



DEPARTMENT OF COMMERCE
QUESTION BANK FOR OPEN COURSE
FUNDAMENTALS OF ACCOUNTING

MODULE I (COI- Explain principles of accounting)
(Blooms Taxonomy Level - Understanding)

SECTION A

1. Define Accounting.
2. Explain book keeping.
3. Explain the term accountancy.
4. Explain double entry system.
5. Explain business entity concept.
6. Explain current assets.
7. Explain accounts receivable and accounts payable.
8. Explain debtors.
9. Show the limitations of accounting.
10. Summarize the qualitative characteristics of accounting information.

SECTION B

11. Explain the types of accounting information.
12. Show the steps in accounting process.
13. Classify the assets and liabilities of a business.
14. Explain capital expenditure and revenue expenditure.
15. Explain the rules of debit and credit.
16. Compare book keeping and accounting.
17. Explain the terms income, profit, loss, drawings and capital.



18. Explain purchases, sales and stock.

SECTION C

19. Explain the accounting principles.
20. Explain the modifying principles.
21. Explain basic accounting assumptions.
22. Explain the objectives and functions of accounting.

MODULE 2 (CO2- Identify journalising rules.) (Blooms Taxonomy Level - Applying)

SECTION A

1. Construct journal from the following transaction.

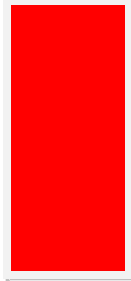
March 3, 2007: Paid to Mr. Kurian by cheque Rs.100000

2. Explain journal.
3. Explain journalizing.
4. Explain source documents.
5. Explain compound journal entry.
6. Explain opening journal entry.
7. Show some examples of source documents.
8. Explain accounting equation.
9. Construct journal entry based on the following transaction.

April 1, 2017 Started business with cash Rs.12000, Stock Rs.8000 and furniture Rs.5000.

10. Construct journal entry based on the following transaction.

March 5, 2003 Paid salary Rs.4500
 Paid wages Rs.500



SECTION B

11. Construct the Accounting equation on the basis of the following transactions.

- Abu started business with Rs. 30,000
- Purchased goods for cash Rs. 7,000
- Purchased goods on credit Rs. 6,000
- Cash paid to creditor Rs. 5,000
- Paid rent Rs. 8,00

12. Construct journal entries for the following transactions.

2004 Jan. 22	Purchased furniture for cash	Rs. 3,000
22	Purchased goods for cash	Rs. 4,200
23	Sold machinery for cash	Rs. 6,000
25	Sold goods for cash	Rs. 4,500
27	Paid salary	Rs.600
28	Received commission	Rs.400

13. Construct the opening journal entry for the following transactions.

Cash in hand	Rs. 8,000
Stock	Rs.12, 000
Building	Rs. 20,000
Debtors	Rs. 10,000
Furniture	Rs. 10,000
Bank overdraft	Rs. 6,000
Creditors	Rs. 14,000
Capital	Rs. 40,000

14. Construct journal entries for these transactions.



- 2017 Jan 1 Started business with cash Rs. 100000
- Jan 5 Purchased Machinery Rs.50000
- Jan 10 Purchased furniture Rs.40000
- Jan 15 Sold goods for cash Rs.10000
- Jan 20 Received commission Rs.2000
- Jan 25 Paid interest Rs.500
- Jan 26 Paid to Alex Rs.3000, discount allowed by him Rs.200.

15. Construct the accounting equation on the basis of following transactions.

1. Raj commenced business with cash Rs.60000 and goods Rs.40000
2. Credit purchase of goods for Rs.20000 and cash purchase Rs.30000
3. Paid wages Rs.5000
4. Paid to creditors Rs.10000.

