

KOTHARI INTERNATIONAL SCHOOL, NOIDA
ANNUAL EXAMINATION, SESSION: 2023-24
GRADE: 12 SUBJECT: ACCOUNTANCY (055)
SET B

DAY & DATE: MONDAY - FEBRUARY 12, 2024

MAXIMUM MARKS: 80

NAME: _____

TIME ALLOTTED: 3 HOURS

ROLL NO: _____

GENERAL INSTRUCTIONS:

- i). *This question paper contains 34 questions. All questions are compulsory.*
- ii). *Question Nos.1 to 20 carries 1 mark each.*
- iii). *Questions Nos. 21 to 26 carries 3 marks each.*
- iv). *Questions Nos. 27 to 29 carries 4 marks each*
- v). *Questions Nos. 30 to 34 carries 6 marks each*
- vi). *There is no overall choice. However, an internal choice has been provided in 7 questions of one mark, 2 questions of three marks, 1 question of four marks and 2 questions of six marks.*

Q1. Bills is an accounting term for bills of exchange drawn on received by way of endorsement from them. **(1)**

- (a) payable, debtors
- (b) receivable, creditors
- (c) payable, creditors
- (d) receivable, debtors

OR

Stores is one of the accounting terms used to describe certain kind of materials in the production process. Which of the following is an example of stores?

- (a) Lubricants
- (b) Spare parts of machinery
- (c) Packing materials
- (d) All of the above

Q2. Match the columns: **(1)**

| Column I | Column II |
|--------------------|--|
| A. Workers | (i) External users |
| B. Employee unions | (ii) Internal users |
| C. Relevancy | (iii) Available in t |
| D. Comparability | (iv) Common period related information |

- (a) (i) (ii) (iii) (iv)
- (b) (i) (ii) (iv) (iii)
- (c) (ii) (i) (iii) (iv)
- (d) (ii) (i) (iv) (iii)

Direction Read the following case study and answer questions 3 to 5 on the basis of the same.

Golu Plastic Ltd (GPL) is a leading plastic articles manufacturing company. It was listed on Indian stock market in 1999. The founders and promoters of the company hold the highest number of shares of the company, approximately around 55%. All these founders belong to a single family. Unfortunately, all of them died in a car accident recently. However, the company continued to exist and grow. In the year 2004, the company imported multiple machines for producing low-cost plastic sheets. The machines were recorded at the price prevailing in 2004 and have been subjected to depreciation year on year based on written down value method. The depreciation is treated as a non-cash expense while preparing the cash flow statement. When GST was implemented in 2017, it benefitted the company by streamlining the processes. A single rate of GST was charged on the supply of the goods and the process of filing was very simple.

- Q3.** Which principle is highlighted in the fact that the company continued even after death of the founders? **(1)**
- (a) Business entity principle
 - (b) Money measurement principle
 - (c) Duality principle
 - (d) Historical cost principle
- Q4.** Which principle is highlighted in the line, “The machines were recorded at the price prevailing in 2004”? **(1)**
- (a) Full disclosure principle
 - (b) Conservatism principle
 - (c) Duality principle
 - (d) Historical cost principle
- Q5.** Which principle/concept is highlighted in the line,” ... and have been subjected to depreciation year on year based on written down value method.”? **(1)**
- (a) Full disclosure principle
 - (b) Business entity principle
 - (c) Consistency concept
 - (d) Accrual concept
- Q6.** In, unpaid expenses are recorded in books of accounts. **(1)**

- (a) cash basis of accounting
- (b) accrual basis of accounting
- (c) Both (a) and (b)
- (d) Can't be determined

OR

Which basis of accounting makes a distinction between revenue and capital items?

- (a) Cash basis of accounting
- (b) Accrual basis of accounting
- (c) Both (a) and (b)
- (d) Can't be determined

Q7. **Direction:** There are two statements marked as Assertion (A) and Reason (R). Read the statements and choose the appropriate option from the options given below. **(1)**

- (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
- (b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A)
- (c) Assertion (A) is true, but Reason (R) is false
- (d) Assertion (A) is false, but Reason (R) is true

Assertion (A) A business transaction may result in change in either assets, liabilities or capital of firm and as a result, the total assets might not equate with total of liabilities and capital.

