

PUBLIC EXAM MARCH -2023 – ANSWER KEY
XI STANDARD – ACCOUNTANCY – ENGLISH MEDIUM

Dr.A.VENNILA

PRINCIPAL

MYDEEN MATRIC. HR.SEC. SCHOOL
 MELACAUVERY – KUMBAKONAM.

CELL NO.: 8220179521

8608481579

Time Allowed : 3 Hours

Maximum Marks : 90

I. Choose the most suitable from the given four alternatives and write the option code and the corresponding answer

20 x 1 = 20

A			B		
1	D	Ready-made Accounting Software	1	A	All Credit sales of goods
2	A	Decreasing Every Year	2	D	Ready-made Accounting Software
3	C	Machinery	3	B	Endorsement
4	D	Printer	4	B	Error of Principle
5	C	An intangible Asset	5	A	Balance Sheet
6	A	Bank statement and bank column of the cash book	6	A	Suspense Account
7	C	Assets of a business are capital to the total of Capital and Liabilities	7	A	Current Period
8	C	Both a subsidiary and a principal book	8	A	Decreasing Every Year
9	B	Asset is put to use	9	C	Know the balance of each ledger account
10	C	The Institute of Chartered Accounts of India	10	A	Bank statement and bank column of the cash book
11	D	Luca Pacioli	11	C	Capital
12	A	Balance Sheet	12	C	Assets of a business are capital to the total of Capital and Liabilities
13	B	Error of Principle	13	C	The Institute of Chartered Accounts of India
14	C	Capital	14	A	The Balance Sheet, on the assets side
15	A	Suspense Account	15	C	Both a subsidiary and a principal book
16	A	The Balance Sheet, on the assets side	16	C	Machinery
17	C	Know the balance of each ledger account	17	D	Printer
18	A	Current Period	18	C	An intangible Asset
19	B	Endorsement	19	B	Asset is put to use
20	A	All Credit sales of goods	20	D	Luca Pacioli

II. Answer any seven questions. Question No.30 is compulsory.**7 x 2 = 14****21) Parties interested in accounting information**

- Internal users:** Owners, Management and Employees.
- External users:** Creditors, Investors, Customers, Tax authorities, Government, Researchers and General Public.

22) Going concern concept

- ♣ It is the basic assumption that business is a going concern and will continue its operations for a foreseeable future.
- ♣ Going concern concept influences accounting practices in relation to valuation of assets and liabilities, depreciation of the fixed assets, treatment of outstanding and prepaid expenses and accrued and unearned revenues.

23) Principles of double entry accounting system:

Personal Account	Debit the receiver	Credit the giver
Real Account	Debit what comes in	Credit what goes out
Nominal Account	Debit all expenses and losses	Credit all incomes and gains

24) _

Trial Balance

S.No.	Name of account	Debit balance	Credit balance
i	Carriage Outwards	Debit	----
ii	Sales	---	Credit
iii	Investment	Debit	----
iv	Bad Debts	Debit	---

25) Journal Proper – Meaning:

- ✎ Journal proper is a residuary book which contains record of transactions, which do not find a place in the subsidiary books such as cash book, purchases book, sales book, purchases returns book, sales returns book, bills receivable book and bills payable book.
- ✎ Thus, journal proper or general journal is a book in which the residual transactions which cannot be entered in any of the sub divisions of journal are entered.

26) Petty cash book? Petty Cash Book – Meaning:

- ♣ Business entities have to pay various small expenses like taxi fare, bus fare, postage, carriage, stationery, refreshment and other sundry items.
- ♣ These are small payments and repetitive in nature.
- ♣ If all these small payments are recorded in the main cash book, it will be loaded with lot of entries.
- ♣ Hence, all petty payments of the business may be recorded in a separate book, which is called as petty cash book and the person who maintains the petty cash book is called the petty cashier.

