

Paper 2- Fundamentals of Accounting

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Full Marks : 100

Time allowed: 3 hours

Section – A

I. Choose the correct answer from the given four alternatives: [6 × 1 = 6]

- (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) A sale of goods to Ram for cash should be debited to:
 - (a) Ram
 - (b) Cash
 - (c) Sales
 - (d) Capital

- (iii) 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

- (iv) Debit balance as per bank pass book means _____
 - (a) Surplus cash
 - (b) Bank overdraft
 - (c) Terms deposits with bank
 - (d) None of these

- (v) The party who is ordered to pay the amount is known as
 - (a) payee
 - (b) drawer
 - (c) drawee
 - (d) endorsee

- (vi) Natural, artificial and representative these three are the three types of _____ Account.
 - (a) Personal
 - (b) Real
 - (c) Nominal
 - (d) Cash

II. State whether the following statements are True (or) False. [6×1=6]

- (i) Receipts and payments account is a real account.
- (ii) Oral bill of exchange is also valid.
- (iii) Full omission does not affect trial balance.
- (iv) Under diminishing balance method, depreciation decrease every year.
- (v) Receipts are recorded on the credit side of each cash book.
- (vi) If del credere commission is paid to the consignee loss on consignment is retained /borne by consignor.

III. Journalise the following transactions: [3×2=6]

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- (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.

IV. Fill in the Blanks:

[6×2=12]

- (i) Assets A/c has _____ balance.
- (ii) Goodwill is an _____ asset.
- (iii) ₹ 800 paid as wages for erecting a machine should be debited to _____ A/c.
- (iv) Salary Account is a _____ A/c.
- (v) Decrease in the amount of creditors results in _____ in Cash.
- (vi) Drawings will result in _____ in the owners capital.

V. 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

VI. Answer any three questions. Each question carries 8 marks.

[3×8=24]

1. 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]**

2. 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]**

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. 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]**

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5. Prepare Trading and Profit and Loss Account of M/s Udayan & Sons for the year ending 31st 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]

Section – B

- I. Choose the correct answer from the given four alternatives:

[6×1=6]

- (i) How is the reorder level calculated if stocks out are to be avoided?
(a) Maximum Usage x Maximum lead time
(b) Maximum usage x Minimum lead time
(c) Minimum usage x Maximum lead time
(d) Minimum usage x Minimum lead time
- (ii) A Cost Sheet is a ----- which shows the break-up of cost.
(a) Voucher
(b) Statement
(c) Ledger
(d) Journal
- (iii) Piece workers are paid wages on
(a) Piece rate basis.
(b) Halsey premium plan basis.
(c) Rowan Plan basis.
(d) Time rate basis
- (iv) Royalties and patent fees paid for using technology is an example of
(a) Direct Material
(b) Direct Expenses
(c) Indirect Labour
(d) Indirect Expenses
- (v) Notional cost is also known as
(a) Imputed cost
(b) Opportunity cost
(c) Out of pocket cost
(d) Variable cost

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(vi) The P/V Ratio of A Ltd. is 50% and margin of safety is 40%. You are required to calculate the fixed cost if break even sale ₹1,50,000.

- (a) ₹3,75,000
- (b) ₹2,50,000
- (c) ₹60,000
- (d) ₹75,000

II. Fill in the blanks:

[6×1=6]

- (i) Under Halsey Premium Plan, ____ % of time saved is shared by employer
- (ii) EOQ is the ____ size of the order at that point ordering and carrying costs are minimized.
- (iii) Fixed Cost of a Company are ₹ 20,000 and Contribution per unit is ₹2 then the Break even no. of units are ____
- (iv) The aggregate of indirect material indirect labour and indirect expenses together is called ____
- (v) Fixed cost per unit ____ with increasing output.
- (vi) Costing is a technique of ____

III. Match the following:

[6×1=6]

	Column 'A'		Column 'B'
1.	CAS 10	A	Selective Control of Inventory
2.	Advertisement	B	Fixed
3.	Flex Method	C	Direct Expenses
4.	ABC Analysis	D	Measurement of Labour Turn-over
5.	Breakeven point (in Quantity)	E	Sales value
6.	Variable cost per unit	F	Fixed Cost / Contribution per unit

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

[6×1=6]

- (i) Direct wages is a variable cost.
- (ii) For decision making, absorption costing is more suitable than marginal costing.
- (iii) Overhead and conversion cost are inter-changeable terms.
- (iv) Financial accounts provide information for determination of profit or loss
- (v) Scrap is a residue which in a manufacturing process but has no recoverable value.
- (vi) Cost accounting is an instrument of management control.

V. Answer any two questions out of four questions

[8×2=16]

1. A company purchased 1200 kg of raw material @ ₹20 per kg. from a supplier. A trade discount of 20% on above price was applicable. Total freight paid was ₹240 and insurance was 2.5% on the net present value paid by the purchaser. Calculate the total cost of material purchased and the per kg material cost. **[8]**

2. Two components X and Y are used as follows:

Normal usage	50 units per week each
Minimum usage	25 units per week each

