

**General Instructions:**

1. This question paper contains 34 Questions. All questions are compulsory
2. Questions nos. from 1 to 20 carry 1 mark each.
3. Questions nos. from 21 to 26 carry 3 marks each.
4. Questions nos. from 27 to 29 carry 4 marks each.
5. Questions nos. from 30 to 34 carry 6 marks.
6. There is no overall choice. However an internal choice has been provided in 2 questions each of three marks and 1 question of four marks and 2 questions of six marks.

Q.1. "Manipulation of accounts in a way so as to show the better position than what it actually is". Which of the following limitations of accounting is discussed in above statement? 1

- a) Accounting may lead to window dressing.
- b) Accounting is not fully exact.
- c) Unrealistic information.
- d) Accounting ignores price level changes.

Q.2. Z Ltd earned a profit of ₹1,50,000 by selling its investments. The term used to denote this profit will be: 1

- a) Income
- b) Gain
- c) Profit
- d) Revenue

Q.3. Which documents are used to record the transactions in journal? 1

- a) Source Vouchers
- b) Accounting Vouchers
- c) Credit Vouchers
- d) Debit Vouchers

Q.4. Purchases Returns are evidenced by: 1

- a) Debit note CS
- b) Credit note
- c) Bill
- d) Invoice

Q.5. A machinery was bought for ₹10,00,000 on April 1, 2022. Total depreciation charged on it till March 31<sup>st</sup> 2025 is ₹6,00,000. On April 1, 2025 it can be sold at ₹ 5,00,000. At what value the machinery should be shown in the books on April 1<sup>st</sup> 2025? 1

- a) ₹10,00,000
- b) ₹6,00,000
- c) ₹5,00,000
- d) ₹4,00,000

Q.6. Given below are two statements, one labeled as Assertion (A) and the other labelled as the Reason (R): 1

**Assertion (A):** Cash and Bank Accounts are not prepared when cash Book is made.

**Reason (R):** Cash Book serves as both a subsidiary book and a principal book.

In the context of the above statements, which one of the following is correct?

- (A) Both (A) & (R) are incorrect.
- (B) Only (A) is correct.
- (C) (A) is correct and (R) is not the reason for (A).
- ~~(D)~~ (A) is correct and (R) is the reason for (A).

Q.7. Goods purchased on credit will result in:

- a) Decrease in liabilities
- ~~b)~~ Increase in expenses
- c) Decrease in expenses
- d) Increase in assets

Q.8. Rent paid to Manas on behalf of Sarita will be debited to: 1

- a) Rent A/c
- b) Sarita's A/c
- ~~c)~~ Manas's A/c
- d) Cash A/c

Manas  
To Rent A/c

Q.9. Paras maintains records by using book of original entry. He had a customer Leela who became insolvent. Her estate paid ₹2,000 which accounted for only 20% of her dues. Journal entry passed will be:- 1

2000  
1000  
Cash account Dr. 2,000  
Bad debts account Dr. 8,000  
To Leela 10,000

b) Cash account Dr. 10,000  
Bad debts account Dr. 90,000  
To Leela 1,00,000

c) Bad debts account Dr. 8,000

Cash A/c Dr 2000  
Bad debts  
To Leela

To Leela 8,000

d) Bad debts account Dr. 90,000  
To Leela 90,000

- Q.10. The nature of Accrued income is: 1
- a) Revenue
  - b) Liability
  - c) Expense
  - d) Asset
- Q.11. Choose the incorrect statement. 'Trial Balance helps in': 1
- a) Ascertaining the arithmetical correctness of ledger accounts
  - b) Preparing financial statements
  - c) Identifying all errors
  - d) Providing summary of all accounts
- Q.12. Which statement is incorrect? 1
- a) Non-current assets are bought for the purpose of use.
  - b) Fictitious assets are neither tangible nor intangible.
  - c) current assets are never converted into cash.
  - d) Intangible assets have monetary value.
- Q.13. Find the odd one out: 1
- a) Outstanding Rent
  - b) Machinery
  - c) Cash
  - d) Goodwill
- Q.14. Goods sold to X for ₹40,000 @ 10% trade discount. X returned ¼ of goods. Return Inward Book will be closed by:- 1
- a) debiting ₹10,000 to return inwards account
  - b) debiting ₹9,000 to return inwards account
  - c) crediting ₹10,000 to return inwards account
  - d) crediting ₹10,000 to return inwards account
- Q.15. Materiality Principle is an exception to which principle: 1
- a) Going Concern
  - b) Accrual

