

## **Paper 2- Fundamentals of Accounting**

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**Full Marks : 100**

**Time allowed: 3 hours**

**The figures in the margin on the right side indicate full marks.**

**This question paper has two sections.**

**Both the sections are to be answered subject to instructions given against each.**

**Section – A**

**1. (a) Choose the correct answer from the given four alternatives: [30 × 1 = 30]**

- (i)** Narration are given at the end of  
(a) Final accounts  
(b) trial balance each ledger account  
(c) each ledger accounts  
(d) Each journal entry
- (ii)** Life membership fees received by a club  
(a) Revenue expenditure  
(b) capital expenditure  
(c) deferred revenue expenditure  
(d) capital receipt
- (iii)** Ledger contains various \_\_\_\_ in it  
(a) Transactions  
(b) Entries  
(c) Accounts  
(d) None
- (iv)** A sale of goods to Ram for cash should be debited to:  
(a) Ram  
(b) Cash  
(c) Sales  
(d) Capital
- (v)** Which of these errors affect only one account  
(a) errors of casting  
(b) errors of carry forward  
(c) errors of posting  
(d) All the three
- (vi)** Debit balance as per bank pass book means \_\_\_\_  
(a) Surplus cash  
(b) Bank overdraft  
(c) Terms deposits with bank  
(d) None of these
- (vii)** The party who is ordered to pay the amount is known as  
(a) payee  
(b) drawer  
(c) drawee  
(d) endorsee
- (viii)** Joint venture account is of the nature of  
(a) Personal A/c

- (b) Nominal A/c
- (c) Real A/c
- (d) Suspense account

**(ix)** Decrease in the amount of creditors results in

- (a) Increase in cash
- (b) Decrease in cash
- (c) Increase in assets
- (d) No change in assets

**(x)** A cash book with discount and bank column is called

- (a) Single column cash book
- (b) Two column cash book
- (c) Three column cash book
- (d) Petty cash book

**(xi)** Assets A/c has \_\_\_\_\_ balance.

- (a) Debit balance
- (b) Credit balance
- (c) No balance
- (d) Either (a) or (b)

**(xii)** Natural, artificial and representative these three are the three types of \_\_\_\_\_ Account.

- (a) Personal
- (b) Real
- (c) Nominal
- (d) Cash

**(xiii)** Which of the following is not a revenue expenditure?

- (a) Installation charges of a Machinery
- (b) Cost of saleable goods
- (c) Bad debts
- (d) Premium given on lease

**(xiv)** Depreciation is not provided for which of the following asset?

- (a) goodwill
- (b) land
- (c) inventory of goods
- (d) both b & c

**(xv)** Carriage on goods purchased is shown in —

- (a) Profit and Loss A/c
- (b) Capitalized with work in progress
- (c) Trading A/c
- (d) Shown in Balance Sheet

**(xvi)** A sent some goods to B, to be sold on consignment basis. 1/10 of the goods valued ₹ 25,000 were lost in transit. Find the value of goods sent of consignment basis —

- (a) ₹ 2,50,000
- (b) ₹ 25,000
- (c) ₹ 2,500
- (d) None

**(xvii)** The determination of expenses for an accounting period is based on the concept of

- (a) Objectivity
- (b) Materiality

- (c) Matching  
(d) Periodicity
- (xviii)** Goodwill is —  
(a) an intangible asset  
(b) a current asset  
(c) a tangible asset  
(d) None of the above
- (xix)** In an Account if Credit side > Debit side, the balance is known as the  
(a) Negative balance  
(b) Debit balance  
(c) Positive balance  
(d) Credit balance
- (xx)** Cash book is a  
(a) Subsidiary book  
(b) Journal and Ledger  
(c) Ledger Account  
(d) All of these
- (xxi)** A trial balance shows  
(a) Accuracy of account  
(b) Only arithmetical accuracy of accounts  
(c) None of these  
(d) All of these
- (xxii)** Which of the following is an external cause for depreciation  
(a) Obsolescence  
(b) Wear and Tear  
(c) Depletion  
(d) All of the above
- (xxiii)** ₹ 800 paid as wages for erecting a machine should be debited to  
(a) Repair Account  
(b) Machine Account  
(c) Capital Account  
(d) Furniture Account
- (xxiv)** X Sold goods to Y for ₹3,00,000. 1/3 of the amount will be received in cash and the balance through a Bills Receivable for what amount X should draw a bill Y  
(a) ₹1,50,000  
(b) ₹3,00,000  
(c) ₹2,00,000  
(d) ₹1,00,000
- (xxv)** Date on which the payment of the bill is to be made  
(a) public holiday  
(b) date of grace  
(c) due date  
(d) date of bill+ 3 days
- (xxvi)** Which of these documents is not required for bank reconciliation  
(a) bank column of cash book  
(b) bank pass book

