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DHOSTH Accountancy

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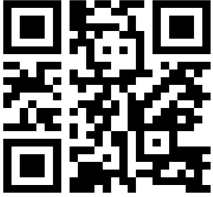
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PREFACE

FROM THE PUBLISHER

This book provides excellent insight into the minds of the students of the higher secondary, and perhaps being the most leading publications, which will draw the students to gain a maximum benefit out of this.

This book is a “must - read” for anyone who wants to understand the concept of the book as well as the anxiety of the publisher who bestows his blessings to become successful.

The publisher has thoroughly gone through the needs of the students today to bring them out from the darkness of illiteracy and to enlighten their minds to shine as bright as the morning star.

The crew of the publishers are to perceive a generation well qualified and to uplift their future and become the ‘Light of the World’ also to become good citizens of the world.

The publishers wish every reader of this book, with all best regards to come out with wonderful ideas and become a great successful person in life.

This book is unique in its knowledge and definitely on the shortlist for those who wish to understand the lessons more appropriately and face the examinations boldly.

“BEST WISHES”

- Publishers

DHOSTH 11TH STANDARD MLM**XI - Accountancy**

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BOOK BACK ONE WORDS

Choose the correct answer

1. The root of financial accounting system is **Stewardship accounting**
2. Which one of the following is not a main objective of accounting? **Solving tax disputes with tax authorities**
3. Which one of the following is not a branch of accounting? **None of the above.**
4. Financial position of a business is ascertained on the basis of **Balance Sheet**
5. Who is considered to be the internal user of the financial information? **Employee**
6. The business is liable to the proprietor of the business in respect of capital introduced by the person according to **Business entity concept**
7. The profounder of double entry system of book-keeping is **Luca Pacioli**
8. The concept which assumes that a business will last indefinitely is **Going concern**
9. GAAPs are: **Generally Accepted Accounting Provisions**
10. The rule of stock valuation 'cost price or realisable value' whichever is lower is based on the accounting principle of: **Conservatism**
11. In India, Accounting Standards are issued by **The Institute of Chartered Accountants of India**
12. Which of the following does not follow dual aspect concept? **Decrease in one asset and decrease in other asset**
13. Accounting equation signifies **Assets of a business are equal to the total of capital and liabilities**
14. 'Cash withdrawn by the proprietor from the business for his personal use' causes **Decrease in assets and decrease in owner's capital**
15. A firm has assets of ' 1,00,000 and the external liabilities of ' 60,000. Its capital would be ' **40,000**
16. The incorrect accounting equation is **Liabilities = Assets + Capital**
17. Accounting equation is formed based on the accounting principle of **Dual aspect**
18. Real account deals with **Assets**
19. Which one of the following is representative personal account? **Outstanding salary A/c**
20. Prepaid rent is a ——— **Representative personal A/c**
21. Withdrawal of cash from business by the proprietor should be credited to **Cash A/c**
22. In double entry system of book keeping, every business transaction affects **Minimum of two accounts**
23. Main objective of preparing ledger account is to **Know the balance of each ledger account**
24. The process of transferring the debit and credit items from journal to ledger accounts is called **Posting**
25. J.F means **Journal page number**
26. The process of finding the net amount from the totals of debit and credit columns in a ledger is known as **Balancing**
27. If the total of the debit side of an account exceeds the total of its credit side, it means **Debit balance**
28. The amount brought into the business by the proprietor should be credited to **Capital account**
29. Trial balance is a **Statement**
30. After the preparation of ledger, the next step is the preparation of **Trial balance**
31. The trial balance contains the balances of
 (a) Only personal accounts (b) Only real accounts (c) Only nominal accounts
All accounts

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32. Which of the following is/are the objective(s) of preparing trial balance?
 a) Serving as the summary of all the ledger accounts
 b) Helping in the preparation of final accounts
 c) Examining arithmetical accuracy of accounts **(d) a, b and c**
33. While preparing the trial balance, the accountant finds that the total of the credit column is short by ' 200. This difference will be **Credited to suspense account**
34. A list which contains balances of accounts to know whether the debit and credit balances are matched is **Trial balance**
35. Which of the following method(s) can be used for preparing trial balance?
 a) Balance method b) Total method c) Total and Balance method **(d) a, b and c**
36. The account which has a debit balance and is shown in the debit column of the trial balance is **Drawings account**
37. The difference of totals of both debit and credit side of trial balance is transferred to: **Suspense account**
38. Trial balance is prepared: **On a particular date**
39. Purchases book is used to record **all credit purchases of goods**
40. A periodic total of the purchases book is posted to the **debit side of the purchases account**
41. Sales book is used to record **all credit sales of goods**
42. The total of the sales book is posted periodically to the credit of **Sales account**
43. Purchase returns book is used to record **returns of goods to the supplier for which cash is not received immediately**
44. Sales return book is used to record **Returns of goods by the customer for which cash is not paid immediately**
45. Purchases of fixed assets on credit basis is recorded in **Journal proper**
46. The source document or voucher used for recording entries in sales book is **Invoice**
47. Which of the following statements is not true? **Trade discount is recorded in the books of accounts**
48. Closing entries are recorded in **Journal proper**
49. Cash book is a **Both subsidiary book and principal book**
50. The cash book records
 (a) All cash receipts (b) All cash payments (c) Both (a) and(b)
 (d) All credit transactions **Ans : Both (a) and (b)**
51. When a firm maintains a simple cash book, it need not maintain **Cash account in the ledger**
52. A cash book with discount, cash and bank column is called **Three column cash book**
53. In Triple column cash book, the balance of bank overdraft brought forward will appear in **Bank column credit side**
54. Which of the following is recorded as contra entry? **Withdrew cash from bank for office use**
55. If the debit and credit aspects of a transaction are recorded in the cash book, it is **Contra entry**
56. The balance in the petty cash book is **An asset**
57. Petty cash may be used to pay **The expenses relating to postage and conveyance**
58. Small payments are recorded in a book called **Petty cash book**
59. A bank reconciliation statement is prepared by **Business**
60. A bank reconciliation statement is prepared with the help of **Bank statement and bank column of the cash book**

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61. Debit balance in the bank column of the cash book means **Credit balance as per bank statement**
62. A bank statement is a copy of **A customer's account in the bank's book**
63. A bank reconciliation statement is prepared to know the causes for the difference between: **The balance as per the bank column of the cash book and the bank statement**
64. When money is withdrawn from bank, the bank **Debits customer's account**
65. Which of the following is not the salient feature of bank reconciliation statement? **Reconciliation statement is prepared only at the end of the accounting period**
66. Balance as per cash book is ' 2, 000. Bank charge of ' 50 debited by the bank is not yet shown in the cash book. What is the bank statement balance now? ' **1,950 credit balance**
67. Balance as per bank statement is ' 1, 000. Cheque deposited, but not yet credited by the bank is ' 2, 000. What is the balance as per bank column of the cash book? **3,000 favourable**
68. Which one of the following is not a timing difference? **Wrong debit in the cash book**
69. Error of principle arises when **Distinction is not made between capital and revenue items**
70. Errors not affecting the agreement of trial balance are **Errors of principle**
71. The difference in trial balance is taken to **The suspense account**
72. A transaction not recorded at all is known as an error of **Complete omission**
73. Wages paid for installation of machinery wrongly debited to wages account is an error of **Principle**
74. Which of the following errors will not affect the trial balance? **Posting an amount in the wrong account but on the correct side**
75. Goods returned by Senguttuvan were taken into stock, but no entry was passed in the books. While rectifying this error, which of the following accounts should be debited? **Sales returns account**
76. A credit purchase of furniture from Athiyaman was debited to purchases account. Which of the following accounts should be debited while rectifying this error **Furniture account**
77. The total of purchases book was overcast. Which of the following accounts should be debited in the rectifying journal entry? **Suspense account**
78. Which of the following errors will be rectified using suspense account? **Purchase returns book was undercast by rs 100.**
79. Under straight line method, the amount of depreciation is **Constant for all the years**
80. If the total charge of depreciation and maintenance cost are considered, the method that provides a uniform charge is **Diminishing balance method**
81. Under the written down value method of depreciation, the amount of depreciation is **Decreasing every year**
82. Depreciation provided on machinery is debited to **Depreciation account**
83. Cash received from sale of fixed asset is credited to **Fixed asset account**
84. Depreciation is provided on **Fixed assets**
85. Depreciation is caused by
(a) Lapse of time (b) Usage (c) Obsolescence (d) **a, b and c**
86. Depreciation is the process of **Allocation of cost of the asset to the period of its useful life**
87. For which of the following assets, the depletion method is adopted for writing off cost of the asset? **Mines and quarries**
88. A depreciable asset may suffer obsolescence due to____ **Technological changes**
89. Which method shall be efficient, if repairs and maintenance cost of an asset increases as it grows older. **Reducing balance method**

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90. Depreciation is to be calculated from the date when **Asset is put to use**
91. If the rate of depreciation is same, then the amount of depreciation under straight line method vis-à-vis written down value method will be **Equal in the first year but higher in subsequent years**
92. Residual value of an asset means the amount that it can fetch on sale at the ___ of its useful life. **End**
93. Amount spent on increasing the seating capacity in a cinema hall is **Capital expenditure**
94. Expenditure incurred ' 20,000 for trial run of a newly installed machinery will be **Capital expenditure**
95. Interest on bank deposits is **Revenue receipt**
- 96) Amount received from IDBI as a medium term loan for augmenting working capital **Capital receipt**
97. Revenue expenditure is intended to benefit **Current period**
98. Pre-operative expenses are **Capital expenditure**
99. Closing stock is an item of **Current asset**
100. Balance sheet is **A statement**
101. Net profit of the business increases the **Capital**
102. Carriage inwards will be shown **In the trading account**
103. Bank overdraft should be shown **On the liabilities side**
104. Balance sheet shows the of the business. **Financial position**
105. Drawings appearing in the trial balance is **Subtracted from the capital**
106. Salaries appearing in the trial balance is shown on the **Debit side of profit and loss account**
107. Current assets does not include **Furniture**
108. Goodwill is classified as **An intangible asset**
109. A prepayment of insurance premium will appear in **The balance sheet on the assets side**
110. Net profit is **Credited to capital account**
111. Closing stock is valued at **Cost price or net realisable value whichever is lower**
112. Accrued interest on investment will be shown
 (a) On the credit side of profit and loss account (b) On the assets side of balance sheet
 (c) Both (a) and (b) (d) None of these **Ans (c) : Both (a) and (b)**
113. If there is no existing provision for doubtful debts, provision created for doubtful debts is **Debited to profit and loss account**
114. In accounting, computer is commonly used in the following areas:
 (a) Recording of business transactions (b) Payroll accounting
 (c) Stores accounting (d) All the above **All the above**
115. Customised accounting software is suitable for **Large, medium business**
116. Which one is not a component of computer system? **Data**
117. An example of output device is **Printer**
118. One of the limitations of computerised accounting system is **System failure**
119. Expand CAS **Computerised Accounting System**
120. Which one of the following is not a method of codification of accounts? **Access codes**
121. TALLY is an example of **Ready-made accounting software**
122. People who write codes and programmes are called as **System programmers**
123. Accounting software is an example of **Application software**

IMPORTANT DEFINITIONS OF ACCOUNTANCY

1. Define accounting

According to the American Institute of Certified Public Accountants “Accounting is the art of recording, classifying and summarising in a significant manner and in terms of money, transactions and events which are in part, at least of a financial character and interpreting the results thereof”.

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

2. Define book keeping

“Book-keeping is an art of recording business dealings in a set of books”. - J.R.Batliboi.

“Book-keeping is the science and art of recording correctly in the books of account all those business transactions of money or money’s worth”. -R.N.Carter.

3. Define Accounting standards

In the words of Kohler, “Accounting standards are codes of conduct imposed by customs, law or professional bodies for the benefit of public accountants and accountants generally”

4. Define Double entry system

“Every transaction involving money or money’s worth has two fold aspects, the receiving of a value on the one hand and the giving of the same value on the other. This twofold nature in all transactions must be recorded in the books and this gives rise to the term Double Entry Book keeping”. - Munro and Palmer

“Every business transaction has a two-fold effect and that it affects two accounts in opposite directions and if a complete record is to be made of each such transaction it is necessary to debit one account and credit another account. It is this recording of two fold effect of every transaction that has given rise to the term Double Entry”. - J.R Batliboi

5. Define Journal

According to Professor Carter, “The journal as originally used, is a book of prime entry in which transactions are copied in order of date from a memorandum or waste book. The entries as they are copied are classified into debits and credits, so as to facilitate their being correctly posted, afterwards in the ledger”.

6. Define Trial balance

“A trial balance is a statement, prepared with the debit and credit balances of the ledger accounts to test the arithmetical accuracy of the books”. - J.R. Batliboi

7. Define bill of exchange

According to the Negotiable Instruments Act, 1881, “Bill of exchange is an instrument in writing containing an unconditional order, signed by the maker, directing a certain person to pay a certain sum of money only to, or to the order of a certain person or to the bearer of the

8. Define depreciation

According to Spicer and Pegler, “Depreciation is the measure of exhaustion of the effective life of an asset from any cause during a given period”. According to R.N. Carter, “Depreciation is the gradual and permanent decrease in the value of an asset from any cause”.

9. Define Balance sheet

According to J.R. Batliboi, “A Balance Sheet is a statement prepared with a view to measure the exact financial position of a business on a certain fixed date.”

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QUESTION & ANSWERS

VOLUME -1

Unit 1- INTRODUCTION TO ACCOUNTING

I. VERY SHORT ANSWERS

1) Define accounting?

American Accounting Association has defined accounting as, systematic process of identifying, measuring, recording, classifying, summarising, interpreting and communicating financial information.

- the resources available
- the results achieved by their use.

2) List any two functions of accounting?

- Measurement
- Forecasting
- Comparison
- Decision making

3) What are the steps involved in process of accounting?

The steps involved are

- Opening entry
- Transaction and journalising
- Posting and balancing
- Preparing trial balance and trading account
- Preparing profit and loss account
- Preparing balance sheet.

4) Who are the parties involved in accounting information?

They can be classify into two,

INTERNAL USERS	EXTERNAL USERS
Owners	Creditors and financial institution
Management	Investors and customers
Employees	General public, tax authorities and regulatory bodies.
	Government
	Researchers

5) Name any two bases of recording accounting information?

There are three bases of accounting in common usage, namely

- i. Cash basis
- ii. Accrual or mercantile basis
- iii. Mixed or hybrid basis.

II. SHORT ANSWERS

1. Explain the meaning of accounting.

- Accounting is the systematic process of identifying, measuring, recording, classifying, summarising, interpreting and communicating financial information.
- The transactions or events of a business must be recorded in monetary terms.
- The profit earned or loss incurred during the accounting period, value and nature of assets, liabilities and capital can be ascertained from the information recorded in accounts.

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2. Discuss briefly the branches of accounting.

- a) **Financial accounting** - It involves recording of financial transactions and events. It provides financial information to the users for taking decisions.
- b) **Management accounting** - It is concerned with the presentation of accounting information to assist management in decision making and in day to day operations.
- c) **Human resource accounting** - It is concerned with identification, quantification and reporting of investments made in human resources of an enterprise.

3. Discuss in detail the importance of accounting.

- a) **Systematic record** - The records are classified under common heads and summaries are prepared.
- b) **Preparation of financial statement** - The preparation of financial statements namely, income statement or trading and profit and loss account and balance sheet.
- c) **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.

4. Why are the following parties interested in accounting information?

- a) **Investors:** Persons who are interested in investing their funds in an organisation should know about the financial condition of a business unit while making their investment decisions.
- b) **Government:** Information about performance of business units in different industries helps the government in policy formulation For development of trade and industry, allocation of scarce resources, grant of subsidy, etc.

5. Discuss the role of an accountant in the modern business world.

- **Record keeper:** The accountant maintains a systematic record of financial transactions.
- **Provider of information to the manager:** The accountant assists the management by providing financial information required for decision making and for exercising control.
- **Public relation officer:** The accountant provides accounting information to various interested users for analysis as per their requirements.

UNIT - 2. CONCEPTUAL FRAMEWORK OF ACCOUNTING

I. VERY SHORT ANSWER**1. Define book-keeping.**

“Book-keeping is an art of recording business dealings in a set of books”. - **J.R.Batliboi.**

“Book-keeping is the science and art of recording correctly in the books of account all those business transactions of money or money’s worth”. - **R.N.Carter**

2. What is meant by accounting concepts?

- Accounting concept are the basic assumption or condition upon which accounting has been allied.
- The word concept means a notion or abstraction which is generally accepted.
- Accounting concepts provide unifying structure to the accounting process and accounting reports.

EXAMPLE: i) Business entity concept ii) money measurement concept

3. Briefly explain about revenue recognition concept.

- ❖ According to this concept ,revenue considered as the income earned on the date when it is realised.
- ❖ Unearned or unrealised revenue should not taken into account.
- ❖ It avoid the possibility of inflating incomes and profits.

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4. What is “Full Disclosure Principle” of accounting.

Accounting principles are the basic norms and assumptions development and established as the basis for accounting system.

- Full disclosure principle accounts must be disclose full and fair information.
- The accounts must disclose all material information.

5. Write a brief note on ‘Consistency’ assumption.**Consistency**

Accounting rules and practices should be continuously observed.

- To comply with the provision of law
- To comply with accounting standard issued.

II. SHORT ANSWER**1. What is matching concept? Why should a business concern follow this concept?**

- This concept is based on accrual concept and periodicity concept. Periodicity concept fixes the time frame for measuring performance and determining financial status.
- All expenses paid during the period are not considered, but only the expenses related to the accounting period are considered. Also due provisions are made for depreciation of the fixed assets, bad debt, etc., relating to the accounting period.
- Thus, it matches the revenues earned during an accounting period with the expenses incurred during that period to earn the revenues before sharing any profit or loss.

2. “Only monetary transactions are recorded in accounting”. Explain the statement.

- ❖ Only financial transactions are to be recorded because it is due to money measurement concept, which states that only those are to be recorded in the books of accounts which consists of cash.
- ❖ Hence It is concerned with the normal value or real value.
- ❖ Example- Gokul purchase television for 12,000 .so this ,will recorded in journal entry book as it has cash transaction.

3. “Business units last indefinitely”. Mention and explain the concept on which the statement is based. ?

- ❖ Business units last indefinitely This statement is used in going concern concept.
- ❖ 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.
- ❖ For example, assets are generally valued at historical cost. Any increase or decrease in the value of assets in the short period is ignored.

4. Write a brief note on Accounting Standard?

The Council of the Institute of Chartered Accountants of India constituted Accounting Standards Board (ASB) on 21st April, 1977 recognising the need for Accounting Standards in India.

- ❖ “In the words of Kohler, “Accounting standards are codes of conduct imposed by customs, law or professional bodies for the benefit of public accountants and accountants generally.

NEEDS

- I) To enhance reliability of financial statements
- II) To meet the legal requirements effectively

UNIT - 3: BOOKS OF PRIME ENTRY

I. VERY SHORT ANSWER

1. What are source documents?

- Source documents are the authentic evidences of financial transactions. These documents show the nature of transaction, the date, the amount and the parties involved.
- Source documents include cash receipt, invoice, debit note, credit note, pay-in-slip, salary bills, wage bills, cheque record slips, etc.

2. What is accounting equation?

The relationship of assets with that of liabilities to outsiders and to owners in the equation form is known as accounting equation.

$$\text{Capital} + \text{Liabilities} = \text{Assets}$$

$$\text{Assets} = \text{Liabilities} + \text{Capital} + \text{Revenues} - \text{Expenses}$$

3. Write any one transaction which

- a) Decreases the assets and decreases the liabilities **Paid creditors**
- b) Increases one asset and decreases another asset **Cash sales**

4. What is meant by journalising?

The process of analysing the business transactions under the heads of debit and credit and recording them in the journal is called journalising. An entry made in the journal is called a journal entry

5. What is real account?

Debit what comes in and Credit what goes out. In case of real accounts, the rule is debit what comes in and credit what goes out.

Example : Furniture purchased for cash 5,000

Debit Furniture account

Credit Cash account

6. How are personal accounts classified?

Personal account classified as

- Natural
- Artificial
- Representative

7. State the accounting rule for nominal account.

Debit all expenses and losses and Credit all incomes and gains. For nominal accounts, the rule is debit all expenses and losses and credit all incomes and gains. **Example :** Paid rent of 5,000 in cash

8. Give 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

II. SHORT ANSWERS

1. Write a brief note on accounting equation approach of recording transactions.

- The relationship of assets with that of liabilities to outsiders and to owners in the equation form is known as accounting equation. **Capital + Liabilities = Assets** Capital can also be called as owner's equity and liabilities as outsider's equity.
- Accounting equation is a mathematical expression which shows that the total of assets is equal to the total of liabilities and capital.
- This is based on the dual aspect concept of accounting. **Assets = Liabilities + Capital + Revenues - Expenses**

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2. What is an Account? Classify the accounts with suitable examples.

Every transaction has two aspects and each aspect affects minimum one account. An account is the basic unit of identification in accounting. Account is the systematic presentation of all material information regarding a particular person or item at one place, under one head.

- Asset account
- Liability account
- Capital account
- Revenue account
- Expense account

3. What are the three different types of personal accounts?

- ✓ **Nature persons account** - Natural person means human beings.
Example: Vinoth account, Malini account.
- ✓ **Artificial persons account** - Artificial person refers to the persons other than human beings recognised by law as persons.
Example: BHEL account, Bank account
- ✓ **Representative persons account** - These are the accounts which represent persons natural or artificial or a group of persons.
Example: Outstanding salaries account, Prepaid rent account.

4. What is the accounting treatment for insurance premium paid on the life of the proprietor?

DATE	PARTICULARS	LF	DEBIT	CREDIT
	Drawings a/c To cash (insurance paid for owners life)	Dr	XXX	XXX

5. State the principles of double entry system of book keeping.

- In every business transaction, there are two aspects.
- The two aspects involved are the benefit or value receiving aspect and benefit or value giving aspect.
- These two aspects involve minimum two accounts; at least one debit and at least one credit.

6. Briefly explain about steps in journalising.

- Analyse the transactions and identify the accounts.
- Classify the above accounts under Personal account, Real account or Nominal Account
- Apply the rules of debit and credit for the above two accounts.
- Find which account is to be debited and which account is to be credited .
- Record the date of transaction in the date column.
- Enter the name of the account to be debited in the particulars column very close to the left hand side of the column followed by the abbreviation 'Dr.' at the end in the same line. Against this, the amount to be debited is entered in the debit amount column in the same line.
- Write the name of the account to be credited in the second line starting with the word 'To' prefixed a few spaces away from the margin in the particulars column.
- Write the narration within brackets in the next line in the particulars column.

7. What is double entry system? State its advantages.

Double entry system of book keeping is a scientific and complete system of recording the financial transactions of an organisation. There are two aspects involved, namely, receiving aspect and giving aspect. It is denoted by debit (Dr.) and credit (Cr.).

ADVANTAGES

- Accuracy
- Ascertainment of business results
- Comparative study
- Common acceptance

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UNIT - 4: LEDGER

I. VERY SHORT ANSWERS

1. **What is a ledger?**

Ledger is known as principal book of accounts. It is a book which contains all sets of accounts, namely, personal, real and nominal accounts. The ledger accounts are prepared based on journal entries passed.

2. **What is meant by posting?**

The process of transferring the debit and credit items from the journal to the ledger accounts is called posting.

3. **What is debit balance?**

i) Total of debit is greater than total of credit = debit balance

Debit balance is the balancing figure on the credit side

4. **What is credit balance?**

Total of credit is greater than total of debit = Credit balance

Credit balance is the balancing figure on the debit side.

5. **What is balancing of an account?**

Balancing means that the debit side and credit side amounts are totalled and the difference between the total of the two sides is placed in the amount column as 'Balance c/d' on the side having lesser total, so that the total of both debit and credit columns are equal.

II. SHORT ANSWERS

1. **Distinguish between journal and ledger.**

Sl. NO.	BASIS	JOURNAL	LEDGER
1	PROCESS	The process of recording in journal called journalising	The process of recording in the ledger is called posting
2	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.
3	NET POSITION	Net position of an account cannot be ascertained from journal.	Net position of an account can be ascertained from ledger account.

2. **What is ledger? Explain its utilities.**

- It is a book which contains all sets of accounts, namely, personal, real and nominal accounts. The ledger accounts are prepared based on journal entries passed. Ledger is known as principal book of accounts.
- **Quick Information About A Particular Account:** Ledger account helps to get all information about a particular account like sales, purchases, machinery, etc.
- **Trial Balance Can Be Prepared:** With the balances of ledger accounts, trial balance can be prepared to check the arithmetical accuracy of entries made in the journal and ledger.
- **Helps To Prepare Financial Statement:** From the ledger balances extracted, financial statements can be prepared for ascertaining net profit or loss and the financial position.

3. **How is posting made from the journal to the ledger?**

- ❖ Locate the ledger account that is debited in the journal entry. Open the respective account in the ledger, if already not opened. Entries are made on the debit side of the account
- ❖ Record the date of the transaction in the date column on the debit side of that account.
- ❖ Record the name of the account credited in the journal with the prefix 'To' in particulars column.
- ❖ Record the amount of the debit in the 'amount column'.

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- ❖ Locate the ledger account that is credited in the journal entry. Open the respective account in the ledger, if already not opened. Now entries are to be made on the credit side of the account..
- 4. Explain the procedure for balancing a ledger account.**
- ❖ The debit and credit columns of an account are to be totalled separately.
 - ❖ The difference between the two totals is to be ascertained.
 - ❖ The difference is to be placed in the amount column of the side having lesser total.
 - ❖ Now both the debit and credit columns are to be totalled and the totals will be equal.
 - ❖ The difference has to be brought down to the opposite side below the total.
 - ❖ If the total on the debit side of an account is higher, the balancing figure is debit balance and if the credit side of an account has higher total, the balancing figure is credit balance. If the two sides are equal, that account will show nil balance.