Reason (R) If a business transaction results in increase of assets, there will also be a corresponding increase in amount of either capital or liabilities by same amount.

Q8. What will be the effect on accounting equation for outstanding expenses? (Options are in format of assets, liabilities, capital). **(1)**

- (a) Decrease, Decrease, No change
- (b) Decrease, No change, Decrease
- (c) No change, Increase, Decrease
- (d) Decrease, Increase, Decrease

OR

For which of the following transactions, capital account will be increased and decreased by the same amount?

- (a) Income received in advance
- (b) Outstanding expenses paid
- (c) Interest on drawings provided
- (d) Bad debts on insolvency of a debtor

Q9. What will be the journal entry if goods of ₹20,000 are purchased for cash from Surbhi? (1)

- (a) Goods A/c Dr ₹20,000 To Surbhi A/c ₹20,000
- (b) Purchases A/c Dr ₹20,000 To Surbhi A/c ₹20,000
- (c) Purchases A/c Dr ₹20,000 To Cash A/c ₹20,000
- (d) None of the above

OR

If goods of ₹20,000 are purchased on credit from Rati, the

- (a) Purchases account is debited with ₹20,000 and Rati account is credited with ₹20,000.
- (b) Purchases account is debited with ₹20,000 and Cash account is credited with ₹20,000.
- (c) Rati account is debited with ₹20,000 and Purchases account is credited with ₹20,000.
- (d) None of the above

Q10. How will goods sold on credit to Varun on 5th August be recorded in the cash book? (1)

- (a) ₹5,000 will be recorded on the debit side of the cash book.
- (b) ₹5,000 will be recorded on the credit side of the cash book.
- (c) it won't be recorded in the cash book.
- (d) None of the above

Q11. If a cheque of ₹25,000 is deposited on the same day, it is received and eventually the cheque is dishonoured, it will be recorded as (1)

- (a) Debtor A/c Dr ₹25,000 To Bank A/c ₹25,000
- (b) Bank A/c Dr ₹25,000 To Debtor A/c ₹25,000
- (c) Debtor A/c Dr ₹25,000 To Cash A/c ₹25,000
- (d) None of the above

Q12. There is a wrong entry on the credit side of the pass book worth ₹990. How will it be treated for the purpose of bank reconciliation statement? (1)

- (a) ₹990 will be deducted from the balance as per cash book.
- (b) ₹990 will be added to the balance as per pass book.
- (c) ₹990 will be added to the balance as per cash book.
- (d) None of the above

OR

The bank pass book of KYA Ltd. had an overdraft of ₹20,000. Interest on overdraft was ₹2,000. Insurance premium paid by the bank was ₹200. What is the balance as per cash book?

- (a) ₹22,200 overdraft
- (b) ₹22,200 favourable balance
- (c) ₹17,800 overdraft
- (d) ₹17,800 favourable balance

Q13. Which of the following is/are the advantage(s) of written down value method? (1)

- (a) It results into almost equal burden of depreciation and repair expenses taken together every year on profit and loss account
- (b) Income Tax Act accept this method for tax purposes
- (c) As a large portion of cost is written-off in earlier years, loss due to obsolescence gets reduced
- (d) All of the above

OR

A machine is purchased for ₹50,000 and is expected to have a useful life of 10 years. At the end of 10th year it is expected to have a sale value of ₹6,000 but expenses related to its disposal are estimated at ₹1,000. Then its depreciable cost is

- (a) ₹45,000
- (b) ₹50,000
- (c) ₹44,000
- (d) None of these

Q14. **Direction:** There are two statements marked as Assertion (A) and Reason (R). Read the statements and choose the appropriate option from the options given below: (1)

- (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
- (b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A)
- (c) Assertion (A) is true, but Reason (R) is false
- (d) Assertion (A) is false, but Reason (R) is true

Assertion (A) Provisions are created by crediting the profit and loss account.

