

HARYANA STATE S.A.S. PART-I EXAMINATION

COMMERCIAL BOOK KEEPING (Elementary) (Without Books)

Time Allowed: 3 Hours

Max. Marks : 100

- Note: 1. Attempt any 5 questions.
2. Question No. 1 is compulsory
3. All questions carry equal marks

Q.1 From the following figures extracted from the books of XY & Sons, you are required to prepare a Trading and Profit and Loss Account for the year ended 31 March 2008 and a Balance Sheet as on date, after making necessary adjustments:

	Rs.		Rs.
XY's Capital Account	2,08,000	Bills Payable	5,000
XY's Drawings Account	12,000	Stock (01.04.2007)	35,000
Purchases	90,000	Wages	32,000
Freehold Property	60,000	Sundry Creditors	40,000
Plant and Machinery	1,00,000	Postage and Telegrams	1,400
Return's Outward	1,000	Insurance Charges	1,600
Salaries	12,000	Gas and Fuel	2,700
Office Expenses	2,500	Bad Debts	600
Office Furniture and Fixtures	5,000	Office Rent	2,600
Discount Account (Dr)	1,200	Freight and Duty	9,000
Sundry Debtors	26,600	Loose Tools	2,000
Loans to PQR @5% p.a. -Balance on 01.04.2007	40,000	Factory Lighting	1,600
Cash at Bank	26,600	Provision for Doubtful debts	800
Cash on Hand	2,400	Interest on Loan to PQR	1,000

Adjustments:

- Stock on 31.03.2008 was valued at Rs.66,000.
- Wages Rs. 1,600 and salaries Rs. 600 were outstanding.
- Insurance prepaid was Rs. 400.
- A new machine was installed on 31st December 2007 costing Rs. 14,000, but it was not recorded in the books and no payment was made for it. Wages, Rs. 1,000 paid for the erection, have been debited to Wages Account.
- Loose tools were valued at Rs. 1,600 on 31 March 2008.
- Depreciate Plant and Machinery by 10% per annum (p.a.); Furniture and Fixtures by 5% p.a., and Freehold Property by 2% p.a.
- Of the Sundry Debtors Rs. 600 are bad and should be written off.
- Maintain a provision of 5% on Sundry Debtors for doubtful debts, and 2% for discount on Debtors and a Reserve of 2% for discount on Creditors.
- The Manager is entitled to a commission of 5% of net profits before charging such commission.

Q.2. Mr. Sunil is having two accounts (A and B) with Punjab National Bank. On 31.12.2008, his ledger shows a balance of Rs. 5,000 in account 'A' and an Overdraft of Rs. 2,250 in account 'B'. On verifying the ledger entries with the respective bank statements, following mistakes were noticed:

- a) A deposit of Rs. 1,500 made into 'A' on 20.12.2008 has been entered in the ledger in account 'B'.
- b) A withdrawal of Rs. 500 from account 'A' on 02.11.2008 has been entered in the ledger in account 'B'.
- c) Two cheques of Rs. 500 and Rs. 750 deposited in 'A' account on 01.12.2008 (and entered in the books in 'B' account) have been dishonoured by the bankers. The entries for the dishonour of these cheques have been entered in the books in 'B' account.
- d) In the accounts 'A' and 'B', Mr Sunil has issued on 29.12.2008 cheques for Rs. 10,000 and Rs. 1000 respectively and these have not been cashed till 31.12.2008.
- e) Incidental Charges of Rs. 100 and Rs. 125 charged in the accounts 'A' and 'B' respectively have not been entered in the books.
- f) The Bank has credited interest of Rs. 140 for account 'A' and has charged interest of Rs. 175 for account 'B' which have not been recorded in the books.
- g) The deposit of Rs. 5,000 and Rs. 3,500 made into the accounts 'A' and 'B' respectively, both on 30.12.2008 have not been given credit to by the bank till 31.12.2008.