16. Construct a journal with minimum ten entries.

17. Construct opening journal entry with the following information.

Cash	5000
Stock	20000
Building	40000
Debtors	15000
Furniture	3000
Bank O.D	8000
Creditors	12000
Capital	63000

18. Construct opening journal entry with the following information.

Cash	3000
Debtors	7000
Stock	20,000



Machinery	50000
Building	1,00,000
Creditors	12000
Bills Payable	3000
Capital	-----

SECTION C

19. Construct journal entries from the following transactions:

Aug 2010

1. Commenced business with cash Rs.1,10,000
 2. Opened bank account with SBI Rs.50,000
 3. Purchased furniture Rs.20,000
 4. Bought goods for cash from M/s Anandu for Rs.30,000
 5. Purchased goods from M/s Hema for Rs.42,000
 6. Sold goods for cash Rs.30,000
 7. Sold goods on credit to M/s Gopi for Rs.12,000
 8. Rent paid Rs.4,000
 9. Paid salary Rs.1,000
 10. Received cash from M/s Gopi Rs.12,000
 11. Goods returned to Hema Rs.2,000
 12. Goods sold to Nitesh Rs.7,000
 13. Received cash from Nitesh 6,800 and Discount allowed amounts to Rs.200
20. Construct Journal entries based on the following transations.
- March 1, 2003 Started business with cash Rs.100000
- March 3 Paid cash in to bank Rs.5000
- March 5 Paid rent Rs.500
- March 10 Paid salary Rs.1000
- March 15 Withdrew cash from bank Rs.3000

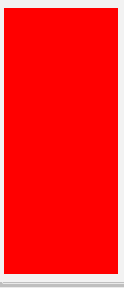
March 20 Received cash from sales Rs.20000
March 28 Bank charges debited Rs.300

21. Journalise the following transactions.

Purchased furniture for cash Rs.4000
Purchased goods for cash Rs.9000
Sold goods for cash Rs.6000
Purchased Machinery Rs.12000
Purchased goods on credit from Hari Rs.6000
Paid to Hari Rs.4500
Received cash from Ravi Rs.6500
Cash paid to bank Rs.2800
Received commission Rs.200

22. Journalise the following transactions.

2010 March 1 Anil started business with cash 17,000 and stock of goods Rs.8000
March 2 Opened a current account with Canara bank Rs.10,000
March 3 Purchased furniture, paid by cheque Rs.4000
March 4 Purchased goods for cash Rs.7000
March 5 Purchased goods and issued cheque Rs.5000
March 6 Sold goods Rs.11000
March 8 Sold goods and received cheque Rs.6000
March 9 Purchased goods from Renji Rs.7000
March 11 Goods returned to Renji Rs.200
March 12 Sold goods to John Rs.8000
March 14 Received cash from John Rs.7000
March 17 Goods purchased, paid by cheque Rs.1600
March 22 Paid into bank Rs.2000
March 22 Commission received in cheque Rs.200
March 30 Cheque paid into bank Rs.600
March 31 Rent paid Rs.400 and salary paid Rs.500.



MODULE 3 (CO3 - Classify Accounts.)
(Blooms Taxonomy Level - Understanding)

SECTION A

1. Explain ledger.
2. Explain the utility of ledger.
3. Show the format of a ledger.
4. Explain posting.
5. Explain balancing.
6. Explain cash book.
7. Explain double column cash book.
8. Explain contra entry.
9. Explain petty cash book.
10. Explain purchase day book.

SECTION B

11. Explain bills payable book and bills receivable book.
12. Compare journal with ledger.
13. Demonstrate a purchase returns book with five transactions.
14. Illustrate the following transactions in a single column cash book and post them to leader accounts.

Feb 1 2003

Balance b/d:

Cash	Rs.2,000
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- 22 The cheque from suraj paid into bank Rs.2000
- 25 Drew cash for domestic purpose Rs.400
- 25 Withdrew from bank for personal purpose Rs.800
- 26. Salaries paid by cheque Rs. 1,200
- 27. Cash sales Rs. 4,100
- 29. Paid into bank Rs. 4,000
- 30. Interest on deposit credited by Bank Rs.300

16. On Wednesday, the 1st February 2010, a petty cashier is paid Rs. 200 as imprest money. During the month, his expenses were as under

- 2010 Feb 2 Stationery Rs.12.00
- 4 Taxi fare for manager Rs. 21.00
- 5 Postage RS.16.50
- 7 Cartage 3.50
- 9 Telegrams to customers Rs.8.00
- 10 Printing charges 14.60
- 13 pins and clips Rs.7.40
- 18 Refreshment to a customer Rs 34.00
- 21 Travelling expenses Rs.22.00
- 24 Sivarathri festival contributions Rs.15.00
- 27 Carriage on goods Rs.18.00
- 28 Repair to typewriter Rs.12.00



Illustrate petty cash book.

