**UNIT I**

1. Any exchange of money or money's worth as goods & services between two parties is called as______

   **a)business transaction**

   b)debit

   c)credit

   d)drawing

2. The word journal is derived from the French word_________

   a**)Jour**

   b) debit

   c)credit

   d)drawing

3. Balance sheet is a statement which discloses an organization's

   a)Assets

   b)liabilities

   c)owner's equity

   d)**all of these**

4. Current liabilities need to be paid

   **a)within one accounting cycle**

   **b)** beyond one accounting cycle

   c) within 3 years

   d) within 6 months

5. Which of the following is not a current assets?

   a)Accounts receivable

   b)Inventory of finished products

   c)Inventory of raw materials

   d)**Land**

6. Which of the following is a financial asset?

   a)Inventories

   b)Equipment

   c)Loan to an associate

   d)**Accounts receivable**

7. Which of the following equations represents the balance sheet?

   a)Assets +equity

   b)Assets = equity

   c)Assets = Liabilities

   d)**Assets = Liabilities + Shareholders' equity**

8. Which of the following describes a record of the transactions?

   a)General ledger

b)Income statement
c)Balance sheet
d)**Journal**

9. A loan can be described as a *short-term loan* if the period is ______
   a)three years
   b) **less than one year**
   c)over one year
   d)more than two years
10. Economic life of an enterprise is split into the periodic interval as per..

   a)Money measurement concept
   b)Matching concept
   c)**Going concern concept**
   d)Accrual Concept
11. Which of the following is an example of fictitious assets?
   a)Machinery
   b)Stock
   c)**Patent**
   d)Preliminary Expenses
12. **The assets that can be converted into cash within a short period (i.e. 1 year or less) are known as**
   a)**Current assets**
   b)Fixed assets
   c)Intangible assets
   d)Investments
13. **Patents, Copyrights and Trademarks are**
   a)Current assets
   b)Fixed assets
   c)**Intangible assets**
   d) Investments

14. **The accounts that records expenses, gains and losses are**
   a)Personal accounts
   b)Real accounts
   c)**Nominal accounts**
   d) None of the above
15. **The word journal is derived from the ______word**
   a)**French**
   b)latin
   c)American
   d) Italic
16. **Balance sheets are prepared**
   a)Daily
   b)Weekly
   c)Monthly
   d)**Annually**

17. **The long term assets that have no physical existence but are rights that have value is known as**
    a) Current assets
    b) Fixed assets
    c) **Intangible assets**
    d) Investments

18. **In journal, the business transaction is recorded**

    a) **Same day**
    b) Next day
    c) Once in a week
    d) Once in a month
19. **LF stands for__**
    **a) Ledger Folio**
    b) Leave Folio
    c) Ledger File
    d) List Folio
20. Jour means __
    **a) a day**
    b) a week
    c) a month
    d) a year

UNIT II

1. All assets whose benefit is derived for a _____ period of time are called as fixed assets

   a) **Long**

   b) Short

   c) a and b

   d) None of the above

2. The estimated sale value of the asset at the end of its economic life is called as____ value

   a)machinery a/c

   b) Fixed asset

   c) **residual / scarp**

   d) Balance sheet

3. .________method of depreciation is calculated on the original cost of asset

a) Written down value

b) **Straight line**

c) Annuity

d) premium

4. Under ______ method depreciation is calculated on the book value of the asset each year

a) **Written down value**

b) Straight line

c) Revaluation

d)annuity

5. Depreciation arises due to ______

a) **Wear and tear of asset**

b) Fall in the market value asset

c) Fall in value of money

d) None of the above

6. Under straight line method rate of depreciation is calculated on ____

a) Written down value method

b) Cost less scrap value

c) Scrap

d) **Original cost**

7. Under diminishing balance method depreciation _____

a) **Decrease every value**

b) Increase every value

c) Constant every year

d)variable every year

8. The term depletion is used for ___

a)intangible asset

b) Fixed asset

c) **Natural resource**

d) None of the above

9. If selling price is less than the book value of the asset it denotes______

a) Loss

b) Income

c) a profit

d)expenses

10. If selling price is more than the book value of the asset denotes______

a) Loss

b) Income

c) **Profit**

d)expenditure

11. Profit made on sale of fixed asset its debited ______

a) Profit and loss

b) Depreciation

c) **Fixed asset**

d) All the above

12. Loss on sale of fixed asset appear on the ______

a) Credit side of depreciation

b) Debit side of depreciation

c) Debit side of fixed asset

d) **Credit side of fixed asset**

13. The amount of depreciation is charged on machinery will be debited to ____ account

a) Machinery

b) **Depreciation**

c) Cash

d) Purchase

14. Which one of the following is need for providing depreciation_____?

a) To ascertain correct profit \loss

b) To ascertain the real cost of production

c ) to replace asset

d) **all the above**

15. What are the causes of depreciation_____?

a) Internal

b) External

c) **A &B**

d) None of the above

16. The value expected to be realized on its sale on the expiry of its useful life is___

a) original cost

b) Estimated life

c) Amortization

d) **Residual value**

17. The period over which the asset is expected to be used ________

a) **Estimated life**

b) Original cost

d) Scrap value

d) Depreciation

18. How many methods of calculation of depreciation

a)3

b)9

c)7

d)**6**

19. The reduction in value of _________ asset is called depreciation

a)variable

b) Constant

c) Integer

d) **Fixed**

20. The other name of scrap value is ______

a) Disuse

b) Expected to be realized

c) Depletion

d) **Turn in value**

UNIT III

1. Incomplete records are those records which are not kept under ______ system

a) Single entry system

b) Statement of affairs

c) **Double entry system**

d) All the above

2. statement of affairs method is called as ______ method

a)**net worth**

b) Statement of affairs

c) Depreciation

d) none of the above

3. _____ capital can be found by preparing a statement of affairs at the beginning of the year