UNIT - 5: TRIAL BALANCE

I. VERY SHORT ANSWERS

1. What is trial balance?

A trial balance is a statement, prepared with the debit and credit balances of the ledger accounts to test the arithmetical accuracy of the books". - **J.R. Batliboi**

2. Give the format of trial balance.

Trial balance as on...

FORMAT OF TRIAL BALANCE

Sl. No.	Name of account /Particulars	L F	Debit balance	Credit balance
Xxx	Xxx	Xxx	xxx	xxx

3. What are the methods of preparation of trial balance?

- Balance method
- Total and balance method
- Total method

4. State whether the balance of the following accounts should be placed in the debit or the credit column of the trial balance:

- i) Carriage outwards- Debit
- ii) Carriage inwards -Debit
- iii) Sales - Credit
- iv) Purchases- Debit
- v) Bad debts- Debit
- vi) Interest paid- Debit
- vi) Interest received- Credit
- vii) Discount received- Credit
- ix) Capital - Credit
- x) Drawings- Debit
- xi) Sales returns- Debit
- xii) Purchase returns- Credit

II. SHORT ANSWERS

1. What are the objectives of preparing trial balance?

- **Test of ariyhmatical accuracy:** Trial balance is the means by which the arithmetic accuracy of the book-keeping work is checked.
- **Basis of preparing final accounts:** Financial statements, namely, trading and profit and loss account and balance sheet are prepared on the basis of summary of ledger balances obtained from the trial balance.

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- **Summarised information of ledger accounts:** The summary of ledger accounts is shown in the trial balance. Ledger accounts have to be seen only when details are required in respect of an account.
- 2. What are the limitations of trial balance?**
- It is possible to prepare trial balance of an organisation, only if the double entry system is followed.
 - Even if some transactions are omitted, the trial balance will tally.
 - Trial balance may tally even though errors are committed in the books of account.
- 3. 'A trial balance is only a prima facie evidence of the arithmetical accuracy of records'. Do you agree with this statement? Give reasons.**
- YES,** Trial balance is the means by which the arithmetical accuracy of the book-keeping work is checked. When the totals of debit column and credit column in the trial balance are equal, it is assumed that posting from subsidiary books, balancing of ledger accounts, etc. are arithmetically correct. However, there may be some errors which are not disclosed by trial balance.

UNIT - 6: SUBSIDIARY BOOKS - I

I. VERY SHORT ANSWERS

1. Mention four types of subsidiary books.

- i) Purchase book
- ii) Sales book
- iii) Purchase return book
- iv) Sales return book

2. What is purchases book?

Purchases book is a subsidiary book in which only credit purchases of goods are recorded. When business wants to know the information about the credit purchases of goods at a glance, the information can be made available if purchases of goods on credit are separately recorded.

3. What is purchases returns book?

Purchases returns book is a subsidiary book in which transactions relating to return of previously purchased goods to the suppliers, for which cash is not immediately received are recorded. Since goods are going out to the suppliers, they are also known as returns outward and the book is called as '**returns outward book or returns outward journal**'

4. What is sales book?

Sales book is a subsidiary book maintained to record credit sale of goods. Cash sale of goods and sale of property and assets whether for cash or on credit are not recorded in the sales book. This book is also named as sales day book, sold day book, sales journal or sale register.

5. What is sales returns book?

Sales returns book is a subsidiary book, in which, details of return of goods sold for which cash is not immediately paid are recorded. Just as goods may be returned to suppliers, goods may be returned by customers for the following reasons:

- (i) Defect in the goods
- (ii) Over supply of goods

6. What is debit note?

A 'debit note' is a document, bill or statement sent to the person to whom goods are returned. It contains the description and details of goods returned, name of the party to whom goods are returned and net value of the goods so returned with reason for return.

7. What is credit note?

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Credit note is a statement prepared by a trader who receives back from his customer the goods sold. It contains details such as the description of goods returned by the buyer, quantity returned and also their value.

8. What is journal proper?

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.

9. Define bill of exchange.

According to the Negotiable Instruments Act, 1881, "Bill of exchange is an instrument in writing containing an unconditional order, signed by the maker, directing a certain person to pay a certain sum of money only to, or to the order of a certain person or to the bearer of the instrument"

10. What is an opening entry?

Journal entry made in the beginning of the current year with the balances of assets and liabilities of the previous year is opening journal entry. In this entry, asset accounts are debited, liabilities and capital accounts are credited.

11. What is an invoice?

Invoice is a business document or bill or statement, prepared and sent by the seller to the buyer giving the details of goods sold, such as quantity, quality, price, total value, etc. Thus, the invoice is a source document of prime entry both for the buyer and the seller.

II. SHORT ANSWERS

1. Give the format of purchases book.

DATE	PARTICULARS (Name of the Suppliers and Details of Goods Purchase)	INVOICE NO	L F	Amount	Details
				Total	
I	II	III	IV	V	VI
	Purchase a/c Dr				

2. Mention the subsidiary books in which the following transactions are recorded.

- (i) Sale of goods for cash
- (ii) Sale of goods on credit
- (iii) Purchases of goods on credit
- (iv) When the proprietor takes goods for personal use
- (v) Goods returned to suppliers for which cash is not received immediately
- (vi) Asset purchased as credit.

3. What are the advantages of subsidiary books?

- ✓ Proper and systematic record of business transactions
- ✓ Convenient posting
- ✓ Division of work
- ✓ Efficiency
- ✓ Helpful in decision making
- ✓ Prevents errors and frauds
- ✓ Saving in time
- ✓ Labour of posting is reduced

4. Write short notes on:

- (a) **Endorsement of a bill** and Endorsement means signing on the face or back of a bill for the purpose of transferring the title of the bill to another person. The person who endorses is called the "Endorser". The person to whom a bill is endorsed is called the "Endorsee". The endorsee is entitled to collect the money

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- (b) **Discounting of a bill** When the holder of a bill is in need of money before the due date of a bill, cash can be received by discounting the bill with the banker. This process is referred to as the discounting of bill. The banker deducts a small amount of the bill which is called discount and pays the balance in cash immediately to the holder of the bill.

UNIT - 7: SUBSIDIARY BOOKS - II

CASH BOOK

I. VERY SHORT ANSWERS

1. What is cash book?

Cash book is the book in which only cash transactions are recorded in the chronological order. Cash transactions here may include bank transactions also. Cash receipts are recorded on the debit side while cash payments are recorded on the credit side.

2. What are the different types of cash book?

- (i) Simple or single column cash book (only cash column)
- (ii) Cash book with cash and discount column (double column cash book)
- (iii) Cash book with cash, discount and bank columns (three column cash book).

3. What is simple cash book?

Single column cash book or simple cash book, like a ledger account has only one amount column, i.e., cash column on each side. Only cash transactions are recorded in this book. All cash receipts and payments are recorded systematically in this book.

4. Give the format of 'Single column cash book'.

DATE	RECEIPTS	R N	L F	AMOUNT	DATE	PAYMENTS	V N	L F	AMOUNT ₹
1	2	3	4	5	6	7	8	9	10

5. What is double column cash book?

It is a cash book with cash and discount columns. As there are two columns, i.e., discount and cash columns, both on debit and credit sides, this cash book is known as 'double column cash book'

6. Give the format of 'Double column cash book'.

Date	Receipt	Rn	Lf	Amount ₹		Date	Payment	R N	Lf	Amount ₹	
				Discount	Cash					Discount	Cash

7. What is three column cash book?

A three column cash book includes three amount columns on both sides, i.e., cash, bank and discount. The transactions which increase the cash and bank balance are recorded on the debit side of the cash and bank columns respectively

8. What is cash discount?

Cash discount is allowed to the parties making prompt payment within the stipulated period of time or early payment. It is discount allowed (loss) for the creditor and discount received (gain) for the debtor who makes payment.

9. What is trade discount?

Trade discount is a deduction given by the supplier to the buyer on the list price or catalogue price of the goods. It is shown as a deduction in the invoice. Trade discount is not recorded in the books of accounts

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10. What is a petty cash book?

Business entities have to pay various small expenses like taxi fare, bus fare, postage, carriage, stationery, refreshment and other sundry items. If all these small payments are recorded in the main cash book, hence all payments of business are recorded in a separate book is called petty cash book.

II. SHORT ANSWERS

1. Explain the meaning of imprest system of petty cash book.

- The amount given to the petty cashier in advance is known as "Imprest Money.
- The word imprest means payment in advance.
- The petty cashier makes payments from this amount and records them in petty cash book.
- At the end of a particular period, the petty cashier submits the petty cash book to the head cashier.

2. Bring out the differences between cash discount and trade discount.

BASIS	CASH DISCOUNT	TRADE DISCOUNT
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.
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.
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.

3. Write the advantages of maintaining petty cash book.

- There can be better control over petty payments.
- There is saving of time of the main cashier.
- Cash book is not loaded with many petty payments.

4. Write a brief note on accounting treatment of discount in cash book.

In the discount columns cash discount i e, cash discount allowed and cash discount received are recorded .The net amount received is entered in the amount column on the debit side and the net amount paid is entered in the amount column on the credit side .for the seller who allows cash discount ,it is a loss and hence it is debited and shown on te debit side of cash book. For the person making a payment ,discount received is a gain because less payment is made and it is credited and shown on the credit side of the cash book.

5. Briefly explain about contra entry with examples.

When the two accounts involved in a transaction are cash account and bank account, then both the aspects are entered in cash book itself. As both the debit and credit aspects of a transaction are recorded in the cash book, such entries are called contra entries.

Example:

- (i) 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.
- (ii) 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.

UNIT - 8: BANK RECONCILIATION STATEMENT

I. VERY SHORT ANSWERS

1. What is meant by bank overdraft?

It is not possible to have unfavourable cash balance in the cash book. But, it is possible to have unfavourable balance in the bank account. When the business is not having sufficient money in its bank account, it can borrow money from the bank. As a result of this, amount is overdrawn from bank.

2. What is bank reconciliation statement?

If every entry in the cash book matches with the bank statement, then bank balance will be the same in both the records. But, practically it may not be possible. When the balances do not agree with each other, the need for preparing a statement to explain the causes arises. This statement is called bank reconciliation statement (BRS)

3. State any two causes of disagreement between the balance as per bank column of cash book and bank statement.

- (i) Timing differences - The different times at which the same items are entered
- (ii) Errors in recording - Difference arising due to errors in recording the entries

4. Give any two expenses which may be paid by the banker as per standing instruction.

Ans Insurance premium, loan instalment, etc paid as per standing instruction.

5. Substitute the following statements with one word/phrase

- (a) A copy of customer's account issued by the bank **Ans:** Pass book
- (b) Debit balance as per bank statement - **Ans:** Pass book favourable
- (c) Statement showing the causes of disagreement between the balance as per cash book and balance as per bank statement - **Ans:** 1) Timing difference 2) Errors in recording

6. Do you agree on the following statements? Write "yes" if you agree, and write "no" if you disagree.

- (a) Bank reconciliation statement is prepared by the banker. **Ans: No**
- (b) Adjusting the cash book before preparing the bank reconciliation statement is compulsory. **Ans: No**
- (c) Credit balance as per bank statement is an overdraft. **Ans: No**
- (d) Bank charges debited by the bank increases the balance as per bank statement. **Ans: No**
- (e) Bank reconciliation statement is prepared to identify the causes of differences between balance as per bank column of the cash book and balance as per cash column of the cash book. **Ans: yes**

II. SHORT ANSWERS

1. Give any three reasons for preparing bank reconciliation statement.

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

2. What is meant by the term "cheque not yet presented?"

When the cheques are issued by the business, it is immediately entered on the credit side of the cash book by the business. But, this may not be entered in the bank statement on the same day. It will be entered in the bank statement only after it is presented with the bank.

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3. Explain why does money deposited into bank appear on the debit side of the cash book, but on the credit side of the bank statement?

When the cheque are deposits into the bank the amount is debited in the cash book on the same day. But this may not be entered in the bank statement on the same day. it will be entered in the bank statement only after it is presented with a bank.

4. What will be the effect of interest charged by the bank, if the balance is an overdraft?

The bank has to cover the cost of running the customer account .so debit is given to the account of the business towards bank charges .also if the business had taken any loan or overdrawn interest has to be paid by business these entries for bank charges and interest are made in the bank statement .but the entry is made in the cash book only when the bank statement is received by the business till then the cash book shows more balance than bank statement.

5. State the timing differences in BRS with examples.

- cheques issued but not yet presented for payment
- cheques deposited into bank but not yet credited
- bank charges and interest on loan and overdraft
- interest and dividends collected by the bank
- dishonour of cheques and bills

Volume - 2

Unit - 9

I. Very Short Answer Questions.

1. What is meant by rectification of errors?

- (i) The correction of accounting errors in a systematic manner is called the rectification of errors.
- (ii) In other words, the process of systematically correcting the accounting errors is known as rectification of errors.

2. What is meant by error of principle?

Error of principle means the mistake committed in the application of fundamental accounting principles in recording a transaction in the books of accounts.

3. What is meant by error of partial omission?

- (i) When the accountant has failed to record a transaction partially, it is known as error of partial omission.
- (ii) This error usually occurs in posting. This error affects only one account.

4. What is meant by error of complete omission?

It means the failure to record a transaction in the journal or subsidiary book or failure to post both the aspects in ledger. This error affects two or more accounts.

5. What are compensating errors? [BEQ]

The errors that make up for each other or neutralise each other are known as compensating errors. These errors may occur in related or unrelated accounts.

II. Short Answer Questions.

1. Write a note on error of principle by giving an example.

It means the mistake committed in the application of fundamental accounting principles in recording a transaction in the books of accounts. The following are the possibilities of error of principle:

(i) Entering the purchase of an asset in the purchases book :

Example : Machinery purchased on credit for '10,000 by M/s. Anbarasi garments manufacturing company entered in the purchases book.

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(ii) Entering the sale of an asset in the sales book :

Example : Sale of old furniture on credit for ₹500 was entered in the sales book.

(iii) Treating a revenue expenditure as a capital expenditure :

Example : An amount of ₹2,000 paid for repairs to a machine is debited to machinery account.

(iv) Treating a capital expenditure as a revenue expenditure :

Examples : An amount of ₹3,000 spent on the construction of an additional room is debited to repairs account.

2. Write a note on suspense account. [BEQ]

- (i) When the trial balance does not tally, the amount of difference is placed to the debit (when the total of the credit column is higher than the debit column) or credit (when the total of the debit column is higher than the credit column) to a temporary account known as 'suspense account'.
- (ii) Suspense account will remain in the books until the location and rectification of errors.
- (iii) If all the errors are located and rectified, the suspense account gets closed.

3. What are the errors not disclosed by a trial balance?

Certain errors will not affect the agreement of trial balance. Though such errors occur in the books of accounts, the total of debit and credit balance will be the same. The trial balance will tally. Examples of such errors are as follows:

- (i) Treating revenue expenditure as capital expenditure
- (ii) Omitting a transaction completely
- (iii) Entering a transaction in a wrong subsidiary book
- (iv) Entering a transaction twice in a subsidiary book or journal
- (v) Entering the amount of a transaction wrongly in the journal
- (vi) Entering the amount of a transaction wrongly in a subsidiary book.

4. What are the errors disclosed by a trial balance?

Certain errors affect the agreement of trial balance. If such errors have occurred in the books of accounts, the total of debit and credit balances will not be the same. The trial balance will not tally. Examples of such errors are follows:

- i) Entered in the journal but posted to one account and omitted to be posted to the other.
- ii) Posting an amount to the wrong side of a ledger account.
- iii) Posting twice in a ledger account
- iv) Over-casting or Under-casting in a subsidiary book
- v) Posting a wrong amount to the correct side of an account
- vi) Posting a wrong amount to the wrong side of an account
- vii) Errors arising in carrying forward the page total from one page to the next page of an account or subsidiary book.
- viii) Errors arising in the balancing of an account.
- ix) Omission to post an entry from a subsidiary book.

5. Write a note on one-sided errors and two sided errors.**One - sided errors:**

- (i) Generally, one-sided errors are revealed by trial balance. they will cause disagreement of totals of debit balances and credit balances.
- (ii) When one-sided error is detected before preparing the trial balance, no journal entry is required to be passed in the books.
- (iii) In such cases, the error can be rectified by giving an explanatory note in the account affected as to whether the concerned account is to be debited or credited.

Two-sided errors:

- (i) Two-sided errors are not revealed by trial balance
- (ii) When two-sided error is detected before preparing the trial balance, it must be rectified by passing a rectifying journal entry in the journal proper after analysing the error.

Unit 10

I. VERY SHORT ANSWERS:

1. What is meant by depreciation?

The process of allocation of the relevant cost of a fixed asset over its useful life is known as depreciation. It is an allocation of cost against the benefit derived from a fixed asset during an accounting period.

2. List out the various methods of depreciation.

- i) Straight line method or Fixed instalment method or Original cost method.
- ii) Written down value method or Diminishing balance method
- iii) Some of years of digits method.
- iv) Machine hour rate method
- v) Depletion method
- vi) Annuity method.
- vii) Revaluation method
- viii) Sinking fund method
- ix) Insurance policy method

3. Give the formula to find out the amount and rate of depreciation under straight line method.

$$\text{Amount of depreciation per year} = \frac{\text{Original cost of the asset} - \text{Estimated scrap value}}{\text{Estimated useful life of the asset in years}}$$

$$\text{Rate of depreciation} = \frac{\text{Amount of depreciation per year}}{\text{Original cost}} \times 100$$

4. What is annuity method?

Under this method, not only original cost of the asset but also the amount of interest on the investment is taken into account while computing depreciation. The idea of considering interest is that if the investment is made in any other asset instead of the relevant fixed asset, it would have earned a certain rate of interest.

5. What is sinking fund method?

This method is adopted especially when it is desired not merely to write off an asset but also to provide enough funds to replace an asset at the end of its working life. Under this method, the amount charged as depreciation is transferred to depreciation fund and invested outside the business. This method is also known as depreciation fund method.

II. SHORT ANSWER QUESTIONS.

1. What are the objectives of providing depreciation ?

- a) To find out the true profit or loss
- b) To present the true and fair view of financial position
- c) To facilitate replacement of fixed assets
- d) To avail tax benefits
- e) To comply with legal requirements

2. What are the causes for depreciation?

- a) Wear and tear
- b) Efflux of time
- c) Obsolescence
- d) Inadequacy for the purpose
- e) Lack of maintenance
- f) Abnormal factors

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3. State the advantages and limitations of straight line method of depreciation.**Advantages:**

- Simple and easy to understand
- Equality of depreciation burden
- Asset can be completely written off
- Suitable for the assets having fixed working life

Limitations:

- Ignores the actual use of the asset
- Ignores the interest factor
- Total charge on the assets will be more when the asset becomes older
- Difficult in the determination of scrap value

4. State the advantages and limitations of written down value method of depreciation.**Advantages:**

- Equal charge against income
- Logical method

Limitations:

- Assets cannot be completely written off
- Ignores the interest factor
- Difficulty in determining the rate of depreciation
- Ignores the actual use of the asset

5. Distinguish between straight line method and written down value method of providing depreciation.

S.NO.	Points of difference	Straight line method	Written down value method
1	Basis of calculation	Depreciation is calculated on the original cost of the asset for all the years.	Depreciation is calculated on the written down value of the asset year after year.
2	Amount of depreciation	The amount of depreciation is the same for all the years.	The amount of depreciation goes on decreasing year after year.
3.	Book value of the asset at the end of its life	Book value of the asset becomes zero when there is no scrap value or is equal to its scrap value at the end of its life	The book value of the asset never become zero.
4	Computation of rate of depreciation	It is easy to calculate the rate of depreciation.	It is very difficult to calculate the rate of depreciation.

Unit - 11**I. VERY SHORT ANSWERS****1. What is meant by revenue expenditure ?**

The expenditure incurred for day to day running of the business or for maintaining the earning capacity of the business is known as revenue expenditure. It is recurring in nature. It is incurred to generate revenue for a particular accounting period.

2. What is capital expenditure ?

It is an expenditure incurred during an accounting period, the benefits of which will be available for more than one accounting period. It includes any expenditure resulting in the acquisition of any fixed asset or contributes to the revenue earning capacity of the business. It is non- recurring in nature.

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3. What is capital profit?

Capital profit is the profit which arises not from the normal course of the business. Profit on sale of fixed asset is an example for capital profit.

4. Write a short note on revenue receipt.

Receipts which are obtained in the normal course of business are called revenue receipts. It is recurring in nature. The amount received is generally small.

5. What is meant by deferred revenue expenditure ?

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

II. Short answer questions

1. Distinguish between Capital expenditure and revenue expenditure.

S.No.	Capital Expenditure	Revenue Expenditure
1	Purchase cost of fixed assets.	Maintenance expenses of fixed assets.
2	Purchase cost of long tem investments.	Insurance premium.
3	Expenses to increase the earning capacity of fixed assets.	Postage and stationery.

2. Distinguish between capital receipt and revenue receipt.

S.No.	Characteristics	Capital receipt	Revenue receipt
1	Nature	Non-recurring in nature.	Recurring in nature.
2	Size	Amount is generally substantial.	Amount is generally smaller.
3	Distribution	These amounts are not available for distribution as profits.	The excess of revenue expenses can be used for distribution as profits.

3. What is deferred revenue expenditure? Give two examples.

An expenditure, which is revenue expenditure in nature, the benefit of which is to be derived over a subsequent period or periods is known as deferred revenue expenditure. The benefit usually accrues for a period of two or more years. It is for the time being, deferred from being charged against income. It is charged against income over a period of certain years.

Examples:

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

Unit 12

I. VERY SHORT ANSWERS

1. Write a note on trading account.

Trading refers to buying and selling of goods with the intention of making profit. The trading account is a nominal account which shows the result of buying and selling of goods for an accounting period. The trading account shows the results of buying and selling of goods.

2. What are wasting assets?

These are the assets which get exhausted gradually in the process of excavation. Examples: mines and quarries.

3. What are fixed assets?

Fixed assets are those assets which are acquired or constructed for continued use in the business and last for many years such as land and building, plant and machinery, motor vehicles, furniture, etc.

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4. What is meant by purchase returns?

Goods purchased which are returned to suppliers are termed as purchases returns or returns outward.

5. Name any two direct expenses and indirect expenses.

Direct expenses:

- Carriage inwards or freight inwards
- Wages indirect expenses

Indirect expenses:

- Office and administrative expenses
- Selling and distribution expenses

6. Mention any two difference between trial balance and balance sheet.

S.NO.	Basis	Trial balance	Balance sheet
1	Nature	Trial balance is a list of ledger balances on a particular date.	Balance sheet is a statement showing the position of assets the liabilities on a particular date.
2	Purpose	Trial balance is prepared to check the arithmetical accuracy of the accounting entries made.	Balance sheet is prepared to ascertain the financial position of a business.

7. What are the objectives of preparing trading account?

1. Provides information about gross profit or gross loss.
2. Provides an opportunity to safeguard against possible losses.

8. What is the need for preparing profit and loss account?

1. Ascertain of net profit or net loss
2. Comparison of profit
3. Control on expenses
4. Helpful in the preparation of balance sheet.

II. SHORT ANSWER QUESTIONS.

1. What are final accounts? What are its constituents?

Businessmen want to know the profitability and the financial position of the business. These can be ascertained by preparing the final accounts of financial statements. The final accounts or financial statements include the following :

- Income statement or trading and profit and loss account; and
- Position statement or Balance sheet.

2. What is meant by closing entries? Why are they passed?

Balances of all the nominal accounts are required to be closed on the day of the accounting year to facilitate the preparation of trading and profit and loss account. Purchases has debit balance and purchases returns has credit balance. At the end of the accounting year, the balance in purchases returns account is closed by transferring to purchase account.

3. What is meant by gross profit net profit ?

- If the amount of sales exceeds the cost of goods sold, the difference is gross profit.
Sales - Cost of goods sold = Gross profit.
- If the total of the credit side of the profit and loss account exceeds the debit side, the difference is termed as net profit.

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4. "Balance sheet is not an account" - Explain.

A balance sheet is a part of the final accounts. However, the balance sheet is a statement and not an account. It has no debit or credit sides and such the words 'To' and 'By' are not used before the names of the accounts shown therein.

5. What are the advantages of preparing a balance sheet?

Balance sheet discloses the financial position of a business on a particular date, it gives the balances only for the date on which it is prepared. It shows the financial position of the business according to the going concern.

6. What is meant by grouping and marshalling of assets and liabilities?

1. The term 'grouping' means showing the items of similar nature under a common heading. For example, the amount due from various customers will be shown under the head 'sundry debtors'.
2. 'Marshalling' is the arrangement of various assets and liabilities in a proper order. Marshalling can be made in one of the following.

LESSON 13.

I. VERY SHORT ANSWERS**1. What are adjusting entries?**

Adjustment entries are the journal entries made at the end of the accounting period to account for items which are omitted in trial balance and to make adjustments for outstanding and prepaid expenses and revenues accrued and received in advance.

2. What is outstanding expense?

Expenses which have been incurred in the accounting period but not paid till the end of the accounting period are called outstanding expenses.

3. What is prepaid expense?

Prepaid expenses refer to any expense or portion of expense paid in the current accounting year but the benefit or services of which will be received in the next accounting period. They are also called as unexpired expenses.

4. What are accrued incomes?

Accrued income is an income or portion of income which has been earned during the current accounting year but not received till the end of that accounting year.

5. What is provision for discount on debtors?

Cash discount is allowed by the suppliers to customers for prompt payment of amount due either on or before the due date. A provision created on sundry debtors for allowing such discounts is called provision for discount on debtors.

