

Way to Success Model Question Paper



(Based on new Question pattern 2019)

ACCOUNTANCY

Time Allowed: 2.30 Hours]

[Maximum Marks: 90

Part – I

20 x 1 = 20

Choose the most suitable answer from the given four alternatives and write the option code and the corresponding answer.

- Who is considered to be the internal user of the financial information?
 - Creditor
 - Employee
 - Customer
 - Government
- Pick the odd one out from the following.
 - Accountancy
 - Accounting
 - Book keeping
 - Discount
- The rule of stock valuation cost price or realisable value whichever is lower is based on the accounting principle of
 - Materiality
 - Money measurement
 - Conservatism
 - Accrual
- In World Wide International Financial Reporting standards are issued by
 - International Accounting Standard board
 - The cost and Management Accountants of India
 - Supreme Court of India
 - The Institute of Chartered Accountants of India
- Consider the following statement.
Assertion (A) : Every business transactions has a two-fold effect and that if affects two accounts in opposite directions.
Reason (R) : If a complete record is to be made of each such transaction it is necessary to single entry system of account
Select the correct answer :
 - Both (A) and (R) are true and (R) is the correct explanation of (A)
 - Both (A) and (R) are true and (R) is the not the correct explanation of (A)
 - (A) is true but (R) is false
 - (A) is false, but (R) is true
- The correct accounting equation is
 - Capital = Liabilities – Assets
 - Assets = Capital + Liabilities
 - Liabilities = Assets + Capital
 - Capital = Assets + Liabilities
- A firm has assets of Rs.5,00,000 and the external liabilities of Rs.1,80,000. Its capital would be
 - Rs.6,80,000
 - Rs.1,80,000
 - Rs.5,00,000
 - Rs.3,20,000
- The amount brought into the business by the proprietor should be credited to
 - Cash account
 - Drawings account
 - Capital account
 - Suspense account
- The account which has a credit balance and is shown in the credit column of the trial balance is
 - Drawing A/c
 - Sundry debtors A/c
 - Bills receivable A/c
 - Capital A/c
- Purchase of fixed assets on credit basis is recorded in
 - Journal paper
 - Purchases book
 - Purchases returns book
 - Sales book
- The cash book records
 - All cash records
 - All cash payments
 - Both (a) and (b)
 - All credit transactions

12. Match List I with List II and select the correct answer using the codes given below.

List I	List II
i) Purchase book	1) Credit Note No
ii) Cash book	2) Receipt No
iii) Purchase return book	3) Debit Note No
iv) Sales return book	4) Invoice No

Codes :

(i)	(ii)	(iii)	(iv)
1) 2	3	1	4
2) 4	3	2	1
3) 3	1	4	2
4) 1	4	2	3

13. On Jan 1st 2018 Rs.2000 given to petty cashier. He has spent Rs.1,640 during the month of January On Feb 1st to make the impress he will receive cheque Rs._____

- a) Rs.2,000 b) Rs.1,640 c) Rs.1,460 d) Rs.360

14. Debit balance in the bank column of the cash book means

- a) Credit balance as per bank statement b) Debit balance as per bank statements
c) Overdraft as per cash book d) None of the above

15. The total of sales book was overcost. Which of the following accounts. Should be credited in the rectifying journal entry?

- a) Sales book b) Suspense account c) Sundry debtors account d) None of the above

16. **Pick the odd one out from the following :**

- a) Depreciation b) Depletion c) Amortisation d) Office expenses

17. **Match the following.**

- | | | |
|----------------------------------|---|------------------------|
| a) Purchase of goods for resale | - | 1) Capital expenditure |
| b) Rent received | - | 2) Revenue expenditure |
| c) Purchase of land building | - | 3) Revenue Receipt |
| d) Life membership from received | - | 4) Capital receipt |

18. Drawings appearing in the trial balance is

- a) Added to the purchases b) Subtracted from the purchases
c) Added to the capital d) Subtracted from the capital

19. Outstanding salary will appear on

- a) The trading account on the debit side b) The profit and loss account on the credit side
c) The balance sheet on the asset side d) The balance sheet on the liabilities side

20. Customised accounting software is suitable for

- a) Small, conventional business b) Large, medium business
c) Large Typical business d) None of the above

Part – II

Answer any Seven Questions. Question No. 30 is compulsory.