27) Solution

- (i) Sales book should be credited with ` 100.
- (ii) Purchase book should be credited with ` 400.
- (iii) Purchase return book should be debited with ` 600.
- (iv) Sales returns book should be debited with ` 700.

28) Calculation of Rate of Depreciation:

$$\begin{aligned} \text{Amount of depreciation per year} &= \frac{\text{Original cost of the asset} - \text{Estimated scrap value}}{\text{Estimated useful life of the asset in years}} \\ &= \frac{10,000 - 2,000}{10} = \frac{8,000}{10} = ₹ 800 \text{ per year} \end{aligned}$$

$$\begin{aligned} \text{Rate of depreciation} &= \frac{\text{Amount of depreciation per year}}{\text{Original cost}} \times 100 \\ &= \frac{800}{10,000} \times 100 = 8\% \end{aligned}$$

29) Computerised Accounting System (CAS) Meaning:

1. Computerised Accounting System (CAS) refers to the system of maintaining accounts using computers.
2. It involves the processing of accounting transactions through the use of hardware and software in order to keep and produce accounting records and reports.

30) Narration:

- (i) Dividend received directly by the bank Rs.2,000
- (ii) Rs.12,000 worth of goods taken for personal use

PART - III**III. Answer any seven questions. Question No.40 is compulsory.****7 x 3 = 21****31) The importance of accounting is:****1. Systematic records:**

- ✓ All the transactions of an enterprise which are financial in nature are recorded in a systematic way in the books of accounts.

2. Preparation of financial statements:

- ✓ Results of business operations and the financial position of the concern can be ascertained from accounting periodically through the preparation of financial statements.

3. Assessment of progress:

- ✓ Analysis and interpretation of financial data can be done to assess the progress made in different areas and to identify the areas of weaknesses.

32) 'Only monetary transactions are recorded in account' – Explanation:

- ♣ **This is Money measurement concept**
- ♣ This concept implies that only those transactions, which can be expressed in terms of money, are recorded in the accounts.
- ♣ Since, money serves as the medium of exchange transactions expressed in money are recorded and the ruling currency of a country is the measuring unit for accounting.

33) Classification of Accounts

Sl. No.	Items	Classification
(a)	Capital	Personal account
(b)	Building	Real account
(c)	Carriage inwards	Nominal account
(d)	Cash	Real account
(e)	Commission received	Nominal account
(f)	Bank	Personal account

34)**Opening Entry**

Date	Particulars	L.F.	Debit Rs.	Credit Rs.
2017 April 1	Cash A/c Stock A/c Sundry Debtors A/c Furniture A/c To Sundry Creditors A/c To Capital A/c (Balances of assets and liabilities brought forward)	Dr. Dr. Dr. Dr.	1,00,000 40,000 10,000 10,000	40,000 1,20,000

Ledger Accounts
Cash Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs.	Date	Particulars	J.F.	Amount Rs.
2017 April 1	To Capital A/c		1,00,000	2017 April 30	By Balance C/d		1,00,000
			1,00,000				1,00,000
May 1	To Balance b/d		1,00,000				

Stock Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs.	Date	Particulars	J.F.	Amount Rs.
2017 April 1	To Capital A/c		40,000	2017 April 30	By Balance C/d		40,000
			40,000				40,000
May 1	To Balance b/d		40,000				

Sundry Debtors Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs.	Date	Particulars	J.F.	Amount Rs.
2017 April 1	To Capital A/c		10,000	2017 April 30	By Balance C/d		10,000
			10,000				10,000
May 1	To Balance b/d		10,000				

Furniture Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs.	Date	Particulars	J.F.	Amount Rs.
2017 April 1	To Capital A/c		10,000	2017 April 30	By Balance C/d		10,000
			10,000				10,000
May 1	To Balance b/d		10,000				

Dr. Sundry Creditors Account Cr.

Date	Particulars	J.F.	Amount Rs.	Date	Particulars	J.F.	Amount Rs.
2017 Jan 31	To Balance C/d		40,000	2016 Jan. 1	By Capital A/c		40,000
			40,000				40,000
				Feb.1	By Balance b/d		40,000

Dr. Capital Account Cr.