   a) closing capital

   b) Additional capital

   c)**opening capital**

   d)all the above

4. A statement of affairs resembles a _______

   a) single entry system

   b) Double entry system

   c) Depreciation

   d) **Balance sheet**

5. _______ can be found by preparing a statement affairs at the balance sheet of the year

   a) Opening capital

   b) **Closing capital**

   c) a and b

   d) None of the above

6. In _____ system only personal and cash accounts are opened

   a) Double entry

   b) **Single entry**

   c) Depreciation

   d) final accounts

7. Credit purchase can be ascertained as the balancing figure in the _____

   a) Total debtors

   b) Bills receivable

   c) Bills payable

d) **Total creditors**

8. The excess of asset over liabilities is _____

   a) single entry

   b) Double entry

   c) **Capital**

   d) Opening

9. Under the net worth method the basis for ascertaining the profit is______

   a) **The difference between the capitals on two dates**

   b) The difference between the liabilities on two dates

   c) The difference between the gross assets on two dates

   d) the difference between the net profit on two dates

10. Incomplete records are generally used by______

    a) Company

    b) Government

    c) **Small traders**

    d) private

11. Credit sales is obtained from _______

    a) Bills receivable

    b) **Total debtors account**

    c) Total creditors

    d) Bills payable

12. Single entry system is ______

    a) a scientific method

    b) **An incomplete double entry system**

    c) An complete double entry system

d) None of above

13. The capital of a business ascertained by preparing _____

a) trading account

b) Statement of profit or loss

c) **Statement of affairs**

d) Single entry

14. The single entry is suitable for

a) sole trader

b) Partnership

c) Company

d) **a and b**

15. How many features of single entry system _____

a)4

b)**8**

c)5

d)7

16. Which one is suitable for all types of traders _____

a) **Double entry**

b) Single entry

c) Final accounts

d)statement of affairs

17. The methods of ascertaining profit or loss ____

a)**2**

b)8

c)6

d)3

18. Trial balance cannot be prepared ______

a) Double entry

b) **Single entry**

c) Statement of affairs

d) depreciation

19. Internal check is possible under

a) **Double entry**

b) Single entry

c) Closing capital

d) Opening capital

20. Which one is to know the financial position of the business?

a)statement of affairs

b) Single entry

c) Double entry

d) **Balance sheet**

UNIT IV

1. ________ is the initial payment made at the time of signing the hire purchase agreement
   a) HP price
   b. Installment price
   c. Cash price
   **d. Down payment**
2. If the firm stops making repayments and the goods or assets are taken away from them as a result, this is known as:
   a) Cancellation
   b. Forfeiture
   **c. Repossession**
   d. Annulment
3. The depreciation on an asset purchased through hire purchase should be:

a) Should be straight line only
b**. Based on the cost price of the asset only**
c. Based on the total cost including interest
d. No depreciation should be provide until the final payment is made

4. Hire Purchase Act is passed in the year
   a)1932
   b. 1956
   **c. 1972**
   d. 1872
5. Under hire purchase system, interest is calculated on ________.
   a.Cash Price
   b. Hire Purchase Price
   c. MRP.
   **d. Outstanding Balance**
6. In the books of hirer, for payment of installment hire vendor account will be______
   **a.Debited.**
   b. Credited.
   c. Rectified
   d. Reversed.
7. In the books of hirer, for interest due at the end of the year hire vendor account will be ________.
   a.Debited.
   **b. Credited.**
   c. Rectified
   .d. Reversed.
8. In the books of Hirer, the interest and depreciation account will be transferred to _______.
   a.Trading account
   **b. P & L a/c**
   c.P & L appropriation a/c
   d. Balance sheet.
9. In the books of hirer, when the asset is repossessed hire vendor account will be _______.
   **a.Debited**
   b. Credited
   c. Rectified.
   d. Reversed.
10. In the books of hirer, when the asset is repossessed, asset account will be_____
    a. Debited
    b. .**b. Credited**
    c. c. Rectified.
    d. d. Reversed.
11. In the books of hire vendor, when down payment is received, the hirer accounts will be__________.
    a. Debited
    b. **b. Credited**

c. c. Rectified.
d. d. Reversed.

12. Under hire purchase system is interest is calculated on _______.
    a. Outstanding Balance
    b. .b. Hire Purchase Price
    c. **c. Cash Price.**
    d. d. Down Payment.
13. Nature of hire purchase agreement is __________.
    a. Agreement of sale
    b. b. Option to transfer.
    c. **c. Option to buy.**
    d. d. Option to sell.
14. In case of Hire-Purchase the total sum payable by the hire-purchaser as per terms in order to complete the transactions is
    **a.** Net Cash Price
    **b.** b. Net Hire-Purchase Charges
    **c. c. Hire-Purchase Price**
    d. Cash Price Instalment
15. Under ______ system the buyer does not get ownership of goods immediately
    a.Installment
    **b. HP**
    c. Installment and HP
    d. consignment
16. ________ means the price at which the goods can be purchased by the hirer for ready cash.
    a. HP price
    b. b. Installment price
    c. **c. Cash price**
    d. d. Down

17. Under hire purchase system the buyer is called _________.
    a. Buyer.
    b. b. Hirer
    c. .**c. Hire vendor.**
    d. d. Debtor.

