

Ques 1: 3 marks

Pass a journal entry in each of the following cases.

- (i) A running business was purchased by Mohan with following assets and liabilities:
Cash Rs. 2,000, Land Rs. 4,000, Furniture Rs. 1,000, Stock Rs. 2,000, Creditors Rs. 1,000, Bank Overdraft Rs.2,000.
- (ii) Goods distributed by way of free samples, Rs. 1,000.
- (iii) Rahim became an insolvent and could pay only 50 paise in a rupee. Amount due from him Rs. 600.

Q2. 2 marks

State with reasons, whether the following statements are true or false: A Talled trial balance means that the books of accounts have been prepared as per accepted accounting principles.

Q3. 5 marks

M/s Suman & Co. find the following errors in their books of account before preparation of Trial Balance. You are required to pass necessary journal entries:

- (i) A purchase of Rs. 5,600 from M/s Minu & Co. was recorded in the accounts of M/s Mintu & Co. as Rs. 6,500. Day Book entry has also been passed incorrectly.
- (ii) A sale of Rs. 9,800 to M/s Bantu Bros. was recorded in M/s Bindu & Co.'s account as Rs. 8,900. Day Book entry has also been incorrectly passed.
- (iii) Discount allowed Rs. 560 (as per Cash Book) has been posted to Commission Account. But the Cash Book total should be Rs. 650, because discount allowed of Rs. 90 to M/s Bantu Bros. has been omitted.
- (iv) A cheque of Rs. 9,700 drawn by M/s Bantu Bros. has been dishonoured, but wrongly debited to M/s Bhakt & Co.

Should the Trial Balance tally without rectification of errors?

Ques 4. 4 marks

Prepare Journal Entries for the following transactions in the books of Gamma Bros.

- (i) Employees had taken stock worth Rs. 10,000 (Cost price Rs. 7,500) on the eve of Deepawali and the same was deducted from their salaries in the subsequent month.
- (ii) Wages paid for erection of Machinery Rs. 8,000.
- (iii) Income tax liability of proprietor Rs. 1,700 was paid out of petty cash.
- (iv) Purchase of goods from Naveen of the list price of Rs. 2,000. He allowed 10% trade discount, Rs. 50 cash discount was also allowed for quick payment.