Date	Particulars	J.F.	Amount Rs.	Date	Particulars	J.F.	Amount Rs.
2017 Jan 1 31	To Anush A/c To Balance C/d		40,000 1,20,000	2016 Jan. 1	By Cash A/c By Stock A/c By Rohit A/c By Furniture A/c		1,00,000 40,000 10,000 10,000
			1,60,000				1,60,000
				Feb.1	By Balance b/d		1,20,000

35) Contra Entry – Meaning:

- To denote that there are contra entries, the alphabet 'C' is written in L.F. column on both sides.
- Contra means that particular entry is posted on the other side (contra) of the same book, because Cash account and Bank account are there in the cash book only and there are no separate ledger accounts needed for this purpose.
- The alphabet 'C' indicates that no further posting is required and the relevant account is posted on the opposite side.

Examples

- ❖ When cash is paid into bank, it is recorded in the bank column on the debit side and in the cash column on the credit side of the cash book.
- ❖ When cash is drawn from bank for office use, it is entered in cash column on the debit side and in the bank column on the credit side of the cash book.

36) The main reasons for preparing bank reconciliation statement are:

- ▲ To identify the reasons for the difference between the bank balance as per the cash book and bank balance as per bank statement.
- ▲ To identify the delay in the clearance of cheques.
- ▲ To ascertain the correct balance of bank column of cash book.

37) Causes of depreciation

1. **Wear and tear**

- ▲ The normal use of a tangible asset results in physical deterioration which is called wear and tear.
- ▲ When there is wear and tear, the value of the asset decreases proportionately.

2. **Efflux of time**

- ▲ Certain assets whether used or not become potentially less useful with the passage of time.

3. **Inadequacy for the purpose**

- ▲ Sometimes, the use of assets may be stopped due to their inadequacy for the purpose.
- ▲ These may become inadequate due to expansion in the capacity of a firm.

38) Deferred revenue expenditure:

➤ An expenditure which is revenue expenditure in nature, the benefits of which is to be derived over a subsequent period or periods is known as deferred revenue expenditure.

➤ **Examples**

- Considerable amount spent on advertising
- Major repairs to plant and machinery

39) **Dr.**

Profit and Loss Account

Cr.

	Particulars	Rs.	Rs.		Particulars	Rs.	Rs.
	To Bad Debts	1,000					
	(+) Doubtful debts 5%	2,450	3,450				
	To Discount on Debtors 2%		931				
			4,381				

Balance Sheet

	Liabilities	Rs.	Rs.		Assets	Rs.	Rs.
					Sundry Debtors	50,000	
					(-) Bad Debts	1,000	
						49,000	
					(-) Doubtful Debts	2,450	
						46,550	
					(-) Discount on Debtors	931	45,619

40) List the Accounts have only Credit Balances:

- ✗ Sales
- ✗ Purchases returns
- ✗ Capital
- ✗ Bank loan
- ✗ Sundry creditors
- ✗ Bills payable
- ✗ Bank overdraft
- ✗ Rent received
- ✗ Interest received
- ✗ Provision for bad debts

PART - IV**IV. Answer all the questions.****7 x 5 = 35****41.a.**

In the books of Jeyaseeli
Journal entries

Date	Particulars	L.F	Debit Rs.	Credit Rs.
2018 Jan. 1	Cash A/c Dr. To Jeyaseeli's Capital A/c (Jeyaseeli commenced business with cash)		80,000	80,000
2	Bank A/c Dr. To Cash A/c (Deposited cash into bank)		40,000	40,000
3	Purchases A/c Dr. To Cash A/c (Goods purchased by cash)		5,000	5,000
4	Purchases A/c Dr. To Lipton & Co. A/c (Goods purchased on credit)		10,000	10,000
5	Cash A/c Dr. To Sales A/c (Cash sales made)		11,000	11,000
6	Salaries A/c Dr. To Cash A/c (Salaries paid)		5,000	5,000
7	Lipton & Co. A/c Dr. To Bank A/c (Payment made by cheque)		10,000	10,000