- Full Disclosure
- d) Revenue Recognition

Q.16. 'Recording of transaction should be free from personal bias'. Mention the Principle / Assumption / Concept followed: 1

- a) Full Disclosure
- b) Matching
- Verifiable objective
- d) Materiality

Q.17. Decrease in liability would happen in which of the following? 1

- a) Credit Sales
- b) Credit Purchases
- Outstanding rent paid
- d) Rent paid

Q.18. End result of financial Accounting is: 1

- a) Recording of financial transactions
- b) Preparation of financial statements
- Analysis of financial statements
- d) Communication of financial information to users.

Q.19. Which voucher is prepared in case of credit sales of goods? 1

- Debit Voucher
- b) Credit Voucher
- c) Transfer Voucher
- d) Voucher

Q.20. Purchased goods of the list price of ₹80,000 @ 10% trade discount and 2% cash discount. 25% of amount paid immediately. The amount posted to cash account will be: 1

- a) ₹72,000
- b) ₹70,560
- ₹17,640
- d) ₹17,460

$$\begin{array}{r}
 780,000 \\
 - 8,000 \\
 \hline
 682,000 \times \\
 - 18,060 \\
 \hline
 81,440 \\
 \hline
 16560
 \end{array}$$

$$\begin{array}{r}
 72,000 \times \frac{25}{100} \\
 \hline
 18000
 \end{array}$$

$$\begin{array}{r}
 72000 \times \frac{2}{100} \\
 \hline
 1440 \\
 72000 \times \frac{25}{100} \\
 \hline
 18000 \\
 \hline
 19440 \\
 - 161 \\
 \hline
 16560 \\
 - 161 \\
 \hline
 16400 \\
 - 16 \\
 \hline
 16384
 \end{array}$$

Q.21. Differentiate between Cash Basis of Accounting & Accrual Basis of Accounting on the bases of: 3

- a) Profit or Loss
- b) Nature of transactions
- c) Suitability

Q.22. Prepare a Trial Balance on March 31, 2025 from the following balances: 3

Cash A/c ₹10,00,000; Rent received in advance ₹1,20,000; Ramesh (Dr.) ₹50,000;  
Bank Overdraft ₹30,000; Goodwill ₹30,000.

Q.23. State which user of Accounting information needs the following accounting information of a business: 3

- 1) To assess the tax liability I
- 2) To control cost M
- 3) Contribution to society P
- 4) About their remuneration C
- 5) To supply goods on credit O
- 6) Information to compile information regarding national income M

10,50,000  
30,000  

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1,080,000

Q.24. Classify the following expenditure/Receipts made by a business as Capital, Revenue or Deferred Revenue: 3

- 1) Extension of Building.
- 2) Large advertising expenditure (expected to last for 5 years)
- 3) Trade receivables = Debtors + bills receivable
- 4) Additional Capital introduced by owners
- 5) Electricity expenses
- 6) Loan from Bank

Q.25. Differentiate between Debit Note & Credit Note (only one). Give an example each to show when a debit note and a credit note are prepared? 3

OR

Differentiate between Invoice or Bill. Who prepares it?

Q.26. On which side will the decrease in the following accounts be recorded? Also state the nature of the following on the basis of traditional classification of accounts: 3

- 1) Sales A/c Revenue
- 2) Outstanding expense A/c liability
- 3) Capital A/c Capital

OR

On which side will the increase in the following accounts be recorded? Also state the nature of the following on the basis of modern classification of accounts:

- 1) Bad Debts A/c
- 2) Goodwill A/c
- 3) Accrued Interest on Investment A/c

Q.27. On 1<sup>st</sup> August, 2025, Arun issued a cheque to Neel for ₹2,76,000 after deducting cash discount of ₹8,000. The next day cheque was endorsed to Priya in full settlement of her debt of ₹2,80,000. On 5<sup>th</sup> August, 2025 Arun's Cheque got dishonoured. 4  
Pass the necessary journal entries in the books of Neel.

