

ACCOUNTANCY

(Principles and Practice of Financial Accounting)

(320)

[Maximum Marks : 100

Time : 3 Hours]

- Notes :**
- (i) This question paper consists of 47 questions in all.
 - (ii) All questions are compulsory. Internal choices are given wherever required.
 - (iii) Marks are given against each question.
 - (iv) Attempt these questions as per the instructions given for each of the questions.
 - (v) This question paper has two section - Section 'A' and Section 'B'.
 - (vi) Section 'A' consists of 36 questions from Question No. 1 to 36.
 - (vii) Section 'B' consists of 11 questions from Question No. 37 to 47.
 - (viii) Section 'B' has two options. **Optional Module - I** : Analysis of Financial Statements.
Optional Module - II : Application of Computers in Financial Accounting. Candidates are required to attempt questions from one option only. All questions of an option are compulsory.

NOTE :

- (1) Answers of all questions are to be given in the Answer-Book given to you.
- (2) 15 minutes time has been allotted to read this question paper. The question paper will be distributed at 02.15 p.m. From 02.15 p.m. to 02.30 p.m., the students will read the question paper only and will not write any answer on the answer-book during this period.

SECTION - A

1. Main objective of preparing a journal is : 1
 - (A) To ascertain the financial position of the business
 - (B) To record the cash transaction
 - (C) To make posting in the ledger account
 - (D) To record the business transaction for the first time

2. Which of the following Accounting Equation is correct ? 1
 - (A) $\text{Assets} = \text{Capital} + \text{Liabilities}$
 - (B) $\text{Assets} = \text{Capital} - \text{Liabilities}$
 - (C) $\text{Assets} = \text{Liabilities} - \text{Capital}$
 - (D) $\text{Capital} = \text{Assets} + \text{Liabilities}$

3. Purchased goods from Amar ₹ 3,000 was recorded in the sales book while rectifying the error Amar's account will be : 1
 - (A) Debited by ₹ 3,000
 - (B) Credited by ₹ 6,000
 - (C) Credited by ₹ 3,000
 - (D) Debited by ₹ 6,000

4. The versatility of a computer refers to its ability to : 1
 - (A) Be easily transported
 - (B) Store unlimited amounts of data
 - (C) Perform a wide range of jobs
 - (D) Operate without electricity

5. Which of these Financial statements is not prepared by a Not-For-Profit Organisations (NPOs) ? 1
 - (A) Profit and Loss Account
 - (B) Receipts and Payments Account
 - (C) Income and Expenditure Account
 - (D) Balance Sheet

6. 'Preliminary Expenses' is an example of which type of Asset below ? 1
 - (A) Intangible Assets
 - (B) Liquid Assets
 - (C) Wasting Assets
 - (D) Fictitious Assets

7. Which of the following items are presented in the balance sheet of a Not-For-Profit Organization ? 1
 - (A) Assets, Liabilities and equity
 - (B) Revenues, Expenses and Net Income
 - (C) Assets, Liabilities and Capital Fund
 - (D) Cash flows from Operating, Investing and Financing activities

8. Court can make an order to dissolve the firm when : 1
 - (A) Partnership deed is fully followed
 - (B) A partner becomes of unsound mind
 - (C) Firm is running legal business
 - (D) Continued future profits are expected

9. If a new business earns certain percentage of the capital employed, it is called :
 (A) Normal Profit (B) Super Profit
 (C) Average Profit (D) Goodwill
10. On Retirement of a Partner, goodwill will be credited to the Capital Account of :
 (A) Remaining Partner (B) Retiring Partner
 (C) All partners (D) None of the above
11. P, Q and R have been sharing profits and losses in the ration of 5 : 3 : 2 Q retired. His share was taken by P and R in the ratio of 2 : 1. New Profit sharing ratio will be :
 (A) 6 : 4 (B) 7 : 2 (C) 7 : 3 (D) 6 : 3
12. Forfeiture of shares results in reduction of :
 (A) Authorised Capital (B) Reserve Capital
 (C) Fixed Capital (D) Issued Share Capital
13. The gain on reissue of forfeited shares is transferred to :
 (A) General Reserve (B) Capital Reserve
 (C) Capital Redemption Reserve (D) Revenue Reserve
14. A company issued 50,000 shares of ₹ 20 each at 5% premium ₹ 10 were payable on application and balance on allotment. What will be the allotment amount ?
 (A) ₹ 5,00,000 (B) ₹ 4,75,000 (C) ₹ 5,25,000 (D) ₹ 5,50,000
15. The accounting vouchers may be classified as _____ voucher and _____ voucher. 1x2
16. Give one word answer : 1x2
 (i) The credit item of journal is posted to which side of the relevant account in the ledger.
 (ii) The page number of journal from where entries are posted is entered in which column in the ledger account.
17. Complete the following sentences : 1x2
 (i) If an accountant makes mistake while recording and posting transactions, it is called _____
 (ii) The incorrect total of the purchase book will _____ the trial balance.
18. Give one word answer : 1x2
 (i) Name one of the mostly used input device for entering data into the computer.
 (ii) Name the component which is said to be the brain of the computer.
19. Give one word answer : 1x2
 (i) The ratio in which retiring partner's share is distributed amongst the continuing partners.
 (ii) On death of a partner of a firm, the amount due to him/her is payable to whom ?