18. Under hire purchase system who has the right of sell __________.
    a.Creditor
    b. Hirer
    **c. Hire Vendor**
    d. Debtor
19. Cash price plus interest is _________.
    a.Installment Price.
    **b. Hire Purchase Price**
    c. MRP
    d. Retail Price.

20.HP stands for_____

a.**Hire Purchase**

b.Higher Purchase

c.High Pay

d.Hi Pay

UNIT V

1. Royalty is an amount payable by _______ person to another for the use of asset

   a) **1**

   b)3

   c) 5

   d)8

2. It is a ______ payment in nature of rent made to a person for the right to use certain property such as mine patent etc….

   a) Tax payment

   b) Creditor payment

   c) Periodical payment

   d) None of the above

3. When a person having an exclusive right of some kind of property is known as ______

   a) lessee

   b) **Lessor**

   c) Short workers

   d) Wages

4. When a person having an exclusive right of some kind of property, to another person for rent is known as

   a)**lessee**

   b) lessor

   c) Short workers

d ) wages

5. The payment of royalty governed by the terms of ____

a) Partnership agreement

b) Joint stock agreement

c) Company agreement

d)**Royalty agreement**

6. Royalty is revenue expenditure just like any _____ account

a) personal

b) Real

c) **nominal**

d) All the above

7. It is credited to ________ account transferred to profit or loss account at the time of closing the accounts

a)royalty payable

b) **Royalty receivable**

c) Royalty earned

d) Royalty dispatched

8. The amount payable to the land lord is called as ______

a) Minimum rent

b) Dead rent

c) Fixed rent

d) **All the above**

9. Short workings are otherwise known as ______

a) Sub lease

b) **Redeemable dead rent**

c) a and b

d) None of the above

10. If the actual royalty is more than the dead rent landlord will claim the **____**royalty

a)actual loyalty

b) Minimum royalty

c) Maximum royalty

d**) a and b**

11. **___________** is allowed to the lessee is mainly to compensate the lessee excess amount paid by him whenever production or sales is low

a) Redeemable dead rent

b) Short working

c) **Recoupment of short working**

d) None of the above

12. How many method in recoupment

a) 7

b) 8

c) 4

d)**2**

13. In **______** type of recoupment the lessee may be allowed the privilege with in the fixed number of years initially

a)variable recoupment

b) **Fixed recoupment**

c) Flexible recoupment

d) All the above

14. In **_____** method of recoupment any particular year of short working may be allowed to be recovered in the subsequent two or three years

a)variable recoupment

b) Fixed recoupment

c) **Flexible recoupment**

d) All the above

15. The meaning of lessee

a) **Tenant**

b) Landlord

c) Wage

d) Sub lessee

16. The meaning of lessor

a) Tenant

b) **Land lord**

c) Wage

d) Sub lessee

17. There are _____ parties in the sub lease transaction

a)5

b)6

c)**3**

d)9

18. The lessee he maintains ______ accounts

a) **Royalty payable account**

b) Short working account

c) Land lord account

19. The _________ to the owners of patents having been allowed to manufacture articles

a) Publishing licensees

b) Royalty licensees

c) **Manufacturer licenses**

d) None of the above

20. The actual rent calculated at an agreed rate based on output from a **______**

a)mine

b) Number of units produced

c) Sold

d) **None of the above**

**UNIT I**

1.Explain the meaning of ledger

**The process of entering all transactions from the journal to ledger is called posting**

2. Classify the account into Personal & Nominal a/c

Drawings a/c,Discount a/c

Drawings a/c –personal

Discount a/c-Nominal

3.Classify the account into Real & Nominal a/c

Goodwill,Salaries

Goodwill-Real

Salaries- Nominal

4.Classify the account into personal & Real a/c

Capital,Purchases

Capital-Personal

Purchases- Real

5.Restate the rules of personal account

Debit the receiver

Credit the giver

6.Indicate the rules of real account

Debit what comes in

Credit what goes out

7.Construct the rules of nominal account

Debit all expenses & losses

credit all incomes & gains

8.Discuss the meaning of Debtor

Debtor is a person whomowes money

9.Predict the meaning of creditor.

A Person to whom money is owing or payable

10.Discuss the meaning of drawings.

Any amount or goods withdrawn by the owner of a business for personal use.

**UNIT- II**
**DEPRECIATION**

**K-2 QUESTIONS**

1. Define depreciation?
   A reduction in the value of an asset over time due in particular to wear and tear.
2. What is fixed asset?
   Asset which are purchased for long term use and not likely to be converted quickly into cash.
3. What is straight line method?
   Method of computing depreciation and amortization by dividing difference an asset cost
4. What is annuity method of depreciation?
   This method requires to determination of internal rate of return on the cash flow and outflow of asset.
5. Any two merits of written down value method?
   Logical method
   Recognized by the income tax authority
6. What is mean by revaluation method?
   The asset is depreciated with the difference in its value at the end of the year
7. What is residual value?
   It is the estimated value of a fixed asset at the end of its lease or at the end of its useful life.
8. What is obsolescence?
   Insurance companies take obsolenece into account to reduce the amount of claim to be paid on damaged.
9. What is annuity?
   A fixed sum of money paid to someone each year, typically for the rest of their life.
10. Another name for depreciation fund method?

