

**SUB : ACCOUNTANCY REVISION SHEET****CHAPTER: BILLS OF EXCHANGE**

Q1. Explain the parties to Bill of Exchange.

Q2. Define the following:

- i. Endorsee
- ii. Payee

Q3. A bill for Rs. 10,000 is drawn by A on B and accepted by the latter. Show what Journal entries would be recorded in the books of both the parties under each of the following circumstances. (i) If A retained the bill till the due date and then realized it on maturity. (ii) If A discounted it with his Bank for Rs. 9,800. (iii) If A endorsed the bill to Z in settlement of a debt of Rs. 9,500. (iv) If A sent the bill to his bank for collection.

Q4. Amit draws on Raj three Bills of Exchange for Rs. 5,000, Rs. 8,000 and Rs. 10,000 respectively for goods sold to him on 1st Dec, 2011. These bills were for one month, two months and three months respectively. The first bill was endorsed to Rihan. The second bill was discounted with the bank on 4th December, 2011 @ 10% p.a. discount and the third bill was sent to bank for collection on 28<sup>th</sup> February, 2012. On the due dates all the bills were duly met by Raj. The bank sent collection advice for the third bill after deducting Rs. 40 as collection charges. Pass journal entries in the books of Amit and Raj.

Q5. On 1st January, 2011, Hiten owed Rs. 40,000 to Abhishek. On 1st February, he sent a promissory note to Abhishek for the amount payable, after 3 months. On the due date, the promissory note was dishonoured, noting charges being Rs. 100. Give the journal entries in the books of Abhishek in each of the following cases:- (i) The promissory note is held till maturity. (ii) The promissory note is endorsed in favour of Ritesh in full settlement of a debt of Rs. 41,000. (iii) The promissory note is discounted with the bank at 10% p.a. immediately.

Q6. A drew a bill of Rs. 1,000 on B for 3 months which was duly accepted by the latter. A endorsed the bill to C in full payment of his own acceptance to C for a like amount. C endorsed the bill to B. Pass Journal entries in the books of A, B and C.

Q7. Leena sold goods to Meena on 1st March, 2009 for Rs. 68,000 and drew two Bills of Exchange of the equal amount upon Meena payable after three months. Leena immediately discounted the first bill with her bank at 12% p.a. The bill was dishonoured by Meena and Bank paid Rs. 55 as noting charges. The second bill was retired on 4th May, 2009 under a rebate of 6% p.a. with mutual agreement. (i) Journalise the above in the books of Leena and Meena. (ii) Identify the value(s) which according to you have been violated in the above case.

Q8. A sold goods for Rs. 50,000 to B on credit on Jan 01, 2007. A draws a bill upon B for the same amount for three months. B accepted the bill and returned it to A. B met his acceptance on maturity. Record the necessary journal entries under the following circumstances:

- a) A retained the bill till maturity and on the date of maturity collected the amount.
- b) A discounted the bill @ 12% pa from his bank.
- c) A endorsed the bill to his creditor C.
- d) A sent the bill for collection.

Q9. On 15th January, 2006 Sachin sold goods for Rs. 30,000 to Narain and drew upon later a bill for the same amount payable after 3 months. The bill was accepted by Narain. The bill was discounted by Sachin from his bank for Rs. 29,250 on 31st January, 2006. On maturity the bill was dishonoured. He further agreed to pay Rs. 10,500 in cash including Rs. 500 interest and accept a new bill for two months for the remaining Rs. 20,000. The new bill was duly met by Narain on maturity. Give the Journal entries in the books of Sachin.

### **CHAPTER: BANK RECONCILIATION STATEMENT**

Q.1. Who prepares a Bank Reconciliation Statement?

Q.2. When can a Bank Reconciliation Statement be prepared?

Q.3. Why is the preparation of BRS necessary?

Q.4. State any two causes of disagreement between the balances shown by the Cash book & Passbook.