II. SHORT ANSWER QUESTIONS.**1. What is the need for preparing final accounts?**

- To record omissions in trial balance such as closing stock, interest on capital, interest on drawing, etc.
- To bring into account outstanding and prepaid expenses.
- To bring into account income accrued and received in advance.
- To create reserves and provision.

2. What is meant by provision for doubtful debts? Why is it created?

Provision for bad and doubtful debts refers to amount set aside as a charge against profit to meet any loss arising due to bad debt in future. At the end of the accounting period, there may be certain debts which are doubtful, i.e., the amount to be received from debtors may or may not be received. A provision

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for doubtful debts is created and is charged to profit and loss account. When bad debts occur, it is transferred to provision for doubtful debts account and not to profit and loss account.

3. Explain how closing stock is treated in final accounts.

The unsold goods in the business at the end of the accounting period are termed as closing stock. As per As-2, the stock is valued at cost price or net realisable value, whichever is lower.

Presentation in final accounts:

- In the trading account: shown on the credit side.
- In the balance sheet: Shown on the assets side under current assets.

4. Give the adjusting entries for interest on capital and interest on drawings.

Adjusting entry: Interest on capital

Date	Particular	L.F	Debit	Credit
	Interest on capital A/c Dr. To capital A/c (Interest on capital provided)		xxx	xxx

Adjusting Entry : Interest on Drawings

Date	Particulars	L.F	Debit	Credit
	Capital A/c Dr. To Interest on drawing A/c (Interest on drawings provided)		xxx	xxx

5. Explain the accounting treatment of bad debts, provision for doubtful debts and provision for discount on debtors.

1. Bad Debts: 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.
2. Provision for bad and doubtful debts refers to amount set aside as a charge against profit to meet any loss arising due to bad debt in future.
3. Cash discount is allowed by the suppliers to customers for prompt payment of amount due either on or before the due date.

LESSON 14

I. VERY SHORT ANSWERS.

1. What is a computer.

A computer can be described as an electronic device designed to accept raw data as input, processes them and produces meaningful information as output. It has the ability to perform arithmetic and logical operations as per given set of instructions called program. Today, computers are used all over the world in several areas for different purposes.

2. What is CAS?

Computerised accounting system refers to the system of maintaining accounts using computers. It involves the processing of accounting transactions through the use of hardware and software in order to keep and produce accounting records and reports.

3. What is hardware

The physical components of a computer constitute its hardware. Hardware consists of input devices and output devices that make a complete computer system.

4. What is meant by software?

A set of programs that form an interface between the hardware and the user of a computer system are referred to as software.

5. What is accounting software.

The main functions of CAS is to perform the accounting activities in an organization and generate reports as per the requirements of the users. To obtain the desired results optimally, need based software or packages are to be installed in the organization.

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6. Name any two accounting packages.

- Readymade software
- Customised software

7. Give any two examples of readymade software.

- Tally
- Busy

8. What is coding?

Code is an identification mark, generally, computerised accounting involves codification of accounts.

9. What is grouping of accounts?

In any organisation, the main unit of classification is the major head which is further divided into minor heads. Each minor head may have number of sub-heads. After classification of accounts into various groups.

10. What are mnemonic codes?

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

II. SHORT ANSWER QUESTIONS.**1. What are the various types of accounting software?**

- Readymade software
- Customised software and
- Tailormade software

2. Mention any three limitations of computerized accounting system

- Heavy cost installation
- Cost of training and
- Fear of unemployment

3. State the various types of coding methods.

- Sequential codes
- Block codes
- Mnemonic codes

4. List out the various reports generated by computerised accounting system.

- Liabilities and capital
- Assets
- Revenues and
- Expenses.

Under Liabilities and capital: Capital, Non - current liabilities and current liabilities.

Under Assets: Non-current assets and current assets.

5. State the input and output devices of a computer system.

Input devices:

- Keyboard
- Optical Scanner
- Mouse
- Joystick
- Touch screen and
- Stylus

Output devices:

- Monitor
- Printer

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ALL UNITS DIFFERENCES**1) Bank column of cash book and bank statement**

S.No.	Bank column of cash book	Bank statement
1	It is prepared by business concern.	It is prepared by bank (banker).
2	Cash deposits are entered on the debit side.	Cash deposits are entered in the credit column.
3	Cash withdrawals are entered on the credit side.	Cash withdrawals are entered in the debit column.
4	Cheque deposits are debited on the day of deposit.	Cheque deposits are credited only at the time of realisation of cheque
5	Cheques issued are credited on the day of issue of cheque.	Cheques issued by customers are debited by bank on the date on which the payment is made.
6	Collections and payments as per standing instructions of the business are entered only after checking with the bank statement.	Collections and payments as per standing instructions of the business are entered in the banker's book on the date of realisation or payment.
7	It is balanced at the end of a specific period.	It is balanced after each transaction.

2) Cash discount and trade discount

BASIS	CASH DISCOUNT	TRADE DISCOUNT
PURPOSE	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.
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.
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. The more the purchases, the more will be the rate and amount of discount.
RECORDING IN BOOK 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. Details are just shown in the purchases or sales book.
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.

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3) Difference between journal and ledger

BASIS	JOURNAL	LEDGER
RECORDING	As and when transactions take place entries are made in journal.	In ledger, entries may be posted either on the same day or at the end of a specified period such as weekly or fortnightly especially when subsidiary books are maintained.
STAGE OF RECORDING	Recording in the journal is the first stage	Recording in the ledger is the second stage, which is done on the basis of entries made in the journal.
ORDER OF RECORDING	Entries are made in the chronological order, i.e., datewise in the order of occurrence.	Entries are made accountwise.
PROCESS	The process of recording in journal is called journalising	The process of recording in the ledger is called posting
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.
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.
NET POSITION	Net position of an account cannot be ascertained from journal.	Net position of an account can be ascertained from ledger account.

4) Difference between book keeping and accounting

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.

BASIC ACCOUNTING TERMINOLOGIES

Transaction

An activity which involves transfer of money or money's worth (goods, services, ideas) from one person to another.

Cash transaction

It is a transaction which involves immediate cash receipt or immediate cash payment.

Credit transaction

It is a transaction in which cash is not received or paid immediately, but will be received or paid later.

Account

It is the basic unit for measurement in accounting. It is used for identifying a person, or an item in accounting. An account is opened individually for a person, asset, expense, income, etc. In ledger, an account is a summary of transactions under a head. Capital It is the amount invested by the owner or proprietor in an organisation.

Drawings

It is the amount of cash or value of goods, assets, etc., withdrawn from the business by the owner for the personal use of the owner.

Voucher

Any written or printed document in support of a business transaction is called a voucher. Examples: cash receipt, invoice, cash memo, bank pay-in- slip, etc.

Invoice

It is a statement prepared by a seller of goods to be sent to the buyer. It shows details of quantity, price, value, etc. of the goods and any discount given, finally showing the net amount payable by the buyer.

Goods

It includes articles, things or commodities in which a business is dealing with. Example: Furniture will be goods for those who deal in furniture.

Purchases

Buying of goods with the intention of resale is called purchases.

Purchases returns or returns outward

When goods bought are returned to the suppliers, it is known as purchases returns or returns outward.

Sales

When goods meant for resale are sold, it is called sales.

Sales returns or returns inward

When goods sold are returned by the customers, it is called as sales returns or returns inward. Stock Unsold goods lying in a business on a particular date are known as stock.

Income

It is the amount receivable or realised from sale of goods and earnings from interest, dividend, commission, etc.

Expense

It is the amount incurred in order to produce and sell the goods and services.

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Solvency

Solvency is the capability of a person or an enterprise to pay the debts.

Insolvency

Insolvency is the incapability of a person or an enterprise to pay the debts.

Asset

Any physical thing or right owned that has a monetary value is called asset. Liability It refers to the financial obligation of the business.

Debtor

A person who receives a benefit without giving money or money's worth immediately, but liable to pay in future or in due course of time.

Creditor

A person who gives a benefit without receiving money or money's worth immediately but to claim in future.

Depreciation

It refers to the gradual reduction in the value of fixed assets due to usage and passage of time.

Bad debt

It is a loss to the business arising out of failure of a debtor to pay the dues. It is irrecoverable debt.

Business entity

Owner and business are two different entities

Money measurement

Only monetary transactions are recorded

Going concern

Business will continue for a foreseeable future

Cost

Assets are recorded at cost price

Dual aspect

Every transaction has two aspects - debit aspect and credit aspect

Periodicity

Accounts are closed at the end of accounting period. It is generally one year

Matching

Expenses relating to a particular period are to be matched with revenues relating to that period.

Realisation

Revenue should be recorded only when it is realised.

BOOK INSIDE ONE MARKS AND ANSWERS

I. Choose The Best Answers:

1. _____ as rightly been termed as the language of the business. **Accounting**
2. _____ must be properly maintained to increase their productivity. **Assets**
3. _____ of a business have to be repaid in due time. **Assets**
4. _____ also require accounting records to submit in courts to prove their claims.
Businessmen
5. Accounting is not a modern concept and it is as old as _____ **money**
6. The industrial revolution took place in _____ **19th century**
7. Double- entry book-keeping first emerged in Italy in the _____ century. **14th**
8. _____ wrote his 'Summa de arithmetical'. **Luca pacioli**
9. _____ provides the relevant data to make appropriate decisions. **Accounting**
10. Accounting works as a tool for measuring past performance of the _____ enterprises.
business
11. _____ involves recording of transactions and events which are financial in nature.
Financial Accounting
12. _____ is concerned with identification, quantification and reporting of investments made in human resources. **Human Resource Accounting**
13. _____ are interested to know whether the business has earned a profit or loss during a particular period. **Owners**
14. _____ arise the accounting data in their bargaining strategies with the management.
Labour unions
15. _____ also administers prices of certain trades. **Government**
16. All the business transactions are recorded in the book of _____ **accounts**
17. _____ is provided with a complete picture of the liquidity, profitability and solvency aspects of the business. **Management**
18. _____ of a firm has to make innumerable routine and strategic decisions while discharging its functions. **Management**
19. Accounting works as a tool for measuring past performance of the _____ enterprises.
business
20. _____ ends up with the preparation of trading and profit and loss account and balance sheet.
Financial Accounting
21. Accounting cycle begins with recording of business transactions and ends with the preparation of _____ **Final accounts**
22. The activities of a business, which involve transfer of money or money's worth are called _____ **Transactions**
23. What is decreased by the amount of losses incurred and the amounts withdrawn by the proprietor? **Drawings**
24. Goodwill is an examples of _____ **Tangible assets**
25. The document prepared by the seller when he sells goods to the buyer is _____. **Invoice**
26. A person who owns a business is called _____ **Proprietor**
27. Financial statements do not consider _____ **Assets expressed in non-monetary terms**
28. External reporting is done for _____ **Trial balance**
29. In 1494, _____ an Italian developed double-entry book-keeping system. **Luca Pacioli**
30. Who is considered to be the external user of the financial information? **Creditors**
31. Which one is not a role of an accountant? **Owner**
32. The first step of accounting cycle. **Transactions**
33. Original entry is otherwise called _____. **Journal**
34. _____ is the language of business. **Accounting**

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35. Financial information for managerial decision making caused emergence of _____ accounting.
Management
36. Transferring the entries from the journal to the ledger. **Posting**
37. The balance in the trading account is the gross profit or _____. **gross loss**
38. A statement showing the balances of assets and liabilities called as _____. **Balance sheet**
39. Two or more business units forming a single entity is known as _____. **Merger**
40. _____ is irrecoverable debt. **bad debt**
41. Unsold goods lying is a business on a particular date are known as _____. **Stock**
42. _____ is the incapability of a person or an enterprises to pay the debts. **Insolvency**
43. _____ is the amount incurred in order to produce and sell the goods and services.
Expense
44. _____ is the process of recording business transactions in the books of accounts in a systematic way. **book keeping**
45. When money came into existence, _____ activities involving money also flourished along with it. **business**
46. _____ involves recording business transactions of financial nature in the books of accounts. **book keeping**
47. Book keeping prepares the ground for the important steps of finalising and interpretation which are usually performed by _____. **accounting**
48. _____ said "Book keeping is an art of recording business dealings in a set of books".
J.R.Batliboi
49. _____ is an art of recording business transactions based on certain principles.
Book keeping
50. _____ cannot remember all the transactions for quite a long time. **Business Managers**
51. _____ is useful to find out tax liability in case of sales tax, income tax, property tax, etc
Book keeping
52. _____ is basically generating financial information. **Accounting**
53. _____ is the process of managing the income and expenses of a business firm.
Accountancy
54. _____ is a branch of knowledge. **Accounting**
55. _____ concept helps in keeping business affairs free from the influence of personal affairs of the owner. **Business entity**
56. According to _____ concept only business transactions are recorded. **Business entity**
57. _____ concept implies that is Accounting, every transaction, or happening or event is recorded in terms of money. **Money measurement**
58. _____ does not mean that the asset will always be shown at cost. **Cost concept**
59. Assets = _____. **Capital + Liability**
60. _____ are made for outstanding and prepaid expenses and income. **Adjustments**
61. According to _____ concept, revenue is considered as being earned on the date at which it is realised. **Realisation concept**
62. The word _____ refers to traditions or customs. **Convention**
63. _____ will be very much uneconomical to record small details in Accounting. **Convention of materiality**
64. International Financial reporting standards established in _____ **1973**
65. The land is purchased for Rs. 5,00,000 and its market value is Rs. 8,00,000 at the time of preparing final accounts the land value is recorded only for _____ **Rs. 5,00,000**
66. The dual aspect concept is the basis for _____ **double entry system**
67. ASB stands for _____ **Accounting Standard Board.**

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68. The proprietor of the business is treated as a creditor for capital introduced by him according to _____ **Cost concept**
69. Which of the following may be called the language of the business? **Accountancy**
70. Which of the following is included in the process for book keeping? **Recording and Classification**
71. The policy of 'anticipate no profit and provide for all possible losses' is followed due to the convention of _____ **Conservatism**
72. Which of the following concepts assumes that a business will last indefinite **Going Concern**
73. If a company fails to make mention of a major law suit filed against it, which it might lose, the Accounting principle violated is that of _____ **Full disclosure**
74. A firm purchased five briefcases for its managers costing Rs. 1000 each. The accountant charged it to profit and loss account instead of showing as an asset this was done under **Materiality concept**
75. Matching concept is based on the _____ **Accounting Period Concept**
76. Which of the following is / are objectives of issuing Accounting Standard? **All of these**
77. The assets are recorded in the books of accounts in the cost of acquisition based on **Cost concept**
78. The basic accounting equation i.e. Capital + Liabilities = Assets is based on **Dual aspect concept**
79. "Anticipate no profit and provide for all possible losses" is based on **Convention of conservatism**
80. The financial statements should disclose all material items is based on **Convention of materiality**
81. ASB was constituted in India in the year of _____. **1977**
82. _____ is the primary share in accounting. **Book-keeping**
83. According to _____ concept, every transaction or event has two aspects i.e., dual effect. **Dual aspect concept**
84. _____ is routine and clerical in nature. **Book-keeping**
85. _____ requires analytical skill. **Accounting**
86. The word convention refers _____. **traditions**
87. _____ requires that all accounting transactions recorded should be based on objective evidence. **Objective evidence concept**
88. _____ starts with identifying business transactions involving money or money's worth. **Accounting process**
89. _____ are recorded as and when they take place with the written and authentic Proof. **Transactions**
90. _____ is used for credit purchases and credit sales. **Invoice**
91. _____ is prepared in three copies. **Invoice**
92. _____ is prepared in duplicate and the original is sent to the seller. **Debit Note**
93. A debit note is called as _____ **debit memo**
94. _____ is a statement prepared by the seller who receives back from his customer the goods sold. **Credit note**
95. _____ is a negotiable instrument. **Cheque**
96. _____ system is the scientific and complete system of recording the financial transactions of a business. **Double Entry**
97. Transaction can be classified into _____ transaction and _____ transaction. **cash, credit**
98. The relationship of assets with that of liabilities to outsiders and to owners in the form is known as _____. **accounting equation**
99. Accounting equation is a _____ expression which. shows that the total of assets is equal to the total liabilities and capital. **mathematical**
100. Equity + Liabilities = _____ **Assets**

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101. Transactions relating with individuals or firms or companies are known as _____ **personal accounts**
102. _____ is the original book of recording the business transactions in a systematic manner. **Journal**
103. The word journal has been derived from the French word 'Jour' Jour means _____ **Day**
104. Murali account is an example for _____ **personal A/c**
105. Goodwill is an example of _____ **intangible real A/c**
106. The Accounting Equation is connected with _____ **Assets, Liabilities and Capital**
107. The liabilities of a business are Rs. 30,000, the Capital of the proprietor is Rs. 70,000. The total assets are _____ **Rs. 1,00,000**
108. Rs. 500 not recovered from Mr. Surya a customer due to his insolvency is debited to _____ **Bad debts A/c**
109. Received cash for Bad debts written off last year is credited to _____ **Bad debts recovered A/c**
110. Name the source document used for depositing money in the bank. **Pay-in-slip**
111. Credit purchases of furniture will be recorded through which Voucher? **Transfer voucher**
112. Name the column in a journal which is not filled at the time of journalising **Ledger Folio**
113. Source documents are the _____ **Proof of Business transactions**
114. The effect of each business transaction will have the effect on accounting equation _____ **always either in assets or liabilities or both**
115. Raman started business with Rs. 60,000 as capital. The effect of the transaction would be _____ **Increase in Asset, Increase in Liability**
116. The Liabilities of a firm are Rs. 3,000; the capital of the proprietor is Rs. 7,000. The total assets are **Rs. 10,000**
117. Harsha commenced business on 1st April, 2013 with a capital of Rs. 6,00,000. On 31st March, 2014 his assets were worth Rs. 8,00,000 and liabilities Rs. 50,000. Find out his closing capital. **Rs. 7,50,000**
118. If the total assets of a business Rs. 1,30,000 and capital is Rs. 80,000. calculate the external liabilities (creditors equity) **Rs. 50,000**
119. If the total assets of the business are Rs. 4,50,000 and external liabilities are Rs. 2,00,000. calculate internal liabilities (owner's equity) **Rs. 2,50,000**
120. Point out the incorrect accounting equation **Liabilities= Assets+capital**
121. Madhan spent Rs. 2,000 as repair on purchases of machine from scrap dealer. The transaction will _____ **Increase and decrease Asset**
122. Which one of the accounting assumptions with which the account equation is formed _____ **Dual aspect**
123. Which one of the following is representative personal account? **Outstanding salary A/C**
124. Cash A/c is a _____ **Real A/c**
125. Process of recording business transaction in the prime record is called as **Posting**
126. Personal account deals with _____ **Debtor and creditor**
127. Which one is one of these cash transactions? **Salaries paid**
128. Building is an item of _____ **Revenue**
129. Rent outstanding is _____ **Representative Personal A/c**
130. Journal is a book of _____ **Original Entry**
131. A credit note is also called as _____ **Credit memo**
132. When cash or cheque is deposited in bank, a form is to be filled by a customer is called as _____ **Pay-in-slip**
133. Owner's equity is otherwise called as _____ **Capital**
134. Outsider's equity is otherwise called as _____ **liabilities**

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135. The accounts relating to expenses, losses, revenues and gains are called _____
Nominal accounts
136. Good is an example of _____ accounts. **Intangible real**
137. Outstanding salaries account is an example for _____ accounts. **Nominal account**
138. Journal means _____ **daily**
139. Record of business transactions in the journal is known as _____ **Journal entry**
140. The accounts are balanced **both (a) & (b)**
141. If Total of credit > Total of debit = **Credit balance**
142. If Total of debit is equal to Total of Credit **Nil balance**
143. Balances in the Nominal accounts are **Carried forward to Trading and Profit and Loss A/c**
144. Which of the following account is not carried forward to the next accounting year **Nominal account**
145. Cash account is a **Real account**
146. This account is frequently balanced to ascertain cash on hand **cash account**
147. The book that contains all accounts as entered in the journal namely Personal, Real or Nominal is called **Ledger**
148. _____ accounts show the values of assets. **Real**
149. _____ accounts give the net amount due to creditor and the net amount due from debtors.
Personal
150. Net position of an account cannot be ascertained from _____. **Journal**
151. Net position of an account can be ascertained from _____. **Ledger**
152. The term balance brought down is used in the name of _____. **balance b/d**
153. Total of debit > Total of credit = _____. **Credit balance**
154. _____ is a statement containing the debit and credit balances of all ledger accounts on a particular date. **Trial Balance**
155. The preparation of _____ is the third step in the accounting process. **trial balance**
156. The first step is recording the business transactions in _____. **Subsidiary Books/ Journal**
157. _____ helps to check the arithmetical accuracy of entries made in the accounting records. **Trial Balance**
158. The trial balance helps in discovering errors which may have been committed in the _____.
accounting. records
159. _____ is prepared on a specific data. **Trial Balance**
160. _____ method is not commonly used as it cannot help in the preparation of financial statements. **Total Method**
161. The _____ method is widely used, as it helps in the preparation of financial statements.
Balance
162. Suspense account in the trial balance is entered in the _____. **Balance Sheet**
163. Suspense account having credit balance will be shown on the _____. **Liabilities side of the Balance Sheet**
164. Instead of recording in one journal, the transactions are recorded in a number of prescribed books called ____ **Subsidiary books**
165. The sub-division of work gives the advantage of specialisation leading to ____ **efficiency**
166. _____ is one of the most important books, in which credit purchases of goods are recorded.
Purchase book
167. Purchases book does not keep record of purchases of ____ **assets**
168. _____ is the statement prepared by the seller of goods. **Invoice**
169. Entries in the purchases day book are made from invoices which are popularly known as ____ **Bills**
170. Business concerns are always profit motivated and try to increase their ____ **Sales**

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171. _____ is an allowance given on list or catalogue price of the article at the time of selling.
Trade Discount
172. _____ is maintained to record only credit sale of goods in which the business dealing. **Sales book**
173. Goods returned by the customers may also be known as _____ **returns inward**
174. _____ in duplicate is prepared in the name of the buyer when goods are returned **Credit note**
175. _____ is a statement prepared by a trader who receives back from his customer the goods sold. **Credit note**
176. The person who prepares the bill is called the _____ **drawer**
177. The person who has to make the payment or who accepts to make the payment is called the _____ **drawee**
178. When a bill is drawn payable after a specified period the date on which the payment should be made is called _____ **due date**
179. The person who endorses is called the _____ **Endorser**
180. The endorsee is entitled to collect the _____ **money**
181. _____ of the bill means the non payment of bill, when it is presented for payment. **Dishonour**
182. _____ entries are passed in the journals proper for transferring an item entered in one account to another Account. **Opening**
183. Days of grace are _____ in number. **three**
184. The total of the bills receivable book is posted to the debit of _____ account. **bills payable**
185. _____ is an official appointed by the government. **Notary public**
186. The year of Negotiable Instrument Act is _____ **1881**
187. A Bill is drawn on 1. 4. 2004 for 2 months, its due date is _____ **4.6.2004**
188. The discount allowed, at the time of receiving money from the customers before the expiry period is _____ **Cash discount**
189. Trade Discounts are _____ **Not recorded in the books of accounts**
190. Which of the following is not a subsidiary book? **Ledger Book**
191. On 1st January 2017, if Kennedy draws a bill on Sundar for three months, its due date is _____ **4th April, 2017**
192. Returns inward book is also known as _____ **Sales return book**
193. Returns outward book is also known as _____ **Purchase returns book**
194. _____ is the most important subsidiary book. **Cash book**
195. _____ is maintained by every business, whether small or large is size **Cash book**
196. Cash book serves the purpose of a _____ and _____ **Journal, Ledger**
197. _____ Cash Book has only one amount column that is cash column **Single column**
198. _____ transactions are not recorded in the cash book **Credit**
199. _____ discount is allowed to the parties making prompt or immediate payment. **Cash**
200. Trade discount is allowed on _____ **Purchases**
201. The _____ column Cash book is prepared on the lines of simple cash book **Double**
202. All the transactions which decrease bank balance are recorded in the _____ column on the Credit side. **Bank**
203. In addition to cash dealings, every business may use cheques as a means of _____ **payment**
204. For the purpose of accounting, cheques received are treated as _____ **cash received**
205. The amount given to the petty cashier in advance is known as _____ **Imprest Money**
206. Discount allowed column appears in _____ side of the cash book. **debit**
207. When goods are purchased for cash, the entry will be recorded in the _____ **cash book**
208. The balance of cash book indicates _____ **cash in hand**
209. In triple column cash book, cash withdrawn from bank for office use will appear in _____ **both sides of the cash book**