8	Furniture A/c To Cash A/c (Furniture bought for cash)	Dr.	4,000	4,000
9	Electricity charges A/c To Cash A/c (Electricity charges paid)	Dr.	1,000	1,000
10	Insurance premium A/c To Bank A/c (Insurance premium paid)	Dr.	300	300

[OR]

41.b)

Dr.		Trading and Profit and Loss Account of Mr.Edward's				Cr.
Particulars				Particulars		
To Opening stock		89,700		By Sales	3,56,500	
To Purchases		2,56,500		(-) Return Inward	2,500	3,54,000
To Coal, gas & water		10,500		By Closing stock		1,30,000
To Gross profit c/d		1,27,300				
		4,84,000				4,84,000
To Travelling Expenses		51,250		By Gross profit b/d		1,27,300
To Interest on Loan	300			By Interest on Investment		2,550
(+) Interest Due	900	1,200				
To Petty Cash		710				
To Repairs		4,090				
To Net profit (Transferred to capital A/c)		72,600				
		1,29,850				1,29,850

Balance Sheet as on 31st December 2016

Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
Capital	1,31,500		Sundry Debtors		60,000
(-) Drawings	5,000		Investment		70,000
	1,26,500		Closing Stock		1,30,000
(+) Net Profit	72,600	1,99,100			
Loan @ 6%	20,000				
(+) Interest Due	900	20,900			
Sundry Creditors		40,000			
		2,60,000			2,60,000

42.a)

Journal entries in the books of Ganesan

Date	Particulars	L.F	Debit Rs.	Credit Rs.
2017 Oct.1	Cash A/c To Capital A/c (Started business with cash)	Dr.	25,000	25,000
5	Bank A/c To Cash A/c (Deposited into Bank)	Dr.	12,500	12,500
10	Furniture A/c To Bank A/c (Purchased furniture and payment by cheque)	Dr.	2,000	2,000
15	Purchase A/c To Cash A/c (Goods Purchased for cash)	Dr.	5,000	5,000
19	Vasu A/c To Sales A/c (Goods sold to Vasu on credit)	Dr.	4,000	4,000
22	Drawings A/c To Purchase A/c (Goods worth Rs.500 taken for personal use)	Dr.	500	500

Dr.

Cash Account

Cr.

Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.
2017 Oct. 1	To Capital A/c		25,000	2017 Oct. 5	By Bank A/c		12,500
				15	By Purchase A/c		5,000
				31	By Balance C/d		7,500
			25,000				25,000
Nov. 1	To Balance B/d		7,500				

Dr.

Capital Account

Cr.

Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.
2017 Oct. 31	To Balance C/d		25,000	2017 Oct. 1	By Cash A/c		25,000
			25,000				25,000
				Nov.1	By Balance B/d		25,000

Dr. Bank Account Cr.

Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.
2017 Oct. 5	To Cash A/c		12,500	2017 Oct. 10 31	By Furniture A/c By Balance C/d		2,000 10,500
			12,500				12,500
Nov. 1	To Balance B/d		10,500				

Dr. Furniture Account Cr.

Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.
2017 Oct.10	To Bank A/c		2,000	2017 Oct. 31	By Balance C/d		2,000
			2,000				2,000
Nov. 1	To Balance B/d		2,000				

Dr. Purchase Account Cr.

Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.
2017 Oct. 15	To Cash A/c		5,000	2017 Oct. 22 31	By Drawings A/c By Balance C/d		500 4,500
			5,000				5,000
Nov. 1	To Balance B/d		4,500				

Dr. Sales Account Cr.

Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.
2017 Oct. 31	To Balance C/d		4,000	2017 Oct.19	By Vasu A/c		4,000
			4,000				4,000
				Nov.1	By Balance B/d		4,000

Dr.