Q.5. (a) The bank column of a Cash Book showed a debit balance of Rs. 45,000 on 30th June, 2011. From the following particulars, ascertain the Bank Balance that would appear in the Bank Pass Book:

(i) Two cheques one for Rs. 4,000 and another for Rs. 6,000 were collected by the bank in the first week of July, 2011 although they were banked on 26th June, 2011.

(ii) Out of total cheques, amounting to Rs. 8,000 issued as donations to Mandir, Mosques, Gurudwara and church; cheques amounting to 3,400 have been presented for payment in June 2011, cheques aggregating Rs. 2,500 were encashed in July 2011 and the rest have not been presented at all.

(iii) On 29th June, 2011 the bank credited the sum of Rs. 1500 in error.

(iv) A cheque of Rs. 600 received, deposited and credited by bank, was accounted as a receipt in the cash column of the Cash Book.

(v) Bank has made payment of Rs. 5,000 for fire insurance premium during the month of June under standing order.

(vi) The Bank has paid a bill payable amounted to Rs. 10,000 but it has not been entered in the Cash Book and a bill receivable of Rs. 5,000 which was discounted with the bank was dishonoured by the drawer on the due date.

(vii) Withdrawal Column of the Pass Book undercast by Rs. 200.

(viii) Bank collected a cheque of Rs. 600 but wrongly credited it to the account of another customer.

(ix) The credit balance of Rs. 1,500 as on Page 10 of the Pass Book was recorded on Page 11 as a debit balance.

(x) Pass Book showed that bank had collected Rs. 4,000 as interest on Govt. Securities.

Q.6. Prepare a Bank Reconciliation Statement as on 31st March, 2011 from the following information:

(i) Balance as per the Pass Book is Rs. 22,000.

(ii) Dividend directly collected by bank Rs. 125.

(iii) Payment of a cheque of Rs. 450 was recorded twice in the Pass Book.

(iv) Bank recorded a cash deposit of Rs. 2,589 as Rs. 2,598.

(v) Bills for collection not advised by the bank but credited to the account, Rs. 16,000.

(vi) A cheque for Rs. 7,500 drawn on the Savings Account has been shown as drawn on current Account.

(vii) A cheque of Rs. 2,000 received from Mr. Gupta was recorded in the Cash Column of the Cash Book but was not banked.

(viii) Cheques amounting to Rs. 8,000 drawn on 25th March, 2011 of which cheques of Rs. 5,000 were encashed on 2nd April, 2011.

(ix) A bill of Rs. 10,000 was retired by the bank under rebate of Rs. 150 but the full amount was credited in the Cash Book.

(x) Cheques of Rs. 10,000 were sent to the bank for collection. Out of these, cheques of Rs. 2,000 and of Rs. 1,000 were credited respectively on 7th April and 9th April.

Q.7. On 31st December, 2008, the Cash Book of a merchant showed a bank overdraft of Rs. 1,50,000. From the following particulars, prepare a Bank Reconciliation Statement and show what balance the Bank Pass Book would indicate on 31st December, 2008.

(i) A cheque of Rs. 15,000 received from Gopal and deposited in the bank was dishonoured but the non-payment advice was not received from the bank till 1st January, 2009.

(ii) A post-dated cheque for Rs. 100 has been debited in the bank column of the Cash Book but under no circumstances was it possible to present it.

(iii) During the month, the total amount of cheques for Rs. 94,000 were deposited into the bank but out of them, one cheque for Rs. 11,160 has been entered into the Pass Book on 5th January.

(iv) During the month, cheques for Rs. 89,500 were drawn in favour of creditors. Of them, one creditor for Rs. 38,500 encashed his cheque on 7th January whereas another for Rs. 4,320 has not yet been encashed.

## **CHAPTER: RECTIFICATION OF ERRORS**

Q.1. What is a Suspense Account?

Q.2. Describe briefly the following giving examples:

- i. Errors of Omission
- ii. Error of principle

Q.3. If a Trial Balance tallies, can it be concluded that there are no errors?

Q.4. Name the errors which do not affect the Trial Balance.

Q.5. Name the errors which affect the Trial Balance.

Q.6. (a) Rectify the following errors:-

(i) Goods for Rs.5,500 were purchased from Modern Traders on credit, but no entry has yet been passed.