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210. If a cheque sent for collection is dishonoured, the debit is given to _____ **Customers A/c**
211. If a cheque issued by us is dishonoured the credit is given to _____ **Suppliers A/c**
212. Petty Cash may be used to pay _____ **Expenses relating to post and telegrams**
213. The balance in the petty cash book is _____ **an asset**
214. On Jan 1 2015, 1,000 given to petty cashier. He has spent Rs 860 during the month of January. On Feb 1 to make the imprest he will receive the cheque for _____ **860**
215. Cash book does not record _____ **Both (a) and (b)**
216. The main objective of Cash book is to know the _____ **Cash and bank balance of the business**
217. Which of the following is the kind of a Cash book? **All the above**
218. Single column Cash book may show _____ **Only a debit balance**
219. In a three column Cashbook _____ **Both (a) and (b)**
220. Contra Entries are passed only when _____ **Three column cash book is prepared**
221. Which of the following is/are not a contra entry? **Cash withdrawn for personal use**
222. Which type of discount is not recorded in the Cash book? **Trade discount**
223. The total of discount column on the debit side of the cash book is posted to the _____ **Credit side of the discount allowed account**
224. Postage stamps purchased for 50 by the business. This transaction will be recorded in _____ **Petty cash book**
225. _____ is the most important subsidiary book. **Cash book**
226. _____ is maintained by every business, whether small or large is size. **Cash book**
227. Cash book serves the purpose of a _____ and _____ **Journal, Ledger**
228. _____ Cash Book has only one amount column that is cash column. **Single column**
229. _____ transactions are not recorded in the cash book. **Credit**
230. _____ discount is allowed to the parties making prompt or immediate payment. **Cash**
231. Trade discount is allowed on _____ **Purchases**
232. The _____ column cash book is prepared on the lines of simple cash book. **Double**
233. All the transactions which decrease bank balance are recorded in the _____ column on the Credit side. **bank**
234. In addition to cash dealings every business may use cheques as a means of _____ **payment**
235. For the purpose of accounting, cheques received are treated as _____ **cash received**
236. The amount given to the petty cashier in advance is known as _____ **Imprest Money**
237. Discount allowed column appears in _____ side of the cash book. **debit**
238. When goods are purchased for cash, the entry will be recorded in the _____ **cash book**
239. The balance of cash book indicates _____ **cash in hand**
240. Contra entry will appear when _____ in Triple Column Cash Book. **(a) & (b)**
241. Cash receipts are recorded on the _____ of the cash book **debit side**
242. Cash payments are recorded on the _____ of the cash book **credit side**
243. All cash transactions are straightway recorded in the **cash book**
244. _____ serves the purpose of a journal and a ledger. **cash book**
245. There are _____ types of cash book (common) **three**
246. R.N. expands for _____ **Receipts number**
247. L.F. expands for _____ **Ledger folio**
248. V.N. expands for _____ **Voucher number**
249. As both the debit and credit aspects of a transaction are recorded in the cash book, such entries are called _____ entries **Contra**
250. The word _____ means payment in advance **imprest**
251. _____ an also be made through bank **Payments**

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252. _____ is simply a copy of the customer's account in the books of a bank. **Bank Statement**
253. In recent times, the copy of the records can be obtained by the customer electronically, which is called _____. **E-Statement**
254. _____ is not possible to have unfavourable cash balance in the cash book. **Bank overdraft**
255. _____ can be prepared either from the balance as per cash book or bank statement. **Bank reconciliation statement**
256. A bank reconciliation statement is prepared by the _____. **Customers**
257. Debit balance in the Cash book means _____. **Credit balance as per Pass book**
258. When balance as per Cash book is the starting point, to ascertain balance as per Pass book interest allowed by bank is _____. **added**
259. When balance as per Cashbook is the starting point to ascertain balance as per Pass book interest charged by bank is _____. **subtracted,**
260. A bank pass book is a copy of _____. **the customer's account in the bank's ledger**
261. The bank statement shows an overdrawn balance of Rs 2,000. A cheque for Rs 500 drawn in favour of a creditor has not yet been presented for payment. When the creditor presents the cheque for payment, the bank balance will be **Rs. 2500 (overdrawn)**
262. Preparation of bank reconciliation statement prevents _____. **frauds**
263. A time gap between the depositing of the _____ and the collection by the bank. **cheques**
264. Interest will be charged for the amount overdrawn is _____. **Overdraft**
265. Bank overdraft is available only to the _____ holders. **Current Account**
266. Which of the following account is most suitable for business concerns? **Current account**
267. If over draft as per cash book had been given and you are asked to prepare the balance as per passbook, in the cash of cheques issued but not presented for payment **Deduct from cash book balance**
268. Error of principle arises when **Distinction is not made between capital and revenue items**
269. Errors not affecting the agreement of trial balance are **Errors of principle**
270. The difference in trial balance is taken to **The suspense account**
271. A transaction not recorded at all is known as an error of **Complete omission**
272. Wages paid for installation of machinery wrongly debited to wages account is an error of **Principle**
273. Which of the following errors will not affect the trial balance? **Posting an amount in the wrong account but on the correct side**
274. Goods returned by Senguttuvan were taken into stock, but no entry was passed in the books. While rectifying this error, which of the following accounts should be debited? **Sales returns account**
275. A credit purchase of furniture from Athiyaman was debited to purchases account. Which of the following accounts should be debited while rectifying this error? **Furniture account**
276. The total of purchases book was overcast. Which of the following accounts should be debited in the rectifying journal entry? **Suspense account**
277. Which of the following errors will be rectified using suspense account? **Purchases returns book was undercast by Rs. 100**
278. Under straight line method, the amount of depreciation is **Constant for all the years**
279. If the total charge of depreciation and maintenance cost are considered, the method that provides a uniform charge is **Diminishing balance method**
280. Under the written down value method of depreciation, the amount of depreciation is **Decreasing every year**
281. Depreciation provided on machinery is debited to **Depreciation account**
282. Cash received from sale of fixed asset is credited to **Fixed asset account**

DO YOU KNOW QUESTIONS FROM TEXT BOOK

- ❖ Decision refers to choosing a desirable course of action from alternative courses of action.
- ❖ Control refers to comparison of actual performances with planned performances, measure deviation and takes corrective action.
- ❖ Two or more business units forming a single entity is known as merger.
- ❖ In India, 23 centuries ago, Chandragupta Maurya's Minister Kautilya wrote a book named 'Arthashastra', wherein some references can be traced regarding the way of maintaining accounting records.
- ❖ Capital structure refers to the mix of a firm's permanent long-term financing represented by debt, preference share capital and equity shareholders' funds.
- ❖ Going concern concept, Convention of consistency and Accrual concept are considered as fundamental accounting assumptions.
- ❖ 'Dr.' is abbreviation of 'addebitare', the Italian word and debere, the Latin word meaning 'debit'. Hence, though there is no 'r' in the word debit. It has been abbreviated as 'Dr.' based on the Italian and Latin words having 'r' in these.
- ❖ Automated Teller Machine (ATM): ATM is a computerised machine that provides the customers of banks the facility of accessing their account for dispensing cash and to carry out other financial and non-financial transactions without the need to actually visit their bank branch.
- ❖ Cash Deposit Machine (CDM): It is an ATM like machine that allows depositing cash directly into a customer's account without any manual intervention of the bank employee. There is no need to fill deposit slips.
- ❖ Debit card: The debit cards are used to withdraw cash from an ATM, to purchase goods and services at Point of Sale (POS) and in E-commerce (online purchase). A customer can use debit card for the money he has in the bank account with some restrictions.
- ❖ Credit card: The credit cards are used to purchase goods and services at Point of Sale (POS) and in E-commerce (online purchase). A customer can use credit card within the limit specified by the bank even if there is inadequate balance in the account The bank may charge interest and other charges for credit card usage.
- ❖ NEFT: National Electronic Funds Transfer (NEFT) is a nation-wide payment system facilitating one-to-one funds transfer. Under this scheme, any person can electronically transfer funds from any bank branch to any person having an account with any other bank branch in the country.
- ❖ RTGS: The acronym 'RTGS' stands for Real Time Gross Settlement, which can be defined as the continuous (real-time) settlement of funds transfers individually on an order by order basis.
- ❖ Purchases are treated as a nominal account as it is an expenditure and sales is treated as a nominal account as it is revenue to the business.
- ❖ Purchases, Purchases returns, Sales and Sales returns may also be treated as real accounts as they are related to goods.
- ❖ The three accounting concepts - business entity, duality and money measurement - associated with double-entry book keeping are applied in ledger.
- ❖ Duality concept is applied in trial balance. This concept requires two aspects to be entered for every transaction. This means that there are at least two accounts involved for every transaction.
- ❖ If the maturity date falls on an emergency holiday, succeeding day will be the due date for payment.

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- ❖ Adjusting the cash book before preparing the bank reconciliation statement is not compulsory, if reconciliation is done during different months. But if reconciliation is done at the end of the accounting year or financial year, the cash book must be updated so as to reflect the correct bank balance in the balance sheet.
- ❖ The duality concept is applied in locating and rectifying errors.
- ❖ According to Indian Accounting Standards, (AS 10) depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. The depreciable amount of an asset is the cost of an asset or other amount substituted for cost, less its residual value.
- ❖ Allocation of acquisition cost of natural resources such as mineral deposits, oil well, coal, timber is called depletion. Allocation of acquisition cost of intangible fixed assets such as goodwill, patents, copyrights, trademarks, and intellectual property rights is called amortization.
- ❖ In Microsoft Excel, there are inbuilt finance functions available for calculating depreciation. For example: SLM for calculating depreciation under Straight Line Method (SLM) and DB for Diminishing Balance method (DB).
- ❖ The process of allocating the cost of an intangible asset over a period of time is called amortisation.
- ❖ Cash in hand and stocks are tangible assets.
- ❖ Deferred revenue expenditure is that expenditure which yields benefits which extend beyond the current accounting period, but relatively a short period as compared to a capital expenditure. Prepaid expenses refer to amount paid in the current accounting period benefit of which will be received in the next accounting period.
- ❖ According to Indian Accounting Standards, AS-2 (Revised), “Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.”
- ❖ The principle of valuation of stock is based on the convention of conservatism.
- ❖ Finacle is a banking software.
- ❖ It is possible to track the origins of figures in the accounting system, from the original source document through to figures in the end-of-year final accounts. This is called audit trail.



THINK AND ANSWER

1. **Before the evolution of money, Commodities were exchanged for commodities. In such situation, how would people have maintained their accounts?**
 - Recording the quantities by counts, weights etc.
 - Recording by tally marks using charcoal, etc.
 - Documenting in the presence of other people both oral and written.
2. **Do you think financial accounting, cost accounting and management accounting can be maintained by the same person?**
 - It depends on the size, need and nature of the business
 - For example, small business may not have various departments to carry out their functions.
 - Large business may have various departments to carry out their functions and maintain various accounting records.
 - Even though the same person can maintain and manage different branches of accounting, it requires in-depth knowledge to analyse and interpret the accounting results. Which demands experts in specified branch of accounting.
3. **A trader sold goods on credit to one customer for 2000. After two days, the customer returned some of the goods worth '300' which were in damaged condition. The trader received the back the goods. Later, when the customer paid 1700, the trader demanded for full payment. He forgot about the returned goods. How can this situation be avoided.**
 - Keep a track of the transaction by noting it down in a book.
 - Record the transaction immediately in proper books of account on the basis of source document.
 - Find the source documents in the chronological order and check periodically.
 - Maintain a separate book for sales returns.
4. **A customer has returned the goods to his supplier along with a debit note. But, the supplier does not agree with the customers claim that the goods are damaged. Can the customer consider his debit note as a valid source document and enter the purchases returns?**
 - The customer cannot assume that the returned goods have been accepted by the supplier. Because sometimes the fault may at the customer's side, such as damaging the goods while unloading.
 - So until the supplier accepts the debit note and sends a credit note on accept it.
 - Customer cannot treat debit note as a valid document to enter the returns.
5. **Crossed cheque is preferred to a bearer cheque. Why?**
 - A crossed cheque cannot be encashed at the cash counter of a bank. It can only be credited to the payee's account. This is a safer way of transferring money than a bearer cheque as the identify of the payee is known to the banker.
6. **For some small business entities generally full set of accounts ay not be maintained. Is it possible to calculate profit or loss for such entities? How?**
 - Yes. It is possible. This leads to accounting from incomplete records or single entry book keeping.
7. **What will happen if an account debited or credited is left out while posting from journal or ledger?**
 - This shows, the double entry is not completed. This error will leave the trial balance without tallying.
8. **Accounts of debtors will always have the debit balance. - Do you agree?**
 - Not Always. Debtors usually will have debit balance. But sometimes debtors account may show credit balance. The reasons could be
 - Advance amount paid by debtors
 - Errors such as discount allowed not credited in debtors a/c.

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- Debtors by mistake, paid more than what is owed by them etc.
- 9. Do you think that the ledger account postings are error free? If not, how do you make sure that the entries are correct?**
 - No, there may be some errors, If both or any one aspect is not recorded correctly.
 - Example: error in amount, or account head, or side. In such a situation, every ledger posting has to be verified.
 - Only, if both the aspects are recorded correctly, the ledger will be correct.
- 10. Do you think the supplier will accept the debit note sent by the customer, as it is? If not, why will he not accept?**
 - The supplier will accept the debit note if the fault is with him and acknowledge it by issuing a credit note to his customer, the debit note may not be accepted by the supplier.
- 11. Credit transactions are not recorded in the cash book. Where will they be recorded?**
 - Credit transactions are recorded in other subsidiary books, namely purchase book, Purchase returns book, Sales book, Sales returns book and general journal.
- 12. In cash book, receipt are entered on the debit side and payments are entered on the credit side. Why?**
 - By following golden rule of double entry system of book keeping, cash being a real account, is debited when it is received and credited when it goes out in the form of payment.
- 13. Cash account cannot have a credit balance. Why?**
 - Without physical cash in hand, cash payment cannot be made.
- 14. Is it safe and convenient to carry on the business transactions only in cash?**
 - It may be safe and convenient for smaller business entities to carry on business transactions only in cash. Where as, in large business units, number of transactions and the amounts involved are large. So it is not safe and convenient for larger business entities to carry on business transactions only in cash.
- 15. A cashier finds it difficult to maintain record of large volume of cash payments, ranging for 5 to 1000000. Can you suggest a way to reduce his work burden?**
 - Appoint one more cashier
 - Separate smaller amount of payments.
- 16. The main cashier thinks that the petty cashier spends too much on everyday business activities. Is there any way to have a control on such expenses?**
 - Appoint someone to monitor and guide the petty cashier on spending.
 - Fix the limit on spending on each item of expense.
 - Provide petty cashier with fixed amount to be spent for every month.
- 17. When our country is moving towards cashless economy, will there be any change in the existing system of maintain cash book ?**
 - Number of cash transactions may reduce, but discount columns and bank columns may still be needed. Online transactions such as RTG s and NEFT may result in more transactions in bank column than in cash column.
- 18. Ram enterprises received a bank statement on 31st March,2018, Which showed a credit balance 13,500. On the same date, the balance as per cash book was 11,000. Think the minimum five possible causes of difference [with amount] between these two balances.**
 - Unpresented cheques amounting to Rs.2500.
 - Dividend directly collected by bank Rs.2000.
 - Customer of Ram enterprises deposited Rs.1000 through cash deposit machine.
 - Rent paid by bank on standing order Rs. 2,500
 - Bank charges not shown in the cash book Rs.500.

FORMAT

Format of Journal

Journal

Date	Particulars	L.F	Debit ₹	Credit ₹

Format of ledger account

Dr. Name of the ledger Account Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹

Format of Trial Balance

Trial Balance as on...

S.No	Name of the account/Particulars	Debit balance ₹	Credit balance ₹

Format of purchase book / purchase journal

Date	Particulars (Name of the suppliers and details of goods purchased)	Invoice No.	L.F	Amount ₹	
				Details	Total
(i)	(ii)	(iii)	(iv)	(v)	(vi)
	Purchase A/c Dr.				

Format of Purchase returns book

Date	Particulars	L.F.	Debit Note No.	Amount ₹		Remarks
				Details	Total	
Date of return	Name of persons whom goods are returned and the details of goods returned	Posting reference		Detailed calculation		
	Purchases returns A/c Cr.					

Format of Sales Book

Date	Particulars	L.F.	Invoice No.	Amount ₹	
				Details	Total
Date of sale	Name of the customers and the details of goods sold	Posting reference		Detailed calculation	Net amount of the invoice
	Sale A/c Cr.				

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Format of Sales returns book

Date	Name of suppliers	L.F	Credit Note No.	Amount ₹		Remarks
				Details	Total	
Date of Return	Name of the persons from whom goods are received back and details of goods returned	Posting reference		Detailed Calculation	Net amount of the invoice	
	Sales returns A/c Dr.					

Format of Bills receivable Book

Date of receipt bill	From whom bill is received	Term of the bill	Due date of the bill	L.F	Amount of the bill ₹	Remark
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)

Format of Bills payable book

Date of acceptance of the bill	To whom acceptance is given	Term of the bill	Due date of the bill	L.F	Amount of the bill	Remarks
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)

Format of single column cash book**Dr.****Simple cash book****Cr.**

Date	Receipts	R.N	L.F	Amount ₹	Date	Payments	V.N	L.F	Amount ₹
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)

Format of Double column cash book**Dr.****Cash book with cash and discount columns****Cr.**

Date	Receipts	R.N	L.F.	Amount ₹		Date	Payments	R.N	L.F	Amount ₹	
				Discount	Cash					Discount	Cash

Format of three column cash book**Dr.****Cash book with cash, discount and bank columns****Cr.**

Date	Receipts	L.F	Amount ₹			Date	Payments	L.F	Amount ₹		
			Discount	Cash	Bank				Discount	Bank	cash

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Dr. Format of analytical petty cash book**Cr.**

Receipts	C.B.F.N	Date	Particulars	V.N.	Total Payments	Postage	Stationery	Carriage	Travelling Expenses	Refreshments	Sundries	Personal Accounts	L.F

Bank Reconciliation Statement as on——

Particulars	Amount ₹	Amount ₹
Balance as per cash book (favourable balance)		xxx
Add:		
1. Cheques issued but not presented	xxx	
2. Credits in the pass book only		
(a) Interest credited in bank statement	xxx	
(b) Dividend and other income	xxx	
(c) Direct deposit by a party	xxx	
3. Any error in cash book/bank statement which has the effect of increasing the balance as per bank statement	xxx	xxx
Less:		xxx
1. Cheques deposited but not credited	xxx	
2. Cheques dishonoured but not entered in cash Book	xxx	
3. Debits in the bank statement only		
(a) Interest debited	xxx	
(b) Insurance premium, loan instalment, etc., paid as per standing instructions	xxx	
(c) Direct payment by banker	xxx	
4. Any error in cash book/ bank statement which has the effect of decreasing the balance as per bank statement	xxx	xxx
Balance as per bank statement		xxx

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Format of Plus or minus presentation of bank reconciliation statement:**Bank reconciliation statement of _____ as on _____**

Particulars	Plus amount ₹	Minus amount ₹
Balance as per cash book	(if positive) xxx	(If negative) xxx
Cheques issued but not yet presented for payment	xxx	
Amount directly deposited in bank	xxx	
Standing instructions: dividend, interest, etc. Directly collected by the bank	xxx	
Wrong credit in the cash book	xxx	
Interest credited by bank	xxx	
Undercasting of debit side in the bank column of cash book	xxx	
Overcasting of credit side in the bank column of cash book	xxx	
Bills receivable collected directly by the bank	xxx	
Cheque deposited but not yet collected/cleared		xxx
Expenses directly paid by bank on standing instructions		xxx
Bank charges levied by bank		xxx
Wrong debit in the cash book		xxx
Wrong debit in the bank statement		xxx
Overcasting of debit side of bank column in the cash book		xxx
Undercasting of credit side of bank column in cash book		xxx
Interest charged on bank overdraft		xxx
Total	xxx	xxx
Balance as per bank statement		

Format of trading account**Dr. Trading account for the year ended..... Cr.**

Particulars	₹	₹	Particulars	₹	₹
To opening stock		xxx	By sales	xxx	
To purchases	xxx		Less: Sales returns	xxx	xxx
Less: Purchases returns	xxx	xxx			
To Direct expenses:			By closing stock		xxx
Carriage/Freight inwards		xxx	By gross loss c/d*		xxx
Wages		xxx			
Dock charges		xxx			
Octroi		xxx			
Royalty		xxx			
Import duty		xxx			
To cost of goods manufactured		xxx			
To gross profit c/d*		xxx			
		xxx			xxx

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Format of Profit and loss account**Dr. Profit and loss account for the year ended Cr.**

Particulars	₹	Particulars	₹
To Gross loss b/d	xxx	By Gross Profit b/d	xxx
To office and administrative expenses:		By Indirect incomes:	
Salary	xxx	Rent earned	xxx
Rent, rates and taxes	xxx	Discount received	xxx
Printing and Stationery	xxx	Commission earned	xxx
postage	xxx	Interest on investments	xxx
Legal charges	xxx	Dividends on shares	xxx
Audit fees	xxx	Bad debts recovered	xxx
Establishment expenses	xxx	Profit on sale of fixed assets	xxx
Trade expenses	xxx	Apprenticeship premium	xxx
General travelling expenses	xxx	Miscellaneous receipts	xxx
Lighting	xxx	By Net loss*	xxx
Insurance premium	xxx	(transferred to capital	
To selling and distribution expenses:		Account)	
Carriage outwards	xxx		
Advertisement	xxx		
Commission	xxx		
Brokerage	xxx		
Bad debts or provision for bad debts	xxx		
Export duty	xxx		
Packing charges	xxx		
To other expenses and losses:			
Repairs	xxx		
Depreciation	xxx		
Interest charges	xxx		
Discount allowed	xxx		
Provision for discount on debtors	xxx		
Bank charges	xxx		
Interest on capital	xxx		
Donation and charity	xxx		
Loss on fixed asset			
Abnormal loss due to			
fire, theft etc. Not			
Covered by insurance	xxx		
To Net profit*	xxx		
(transferred to capital account)			
	xxx		xxx

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Format of Balance sheet**Balance sheet of ... as on.....**

Liabilities	₹	₹	Assets	₹	₹
Capital	xxx		<u>Fixed assets:</u>		
Add: Net profit/Net loss	xxx		(i) Intangible assets		
	xxx		Goodwill		xxx
Less Drawings	xxx	xxx	Patent rights		xxx
Reserves			Copy rights		xxx
Long term loans			Trade marks		xxx
Current liabilities:			Computer software		xxx
Bank over draft,			(ii) Tangible assets:		
Cash credit	xxx		Land		xxx
Outstanding expenses	xxx		Buildings	xxx	
Unearned income	xxx		Less: Depreciation	xxx	xxx
Short term loans from bank	xxx		Plant and machinery	xxx	
Sundry creditors	xxx		Less: Depreciation	xxx	xxx
Bills payable	xxx	xxx	Vehicles	xxx	
			Less: Depreciation	xxx	xxx
Provisions			Furniture and fittings	xxx	
Provisions for			Less: Depreciation	xxx	xxx
Employee benefits		xxx	Investments		xxx
Provision for tax		xxx	<u>Current assets</u>		
			Stock		xxx
			Advances given		xxx
			Sundry debtors		xxx
			Bills receivable		xxx
			Prepaid expenses		xxx
			Accrued income		xxx
			Cash at bank		xxx
			Cash in hand		xxx
			Fictitious assets		
			Preliminary expenses		xxx
			Miscellaneous expenses		xxx
		xxx			xxx

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Model paper - 1**11th STANDARD ACCOUNTANCY****Part - I****Answer all the questions****Choose the correct answer****20 X 1 = 20**

1. The Debts owing to others by business is known as
a) Liabilities b) Expenses c) Debtors
2. Assets - Liabilities =
a) Drawings b) Capital c) Incomes
3. As per dual aspect concept every business transaction has
a) Three Aspects b) One Aspect c) Two Aspects
4. Capital account is an example of _____
a) Personal A/c b) Real A/c c) Nominal A/c
5. The Liability of a business is Rs.30,000 and capital is Rs.70,000. The total of assets Rs. _____
a) 70,000 b) 1,00,000 c) 30,000
6. Which of the following is correct
a) Capital = Assets + Liabilities b) Capital = Assets - Liabilities
c) Liabilities = Assets + Capital
7. What is the correct order in which the Accounting transactions and events are recorded in the Books? 1. Trial Balance 2. Journal 3. Transactions 4. Ledger
a) 2-3-4-1 b) 1-2-3-4 c) 3-2-4-1
- 8). Ledger is a book of
a) Original Entry b) Final Entry c) Primary Entry
9. On 1st January 2017 Chandran draws a bill on Sundar for three months. Its due date is
a) 31st March 2017 b) 1st April 2017 c) 4th April 2017
10. Goods purchased on cash is recorded on
a) Cash Book b) Purchase Book c) Journal Proper
11. On 1st January 2017 Rs.1000/- was given to petty cashier. He has spent Rs.860/- during the month of January. On 1st February to make imprest he will receive cheque for
a) Rs.1000/ b) Rs.860/ c) Rs.1860/
12. Bank Reconciliation Statement is prepared by
a) Bank b) Creditor c) Customer of the Bank
13. Trial Balance is prepared to find out the
a) Profit or Loss b) Financial position c) Arithmetical accuracy of the accounts.
14. Suspense A/c are recorded in
a) Trading A/c b) Profit & Loss A/c c) Balance Sheet
15. Which of the following is an example of Capital expenditure
a) Drawing b) Outstanding expenses c) Machinery purchased
16. Which of the following expenses debited to Trading A/c
a) Wages b) Salary c) Interest on capital
17. A deposit is made by filling a form called
a) Cash Memo b) Cash Receipt c) Pay in slip
18. Purchase refers to buying of
a) Stationary for office use b) Asset for the factory c) Goods for resale.
19. If cheque issued by us was dishonoured the credit is given to
a) Suppliers A/c b) Customer's A/c c) Bank A/c
20. The Salary paid to Manager is debited to
a) Manager A/c b) Office Expenses A/c c) Salary A/c

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Part -II

7 X 2 = 14

Answer any seven question in which questions no 21 is compulsory.

- 21) Explain going concern Assumption?
 22) How are accounts classified?
 23) What is meant by Cash memo?
 24) What is voucher?
 25) Supply the missing amount on the basis of a/c equation
 Assets = Liabilities + capital
 1. 20000 = 15000 + ?
 2. ? = 5000 + 10000
 26) Indicate the nature of nominal balance in following accounts
 a) Creditors b) Debtors c) Computer d) Capital
 27) Mention the subsidiary books in which the following transaction are recorded.
 1. Purchased goods from raman Rs 10,000
 2. Defective goods returned by kavitha worth Rs 3,000
 28) Prepare Bank reconciliation statement from the following
 1. Debit balance as per cash book Rs 15000
 2. Cheque deposited into bank but not collected Rs 1,000/-
 3. Cheque issued but not presented for payment Rs 1500/-
 4. Interest allowed by bank Rs 200
 29) What is provision for discount on debtors?
 30) What are adjusting entries?

