

Time : 3 hours.

1. Gross loss is ascertained from
(a) balance sheet (b) trial balance
(c) trading account (d) profit and loss account
2. Carriage outward is a/an
(a) asset (b) liability
(c) direct expense (d) indirect expense
3. Minimum amount for opening a fixed deposit account in a bank is
(a) ₹ 100 (b) ₹ 500
(c) ₹ 1,000 (d) ₹ 5,000
4. Agricultural banks provide
(a) only short term loan (b) only long term loan
(c) both short and long term loan (d) no loan
5. Debiting bank account in the cash book means the bank balance will
(a) increase (b) decrease
(c) neither increase nor decrease (d) either increase or decrease
6. How many parties are there in the bills of exchange?
(a) one (b) two
(c) three (d) four
7. If the due date has been declared as emergency holiday, the due date will be
(a) same day (b) one day later
(c) one day before (d) after three days

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|-----|---|--------------------------|
| 8. | Debiting wages account for wages paid for construction of building is | 1 |
| (a) | errors of omission | (b) errors of commission |
| (c) | errors of principle | (d) compensating error |
| 9. | According to diminishing balance method, depreciation is charged on assets at | 1 |
| (a) | original cost | (b) written down value |
| (c) | market value | (d) average cost |
| 10. | Increase and decrease in the market value of an asset is known as | 1 |
| (a) | obsolescence | (b) depletion |
| (c) | amortization | (d) fluctuation |

Answer the questions in about 20-30 words:

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|-----|--|---|
| 11. | What is a balance sheet? | 2 |
| 12. | What is meant by plus balance? | 2 |
| 13. | Mention any two types of payment made by the bank on our behalf. | 2 |
| 14. | Write any two ledger accounts which will have credit balance. | 2 |
| 15. | What is meant by errors of principle? | 2 |
| 16. | Define depreciation according to Accounting Standard. | 2 |

Answer the questions in about 30-50 words:

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|-----|---|--------|
| 17. | Explain any three points of importance of trading account. | 3 |
| 18. | Write any three features of balance sheet and explain briefly. | 3 |
| 19. | Explain the disadvantages of current account. | 3 |
| 20. | Mention any three advantages of bill of exchange and explain them. | 3 |
| 21. | Explain any three disadvantages of straight line method. | 3 |
| 22. | Write short notes on:
a) depletion b) amortization c) obsolescence | 1x3= 3 |

Answer the questions in about 70-100 words:

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|--------|---|---|
| 23. a. | Explain any five points to be considered while preparing final account. | 5 |
| | Or | |

- b. Prepare trading, profit and loss account and balance sheet as on 31st March 2017 from the following balances of M/s Kevi Bros.

Particulars	Debit `	Credit `
Capital	-	20,000
Purchases and sales	15,000	21,000
Wages	750	-
Carriage and cartage	500	-
Salaries	980	-
Trade expenses	650	-
Cash at bank	6,600	-
Bills receivable and bills payable	4,120	2,600
Stock	13,000	-
Drawings	2,000	-
	43,600	43,600

Closing stock was valued at ` 12,000.

24. a. Explain any five types of accounts that can be opened in the bank. 5
Or
b. What is E-banking? Explain the benefits of E-banking to service provider banks. (2+3 = 5)
25. a. Explain the importance of bank reconciliation statement. 5
Or
b. From the following information, prepare a bank reconciliation statement as on 31st December 2017. Cash book showed a balance of ` 25,000 on 31st December 2017. On comparing the same with the balance of pass book, it was revealed that:
i) A cheque of ` 2,500 issued in the month of December 2017 has not been presented for payment to the bank
ii) The customer deposited cheques worth ` 5,000 but they have not been collected by the bank
iii) The bank has allowed ` 250 as interest
iv) Bank had charged ` 70 as commission for his services.
26. a. Explain any five elements of bills of exchange. 5
Or
b. Alo received from Akho an acceptance for ` 3,000 on 1st September 2017 for three months. Alo got the due acceptance and discounted at 9% per annum at his bank. On the due date Akho paid the required amount.
Pass journal entries in the books of Alo and Akho.
27. a. Explain the effects of errors and their rectification on profit and loss account and balance sheet. 5
Or

- b.** There was an error in records on 31st March 2017 and the difference in books was carried to a suspense account. On going through the books, you find that:
- i) ` 5,400 received from Mr. A was posted to the debit of his account
 - ii) ` 1,000 being purchases return were posted to the debit of purchases account
 - iii) Discount received ` 2,000 was posted to the debit of purchases account
 - iv) ` 2,740 paid for repairs to motor car was debited to motor car account as
` 1,740
 - v) ` 4,000 paid to B was debited to A's account.

Write journal entries to rectify the above errors.

28. **a.** Explain any five limitations of written down value method.

Or

5

- b.** Atok traders purchased a second hand machinery on 1st January, 2013 for
` 23,000 and spent ` 2,000 on its repairs. It was decided to depreciate the
machinery @ 20% every year according to diminishing balance method.

Prepare the machinery account for the first 4 years assuming the
books are closed on 31st December every year.