(ii) Purchase Return for Rs.1,500 not recorded in the books.

(iii) Goods for Rs.2,000 sold to 'Geeta Traders' on credit were entered in the sales book as Rs.200 only.

(iv) Goods of the value of Rs.1,800 returned by Sunil & co. were included in stock, but no entry was passed in the Books.

(v) Goods purchased for Rs.900, entered in the purchases book as Rs.9,000.

(vi) An invoice for goods sold to X was overcast by Rs.100

Q.7. In taking out a Trial Balance, An Accountant finds an excess debit of Rs.1,098. Being desirous of closing his books he places the difference to Suspense A/c and later on he detects the following errors:-

(i) Goods purchased from Surinder for Rs. 350 has been credited to his A/c as Rs. 530.

(ii) Goods sold to Dinesh for Rs. 800 have been debited to his A/c as Rs. 880

(iii) A cheque of Rs. 1,250 received from a debtor had been correctly entered in the Cash Book but posted to his personal A/c as Rs. 1,200.

(iv) Rs. 780, paid for freight on Machinery Purchased was debited to Freight A/c as Rs. 708.

(v) Goods of the value of Rs. 130 returned by a customer, Navin Kumar had been posted to the debit of his A/c.

(vi) Rs. 1,440 paid for Repairs to Motor Car were debited to Motor Car A/c as Rs. 1400.

(vii) Rs. 500 being purchase return were posted to the debit of Purchase A/c. Give necessary rectifying entries & prepare Suspense A/c

## **CHAPTER: FINANCIAL STATEMENTS OF SOLE PROPRIETORSHIP**

Q.1. What is 'prepaid expense'?

Q.2. What is 'Outstanding Expense'?

Q.3. State with reasons whether the following items of expenditure are of capital or revenue nature:

(i) A second-hand car was purchased for a sum of Rs. 50,000. A sum of Rs. 10,000 was spent on its overhauling.

(ii) Rs. 2,500 paid for the installation of a new machine.

(iii) Repairs for Rs. 5,000 necessitated by negligence.

(iv) Cost of annual taxes paid and the annual insurance premium paid on the car mentioned above.

(v) Cost of air conditioning of the office of the General Manager.

Q.4. Calculate the Gross Profit when Total Purchases during the year are Rs. 8,00,000; Return Outwards Rs. 20,000; Direct Expenses Rs. 60,000 and 2/3rd of the goods are sold for Rs. 6,10,000.

Q.5. Pass Journal Entries for the following:- (i) For recording Closing Stock A/c in Trading A/c. (ii) For adjusting purchases for closing Stock. (iii) For transferring gross profit to Profit and Loss Account. (iv) For transferring Wages A/c to Trading Account. (v) For transferring Sales A/c to Trading Account. (vi) For transferring Net Profit to Capital A/c. (vii) For transferring Net Loss to Capital A/c. (viii) For adjusting Rent A/c for pre-paid rent.

Q6. The Trail Balance of a business as on 31<sup>st</sup> March, 2011 is given below

Debit balances	Rs.	Credit Balances	Rs.
Stock(1.4.2010)	25,000	Sales	2,27,800
Furniture	8,000	Commision	500
Plant and Machinery	140,000	Return Outwards	1,000
Additions to Plant and Machinery(1.10.2010)	10,000	Creditors	40,000
Debtors		Capital	1,50,000
Wages	30,000		
Salaries	12,000		
Bad Debts	20,000		
Purchases	1,000		
Electricity Charges	1,20,000		
Telephone Charges	1,200		
General Expences	2,400		
Postage and telegram	3,000		
Return Inwards	1,800		
Insurance Premium	900		
Cash in hand	1,500		
Cash at Bank	2,500		
	<u>40,000</u>		
	<u>419,300</u>		<u>4,19,300</u>

Prepare the Trading account and the Profit and Loss account for the year ended 31<sup>st</sup> March, 2011 and the Balance Sheet as at that date after taking into account the following adjustments:

1. Closing Stock value at Rs 7,000.
2. Outstanding liabilities for wages Rs 600 and salaries Rs 1,400.
3. Depreciation is to be provided @ 5% p.a. on all fixed assets.
4. Insurance premium paid in advance Rs 200.