7 × 2 = 14

21. Accounting cycle is the sequence of steps involved in the accounting process. Accounting cycle starts with the identification and recording of financial of transaction of an organization and ends with the preparation of final accounts for the accounting years. What are steps involved in the process of accounting?
22. Accounting principles are the basic norms and assumptions developed and established as the basis for accounting system. The principles are adopted by the accountants universally. Briefly explain about revenue recognition concept.

23. A transaction may have the effect on either side of the equation by the same amount or it may have the effect as one side of the equation only, both increasing and decreasing it by an equal amount. Write any one transaction.
- Decreases the assets and decreases the liabilities
 - Increases one asset and decreases another asset
24. State whether the balance of the following accounts should be placed in the debit or credit column of the trial balance.
- i) Discount received ii) Carriage outwards iii) Capital iv) Drawings
25. Entries in the purchases day book are made from invoices which are popularly known as bills. What is an invoice?
26. Give the format of Three column cash book.
27. A firm purchased a plant for Rs.40,000. Erection charges amounted to Rs.2,000. Effective life of the plant in 5 years. Calculate the amount of depreciation per year under straight line method.
28. To exhibit a true and fair view of probability and state of affairs, proper allocation of capital and revenue items is required. What is meant by deferred revenue expenditure?
29. Prepare trading account in the books of Sivasankar from the following figures.
- | Particulars | Rs. | Particulars | Rs. |
|-------------|--------|---------------|--------|
| Opening | 4,500 | Purchases | 10,500 |
| Sales | 13,800 | Closing stock | 2,580 |
30. Give adjusting entry and transfer entry for interest on drawings Rs.2,000.

Part – III

Answer any seven Questions. Question number 40 is Compulsory.

7 × 3 = 21

31. Read the passage given below and answer the question that follow.
- Source documents are the authentic evidences of financial transactions. These documents show the nature of transaction, the date, the amount and the parties involved. Source documents include cash receipt, invoice, debit note, credit note, pay-in-slip salary bills, wage bills, cheque record slips, etc.,
- Questions :**
- In which source document used for credit sales.
 - In which source document used cash paid in the bank?
 - Receipt is an acknowledgement for_____
32. Write a brief note on accounting standards.
33. Journal is the book of prime entry. But ledger is the essential book of account. Write any three differences between these two.
34. **Give journal entries and post them to cash account.**
- 2016 June 1 Commenced business with cash Rs.1,10,000
 June 24 Withdrawn for personal use Rs.20,000
 June 10 Introduced additional capital Rs.50,000
36. Give three examples for Revenue receipt.
37. Calculate the rate of depreciation under Straight line method.
 Purchase price of a machine Rs.80, 000

Expenses to be capitalized Rs.8,000
 Estimated residual value Rs.8,000
 Expected useful life 10 years

35. Complete the following entries.

Date	Particulars	L.F	Debit Rs.	Credit Rs.
2018 Jan 1	_____ A/c Dr To Rasi & Co A/c (Bills received for the amount due)	-	40,000	-
5	_____ A/c Dr Discount A/c Dr To Rasi & Co A/c (Bills received for the amount due)	-	39,000 -	- 40,000
15	_____ A/c Dr To Bank A/c (Bills discounted with bank dishonoured)	-	-	40,000

38. Read the passage given below and answer the question that follow.

Kumar started business for buying and selling of book with Rs.5,00,0000 as an initial investment of which he paid Rs.2, 00, 000 for purchasing books and Rs.5,000 paid to carriage toward. He employed a clerk for his business. At the end of the year he paid Rs.6,000 as salary. Some books Rs.3,00,000. At the end of year unsold stock of goods value is being Rs.1,00,000.

Questions :

- What is the amount of capital with which kumar started business?
- What is the value of direct expenses paid?
- In which amount of value of the unsold stock of books year ending?
- How much amount of earned gross profit of the business?

