

PUBLIC EXAM - MARCH – 2024 - ANSWER KEY
XI STANDARD – ACCOUNTANCY – ENGLISH

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	Current Assets	1	A	Generally Accepted Accounting Principles
2	D	Going Concern	2	D	Employee
3	D	Posting	3	A	The Suspense Account
4	A	Large, Medium Business	4	D	Current Assets
5	C	All Accounts	5	A	Large, Medium Business
6	C	Indian Income Tax Act - 1961	6	D	Business
7	B	Amortisation	7	A	Invoice
8	C	Debited to Profit and Loss Account	8	D	Financial Position
9	A	A customer's Account in the Bank's Book	9	A	Liabilities = Assets + Capital
10	A	Generally Accepted Accounting Principles	10	D	(a) (b) and (c)
11	D	(a) (b) and (c)	11	B	Nominal Account
12	B	Nominal Account	12	D	Equal in the first year but higher in the subsequent years
13	A	Liabilities = Assets + Capital	13	C	Indian Income Tax Act - 1961
14	A	The Suspense Account	14	B	Amortisation
15	D	Employee	15	C	Debited to Profit and Loss Account
16	D	Business	16	C	Petty Cash Book
17	D	Financial Position	17	D	Going Concern
18	D	Equal in the first year but higher in the subsequent years	18	C	All Accounts
19	A	Invoice	19	A	A customer's Account in the Bank's Book
20	C	Petty Cash Book	20	D	Posting

PART - II**II. Answer any seven questions. Question No.30 is compulsory.****7 x 2 = 14****21) Definition of Accounting:**

- ✎ American Accounting Association has defined accounting “the process of identifying, measuring and communicating economic information to permit informed judgements and decisions by users of the information.”

22) The Golden Rules 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

23) Trial Balance is prepared in the following methods:

- 1) Balance method
- 2) Total method
- 3) Total and Balance method

24) Wasting Assets – Meaning:

- ❖ These are the assets which get exhausted gradually in the process of excavation.
Examples: Mines and Quarry.

25) Mnemonic codes:

- ✎ A mnemonic code consists of alphabets or abbreviations as symbols to codify a piece of information.

26) Debit or Credit column of the Trial Balance

Sl.No	Name of the Accounts	Debit Rs.	Credit Rs.
(i)	Sundry Creditors	--	xxxx
(ii)	Furniture	xxxx	--
(iii)	Discount Allowed	xxxx	--
(iv)	Bank Overdraft	--	xxxx

27) Answer

- (a) Purchases returns account should be credited with Rs. 500
- (b) Purchases returns account should be debited with Rs. 600
- (c) Sales returns account should be debited with Rs. 700
- (d) Sales returns account should be credited with Rs. 800

28) Calculation of Cost of goods sold:

$$\begin{aligned}
 \text{Cost of goods sold} &= \text{Opening stock} + \text{Net purchases} + \text{Direct expenses} - \text{Closing stock} \\
 &= 10,000 + 80,000 + 7,000 - 15,000 \\
 &= \text{Rs. 82,000}
 \end{aligned}$$

29) Calculation of Due date for bill

Date of Bill	Period of Bill	Days of grace	Due Date
i) 12 th July 1.	1 Month	3	14 th August, since 15 th August (being Independence Day) is a public holiday.
ii) 1 st October	30 Days	3	3 rd November

30) The following formula is used to compute annuity factor:

$$\text{Annuity factor} = \frac{i(1+i)^n}{(1+i)^n - 1}$$

where, i = interest rate;

n = estimated life of the asset in number of years

PART - III**III. Answer any seven questions. Question No.40 is compulsory. 7 x 3 = 21**31) Differences between book-keeping and accounting: (Any 3 Only)

S. No	Basis of distinction	Book-keeping	Accounting
1	Scope	It is concerned with recording and classifying the business transactions.	It is concerned with recording, classifying, summarising, analysing and interpreting the financial data.
2	Stage	Book-keeping is the primary stage in accounting. It is the base for accounting.	Apart from the primary stage, it includes secondary stage of analysis and interpretation.
3	Nature of job	It is routine and clerical in nature.	It is analytical in nature.
4	Knowledge required	It requires basic knowledge of the principles of journalising and posting.	It requires thorough knowledge of accounting principles, procedures and practices.
5	Skill required	Analytical skill is not required for book-keeping.	It requires analytical skill.