PART - III

7 X 3 = 21

ANSWER ANY SEVEN QUESTIONS IN WHICH QUESTIONS NO 30 IS COMPULSORY

- 31) When sales manager is not on good terms with production manager. Whether the business is bound to suffer .Is this transaction will be recorded in the books ? how?
 32) Explain how closing stock is treated in final accounts?
 33) What are the golden rules of accounting?
 34) Journalise the following opening entry

Details	Rs
Cash	2000
Machinery	500000
Furniture	5000
Creditors	13000
Debtors	18000

 35) Journalise the following opening entry
 2017 July 1 Goods sold to ramesh Rs 1000
 5 Goods sold to sundar on cash Rs 300
 10 Goods sold to kumar Rs 2200
 15 sold furniture Rs 1700
 18 Goods sold to Shankar Rs 500
 36) Prepare single column cash book of Mrs Latha
 2013 september 1 Cash in hand Rs 20000
 4 Cash purchase Rs 4000
 7 Cash sales Rs 8,000
 18 Paid to Balan Rs 5000
 20 Rent Paid Rs 1000
 25 Received Dividend Rs 500

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- 37) Rectify the following errors from ganesans book
 1 Purchase Return book was overcast by Rs 1,500
 2 Furniture Sold Rs 2,000/- was recorded in the sales book
 3 Cash received from bala Rs 300 recorded in Balu's a/c
- 38) What are the objectives of preparing trading account?
 39) Name any two direct expenses and indirect expenses?
 40) Give any three examples of capital receipt and revenue receipt?

PART - IV

7 X 5 = 35

Answer all the questions

- 41) a) On the basis of narration fill the missing value and rewrite the journal in your answer sheet**

Date	Particulars	LF	Dr	Cr
01.01.2017	_____ Dr To _____ (Being capital introduced)		6,00,000	_____
05 .01.2017	_____ Dr To _____ (being goods purchased)		_____	1,00,000
08.01.2017	_____ Dr To _____ (Being goods sold)		50000	_____
11 .01.2017	_____ Dr To _____ (being cartage paid)		_____	500
15.01.2017	_____ Dr To _____ (being purchase)computer		20000	_____

(Or)

- b) From the following particulars prepare a balancing sheet of Mr Venugopal as on 31st december 2016**

DETAILS	RS
Capital	40,000
Debtors	6,400
Furniture	4,060
Net profit	1,660
Closing stock	14,800
Drawings	4,400
Creditors	4,200
Cash at bank	7,200
Plant and machinery	10,000
General reserve	1,000

- 42) a) On 31st March 2004 the cash book of Fashion World showed a balances of Rs.1,500/- as cash at bank, but the bank pass book as on that date showed that cheques for Rs.185/-, Rs.175/- and Rs.100/- had not been presented for payment. Also cheques to the amount**

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of Rs.410/- paid into the bank had not been cleared. Find out the balance as pass book as on the date.

(or)

B) The following are some of the balances extracted from the ledger of Mr.Sundaram as on 31st December 2014. Prepare Trading account.

Particulars	Debit	Credit
(Rs.)	(Rs.)	(Rs.)
Stock 01.01.2014		12500
Purchases		100000
Sales		150000
Return outwards		5000
Return inwards		10000
Factory rent		4400
Wages		7500
Power, coal, gas		1000
Carriage inwards		750

Note: Stock on 31.12.2014 was valued at Rs.14000

43. a) Classify the following as Capital or revenue?

- Carriage paid on goods purchased Rs.100
- Legal expenses paid for raising loans Rs.2000
- Cost of maintenance of buildings Rs.5000
- investment costing Rs.40,000 purchased a few years back were sold for Rs.50,000
- Annual White Washing charges Rs.8,000

(or)

b) Classify the following as Capital or revenue.

- Rs.12000 spent on purchasing a patent right
- Freight Charges paid on new plant amounts to Rs.700
- Repairs of Rs.575 for furniture
- Rs.5000 spent towards expenses connected with rain water harvesting as per government order
- Rs.750000 spent towards initial and high advertising expenses

44 a). Rectify the following errors:

- Credit purchase of goods from Madhan of Rs.30000 has been wrongly entered in the sales book
- Rs.5000 received from Selvam has been credited to Selvi's account
- Rs.1000 received as interest was credited to commission account
- Sales book total Rs.87,800 was wrongly totalled as Rs.78,800
- The total of discount column, on the debit side of the cash book has been added short by Rs.400

(or)

b) Rectify the following errors:

- Rs.12,000 paid of salary to cashier Govindan, stands debited to his personal account
- Rs.5,000 withdrawn by the proprietor for his personal use has been debited to trade expenses account

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- iii) Cash received from Bala Rs.300 was credited to Anthony account
- iv) Mahesh returned goods worth Rs.2000. No entry was passed in the books to this effect
- v) A credit sale of Rs.2000 to Janakiraman has been wrongly passed through the purchases book

45. a) Prepare a Trial Balance as on 31.12.2016 from the following balances of Mr. Sabapathi

Capital	340000
Drawings	40000
Creditors	10000
Purchases	100000
Salaries	50000
Carriage Inwards	10000
Sales	160000
Machinery	200000
Debtors	90000
Bills Receivable	20000

(or)

b) From the following information prepare balance sheet of Mr. Shankar as on 31st December 2003.

Capital	90,000
Bills Payable	5,350
Goodwill	10,000
Closing stock	40,000
Cash on Hand	10,000
Sundry Debtors	25,000
Investment	500
Drawing	15,000
Net profit	46,900
Land & Buildings	30,000
Bills Receivable	9,500
Furniture	6,750
Plant and Machinery	20,000
Bank	10,000
Sundry Creditors	31,500

46. a) The Cash book of Mr.Elavarasan showed that he had an overdraft of Rs.8000 on 31st October 2012. On verification of the cashbook and the Bank Pass book the following points were noticed :

- i) Cheque worth Rs.1400 paid into bank had not been collected till 31st October
- ii) Cheque worth Rs.720 issued before 31st October had not been presented for payment
- iii) Interest on overdraft Rs.110 charged by the bank was not entered in the cash book
- iv) A bill receivable worth Rs.800 discounted on 1st September was dishonoured
- v) A customer had paid into the bank directly Rs.450 and this was not entered in the cash book Prepare a Bank Reconciliation Statement as on 31.10.2012

(or)

b) Journalise the following transaction in Tmt.Rani's Journal and post them to ledger and balance them

Rs. 2003 Sep. 1	Tmt. Rani Started business with	300000
5	Opened a current account with Indian Overseas Bank	50000

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12	Bought goods from Tmt.Sumathi	90000
18	Paid to Tmt.Sumathi	90000
20	Sold goods to Tmt.Chitra	126000

47. a) Enter the following transactions in the Triple Column Cash book of Mr.Raja

2017, May	1	Cash Balance	Rs.6000
		Bank Balance	Rs.4000
	2	Withdrew from bank	Rs.2000
	8	Arul directly paid into our bank account	Rs.3000
	14	Cheque received from Daniel	Rs.5000
	15	Received cash from Subramanian	Rs.2800
		Discount allowed	Rs.200
	19	Paid to Balu by cheque	Rs.13900
		Discount received	Rs.100

(or)

b) Enter the following transactions in cash book with cash and bank of double column cash book

2017 May	1	Cash in hand	Rs.30,000
	7	Paid into bank	Rs.10,000
	9	Cash purchases	Rs.2,500
	11	Loan obtained from Vasan	Rs.7,500
	18	Cash Sales	Rs.2,500
	20	Salary Paid	Rs.4,000

Model Paper - 2**11th STANDARD ACCOUNTANCY****PART - I****20 X 1 = 20****ANSWER ALL THE QUESTIONS****CHOOSE THE CORRECT ANSWER**

- Which one of the following is not a branch of accounting?
 - Financial accounting
 - Management accounting
 - Human resources accounting
 - None of the above
- Pick the odd one out from the following
 - Accountancy
 - Accounting
 - Book keeping
 - Discount
- The business is liable to the proprietor of the business in respect of capital introduced by the person according to
 - Money measurement concept
 - Cost concept
 - Business entity concept
 - Dual aspect concept
- In India, Accounting Standards are issued by
 - Reserve Bank of India
 - The Cost and Management Accountants of India
 - Supreme Court of India
 - The Institute of Chartered Accountants of India
- Consider the following statement

Assertion (A): Book keeping provides a permanent and reliable record for all business transactions.

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Reason (R): Transactions are recorded systematically in chronological order in the books of account.³ Select the correct answer:

- (a) Both (A) and (R) are true and (R) is the correct explanation of (A)
 (b) Both (A) and (R) are true and (R) is not the correct explanation of (A)
 (c) (A) is true, but (R) is false (d) (A) is false, but (R) is true
6. Withdrawal of cash from business by the proprietor should be credited to
 (a) Drawings A/c (b) Cash A/c (c) Capital A/c (d) Purchases A/c
7. Main objective of preparing ledger account is to
 (a) Ascertain the financial position (b) Ascertain the profit or loss
 (c) Ascertain the profit or loss and the financial position
 (d) Know the balance of each ledger account
8. If the total of the debit side of an account exceeds the total of its credit side, it means⁴
 (a) Credit balance (b) Debit balance (c) Nil balance (d) Debit and credit balance
9. The trial balance contains the balances of
 (a) Only personal accounts (b) Only real accounts
 (c) Only nominal accounts (d) All accounts
10. Point out the wrong statement in the following statement:
 (a) Sales book is meant for recording sales of goods on credit
 (b) Purchase book is meant for recording purchases of goods on credit
 (c) Petty cash book is meant for recording small expenses
 (d) Pass book is meant for recording all expenses
11. Match List I with List II and select the correct answer using the codes given below:
 List - I List - II
 (i) Internal user of accounting information 1. Human Resource Accounting
 (ii) External user of accounting information 2. Tax manager
 (iii) Role of an accountant 3. Researchers
 (iv) Branches of accounting 4. Employees
 Codes: (i) (ii) (iii) (iv)
 (a) 1 2 3 4 (b) 3 4 1 2 (c) 4 3 2 1 (d) 2 3 1 4
12. Which one of the following is not correctly matched
 (a) Journal - Ledger Folio (b) Ledger - Journal Folio
 (c) Purchase book - Invoice number (d) Sales returns book - Debit note number
13. Which of the following is recorded as contra entry?
 (a) Withdrew cash from bank for personal use (b) Withdrew cash from bank for office use
 (c) Direct payment by the customer in the bank account of the business
 (d) When bank charges interest
14. The balance in the petty cash book is
 (a) An expense (b) A profit (c) An asset (d) A liability
15. A bank statement is a copy of
 (a) Cash column of the cash book (b) Bank column of the cash book
 (c) A customer's account in the bank's book (d) Cheques issued by the business
16. Balance as per cash book is Rs. 2, 000. Bank charge of Rs. 50 debited by the bank is not yet shown in the cash book. What is the bank statement balance now?
 (a) Rs. 1,950 credit balance (b) Rs. 1,950 debit balance
 (c) Rs. 2,050 debit balance (d) Rs. 2,050 credit balance
17. A company pay off all its creditors. The effect of this in accounting equation is a/an
 (a) increase in asset and decrease in liability (b) increase in liability and decrease in asset
 (c) decrease in asset and decrease in liability (d) decrease in asset and increase in liability
18. State the order in which accounting system is followed
 (i) Final account

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- (ii) Ledger
- (iii) Trial balance
- (iv) Journal

Choose the correct order using the codes given below: 8

- (a) (i) (ii) (iii) (iv) (b) (iv) (iii) (ii) (i) (c) (iv) (ii) (iii) (i) (d) (iii) (iv) (i) (ii)
19. Which of the following is correct?
 (a) Assets = Liabilities - Capital (b) Assets = Capital - Liabilities
 (c) Assets = Liabilities + Capital (d) Assets = External equities
20. What of the following is a cash transactions?
 a) sold goods b) sold goods to ram
 c) sold goods to ram on credit d) sold goods to ram on account

PART - II**7 X 2 = 14****Answer any seven questions in which questions No 30 is compulsory.**

21. In the earliest days of civilization, accounting was done by stewards who managed the properties of wealthy people. They rendered accounts periodically to the owners of property. State any two functions of accounting.
22. Book-keeping forms the base for the preparation of financial statements and interpretation which are the important functions of accounting. Define book-keeping.
23. The accounts relating to expenses, losses, revenues and gains are called nominal accounts. What is accounting rule for nominal accounts?
24. Ledger account is a summary of statement of all transactions relating to a person, asset, liability expense or income. From the transactions recorded in the journal, ledger is prepared. What is meant by posting?
25. If trial balance is not prepared in a systematic way, the final accounts prepared on the basis of trial balance may not depict the actual state of affairs of the concern. What is trial balance?
26. To increase sales, a seller sells goods on credit to his customers. If sale is made on credit, a bill of exchange may be received. Define bill of exchange.
27. What are the differences between cash discount and trade discount on the following two basis:
 (i) Time of allowance (ii) Deduction from invoice value
28. Substitute the following statements with one word/phrase
 (a) A copy of customer's account issued by the bank
 (b) Debit balance as per bank statement
29. State whether the balance of the following accounts should be placed in the debit or the Credit column of the trial balance:
 (i) Carriage outwards (ii) Purchases (iii) Interest received (iv) Drawings
30. Complete the sales book of Mr. Kumar from the following details.

Date	Particulars	Invoice No	L.F.	Amount	
				Details Rs	Total Rs
2018 July 5	Sarvana Traders, Sayalkudi 10 packs of A4 Sheets @ Rs. 250 per pack 10 dozen writing pads @ Rs. 850 per dozen Less: 10% Trade discount			2,500 <hr/> 11,000	9,900 9,900

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- 39) Correct the following entries wherever you think:
- (i) Brought capital into business:
Capital A/c Dr.
 To Cash A/c
 - (ii) Cash Purchases:
Cash A/c Dr.
 To Sales A/c
 - (iii) Salaries due to clerk:
Salaries A/c Dr.
 To cash A/c
 - (iv) Commissions received:
Commission A/c Dr.
 To cash A/c
- 40) Write a note on suspense account?

PART - IV**7 X 5 = 35****ANSWER ALL THE QUESTIONS****41) a) Prepare accounting equation for the following transactions.**

- (a) Murugan commenced business with cash Rs. 80,000
- (b) Purchased goods for cash Rs. 30,000
- (c) Paid salaries by cash Rs. 5,000
- (d) Bought goods from Kumar for Rs. 5,000 and deposited the money in CDM.

(Or)

b) Mary is a rice dealer having business for more than 5 years. Pass journal entries in her books for the period of March, 2018.

March Rs.

- 1 Rice bags bought on credit from Sibi 20,000
- 2 Electricity charges paid through net banking 500
- 3 Returned goods bought from Sibi 5,000
- 5 Advertisement expenses paid 2,000
- 6 Goods sold to Mano 20,000
- 7 Goods returned by Mano 5,000

42) a) Pass journal entries for the following transactions and post them to ledger.

2018 Aug Rs.

- 1 Dharma started business with cash 70,000
- 6 Cash received from Ganesan 10,000
- 10 Rent paid 3,000
- 20 Received commission from Anand 5,000

(Or)

b) Enter the following transactions in the books of Ganesan and post them into ledger.

2018 Oct Rs.

- 1 Started business with cash 25,000
- 5 Deposited into bank 12,500
- 10 Purchased furniture and payment by cheque 2,000
- 15 Goods purchased for cash 5,000
- 19 Sold goods to Vasu on credit 4,000

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43) a) Prepare the trial balance from the following balances of Rajesh as on 31st March, 2018.

	Rs.
Bills receivable	13,000
Drawings	7,000
Bank charges	750
Sundry debtors	17,100
Conveyance charges	350
Bills payable	2,000
Discount received	1,300
Capital	25,900
Cash in hand	1,000
Sundry creditors	10,000

(Or)

b) Balan who has a car driving school gives you the following ledger balances. Prepare trial balance as on 31st December, 2016.

	Rs.
Computer	26,000
Freehold land	30,000
Salaries to drivers	4,000
Bank loan	15,000
Taxes and insurance	16,500
Fees received	18,150
Fuel and Power	2,000
Capital	53,850
Rent and rates	1,500
Advertisement	7,000

44) a) Enter the following credit transactions in the purchases book of Manoharan, a Provisions Merchant.

2018 May

- 2 Bought from Vasu 100 bags of rice @ Rs. 800 per bag
- 8 Bought from Cheyyar Sugar Mills Ltd., 20 bags of sugar @ Rs.2,600 per bag
- 10 Bought from Ram Flour Mill, Coimbatore, 10 bags of wheat flour @ Rs. 750 per bag
- 15 Bought from Nilgiri Tea Co.Nilgiris, 15 cases of tea @ Rs. 900 per case
- 25 Bought from Sairam Coffee Works Ltd., 100 kgs of Coffee @ Rs. 190 per kg.
- 29 Bought from X & Co. furniture worth Rs. 2,000

(or)

b) Enter the following transactions in the purchases and sales books of Kannan, an automobile dealer, for the month of December, 2017

2017 Dec Rs.

- 1 Bought from Sumathi gear boxes on credit 17,800
- 4 Sold goods to Rani on credit 15,200
- 6 Purchased goods on credit from Mani 7,000
- 10 Sold goods on credit to Saranya 12,500
- 17 Sold goods to Hussain on credit 13,250
- 21 Purchased goods on credit from Raghunathan 10,000
- 26 Sold goods to Shyam for cash 3,000

45) a) Enter the following transactions in a single column cash book of Pandeewari for the Month of June, 2018

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2018 June Rs.

- 2 Started business with cash 50,000
- 8 Paid rent in cash 4,000
- 10 Purchased printer for cash 7,500
- 11 Cash purchases 15,000
- 14 Cash sales 10,000
- 17 Commission received in cash 6,000
- 20 Cash withdrawn for personal use 3,000
- 21 Paid speed post charges in cash 3,500

(or)

b) Enter the following transaction in Chandran's cash book with cash and discount column.

2018 Nov Rs.

- 1 Cash balance 22,000
- 2 Cash Sales 14,000
- 3 Credit sales to Govindan 12,000
- 4 Credit purchases from Balaraman 27,000
- 5 Cash purchases 8,800
- 8 Govindan settled his account @ 2% cash discount
- 12 Paid Balaraman Rs. 26,800 and settle his account
- 15 Cash withdrawn for personal expenses 4,000
- 29 Received from Madhan Rs. 4,800 in settlement of his account for 5,000
- 30 Paid salaries in cash 4,000

46) a) Prepare analytical petty cash book from the following particulars under imprest system:

2018 July Rs.

- 1 Received advance from cashier 2,000
- 7 Paid for writing pads and registers 100
- 8 Purchased white papers 50
- 10 Paid auto charges 200
- 15 Paid wages 300
- 18 Postal charges 100
- 21 Purchased stationery 450
- 23 Tea expenses 60
- 25 Paid for speed post 150
- 27 Refreshment expenses 250
- 31 Paid for carriage 150

(Or)

b) Prepare bank reconciliation statement from the following data and find out the balance as per cash book as on 31st March, 2018.

Particulars Rs.

- (i) Bank balance as per bank statement 15,000
- (ii) Cheques issued but not yet presented for payment 2,500
- (iii) Interest charged by bank not recorded in the cash book 500
- (iv) Bank paid insurance premium as per standing instruction but not recorded in the cash book 300
- (v) Cheques deposited but not yet credited 900

47) a) Explain any five causes of depreciation?

(Or)

b) Differences between Trial balance and balance sheet?

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MODEL PAPER - 3**11TH STANDARD ACCOUNTANCY****SECTION -1****20 x 1 = 20****CHOOSE THE CORRECT ANSWER**

- 1) The accounts relating to expenses, losses, revenues and gains are called
a) cash account b) credit account c) nominal accounts d) bank account
- 2) 'Cash withdrawn by the proprietor from the business for his personal use' causes
(a) Decrease in assets and decrease in owner's capital
(b) Increase in one asset and decrease in another asset
(c) Increase in one asset and increase in liabilities
(d) Increase in asset and decrease in capital
- 3) The process of analysing the business transactions under the heads of debit and credit and recording them in the journal is called
a) journalizing b) posting c) balancing d) ledgering
- 4) The incorrect accounting equation is
(a) Assets = Liabilities + Capital (b) Assets = Capital + Liabilities
(c) Liabilities = Assets + Capital (d) Capital = Assets - Liabilities
- 5) All accounts relating to tangible and intangible properties and possessions are called
a) cash account b) credit account c) real accounts d) personal account
- 6) Account relating to persons is called
a) real account b) nominal account c) credit account d) personal account
- 7) The example of natural personal account
a) nature account b) cash account c) credit account d) Malini account.
- 8) ————Accounts relating to revenues of an enterprise are grouped under this category.
a) cash account b) revenue account c) current account d) liability account
- 9) ———— account is a financial obligations of the enterprise towards outsiders are shown under separate heads as liabilities.
a) cash account b) credit account c) liability account d) personal account
- 10) The relationship of assets with that of liabilities to outsiders and to owners in the equation form is known as
a) invoice b) journalizing c) accounting equation d) posting
- 11) There are ————types of approaches for recording transactions.
a) three b) two c) five d) one
- 12) Expand RTGS
a) Real Time Gross Statement b) Real Time Gross Settlement
c) Real Time Group Statement d) Read Time Gross Settlement
- 13) Accounting equation signifies
(a) Capital of a business is equal to assets
(b) Liabilities of a business are equal to assets
(c) Capital of a business is equal to liabilities
(d) Assets of a business are equal to the total of capital and liabilities
- 14) A firm has assets of ' 1,00,000 and the external liabilities of ' 60,000. Its capital would be
(a) ' 1,60,000 (b) ' 60,000 (c) ' 1,00,000 (d) ' 40,000
- 15) Accounting equation is formed based on the accounting principle of
(a) Dual aspect (b) Consistency (c) Going concern (d) Accrual
- 16) Real account deals with
(a) Individual persons (b) Expenses and losses (c) Assets (d) Incomes and gains

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- 17) Which one of the following is representative personal account?
 (a) Building A/c (b) Outstanding salary A/c (c) Mahesh A/c (d) Balan & Co
- 18) Prepaid rent is a
 (a) Nominal A/c (b) Personal A/c (c) Real A/c (d) Representative personal A/c
- 19) Withdrawal of cash from business by the proprietor should be credited to
 (a) Drawings A/c (b) Cash A/c (c) Capital A/c (d) Purchases A/c
- 20) In double entry system of book keeping, every business transaction affects
 (a) Minimum of two accounts (b) Same account on two different dates
 (c) Two sides of the same account (d) Minimum three accounts

SECTION - II

7 X 2 = 14

ANSWER ANY SEVEN QUESTIONS

- 21) What is accounting equation?
- 22) Give the golden rules of double entry accounting system.
- 23) Complete the accounting equation
 (a) Assets = Capital + Liabilities
 ' 1,00,000 = ' 80,000 + ?
 (b) Assets = Capital + Liabilities
 ' 2,00,000 = ? + ' 40,000
 (c) Assets = Capital + Creditors
 ? = ' 1, 60,000 + ' 80,000
- 24) State the accounting rule for nominal account.
- 25) What is real account?
- 26) How are personal accounts classified?
- 27) What is meant by journalising?
- 28) Complete the missing terms
 Assets = liabilities + Capital
 a) 30000 = 20000 + ?
 b) ? = 25000 + 30000
 c) 25000 = ? + 15000
- 29) What are the classification of accounting?
- 30) Give the format of the journal?
 (a) Sunil started business with ' 1,40,000 cash and goods worth ' 60,000
 (b) Purchased furniture worth ' 20,000 by cash
 (c) Depreciation on furniture ' 800
 (d) Deposited into bank ' 40,000
 (e) Paid electricity charges through net banking ' 500
 (f) Sold goods to Ravi costing ' 10,000 for ' 15,000
 (g) Goods returned by Ravi ' 5,000

SECTION - III

7 X 3 = 21

ANSWER ANY SEVEN QUESTIONS

- 31) What is double entry system? State its advantages.
- 32) What are the three different types of personal accounts?
- 33) Prepare accounting equation for the following transactions.
 (a) Murugan commenced business with cash ' 80,000
 (b) Purchased goods for cash ' 30,000
 (c) Paid salaries by cash ' 5,000
 (d) Bought goods from Kumar for ' 5,000 and deposited the money in CDM.
 (e) Introduced additional capital of ' 10,000
- 34) State the principles of double entry system of book keeping.

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- 35) What is an Account? Classify the accounts with suitable examples.
 36) What are the different types of journal entry?
 37) What are the advantages of journal entry?
 38) Explain the Real account and Nominal account? Give some Examples?
 39) Write any three steps in journalising?
 40) What is the accounting treatment for insurance premium paid on the life of the proprietor?

SECTION - IV

7 x 5 = 45

ANSWER ALL THE QUESTIONS

- 41) a) Jeyaseeli is a sole proprietor having a provisions store. Following are the transactions during the month of January, 2018. Journalise them.**

Jan.