17. From the following particulars, illustrate a petty cash book on the imprest system

2002

1.1.02	Balance in hand	Rs.12
	Cheque received from the cashier	Rs.88
3.1.02	Printing charges	Rs.9
5.1.02	Postage stamps	Rs.11
7.1.02	Telegram to supplier	Rs.8
11.1.02	Stationery	Rs.6
14.1.02	Taxi fare	Rs.13
16.1.02	Railway fare	Rs.14
21.1.02	Advance to Attender Sadasivan	Rs.10
23.1.02	Service charges for typewriter	Rs.14
30.1.02	Paid for pencils	Rs.8

18. Illustrate a cash book from the following information.

		Rs.
2016 January	1 Commenced business with cash	16,000
	2 Bought machinery for cash	3,000
	5 Cash purchase of goods	5,600
	7 Cash received on sales	3,500
	9 Received cash from Roy and company	1,600



14	Received cash from Rohan on account	1,000
20	Paid to Salim	2,500
25	Paid salaries	250
31	Paid rent	1,000

SECTION C

19. From the following transactions, Show journal entries and ledger accounts.

	Rs.
1. Anil started business with	8,000
2. Purchased furniture	1,000
3. Purchased goods	6,000
4. Sold goods	7,000
5. Purchased from Raja	4,000
6. Sold to Somu	5,000
7. Paid to Raja	2,500
8. Received from Somu	3,000
9. Paid rent	2,00
10. Received commission	1,00



20. Summarise a three column cash book based on the following transactions.

2010 May 1 Opening balance: cash Rs. 1800, bank Rs.3000

May 3 Paid rent by cheque Rs.700

May 5 Cash sales 3,500

May 6 cash purchase 8000

May 13 Received from Raj Rs.3800 and allowed him a discount Rs.200

May 18 Paid to Sahir Rs.1300 and earned a discount of Rs.100

May 21 Withdrew from bank Rs.800

May 27 Purchased typewriter Rs. 2,800

May 30 Paid into bank Rs.700

May 31 Paid salaries by cheque Rs.800

21. Illustrate a purchase journal of Saaj agencies and post them to the ledger accounts.

2003 Jan 1 Purchased from Sreeman electricals:

30 Philips Tube lights @ Rs.1000

10 Khaitan Ceiling Fans @ Rs.3000

Jan 4 Purchased from Ismail & Sons

20 Immersion heaters @ Rs.1000

5 electric irons @ Rs.800

Jan 15 Purchased from Quilon Radio Services

10 Table fans @ Rs.2200

20 Electric kettles @ Rs.900

Less trade discount @ 10%

Jan 27 Purchased from K.C. & Co., on credit



20 Electric heaters @ Rs.4000
10 Electric stoves @ Rs.1200
Jan 30 Purchased from Bajaj Agency

50 Tube lights @ Rs.1400
Less Trade discount @ Rs.5%

22. Summarise a sales day book and purchase day book of of Cochin Furniture and post them to the ledger accounts.

2003 Jan 1 Sold on credit to Mahesh & Co:
40 Philips Tube lights @ Rs.1500
20 chairs @ Rs.300
Jan 4 Sold to Raveendra Traders:
5 tables @ Rs.2500
5 chairs @ Rs.800
Less trade discount 10%
Jan 15 Purchased from Quilon Radio Services
30 Table fans @ Rs.2200
25 Electric kettles @ Rs.900
Less trade discount @ 10%
Jan 27 Purchased from K.C. & Co., on credit
20 Dining tables @ Rs.4000
12 chairs @ Rs.1500
Jan 30 Purchased from Bajaj Agency
50 Tube lights @ Rs.1400

Less Trade discount @ Rs.5%

**MODULE 4 (CO4- Assess the arithmetical accuracy of accounts
) (Blooms Taxonomy Level - Evaluate)**

SECTION A

1. Explain Trial Balance.
2. Explain suspense account.
3. Explain the items carriage inwards and outwards.
4. Explain sales return.
5. Explain purchase return.
6. Explain opening stock.
7. Explain closing stock.
8. Explain total method of preparing Trial balance
9. Explain balance method of preparing Trial balance.
10. Explain the objective of preparing suspense account.