Q7. The following information has been extracted from the trial balance of M/sRandhir Transport Corporation

Debit Balances	Amount	Credit Balances	Amount
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Opening stock	40,000	Capital	2,70,000
Rent	2,000	Creditors	50,000
Plant and Machinery	1,20,000	Bills payable	50,000
Land and Building	2,55,000	Loans	1,10,000
Power	3,500	Discount	1,500
Purchases	75,000	Sales	1,50,000
Sales return	2,500	Provision for bad debts	1,000
Postage and Telegram	400	General reserves	50,000
Wages	4,500		
Salary	2,500		
Insurance	3,200		
Discount	1,000		
Repair and Renewals	2,000		
Legal charges	700		
Trade taxes	1,200		
Debtors	75,000		
Investment	65,000		
Bad debts	2,000		
Trade expenses	4,500		
Commission	1,250		
Traveling expenses	1,230		
Drawings	20,020		
	6,82,500		6,82,500

Adjustments:

- i. Closing stock for the year was Rs. 35,500.
- ii. Depreciation charged on plant and machinery 5% and land building 6%.
- iii. Interest on drawing @ 6% and Interest on loan @ 5%.
- iv. Interest on investments @ 4%.
- v. Further bad debts 2,500 and make provision for bad debts on debtors 5%.
- vi. Discount on debtors @ 2%.
- vii. Wages outstanding Rs. 100.

You are required to make trading and profit and loss account and a balance sheet on March 31, 2005.

## CHAPTER :ACCOUNTS FROM INCOMPLETE RECORDS

Q1. Differentiate between Balance Sheet and Statement of Affairs.

Q2. Sumit Commenced business on 1st April, 2009 with a capital of Rs. 80,000. He also took a loan from his friend, amounting Rs. 30,000@10% p.a. He also introduced Rs. 20,000 as further capital during the year.

On 31st March, 2015 his position was an under :

	(Rs.)
Cash in hand	8,400.00
Cash at bank	12,600.00
Sundry Debtors	40,800.00
Stock	60,700.00
Furniture & Fixture	30,000.00
Creditors	26,500.00

He withdrew Rs. 2,500 per month during the year for household expenses. Calculate profit or Loss made by him during the year.

3. Mohan Lal keeps incomplete records of his business. From the following information, determine the result of his business during the accounting period.

	1st April, 2014 (Rs.)	31st March, 2015 (Rs.)
Cash in hand	4,500.00	3,500.00
Bank balance	8,500.00	7,500.00
Furniture	12,000.00	10,800.00
Stock	21,000.00	23,000.00
Creditors	24,000.00	25,400.00
Debtors	23,600.00	24,800.00

During the year, he withdrew Rs. 500 p.m. for his household needs and withdrew goods worth Rs. 3,000.00 for domestic purposes. During the year, he sold his motorbike for Rs. 10,000.00 and introduced Rs. 8,000.00 into the business. Compute his profit or loss during the year.

Q.3. Mrs. Shweta started her readymade garments business on April 1, 2004 with a capital of Rs. 50,000. She did not maintained her books according to double entry system. During the year she introduced fresh capital of Rs. 15,000. She withdraw Rs. 10,000 for personal use. On March 31, 2005 her assets and liabilities were as follows:- Total creditors Rs. 90,000; total debtors Rs. 1,25,600; stock Rs. 24,750; cash at bank Rs. 24,980. Calculate profit or loss made by Mrs. Shweta during the first year of her business using the statement of affairs method.

## **CHAPTER: COMPUTERS IN ACCOUNTING AND ACCOUNTING SOFTWARE**

1. Explain the features of Computers.
2. Define the elements of Computers System.
3. Differentiate Manual and Computerised Accounting Systems.
4. Explain the different Accounting Software.
5. Explain Accounting Information System as a Part of MIS