1	Commenced business with cash	80,000
2	Deposited cash with bank	40,000
3	Purchased goods by paying cash	5,000
4	Purchased goods from Lipton & Co. on credit	10,000
5	Sold goods to Joy and received cash	11,000
6	Paid salaries by cash	5,000
7	Paid Lipton & Co. by cheque for the purchases made on 4th Jan.	
8	Bought furniture by cash	4,000
9	Paid electricity charges by cash	1,000
10	Bank paid insurance premium on furniture as per standing instructions	300

(Or)

- b) Show the effect of following business transactions on the accounting equation.**

(i)	Anbu started business with cash ' 20,000; goods ' 12,000 and machine ' 8,000	' 8,000
(ii)	Purchased goods from Ramani on credit	' 7,000
(iii)	Payment made to Ramani in full settlement	' 6,900
(iv)	Sold goods to Rajan on credit costing ' 5,400 for	' 6,000
(v)	Received from Rajan ' 5,800 in full settlement of his account	
(vi)	Wages outstanding	' 400

- 42) a) Explain the personal account and impersonal account?**

(or)

- b) What are the different types of journal entries? Explain any five types of entry?**

- 43) a) Deepak is a dealer in stationery items. From the following transactions, pass journal entries for the month of January and February, 2018.**

Jan. ' 6

1	Commenced business with cash	2,00,000
2	Opened a bank account by depositing cash	1,00,000
3	'A 4 papers' sold on credit to Padmini and Co.	60,000
4	Bills received from Padmini and Co. for the amount due	
5	Bills received from Padmini and Co. discounted with the bank	58,000

Feb.

15	Bills of Padmini and Co. dishonoured	
----	--------------------------------------	--

(Or)

- b) Prepare accounting equation for the following transactions.**

(a)	Murugan commenced business with cash	' 80,000
(b)	Purchased goods for cash	' 30,000
(c)	Paid salaries by cash	' 5,000
(d)	Bought goods from Kumar for ' 5,000 and deposited the money in CDM.	

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(e) Introduced additional capital of ₹ 10,000

44) a) Create an accounting equation on the basis of the following transactions:

- (i) Started business with cash ₹ 80,000 and goods ₹ 75,000
- (ii) Sold goods to Shanmugam on credit for ₹ 50,000
- (iii) Received cash from Shanmugam in full settlement ₹ 49,000
- (iv) Salary outstanding ₹ 3,000
- (v) Goods costing ₹ 1,000 given as charity
- (vi) Insurance premium paid ₹ 3000
- (vii) Out of insurance premium paid, prepaid is ₹ 500

(OR)

b) Valluvar is a sole trader dealing in text files. From the following transactions, pass journal entries for the month of March, 2018.

March ‘

1	Commenced business with cash	90,000
	with goods	60,000
2	Purchased 20 readymade shirts from X and Co. on credit	10,000
3	Cash deposited into bank through Cash Deposit Machine	30,000
4	Purchased 10 readymade sarees from Y and Co. by cash	6,000
5	Paid X and Co. through NEFT	
6	Sold 5 sarees to A and Co. on credit	4,000
7	A and Co. deposited the amount due in Cash Deposit Machine	
8	Purchased 20 sarees from Z & Co. and paid through debit card	12,000
9	Stationery purchased for and paid through net banking	6,000
10	Bank charges levied	200

45) a) Arun is a trader dealing in automobiles. For the following transactions, pass journal entries for the month of January, 2018

Jan. ‘

1	Commenced business with cash	90,000
2	Purchased goods from X and Co. on credit	40,000
3	Accepted bill drawn by X and Co.	20,000
4	Sold goods to D and Co. on credit	10,000
5	Paid by cash the bill drawn by X and Co.	
6	Received cheque from D and Co. in full settlement and deposited the same in bank	9,000
7	Commission received in cash	5,000
8	Goods costing ₹ 40,000 was sold and cash received	50,000
9	Salaries paid in cash	4,000
10	Building purchased from Kumar and Co. for advance of	₹ 1,00,000 and an ₹ 20,000 is given in cash

(or)

b) Enter the following transactions in the journal of Manohar who is dealing in textiles: 2018

March

1	Manohar started business with cash	60,000
2	Purchased furniture for cash	10,000
3	Bought goods for cash	25,000
6	Bought goods from Kamalesh on credit	15,000
8	Sold goods for cash	28,000

•• DHOSTH GUIDES ••

10	Sold goods to Hari on credit	10,000
14	Paid Kamalesh	12,000
18	Paid rent	500
25	Received from Hari	8,000
28	Withdrew cash for personal use	4,000

46) a) Journalise the following transactions in the books of Ramesh who is dealing in computers:

2018 March

1	Ramesh started business with cash	₹ 3,00,000,
	Goods	₹ 80,000 and
	Furniture	₹ 27,000.
2	Money deposited into bank	₹ 2,00,000
3	Bought furniture from M/s Jayalakshmi Furniture for	₹ 28,000 on credit.
4	Purchased goods from Asohan for	₹ 5,000 by paying
	through debit card.	
5	Purchased goods from Guna and paid through net banking for cash	₹ 10,000
6	Purchased goods from Kannan and paid through credit card	₹ 20,000
7	Purchased goods from Shyam on credit for	₹ 50,000
8	Bill drawn by Shyam was accepted for	₹ 50,000
9	Paid half the amount owed to M/s Jayalakshmi Furniture by cheque	
10	Shyam's bill was paid	

(OR)

b) Chandran is a sole trader dealing in sports items. From the following transactions, pass journal entries for the month of March, 2018.

March ‘

1	Commenced business with cash	4,00,000
2	Cash deposited into bank	3,00,000
3	Purchased goods from Ravi and payment made through net banking	90,000
4	Sales made to Kumar, who deposited the money through CDM	10,000
5	Sales made to Vivek, who made the payment by debit card	60,000
6	Sold goods to Keerthana, who made the payment through credit card	50,000
7	Dividend directly received by bank	2,000
8	Money withdrawn from ATM	3,000
9	Salaries paid through ECS	6,000
10	Cricket bats donated to a trust	10,000

47) a) What will be the effect of the following on the accounting equation?

(a)	Sunil started business with	₹ 1,40,000 cash and goods worth ₹ 60,000
(b)	Purchased furniture worth	₹ 20,000 by cash
(c)	Depreciation on furniture	₹ 800
(d)	Deposited into bank	₹ 40,000
(e)	Paid electricity charges through net banking	₹ 500
(f)	Sold goods to Ravi costing	₹ 10,000 for ₹ 15,000
(g)	Goods returned by Ravi	₹ 5,000

(Or)

b) Raja has a hotel. The following transactions took place in his business. Journalise them.

Jan. ‘

1	Started business with cash	3,00,000
2	Purchased goods from Rajiv on credit	1,00,000

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3	Cash deposited with the bank	2,00,000
20	Borrowed loan from bank	1,00,000
22	Withdrew from bank for personal use	800
23	Amount paid to Rajiv in full settlement through NEFT	99,000
25	Paid club bill of the proprietor by cheque	200
26	Paid electricity bill of the proprietor's house through debit card	2,000
31	Lunch provided at free of cost to a charity	1,000
31	Bank levied charges for locker rent	1,000



MODEL PAPER - 4
11TH STANDARD ACCOUNTANCY
PART - I

20 X 1 = 20

ANSWER ALL THE QUESTIONS

CHOOSE THE CORRECT ANSWER

- 1) The _____ method is widely used, as it helps in the preparation of financial statements.
 - a) Total method
 - b) Balance method
 - c) Total and balance method
 - d) Credit balance method
- 2) _____ method is not commonly used as it cannot help in the preparation of financial statements.
 - a) balance method
 - b) total balance method
 - c) Total and balance method
- 3) When a journal entry has more than one debit or more than one credit or both, it is called a
 - a) Opening entry
 - b) Closing entry
 - c) compound entry
 - d) Journal entry
- 4) _____ is a summary statement of all the transactions relating to a person, asset, liability, expense or income which has taken place during a given period of time and it shows their net effect.
 - a) Trial balance
 - b) Balance sheet
 - c) Ledger account
 - d) Journalising
- 5) Main objective of preparing ledger account is to
 - (a) Ascertain the financial position
 - (b) Ascertain the profit or loss
 - (c) Ascertain the profit or loss and the financial position
 - (d) Know the balance of each ledger account
- 6) The process of transferring the debit and credit items from journal to ledger accounts is called
 - (a) Casting
 - (b) Posting
 - (c) Journalising
 - (d) Balancing
- 7) J.F means
 - (a) Ledger page number
 - (b) Journal page number
 - (c) Voucher number
 - (d) Order number
- 8) The process of finding the net amount from the totals of debit and credit columns in a ledger is known as
 - (a) Casting
 - (b) Posting
 - (c) Journalising
 - (d) Balancing
- 9) If the total of the debit side of an account exceeds the total of its credit side, it means
 - (a) Credit balance
 - (b) Debit balance
 - (c) Nil balance
 - (d) Debit and credit balance
- 10) The amount brought into the business by the proprietor should be credited to
 - (a) Cash account
 - (b) Drawings account
 - (c) Capital account
 - (d) Suspense account
- 11) Trial balance is a
 - (a) Statement
 - (b) Account
 - (c) Ledger
 - (d) Journal
- 12) After the preparation of ledger, the next step is the preparation of

•• DHOSTH GUIDES ••

- (a) Trading account (b) Trial balance (c) Journal (d) Profit and loss account
- 13) The trial balance contains the balances of
 (a) Only personal accounts (b) Only real accounts
 (c) Only nominal accounts (d) All accounts
- 14) Which of the following is/are the objective(s) of preparing trial balance?
 (a) Serving as the summary of all the ledger accounts
 (b) Helping in the preparation of final accounts
 (c) Examining arithmetical accuracy of accounts
 (d) a, b and c
- 15) While preparing the trial balance, the accountant finds that the total of the credit column is short by ' 200. This difference will be
 (a) Debited to suspense account (b) Credited to suspense account
 (c) Adjusted to any of the debit balance (d) Adjusted to any of the credit balance
- 16) A list which contains balances of accounts to know whether the debit and credit balances are matched is
 (a) Journal (b) Day book (c) Trial balance (d) Balance sheet
- 17) Which of the following method(s) can be used for preparing trial balance?
 (a) Balance method (b) Total method (c) Total and Balance method (d) a, b and c
- 18) The account which has a debit balance and is shown in the debit column of the trial balance is
 (a) Sundry creditors account (b) Bills payable account
 (c) Drawings account (d) Capital account
- 19) The difference of totals of both debit and credit side of trial balance is transferred to:
 (a) Trading account (b) Difference account
 (c) Suspense account (d) Miscellaneous account
- 20) Trial balance is prepared
 (a) At the end of the year (b) On a particular date
 (c) For a year (d) None of the above

PART - II

7 X 2 = 14

ANSWER ANY SEVEN QUESTIONS Q NO 30 IS COMPULSORY

- 21) What is a ledger?
- 22) Journalise the following transactions and post them to ledger.
 2016 '

Jan 1 Started business with cash	10,000
5 Paid into bank	5,000
7 Purchased goods from Ram for cash	1,000
- 23) Pass journal entries for the following transactions and post them to ledger.
 2017 '

Aug. 1 Dharma started business with cash	70,000
6 Cash received from Ganesan	10,000
10 Rent paid	3000
20 Received commission from Anand	5000
- 24) What is posting?
- 25) Prepare Furniture A/c from the following transactions
 2016 '

Jan Furniture in hand	2,000
1 Purchased furniture for cash	4,000
30 Sold furniture	400
- 26) Give the format of trial balance.

•• DHOSTH GUIDES ••

- 27) What is balance method?
- 28) Prepare a trial balance with the following information:
- | Name of the account | Rs |
|---------------------|----------|
| Purchases | 1,00,000 |
| Sales | 1,50,000 |
| Bank Loan | 75,000 |
| Creditors | 50,000 |
| Debtors | 1,50,000 |
| Cash | 90,000 |
| Stock | 35,000 |
| Capital | 1,00,000 |
- 29) Give the definition of trial balance?
- 30) Prepare the trial balance from the following information:
- | Name of the account | |
|---------------------|----------|
| Bank loan | 2,00,000 |
| Purchases | 1,80,000 |
| Bills payable | 1,00,000 |
| Sales | 3,00,000 |
| Stock | 70,000 |
| Debtors | 4,00,000 |
| Capital | 2,50,000 |
| Bank | 2,00,000 |

PART - III

7 X 3 = 21

ANSWER ANY SEVEN QUESTIONS Q NO 40 IS COMPULSORY

- 31) State whether the balance of the following accounts should be placed in the debit or the credit column of the trial balance:**
- Carriage outwards
 - Carriage inwards
 - Sales
 - Purchases
 - Bad debts
 - Interest paid
 - Interest received
 - Discount received
 - Capital
 - Drawings
 - Sales returns
 - Purchase returns

32) What are objectives of Preparing trial balance?

33) What are the limitations of trial balance?

34) The following balances are extracted from the books of Murali, as on 31st March, 2017.

Prepare trial balance.

Particulars	
Sales	35000
Interest paid	3500
Returns inward	2500
Depreciation	2400
Office rent	2000

•• DHOSTH GUIDES ••

Audit fees	1000
Octroi duty	8000
Land	90000
Capital	60000
Bank overdraft	11250

35) 'A trial balance is only a prima facie evidence of the arithmetical accuracy of records'. Do you agree with this statement? Give reasons.

36) What are the importance of trial balance?

37) Journalise the transactions given below and post them to ledger.

2017 '

Oct 18	Paid trade expenses	1,000
25	Bought postage stamps	100
30	Commission received	6,000
30	Rent paid	4,000

38) Give journal entries for the following transactions and post them to ledger.

2016 '

Sep 1	Commenced business with cash	80,000
7	Bought goods for cash from Roopan	10,000
10	Purchased goods from Hema on credit	42,000
22	Goods returned to Hema	2,000
23	Cash paid to Hema	10,000

39) Explain the procedure for balancing a ledger account?

40) What is ledger? Explain its utilities?

PART - IV

7 X 5 = 35

ANSWER ALL THE QUESTIONS

41) a) Difference between Journal and ledger?

(Or)

b) Journalise the following transactions in the books of Vasu and post them to ledger accounts.

2017

Nov 1	Cash in hand ' 1,00,000; Cash at bank: ' 30,000
2	Vasu sold goods to Jothi for ' 25,000 against a cheque and deposited the same in the bank
4	Received as commission ' 5,000
8	Bank paid ' 15,000 directly for insurance premium of Vasu.
15	Cash deposited into bank ' 30,000
20	Cash withdrawn from bank for personal use ' 45,000.

42) a) Bharathi is a sole trader dealing in oil products for the past five years. The books of accounts showed the following balances on 1st April, 2018: Cash in hand ' 25,000; Cash at bank ' 3,00,000. The following transactions took place for the month of April 2018.

April 1	Goods bought by giving cheque	' 30,000
5	Goods sold to Naveen and payment received through NEFT	' 40,000
6	Goods sold to Xavier for cash	' 20,000
9	Goods sold on credit to Abdul for	' 25,000
18	Cash received from Abdul	' 10,000

Pass Journal entries for the above transactions and prepare ledger accounts.

(Or)

•• DHOSTH GUIDES ••

b) The following are the transactions of Kumaran, dealing in stationery items. Prepare ledger accounts.

2017

Jun 5	Started business with cash	₹ 2,00,000
8	Opened bank account by depositing	₹ 80,000
12	Bought goods on credit from Sri Ram for	₹ 30,000
15	Sold goods on credit to Selva for	₹ 10,000
22	Goods sold for cash	₹ 15,000
25	Paid Sri Ram	₹ 30,000 through NEFT
28	Received a cheque from Selva and deposited the same in bank	₹ 10,000

43) a) Show the direct ledger postings for the following transactions:

2017 July

1	Shankar commenced business with a cash of	₹ 1,00,000
5	Sold goods for cash	₹ 10,000
9	Wages paid	₹ 6,000
19	Salaries paid	₹ 8,000
20	Advertisement expenses paid	₹ 4,000

(Or)

b) Show the direct ledger postings for the following transactions:

2017

June 1	Raja commenced business with cash	₹ 50,000,
6	Sold goods for cash	₹ 8,000
8	Sold goods to Devi on credit	₹ 9,000
15	Goods purchased for cash	₹ 4,000
20	Goods purchased from Shanthi on credit	₹ 5,000

44) a) Prepare cash account from the following transactions for the month of January 2018.

Jan 1	Commenced business with cash	₹ 62,000
3	Goods purchased for cash	₹ 12,000
10	Goods sold for cash	₹ 10,000
12	Wages paid	₹ 4,000
25	Furniture purchased for cash	₹ 6,000

(Or)

b) Prepare trial balance as on 31st December, 2017 from the following balances of Balaraman.

“

Capital	2,20,000	Repairs	2,400
Drawing	24,000	Office lighting	2,600
Furniture	63,500	Printing and stationery	2,700
Stock at the beginning	62,050	Bank loan	7,500
Bill receivable	9,500	Computer	25,000
Bill payable	8,750	Debtors	46,500
Purchases	88,100	Cash in hand	15,000
Sales	1,35,450	Cash at bank	27,250
Discount allowed	7,100	General expenses	7,100
Discount received	3,500	Creditors	7,600

•• DHOSTH GUIDES ••

45) a) The following balances are extracted from the books of Ravichandran on 31st December, 2016. Prepare the trial balance.

“

Capital	1,50,000	Sales	75,000
Debtors	22,800	Return in wards	1,000
Rent received	500	Discount allowed	800
Bank overdraft	3,100	Discount received	1,000
Creditors	5,500	Wages	2,900
Premises	1,46,000	Salaries	3,500
Opening stock	10,000	Commission paid	1,100
Purchases	45,000	General expenses	2,000

(Or)

b) From the following balances extracted from the books of Rajeshwari as on 31st March, 2017, prepare the trial balance.

“

Cash at bank	28,000	Rent and rates	4,000
Sundry debtors	59,600	Bank charges	400
Furniture and Fixtures	1,72,000	Bad debts	4,000
Office equipment	1,10,000	Drawings	20,000
Adjusted purchases	2,80,000	Insurance premium	4,000
Sales returns	3,000	Capital	3,00,000
Closing stock	15,000	Sundry creditors	64,000
Sales	2,36,000	Loan (Cr.)	1,00,000

46) a) What are the features of trial balance?(any five)

(Or)

b) What are the objectives of preparing Trial balance?(any five)

47) a) What are the utilities of ledger?

(Or)

b) Chandran is a sole trader dealing in sports items. From the following transactions, pass journal entries for the month of March, 2018.

March ‘

1	Commenced business with cash	4,00,000
2	Cash deposited into bank	3,00,000
3	Purchased goods from Ravi and payment made through net banking	90,000
4	Sales made to Kumar, who deposited the money through CDM	10,000
5	Sales made to Vivek, who made the payment by debit card	60,000
6	Sold goods to Keerthana, who made the payment through credit card	50,000
7	Dividend directly received by bank	2,000
8	Money withdrawn from ATM	3,000
9	Salaries paid through ECS	6,000
10	Cricket bats donated to a trust	10,000



•• DHOSTH GUIDES ••

11TH STANDARD**MODEL QUESTION PAPER - 5****PART - I****20 X 1 = 20****ANSWER ALL THE QUESTIONS****CHOOSE THE CORRECT ANSWER**

- 1) _____ book to record bills drawn or promissory notes received.
a) Cash book b) Purchase book c) Bills receivable book d) Bills Payable book
- 2) _____ are sub-divisions of journal in each of which transactions of similar nature are recorded.
a) Subsidiary book b) Purchase book c) cash book d) Bills receivable book
- 3) _____ book to record bills accepted or promissory notes given.
a) Cash book b) Bills payable book c) Bills receivable book d) Subsidiary book
- 4) Purchases book is used to record
(a) all purchases of goods (b) all credit purchases of assets
(c) all credit purchases of goods (d) all purchases of assets
- 5) Sales book is used to record
(a) all sales of goods (b) all credit sales of assets
(c) all credit sales of goods (d) all sales of assets and goods
- 6) A periodic total of the purchases book is posted to the
(a) debit side of the purchases account (b) debit side of the sales account
(c) credit side of the purchases account (d) credit side of the sales account
- 7) The total of the sales book is posted periodically to the credit of
(a) Sales account (b) Cash account
(c) Purchases account (d) Journal proper
- 8) Purchase returns book is used to record
(a) returns of goods to the supplier for which cash is not received immediately
(b) returns of assets to the supplier for which cash is not received immediately
(c) returns of assets to the supplier for which cash is received immediately
(d) None of the above
- 9) Sales return book is used to record
(a) Returns of goods by the customer for which cash is paid immediately
(b) Returns of goods by the customer for which cash is not paid immediately
(c) Returns of assets by the customer for which cash is not paid immediately
(d) Returns of assets by the customer for which cash is paid immediately
- 10) Purchases of fixed assets on credit basis is recorded in
(a) Purchases book (b) Sales book (c) Purchases returns book (d) Journal proper
- 11) The source document or voucher used for recording entries in sales book is
(a) Debit note (b) Credit note (c) Invoice (d) Cash receipt
- 12) Which of the following statements is not true?
(a) Cash discount is recorded in the books of accounts
(b) Assets purchased on credit are recorded in journal proper
(c) Trade discount is recorded in the books of accounts
(d) 3 grace days are added while determining the due date of the bill
- 13) Closing entries are recorded in
(a) Cash book (b) Ledger (c) Journal proper (d) Purchases book
- 14) Cash book is a
(a) Subsidiary book (b) Principal book
(c) Journal proper (d) Both subsidiary book and principal book

“The less you respond to negative people, the more peaceful your life will become.”

•• DHOSTH GUIDES ••

- 15) When a firm maintains a simple cash book, it need not maintain
 (a) Sales account in the ledger (b) Purchases account in the ledger
 (c) Capital account in the ledger (d) Cash account in the ledger
- 16) In Triple column cash book, the balance of bank overdraft brought forward will appear in
 (a) Cash column debit side (b) Cash column credit side
 (c) Bank column debit side (d) Bank column credit side
- 17) Which of the following is recorded as contra entry?
 (a) Withdrew cash from bank for personal use
 (b) Withdrew cash from bank for office use
 (c) Direct payment by the customer in the bank account of the business
 (d) When bank charges interest
- 18) If the debit and credit aspects of a transaction are recorded in the cash book, it is
 (a) Contra entry (b) Compound entry (c) Single entry (d) Simple entry
- 19) The balance in the petty cash book is
 (a) An expense (b) A profit (c) An asset (d) A liability
- 20) Small payments are recorded in a book called
 (a) Cash book (b) Purchase book (c) Bills payable book (d) Petty cash book

PART - II

7 X 2 = 14

ANSWER ANY SEVEN QUESTIONS Q NO 30 IS COMPULSORY

- 21) What is a petty cash book?
 22) Give the format of 'Double column cash book'
 23) What is trade discount?
 24) Give the format for three column cash book?
 25) What are the types of petty cash book?
 26) What is sales book?
 27) What is purchases book?
 28) What is an opening entry?
 29) What is an invoice?
 30) What is journal proper?

PART - III

7 X 3 = 21

ANSWER ANY SEVEN QUESTIONS Q NO 40 IS COMPULSORY

- 31) Give the format of purchases book.
 32) What are the advantages of subsidiary books?
 33) Explain the due date and days of grace?
 34) Enter the following transactions in returns inward book of Magesh a textile dealer:
 2017 April
 6 Returned by Shankar 30 shirts each costing ' 150 due to inferior quality.
 8 Amar Tailors returned 10 T-shirts, each costing ' 100, on account of being not in accordance with their order.
 21 Prema Stores returned 12 Salwar sets each costing ' 200, being not in accordance with Order
- 35) Give the note on Drawer ,Drawee and Payee
 36) Enter the following transactions in a simple cash book of Kunal:
 2017 Jan. '
 1 Cash in hand 11,200
 5 Received from Ramesh 300
 7 Paid rent 30

•• DHOSTH GUIDES ••

- | | | |
|----|------------------------------|-----|
| 8 | Sold goods for cash | 300 |
| 10 | Paid Mohan | 700 |
| 27 | Purchased furniture for cash | 200 |
| 31 | Paid salaries | 100 |
- 37) Explain the contra entry?
- 38) Write the advantages of maintaining petty cash book
- 39) Explain the meaning of imprest system of petty cash book.
- 40) Enter the following transactions in a single column cash book of Seshadri for May, 2017.
- May ‘
- | | | |
|----|--|--------|
| 1 | Cash in hand | 40,000 |
| 5 | Cash received from Swathi | 4,000 |
| 7 | Paid wages in cash | 2,000 |
| 10 | Purchased goods from Sasikala for cash | 6,000 |
| 15 | Sold goods for cash | 9,000 |
| 18 | Purchased computer | 15,000 |
| 22 | Cash paid to Sabapathi | 5,000 |
| 28 | Paid salary | 2,500 |
| 30 | Interest received | 500 |

PART - IV**7 X 5 = 35****ANSWER ALL THE QUESTIONS**

- 41) a) Enter the following transaction in Chandran's cash book with cash and discount column.**

2017 Nov ‘

1	Cash balance	22,000
2	Cash Sales	14,000
3	Credit sales to Govindan	12,000
4	Credit purchases from Balaraman	27,000
5	Cash purchases	8,800
8	Govindan settled his account @ 2% cash discount	
12	Paid Balaraman ‘ 26,800 and settle his account	
15	Cash withdrawn for personal expenses	4,000
28	Cash paid into Bank	5,000
29	Received from Madhan ‘ 4,800 in settlement of his account for	5,000
30	Paid salaries in cash	4,000

(Or)

- b) From the following transactions prepare three column cash book of Udhayakumar**

2017 Sep ‘

1	Cash balance	25,000
1	Bank Balance (cr.)	13,070
3	Paid into bank	15,000
4	Received cash from Shyamala & Co.,	9,380
	Discount allowed to them	‘ 120
10	Goods sold for cash	7,600
11	Cash purchases	11,750
12	Gave Padma a Cheque for ‘ 21,375 and was allowed a discount of	125
18	Purchased a printer by cheque	7,600
23	Received cash from Rajasekar	14,320
	Discount allowed to him ‘	180

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42) a) Prepare analytical petty cash book in the books of Robert from the following transactions.