Draw the bank reconciliation statements for the above two accounts.

(20)

Q.3(a). Describe the objectives/purposes of accountancy.

(5)

(b). Briefly explain the advantages of financial accountancy.

(5)

(c). "Trial Balance is not a conclusive proof of accuracy." Give 5 examples of mistakes which result in mismatch in the totals of Trial balance and 5 examples of mistakes which do not result in mismatch in the totals of Trial balance.

(10)

Q.4.(a) Write short notes on:

i. Preferential Shares ii) Consignments iii. Negotiable Instruments

iv) Secret Reserve v) Limitations of Financial Statements

(15)

(b) X has purchased goods, the due dates of which are as follows:

Rs. 5,000 due 5th July 2008

Rs. 8,500 due 10th August 2008

Rs. 3,500 due 25th September 2008

Rs. 6,500 due 10th November 2008

X desires to give a promissory note for the total amount due, such being payable on the Average Due Date. Ascertain this date.

(5)

Q.5. The balances on the books of the Gurgaon Club on 31st March 2008 were as under:

Furniture as on 31 st March 2007	84,000
Furniture- additions during the year	54,000
Billiards Table and Accessories 31 st March 2007	89,000
China, Glass, Cutlery and Linen 31 st March 2007	25,000
Restaurant takings during the year	36,16,000
Restaurant Stocks 31 st March 2007	39,000
Billiards takings during the year	2,56,000
Subscriptions received during the year	3,15,000
Interest on Deposits received during the year	4,500
Secretary's honorarium	3,00,000
Purchases for restaurant	20,78,000
Rent and Rates	3,49,000
Wages (restaurant- Rs 5,00,000)	9,23,000
Repairs and Renewals	1,79,000
Fuel	1,77,000
Lighting	22,000
Sundry Expenses	1,34,000
Cash in Hand 31 st March 2007	13,500
Bank Balance 31 st March 2007	91,500
Bank Deposits at 9% 31 st March 2007	3,00,000
Capital Fund 31 st March 2007	6,60,000

Payment for purchases includes Rs. 30,000 for the year ended 31st March 2007. Restaurant Stocks on 31st March 2008 were 45,000. Included in the Subscriptions received were Rs. 48,000 for the previous year and Rs. 12,000 for the year ending 31st March 2009. Subscriptions outstanding on 31st March 2008 were Rs. 50,000. Depreciation should be provided as under (on balances as at 31st March 2007):

China etc. - 20%, Furniture- 10%, Billiards Table and Accessories- 15%

The cost of the board of the staff is estimated at Rs. 2,75,000 of which Rs. 2,00,000 is to be charged to Restaurant.

Prepare the Receipts and Payments Account, Income and Expenditure Account and the Balance Sheet showing the working of the Restaurant separately. Cash in Hand on 31st March 2008 was Rs. 26,000.

(20)

Q.6(a). The cost of the machinery in use with a firm on 31st March 2007 was Rs. 2,50,000 against which depreciation provision stood at Rs. 1,05,000 as on that date; the firm provided depreciation at the rate of 10% per annum on diminishing balance. On 31st December 2007, two machines costing Rs. 15,000 and Rs. 12,000 respectively, both purchased on 1st September 2004, had to be discarded because of damage and had to be replaced by two new machines costing Rs. 20,000 and Rs. 15,000 respectively. One of the discarded machines was sold for Rs. 8,000; against the other, it was expected that Rs. 3000 would be realised.

Show the relevant accounts in the ledger of the firm for the year 2007.

(10)

Q.6(b). List out category-wise items of Direct and Indirect expenses of a manufacturing concern.

(10)

Q.7. Differentiate between:

- i) Preferential Shares and Equity Shares
- ii) Bills of Exchange and Promissory Note
- iii) Straight Line method and Diminishing Balance method of depreciation
- iv) Trial Balance and Balance Sheet
- v) General and Specific Reserve

(20)