SECTION B

11. Explain the objectives of preparing Trial balance.
12. Explain the features of trial balance.
13. From the following account balances, prove a trial balance as on 31st March 2017.

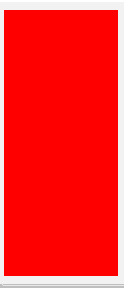
Particulars	Rs.
Capital	25,000
Stock on 1 April 2009	11,000
Purchases	60,000
Salaries	7,500
General expenses	1600
Wages	13,000
Sundry expenses	200



Insurance	350
Rent	800
Debtors	10,000
Sales	94000
Cash in hand	1550
Machinery	15,000
Creditors	5500
Drawings	3000
Sales returns	1000
Purchase return	500

14. From the following account balances, prove a trial balance as on 31st Dec 2017.

	Rs.
Capital of John	15,000
Purchases	55,000
Drawings	2,500
Opening stock	11,000
Bank O.D	2100
Furniture	1300
Creditors	7,900
Premises	10,000
Book debts	9,000
Rent	500
Sales Returns	1,000
Sales	75,000
Discount	200
Sundry expenses	2,500
Commission received	1000
Carriage outwards	3300
Cash	5600



15. From the following account balances, prove a trial balance as on 31st March 2010.

	Rs.
Plant and Machinery	20,000
Land and Building	35,000
Furniture	5000
Advertisement	3000
Purchases	75000
Sales	125,000
Discount Allowed	3000
Discount received	2000
Return inwards	4000
Return outwards	1500
Rent	1500
Bills receivable	8000
Bills payable	5000
Opening stock	24000
Duty and clearing charges	4000
Factory expenses	7000
Electricity and Water	3250
Office expenses	7500
Wages	6500



Carriage	30000
Sales expenses	4250
Debtors	18000
Creditors	12000
Cash	2000
Capital	85500

16. Explain the methods of preparing Trial Balance.

17. Explain the rules of debit and credit.

18. From the following account balances prove a trial balance on 31st December, 2011.

Capital account Rs. 90,000

Cash Rs.900

Cash in bank Rs.6000

Sales returns Rs.6000

Purchase return Rs.5750

Opening stock Rs.30,000

Discount allowed Rs.350

Discount received Rs.800

Manufacturing wages Rs.40,000

Bank charges Rs.75

Debtors Rs.45000

Creditors Rs.25000

Salaries Rs.26800

Machinery Rs.80,000

Sales Rs.407000

Purchases Rs.2,60,000

Commission received Rs.525



Carriage inwards Rs.750
Carriage outwards Rs.1200
Furniture Rs.20000
Rent Rs.10000
Advertisement Rs.2000

SECTION C

19. From the following account balances, prove a trial balance on 31st December, 2013.

Capital	4000
Sales	15000
Stock	2200
Drawings	1300
Salaries	1200
Wages	2600
Carriage	700
Furniture	1800
Commission received	200
Bills receivable	1000
Purchases	6500
Creditors	2600
Bad debts	500
Bad debts provision	350
Bad debts recovered	300
Machinery	2400
Rent	600
Book debts	2200
Purchase returns	550



20. From the following account balances prove a trial balance as on 31st December, 2010.

	Rs.
Drawings	5275
Bills receivable	4750
Bank loan	10000
Machinery	14400
Book debts	30,000
Wages	20485
Purchases	128295
Coal, coke, power	2810
Stock	44,840
Sales	177000
Salaries	5500
Capital	59700
Returns inwards	2390
Travelling expenses	1145
Commission received	2820
Cash	750
Insurance	1685
Creditors	29815
Interest on loan	500
Discount allowed	2435
Bad debts	1810
Furniture	4480
Interest on investments	1215
Investments	9000

21. From the following account balances estimate a trial balance and find out sales.



Purchase Rs.26,000
Wages Rs.3000
Salaries Rs.4000
Opening stock Rs.6000
Debtors Rs.12,000
Creditors Rs.8000
Machinery Rs.10,000
Commission Rs.2000
Rent Rs.3000
Furniture Rs.5000
Cash Rs.5000
Capital Rs.22000
Sales ?