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- (c) bank statement
- (d) trial balance

**(xxvii)** Trade discount allowed at the time of sale of goods

- (a) Is recorded in Sales Book
- (b) Is recorded in Cash Book
- (c) Is recorded in Journal
- (d) Is not recorded in Books of Accounts

**(xxviii)** Inventory is

- (a) Included in the category of fixed assets
- (b) An investment
- (c) A part of current assets
- (d) An intangible fixed asset.

**(xxix)** The balance of liabilities account will be shown in the \_\_\_ of the trial balance.

- (a) Credit side
- (b) Debit side
- (c) Left side
- (d) None of the above

**(xxx)** Salary Account

- (a) Personal
- (b) Real
- (c) Nominal
- (d) None

**(b) State whether the following statements are True (or) False.**

**[12 × 1 = 12]**

- (i) Accounting is an art of recording keeping.
- (ii) Receipts and payments account is a real account.
- (iii) For a shirt factory, cotton is finished goods.
- (iv) Joint bank account is a nominal account.
- (v) Oral bill of exchange is also valid.
- (vi) The balance of cash book shows cash in hand.
- (vii) Full omission does not affect trial balance.
- (viii) Under diminishing balance method, depreciation decrease every year.
- (ix) If del credere commission is paid to the consignee profit and loss on consignment is retained /borne by consignor.
- (x) Receipts are recorded on the credit side of each cash book.
- (xi) Depreciation is a charge against profit.
- (xii) Capital account is a real account.

**(c) Match the following:**

**[6 × 1 = 6]**

	Column 'A'		Column 'B'
1.	Fixed Asset	A.	Nominal account
2.	Modern Academy	B.	No depreciation
3.	Salary account	C.	Plant and Machinery
4.	Land	D.	Artificial personal account
5.	Building	E.	Accountant
6.	Cash book is prepared by	F.	Depreciation

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**Answer any four questions out of six questions [4×8=32]**

2. Journalise the following transactions: **[4×2=8]**

- (i) Paid rent out of personal cash by the proprietor for ₹ 8,000;
- (ii) Bought furniture for resale ₹ 21,000;
- (iii) Sold Goods for Cash ₹16,000 and to Ms. Roy for ₹20,000, Ms. Roy settled her account less discount ₹ 1,200.

3. One lathe machine whose original value was ₹2,40,000 on 1.4.2013, being the date of installation was sold on 30.9.2015 for ₹2,00,000. Depreciation is charged at the rate of 10% on reducing balance. Show machinery account. **[8]**

4. The Bank Pass Book of Miss Geeta showed an overdraft of ₹9,000 on 31.12.2016. Prepare the Bank Reconciliation Statement based on the following details:

- (a) Cheques issued but not presented upto 31.12.2016, ₹ 7,250
- (b) Bank commission ₹ 50 was entered only in the Pass Book.
- (c) A cheque for ₹5,500 issued in settlement of a debt was encashed on 28.12.2016 but entered in the Cash Book as ₹7,500. **[8]**

5. Write out the Journal Entries to rectify the following errors, using a Suspense Account.

- (1) Goods of the value of ₹500 returned by Mr. Gupta were entered in the Sales Day Book and posted there from to the credit of his account;
- (2) A sale of ₹ 400 made to Mr. Mitra was correctly entered in the Sales Day Book but wrongly posted to the debit of Mr. Maitra as ₹40;
- (3) The total of "Discount Allowed" column in the Cash Book for the month of November, 2016 amounting to ₹600 was not posted. **[3+3+2=8]**