Reason (R) The amount of provision for expense and loss is a charge against the revenue of the current period.

Q15. Which of the following correctly differentiates between provision and reserves? (1)

- (a) A provision is a charge against profit whereas reserve is an appropriation of profit.
- (b) Provision is made for a known liability or expense the amount of which is not certain whereas reserve is created for strengthening the financial position of the business.
- (c) Provision is deducted before calculating taxable profits whereas a reserve is created from profit after tax and therefore it has no effect on taxable profit.
- (d) All of the above

Q16. Match the following:

(1)

| | |
|--|---|
| 1. if ₹5,000 is received as rent and correctly entered in the cash book are not posted to rent account, its effect on trial balance would be | a. Debit side of trial balance will exceed by ₹5,000 |
| 2. if ₹5,000 is received as rent and correctly entered in the cash book and posted to credit of rent account, its effect on trial balance would be | b. Credit side of trial balance will exceed by ₹5,000 |
| | c. Trial balances will not agree. |
| | d. Trial balances will agree. |

Q17. The Trial balance of a firm shows Debtor ₹30000, Bad debts ₹200 and Provision for doubtful debts at ₹1400. A 10% provision for doubtful debts is to be created on debtors. The profit and loss account for the current year is to be debited by:

(1)

- (a) ₹3200
- (b) ₹3000
- (c) ₹4600
- (d) ₹1800

Q18. If Gross profit is ₹10000 and the net profit is 25% of Gross profit. The Indirect expenses will be:

(1)

- (a) ₹2500
- (b) ₹3500
- (c) ₹7500
- (d) ₹9000

OR

Calculate Gross profit if rate of gross profit is 20% on cost of goods sold and cost of goods sold is ₹120000.

- (a) ₹24000
- (b) ₹15000

- (c) ₹10000
- (d) ₹14000

Q19. Calculate Gross profit if rate of gross profit is 10% on sales and cost of goods sold is ₹90000. (1)

- (a) ₹10000
- (b) ₹8000
- (c) ₹9000
- (d) None of these

Q20. The system of accounting which is not based on dual aspect of accounting is : (1)

- (a). Double Entry system
- (b). Single entry system
- (c). No entry system
- (d). None of the above

Q21. Classify the following Accounts under Modern Approach (C.L.E.A.R. concept). (3)

- (a) Cash paid for Tools
- (b) Bank Overdraft
- (c) Prepaid Insurance
- (d) Bank Account
- (e) Expenses Outstanding
- (f) Printing and Stationery

Q22. Fill in the Blanks: (3)

- (a) If a firm assumes that some of its debtors may default, it should act on this by making sure that all possible losses are recorded in the books. This is an example of the principle of
- (b) The fact that the business is separate and distinguishable from its owner is best defined by the Principle.
- (c) Everything a firm owns, it also owns out to somebody. This coincidence is explained by the Principle.
- (d) A firm may hold stock which is heavily in demand. Consequently, the market value of this stock may be increased. Normal accounting procedure is to ignore this because of the principle of
- (e) If a firm receives an order for goods, it would not be included in the sales figure owing to the principle.
- (f) The management of the firm is remarkably incompetent, but it cannot be recorded in books of accounts because of concept.

Q23. From the following balances, taken from the books of M/s Dwarka Parshad & Sons as at 31st March 2017, prepare a Trial Balance in proper form:– (3)

| Name of Accounts | ₹ | Name of Accounts | ₹ |
|---------------------|----------|------------------|--------|
| Cash in Hand | 4,500 | Machinery | 24,000 |
| Bank Overdraft | 8,000 | Land & Buildings | 50,000 |
| Opening Stock | 20,000 | Debtors | 18,400 |
| Purchases | 80,000 | Creditors | 8,500 |
| Purchases Returns | 2,000 | Bills Receivable | 2,850 |
| Sales | 1,30,000 | Bills Payable | 1,650 |
| Sales Returns | 5,000 | Capital | 60,000 |
| Travelling Expenses | 1,800 | Drawings | 6,000 |
| Discount Allowed | 600 | Rent | 3,700 |
| Discount Received | 1,500 | Salaries | 3,600 |
| | | Loan (Cr.) | 10,000 |
| | | Interest on Loan | 1,200 |

Q24. Pass the necessary Journal entries to rectify the following errors: (3)

- Credit sale of ₹570 to Mohan was recorded as ₹750.
- Credit sale of ₹850 to Sohan was recorded as sale to Mohan.
- Credit sale of ₹850 to Meenu was recorded as sale to Meena as ₹580.