32) Classification of Accounts:

Sl. No.	Items	Classification
(a)	Bank	Personal account
(b)	Purchases	Nominal account
(c)	Kavitha	Personal account
(d)	Sales	Nominal account
(e)	Commission received	Nominal account
(i)	Outstanding wages	Representative Personal account

33) Procedure for balancing a ledger account:

1. The debit and credit columns of an account are to be totalled separately.
2. The difference between the two totals is to be ascertained.
3. The difference is to be placed in the amount column of the side having lesser total. 'Balance c/d' is to be entered in the particulars column against the difference and in the date column the last day of the accounting period is entered.

34) Journal entries

Date	Particulars	L.F.	Debit Rs.	Credit Rs.
2018 May 20	Salaries A/c Electricity Charges A/c Wages A/c To Cash A/c (Expenses Paid)	Dr.	15,000 8,000 2,000	25,000

Ledger accounts**Dr.****Salaries account****Cr.**

Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.
2018 May 20	To Cash A/c		15,000	2018 May 31	By Balance B/d		15,000
			15,000				15,000
June 1	To Balance B/d		15,000				

Dr.**Electricity Charges Account****Cr.**

Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.
2018 May 20	To Cash A/c		8,000	2018 May 31	By Balance B/d		8,000
			8,000				8,000
June 1	To Balance B/d		8,000				

Dr.**Wages Account****Cr.**

Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.
2018 May 20	To Cash A/c		2,000	2018 May 31	By Balance B/d		2,000
			2,000				2,000
June 1	To Balance B/d		2,000				

Dr.**Cash Account****Cr.**

Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.
2018 May 31	To Balance C/d		25,000	2018 May 20	By Salaries A/c By Electricity charges A/c By Wages A/c		15,000 8,000 2,000
			25,000				25,000
				2018 June 31	By Balance B/d		25,000

35)

Trial balance

S. No.	Name of account	L.F.	Debit balance Rs.	Credit balance Rs.
1	Bank Loan		--	1,00,000
2	Bills payable		--	50,000
3	Stock		35,000	--
4	Capital		--	1,25,000
5	Purchase		90,000	--
6	Sales		--	1,50,000
7	Debtors		2,00,000	--
8	Bank		1,00,000	--
	Total		4,25,000	4,25,000

36) **Objectives of providing depreciation:****(i) To facilitate replacement of fixed assets**

- When the depreciation is debited to profit and loss account, an equal amount is either retained in the business or invested outside the business.
- When the useful life of an asset comes to an end, a new asset can be purchased by using the resources available in the business.

(ii) To avail tax benefits

- As per the Indian Income Tax Act, while computing tax on business income, depreciation is deductible from income.
- Hence, depreciation is computed and charged to profit and loss account to reduce tax liability.

(iii) To comply with legal requirements

- Depreciation is provided on fixed assets to comply with the provisions of law apart from Income Tax Act.
- For example, Section 123(1) of the Indian Companies Act, 2013, requires every company to provide depreciation on fixed assets before declaring dividend to its shareholders.

37)

Dr. In the books of Kunal Cash Book (Single column) Cr.

Date	Receipts	L.F.	Amount Rs.	Date	Payments	L.F.	Amount Rs.
2017 Jan. 1	To Balance b/d		11,200	2017 Jan. 7	By Rent A/c		30
5	To Ramesh A/c		300	10	By Mohan A/c		700
8	To Sales A/c		300	27	By Furniture A/c		200
				31	By Salaries A/c		100
				31	By Balance c/d		10,770
			11,800				11,800
Feb. 1	To Balance	B/d	10,770				

38)

Bank reconciliation statement of Simon Traders as on 31st March, 2018

Particulars	Amount	
	Rs.	Rs.
Debit Balance as per Bank Statement		2,500
<u>Add:</u> -----		---
		2,500
<u>Less:</u> Cheque deposited but not credited	10,000	
Payment through net banking, but omitted in cash book	2,000	12,000
Balance as per Cash Book		-9,500

39)

In the books of M/s. Ram & Co.,**Purchases Book**

Date	Particulars	Invoice No.	L.F.	Amount	
				Details	Rs. Total
2017 Jan. 1	<u>Anbu & Co.,</u> 20 Reams of White Paper @ Rs.150 per reams				3,000
Jan. 2	<u>Jagadish & Sons</u> 6 dozen Pens @ Rs.360 per dozen				2,160
Jan. 15	<u>M/s. Elango & Co.,</u> 10 Drawing Boards @ Rs.170 each				1,700
	Sales A/c				6,860
					Cr.

40) Bad debts – Meaning:

- ✘ When it is definitely known that amount due from a customer (debtor) to whom goods were sold on credit, cannot be realised at all, it is treated as bad debts. **(OR)**
- ✘ In other words, debts which cannot be recovered or irrecoverable debts are called bad debts.
- ✘ It is a loss for the business and should be charged against profit.