22. From the following account balances prove a trial balance as on 31st March, 2014.

Opening stock Rs. 60500
Debtors Rs.25000
Creditors Rs.45000
Drawings Rs.4500
Cash Rs.3500
Capital Rs.57200
Purchase returns Rs.1300
Sales returns Rs.2200
Postage and stationery Rs.2500
Wages Rs.6000
Carriage inwards Rs.1500
Land and buildings Rs.30000
Furniture Rs.8000
Purchases Rs.90500



Sales Rs.137200

Investment Rs.10000

Interest Rs.500

Commission Rs.3000

**MODULE 5 (CO5-Intrepret the financial performance of a sole trader
) (Blooms Taxonomy Level - Understanding)**

SECTION A

1. Explain Trading Account.
2. Explain Gross profit.
3. Explain Net profit.
4. Explain Profit and Loss account.
5. Explain Balance sheet.
6. Explain closing entries.
7. Explain the features of balance sheet.
8. Explain long term liabilities.
9. Explain the order of liquidity.
10. Explain cost of goods sold.

SECTION B

11. Explain the objectives of preparing Trading account.
12. Explain the objectives of profit and loss account.
13. Explain the objectives of balance sheet.
14. Explain financial statement.
15. Explain the grouping and marshalling of assets and liabilities.
16. Compare Profit and loss account with Balance sheet.
17. Explain the current assets in Balance sheet.

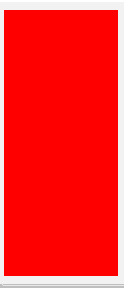
18. Compare between balance sheet and trial balance.
19. The following relate to a concern for the year 2009.
- Opening stock Rs.15000
 - Purchases Rs.36000
 - Purchase returns Rs.1000
 - Direct expenses Rs.4000
 - Sales Rs.82000
 - Sales return Rs.2000
 - Closing stock Rs.12000
- Calculate gross profit.
20. Following relate to the books of a trader as on 31st December, 2002.
- Opening stock Rs.14000
 - Sales Rs.92000
 - Purchase return Rs.3000
 - Carriage Rs.2500
 - Manufacturing expenses Rs.1600
 - Purchases Rs.36000
 - Sales return Rs.2000
 - Wages Rs. 4000
 - Power and fuel Rs.1400
 - Closing stock Rs.15000
- Construct Trading account.
21. Show the opening and closing entries in trading and P & L account.



SECTION C

22. The following is the Trial balance of Reshma stores as on 31st Dec,2017.

	Dr.	Cr
Capital		15,000
Opening stock	3,400	
Wages	1,600	
Purchases	18,500	
Salaries	1,500	
Rent	2,000	
Sales		32,500
Interest received		1200
Drawings	2,000	
Advertisement	500	
Cash in hand	2,500	
Cash at bank	6,000	
Debtors	8,000	
Furniture	7,000	
Creditors		4,000
Discount received		300



The stock on 31st Dec 2017 is 8,800.

You are required to show Trading and Profit and loss account for the year ended 31st December, 2017 and a Balance sheet as on that date.

23. From the following information, summarise profit and loss account for the year ending 31st December, 2014.

Gross profit Rs.82000

Salaries Rs.8000

Rent Rs.4000

Insurance Rs.800

Interest on loan Rs.1000

Advertising Rs.300

Commission received Rs.2000

Interest received Rs.500

Postage Rs.600

Depreciation RS.600

Law charges Rs.300

24. Illustrate trading and profit and loss account for the year ended 31st March,2016 from the following information.

Opening stock Rs.8000

Purchases Rs.50000

Rent Rs.300

Trade expenses Rs.600

Sales return Rs.600

Sales Rs.82000

Interest on investments rs.260

Audit fee Rs.60



Commission Rs.100

Legal charges Rs.50

Discount allowed Rs.40

Closing stock is valued at Rs.1000

25. The following is the trial balance of Ravi Timbers as on 31st December 2002.

Summarise the trading , profit and loss account and balancesheet.

Trial balance as on 31st December 2002.

Particulars	Dr.	Cr.
Capital		40500
Purchases	45000	
Purchases return		3000
Sales		72000
Sales Return	2000	
Opening stock	15000	
Cash	2200	
Salaries	3050	
Rent	1250	
Commission Received		700
Discount earned		300
Wages	1500	
Carriage on purchases	500	
Sundry creditors		6000
Sundry debtors	9000	
Machinery	3000	
Furniture	10,000	
Land and building	30000	
	122500	122500