

Answer All Questions

Time: 01 Hour

Calculator Permitted

1. The Receipts and Payments account of a club and other information are given below:

Receipts	Rs.	Rs.	Payments	Rs.
Balance b/d		70000	Salaries	280000
Subscriptions: 2008	50000		General Expenses	60000
2009	200000		Electric Charges	30000
2010	40000	290000	Books	90000
Rent received from the use of hall		140000	Newspapers	100000
Profit from Entertainment		80000	Balance c/d	40000
Sales of Newspapers		20000		
		600000		600000

Other information:

- The club has 50 members each paying an annual subscription of Rs. 5000, subscription outstanding on 31st December 2008 were Rs. 60000
- On 31st December 2009 salaries outstanding amounted to Rs. 20000. Salaries paid in 2009 included Rs. 60000 for the year 2008.
- On 1.1.2009, the club owned Building valued at Rs. 2000000; Furniture Rs. 200000 and books Rs. 200000.
- Provide depreciation on Furniture at 10% p.a

Required:

Prepare the following for the Club:

- i. Statement of Affairs as at 01.01.2009.
- ii. Income & Expenditure Account for the year ended 31.12.2009.
- iii. Statement of Affairs as at 31.12.2009.

(50 Marks)

2. The Trial Balance of the trading firm prepared as a 31st Dec 2009 did not agree. The difference was posted to Suspense Accounts. Then the following errors were found out.

- While carrying forward the figure of Rs. 75000 in the account of Siva, a creditor, from one page to another it was written as Rs. 57000 on the debit side.
- A cash discount of Rs. 10000 allowed to G. Sarmi remained un – posted to her account.
- Sales day book was under cast by Rs. 200000.
- Goods bought from a merchant amounting to Rs. 56000 had been posted to the credit of his account as Rs. 65000
- Furniture purchased on 1.1.2009 for Rs. 100000 was wrongly posted to purchase account. The depreciation on furniture was 5% p.a.
- Cash received Rs. 60000 from Mr.M.John was debited to the account of N. John in the personal ledger.
- A discount of Rs. 52000 allowed to a customer has been credited to him as Rs. 25000
- Salary paid of Rs. 100000 was posted to the same account two times.
- The return inwards day book was under cast by Rs. 5000
- A discount allowed of Rs. 20000 was wrongly credited to discount received account.

Required:

1. Write the Journal entries to rectify the Accounting Errors.
2. Prepare the Suspense Account.

(50 Marks)