

2018
BOOK-KEEPING & ACCOUNTANCY

Total marks : 70

Time : 3 hours.

General instructions:

i) *Approximately 15 minutes is allotted to read the question paper and revise the answers.*

ii) *The question paper consists of 28 questions. All questions are compulsory.*

iii) *Internal choice has been provided in some questions.*

iv) *Marks allocated to every question are indicated against it.*

N.B: Check that all pages of the question paper is complete as indicated on the top left side.

Choose the correct answer from the given alternatives:

1. Net profit is ascertained from **1**
(a) trading account (b) profit and loss account
(c) balance sheet (d) trial balance

2. Stock is valued at cost price or market price whichever is **1**
(a) fluctuating (b) higher
(c) lower (d) constant

3. This bank helps in the payment of foreign trade **1**
(a) central bank (b) indigenous bank
(c) exchange bank (d) commercial bank

4. Before independence, Seths, Sahukars, Mahajans, Sardars etc. operates **1**
(a) agricultural banks (b) indigenous banks
(c) commercial banks (d) co-operative banks

5. Pass book is **1**
(a) the copy of the customer's ledger account maintained by the bank
(b) the copy of banking transactions entered in the cash book
(c) the record of all cash transactions
(d) none of the above

6. Discounting of a bill is calculated between **1**
(a) date of drawing and discounting (b) January 1 to December 31
(c) April 1 to March 31 (d) discounting and due date

7. The payment of promissory note is made by its 1
(a) maker (b) payee
(c) drawer (d) bank
8. Salaries paid to Alex amounting to ` 700 will be debited to 1
(a) salaries account (b) Alex's account
(c) cash account (d) capital account
9. The loss in the value of intangible assets is termed as 1
(a) depletion (b) fluctuation
(c) amortization (d) obsolescence
10. According to straight line method, depreciation is calculated on 1
(a) market value (b) original cost
(c) opening balance (d) closing balance

Answer the questions in about 20-30 words:

11. Write the meaning of profit and loss account. 2
12. What is meant by bank reconciliation statement? 2
13. What is dishonouring of a cheque? 2
14. Mention the two errors of omission. 2
15. What is suspense account? 2
16. What is diminishing balance method? 2

Answer the questions in about 30-50 words:

17. Write and explain any three purposes of profit and loss account. 3
18. Explain any three needs of trading account. 3
19. Explain the advantages of opening current account. 3
20. What is promissory note? Explain the parties of a promissory note. 1+2= 3
21. Explain any three causes for depreciation. 3
22. State three factors affecting the amount of depreciation. 3

Answer the questions in about 70-100 words:

23. a. Explain five differences between profit and loss account and balance sheet.

Or

b. Prepare trading, profit and loss account and balance sheet from the following trial balance of Nagaland Furniture Mart as on 31st March 2015.

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Particulars	Debit `	Credit `
Capital	-	29,000
Drawings	750	-
Purchases and sales	8,900	15,000
Stock	1,600	-
Wages	2,000	-
Carriage	800	-
Debtors and creditors	8,000	2,700
Advertisement	450	-
Building	22,000	-
Salaries	2,200	-
	46,700	46,700

Closing stock was estimated at ` 1,500.

24. a. Explain any five advantages of E-banking to the customers.

Or

b. Explain any five differences between current account and saving account.

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25. a. Explain the various steps for preparing bank reconciliation statement.

Or

b. Following information has been given by Mr. Tom. Prepare a bank reconciliation statement as on 31st December 2013, showing balance as per cash book:

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- i) Debit balance shown by the pass book ` 17,800
- ii) Cheque of ` 21,600 was issued in the last week of December, but out of these ` 14,800 only were presented for payment
- iii) A cheque of ` 1,200 was debited in the cash book but was not presented in the bank
- iv) Insurance premium paid by bank ` 1,450
- v) Bank charges and interest charged by the bank are ` 350.

26. a. Explain any five characteristics of bills of exchange.

Or

b. On 3rd April, Lima draws a bill on Avi for ` 1,000 payable after two months. Avi accepted and returned it to Lima. Lima discounts it with his bankers for ` 960. On due date, the bill was honoured.

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Pass journal entries in the books of Lima and Avi.

27. a. Explain the errors which are not detected by trial balance.

Or

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b. A book-keeper finds that the trial balance is out by excess debit of ` 500. He puts the differences to a newly opened suspense account. Later, he detects the following errors:

- i) Goods worth ` 15,000 purchased from X, but entered in the sales book
- ii) An item of ` 3,500 relating to prepaid rent account was omitted to be brought forward
- iii) An item of ` 2,000 in respect to purchase returns to Z had been wrongly entered in the purchase book. However, Z's account was correctly prepared
- iv) ` 5,000 paid to Hari against acceptance was debited to Pete
- v) A bill was received for repairs of furniture account for ` 2,500. The amount was debited to furniture account.

Pass journal entries to rectify the above errors.

28. a. Explain the importance of charging depreciation.

Or

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b. A firm purchased a machinery from abroad for ` 10,000 on 1st January, 2008. Shipping and forwarding charges amounted to ` 2,000, import duty ` 7,000 and installation expenses ` 1,000. The firm decided to write off depreciation @ 10% on diminishing balance method. Show machinery account for the first 4 years assuming that the books are closed on 31st December every year.