2017 Sept ‘

1	Balance in hand	230
	Received a cheque to make the imprest amount	2,270
2	Postage	314
8	Railway freight	280
10	Repairs to computer	405
12	Printing charges	500
16	Refreshments to customers	72
20	Pen and ink purchased	183
22	Paid auto Charges	75

(Or)

b) Write out a cash book with discount, cash and bank columns in the books of Mahendran. (three column cash book)

2017 Oct ‘

1	Cash balance	12,000
	Bank balance	48,500
3	Received a cheque from Kesavan	15,850
	Allowed him discount	150
4	Paid Shanmuganathan cheque for allowed by him	‘ 7950 and discount 50
6	Cash Sales	17,800
7	Paid Sivasamy in cash	10,000
15	Withdrew cash from bank	6,000
17	Purchased goods and payment made through credit card	14,500
20	Received cash from Janarthanam allowed to him	Rs. 10,000 and discount 100
21	Cash remitted into bank through CDM	12,000
24	Bought furniture for office use by cash	15,000
28	Deepavali advance paid to staff through bank	10,000
30	Salary for staff paid by cash	4,500
	Salary of Manager paid by through net banking	12,500

43) a) Prepare analytical petty cash book from the following particulars under imprest system:

2017 July ‘

1	Received advance form cashier	2,000
7	Paid for writing pads and registers	100
8	Purchased white papers	50
10	Paid auto charges	200
15	Paid wages	300
18	Postal charges	100
21	Purchased stationery	450
23	Tea expenses	60
25	Paid for speed post	150
27	Refreshment expenses	250
31	Paid for carriage	150

(Or)

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- b) From the following information prepare an analytical petty cash book under imprest system:

2017 Oct. ‘

1	Received from the cashier	2,500
2	Paid for wages	260
5	Paid for stationery	300
6	Bus fare to workmen	200
12	Refreshment to customers	180
16	Paid for carriage	160
20	Paid for conveyance	188
25	Paid for travelling expenses	320
27	Paid for revenue stamps	48
28	Paid for office cleaning	140
29	Pain for letters by registered post to suppliers	180
30	Paid for taxi hire	219

- 44) a) Difference between cash discount and Trade discount?

(Or)

- b) From the following information, prepare the necessary subsidiary books for Nalanda Book Stores.

2017

Dec. 1	Bought from M/s. Umadevi on credit 100 copies Business Statistics Book @ ‘ 80 each 100 copies Accountancy Book @ ‘ 150 each
Dec. 7	Sold to Sridevi & Co., on credit 240 copies Business Statistics @ ‘ 90 each 250 copies Accountancy books @ ‘ 170 each
Dec. 10	Bought from Subha & Co., 40 Copies Economics books @ ‘ 80 each Less: 15% Trade Discount
Dec. 15	Returned to M/s. Uma Devi 10 copies of damaged Accountancy book for which cash is not received
Dec. 18	Sold to Gupta Bros., on credit 200 copies of Economics book @ ‘ 95 each
Dec. 26	Returned 6 copies of Economics books to Subha & Co.b)

- 45) a) Record the following transactions in the sales book and sales returns book of M/s. Ponni & Co., and post them to ledger.

2017

Aug 1	Sold goods to Senthil as per Invoice No. 68 for ‘ 20,500 on credit
Aug 4	Sold goods to Madhavan as per Invoice No. 74 for ‘ 12,800 on credit
Aug 7	Sold goods to Kanagasabai as per Invoice No. 78 for ‘ 7,500 on credit
Aug 15	Returns inward by Senthil as per Credit Note no. 7 for ‘ 1,500 for which cash is not paid
Aug 20	Sold goods to Selvam for ‘ 13,300 for cash
Aug 25	Sales returns of ‘ 1,800 by Madhavan as per Credit Note No. 11 for which cash is not paid

(or)

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b) Enter the following transactions in the purchases and sales books of Kannan, an automobile dealer, for the month of December, 2017.

2017 ‘

Dec. 1	Bought from Sumathi gear boxes on credit	17,800
Dec. 4	Sold goods to Rani on credit	15,200
Dec. 6	Purchased goods on credit from Mani	7,000
Dec. 10	Sold goods on credit to Saranya	12,500
Dec. 17	Sold goods to Hussain on credit	13,250
Dec. 21	Purchased goods on credit from Raghunathan	10,000
Dec. 26	Sold goods to Shyam for cash	3,000

46) a) Write any five features of Bill of Exchange?

(Or)

b) Mention the subsidiary books in which the following transactions are recorded.

- (i) Sale of goods for cash
- (ii) Sale of goods on credit
- (iii) Purchases of goods on credit
- (iv) When the proprietor takes goods for personal use
- (v) Goods returned to suppliers for which cash is not received immediately
- (vi) Asset purchased as credit.

47) a) Record the following transactions of Vijay Electrical & Co., in the purchases book, purchases returns book, sales book and sales returns book.

2017

Jan 1 Purchased on credit from Preethi & Co.,
25 table fans @ ‘ 1,400 each
10 fans @ ‘ 2,000 each

Add: Auto charges @ ‘ 100

Jan 5 Sold on credit to Sheela & co.,
10 electric iron box @ ‘ 1,250 each
20 electric stoves @ ‘ 450 each

Less: 10% Trade discount

Jan 10 Purchased for cash from Brinda & Co.,
10 electric stoves @ ‘ 1,300 each

Jan 18 Returned to Preethi & Co.,
5 table fans being defective for which cash is not received

Jan 20 Purchased from Sathya & Co.,
10 fans @ ‘ 1,200 each

Less: Trade discount 5%

Jan 21 Sheela & Co., returned 3 electric iron boxes as defective for which cash is not paid

Jan 23 Purchased from Elizabeth & Co., 10 water purifiers @ ‘ 4,700 each on credit

Jan 25 Sold on credit to M/s. Bhavani & Co., 7 fans @ ‘ 1,450 each

Jan 27 Returned to Sathya & Co., 2 damaged fans for which cash is not received

(Or)

b) Write any five important terms of bill of exchange?

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MODEL PAPER - 6**11TH STANDARD ACCOUNTANCY****PART - I****20 X 1 = 20****ANSWER ALL THE QUESTIONS****Choose The Correct Answer**

- 1) _____ will remain in the books until the location and rectification of errors.
a) Real account b) Nominal account c) Cash account d) suspense account
- 2) 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
- 3) Under the written down value method of depreciation, the amount of depreciation is
(a) Uniform in all the years (b) Decreasing every year
(c) Increasing every year (d) None of the above
- 4) Cash received from sale of fixed asset is credited to
(a) Profit and loss account (b) Fixed asset account
(c) Depreciation account (d) Bank account
- 5) Depreciation is provided on
(a) Fixed assets (b) Current assets
(c) Outstanding charges (d) All assets
- 6) Depreciation is caused by
(a) Lapse of time (b) Usage (c) Obsolescence (d) a, b and c
- 7) For which of the following assets, the depletion method is adopted for writing off cost of the asset?
(a) Plant and machinery (b) Mines and quarries
(c) Buildings (d) Trademark
- 8) A depreciable asset may suffer obsolescence due to ____
(a) Passage of time (b) Wear and tear
(c) Technological changes (d) None of the above.
- 9) Which method shall be efficient, if repairs and maintenance cost of an asset increases as it grows older.
(a) Straight line method (b) Reducing balance method
(c) Sinking fund method (d) Annuity method
- 10) If the rate of depreciation is same, then the amount of depreciation under straight line method vis-à-vis written down value method will be
(a) Equal in all years
(b) Equal in the first year but higher in subsequent years
(c) Equal in the first year but lower in subsequent years
(d) Lower in the first year but equal in subsequent years.
- 11) Residual value of an asset means the amount that it can fetch on sale at the ____ of its useful life.
(a) Beginning (b) End (c) Middle (d) None
- 12) 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

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- 13) Errors not affecting the agreement of trial balance are
 - (a) Errors of principle
 - (b) Errors of overcasting
 - (c) Errors of undercasting
 - (d) Errors of partial omission
- 14) 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
- 15) 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
- 16) A transaction not recorded at all is known as an error of
 - (a) Principle
 - (b) Complete omission
 - (c) Partial omission
 - (d) Duplication
- 17) Which of the following errors will not affect the trial balance?
 - (a) Wrong balancing of an account
 - (b) Posting an amount in the wrong account but on the correct side
 - (c) Wrong totalling of an account
 - (d) Carried forward wrong amount in a ledger account
- 18) Goods returned by Senguttuvan were taken into stock, but no entry was passed in the books. While rectifying this error, which of the following accounts should be debited?
 - (a) Senguttuvan account
 - (b) Sales returns account
 - (c) Returns outward account
 - (d) Purchases returns account
- 19) 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
- 20) Which of the following errors will be rectified using suspense account?
 - (a) Purchases returns book was undercast by ₹ 100
 - (b) Goods returned by Narendran was not recorded in the books
 - (c) Goods returned by Akila ₹ 900 was recorded in the sales returns book as ₹ 90
 - (d) A credit sale of goods to Ravivarman was not entered in the sales book.

PART - II

7 X 2 = 14

ANSWER ANY SEVEN QUESTIONS QNO 30 IS COMPULSORY

- 21) List out the various methods of depreciation.
- 22) What is annuity method?
- 23) A company purchased a building for ₹ 50,000. The useful life of the building is 10 years and the residual value is ₹ 2,000. Find out the amount and rate of depreciation under straight line method.
- 24) A company has purchased a machinery for ₹ 1,80,000 and spent ₹ 10,000 for its installation. The estimated life of the machinery is 5 years with a residual value of ₹ 15,000. Find out the amount of depreciation to be provided every year.
- 25) What is sinking fund method?
- 26) State the account/s affected in each of the following errors:
 - (a) Goods sold to Vasu on credit for ₹ 1,000 was not recorded in the sales book.
 - (b) The total of sales book ₹ 2,500 was posted twice.
- 27) Rectify the following errors discovered before the preparation of the trial balance:
 - (a) Sales book was undercast by ₹ 100
 - (b) Purchases returns book was overcast by ₹ 200
- 28) What are compensating errors?
- 29) What is meant by rectification of errors?
- 30) The following errors were detected before preparation of trial balance. Rectify them.
 - (a) Purchases returns book is undercast by ₹ 500.

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- (b) Purchases returns book is overcast by ₹ 600.
 (c) Sales returns book is undercast by ₹ 700.
 (d) Sales returns book is overcast by ₹ 800.

PART - III

7 X 3 = 21

ANSWER ANY SEVEN QUESTIONS Q NO 40 IS COMPULSORY

- 31) The following errors were detected before preparation of the trial balance. Rectify them.
- A sum of ₹ 5,000 written off as depreciation on buildings has not been posted to depreciation account.
 - Payment of wages ₹ 2,000 to Venkat was posted twice to wages account.
 - An amount of ₹ 250 for a credit sale of goods to Nila, although correctly entered in the sales book, has been posted as ₹ 200.
- 32) The following errors were located before the preparation of the trial balance. Rectify them.
- Goods sold to Anand for ₹ 1,000 on credit was not entered in the sales book.
 - An amount of ₹ 400 paid for repairs to the machinery stands wrongly posted to machinery account.
 - Salaries ₹ 2,000 paid to Gandhiraj was wrongly debited to his personal account in the ledger.
- 33) Write a note on error of principle by giving an example.
- 34) What are the errors disclosed by a trial balance?
- 35) Rectify the following errors before the preparation of trial balance:
- Returns outward book was undercast by ₹ 2,000
 - Returns inward book total was taken as ₹ 15,000 instead of ₹ 14,000
 - The total of the purchases account was carried forward ₹ 100 less
- 36) What are the characteristics of depreciation?
- 37) 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 ₹ 1,00,000
 January 1, 2016 Transportation cost ₹ 1,000
 January 1, 2016 Installation cost ₹ 9,000
 Estimated scrap value at the end of the life ₹ 5,000
 Estimated life 10 years
- 38) Joy and Co. purchased machinery on 1st April 2016 for ₹ 75,000. On 31st March 2018, it sold the machinery for ₹ 62,000. Depreciation is to be provided every year at 10% per annum on the fixed instalment method. Accounts are closed on 31st March every year. Find out the profit or loss on sale of machinery.
- 39) Calculate the rate of depreciation under straight line method.
- Purchase price of a machine ₹ 80,000
 Expenses to be capitalised ₹ 20,000
 Estimated residual value ₹ 4,000
 Expected useful life 4 years
- 40) What are the causes for depreciation?

PART - IV

7 X 5 = 35

ANSWER ALL THE QUESTIONS

- 41) a) On 1st October 2014, a truck was purchased for ₹ 8,00,000 by Laxmi Transports Ltd. Depreciation was provided @ 15% p.a. under diminishing balance method. On 31st March 2017, the above truck was sold for ₹ 5,00,000. Accounts are closed on 31st March every year. Find out the profit or loss made on the sale of the truck.

(Or)

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b) Raj & Co purchased a machine on 1st January 2014 for ₹ 90,000. On 1st July 2014, they purchased another machine for ₹ 60,000. On 1st January 2015, they sold the machine purchased on 1st January 2014 for ₹ 40,000. It was decided that the machine be depreciated at 10% per annum on diminishing balance method. Accounts are closed on 31st December every year. Show the machinery account for the years 2014 and 2015.

42) a) A Ltd., purchased a machine on 1st January 2014 for ₹ 60,000. On 1st July 2014, it purchased another machine for ₹ 50,000. On 1st July 2015, the company sold the machine purchased on 1st January 2014 for ₹ 40,000. It was decided that the machine be depreciated at 10% per annum on diminishing balance method. Show the machinery account for the years 2014 to 2016. The accounts are closed on December 31st, every year.

(Or)

B) A company purchased machinery costing ₹ 90,000 on January 1, 2015 and spent ₹ 10,000 on its erection. On July 1, 2017, the machinery was sold for ₹ 58,000. The company writes off depreciation at 20% p.a. under written down value method. Prepare machinery account. The books are closed on 31st December every year.

43) a) Anand bought a machinery for ₹ 1,00,000 on 1-1-2015. On 1-6-2016, he bought another machine for ₹ 50,000. On 1-10-2017, he purchased another machine for ₹ 20,000. Provide depreciation at 10% p.a. on straight line method. Prepare machinery account for the years 2015 to 2017 by using accounts by assuming accounts are closed on 31st December every year.

(Or)

b) Distinguish between straight line method and written down value method of providing depreciation.

44) a) State the advantages and limitations of written down value method of depreciation. (any five)

(Or)

b) The book-keeper of a firm found that the trial balance was out by ₹ 922 (excess credit). He placed the amount in the suspense account and subsequently found the following errors:

- The total of discount column on the credit side of the cash book ₹ 78 was not posted in the ledger.
- The total of purchases book was short by ₹ 1,000.
- A credit sale of goods to Natarajan for ₹ 375 was entered in the sales book as ₹ 735.
- A credit sale of goods to Mekala for ₹ 700 was entered in the purchases book. You are required to give rectification entries and prepare suspense account.

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

- Machinery purchased for ₹ 3,500 was debited to purchases account.
- ₹ 1,800 paid to Raina as salary was debited to his personal account.
- Interest received ₹ 200 was credited to commission account.
- Goods worth ₹ 1,800 purchased from Amudhanila on credit was not recorded in the books of accounts.
- Used furniture sold for ₹ 350 was credited to sales account.

(Or)

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- b) **A book-keeper finds that the debit column of the trial balance is short by ‘ 308 and the difference is put to a suspense account. Subsequently, the following errors were located.**
- An entry for sale of goods on credit for ‘ 102 to Mekala was posted to her account as ‘ 120.
 - ‘ 100 being the monthly total of discount allowed to customers was credited to discount received account in the ledger.
 - ‘ 275 paid by Mannan was credited to Kannan account.
 - ‘ 26 appearing in the cash book as paid for the purchase of stationery for office use has not been posted to ledger.
 - The purchases book was undercast by ‘ 100. Rectify the errors and prepare suspense account.
- 46) a) **The following errors were located after the preparation of the trial balance. Assume that there exists a suspense account. Pass journal entries to rectify them.**
- The total of purchases book was undercast by ‘ 100.
 - The total of the discount column on the debit side of cash book ‘ 575 were not posted.
 - The total of one page of the sales book for ‘ 5,975 were carried forward to the next page as ‘ 5,795.
 - Salaries ‘ 1,800 were posted as ‘ 18,000.
 - Purchase of goods on credit from Mukilan for ‘ 150 have been posted to his account as ‘ 1,500.

(Or)

- b) **Pass journal entries to rectify the following errors located after the preparation of the trial balance. Assume that there exists a suspense account.**
- The total of sales book was undercast by ‘ 2,000.
 - The purchase of machinery for ‘ 3,000 was entered in the purchases book.
 - A credit sale of goods for ‘ 45 to Mathi was posted in his account as ‘ 54.
 - The purchases returns book was overcast by ‘ 200.
 - The total of sales book ‘ 1,122 were wrongly posted in the ledger as ‘ 1,222.

- 47) a) **Give a short note on Errors in computerised accounting?**

(Or)

- b) **The following errors were located after the preparation of trial balance. The difference in trial balance has been taken to suspense account. Rectify them.**
- The total of purchases book was carried forward ‘ 70 less.
 - The total of sales book was carried forward ‘ 340 more.
 - The total of purchases book was carried forward ‘ 150 more.
 - The total of sales book was carried forward ‘ 200 less.
 - The total of purchase returns book was carried forward ‘ 350 less.



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- 17) Goodwill is classified as
 (a) A current asset (b) A liquid asset
 (c) A tangible asset (d) An intangible asset
- 18) The _____ contains columns for debit balances and credit balances.
 a) Balance sheet b) Trial balance c) Debit note d) Credit note
- 19) Contingent liabilities are not shown in the _____
 a) Debit balance b) credit balance c) Balance sheet d) Purchase account
- 20) _____ assets are those which have physical existence or which can be seen and felt.
 a) Fixed assets b) Tangible fixed asset
 c) Intangible fixed asset d) Current asset

PART - II

7 X 2 = 14

ANSWER ANY SEVEN QUESTIONS Q NO 30 IS COMPULSORY

- 21) What is the need for preparing profit and loss account?
 22) Mention any two differences between trial balance and balance sheet.
23) Prepare trading account in the books of Mr.Sanjay for the year ended 31st December 2017:

Particulars	Rs ‘
Opening stock	570
Sales	26,200
Sales returns	60
Purchases	15,800
Purchases returns	90
Closing stock	860

- 24) From the following balances taken from the books of Saravanan, calculate gross profit for the year ended December 31, 2017**

Particulars	Rs
Opening stock	150000
Direct expenses	8000
Closing stock	25000
Net sales during the year	400000
Net purchases during the year	150000

- 25) What is called wasting asset?
 26) What is capital expenditure?
 27) Write a short note on revenue receipt.
 28) State with reasons whether the following are capital or revenue expenditure:
 i. Expenses incurred in connection with obtaining a licence for starting the factory for ‘ 25,000.
 ii. A factory shed was constructed at a cost of ‘ 2,00,000. A sum of ‘ 10,000 had been incurred in the construction of temporary huts for storing building material.
 iii. Overhaul expenses of second-hand machinery purchased amounted to ‘ 5,000.
 29) State with reasons whether the following are capital or revenue or deferred revenue expenditure:
 i) Advertisement expenses amounted to ‘ 10 crores to introduce a new product.
 ii) Expenses on freight for purchasing new machinery.
 iii) Freight and insurance on the new machinery and cartage paid to bring the new machinery to the factory.
 30) What is meant by deferred revenue expenditure?

PART - III

7 X 3 = 21

ANSWER ANY SEVEN QUESTIONS Q NO 40 IS COMPULSORY

- 31) Distinguish between capital expenditure and revenue expenditure.

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- 32) State whether they are capital and revenue.
- Construction of building ' 10,00,000.
 - Repairs to furniture ' 50,000.
 - White-washing the building ' 80,000
 - Pulling down the old building and rebuilding ' 4,00,000
- 33) Distinguish between capital receipt and revenue receipt.
- 34) Classify the following items into capital and revenue.
- ' 50,000 spent for railway siding.
 - Loss on sale of old furniture
 - Carriage paid on goods sold.
- 35) What is revenue receipt and give some examples?
- 36) What is opening entry ?
- 37) "Balance sheet is not an account"- Explain.
- 38) Find out the amount of sales from the following information.
- | | |
|-----------------------|--------|
| Opening stock | 20,000 |
| Purchase less returns | 70000 |
| Direct expenses | 10000 |
| Closing stock | 30000 |
| Gross profit margin | 20% |
- 39) What are the basic aspects of Need for preparing profit and loss account?
- 40) What are methods of drafting a balance sheet?

PART - IV**7 X 5 = 35****ANSWER ALL THE QUESTIONS**

- 41) A) From the following balances extracted from the books of a trader, ascertain gross profit and net profit for the year ended March 31, 2017.

Particulars	Rs	Particulars	Rs
Sales	72,250	Purchases	32,250
Opening stock	7,600	Sales returns	1,250
Purchases returns	250	Rent	300
Stationery and printing (office)	250	Salaries	3,000
Miscellaneous expenses	200	Travelling expenses (on sales)	1,800
Advertisement	500	Commission paid	150
General expenses	2,500	Office Expenses	1,600
Dividend received	2,500	Wages	2,600
Loss on sale of old furniture	300	Profit on sale of investments	500

(Or)

- b) Prepare trading and profit and loss account in the books of Ramasundari for the year ended 31st December, 2017 and balance sheet as on that date from the following information:

Particulars	Rs	Particulars	Rs
Opening stock	2,500	Sales	7,000
Wages	2,700	Purchases	3,300
Closing Stock	4,000	Salary	2,600
Discount received	2,500	Capital	52,000
Machinery	52,000	Cash at Bank	6,400
Creditors	8,000		

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42) a) What are characteristics of balance sheet?

(Or)

b) What are the classification of assets and liabilities? (Any five points)

43) a) From the following information, prepare trading and profit and loss account of Abdul Rahuman for the year ending 31st December, 2016 and balance sheet as on that date. The closing stock on 31st December, 2016 was valued at ₹ 2,000.

Particulars	Rs	Particulars	Rs
Opening stock	500	Purchases	1,300
Sales	5,000	Wages	700
Discount received	500	Salary	500
Building	50,000	Capital	50,000
Cash in hand	4,500		

(Or)

b) From the following information, prepare profit and loss account for the year ended 31st December, 2017.

Particulars	Rs	Particulars	Rs
Gross profit b/d	60,000	Interest received	2,100
Freight outward	15,000	Financial charges	4,000
Packing charges (on sales)	12,000	Repairs on vehicles used in office	8,000
Salesmen commission paid	1,300	Depreciation on vehicles used in office	3,000
Promotional expenses	10,200	Interest paid	9,000
Office telephone expenses	22,400	Rent received	7,000
Bad debts recovered	4,000	Carriage inwards	4,000

44) a) From the following trial balance of Sharan, prepare trading and profit and loss account for the year ending 31st December, 2017 and balance sheet as on that date. The closing stock on 31st December, 2017 was valued at ₹ 2,50,000.

Debit balance	Rs	Credit balance	Rs
Stock (1-1-2017)	2,00,000	Sundry creditors	12,000
Purchases	7,50,000	Purchases returns	30,000
Carriage inwards	75,000	Sales	10,20,000
Wages	3,65,000	Commission received	53,000
Salaries	1,20,000	Capital	33,00,000
Repairs	12,000		
Rent and taxes	2,80,000		
Cash in hand	97,000		
Land	21,50,000		
Drawings	1,66,000		
Bank deposits	2,00,000		
	44,15,000		44,15,000

(Or)

b) State whether the following are capital, revenue and deferred revenue.

- Legal fees paid to the lawyer for acquiring a land ₹ 20,000.
- Heavy advertising cost of ₹ 12,00,000 spent on introducing a new product.
- Renewal of factory licence ₹ 12,000.
- A sum of ₹ 4,000 was spent on painting the factory.

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45) a) Classify the following receipts into capital and revenue.

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

(Or)

b) Identify the following items into capital or revenue.

- i) Audit fees paid ₹ 10,000.
- ii) Labour welfare expenses ₹ 5,000.
- iii) ₹ 2,000 paid for servicing the company vehicle.
- iv) Repair to furniture purchased second hand ₹ 3,000.
- v) Rent paid for the factory ₹ 12,000

46) a) Classify the following expenditures and receipts as capital or revenue:

- i) ₹ 10,000 spent as travelling expenses of the directors on trips abroad for the purchase of fixed assets.
- ii) Amount received from trade receivables during the year.
- iii) Amount spent on demolition of building to construct a large building on the same site.
- iv) Insurance claim received on account of a machinery damaged by fire.

(Or)

b) Classify the following expenses as capital or revenue.

- i) The sum of ₹ 3,200 has been spent on a machine as follows:
 - a) ₹ 2,000 for additions to double the output.
 - b) ₹ 1,200 for repairs necessitated by negligence.
- ii) Overhauling expenses of ₹ 25,000 for the engine of a motor car to get better fuel efficiency.

47) a) State whether the following are capital or revenue items.

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

(Or)

b) Difference between Capital, Revenue and deferred revenue expenditure.