Q25. Calculate closing stock from the following details: (3)

| | ₹ |
|---------------|-----------|
| Opening Stock | 4,80,000 |
| Purchase | 13,60,000 |
| Sales | 19,50,000 |

Gross Profit is 30% on Cost.

OR

From the following information, determine Gross Profit for the year ended 31st March, 2019:

| | ₹ | | ₹ |
|---------------------------------|----------|----------------------------------|----------|
| Opening Stock (1st April, 2018) | 25,000 | Goods purchased during the year | 1,40,000 |
| Freight and Packing | 10,000 | Closing Stock (31st March, 2019) | 30,000 |
| Sales | 1,90,000 | Packing Expenses on Sales | 6,000 |

Q26. Extract of a Trial Balance as at March 31, 2017 is as follows: (3)

| | |
|------------------------------|-----------|
| Sundry Debtors | ₹1,02,000 |
| Bad Debts | ₹1,400 |
| Provision for doubtful debts | ₹3,400 |

Additional**information:**

A debtor of ₹2,000 could not be recovered. It is decided to maintain Provision for Doubtful Debtors @ 5% on Debtors and Provision for Discount at @ 2%.

How these adjustments will be shown in Financial Statements?

OR

Give Journal Entries for the following adjustments in final accounts:

Extract of Trial Balance as on 31st March, 2019

| Particulars | Debit ₹ | Credit ₹ |
|------------------------------|----------|----------|
| Sundry debtors | 6,60,000 | |
| Bad debts | 15,000 | |
| Provision for doubtful debts | | 40,000 |

Additional Information:

- (a). Additional Bad Debts ₹20,000.
- (b). Maintain the provision for doubtful debts @ 5% on debtors.

Q27. Journalise the following transactions in the books of Prakash:

(4)

- (a) Opened a current account with Punjab National Bank ₹1,00,000.
- (b) Received a cheque of ₹12,900 from Chandradev and allowed discount ₹300 to him. The cheque was deposited into Bank on the same day.
- (c) Purchased machinery for ₹1,00,000, payment made by cheque. Installation charge of machinery ₹6,000 paid in cash.
- (d) Purchased a horse for business for ₹20,000.
- (e) Sold goods to Gokul at a list price of ₹4,000. Trade discount 10% and cash discount 5%. He paid the amount on the same day and availed the cash discount.
- (f) Purchased goods for ₹10,000 and paid ₹400 for carriage on these goods.
- (g) Additional cash introduced by the proprietor ₹40,000.
- (h) Purchased stationery ₹800 and postal stamps ₹100.

OR

Journalise the following transactions:—

| | | ₹ |
|------|---|----------|
| (a). | Charge depreciation on Machinery | 20,000 |
| (b). | Salary due to Office Clerks | 1,00,000 |
| (c). | Received cash for Bad-Debts written off last year | 5,000 |

| | | |
|------|--|--------|
| (d). | Purchased goods from Ashok & Co. for ₹50,000 at 20% Trade Discount. Half the payment was made in cash. | |
| (e). | Issued cheque to Ashok & Co. in full settlement | 19,500 |
| (f). | Paid Life Insurance Premium by cheque | 6,000 |
| (g). | Proprietor used goods for household purposes | 20,000 |
| (h). | Goods given free to a hospital out of business | 10,000 |

Q28. The following balances appear in the books of Y Ltd: (4)

| | |
|---|----------|
| | ₹ |
| Machinery A/c as on 1-4-2014 | 8,00,000 |
| Provision for Depreciation A/c as on 1-4-2014 | 3,10,000 |

On 1-7-2014, a machinery which was purchased on 1-4-2011 for ₹1,20,000 was sold for ₹50,000 and on the same date another machinery was purchased for ₹3,20,000. The firm has been charging depreciation at 15% p.a. on Original Cost Method and closes its books on 31st March every year.