    Sinking fund method of depreciation

**UNIT- III SINGLE ENTRY**

**K-2 QUESTIONS**

1. Define single entry system?

   Single entry system is an incomplete, inaccurate, unscientific and unsystematic system of book keeping.
2. Write two any features of single entry?

   Suitable for sole traders and partnership firm,Only personal account and cash account are kept
3. What is net worth method?

Net worth is the difference between the asset and liabilities of a person or business.

4. Expand double entry?

   a system of bookkeeping in which each transaction is entered as a debit in one account and a credit in another account.

5. What is statement of affairs?

   The statement of affairs is a summary of a company asset and liabilities.

6. What is conversion method?

   Conversion method means converting the accounts from single entry to double entry..

7. What are the methods of ascertaining profit or loss?

   Divide the net income by the revenue,Determine the net income

8. What is a drawing?

   Drawings refer to the act of withdrawing cash or asset from the company

9. What is the meaning for provision for bad debts?

   Depreciation is an expense for any company, so this amount is not credited to asset account,

10. What are bad debts?

    A bad debts is a monetary amount owned to a creditors

**UNIT- IV**

1.Explain the term cash price

Retail price of the goods at which they can be purchased immediately for cash

2.Restate the meaning of hire purchase price

Cash price and interest

3.construct the meaning of interest

Additional amount for postponed payments

4.Discuss the term instalment

Amount payable by the buyer periodically

5.Clarify the term Down payment

Amount payable while signing the agreement

6.Predict the Hirer

buyer of the goods on hire purchase basis

7.Indicate the hire vendor

seller of the goods on hire purchase basis

8.Construct the neaning of Default.

Hire purchaser fails to make payment of any installment is called Default.

9.Review Complete Repossession.
Hire vendor take away all the goods
10.Describe partial Repossession
Hire vendor takes away only a portion of the goods

**UNIT- V ROYALTY**

**K-2 QUESTIONS**

1. What is royalty?

   Royalty is an amount payable by one person to another for the use of an asset
2. What are the methods of recoupment?
   Fixed recoupment,Flexible recoupment
3. What is sub-lease?
   A sublease is a rental agreement between someone who has leased a house
4. Whatis minimum rent?
   The smallest amount of rent due from a tenant with a variable rental.
5. What is strike?
   The strike is one of the powerful tools of collective bargaining, used by the trade union.
6. Who is landlord?
   A landlord is the owner of a house, apartment, land or real estate which is rented or leased to an individual or business.
7. Who is lessor?

   A lessee is a person who rent land or property from lessor. The lessee is also known as tenant.
8. Entries of royalty payable?

   Royalty A/c Dr
   Shortworking A/c Dr
   To landlord A/c
9. What is short working?

Short working is that amount by which the minimum rent exceeds actual royalty..

10. What is dead rent?
    Dead rent is the rent fixed for mines without considering the fact whether the mine is profitable or not.

## I UNIT

1.Prepare journal entries.

| | |
|---|---|
| 1.Ravi commenced business with | Rs. 20000 |
| 2.Purchased furniture for cash | Rs. 2000 |
| 3.Paid wages | Rs. 200 |
| 4.Purchased goods on credit | Rs. 3000 |
| 5.Sold goods for cash | Rs. 3000 |

2.Journalise the following:

i) Paid cash to Hari Rs.300 ii) Cash sales Rs.600
iii) Sold goods to Selvan on credit Rs.1000 iv) Received cash from Muthu Rs.500

3.Enter the following transactions in the purchases book and sales book of Mr.Pandiyan.

| 2014 | | Rs. |
|---|---|---|
| Jan. | 1. Purchased goods from balu | 30000 |
| | 2. Sold goods to swamy | 15000 |
| | 4. Bought goods from gowri | 13500 |
| | 12. Sold goods to thenali | 10500 |
| | 19. Sold goods to jayaraman | 750 |
| | 21. Bought goods from rajesh | 9000 |
| | 30. Sold goods to shanthi | 900 |

4. Prepare Trial balance from the following:

| | Rs. | | Rs. |
|---|---|---|---|
| Capital | 9000 | Rent outstanding | 1000 |
| Plant and machinery | 12000 | Opening stock | 2000 |
| Purchases | 8000 | Sales returns | 4000 |
| Sales | 12000 | Investments | 14000 |
| Creditors | 8000 | Debtors | 12000 |
| Bank loan | 22000 | | |

5. Prepare Trial balance from the following:

| | Rs. | | Rs. |
|---|---|---|---|
| Capital | 27000 | Rent outstanding | 3000 |
| Plant and machinery | 36000 | Opening stock | 6000 |
| Purchases | 24000 | Sales returns | 12000 |
| Sales | 36000 | Investments | 42000 |
| Creditors | 24000 | Debtors | 36000 |
| Bank loan | 66000 | | |

