

COMMERCIAL BOOK KEEPING (Elementary)(Without Books) 2016

Time Allowed:3 Hours

Max. Marks : 100

- Note:
1. Question No. 1 is compulsory.
  2. Attempt 2 questions out of 3 practical questions from question nos.2 to 4
  3. Attempt any 3 questions out of 4 theory questions from question nos.5 to 8

**QNo.1.** From the following particulars extracted from the books of AB & Sons, prepare trial balance, trading and profit and loss Account as on 31st December 2009 and a balance sheet as on date, after making necessary adjustments:-

|   | Rs.    |  | Rs.   |
|---|--------|--|-------|
| Purchases                                   | 165625 | Trade expenses                                   | 2314  |
| Sales                                       | 256650 | Rent, rates and taxes                            | 3517  |
| Returns Inwards                             | 4250   | Bad debts  | 525   |
| Returns Outwards                            | 3120   | Loans at 5% to Y ,<br>1 <sup>st</sup> Sept.,2009 | 3000  |
| Provision for Doubtful Debts                | 5200   | Investments(cost)                                | 11500 |
| Sundry debtors                              | 40200  | Dividends from investments                       | 825   |
| Sundry Creditors                            | 25526  | Prepaid insurance                                | 524   |
| Bills payable( Promissory Notes to be paid) | 8950   | Cash on Hand and at bank                         | 5752  |
| Stocks (beginning of year)                  | 26725  | Bills Receivable(Amount due on promissory notes) | 17070 |
| Wages                                       | 20137  | Capital Account                                  | 28000 |
| Salaries                                    | 8575   | Drawings Account                                 | 6000  |
| Furniture                                   | 6075   | Outstanding Wages                                | 2019  |
| Alterations to shop                         | 4500   | Rent accrued but not paid                        | 750   |
| Postage,stationery,Insurance,etc.           | 3226   | Depreciation on furniture                        | 675   |
| Heating and Lighting                        | 350    | Additions to furniture                           | 500   |

**Adjustments:**

- a. Sundry Debtors include an item of Rs.250 for goods supplied to the proprietor and an item of Rs.600 due from a customer who has become insolvent.
- b. Provision for doubtful debts is to be maintained at 5% of the Sundry Debtors.
- c. One- fifth (1/5<sup>th</sup>) of the alterations to the shop is to be written off.
- d. Goods to the value of Rs.1000 have been destroyed by fire and the insurance Company has admitted the claim for Rs.700.

- e. Bills Receivable include a dishonored Promissory Note for Rs.650.
- f. Stock at the end was Rs.10520.
- g. An intimation from the bank that a customers cheque for Rs.1000 had been dishonoured is still to be entered in the books.

**(Marks:30)**

**QNo.2.** From the following particulars, prepare a bank reconciliation statement as on March 31, 2009.

- (a) Debit balance as per cash book is Rs. 10,000.
- (b) A cheque for Rs. 1,000 deposited but not recorded in the cash book.
- (c) A cash deposit of Rs. 200 was recorded in the cash book if there is not bank, column therein.
- (d) A cheque issued for Rs. 250 was recorded as Rs. 205 in the cash column.
- (e) The debit balance of Rs. 1,500 as on the previous day was brought forward as a credit balance.
- (f) The payment side of the cash book was under cast by Rs. 100.
- (g) A cash discount allowed of Rs. 112 was recorded as Rs. 121 in the bank column.
- (h) A cheque of Rs. 500 received from a debtor was recorded in the cash book but not deposited in the bank for collection.
- (i) One outgoing cheque of Rs. 300 was recorded twice in the cash book.

**(Marks:10)**

**QNo.3 Machinery Account** in the books of a concern was shown as follows—

- i) Balance as at 1<sup>st</sup> January,2009 :Rs.7450
- ii) Purchase of Machinery on July 1, 2009 :Rs.2200
- iii) Sale of Machinery on October,1,2009 : Rs.1000
- iv) The original cost of Machinery sold was Rs.3000 on 1<sup>st</sup> July, 2006
- v) Machinery is being depreciated at 10% per annum on diminishing balance of the asset.

Show the Machinery Account in the books of the concern for the year 2009. The books are closed on 31<sup>st</sup> December each year

**(Marks:10)**

**QNo.4** 'X' owed Rs.1200 on 1<sup>st</sup> Jan,2009 to 'Y'. The following transactions took place between the parties—

|             |   |        |
|-------------|---|--------|
| 2009        |   |        |
| January,16  | Y sold goods                              | Rs.800 |
| January, 29 | Y purchases goods                         | Rs.600 |
| February,10 | Y pays cash                               | Rs.600 |
| February,10 | X accepts a bill drawn by Y for one month | Rs.700 |

It is desired to settle the account between the two parties by one single payment on March 15, 2009 together with interest at 9% p.a. Ascertain the date and the amount and the amount paid.

(Marks:10)

**QNo.5** (a) What is the difference between bill of exchange and Promissory note? Explain.

(Marks:10)

(b) How many days are allowed as grace period while calculating date of maturity of a Bill of Exchange or Promissory note? If the due date falls on a holiday, what shall be the due date of maturity?

(Marks:5)

**QNo.6** What are the reasons for disagreement of trial balance? What are the type of errors which will not be disclosed by the trial balance in spite of the agreement?

(Marks:15)

**QNo.7** (a) What are the grounds on which provision of depreciation is necessary?

(b) What are the various methods for providing depreciation? Explain any two.

(c) What are the entries required to be made on writing off depreciation?

( Marks:15)

**QNo.8** (a) What is the importance of provision & reserve? For what purpose these Provisions and reserve meant for? Give examples.

(b) What is the distinction between Revenue reserve and capital revenue?

( Marks:15)

**QNo.9** Define any five of the following commercial terms-

- (i) Petty cashbook
- (ii) Average Due date
- (iii) Bad debts
- (iv) Opening stock
- (v) Capital expenditure
- (vi) Depreciation
- (vii) Returns outward

(Marks:5)