Adjusting entry

Particulars	L.F.	Amount	
		Debit Rs.	Credit Rs.
Bad debts A/c	Dr.	xxx	xxx
To Sundry debtors A/c (Bad debts written off)			

PART - IV**IV. Answer all the questions.****7 x 5 = 35****41.a.****In the books of Sasikumar
Journal entries**

Date	Particulars	L.F.	Debit Rs.	Credit Rs.
2017 Oct. 1	Stock A/c To Sasikumar's capital A/c (Commenced business with goods)	Dr.	40,000	40,000
3	Cash A/c To Sasikumar's capital A/c (Commenced business with cash)	Dr.	60,000	60,000
4	Purchases A/c To Arul A/c (Purchased goods from Arul on credit)	Dr.	70,000	70,000
6	Arul A/c To Purchase Return A/c (Returned goods to Arul)	Dr.	10,000	10,000
10	Arul A/c To Cash A/c (Paid cash to Arul)	Dr.	60,000	60,000
15	Chandru A/c To Sales A/c (Sold goods to Chandar on credit)	Dr.	30,000	30,000
18	Sales Return A/c To Chandar A/c (Chandar returned goods)	Dr.	6,000	6,000
20	Cash A/c Discount A/c To Chandar A/c (Received cash from Chandar in full settlement 23,000)	Dr. Dr.	23,000 1,000	24,000
25	Salaries A/c To Bank A/c (Salaries paid through ECS)	Dr.	2,000	2,000
30	Drawings A/c To Purchases A/c (Sasi Kumar took for personal use goods worth 10,000)	Dr.	10,000	10,000

[OR]

41.b. Accounting Equation:

Transaction	Assets		=	Liabilities
	Cash Rs.	Stock Rs.		Capital Rs.
(a) Started business with cash	+80,000	--	=	+80,000
Equation	+80,000	--	=	+80,000
(b) Cash Purchases	-30,000	30,000		--
Equation	+50,000	30,000	=	+80,000
(c) Salaries paid	-5,000	--		-5,000
Equation	+45,000	30,000	=	+75,000
(d) Cash Purchases	-5,000	+ 5,000		--
Equation	40,000	35,000	=	75,000
(e) Additional Capital Introduced	+ 10,000	--		+ 10,000
Equation	50,000	35,000	=	85,000

42.a).**In the books of Nagarajan****Dr. Trading and Profit and Loss Account for the year ended 31st March, 2016 Cr.**

Particulars	Rs.	Rs.	Particulars	Rs.	Rs.
To Opening stock		1,000	By Sales		15,100
To Purchases		10,000	By Closing stock		2,100
To Wages	600				
Add: Outstanding	200	800			
To Freight inwards		750			
To Gross profit c/d		4,650			
(Transferred to Profit and Loss a/c)					
		17,200			17,200
To Advertisement	500		By Gross profit b/d		4,650
Less: Prepaid advertisement	150	350	(Transferred from Trading A/c)		
To Carriage outwards		400	By Commission received	1,900	
To Net profit		6,000	Less: Received in advance	400	1,500
(Transferred to capital a/c)			By Rent received		600
		6,750			6,750

Balance Sheet as on 31st March, 2016

Particulars	Rs.	Rs.	Particulars	Rs.	Rs.
Capital	5,000		Machinery		8,000
Add: Net profit	6,000	11,000	Stock in trade		2,100
Creditors		2,400	Debtors		300
Commission received in advance		400	Bills receivable		2,250
Outstanding wages		200	Advertisement prepaid		150
			Cash		1,200
		14,000			14,000

[OR]

42.b. Classification of Capital or Revenue:

- | | |
|--|-----------------------|
| (i) Audit Fees Paid Rs.10,000 | - Revenue Expenditure |
| (ii) Labour Welfare Expenses Rs.5,000 | - Revenue Expenditure |
| (iii) Rs.2,000 paid for servicing the company vehicle | - Revenue Expenditure |
| (iv) Repair to Machinery purchased in second hand Rs.3,000 | - Capital Expenditure |
| (v) Rent paid for the factory Rs.12,000 | - Revenue Expenditure |

43.a.

Dr.

Machinery Account

Cr.