## II UNIT
## K-3 QUESTIONS

1. Mr.Shanmugavel purchased a machine for Rs.8000 on 1st April 1990.He spent Rs.3500 on its installation. Depreciation is written off 210% p.a. on the original cost. On 30th June 1993 the machine was found to be unsuitable and sold for Rs.6500.Prepare the machine account from 1990 to 1993 assuming that the accounts are closed 31st Dec Every year.
2. On 1st Jan 1990, a lease of premises is purchased for four years for Rs.100000 and it is decided to make provision for the replacement of the lease by means of an instance policy purchased for an annual premium of Rs.24000.Show the necessary ledger accounts for four years assuming that the renewal of the lease costs of Rs.100000 on 1.1.94.
3. A company purchased machinery for Rs.1, 00,000. It installation costs amounted to Rs.10, 000. Its estimated life is 5 years and the scrap value is Rs.5, 000. Calculate the amount and rate of depreciation.
4. Senthil purchased Machinery for Rs.400000 on 1st April 2000.On1stApril 2001 additional machinery was purchased for Rs.40000.prepare the machinery account for three years. Depreciation is to be provided at 10% p.a using straight line method. The firm closes its books on 31st March of every year.
5. Ram manufacturing company purchased on 1st April 2017, Machinery for Rs.1, 00,000. After having used it for three years it was sold for Rs.85, 000. Depreciation is to be provided every year at the rate of 10% per annum on the fixed installment method. Books are closed on 31st march every year. Find out the profit or loss on sale of machinery.

## III UNIT
## K-3 QUESTIONS

**1.** From the following information ascertain opening stock(i.e., on 1.1.86)
Purchases made during the year 1996 150000
Sales during the year 1986 225000
Stock on 31-12-1986 50000
Wages 2000
Rate of gross profit on cost 25%

2. From the following find out the sundry creditors at the end.

| Particulars | Amount |
|---|---|

| | |
|---|---|
| Opening sundry creditors | 29000 |
| Cash paid to sundry creditors | 30000 |
| Discount received | 2000 |
| Return outward | 4800 |
| Credit purchase | 61200 |

3. From the following particulars find out the net credit purchase.

| Particulars | Amount | Particulars | Amount |
|---|---|---|---|
| Opening balance of sundry creditors | 30000 | payment by cash | 5000 |
| payment by cheque | 225000 | Discount received | 3500 |
| payment by bills payable | 35000 | Purchase returns | 4000 |
| payment by cash | 5000 | Closing balance of sundry creditors | 37500 |

4. Calculate the missing information:

   Opening capital Rs.1, 60,000
   Closing capital Rs.1, 80,000
   Drawings Rs.36, 000
   Additional information Rs.10, 000

5. Rajesh maintains his books on single entry system. He gives you the following information.

| | Rs |
|---|---|
| Capital as on 1.4.2003 | 4, 80,000 |
| Capital as on 31.3.2004 | 5, 40,000 |
| Drawings during the financial year | 1, 50,000 |
| Capital introduced during financial year | 90,000 |

You are required to calculated profit and loss made by Mr.Rajesh during 2003-04 profitable or not.

## UNIT IV

1. On 1.1.2006 Mr X purchased machinery on hire purchase system. The payment is to be made Rs. 4,000 down ( on signing of contract) and Rs4,000 annually for three years. The cash price of the machinery is Rs.14,900 and the rate of interest is 5%. Calculate the interest in each years installment**.**
2. .Mr. X purchased a machine on hire purchase system Rs. 3,000 being paid on delivery and the balance in five installments of Rs.6,000 each , payable annually on 31st December. The cash paid of the machine was Rs. 30,000. Calculate the amount of interest for each year.
3. Ramu purchases a motor car from Bharth whose cash price is Rs.56000 on 1.1.2015.

   Rs.15000 is paid on signing the contract and the balance is to be paid in three equal annual instalments of Rs.15000 each. The rate of interest is 5% p.a. Calculate the amount of interest included in each instalment
4. On 1.1.2012 Raja bought some trucks under hire purchase system for Rs.51,000 payable

   by three equal installments combining principle and interest, the later being a normal rate of 5% p.a. Calculate the cash price. (The present value of the annuity of 1 Re. for three years at 5% is Rs.2.72325)
5. Calculate cash price of a machine from the following information.
   1. Particulars Rs
   2. Down payment 10000
   3. 4 annual installments at the end of each year
   4. Rate of interest 5% p.a

## V UNIT
## K-3 QUESTIONS

1. From the following information compute short workings, short workings recouped and short workings lapsed:

   Royalty: 50 paisa per tone of coal
   Minimum rent: Rs.30000 p.a

   | | | |
   |---|---|---|
   | Output for | first year: | 10000 tonnes |
   | | Second year: | 48000 tonnes |
   | | Third year: | 80000 tonnes |
2. Calculate the amount payable to the landlord from the following data

Royalty: Re.1 per ton of coal raised.
Minimum rent

| | |
|---|---|
| 1999 | 10000 |
| 2000 | 15000 |
| 2001 | 20000 |
| 2002 | 25000 |

Output in tons:

| | |
|---|---|
| 1999 | 5000 |
| 2000 | 8000 |
| 2001 | 30000 |
| 2002 | 30000 |

Short workings are recoverable only out of excess royalties in the next year but not later.