20. Fill in the following blanks : 1x2
- On dissolution of firm, all assets (other than cash in hand and at bank) and liabilities are transferred to _____ account.
 - When a new partner is admitted, the existing partners have to adjust their _____ ratio to accommodate the new partner.
21. Write the names of affected accounts in the following transactions : 1x4
- Mukesh started business with cash
 - Paid rent in cash
 - Commission received by bank
 - Withdrew cash for private use
22. Give the names of the accounting error for the following transactions. 1x4
- Goods sold to Meera ₹ 6,300 were recorded in the Sales Book as ₹ 3,600.
 - Amount of ₹ 3,100 spent on repairs of machinery was debited to Wages Account.
 - Goods of ₹ 11,000 purchased on credit were not recorded in purchase book.
 - Rajesh's Account was to be debited by ₹ 14,300 and Ramesh's Account was to be debited by ₹ 11,800 while Rajesh Account was debited by ₹ 11,800 and that of Ramesh Account by ₹ 14,800.
23. Give one word answer : 1x4
- Dinesh, the manager is entitled to a commission of 5% on Net Profit after charging such commission. If Net Profit is ₹ 4,305. Calculate the manager's Commission.
 - Name the type of Organisation which does not engage in trading activities and its objective is not earning profit.
 - On which side is the closing stock in Trading Account.
 - What term is given to Excess of the Income over Expenditure ?
24. Give one word answer : 1x4
- Which account will be debited when 4,000 equity shares of ₹ 10 each were issued at 8% premium to the promoters of a company for their services.
 - On issue of shares at premium results into which type of gain to a company ?
 - Authorised capital of a company is divided into 5,00,000 shares of ₹ 10 each. It invited application for issuing 3,00,000 shares. Public applied for 3,60,000 shares. What will be the amount of issued capital will be ?
 - At the time of forfeiture of shares the share capital account is debited with what amount ?
25. Explain in brief any two objectives of preparing Financial Statements. 2
26. (i) Explain the following factors affecting the Goodwill. 2
- Location
 - Nature of business
- OR**
- (ii) For what purpose is the Realisation account be prepared ?

27. (i) Give the journal entry to record the discharge of Liabilities at the time of Dissolution of the partnership firm, for the following 2
- (a) Payment of liability in cash
(b) Payment of liability by a partner

OR

- (ii) Give the journal entry when
- (a) The balance in the realisation account would show profit on dissolution of partnership firm.
(b) The balance in the realisation account shows loss on dissolution of Partnership firm.

28. (i) What is meant by Calls on Shares ? Can it be made in installments ? 2

OR

- (ii) Explain under subscription.

29. (i) Explain any three uses of Single Entry System. (Accounts from incomplete Records) 3

OR

- (ii) Give the accounting entries of Income Tax paid by sole proprietor. Out of the cash of the business and its transfer to drawings account and closing the drawings account.

30. (i) From the following information given below, calculate cost of goods sold and Gross profit. 3

	₹
Sales	1,30,500
Sales Return	3,500
Opening Stock	15,800
Purchases	62,000
Direct Expenses	9,400
Closing Stock	16,400

OR

- (ii) Calculate the amount of rent to be debited to the Income and Expenditure Account for the year ended 31st March 2025 of Helpage Old home Society of India.

	₹
Paid rent in the year 2024-25	50,000
Rent still to be paid amounts to	10,500
Amount paid in 2023-24 on account of the year 2024-25	3,500
Advance rent paid for the year 2025-2026 in the year 2024-2025	5,500

31. (i) What will be the treatment of Accumulated Reserves and Accumulated Profits, Losses at the time of admission of a Partner. 3

OR

- (ii) Give any three circumstances under which compulsory dissolution of the partnership firm can take place .

32. Give the accounting entries of forfeiture of shares issued at premium in the following cases : 3

- (a) Premium on shares has been received prior to the forfeiture.
(b) Premium on shares has not been received prior to the forfeiture.