Prepare the Machinery A/c and Provision for Depreciation A/c for the year ending 31st March 2015.

Q29. Mr. Vasudev does not keep proper records of his business. He provided following information. You are required to prepare a statement showing the profit or loss for the year. (4)

| | |
|---|-----------|
| | ₹ |
| Owner's Equity at the beginning of the year | 15,00,000 |
| Bills Receivable | 60,000 |
| Cash in hand | 80,000 |
| Furniture | 9,00,000 |
| Building | 10,00,000 |
| Creditors | 6,00,000 |
| Stock in trade | 2,00,000 |
| Further capital introduced | 3,20,000 |
| Drawings made during the period | 80,000 |

Q30. Show an Accounting Equation on the basis of the following transactions: (6)

| | |
|---|----------|
| | ₹ |
| (a). Sunil started business with cash | 1,50,000 |
| (b). Opened a Bank Account by depositing ₹25,000 out of cash | |
| (c). He sold his personal car for ₹50,000 and deposited the amount in the firm's Bank Account | |
| (d). He purchased a building and furniture for | 1,00,000 |
| (e). He purchased goods from Ram on credit | 50,000 |
| (f). He paid cartage | 500 |
| (g). He sold to Shyam on credit goods costing ₹6,000 for | 9,000 |
| (h). Received rent from tenants | 1,000 |

| | | |
|------|--|--------|
| (i). | Received security deposit from tenants | 1,500 |
| (j). | Purchased stationery for cash | 100 |
| (k). | Invested in shares (personal) | 50,000 |

- Q31.** Write the following transactions in a Two Column Cash Book and balance the Cash Book:– (6)
(Journal Proper not required)

| 2016 | |
|-------|---|
| May 1 | Cash at office ₹72. Bank overdraft ₹1,250. |
| 4 | Received from Prem Chand a cheque for ₹1,875 in full settlement of his account of ₹1,900. The cheque was banked on the same day. |
| 5 | Bought goods and paid by cheque ₹500. |
| 6 | Narinder settled his account of ₹700 by a cheque. This was banked on the same day. |
| 9 | Paid to Manohar Lal by a cheque for ₹420. Discount received ₹80. |
| 12 | Cash sales to date ₹400 of which ₹300 were banked. |
| 17 | Sold old typewriter for cash ₹320. |
| 20 | Received a cheque for ₹400 from Naresh in full settlement of his account of ₹460. The cheque is endorsed to Suresh on 24th May in full settlement of his account of ₹420. |
| 25 | Received a cheque from Hari Prakash for ₹150. The cheque is endorsed to Raj Prakash on 27th May; Discount received ₹30. |
| 28 | Withdrew from Bank for office use ₹100 and for personal use ₹100. |
| 29 | Withdrew (from office) for payment of private bills ₹425. |
| 30 | Paid by cheque salaries ₹160 and rent ₹100. |
| 31 | Bank charges as per Pass Book ₹5. |

- Q32.** On 31st December, 2014 the Cash Book of Gopal showed debit balance of ₹12,000. On comparing the Cash Book with the Pass Book, the following discrepancies were noted:– (6)

- Cheques were issued for ₹15,000, but of them cheques for ₹7,700 have not yet been presented.
 - Cheques for ₹8,000 were deposited in bank but of these cheques for ₹2,000 were not recorded in the Cash Book.
 - Cheques deposited in bank but not credited ₹3,800.
 - A cheque for ₹350 was paid into bank but bank credited the amount with ₹530 by mistake.
 - Bank received interest on debentures on behalf of Gopal amounting to ₹300.
 - It was also found that the total of one page on the payment side of the Cash Book was ₹4,520 but it was written on the next page as ₹5,420.
- Prepare a Bank Reconciliation Statement.