3. from the following information compute short working, short working recouped and short working lapsed:

   Royalty 50 paise per tonne of coal
   Minimum rent: Rs. 30,000 p.a
   Output: 1st year: 10,000 tonnes
   2nd year: 48,000 tonnes
   3rd year: 80,000 tonnes
   Short workings are recoverable during the first three years of lease.

4. Calculate the amount of payable to the landlord from the following details:

   Minimum rent: 10,000 p.a
   Actual royalties: 1991: -------
   1992: 12,000
   1993: 8,000(strike)
   1994: 9,000
   Short workings are recoverable out of the royalties of the next year only. In case of strike, the actual royalties earned can be taken as minimum rent.

5. A company leased colliery on 1-1-92 at a minimum rent of Rs.20000 merging in to a royalty of Rs.1.50 per tone with power to recoup short workings over the first

four years of the lease. The output of the colliery for the first four years was 9000 tonnes, 12000 tonnes, 16000 tonnes and 20000 tonnes respectively. Calculate analysis table.

**I UNIT**
**K4 QUESTIONS**

1.Prepare a Trading and Profit & Loss A/c for the year ended 31st December 1995 and a Balance Sheet as on that date from the following Trial Balance of the Mr.Akilan

| PARTICULARS | Rs. | PARTICULARS | Rs. |
|---|---|---|---|
| Drawing | 45000 | Capital | 160000 |
| Goodwill | 90000 | Bills Payable | 35000 |
| Buildings | 60000 | Creditors | 70000 |
| Machinery | 40000 | Purchase returns | 2650 |
| Bills receivable | 6000 | Sales | 218000 |
| Opening stocks | 40000 | | |
| Purchases | 51000 | | |
| Wages | 26000 | | |
| Carriage Outwards | 500 | | |
| Carriage inwards | 1000 | | |
| Salaries | 35000 | | |
| Rent | 3000 | | |
| Discount | 1100 | | |
| Repairs | 2300 | | |
| Bank | 25000 | | |
| Cash | 1600 | | |
| Debtors | 45000 | | |
| Bad debts | 1200 | | |
| Sales returns | 2000 | | |

| | | | |
|---|---|---|---|
| Furniture | 6000 | | |
| Advertisements | 3500 | | |
| General Expenses | 450 | | |
| | **485650** | | **485650** |

Adjustments:
(i) Closing Stock was Rs.35000.
(ii) Depreciate Machinery and furniture by 10%.
(iii) Outstanding wages Rs.1500.
(iv) Prepaid advertisement Rs.500.
(v) Create 5% on debtors for bad debts as provision.

2.Enter the following in the Three Column Cash Book

Rs.
2010.Jan 1. Cash in hand
410
Balance at Bank
8,920
2. Cash sales
4,500
3. Paid into bank
4,000
5. Purchased Stationery
100
8. Paid Mahesh by cheque
280
Discount Received 20
12. Gave a cheque for purchases
1,500
20. Drew for personal use
800
28. Received from Suresh, a cheque for Rs.1,970 in full settlement of account for Rs.2,000 and deposited in the bank.
20. Drew from bank
1,000
21. Paid Wages
800
25. Bank returned cheque of suresh dishonored
31. Bank charges as per pass book
10

3.From the following Trial Balance of Thiru.Mohan as on 31st March 2015. Prepare Trading and Profit & Loss A/C and Balance Sheet taking into account the adjustments:

| Debit balances | Rs. | Credit balances | Rs. |
|---|---|---|---|
| Land and Building | 42000 | Capital | 62000 |
| Machinery | 20000 | Sales | 98780 |
| Patents | 7500 | Return outwards | 500 |
| Stock 1.4.2014 | 5760 | Sundry creditors | 6300 |
| Sundry debtors | 14500 | Bills payable | 9000 |
| Purchases | 40675 | | |
| Cash in hand | 540 | | |
| Cash at bank | 2630 | | |
| Return inwards | 680 | | |
| Wages | 8480 | | |
| Fuel and power | 4730 | | |
| Carriage on sales | 3200 | | |
| Carriage on purchases | 2040 | | |
| Salaries | 15000 | | |
| General expenses | 3000 | | |
| Insurance | 600 | | |
| Drawings | 5245 | | |
| | ---------- | | --------- |
| | 176580 | | 176580 |
| | ====== | | ====== |

Adjustments:

i) Stock on 31.03.2015 was Rs.6800
ii) Salary outstanding Rs.1500
iii) Insurance prepaid Rs.150
iv) Depreciate machinery @10% and patents @20%
Create a provision of 2% on debtors for bad debts

4. From the following Trial Balance of Thiru.Mohan as on 31st March 2015. Prepare Trading
and Profit & Loss A/C and Balance Sheet taking into account the adjustments:

Debit Credit

| | Rs. | Rs. |
|---|---|---|
| Capital | | 40000 |
| Sales | | 25000 |
| Purchases | 15000 | |
| Salaries | 2000 | |
| Rent | 1500 | |
| Insurance | 300 | |
| Drawings | 5000 | |
| Machinery | 28000 | |
| Bank balance | 4500 | |
| Cash | 2000 | |
| Stock 1.4.2014 | 5200 | |
| Sundry debtors | 2500 | |
| Sundry creditors | | 1000 |
| | --------- | ---------- |
| | 66000 | 66000 |
| | ===== | ====== |