Vasu Account

Cr.

Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.
2017				2017			
Oct. 9	To Sales A/c To		4,000	Oct.31	By Balance C/d		4,000
			4,000				4,000
Nov. 1	Balance B/d		4,000				

Dr.

Drawings Account

Cr.

Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.
2017				2017			
Oct.22	To Purchase A/c To		500	Oct.31	By Balance C/d		500
			500				500
Nov. 1	Balance B/d		500				

[OR]

42.b) Classification of Capital or Revenue:

- 1) Revenue Receipt
- 2) Capital Receipt
- 3) Capital Receipt
- 4) Revenue Receipt
- 5) Capital Expenditure

43.a)_

In the books of Rajesh

Trial balance as on 31st March, 2017

Name of account	L. F.	Debit balance Rs.	Credit balance Rs.
Bills receivable		13,000	---
Bank charges		750	---
Conveyance charges		350	---
Discount received		---	1,300
Cash in hand		1,000	---
Drawings		7,000	---
Sundry debtors		17,100	---
Bills payable		---	12,000
Capital		---	25,900
Total		39,200	39,200

[OR]**43.b)****Adjusting Entries**

Date	Particulars	L.F.	Debit Rs.	Credit Rs.
i)	Closing Stock A/c To Trading A/c (Being closing stock brought into account)	Dr.	5,000	5,000
ii)	Salaries A/c To Outstanding Salaries A/c (Being Salaries Outstanding)	Dr.	150	150
iii)	Prepaid Insurance Premium A/c To Insurance Premium A/c (Being Insurance Premium prepaid)	Dr.	450	450
iv)	Commission A/c To Advance Commission A/c (Being Commission received in advance)	Dr.	20,000	20,000
v)	Accrued interest on investment A/c To Interest on investment A/c (Being accrued interest on investment)	Dr.	1,000	1,000

44.a)**In the books of Santhosh Textiles**
Purchases Book

Date	Particulars	Invoice No.	L.F.	Amount	
				Rs.	
				Details	Total
2017 April 1	Prasad, Kancheepuram 100 Meters Silk @ Rs. 450 meter 75 Meters Velvet @ Rs. 180 meter			45,000 13,500	58,500
20	Hari Ram & Sons, Madurai 50 Rolls Kada @ Rs. 730 per Roll 80 Rolls Cotton @ Rs. 650 per Roll			36,500 52,000	88,500
	Purchases A/c Dr.				1,47,000

In the books of Santhosh Textiles
Sales Book

Date	Particulars	Invoice No.	L.F.	Amount Rs.	
				Details	Total
2017 April 10	Rathinam, Chennai 60 Meters Silk @ Rs. 490 meter 50 Meters Velvet @ Rs. 210 meter			29,400 10,500	39,900
18	Nathan & Sons 100 Meters Silk @ Rs. 510 meter			51,000	51,000
	Sales A/c Cr.				90,900

[OR]

44.b)

Differences between cash discount and trade discount

Basis	Cash discount	Trade discount
1. Purpose	Cash discount is allowed to encourage the buyers of goods to make payment at an early date.	Trade discount is allowed to encourage buyers to buy goods in large quantities.
2. Time of allowance	Cash discount is allowed by the seller or creditor to the buyer or debtor at the time of making payment.	Trade discount is allowed by the seller to the buyer when goods are sold.
3. Amount of discount	Cash discount is related to time. The earlier the payment, the more will be the cash discount.	Trade discount is generally related to the quantity of purchase or sale.
4. Recording in books of accounts	Cash discount is recorded in the books of account. Cash discount allowed is shown on the debit side of cash book. Cash discount received is shown on the credit side of the cash book.	Trade discount is not recorded in the books of account. No journal entry is made for the same.
5. Deduction from invoice value	Cash discount is not deducted from the invoice value of goods.	Trade discount is deducted from the list price of the goods.