33. (i) What is meant by full subscription of shares ? What accounting treatment is given for full subscription of shares ? 3

OR

- (ii) Explain the following items under the heading share holder's Funds.
- Authorised Share Capital
 - Issued Share Capital
 - Subscribed Share Capital

34. (i) Given below is the Trial Balance of Yogchand as on 31st March 2025. Prepare a Trading and Profit and Loss Account for the year ended 31st March, 2025 and Balance Sheet as at that date : 5

Trial Balance as on 31.3.2025

Debit Balance	Amount	Credit Balance	Amount
Opening Stock	45,000	Sundry Creditors	21,600
Purchases	1,20,000	Return outwards	2,500
Return inwards	3,200	Sales	3,00,000
Carriage inwards	2,400	Loan From Bank	20,000
Carriage Outwards	1,500	Commission	1,200
Office Furniture	8,000	Capital	2,00,000
Sundry Debtors	68,000		
Bad Debts	1,100		
Salary	61,000		
Cash in Hand	8,100		
Cash at Bank	30,000		
Motor Vehicles	58,000		
Building	1,06,000		
Household expenses	33,000		
	5,45,300		5,45,300

Stock at the end is Rs. 75,000.

OR

Following is the receipts and payments accounts of Royal Club, for the year ending 31st March 2025.

Receipts and Payments Account for the year ended 31st March 2025.

Receipts	Amount ₹	Payments	Amount ₹
To Balance b/d (1.4.2024)	2,300	By Match Expenses	6,800
To Subscriptions	56,400	By Rent	9,600
To Interest	300	By Salaries	24,000
To Donation	6,000	By Sundry Expenses	3,600
To Donation (Building Fund)	50,000	By Investments Purchased	30,000
To Match Fund	10,000	By Newspaper	750
To Miscellaneous Receipts	430	By Sports equipments	32,000
To Sale of grass	100	By Balance c/d (31.3.2025)	18,780
	1,25,530		1,25,530

Additional Information :

- | | |
|--|-------|
| | ₹ |
| (i) Subscription outstanding on 31.3.2024 | 4,000 |
| (ii) Subscription outstanding 31.03.2025 | 6,000 |
| (iii) Salaries outstanding as at 31.3.2024 | 2,000 |
| (iv) Salaries outstanding as on 31.3.2025 | 2,500 |
| (v) Provide depreciation on sports equipment @ 25% | |

Prepare Income and Expenditure Account for the year ended 31st March 2025 of Royal Club.

Sumit, Anil and Ram were partners in a firm sharing profits in the ratio of 3 : 2 : 1. Their Balance sheet as on 31st March, 2025 was as follows : 5

Balance Sheet of Sumit, Anil and Ram as on 31st March 2025.

Liabilities		Amount	Assets		Amount
		₹			₹
Creditors		2,00,000	Land		2,00,000
Bills Payable		80,000	Building		2,00,000
General Reserve		1,20,000	Plant		4,00,000
Capital A/c's			Stock		1,60,000
Sumit	4,00,000		Debtors		1,20,000
Anil	2,00,000		Bank		20,000
Ram	<u>1,00,000</u>				
		7,00,000			
		11,00,000			11,00,000

Sumit, Anil and Ram decided to share the future profits equally. w.e.f 1st April, 2025. For this it was agreed that :

- Goodwill of the firm be valued at ₹ 6,00,000
- Land be valued at 3,20,000 and building be depreciated by 6%.
- Creditors of ₹ 24,000 were not likely to be claimed and hence to be written off.

Prepare Revaluation Account, Partner's Capital Accounts and Balance Sheet of the reconstituted firm.

36. (i) Pioneer Ltd. invited applications for issuing 11,000 shares of ₹ 100 each at a premium of 10% payable as follows 5
- On Application ₹ 25 per share
 On Allotment ₹ 50 (including premium ₹ 10) per share
 On First and Final call ₹ 35 per share
- Application for 10,000 shares were received and all of these were accepted
 All the money due was received except the first and final call on 100 shares which were forfeited. 60 of these forfeited shares were reissued @ ₹ 90 per shares credited as fully paid. Pass the necessary journal entries for the above transaction in the books of the company.

OR

- (ii) Parul Ltd. was registered with an authorised capital of 2,00,000 equity shares of ₹ 100 each. The company offered 60,000 shares for public subscription at 25% premium. The amount was payable as ₹ 40 on application, and the balance on allotment, with premium. The issue was fully subscribed. All the applicants were allotted shares in full: Anand holding 4,000 shares failed to pay allotment money and his shares were forfeited out of these 3,000 shares were reissued at a discount of ₹ 20 per share.
 Pass the necessary journal entries for the above transactions in the books of Parul Ltd.

