

HPF&AS (Part-I) Examination-2024

Paper-II: Principles of Commercial Accounting (without books)

Time allowed: 03 hours

Maximum marks: 100

- Note: i) Question No. 1 is compulsory. Attempt five questions in all including Question No. 1.
- ii) Marks are indicated against each question.
- iii) All parts of a question must be attempted in sequence. Indicate the same question number and its part as assigned in the question paper while answering the same.
- iv) Use of simple calculator allowed.

Q.No.1. Following is the trial balance of Mr. ABC as on 31st March, 2023:

Particulars	Dr. (Rs.)	Cr. (Rs.)
Capital Account		80,000
Drawing Account	6,000	
Stock (1.04.2022)	45,000	
Purchases	2,60,000	
Sales		3,10,000
Furniture	10,000	
Sundry Debtors	40,000	
Freight & Octroi	4,600	
Trade expenses	500	
Salaries	5,500	
Rent	2,400	
Advertising expenses	5,000	
Insurance premium	400	
Commission		1,300
Discount	200	
Bad Debts	1,600	
Provisions for Bad Debts		900
Creditors		20,000
Cash in hand	5,200	
Bank	5,800	
Goodwill (at cost)	20,000	
	4,12,200	4,12,200

Adjustments:

- Stock on 31st March, 2023 was valued at Rs. 53,000.
- Salaries have been only for 11 months.
- Unexpired insurance included in the figure of Rs. 400 appearing in trial balance is Rs. 100.
- Commission earned but not yet received amounting to Rs. 122 is to be recorded in the books of account.

- e. Provision for bad debts is to be brought up to 3% of sundry debtors.
- f. Manager is to be allowed a commission of 10% of net profits after charging such commission.
- g. Furniture is depreciated @ 10% per annum.
- h. Only 1/4th of advertising expenses are to be written off.

Prepare trading and profit and loss account for the year ended 31st March, 2023 and balance sheet as on that date.

(28 Marks)

Q. No. 2. On 31st March 2024, the cash book of Mr. X showed a bank overdraft of Rs. 3,458. On examination of the cash book and bank statement, the following discrepancies were noted:

- a. Cheques issued for Rs. 1,200 were entered in the cash book but not presented at the bank till first week of April, 2024.
- b. Cheques amounting to Rs. 1,000 were entered in the cash book on 30th March, 2024 but were banked on 2nd April, 2024.
- c. Cheques amounting to Rs. 500 were deposited in the bank but were not collected till March 31st, 2024.
- d. A cheque for Rs. 300 received from Mr. Dass and deposited in the bank was dishonoured but advice of non-payment was not received from the bank up to 31st March, 2024.
- e. Rs. 3,000 being proceeds of bill collected on 20th March did not appear in the cash book.
- f. Rs. 300 being proceeds of a bill collected on 20th March was omitted to be credited in the pass book.
- g. The pass book showed an amount of Rs. 340, being rent which his tenant had directly deposited in the bank on 31st March, 2024.
- h. A bill payable amounting to Rs. 600 was duly paid off on 31st March according to the instruction of Mr. X but this was not entered in the cash book.
- g. Bank charges of Rs. 30 and interest on overdraft Rs. 170 appeared in the pass book but not in the cash book.

Prepare a Bank reconciliation statement and find out the balance as per pass book.

(18 Marks)

- Q. No. 3 a.** Explain Debit Note and Credit Notes with accounting entries involved.
- b.** Discuss the principle based on the premise, “do not anticipate profits but provide for all losses”.
- c.** Distinguish between Capital Receipts and Revenue Receipts.
- (6*3=18 marks)**

- Q. No.4.** Explain and write down accounting entries in respect of the following in relation to Not for Profit Organisation:
- a.** Legacy
- b.** General donations of smaller amount received by a school.
- c.** Outstandings and prepaid of previous year
- d.** Sale of old assets
- (4.5*4=18 Marks)**

- Q. No.5 (A).** Journalise the following transactions:
- i.** Purchased goods from Ravi for Rs. 60,000 less trade discount 25% plus GST 10%.
- ii.** Sold goods to Mr. Gaurav for Rs. 30,000 plus GST @10%.
- iii.** Deposited the GST collected from Mr. Gaurav into State Bank of India under the relevant Government heads of account through cheque.
- (03*2=06 marks)**

- (B).** Pass journal entries necessary to rectify the following errors:
- i.** A purchase of goods from Mr. Nathan amounting to Rs. 3,000 has been wrongly entered through the Sales book.
- ii.** A credit sale of Rs. 1,000 to Santhanam has been wrongly passed through the Purchase book.
- iii.** On 25th March, 2023, goods of the value of Rs.5,000 were returned by Mr. Akashdeep and were taken in stocks but the returns were entered in the Books under date 3rd April, 2023 i.e. after the expiration of the financial year.
- iv.** A duplicate invoice for the purchase of machinery costing Rs. 10,000 was erroneously passed again and entered into the books.
- (4*3=12 marks)**

- Q. No. 6.** A firm named X had brought a Machinery for Rs. 1,00,000 including a Motor for running the said machine worth Rs. 10,000. Depreciation was charged on reducing balance method at the rate of 10% for first five years and machinery

account was credited accordingly. During the fifth year, the Motor became useless on account of damages to its vital parts. The damaged Motor was sold for Rs. 2,000.

You are required to prepare the machinery account for five years.

(18 Marks)

- Q.No.7. a.** Explain Imprest system and its advantages. Also differentiate between Imprest, advance & suspense Account.
- b.** List out points of similarities between Trail Balance and Balance Sheet?
- c.** Draw a format for Purchase Book and Sale Return Book. What are the rules for posting of transactions from these books to ledger.

(6*3=18 Marks)
