

SECOND MID TERM TEST -NOV-2022

1313.

11 - STD**ACCOUNTANCY**

Time : 1.30

Marks : 50

PART - I**Choose the correct answer****(10x1=10)**

1. Error of principle arises when
 - (a) There is complete omission of a transaction
 - (b) There is partial omission of a transaction
 - (c) Distinction is not made between capital and revenue items
 - (d) There are wrong postings and wrong castings
2. The difference in trial balance is taken to .
 - (a) The capital account
 - (b) The trading account
 - (c) The suspense account
 - (d) The profit and loss account
3. Wages paid for installation of machinery wrongly debited to wages account is an error of
 - (a) Partial omission
 - (b) Principle
 - (c) Complete omission
 - (d) Duplication
4. The total of purchases book was overcast. Which of the following accounts should be debited in the rectifying journal entry?
 - (a) Purchases account
 - (b) Suspense account
 - (c) Creditor account
 - (d) None of the above
5. Under straight line method, the amount of depreciation is
 - (a) Increasing every year
 - (b) Decreasing every year
 - (c) Constant for all the years
 - (d) Fluctuating every year
6. Depreciation is caused by
 - (a) Lapse of time
 - (b) Usage
 - (c) Obsolescence
 - (d) a, b and c
7. A depreciable asset may suffer obsolescence due to.
 - (a) Passage of time
 - (b) Wear and tear
 - (c) Technological changes
 - (d) None of the above.
8. Advertising expenditure, the benefits of which will last for three years.
 - (a) Capital expenditure
 - (b) Revenue expenditure
 - (c) Deferred revenue expenditure
 - (d) None of the above.
9. Interest on bank deposits is
 - (a) Capital receipt
 - (b) Revenue receipt
 - (c) Capital expenditures
 - (d) Revenue expenditures
10. Revenue expenditure is intended to benefit
 - (a) Past period
 - (b) Future period
 - (c) Current period
 - (d) Any period

PART - II**Answer any 4 of the following - 16 th Question is compulsory one****(4x2=8)**

11. What is meant by rectification of errors?
12. What is meant by depreciation?
13. What is capital profit?
14. State the account/s affected in each of the following errors:
 - (a) Goods purchased on credit from Saranya for ₹.150 was posted to the debit side of her account.
 - (b) The total of purchases book ₹. 4,500 was posted twice.
15. A firm purchased a plant for ₹. 40,000. Erection charges amounted to ₹. 2,000. Effective life of the plant is 5 years. Calculate the amount of depreciation per year under straight line method.
16. Classify the following items into capital and revenue. ✓
 - (i) Registration expenses incurred for the purchase of land. *Capital*
 - (ii) Repairing charges paid for remodeling the old building purchased. *Capital*

PART - III**Answer any 4 of the following - 22 th Question is compulsory one****(4x3=12)**

17. What are the errors not disclosed by a trial balance?
18. What are the causes for depreciation? (Any 3)
19. Distinguish between capital expenditure and revenue expenditure. (Any 3)
20. State whether the following are capital, revenue or deferred revenue expenditure.
 - (i) Carriage of ₹.1,000 spent on machinery purchased and installed. ✓
 - (ii) Office rent paid ₹. 2,000. ✓
 - (iii) Wages of ₹. 5,000 paid to machine operators. ✓
21. Rectify the following errors assuming that the trial balance is yet to be prepared:
 - (a) Sales book was undercast by ₹. 400
 - (b) Sales returns book was overcast by ₹. 500
 - (c) Purchases book was undercast by ₹. 600
22. Find out the rate of depreciation under straight line method from the following details:

Original cost of the asset = ₹. 10,000

Estimated life of the asset = 10 years

Estimated scrap value at the end = ₹.2,000

PART - IV**Answer the following****(4x5=20)**

23. (a) The following errors were located at the time of preparation of the trial balance. Rectify them.

- (a) Sale of goods to Akila on credit for ₹. 1,520 posted to her account as ₹ 1,250.
- (b) Bought goods from Narendran on credit for ₹. 5,500, credited to his account as ₹.5,050.
- (c) Purchase of furniture from Ravivarman for ₹. 404 on credit were debited to furniture account as ₹. 440,
- (d) Purchased machinery for cash ₹.2,000 was not posted to machinery account. .
- (e) The total of purchases book ₹.899 was carried forward as ₹.989.

(or)

(b) Calculate the amount of depreciation and depreciation rate from the following by using 'straight line method'. Also give journal entries for the first two years. The books are closed on 31st December every year.

January 1, 2016 Payment to vendor for purchase of machinery ₹.1,40,000

January 1, 2016 Transportation cost ₹.1,000

January 1, 2016 Installation cost ₹. 9,000

Estimated scrap value at the end of the life ₹. 45,000

Estimated life 7 years

24. (a) . The following errors were located at the time of preparing trial balance. Rectify them.

(a) A personal expense of the proprietor ₹.200 was debited to travelling expenses account. *Owner*

(b) Goods of ₹. 400 purchased from Ramesh on credit was wrongly credited to Ganesh's account.

(c) An amount of ₹. 500 paid as *salary to cash* salaries to Mathi was debited to his personal account.

(d) An amount of ₹. 2,700 paid for extension of the building was debited to repairs account. *repairs to cash*

(c) A credit sale of goods of ₹. 700 on credit to Mekala was posted to Krishnan's account. *building to repairs*

(or)

(b) A manufacturing company purchased on 1 April, 2010, a plant and machinery for ₹.4,50,000 and spent ₹.50,000 on its installation. After having used it for three years, it was sold for ₹. 3,85,000. Depreciation is to be provided every year at the rate of 15% per annum on the fixed instalment method. Accounts are closed on 31st March every year. Calculate profit or loss on sale of machinery.

- 25 (a) The accountant of a firm located the following errors after preparing the trial balance. Rectify them assuming that there is a suspense account.

(a) Machinery purchased for ₹. 3,500 was debited to purchases account.

- (b) ₹. 1,800 paid to Raina as salary was debited to his personal account.
- (c) Interest received ₹.200 was credited to commission account.
- (d) Goods worth ₹.1,800 purchased from Amudhanila on credit was not recorded in the books of accounts.
- (e) Used furniture sold for ₹.350 was credited to sales account.

(or)

(b) Classify the following receipts into capital and revenue.

- (i) Sale proceeds of goods ₹.75,000. *Revenue receipt*
- (ii) Loan borrowed from bank ₹. 2,50,000 *Capital receipt*
- (iii) Sale of investment ₹. 1,20,000. *Capital receipt*
- (iv) Commission received ₹.30,000. *Revenue "*
- (v) ₹.1,400 wages paid in connection with the erection of new machinery. *Capital Expe*

26. (a) A firm acquired a machine on 1st April 2015 at a cost of ₹.50,000. Its life is 6 years. The firm writes off depreciation @ 30% p.a. on the diminishing balance method. The firm closes its books on 31st December every year. Show the machinery account and depreciation account for three years starting from 1st April 2015.

(or)

(b) State whether the following are capital or revenue items.

- (i) ₹.5,000 spent towards additions to buildings. *Capital ex*
- (ii) Second-hand motor car purchased for ₹.30,000 and paid ₹.2,000 as repairs *immediately. Capital expenditure*
- (iii) ₹. 10,000 was spent on painting the new factory. *Capital ex*
- (iv) Freight and cartage on the new machine ₹. 150, erection charges ₹. 200. *Revenue*
- (v) ₹. 150 spent on repairs before using a second hand car purchased recently. *Capital Exe*