46.

SECTION - B
(Attempt any one of the optional module)
OPTIONAL MODULE - I
(Analysis of Financial Statements)

37. The two important liquidity ratios are : 1
(A) Inventory Turnover and Current Ratio
(B) Current Ratio and Quick Ratio
(C) Current Ratio and Average Collection Ratio
(D) Gross Profit Ratio and Operating Ratio
38. Liquid Assets do not includes : 1
(A) Trade Receivables (B) Cash and Cash Equivalents
(C) Stock (D) Short-term Investments
39. The purpose of which of the following ratios is to derive an idea of the amount of capital supplied to the concern by proprietor ? 1
(A) Debt Equity Ratio (B) Gross Profit Ratio
(C) Proprietary Ratio (D) Net Profit Ratio
40. Which ratio shows the margin of profit ? 1
(A) Net Profit Ratio (B) Operating Profit Ratio
(C) Return on Investment Ratio (D) Gross Profit Ratio
41. Which of the following is not a cash out flow of operating activities ? 1
(A) Cash Purchase (B) Payment to Creditors
(C) Cash Sales (D) Payment of Wages
42. How will you treat Bank overdraft while preparing a cash flow statement ? 1
(A) Cash flow from operating activities
(B) Cash flow from investing activities
(C) Cash flow from financing activities
(D) Cash equivalents
43. Complete the following sentences : 1x2=2
Inventory Turnover Ratio establishes relationship between _____ and _____.
44. (a) What does Operating Profit Ratio measures ? 1x2=2
(b) What does higher Operating Profit Ratio shows ?
45. What does high and low Trade Receivable Turnover Ratio (Debtors Turnover Ratio) indicates ? 2

46. Calculate Debt Equity Ratio from the following information. 3

Equity Share Capital	3,00,000
Preference Share Capital	1,00,000
General Reserve	1,30,000
Reserve and Surplus	40,000
Accumulated Profits	70,000
Debentures	4,50,000
Loan from Bank	3,50,000

47. The Profit of Goyal Ltd after appropriations was ₹ 2,50,000. This profit was arrived at after taking into consideration the following items. 5

Sl. No.	Particulars	Amount
1.	Depreciation on Fixed Assets (Machinery)	20,000
2.	Loss on sale of Fixed Assets (Furniture)	2,000
3.	Goodwill written off	9,000
4.	Provision of Taxation	35,000
5.	Transfer to General Reserve	17,500
6.	Gain on sale of Fixed Assets (Machinery)	8,000

Additional Information :

Particulars	31.3.2024	31.3.2025
Trade Receivables (all goods)	50,000	62,000
Trade Payables	45,000	55,000
Inventory (Stock)	12,000	8,000
Income received in Advance	8,000	-
Outstanding Expenses	6,000	3,000
Prepaid Expenses	-	5,000

Calculate cash from operating activities.

OPTIONAL MODULE - II
(Application of Computers in Financial Accounting)

37. _____ is a collection of data for generating useful and decision worthy information. 1
 (A) Design (B) Data base (C) Table (D) Diagram
38. Resizing of the chart means changing _____ of the chart as desired. 1
 (A) Colour (B) Format (C) Size (D) Shape
39. Which is not a component of payroll ? 1
 (A) Depreciation (B) Dearness Pay
 (C) House Rent (D) Dearness Allowance

40. While changing the layout of the chart element on the layout tab, we cannot insert : 1
 (A) Clip Arts (B) Picture (C) Data labels (D) Design
41. _____ refers to object such as photograph, bar code, image or any other document 1
 created in another application.
 (A) Hyperlink (B) OLE object (C) Memo (D) Number
42. A value of asset at the end of the life of the asset is called : 1
 (A) Cost (B) Period (C) Salvage (D) Life
43. Complete the following sentence. 1x2
 MS-Excel 2007 provides a convenient facility to draw _____ and _____.
44. (a) What is meant by Payroll Accounting ? 2
 (b) Give any two pay components of payroll.
45. What is the purpose of : 2
 (a) Form object in Access Program.
 (b) Report object in Access Program.
46. Explain the following elements of a CHART/GRAPH. 3
 (a) The plot area (b) The Horizontal (category) and vertical (value) axis
 (c) The Legend
47. (a) Why is Form Creation done in Access ? 1
 (b) What is the purpose/use of creating Forms in Access ? 3
 (c) Give full name of one popularly used Data Base Management System. 1

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