Date	Particulars	Rs.	Date	Particulars	Rs.
2014			2015		
April 1	To Nila & Co. A/c	2,00,000	March 31	By Depreciation A/c (2,10,000 × 10%)	21,000
April 1	To Bank A/c	10,000	March 31	By Balance c/d	1,89,000
		2,10,000			2,10,000
2015			2016		
April 1	To Balance b/d	1,89,000	March 31	By Depreciation A/c (1,89,000 × 10%)	18,900
		1,89,000	March 31	By Balance c/d	1,70,100
					1,89,000
2016			2017		
April 1	To Balance b/d	1,70,100	March 31	By Depreciation A/c (1,70,100 × 10%)	17,010
		1,70,100	March 31	By Balance c/d	1,53,090
					1,70,100
2017					
April 1	To Balance b/d	1,53,090			

Dr.		Depreciation Account		Cr.	
Date	Particulars	Rs.	Date	Particulars	Rs.
2015 March 31	To Machinery A/c	21,000	2016 Dec 31	By Profit and Loss A/c	21,000
		21,000			21,000
2016 March 31	To Machinery b/d	18,900	2017 Dec 31	By Profit and Loss A/c	18,900
		18,900			18,900
2017 March 31	To Machinery b/d	17,010	2017 Dec 31	By Profit and Loss A/c	17,010
		17,010			17,010

[OR]

43.b. Limitations of Computerised Accounting System**(i) Heavy cost of installation:**

- ✘ Computer hardware needs replacement and software needs to be updated from time to time with the availability of newer versions.

(ii) Cost of training:

- ✘ To ensure effective and efficient use of computerised system of accounting, newer versions of hardware and software are to be introduced.
- ✘ These require special training and hence, cost is incurred to train the staff personnel.

(iii) Fear of unemployment:

- ✘ On account of the introduction of computerised accounting system, the employees feel insecure that they may lose employment and show less interest in computer related work.

(iv) Disruption of work:

- ✘ When computerised system is introduced, the existing process of accounting and other works are interrupted.
- ✘ This results in certain changes in the working environment.

(v) System failure:

- ✘ The danger of a system crashing due to some failure in hardware can lead to subsequent interruption of work. This is more when no back-up is made.

44.a.**In the Books of Raja
Ledger Accounts**

Dr.				Cash Account				Cr.			
Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.				
2017 June 1 6	To Capital A/c To Sales A/c		50,000 8,000	2017 June 15 30	By Purchase A/c By Balance C/d		4,000 54,000				
			58,000				58,000				
July 1	To Balance B/d		54,000								

Dr.				Capital Account				Cr.			
Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.				
2017 June 30	To Balance C/d		50,000	2017 June 1	By Cash A/c		50,000				
			50,000		By Balance B/d		50,000				
				July 1			50,000				

Dr.				Sales Account				Cr.			
Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.				
2017 June 30	To Balance C/d		17,000	2017 June 6 8	By Cash A/c By Devi A/c		8,000 9,000				
			17,000				17,000				
				July 1	By Balance B/d		17,000				

Dr.				Devi Account				Cr.			
Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.				
2017 June 8	To Sales A/c		9,000	2017 June 30	By Balance C/d		9,000				
			9,000				9,000				
July 1	To Balance B/d		9,000								

Dr.				Purchase Account				Cr.			
Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.				
2017 June 8 20	To Cash A/c To Shanthi A/c		4,000 5,000	2017 June 30	By Balance C/d		9,000				
			9,000				9,000				
July 1	To Balance B/d		9,000								

Dr.			Shanthi Account		Cr.		
Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.
2017 June 30	To Balance C/d		5,000	2017 June 20	By Purchase A/c		5,000
			5,000				5,000
					July 1	By Balance C/d	

44.b.**Rectifying Entries**

	Particulars	L.F.	Dr. Rs.	Cr. Rs.
a	Arun A/c To Suspense A/c (Wrong amount posted to Arun account rectified)		27	27
b	Suspense A/c To Lakshmi A/c (Short credit to Lakshmi account rectified)		45	45
c	Suspense A/c To Furniture A/c (Excess debit to furniture account rectified)		36	36
d	Machinery A/c To Suspense A/c (Omission to debit machinery account rectified)		200	200
e	Suspense A/c To Purchases A/c (Excess amount carried forward to purchases account rectified)		9	9

45.a.**In the books of Nalanda Book Stores
Purchase Book**

Date	Particulars	I.N	L.F.	Amount	
				Details Rs.	Total Rs.
2017 Dec. 1	<u>M/s.Umadevi</u> 100 Business Statistics Book @ Rs.80 each 100 Accountancy Book @ Rs.150 each			8,000 15,000	23,000
Dec. 10	<u>Subha & Co.,</u> 40 Economics Books @ Rs.80 each Less: 15% Trade Discount			3,200 480	2,720
	Purchase A/c		Dr.		25,720