Adjustments:

i) Stock on 31.03.2015 was Rs.4900
ii) Salary outstanding Rs.300
iii) Insurance prepaid Rs.90
iv) Rent paid in advance Rs.200

5. From the following Trial Balance of Thiru.Rajesh as on 31st March 2017. Prepare Trading and Profit & Loss A/C and Balance Sheet taking into account the adjustments:

| | Debit Rs. | Credit Rs. |
|---|---|---|
| Capital | | 160000 |
| Sales | | 104000 |
| Purchases | 60000 | |
| Salaries | 8000 | |
| Rent | 6000 | |
| Insurance | 1200 | |
| Drawings | 20000 | |
| Machinery | 148000 | |
| Stock 1.4.2017 | 20800 | |
| ---------- | | --------- |
| | 264000 | 264000 |
| | ===== | ====== |

## II UNIT
## K-4 QUESTIONS

1. Raheem and co. purchased a fixed asset on 1.4.2000 for Rs.2, 50,000. Depreciation is to be provided @ 10% annually according to the straight line method. The books are closed on 31st march every year

   Pass the necessary journal entries; prepare fixed asset account and depreciation account for the first three years.
2. A second hand machine was purchased on1-1-90 for Rs.30000 and repair charges amounted to Rs.6000.It was installed at a cost of Rs.4000.On 1st July 1991 another machine was purchased for Rs.26000.On 1st July 1992 the first machine was sold for rs.30000.On the same day one more machine was bought for Rs.25000.On 31-12-92 the machine bought on 1stJuly 1991 was sold for Rs.23000.Accounts are closed every year on.
3. Aravindh & co brothers purchased machinery for Rs.90, 000 on 1.4.2001. They spent Rs.10, 000 for installation charges. But the machinery was brought into use from 1st October 2001. In further purchased a machinery costing Rs.20, 000 on 1st January 2004. Accounts are closed on 31st march every year. Depreciation is to be provided at the rate of 10% per annum on written down value method.

   Prepare machinery accounts & depreciation account for three years.
4. Sivam printing press purchased a printing machinery costing Rs, 3, 00,000 on 1.4.2001. After three years the machinery was sold for Rs.2, 80,000. The firm charges depreciation @ 10% per annum on diminishing balance method. Accounts are closed on 31st march every year. Pass journals; prepare machinery account and depreciation accounts.
5. Senthil purchased Machinery for Rs.400000 on 1st April 2000.On1stApril 2001 additional machinery was purchased for Rs.40000.prepare the machinery account for three years. Depreciation is to be provided at 10% p.a using straight line method. The firm closes its books on 31st March of every year.

## III UNIT
## K-4 QUESTIONS

1. From the following details, prepare trading and profit & loss account for the period ended 31.3.2004 and a balance sheet on that date.

| | As on 1.4.2003 | As on 31.3.2004 |
|---|---|---|
| Stock | 50,000 | 25,000 |
| Sundry debtor | 125000 | 175000 |
| Cash | 12500 | 20000 |

| | | |
|---|---|---|
| Furniture | 5,000 | 5,000 |
| Sundry creditors | 75000 | 75000 |

Other details:

| Particulars |
|---|
| Drawings<br>20000 |
| Discount received<br>7,500 |
| Discount allowed<br>5,000 |
| Sundry expenses<br>17,500 |
| Cash paid to creditors<br>2,25,000 |
| Cash received from debtors<br>2,67,500 |
| Sales return<br>7,500 |
| Purchase return<br>2,500 |
| Cash sales<br>2,500 |

2. Find out the total purchase and total sales from the following details by making necessary accounts:

| particulars | Amount |
|---|---|
| Opening balance of sundry debtors | 50000 |
| Opening balance of sundry creditors | 30000 |
| Cash collected from sundry debtors | 300000 |
| Discount received | 1500 |
| Returns inwards | 6000 |
| Cash paid to sundry creditors | 20000 |
| Discount allowed | 5000 |
| Returns outwards | 8000 |
| Closing balance of sundry | 25000 |

| | |
|---|---|
| debtors | |
| Cash purchase | 12000 |
| Cash sales | 24000 |

3. Mr.Mano keeps his books of accounts under single entry system. His financial position on 31-12-90 and 31-12-91 was as follows

| Particulars | 1990 | 1991 |
|---|---|---|
| Cash | 9860 | 800 |
| Stock in trade | 38520 | 57020 |
| Plant & Machinery | 54420 | 61000 |
| Bills receivable | - | 16480 |
| Sundry Debtors | 24840 | 43940 |
| Sundry Creditors | 72040 | 80000 |
| Furniture | 4960 | 5220 |
| Drawings | - | 5000 |

During the year he introduced additional capital of Rs.20000

From the above particulars prepare a statement of profit and loss of Mr.Mano for the year ended 31-12-91

4. Vijayan maintains books on single entry He gives you the following information:

| particulars | $1^{st}$ april 2001 | $31^{st}$ march 2002 |
|---|---|---|
| Cash in hand | 4,000 | 6,000 |
| Cash at bank | 2,000 | 4,000 |
| Stock in trade | 24,000 | 24,000 |
| Furniture | 6,000 | 10,000 |
| Sundry debtors | 20,000 | 25,000 |
| Sundry creditors | 10,000 | 14,000 |

He has taken Rs.4, 000 from the business to meet his personal expenses. Depreciate furniture by 10% p.a. prepare a statement showing profit or loss for the year.

