a profit of 20% on cost and trade discount is allowed @ 10% and cash discount of 10% is also allowed. Half the payment was received at the time of sale. What is the amount of cash received at the time of sale? [1]
- (iv) Three days are added for ascertaining the date of maturity. These are known as days of ----- [1]
- (v) Cost of goods sold is ₹ 1,50,000; Closing stock ₹ 40,000; Opening stock ₹ 60,000. Calculate the amount of purchase. [1]

Question 11

- (i) Prakash sold goods to Dev on 1st July, 2022 for ₹ 30,000 payable after 3 months. Prakash got the bill discounted @ 12% p.a. at his bank. On due date, Dev paid the required amount. [3]

Give journal entries in the books of Prakash and Dev.

OR

- (ii) A sold goods for ₹ 25,000 to B on 1st January, 2022, and on the same day he drew a bill on B at 3 months for the amount. The bill is duly accepted but is dishonoured on the due date. A pays ₹ 1,000 as noting charges.

Pass journal entries in the books of A and B.

Question 12

- (i) From the following information, calculate (up to two decimal places): [4]

(i) Gross Profit Ratio and

(ii) Operating Profit Ratio

Net revenue from operations	₹ 14,00,000
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Credit revenue from operations	₹ 10,00,000
Gross profit	₹ 5,00,000
Depreciation on fixed assets	₹ 40,000
Profit on sale of land	₹ 10,000
Selling expenses	₹ 60,000

(ii)	Opening Stock	1,50,000	Sales	4,80,000	[2]
	Carriage inwards	30,000	sales return	30,000	
	Gross profit	1,80,000	Purchases	3,00,000	
	Purchase returns	27,000			

Calculate Closing Stock and the Cost of Goods Sold.

Question 13

- (i) On 1st January, 2023, Amit sold goods to Bijoy for ₹ 10,000. Amit drew a bill for ₹ 10,000 for 3 months. Bijoy accepts the bill. On the same date Amit discounted the bill with his bank @ 10% p.a. [6]

The bill was dishonoured on the due date and the bank paid ₹ 50 as noting charges. Amit agreed to accept a sum of ₹ 5,300 in cash from Bijoy and agreed to draw two new bills on Bijoy - one for ₹ 3,000 for 2 months and the other for ₹ 2,000 for 3 months in full satisfaction of his claims.

Bijoy accepted the bills and returned them to Amit. Amit endorsed the first bill to Chintan and the same was duly paid on maturity. The second bill was dishonoured and after 10 days the bill was duly honoured.

Pass journal entries in the books of Amit, Bijoy and Chintan.

OR

- (ii) P accepted a bill for ₹ 40,000 drawn on him by Q on 1st May, 2023 for 3 months. This was for the amount which P owed to Q. Q got the bill discounted at his bank for ₹ 39,000. Just before the due date, P approached Q for renewal of the bill. Q agreed on the condition that ₹ 10,000 be paid immediately together with interest @ 12% p.a. on the remaining amount for 3 months and that for the remaining balance P should accept a new bill for 3 months. These arrangements were carried through. On 7th November, 2023, the bill was duly met.

Pass journal entries in the books of P and Q.