Q.28. Identify and explain (in short) the assumption / principle / concept followed or violated in the following cases: 4

a) "A construction company has taken a large project to be completed in four years.

Preudence

Management has decided to prepare financial statement of the company after completion of the project so that exact profit or loss of the Project may be ascertained."

Revenue reco.

b) Rent due for the year 2024-25 ₹1,20,000, but only 1,00,000 was paid. ₹1,20,000 was shown as expense for the current year in the profit and loss A/c.

OR

Identify and explain (in short) the assumption / principle / concept followed or violated in the following cases:

1) A piece of furniture whose cost was ₹5,00,000 on April 1, 2022. On April 1, 2025 its book value was ₹2,00,000 and market value of the same was ₹2,50,000. On April 1, 2025 the Manager wanted to record this furniture at ₹2,50,000 in the books.

2) 'Accrued Income is said to be realized when it's due to be received'.

Q.29. Pass the journal entries in the books of Arun: 4  
2025

April 1 Arun Seema continued business with Cash ₹5,00,000, Pooja (Dr.) ₹50,000 & Furniture ₹1,00,000, Anu (Cr.) 50,000

April 4 Pooja settled her A/c at 10% discount.

April 6 Paid ₹49,500 to Anu on account.

April 30 Charge depreciation @12% p.a. on furniture.

Q.30. Prepare the ledger Accounts for the above question i.e., Q.No.29 on April 30, 2025. 6

Q.31. Pass the journal entries for the following: 6

1) Sold goods for cash ₹1,00,000 less 10% Trade discount and 5% Cash Discount plus IGST @ 18%.

2) Goods (Sales Price ₹5,000; Cost ₹4,000) damaged by fire and Insurance company accepted a claim of ₹3,000.

3) Interest due to be received ₹1,00,000, out of which only 60% was received.

OR

Pass the journal entries for the following:

- A) Received rent ₹1,00,000, out of which 20% was for next year.
- B) Purchased machinery from Shreya for ₹5,00,000. Carriage paid on it ₹5,000.
- C) Purchased goods for ₹2,00,000 at a trade discount of 10% and Cash Discount of 5% plus CGST and SGST @ 9% each.

Q.32 Prepare relevant Subsidiary books of John on April 30<sup>th</sup>, 2025 who has started a garments business.

2025.

April 1 John started business with cash ₹6,00,000; Bank Balance ₹2,00,000. C.B

April 4 Purchased from Madhu

400 Men shirts @ ₹1000 each P.B

500 Men trousers @ ₹2000 each

Trade Discount 10%

April 10 Returned to Madhu 10 Men's shirts being defective. P.B

April 11 Purchased furniture for ₹ 50,000 from M/s Rahul. J.P

OR

Prepare relevant Subsidiary books of Sona on April 30, 2025 who is in furniture business.

2025

April 1 Sona continued business with Machinery ₹5,00,000; Bank Balance ₹1,00,000. C.B

April 4 Sold to M/s Manav & Bros

40 chairs @ ₹5,000 each Sales

50 tables @ ₹10,000 each

Trade Discount 10%

April 10 Returned by Manav 2 chairs and 2 tables as they were defective. Sales

April 11 Sold Machinery worth ₹1,00,000 to Karan. J.P

Q.33. Prepare Two-Column Cash Book from the following transactions on April 30, 2025

April 1 Cash in hand ₹8,00,000, Bank Balance (Cr) ₹70,000

April 2 Deposited into current account ₹80,000.

April 3 Amit, a debtor becomes insolvent. Received a post-dated cheque of ₹25,000 as he was unable to pay 50% of the amount due. J.P

April 6 Paid a cheque for ₹10,000 to Rohit for a full settlement of ₹10,500.

April 10 Amit's cheque was deposited into the bank.

April 20 Rohit's cheque was dishonored. J.P

April 22 Withdrawn ₹50,000 for personal use.

April 24 Withdrawn goods costing ₹2,000 for personal use.

Q.34. Prepare Journal Proper from the transactions given in Question no. 33.