Sales Book

Date	Particulars	I.N	L.F.	Amount	
				Details Rs.	Total Rs.
2017 Dec. 7	<u>Sridevi & Co.,</u> 240 Business Statistics Book @ Rs.90 each 250 Accountancy Book @ Rs.170 each			21,600 42,500	64,100
Dec. 18	<u>Gupta Bros.,</u> 200 Economics Books @ Rs.95 each				19,000
	Sales A/c			Cr.	83,100

Purchase Returns Book

Date	Particulars	Debit Note No.	L.F.	Amount		Remarks
				Details	Total	
2017 Dec. 7	<u>M/s.Umadevi</u> 10 Accountancy Books @ Rs. 150 each				1,500	Cash is not Received
Dec. 26	<u>Subha & Co.,</u> 6 Economics Books @ Rs. 68 each (List Price – Trade discount) (80 – 12)				408	----
	Purchase Returns A/C			Cr.	1,908	

[OR]

45.b.**In the Books of Thiru. Durairaj****Dr.****Three-Column Cash Book****Cr.**

Date	Particulars	R N	L F	Dis. All.	Cash	Bank	Date	Particulars	V N	L F	Dis. Rec.	Cash	Bank
2017 March 1	To Balance b/d		C		12,000	15,000	2017 March 2	By Bank A/c		C		11,000	
2	To Cash A/c		C			11,000	12	By Bank A/c		C		6,900	
3	To Sales A/c				9,250	9,250	14	By Purchase A/c					8,500
8	To Jayaraj A/c			100	6,900		20	By Drawings A/c				3,000	5,000
12	To Cash A/c					6,900	25	By Vinoth A/c			150		1,850
19	To Kannappan A/c			25	1,975		31	By Balance C/d				9,225	26,800
					125	30,125					150	30,125	42,150
Apr. 1	To Balance b/d				9,225	26,800							

46.a.

Petty Cash Book (in Rs.) – Analysis of payments**Dr.****Cr.**

Receipts	C.B.F.N	Date	Particulars	V.N	Total Payments	Stationery	Conveyance	Wages	Postage	Carriage	Sundries	L.F.
2,000		2017 July 1	To Cash A/c									
		7	By Writing pads and registers		100	100						
		8	By White Papers		50	50						
		10	By Conveyance		200		200					
		15	By Wages		300			300				
		18	By Postal Charges		100				100			
		21	By Stationery		450	450						
		23	By Tea Expenses		60						60	
		25	By Speed Post		150				150			
		27	By Refreshment Expenses		250						250	
		31	By Carriage		150					150		
			Total Expenses		1,810	600	200	300	250	150	310	
		6	By Balance c/d		190							
2,000					2,000							
1,810 190		Jan. 7 7	To Balance b/d To Cash A/c									

[OR]**46. b.****Adjusting entry**

Date	Particulars	L. F.	Debit Rs.	Credit Rs.
2017 Dec. 31	Salaries A/c To Outstanding salaries A/c (Salaries outstanding provided)	Dr.	1,200	1,200
Dec. 31	Rent A/c To Outstanding rent A/c (Provided for rent outstanding)	Dr.	300	300
Dec. 31	Prepaid insurance premium A/c To Insurance premium A/c (Insurance prepaid)	Dr.	450	450
Dec. 31	Accrued Interest on investment A/c To Interest on investment A/c (Provided for interest accrued)	Dr.	400	400
Dec. 31	Bad debts A/c To Sundry debtors A/c (Bad debts written off)	Dr.	200	200

47.a)

In the books of Ravichandran
Trial balance as on 31st December, 2016

Name of account	L. F.	Debit balance Rs.	Credit balance Rs.
Capital		---	1,50,000
Debtors		22,800	---
Rent received		---	500
Bank overdraft		---	3,100
Creditors		---	5,500
Premises		1,46,000	---
Opening stock		10,000	---
Purchases		45,000	---
Sales		---	75,000
Return inwards		1,000	---
Discount allowed		800	---
Discount received		---	1,000
Wages		2,900	---
Salaries		3,500	---
Commission paid		1,100	---
General expenses		2,000	---
Total		2,35,100	2,35,100

[OR]

47.b)**Bank reconciliation statement as on 31st March, 2018**

Particulars	Amount Rs.	Amount Rs.
Balance as per Bank Statement		15,000
Add: Bank charges not recorded in the cash book	250	
Interest charged by the bank not recorded in the cash book	500	
Bank paid insurance premium but not recorded in the cash book	300	
Cheque deposited but not yet credited	900	1,950
		16,950
Less: Cheque issued but not yet presented for payment	2,500	2,500
Balance as per Cash Book		14,450

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