5. From the following particulars find out the net credit purchase.

| Particulars | Amount |
|---|---|
| Opening balance of sundry creditors | 40000 |
| payment by cheque | 235000 |
| payment by bills payable | 25000 |
| payment by cash | 5000 |
| Discount received | 2500 |

| | |
|---|---|
| Purchase returns | 5000 |
| Closing balance of sundry creditors | 47500 |

## IV UNIT
## K4 LEVEL

1. 1.Mr. P purchased 4 cars for Rs.14,000 each on 1-1-92 under the hire purchase system. The hire purchase price for all the 4 cars was Rs.60,000 to be paid as Rs.15,000 down payment and 3 equal installments of Rs.15,000 each at the end of each year. Interest is charged at 5% p.a. The buyer depreciates the car at 10% p.a on straight line method. From the above particulars give relevant Accounts in the books of Mr. P.
2. Kannan purchased a truck for Rs.160000 from Warun on 1.1.2013 payment to be made Rs.40000 down and Rs.46000 at the end of first year Rs.44000 at the end of second year and Rs.42000 at the end of third year. Interest was charged at 5%. Kannan depreciates the truck at 10% per annum on written down value method.
   Kannan, after having paid down payment and first instalment at the end of the first year, could not pay second instalment. The seller took possession of the truck, and after spending Rs.4000 on repairs of the asset, sold it away for Rs.91500. Show the calculation and Prepare the necessary ledger accounts in the books of both the parties.
3. Mr. A purchased a machine from B Ltd. for Rs.560000, payment to be made Rs.150000
   down and three instalments of Rs.150000 each at the end of each year. He depreciates
   the asset at 10% per annum on written down value method. Because of financial
   difficulties, Mr.A after having paid down payment and first instalment at the end of the
   first year could not pay second instalment and the seller took possession of the asset.
   Open ledger accounts in the books of both parties to record the transactions
4. Ramu purchases a motor car from Bharth whose cash price is Rs.15,500 on 1.1.2015.
   Rs.3000 is paid on signing the contract and the balance is to be paid in three equal annual
   instalments of Rs.5000 each. Calculate the amount of interest included in each instalment
5. Rahul purchased a bus for Rs.4000 from Rajesh on 1.1.2012 payment to be made Rs.10000 down and Rs.14000 at the end of first year Rs.11000 at the end of

second year and Rs.10000 at the end of third year. Interest was charged at 5%. Rahul depreciates the truck at 10% per annum on written down value method.

**V UNIT**

**K-4, 5QUESTIONS**

1. A company leased a colliery on 1.192 at a minimum rent of Rs.20, 000 merging into a royalty of Rs.1.50 per tonne with power to recoup short working over the first four year of the lease. The output of the colliery for the first four years was 9,000 tonne,12,000 tonnes,16,000 tonnes and 20,000 tonnes respectively. Give journal entries and edger account for four years in the book of lessee and lessor.
2. A Company acquired a lease of a mine at a minimum rent of Rs.10000 p.a. The royalty was fixed at Rs.50 per tonne. Short workings could be recouped within three years following the year in which the short workings occur. If there is stoppage of production due to strike in any year the minimum rent would be proportionately reduced to the length of the stoppage.
The output (in tones ) of the mine was as follows:

| YEAR | OUTPUT |
|---|---|
| 1978 | 8000 |
| 1979 | 12500 |
| 1980 | 21500 |
| 1981 | 26000 |
| 1982 | 17000(STRIKE) |
| 1983 | 30000 |

During 1982 there was strike lasting for 3 months. Show the necessary ledger accounts for each of the years in the books of the company.
3. The Bengal mines co.ltd took from Mr.Dass a ease of a period of 25 years from 1.1.86, on a royalty of Rs.5 per tonne of mineral raised with a dead rent of Rs.20,000 and power to recoup short working during the first five years of the ease

The annual outputs were as follows:
1986 - 2,000 tonnes
1987 - 3,000 tonnes

1988 - 4,000 tonnes
1989 - 4,500 tonnes
1990 - 5,000 tonnes

Give journal entries in the books of the Bengal mines company and in the books of dass.

4. on 1.1.90 x obtained from y a lease of coal mine on a royalty of Rs.2 per tone of coal raised subject to the minimum rent of Rs.20,000 per annum with right of recoupment of short working over the first four years of the lease

| Year | sales (tonnes) | closing stock (tonnes) |
|---|---|---|
| 1990 | 4,400 | 600 |
| 1991 | 7,000 | 1,000 |
| 1992 | 9,200 | 800 |
| 1993 | 11,600 | 1,200 |
| 1994 | 14,000 | 1,600 |

Prepare royalties account, short workings account and y"s account in the books of X.

5. On 1.1.1982 Rama collieries Ltd leased a piece of land agreeing to pay a minimum rent of Rs.2000 in the first year,Rs.4000 in the second year and thereafter
Rs.6000 per annum, merging into a royalty of Rs.40 paise per tonne with power to recoup short workings over the first three years only.

Figures of output for the four years to 31$^{st}$ march December 1985 were 1000,10000, 18000 and 20000 tonnes respectively. Prepare annuity table.