39. Complete the following journal entries.

Date	Particulars	L.F.N	Debit Rs.	Credit Rs.
2018 March 31	Salary A/c Dr To _____ (Salary outstanding adjusted)		3,000	-
31	_____ A/c Dr To Insurance premium A/c (Insurance premium paid in advance Rs.2,000 adjusted)		-	-
31	_____ A/c Dr To Commission received in advance A/c (Commission received in advance adjusted)		3,500	-

40. What are the various types of accounting software?

Part – IV

Answer all the Questions.

7×5 = 35

41. a) What will be the effect of the following on the accounting equation?

- i) Sunil started business with Rs.1,40,000 cash and goods worth Rs.60,000
- ii) Purchased furniture worth Rs.20,000 by cash.
- iii) Deposited into bank Rs.40,000
- iv) Sold goods to Ravi costing Rs.10,000 from Rs.15,000
- v) Goods returned by Ravi Rs.5,000

(or)

b) Sekar is a sole proprietor having a provisions store. Following are the transactions during the month of January, 2018. Journalise them.

	Rs.
Jan 1 Commenced business with cash	40,000
2 Deposited cash with bank	20,000
3 Purchased good by paying cash	2,500
4 Purchased goods from Lakshmi & Co on credit	5,000
5 Sold goods to Prasath and received cash	5,500
6 Paid salaries by cash	2,500
7 Paid Lakshmi & Co. by cheque for the purchases made on 4 th January	
8 Bought furniture by cash	2,000
9 Paid electricity charges by cash	500
10 Bank paid insurance premium on furniture as per standing instructions	150

42. Sekar has a hotel. The Following transactions took place in his business. Journalise them.

	Rs.
Jan 1 Started business with cash	3,00,000
2 Purchased goods from Rajiv on credit	1,00,000
3 Cash deposited with the bank	2,00,000
4 Borrowed loan from bank	1,00,000
5 Withdrew from bank for personal	800
6 Amount paid to Rajiv in full settlement through NEFT	99,000
7 Paid club bill of the proprietors by cheque	200
8 Paid electricity bill of the proprietors house through debit card	2,000
9 Lunch provided at free of cost to a charity	1,000
10 Bank levied charges for locker rent	1,000

(or)

b) The following balances appeared in the books of Vinoth on Jan. 2018.

Assets : Cash Rs.80,000 ; Stock Rs.1,00,000 ; Amount due from Ram Rs.40,000 ;
Machinery : Rs.80,000 ;

Liabilities : Amount due to Vijay Rs.20,000

Pass the opening journal entry and prepare necessary ledger accounts in the books of Vinoth.

43. a) The following balances are extracted from the books of Prabhu as on 31st March, 2017.

Prepare trial balance and transfer the difference if any to suspense account.

Particulars	Rs.	Particulars	Rs.
Discount allowed	250	Loan borrowed	7,000
Cash in hand	4,200	Lighting	12,000
Capital	50,000	Commission paid	3,000

Salaries	12,000	Purchases	29,050
Furniture	7,500	Sales	35,000

(or)

b) From the following information prepare on analytical petty cash book under impress system.

2017		Rs.
Oct 1	Receive advance from cashier	1200
7	Paid for writing pads and registers	80
8	Purchased white papers	40
10	Paid auto charges	130
15	Paid wages	180
18	Postal charges	75
21	Purchased stationery	300
23	Tea expenses	40
25	Paid for speed post	100

44.a) Enter the following transactions in a single column cash book of Mr.Paramasivam for the month of June, 2017.

June 1	Started business with cash	75,000
8	Paid rent in cash	6,000
10	Purchased printer for cash	10,750
11	Cash purchases	22,500
14	Cash sales	15,000
17	Commission received in cash	9,000
19	Interest paid for loan in cash	3,000
20	Cash withdrawn for personal use	4,500
21	Paid speed post charges in cash	5,250

(or)

a) The following errors were located at the time of preparation of the trial balance. Rectify them.

- Sale of goods to Akila on credit for Rs.1520 posted to her account as Rs.1250
- Bought goods from Narendran on credit for Rs.5500, credited to his account as Rs.5050.
- Purchase of furniture from Ravivarman for Rs.404 on credit were debited to furniture account as Rs.440
- Purchased machinery for cash Rs.2000 was not posted to machinery account.
- The total of purchases book Rs.899 was carried forward as Rs.989.

