

**Accountancy (320) (QP : April 2024) ( Questions 1 to 10 carry 1 mark )**

1. Which of the following is the correct formula of accounting equation
- A. Assets = Capital -Liabilities
  - B. Assets= Capital+ Liabilities
  - C. Assets= Capital+Profit
  - D. Assets= Capital – Loss

Ans : B

2. Payment of wages for repair of furniture is an example of
- A. Capital expenditures
  - B. Deferred revenue expenditure
  - C. Revenue expenditure
  - D. Both A and B

Ans : C

3. Machine purchase is an example of
- A. Revenue expenditure
  - B. Capital expenditures
  - C. Revenue receipt
  - D. Capital receipt

Ans : B

4. Which of the following is the correct formula for calculating cost of goods sold
- A. Cost of goods sold= Net sales- Gross Profit
  - B. Cost of goods sold= Net sales-net profit
  - C. Cost of goods sold= Net sales+ Gross Profit
  - D. Cost of goods sold= Net sales+Net profit

Ans: A

5. What are the factors affecting goodwill
- Location of the firm
  - Nature of business
  - Efficient management
  - Quality of its products
  - Market situation

6. Alia , keerti and Sara are partners sharing profits in the ratio of 4:3:2.Keerthi retired and her share was taken by remaining partners in the ratio of 1:1 . What will be the new ratio of Alia and Sara

Ans: 11: 7

7. Security premium amount can be utilised foe some specified purposes. Write any three purposes for which security premium account can be utilised by a company (4)

Ans :

- Issuing fully paid bonus shares
- Writing off preliminary expenses ,discount on issue of shares and debentures, underwriting commission, or expense on issue on shares
- Paying premium on redemption of preference shares
- Buy back of shares

8. Give name of the accounting error for the following transaction
- a) Purchase of furniture is entered in the purchase book (4)
  - b) Sales book is totalled RS 25000 instead of its 25600
  - C) Repairs of building is debited to bulding account
  - d) Ankita account was to be debited by Rs 4500 and Nikhita account was to debited by RS 5500 while Ankitas account was debited by 5500 and that of Nikithas account by rs 4500
- Ans : a) Error of principle , b) Error of Commission c) Error of principle d) Compensating Error

10 to 14 questions carry 2 marks

9. Explain the term Journal proper
- Ans : This journal is meant for recording all such transactions for which no special journal has been maintained in the business.
  - Here all such transactions are recorded which do not occure frequently and for these transactions no special journal is required.
  - For example if machinery is purchased on credit
10. What is an outstanding expense? Give one example
- Ans : The expenses due but not paid during the accounting year is called outstanding expense.  
Eg: Salary due during the year but not paid the same.
11. Explain the term subscription
- Ans: it is a regular payment made by the members to the organisation. It is generally contributed annually. It is one of the main sources of income.
12. What is the result of forfeiture of shares?
- Ans :
- Cancellation of membership of the shareholders
  - Reduction of issued share capital of the company
13. Bad debts 1200 appearing on the debit column of trail balance. Bad debts reserve of 800 appears on the credit column of the trial balance .In additional information bad debts is given 600 and provision for bad debt is to be made at 5% on debtors of 30600. Show its treatment in final account.
- Ans :  $2500(1200+600+1500-800)$
14. From the following calculate the amount of subscription for the year ending 31.3.2024 for Income and expenditure account(3)
- Subscription received in 2023-2024-- 30000
  - On 31/3/2024 subscription outstanding –3000
  - Subscription received in 2022-23 for 2023-24: 1800
  - Subscription received in2023-2024 for subscription outstanding in 2022-2023: 1000
  - Subscription received in 2023-2024 for 2024-2025: 1200
- Ans : :  $32600 (30000+3000+1800-(1000+1200))$

15. From the following Trial balance of Apoorva and Sisters as on 31/3/2024, Prepare Trading and Profit and loss account for the year ending 31/3/2024 and balance sheet as on the date (5)

Name of account	Dr. Balance	Cr. Balance
Stock (1.04.2023)	44000	
Purchase	80000	
Carriage inward	8000	
Sales		164000
Insurance	8000	
Salaries	8000	
conveyance	4000	
Bonus to salesman	15000	
Land and building	40000	
Office computers	40000	
Debtors	45000	
Creditors		48000
Cash at bank	20000	
Capital		100000

- I. Stock on 31/3/2024 was 52000
  - II. Prepaid insurance was 1200
  - III. Make a provisions for bad and doubtful debt 5% on debtors
  - IV. Depreciate computers @ 10%
- Ans : Gross Profit : 84000, Net profit : 43950, Balance sheet : 191950