

INSIGHT ACADEMY OF COMMERCE
MONTHLY ASSESMENT TEST (MAT) – 02
+3 1ST SEMESTER (ACCOUNTING)

SECTION A – Answer Any Five. (2x5)

- Define Accounting.
- Define Cash Basis of Accounting
- Define Going Concern Concept
- Define Double Entry System
- Define Provision for Bad debt
- Treatment Of Managers commission in Final Accounts

SECTION B – Answer All the questions. (5x2)

- Prepare an Accounting Equation.
 - i) Praveen Commenced business with cash 60000
 - ii) Purchased furniture for cash 600
 - iii) Goods purchased on credit 4800
 - iv) Sold goods of costing 600 for cash 840
 - v) Received rent 240
 - vi) Purchased goods for cash 1200
 - vii) Cash withdrawn for personal use 840
 - viii) Cash paid to creditors 480
 - ix) Salary paid 240
- Compute Net Income as per Accrual Basis
 - i) Salary paid 75000
 - ii) Salary paid in advance 38000
 - iii) Salary outstanding 23000
 - iv) Loan taken 50000
 - v) Rent received 203000
 - vi) Rent received in advance 25000
 - vii) Commission earned but not received 22000

SECTION C – Answer Any 02 (8x2)

- Differentiate between Book Keeping & Accounting
- Briefly Discuss Users of Accounting Information
- Discuss Accounting Concepts.

SECTION D – Answer all the questions (8x3)

- Correct the following Trial Balance

Correct the following trial balance of M/s X as on 31-3-2017 with suspense Account, if required.

Name of the Account	Dr. Balance (₹)	Cr. Balance (₹)
Return outward A/c	15,000	—
Opening Stock A/c	34,000	—
Salaries A/c	13,200	—
Creditors A/c	28,000	—
Debtors A/c	—	15,000
Bank A/c	48,000	—
Carriage on Purchase A/c	6,000	—
Carriage on sales A/c	—	5,000
Rent Received	3,000	—
Discount allowed	1,500	—
Purchases	—	61,000
B/P	2,000	—
B/R	5,000	—
Capital	—	1,00,000
Machinery	—	20,000
Furniture A/c	3,000	—
Sales Return A/c	—	8,000
Discount Received A/c	1,000	—
Trade Expenses	500	—
Sales A/c	—	40,000
Building A/c	98,800	—
Total	2,59,000	2,49,000

- Prepare Trading & Profit Loss Account

On 31st December, 2008 the following trial balance was extracted from the books of M/s S. Sourav.

Sundry Debtors	20,100	Capital	28,000
Drawings	3,000	Loans on mortgage @6%	9,500
Bills Receivable	6,882	Rent Received	250
Interest on loan	300	Bills Payable	2,614
Cash at bank	3,550	Discount Received	540
Motor van	10,000	Sales	1,10,243
Stock on 01.01.2008	6,839	Sundry Creditors	10,401
Cash in Hand	2,050	Provision for bad debt	710
Land & Building	12,000	Return outward	1,346
Trade Expenses	3,489	Apprentice premium	6,246
Advertising	3,264	Commission Received	500
Rent, Rates, taxes & Insurance	2,891	Interest on investment	350
Wages	97		
Salaries	9,000		
Bad debts	500		
Purchases	66,458		
Return Inward	7,821		
Carriage Inward	2,929		
Carriage Outward	2,404		
10% Investment	4,000		
Patent Rights	3,000		
Postage & Telegram	126		
	170,700		1,70,700

Adjustments:

1. Closing stock is valued at ₹6,250
2. Depreciate land & building at 2%, motor van at 20% p.a.
3. Salary outstanding ₹750 and insurance prepaid ₹75.
4. Accrued Commission ₹150 and rent yet to be earned ₹100
5. Allow interest on capital 7% and charge interest on drawings @8% p.a.

6. Provide interest on loan on mortgage 6% p.a. for 6 months.
7. Additional bad debt during the year 1,500. Keep 10% provision for doubtful debts and 9% for provision for discount on debtors.
8. Keep 5% provision for discount on creditors.
9. Goods lost by fire ₹3,000 and insurance claim admitted ₹1,800.
10. Patent rights are for a period of 5 years, from 01.01.2006.
11. Goods distributed as free samples ₹200 and as charity ₹300.
12. Provide for Managers' Commission at 10% on net profits after charging such commission.

- Journalize the following Transactions.

- (1) Mr. Arvind Started a new business with cash 25lakh, a house property worth 30 lakhs & a bank loan of 5lakhs.
- (2) Goods Purchased worth 10lakhs & insured for 1lakh.
- (3) Good Destroyed by fire worth 3lakhs, insurance company admitted the claim of 40%of the goods value.
- (4) Sunita who has borrowed 50000 from Arvind became insolvent, nothing recovered from her.
- (5) Income Tax paid 30000.
- (6) Commission of last year received in the current year.
- (7) Arvind took away goods worth 3000 for his personal use.