45. a) From the following particulars of Raheem traders, prepare a bank reconciliation statement as on 31st March, 2018.

- Overdraft as per cash book Rs.2500
- Debit side of cash book was under cast by Rs.700
- Amount received by bank through RTGS amounting to Rs.2,00,000 omitted in the cash book.
- Two cheques issued for Rs.1800 and Rs.2000 on 29th March 2018. Only the second cheque is presented for payment.
- Insurance premium on car for Rs.1000 paid by the bank as per standing instruction not recorded in the cash book.

(or)

b) Classify the following receipts into capital and revenue.

- i) Sale proceeds of goods Rs.75,000
- ii) Loan borrowed from bank Rs.2,50,000
- iii) Sale of investment Rs.1,20,000
- iv) Commission received Rs.30,000
- v) Rs.1,400 wages paid in connection with the erection of new machinery.

46. a) Rahul purchased machinery on April 1, 2014 for Rs.2,00,000. On 1st October 2015, a new machine costing Rs.1,20,000 was purchased on 30th September 2016, the machinery purchased on April 1, 2014 was sold for Rs.1,20,000. Books of accounts are closed on 31st March every year and depreciation is to be provided at 10% p.a. on straight line method. Prepare machinery account and depreciation account for the years 2014-15 to 2016-2017.

(or)

b) The following balances were extracted from the books of Thomas as on 31st March, 2018.

Particulars	Rs.	Particulars	Rs.
Purchases	75,000	Capital	60,000
Returns inward	2,000	Creditors	30,000
Opening stock	10,000	Sales	1,20,000
Freight inwards	4,000	Returns outward	1,000
Wages	2,000		
Investments	10,000		
Bank charges	1,000		
Land	30,000		
Machinery	55,000		
Cash in hand	22,000		
	2,11,000		2,11,000

Additional Information :

- a) Closing stock Rs. 9,000
 - b) Outstanding wages Rs. 1,000
 - c) Interest accrued on investment Rs. 2,000
- Prepare trading, profit and loss account and balance sheet.

47. a) Complete the salesbook of Mrs. Sathya from the following details.

Date	Particulars	Invoice No.	L.F	Amount	
				Details	Total
2018 June 5	Aravind & Co Madurai 20 tables @ Rs.1500 per tables 20 chairs @ Rs.850 purchases			30,000 -----	43,200
	Less : Trade discount 10%			-----	
10	Baskar & Co Trichy 15 Almirahs @ Rs.4800 10 Tables @ Rs.4150			----- 41,500	
	Less : Trade discount 5%			98,500 -----	

20	Gopinath & Co Sivakasi 10 Tables @ Rs.3,750 25 Almirahs @ Rs.5,500			----- 1,37,500 -----	
	Less : Trade discount 5% 1,75,000 x 5/100			----- -----	-----
	Sales A/c	Cr.			3,02,125

(or)

b) Determine the missing figure of three column cash book of Chozhan.

2017		Rs.
April 1	Chozhan started business with cash	50,000
2	Opened a current account with a bank	32,000
10	Cash sales	14,000
11	Cash paid into the bank	10,000
19	Purchased computer for office use by cheque	24,000
22	Withdrawn cash from bank	9,000
25	Purchased goods by cheque	7,600
27	Interest on overdraft charged by the bank	350
28	Paid salary by ECS to employees	30,000

In the books of Chozhan Three column cash book

Date	Particulars	R · N	L · F	Amount Rs.			Particulars	V · N	L · F	Amount Rs.		
				Discount allowed	Cash	Bank				Discount allowed	Cash	Bank
2017							2017					
Apr 1	Chozhan Capital A/c				50,000		Apr 2	By Bank A/c				
2	To _____ A/c		C			32,000	11	By Bank A/c			10,000	
10	To Sales A/c			14,000			19	By Computer A/c				24,000
11	To Cash A/c		C				22	By _____ A/c		C		
22	To Bank A/c		C				25	By Purchase A/c				
							27	By interest on Overdraft A/c				
Ap 30	To Balance C/d						28	By Salary A/c				30,000
					73,000	70,950	30	By Balance B/d			73,000	70,950
May 1	To Balance B/d				31,000		May 1	By Balance B/d				28,950