45. a)

Bank reconciliation statement as on 31st March, 2017

Particulars	Amount ₹	Amount ₹
Balance as per cash book		300
Add: Cheque issued but not yet presented for payment		1,000
		1,300
Less: Cheques deposited but not yet collected by the bank	500	
Bank interest charged	100	
Rent paid by bank as per standing instruction	200	800
Balance as per bank statement		500

[OR]

45. b) Calculation of profit or loss on sale of Truck

Particulars	Rs.
Cost price	8,00,000
Less: Depreciation for 2014-15 $(8,00,000 \times 15/100 \times 6/12)$	60,000
	7,40,000
Less: Depreciation for 2015-16 $(7,40,000 \times 15/100)$	1,11,000
	6,29,000
Less: Depreciation for 2016-17 $(6,29,000 \times 15/100)$	94,350
Book value on the date of sale	5,34,650
Less: Selling price	5,00,000
Profit on sale	34,650

46. a)

Rectifying entries

	Particulars	L.F.	Dr. ₹	Cr. ₹
a	Sales Returns A/c To Bhuvana A/c (Goods returned by Bhuvana not entered in the books, now rectified)	Dr.	100	100
b	Sales A/c To Mani A/c (Goods sold to Mani for ₹ 475 wrongly entered in the sales book as ₹ 745, now rectified)	Dr.	270	270
c	Sandhiya A/c To Allowances A/c (Dishonour of cheque received from Sandhiya wrongly debited to allowances A/c , now rectified)	Dr. Dr.	500	500
d	Drawings A/c To Wages A/c (Cash drawn by the proprietor for his personal use wrongly debited to wages account, now rectified)	Dr.	300	300

[OR]46. b) **Types of accounting software**

1. Readymade software
2. Customised software and
3. Tailormade software

(i) Readymade software

- These packages are standardised or readymade packages which can be used by the business enterprises immediately on procurement.
- These packages are used by small and conventional business enterprises.
- Cost of installation and maintenance is very low.

(ii) Customised software

- Many a time, it is not possible that ready-to-use packages suit the requirements of the business enterprise.
- In such circumstances, customised packages may help the business enterprise for fulfilling their requirements.
- Customised packages can be modified according to the need of the enterprise.

(iii) Tailormade software

- Large enterprises have their own way of functioning.

- For effective management information system, varied and specific information is frequently required by many users which may not be needed in case of small or medium scale enterprises.
- In such enterprises, depending upon their functioning, need based softwares known as tailored packages are installed.

47. a)

In the books of Ramalinfam

Dr.				Cr.			
Cash Book (Single column)							
Date	Receipts	L.F.	Amount Rs.	Date	Payments	L.F.	Amount Rs.
2017				2017			
July 1	To Balance b/d		32,000	July 6	By Packing Caharges A/c		300
5	To Keerthana A/c		5,000	7	By Purchase A/c		12,400
8	To Sales A/c		2,600	10	By Salary A/c		7,000
27	To Bank A/c		2,000	11	By Balu A/c		3,000
				24	By Bank A/c		4,000
				31	By Office Rent A/c		6,000
				31	By Balance c/d		8,900
			41,600				41,600
Aug. 1	To Balance	B/d	8,900				

47. b)

Distinguish between Journal and Ledger

Basis	Journal	Ledger
1. Order of recording	Entries are made in the chronological order, i.e., date wise in the order of occurrence.	Entries are made account wise.
2. Process	The process of recording in journal is called journalising	The process of recording in the ledger is called posting.
3. Facilitating preparation of trial balance	Amount from the journal does not serve as the basis for preparing trial balance.	Ledger balances serve as the basis for preparing trial balance.
4. Basis of entries	Entries in the journal are made on the basis of source documents.	Posting is done in ledger on the basis of journal entries.
5. Net position	Net position of an account cannot be ascertained from journal.	Net position of an account can be ascertained from ledger account.

***** All The Best *****