6. Prepare Trading and Profit and Loss Account of M/s Udayan & Sons for the year ending 31<sup>st</sup> December, 2016 from following information:

	₹		₹
Stock (1-1-2016)	4,00,000	Salaries	67,000
Purchases	5,10,500	Rent, rates & taxes	24,000
Wages	2,01,000	Depreciation	6,000
Carriage	10,000	Repairs	12,000
Purchases returns	26,500	Discount allowed	25,000
Export duty	18,000	Bad debts	18,000
Sales	11,50,000	Advertisement	5,000
Coal & coke	50,000	Gas & water	3,000
Sales returns	20,000	Factory lighting	5,000
Printing & stationery	4,500	General expenses	8,000
Stock (31-12-2016)	6,00,000		

**[8]**

7. On  
1st January, 2016, Anu sells goods for ₹20,000 to Balu and draws a bill at three months for the amount. Balu accepts it and returns it to Anu. On 1st March, 2016, Balu retires his acceptance under rebate of 12% per annum. Record these transactions in the journals of B. **[8]**

**Section – B**

**8. Choose the correct answer:**

**[12×1=12]**

- (i)** The main purpose of cost accounting is to:
- (a) maximize profits
  - (b) help in inventory valuation
  - (c) provide information to management for decision making
  - (d) aid in the fixation of selling price
- (ii)** Variable costs are fixed
- (a) for a period
  - (b) per unit
  - (c) depends upon the entity
  - (d) for a particular process of production
- (iii)** Which of the following items is excluded from cost Accounts?
- (a) Income tax
  - (b) interest on debentures
  - (c) cash discount
  - (d) All of these
- (iv)** Opportunity cost is the best example of:
- (a) Sunk cost
  - (b) Standard cost
  - (c) Relevant cost
  - (d) Irrelevant cost
- (v)** Which method of costing is used for determination of costs for printing industry?
- (a) process costing
  - (b) operating costing
  - (c) batch costing
  - (d) job costing
- (vi)** Which of the following is a part of both Prime cost and conversion cost
- (a) Direct Material
  - (b) Indirect Labour
  - (c) Indirect Material
  - (d) Direct Labour
- (vii)** Factory Cost is ₹3,95,000. Office and Administration overheads is 7.25% of factory cost.  
Hence, Office and Administration overheads is —
- (a) ₹28,637.50
  - (b) ₹28,894.25
  - (c) ₹26,701.63
  - (d) None of the above
- (viii)** Period costs are incurred on the basis of time such as \_\_\_\_\_
- (a) Rent;

- (b) Material cost;
- (c) Postage;
- (d) None of the above.

**(ix)** One of the functions of cost accounting is proper matching of \_\_\_\_\_

- (a) Cost
- (b) Behaviour
- (c) Statement
- (d) Expenditure

**(x)** A cost centre is a \_\_\_\_\_

- (a) Location for which cost is incurred
- (b) An organization
- (c) A unit of cost
- (d) Profit centre

**(xi)** From the following information, find out Purchases.

Raw material consumed = ₹26,500

Closing Stock = ₹4,500

Opening Stock = ₹3,000

- (a) ₹26,500
- (b) ₹25,000
- (c) ₹28,000
- (d) ₹34,000

**(xii)** Indirect material cost is a part of

- (a) Prime cost
- (b) Factory overhead
- (c) chargeable expenses
- (d) None of these

**Answer any one question out of two questions [8×1=8]**

9. Direct materials cost is ₹ 80,000. Direct labour cost is ₹ 60,000. Factory overhead is ₹90,000. Beginning goods in process were ₹ 15,000. The cost of goods manufactured is ₹ 245,000. What is the cost assigned to the ending goods in process? **[8]**

10. Prepare a statement of cost from the following data to show material consumed, Prime cost, factory cost, Cost of goods sold and profit.

	1-1-2016(₹)	31-12-2016(₹)
Raw material	1,50,000	1,25,000
Work-in-progress	60,000	75,000
Finished goods	3,00,000	2,75,000
Purchase of materials during the year		22,50,000
Wages paid		12,50,000
Factory overheads		5,00,000
Administration overheads		1,25,000
Selling and distribution overheads		75,000
Sales		50,00,000

**[8]**