OR

Following information has been given by Rajendra. Prepare a Bank Reconciliation Statement as on 31st Dec. 2016, showing balance as per cash book:

- (a) Debit balance shown by the pass book ₹17,800.
- (b) Cheques of ₹21,600 were issued in the last week of December, but of these ₹14,800 only were presented for payment.
- (c) Cheques of ₹10,750 were deposited in bank, out of them a cheque of ₹4,200 was credited in the first week of January, 2017.
- (d) A cheque of ₹1,200 was debited in the cash book but was not deposited in bank.
- (e) Insurance premium paid by bank ₹1,450.
- (f) A bill of exchange for ₹6,200 which was discounted with bank, returned dishonoured but no entry was made in the cash book.
- (g) Bank charges and interest charged by bank are ₹350.

Q33. A Company purchased a machinery for ₹50,000 on 1st Oct., 2016. Another machinery costing ₹10,000 was purchased on 1st Dec., 2017. On 31st March, 2019, the machinery purchased in 2016 was sold at a loss of ₹5,000. The Company charges depreciation at the rate of 15% p.a. on Diminishing Balance Method. Accounts are closed on 31st March every year. Prepare Machinery account for 3 years. (6)

Q34. Following balances are taken from the books of Niranjana. Prepare Trading and Profit and Loss Account and Balance Sheet for the year ended 31st March, 2019: (6)

| Particulars | ₹ | Particulars | ₹ |
|------------------------|-----------|----------------------|-----------|
| Capital | 12,00,000 | Drawings | 2,10,000 |
| Opening Stock | 4,50,000 | Plant and Machinery | 2,40,000 |
| Furniture | 15,000 | Purchases | 29,50,000 |
| Sales | 43,50,000 | Insurances | 15,000 |
| Purchases Return | 40,000 | Sales Return | 70,000 |
| Rent | 50,000 | Trade Expenses | 20,000 |
| Salaries | 2,40,000 | Wages | 4,00,000 |
| Bad Debts | 10,000 | 6% Investments | 5,00,000 |
| Sundry Debtors | 4,00,000 | Sundry Creditors | 1,90,000 |
| Bills Payable | 8,000 | Cash | 1,22,000 |
| Advertisement Expenses | 60,000 | Miscellaneous Income | 12,000 |
| Patents | 48,000 | | |

Adjustments:

- (a) Closing Stock ₹7,50,000.
- (b) Depreciate Machinery by 10%.
- (c) Wages ₹50,000 and salaries ₹20,000 are outstanding.

OR

Trial Balance of a business as at 31st March, 2019 is given below:

| Particulars | Dr. ₹ | Particulars | Cr. ₹ |
|--------------------------|----------|-----------------|----------|
| Stock on 1st April, 2018 | 25,000 | Sales | 2,27,800 |
| Furniture | 8,000 | Commission | 500 |
| Plant and Machinery | 1,50,000 | Returns Outward | 1,000 |
| Debtors | 30,000 | Creditors | 40,000 |
| Wages | 12,000 | Capital | 1,50,000 |
| Salaries | 20,000 | | |
| Bad Debts | 1,000 | | |
| Purchases | 1,20,000 | | |
| Electricity Charges | 1,200 | | |
| Telephone Charges | 2,400 | | |
| General Expenses | 3,000 | | |
| Postage Expenses | 1,800 | | |
| Returns Inward | 900 | | |
| Insurance Premium | 1,500 | | |
| Cash in Hand | 2,500 | | |
| Cash at Bank | 40,000 | | |
| | 4,19,300 | | 4,19,300 |
| | | | |

Prepare Trading and Profit and Loss Account for the year ended 31st March, 2019 and Balance Sheet as at that date after taking into account the following adjustments:

- Closing Stock was valued at ₹7,000.
- Depreciation is to be provided @ 5% p.a. on fixed assets.
- Insurance premium paid in advance ₹200.