

Machinery	8,00,000	
Building	7,50,000	
Cash	20,000	
Debtors	3,20,000	
Creditors		2,40,000
Bills receivable	4,00,000	
Bank overdraft		2,40,000
Closing stock	4,00,000	
Investments	80,000	
Capital		15,00,000
Drawings	1,30,000	
Net profit		6,20,000

27. a) A company purchased machinery costing ₹ 90,000 on January 1, 2015 and spent ₹10,000 its erection on July 1, 2017, the machinery was sold for ₹58,000. The company written off depreciation at 20% p.a under written down value method. Prepare machinery account. The books are closed on 31st Dec. every year. (OR)

b) From the following balances extracted from the books of Kavin, ascertain gross profit and net profit for theyear ended March 31, 2017.

Particulars	₹	Particulars	₹
Sales	72,250	Purchases	32,250
Opening stock	7,600	Sales returns	1,250
Purchase returns	250	Rent	3,000
Office expenses	250	Salaries	300
Miscellaneous exp.	200	Travelling exp.	1,800
Advertisement	3,000	Commission paid	150
Dividend received	2,500	Stationery and printing	1,600
Loss on sale of Old Furniture	300	Wages	2,600
		Profit on sale of investment	500

11 P

Reg. No.

## Second Mid-Term Test - 2019

Time : 1.30 hrs.      **ACCOUNTANCY**      Max. Marks : 50

- I. Choose the best answer with option      10 x 1 = 10**
1. Errors not affecting the agreement of trial balance are.....  
a) Errors of principle    b) Error of overcasting    c) Error of undercasting    d) Errors of partial omission
  2. The total of purchases book was overcast which of the following accounts should be debited in the rectifying journal entry?  
a) purchase account    b) suspense account    c) credit account    d) none of the above
  3. Depreciation provided on machinery is debited to  
a) Depreciation    b) machinery account    c) Trading account    d) Provision for Depreciation account
  4. Residual value of an asset means the amount that it can fetch on sale at the.....of the useful life.  
a) beginning    b) end    c) middle    d) none
  5. Amount spent on increasing the seating capacity in a cinema hall is.....a) capital expenditure    b) revenue expenditure    c) deferred revenue expenditure    d) none of the above
  6. Amount received from IDBI as a medium term loan for augmenting working capital..... a) capital expenditure    b) revenue expenditure    c) revenue receipts    d) capital receipts
  7. Under straight line method the amount of depreciation is.....  
a) increasing every year    b) decreasing every year    c) constant for all the years    d) fluctuating every year
  8. Current assets does not include.....  
a) cash    b) stock    c) furniture    d) prepaid expenses
  9. Bank overdraft should be shown..... a) Into trading account    b) profit and loss account    c) on the liabilities side    d) on the asset side
  10. Goodwill is classified as.....a) current asset    b) liquid asset    c) a tangible asset    d) An intangible asset

### PART - B

- II. Answer any five of the following questions. (Q.No.17 is compulsory)      5 x 2 = 10**
11. What is meant by rectification of errors?

12. Rectify the following errors discovered before the preparation of the trial balance.
- sales book was undercast by ₹100
  - Purchases returns book was overcast by ₹200
13. What are the methods of depreciation.
14. What are the objectives of preparing trading account?
15. Classify the following items into capital and revenue.
- Registration expenses incurred for the purchase of land.
  - Repairing charges paid for remodelling the old building purchased.

16. A company purchased a building for ₹50,000. The useful life of the building is 10 years and the residual value is ₹2,000. Find out the amount and rate of depreciation under straight line method.

17. Prepare trading account in the books of Mr. Sanjay for the year ended 31st December 2017.

Particulars	₹	Particulars	₹
Opening stock	500	Purchases	15,800
Sales	26,200	Purchase returns	90
Sales returns	60	Closing stock	860

#### PART - C

- III. Answer any five of the following questions. 5 x 3 = 15  
(Q.No.24 is compulsory)

18. Distinguish between capital expenditure and revenue expenditure.
19. What are the errors disclosed by a trial balance.
20. What are the causes for depreciation?
21. Rectify the following errors before the preparation of trial balance.
- Returns outward book was undercast by ₹2,000.
  - Returns inward book total was taken as ₹15,000 instead of ₹14,000.
  - The total of the purchases account was carried forward ₹100 less.
22. A furniture costing ₹5,000 was purchased on 1.1.16 the installation charges being ₹1,000. The furniture is to be depreciation @ 10% p.a. on the diminishing balance method. Calculate the amount of depreciation for two years.
23. From the following information, prepare profit and loss account for the year ending 31st Dec. 2016.

Particulars	₹	Particulars	₹
Gross loss	60,000	Printing and stationary	2,000
Promotional expenses	5,000	Legal charges	5,000
Distribution exp.	15,000	Bad debts	1,000
Commission paid	7,000	Depreciation	2,000
Interest on loan paid	5,000	Rent received	4,000
Packing charges	4,000	Insurance	3,000
Dividend received	3,000		

24. Give the format of Trading account

#### PART - D

- III. Answer the following questions. 3 x 5 = 15

25. a) On 1st April 2008, Sudha and company purchased a machinery for ₹64,000. To instal the machinery expenses incurred was ₹28,000. Depreciate machinery 10% p.a. under straight line method. On 30th June, 2010 the worn out machinery was sold for ₹52,000. The book are closed on 31st Dec. every year. Show machinery account. (OR)
- b) Pass journal entries to rectify the following errors located after the preparation of the trial balance. Assume that there exists a suspense account.
- The total of sales book was undercost by ₹2,000.
  - The purchase of machinery for ₹3,000 was entered in the purchase book.
  - A credit sale of goods for ₹45 to Mathi was posted in his account as ₹54.
  - The purchases returned book was overcast by ₹200.
  - The total of sales book ₹1,122 were wrongly posted in the ledger as ₹1,222.
26. a) Classify the following receipts into capital and revenue.
- Sale proceeds of goods ₹75,000
  - Loan borrowed from bank ₹2,50,000
  - Sale of Investment ₹1,20,000
  - Commission received ₹30,000
  - ₹1,400 wages paid in connection with the erection of new machinery. (OR)
- b) From the following balances of Raja, prepare balance sheet as on 31st December, 2017.

Particulars	₹	Particulars	₹
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