MODEL PAPER - 8**11TH STANDARD ACCOUNTANCY****PART - I****20 X 1 = 20****CHOOSE THE CORRECT ANSWER**

- 1) In accounting, computer is commonly used in the following areas:
 - (a) Recording of business transactions
 - (b) Payroll accounting
 - (c) Stores accounting
 - (d) All the above
- 2) Which one is not a component of computer system?
 - (a) Input unit
 - (b) Output unit
 - (c) Data
 - (d) Central Processing Unit
- 3) Customised accounting software is suitable for
 - (a) Small, conventional business
 - (b) Large, medium business
 - (c) Large, typical business
 - (d) None of the above
- 4) One of the limitations of computerised accounting system is
 - (a) System failure
 - (b) Accuracy
 - (c) Versatility
 - (d) Storage
- 5) An example of output device is
 - (a) Mouse
 - (b) Printer
 - (c) Scanner
 - (d) Keyboard
- 6) Expand CAS
 - (a) Common Application Software
 - (b) Computerised Accounting System
 - (c) Centralised Accounting System
 - (d) Certified Accounting System
- 7) TALLY is an example of
 - (a) Tailor-made accounting software
 - (b) Ready-made accounting software
 - (c) In-built accounting software
 - (d) Customised accounting software
- 8) Which one of the following is not a method of codification of accounts?
 - (a) Access codes
 - (b) Sequential codes
 - (c) Block codes
 - (d) Mnemonic codes
- 9) People who write codes and programmes are called as
 - (a) System analysts
 - (b) System designers
 - (c) System operators
 - (d) System programmers
- 10) Accounting software is an example of
 - (a) System software
 - (b) Application software
 - (c) Utility software
 - (d) Operating software
- 11) A prepayment of insurance premium will appear in
 - (a) The trading account on the debit side
 - (b) The profit and loss account on the credit side
 - (c) The balance sheet on the assets side
 - (d) The balance sheet on the liabilities side
- 12) Net profit is
 - (a) Debited to capital account
 - (b) Credited to capital account
 - (c) Debited to drawings account
 - (d) Credited to drawings account
- 13) Closing stock is valued at
 - (a) Cost price
 - (b) Market price
 - (c) Cost price or market price whichever is higher
 - (d) Cost price or net realisable value whichever is lower
- 14) Accrued interest on investment will be shown
 - (a) On the credit side of profit and loss account
 - (b) On the assets side of balance sheet
 - (c) Both (a) and (b)
 - (d) None of these
- 15) If there is no existing provision for doubtful debts, provision created for doubtful debts is
 - (a) Debited to bad debts account
 - (b) Debited to sundry debtors account
 - (c) Credited to bad debts account
 - (d) Debited to profit and loss account

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- 16) A bank statement is a copy of
 (a) Cash column of the cash book (b) Bank column of the cash book
 (c) A customer's account in the bank's book (d) Cheques issued by the business
- 17) A bank reconciliation statement is prepared to know the causes for the difference between:
 (a) The balance as per the cash column of the cash book and bank column of the cash book
 (b) The balance as per the cash column of the cash book and bank statement
 (c) The balance as per the bank column of the cash book and the bank statement
 (d) The balance as per petty cash book and the cash book
- 18) When money is withdrawn from bank, the bank
 (a) Credits customer's account (b) Debits customer's account
 (c) Debits and credits customer's account (d) None of these
- 19) Which of the following is not the salient feature of bank reconciliation statement?
 a) Any undue delay in the clearance of cheques will be shown up by the reconciliation
 b) Reconciliation statement will discourage the accountant of the bank from embezzlement
 c) It helps in finding the actual position of the bank balance
 d) Reconciliation statement is prepared only at the end of the accounting period
- 20) Balance as per cash book is '2,000. Bank charge of '50 debited by the bank is not yet shown in the cash book. What is the bank statement balance now?
 (a) '1,950 credit balance (b) '1,950 debit balance
 (c) '2,050 debit balance (d) '2,050 credit balance

PART - II**7 X 2 = 14****ANSWER ANY SEVEN QUESTIONS Q NO 30 IS COMPULSORY**

- 21) What is a computer?
 22) What is hardware?
 23) What is accounting software?
 24) Give any two examples of readymade software.
 25) What is grouping of accounts?
 26) What are adjusting entries?
 27) What is outstanding expense?
 28) What is prepaid expense?
 29) Pass adjusting entries for the following:
 (a) The closing stock was valued at '5,000
 (b) Outstanding salaries '150
 (c) Insurance prepaid '450
 (d) '20,000 was received in advance for commission.
 (e) Accrued interest on investments is '1,000.
- 30) On preparing final accounts of Suresh, bad debt account has a balance of '800 and sundry debtors account has a balance of '16,000 of which '1,200 is to be written off as further bad debts. Pass adjusting entry for bad debts. And also show how it would appear in profit and loss account and balance sheet

PART - III**7 X 3 = 21****ANSWER ANY SEVEN QUESTIONS Q NO 40 IS COMPULSORY**

- 31) What is CAS?
 32) What is meant by software?
 33) Name any Three accounting packages.
 34) What is coding?
 35) What are mnemonic codes?
 36) What is the need for preparing final accounts?
 37) What is meant by provision for doubtful debts? Why is it created?

•• DHOSTH GUIDES ••

- 38) For the following adjustments, pass adjusting entries:
- Outstanding wages ₹ 5,000.
 - Depreciate machinery by ₹ 1,000.
 - Interest on capital @ 5% (Capital: ₹ 20,000)
 - Interest on drawings ₹ 50
 - Write off bad debts ₹ 500
- 39) On 1st January, 2016, provision for doubtful debts account had a balance of ₹ 3,000. On December 31, 2016, sundry debtors amounted to ₹ 80,000. During the year, bad debts to be written off were ₹ 2,000. A provision for 5% was required for next year. Pass journal entries and show how these items would appear in the final accounts.
- 40) Give the adjusting entries for interest on capital and interest on drawings.

PART - IV**7X5=45****ANSWE ALL THE QUESTIONS**

41) a) What are the various types of accounting software?

(Or)

b) From the following information, prepare trading and profit and loss account and balance sheet in the books of Sangeetha for the year ending 31st March, 2018.

Debit balance		Credit balance	
Capital	20,000	Salaries	6,600
Bills receivable	8,000	Establishment expenses	4,500
Bills payable	10,500	Advertisement	2,300
Purchases	75,000	Furniture	10,000
Sales	95,000	Cash at bank	3,200
Opening stock	12,000	Miscellaneous receipts	600
Drawings	4,500		

Adjustments:

- Stock on 31st March, 2018 ₹ 14,200
- Income tax of Sangeetha paid ₹ 800
- Charge interest on drawings @ 12% p.a.
- Provide managerial remuneration @ 10% of net profit before charging such commission.

42) a) Mention any Five limitations of computerised accounting system.

(Or)

b) From the following trial balance of Subramaniam, prepare his trading and profit and loss account and balance sheet as on 31st December, 2016.

Debit balance		Credit balance	
Stock (on 1-1-2016)	36,000	Sundry creditors	44,000
Furniture	62,600	Capital	50,000
Sundry Debtors	32,000	Sales	1,60,000
Cash at bank	6,000	Returns outward	4,000
Purchases	80,000	Discount received	2,200
Drawings	1,000	Bills payable	10,600
Returns inward	10,000		
Salaries	21,200		
Freight on purchases	22,000		
	2,70,800		2,70,800

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Take into account the following adjustments:

- Charge interest on drawings at 8%.
- Outstanding salaries ₹ 3,000
- Closing stock was valued at ₹ 48,000
- Provide for 5% interest on capital

43) a) State the various types of coding methods.

(Or)

b) Prepare profit and loss account of Manoj for the year ending on 31st March, 2016

Particulars		Particulars	
Gross profit	25,000	Travelling expenses	500
Salaries	5,600	Stationery	75
Insurance	200	Rent	650
Discount allowed	400	Interest on loan	225
Discount received	300	Repairs	125
Commission received	100	Office expenses	55
Advertisement	450	General expenses	875
Printing charges	375	Postage	175

Adjustments:

- Salary outstanding ₹ 400
- Rent paid in advance ₹ 50
- Commission receivable ₹ 100

44) a) List out the various reports generated by computerised accounting system.

(Or)

b) From the trial balance of Ajith and the adjustments given below, prepare trading and profit and loss A/c for the year ended 31st March, 2016 and the balance sheet as on that date.

Particulars	Debit	Particulars	Credit
Opening stock	15,000	Capital	25,000
Furniture and fixtures	30,000	Returns outward	1,000
Purchases	40,000	Bills payable	10,000
Sales returns	2,000	Sales	1,24,000
Carriage inwards	10,000	Provision for doubtful debts	500
Office rent	23,000	Provision for discount on debtors	100
Sundry debtors	20,100		
Bank balance	19,600		
Bad debts	900		
	1,60,600		1,60,600

Adjustments:

- Stock at the end of the year was ₹ 8,000
- Further bad debts amounted to ₹ 100
- Create 2% provision for doubtful debts on sundry debtors
- Create 1% provision for discount on sundry debtors

45) a) State the input and output devices of a computer system.

(Or)

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b) Following are the extracts from the trial balance.

Particulars	Debit	credit
Sundry debtors	50,000	
Discount on debtors	1,000	
Bad debts	3,000	
Provision for doubtful debts		5,000
Provision for discount on debtors		2,000

Additional information:

- Additional bad debts ₹ 1,000
- Create a provision for doubtful debts @ 5% on sundry debtors.
- Create a provision for discount on debtors @ 2% on sundry debtors.

You are required to pass necessary journal entries and show how these items will appear in the final accounts.

46) a) Mr. Vivek took a loan of ₹ 2,00,000 from State Bank of India, Chennai and number of installments is 84 months. Calculate the rate assuming payments ₹ 3,300 per month using appropriate function.

(Or)

b) Prepare trading account from the following ledger balances presented by P. Sen as on 31st March, 2016.

Particulars		Particulars	
Stock (1-4-2015)	10,000	Sales	3,00,000
Purchases	1,60,000	Returns inward	16,000
Wages	30,000	Returns outward	10,000
Carriage inwards	10,000	Gas and Fuel	8,000
Freight inwards	8,000		

Additional information:

- Stock on 31st March, 2016 ₹ 20,000
- Outstanding wages amounted to ₹ 4,000
- Gas and fuel was paid in advance for ₹ 1,000

47) a) Difference between manual accounting and Computerised accounting

(Or)

b) From the following particulars presented by Thilak for the year ended 31st March, 2017, prepare profit and loss account.

Particulars		Particulars	
Gross profit	1,00,000	Interest received	6,000
Rent paid	22,000	Bad debts	2,000
Salaries	10,000	Provision for bad debts (1-4-2016)	4,000
Commission (Cr.)	12,000	Sundry debtors	40,000
Discount received	2,000	Buildings	80,000
Insurance premium paid	8,000		

Adjustments:

- Outstanding salaries amounted to ₹ 4,000
- Rent paid for 11 months
- Interest due but not received amounted to ₹ 2,000
- Prepaid insurance amounted to ₹ 2,000
- Depreciate buildings by 10%
- Further bad debts amounted to ₹ 3,000 and make a provision for bad debts @ 5% on sundry debtors
- Commission received in advance amounted to ₹ 2,000

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MODEL PAPER - 9

ACCOUNTANCY

PART - I

20 X 1 = 20

CHOOSE THE CORRECT ANSWER

- 1) Financial position of a business is ascertained on the basis of
 - a) Journal
 - b) Trial balance
 - c) Balancesheet
 - d) Ledger
- 2) In india accounting standard are issued by
 - a) Reserve bank of india
 - b) The cost and management accounting
 - c) The institute of chartered accountant of india
 - d) supreme court of india
- 3) Which one is refers to the persons other than humanbeings recognised by law of persons
 - a) Real account
 - b) Nominal account
 - c) Personal account
 - d) artificial personal account
- 4) J F means
 - a) Ledger page number
 - b) Journal page number
 - c) Voucher number
 - d) Order number
- 5) Trial balance is prepared
 - a) At the end of the year
 - b) On a particular date
 - c) For a year
 - d) none of the above
- 6) Purchases of fixed assets on credit basis is recorded in
 - a) Purchase book
 - b) Sales book
 - c) Purchase return book
 - d) Journal prpper
- 7) Petty cash may be used to pay
 - a) The expenses Relating to postage and conveyance
 - b) Salary to manager
 - c) Purchases of furniture and fixture
 - d) Purchase of raw materials
- 8) Balance as per cash book is Rs 2,000 bank charges of Rs 50 debited by the bank is not yet shown in the cash book What is the bank statement balance now?
 - a) Rs 1950 credit balance
 - b) Rs 1950 Debit balance
 - c) Rs 2050 Debit balance
 - d) Rs 2050 Credit balance
- 9) Errors not affecting the agreement of trial balance are
 - a) Errors of principle
 - b) Errors of overcasting
 - c) Error of understanding
 - d) Errors of partial omission
- 10) A company purchased a building for Rs 50,000 The useful life of the building is 10 years and the residual value is Rs 2000 find the amount of depreciation under straight line method.
 - a) Rs 5,000
 - b) Rs4,800
 - c) Rs4,000
 - d) Rs,4600
- 11) Amount spent on increasing the seating capacity in a cinema hallis
 - a) Capital expenditure
 - b) Revenue expenditure
 - c) Deferred revenue expenditure
 - d) None of the above
- 12) Goodwill is classified as
 - a) a current assets
 - b) a liquid assets
 - c) a tangible asset
 - d) an intangible asset
- 13) Net profit is
 - a) debited to capital account
 - b) Credited to capital account
 - c) Debited to drawings account
 - d) Credited to drawings account
- 14) TALLY is an example of
 - a) Tailor made accounting software
 - b) Ready made accounting software
 - c) In built accounting software
 - d) Customised accounting software
- 15) The total of the sales book is posted periodically to the credit of
 - a) sales account
 - b) Cash account
 - c) Purchase account
 - d) Journal proper

•• DHOSTH GUIDES ••

- 16) A firm has external liabilities of Rs 40000 and the capital of Rs 60000 its assets would be
 a) Rs 20000 b) Rs 1,00,000 c) Rs 60,000 d) None of the above
- 17) Real account deals with
 a) Expenses and losses b) Individual person c) Assets d) Income and gains
- 18) Supply of cash to business by the proprietor should be credited to
 a) Cash account b) Drawings account c) Capital account d) Suspense account
- 19) After the preparation of ledger the next step is the preparation of
 a) Trading account b) Trial balance c) Journal d) Profit and loss account
- 20) If the debit and credit aspects of a transaction are recorded in the cash book it is
 a) Contra entry b) Compound entry c) Single entry d) Simple entry.

PART - II

7 X 2 = 14

ANSWER ANY SEVEN QUESTIONS Q NO 21 IS COMPULSORY

- 21) Complete the missing terms
- | | | |
|-----------|---------------|-----------|
| a) Assets | = liabilities | + capital |
| 1,20,000 | = 80,000 | + ? |
| b) ? | =1,47,000 | + 53,000 |
- 22) List any two functions of accounting?
- 23) Define book keeping?
- 24) What are the source document?
- 25) What is an invoice?
- 26) Give the journal entry for the following transaction
- a) Paid salary by cheque Rs 3,000
- b) Cash deposited into bank Rs 5000
- 27) From the following particulars of siva and company prepare a bank reconciliation statement as on 31st December 2017
- a) Credit balance as per cash book Rs 12,000
- b) A cheque of Rs 1,200 issued and presented for payment to the bank wrongly credited in the cash book as Rs 2,100
- c) Debit side of bank statement was undercast by Rs 100
- 28) The following errors were detected before preparation of trial balance .Rectify them
- a) Purchase return book is undercast by Rs 500
- b) Sales return book is overcast by Rs 800
- 29) Calculate the rate of depreciation under straight line method from the following information
- Purchased a second hand machinery on 1.1.2018 for Rs 38,000
- On 1.1.2018 spent Rs 12,000 on its repairs
- Expected useful life of machine is 4 years
- Estimated residual value Rs .6000
- 30) The trial balance prepared on 31st December ,2016 shows sundry debtors as Rs 1,50,000. Adjustment Provide 5% for bad and doubtful debt on sundry debtors

PART - III

7 X 3 = 21

ANSWER ANY SEVEN QUESTIONS Q NO 40 IS COMPULSORY

- 31) Give any three objectives of accounting?
- 32) State its advantages of double entry system?
- 33) Distinguish between Journal and ledger
- 34) What are the advantages of subsidiary book
- 35) Distinguish between capital expenditure and revenue expenditure?

•• DHOSTH GUIDES ••

36) From the following Balance of Nathiya, Prepare the trial balance as on 31st march 2016

Particulars	Rs
Capital	60000
Discount received	3250
Purchases	58000
Plant and machinery	40000
Advertising expenses	5000
Sales	82000
Lightning	800
Drawings	5250
Car expenses	1200
Motor car	35000

37) Enter the following transactions in the purchases books of Ajina for month of December 2017

2017	Dec	1	Bought goods on credit From Sumathi	Rs 17,800.
		6	Purchased goods on credit from mani	Rs 7000
		21	Purchased goods on credit from Ragu	Rs 10,000
		26	Cash purchases on goods from dhanush	Rs 3000

38) Enter the following transactions in a single column cash book for the month of June 2017

2017	June	1	started business with cash	Rs 50,000
		8	Paid rent in cash	Rs 4,000
		11	Cash purchases	Rs 15,000
		14	Cash sales	Rs 10,000
		18	Purchased printer for cash	Rs 7,500

39) Calculate the amount of depreciation 10% under straight line method for the first two year

1.1.2016 purchases price of machine Rs 2,50,000
 On its repairing charges Rs 10,000
 Estimated residual value Rs 15,000.
 Expected useful life 5 years

40) The trial balance of suresh on 1.4.2016 shows buildings Rs 60,000 Adjustment - Calculate depreciation 5% on building Give adjusting entries.

PART - IV

7 X 5 = 35

ANSWER ALL THE QUESTIONS

41) a) Complete the missing terms.

S. No	Assets Rs	=	Liabilities Rs	+	Capital Rs
1	30,000	=	20,000	+	?
2	60,000	=	?	+	35,000
3	?	=	25,000	+	30,000
4	?	=	10,000	+	80,000
5	25,000	=	?	+	15,000
6	40,000	=	?	+	30,000

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(Or)

b) Show the direct ledger postings for the following transactions

2017	July	1	Shankar commenced business with cash	Rs. 1,00,000
		5	Sold goods for cash	Rs. 10,000
		9	Wages paid	Rs. 6000
		19	salaries paid	Rs. 8000
		20	Advertisement expenses paid	Rs. 4000

42) a) Deepak is a dealer in stationery items. From the following transactions pass journal entries for the month of January and February 2018

2018	Jan	1	Commenced business with cash	Rs 2,00,000
		2	Opened a bank account by depositing cash	Rs 1,00,000
		3	A4 papers sold on credit to padmini and co	Rs 60,000
		4	Bills received from padmini and co for the amount due	
		5	Bills received from Padmini &co discounted with the bank	Rs 58,000

(Or)

b) From the following particulars of Simon traders prepare a bank reconciliation statement as on 31st march 2018.

- Debit balance as per Bank statement Rs 2,500
- Cheques deposited amounting to Rs 10,000 not yet credited by bank
- Payment through net banking for Rs2,000 omitted in the cash book.

43) a) The following balances are extracted from the books of murali as on 31st march 2017 Prepare trial balance.

Particulars	Rs
Sales	35000
Interest paid	350
Returns inward	2,500
Depreciation	2,400
Office rent	2,000
Audit fees	1,000
Octroi duty	8,000
Land	90,000
Capital	60,000
Bank overdraft	11,250

b) Define accounting? Write any five objectives of accounting?**44) a) Enter the following transaction in a simple cash book of kunal**

2017	Jan	1	cash in hand	Rs 11,200
		5	Received from ramesh	Rs 300
		7	Paid rent	Rs 30
		8	Sold goods for cash	Rs 300
		10	Paid mohan	Rs 700
		27	purchased furniture for cash	Rs 200
		31	Paid salaries	Rs 100

(Or)

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- b) **Preparing trading and profit and loss account and balance sheet from the following trial balance of madan as on 31st march 2018**

Debit balance	Rs	Credit balance	Rs
Sundry debtors	61,000	Capital	70,000
Plant and machinery	80,000	Purchase return	2,000
Bank charges	4,200	Sales	2,55,000
Wages	7,000	Bank overdraft	77,000
Sales return	5,000		
Purchases	1,52,000		
Opening stock	30,000		
Drawings	22,000		
Establishment expenses	20,000		
Bad debts	8,00		
Business premises	22,000		
	4,04,000		4,04,000

ADJUSTMENT

- The closing stock was Rs 30,000
 - Provide depreciation on plant and machinery @20%
 - write of Rs 8,00 as further bad debts
 - Provide the doubtful debts @5% on sundry debtors.
- 45) a) **From the following particulars of Kamakshi traders, prepare a bank reconciliation statement as on 31st March, 2018.**
- Debit balance as per cash book ' 10,500
 - Cheque deposited into bank amounting to '5,500 credited by bank, but entered twice in the cash book
 - Cheques issued and presented for payment amounting to ' 7,000 omitted in the cash book
 - Cheque book charges debited by the bank ' 200 not recorded in the cash book.
 - Cash of ' 1,000 deposited by a customer of the business in cash deposit machine not recorded in the cash book.

(Or)

- b) **On 31st March, 2017, Anand's cash book showed a balance of ' 1,12,500. Prepare bank reconciliation statement.**
- He had issued cheques amounting to ' 23,000 on 28.3.2017, of which cheques amounting to ' 9,000 have so far been presented for payment.
 - A cheque for ' 6,300 deposited into bank on 27.3.2017, but the bank credited the same only on 5th April 2017.
 - He had also received a cheque for ' 12,000 which, although entered by him in the cash book, was not deposited in the bank.
 - Wrong credit given by the bank on 30th March 2017 for ' 2,000.
 - On 30th March 2017, a bill already discounted with the bank for ' 3,000 was dishonoured, but no entry was made in the cash book.
 - Interest on debentures of ' 700 was received by the bank directly.
 - Cash sales of ' 4,000 wrongly entered in the bank column of the cash book.

- 46) a) **Prepare bank reconciliation statement from the following data and find out the balance as per cash book as on 31st March, 2018.**

Particulars '

- | | |
|---|--------|
| i) Bank balance as per bank statement | 15,000 |
| (ii) Cheques issued but not yet presented for payment | 2,500 |

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(iii) Bank charges not recorded in the cash book	250
(iv) Interest charged by bank not recorded in the cash book	500
(v) Bank paid insurance premium as per standing instruction but not recorded in the cash book	300
(vi) Cheques deposited but not yet credited	900
(Or)	

b) From the following particulars of Veera traders, prepare a bank reconciliation statement as on 31st December, 2017.

- a) Credit balance as per bank statement ' 6,000
- b) Amount received by bank through NEFT for ' 3,500, entered twice in the cash book.
- c) Cheque dishonoured amounting to ' 2,500, not entered in cash book.

47) a) Write the difference between Bank column of cash book and bank statement.

(Or)

B) Explain the need for bank reconciliation statement ?



MODEL PAPER - 10

11TH STANDARD ACCOUNTANCY

PART - 1

20 X 1 = 20

Choose the correct answer

- 1) A bank reconciliation statement is prepared by
 - (a) Bank
 - (b) Business
 - (c) Debtor to the business
 - (d) Creditor to the business
- 2) Debit balance in the bank column of the cash book means
 - (a) Credit balance as per bank statement
 - (b) Debit balance as per bank statement
 - (c) Overdraft as per cash book
 - (d) None of the above
- 3) A bank reconciliation statement is prepared with the help of
 - (a) Bank statement
 - (b) Cash book
 - (c) Bank statement and bank column of the cash book
 - (d) Petty cash book
- 4) A bank statement is a copy of
 - (a) Cash column of the cash book
 - (b) Bank column of the cash book
 - (c) A customer's account in the bank's book
 - (d) Cheques issued by the business
- 5) When money is withdrawn from bank, the bank
 - (a) Credits customer's account
 - (b) Debits customer's account
 - (c) Debits and credits customer's account
 - (d) None of these
- 6) A bank reconciliation statement is prepared to know the causes for the difference between:
 - (a) The balance as per the cash column of the cash book and bank column of the cash book
 - (b) The balance as per the cash column of the cash book and bank statement
 - (c) The balance as per the bank column of the cash book and the bank statement
 - (d) The balance as per petty cash book and the cash book
- 7) Which of the following is not the salient feature of bank reconciliation statement?
 - a) Any undue delay in the clearance of cheques will be shown up by the reconciliation
 - b) Reconciliation statement will discourage the accountant of the bank from embezzlement
 - c) It helps in finding the actual position of the bank balance
 - d) Reconciliation statement is prepared only at the end of the accounting period

•• DHOSTH GUIDES ••

- 8) Balance as per bank statement is ₹ 1,000. Cheque deposited, but not yet credited by the bank is ₹ 2,000. What is the balance as per bank column of the cash book?
 (a) ₹ 3,000 overdraft (b) ₹ 3,000 favourable
 (c) ₹ 1,000 overdraft (d) ₹ 1,000 favourable
- 9) Balance as per cash book is ₹ 2,000. Bank charge of ₹ 50 debited by the bank is not yet shown in the cash book. What is the bank statement balance now?
 (a) ₹ 1,950 credit balance (b) ₹ 1,950 debit balance
 (c) ₹ 2,050 debit balance (d) ₹ 2,050 credit balance
- 10) Which one of the following is not a timing difference?
 (a) Cheque deposited but not yet credited (b) Cheque issued but not yet presented for payment
 (c) Amount directly paid into the bank (d) Wrong debit in the cash book
- 11) Debit balance as per cash book is _____
 a) Favourable b) Unfavourable c) Bank overdraft d) Bank statement
- 12) Debit balance as per bank statement is _____
 a) Favourable b) Unfavourable c) Bank overdraft d) Bank statement
- 13) Credit balance as per bank statement is _____
 a) Favorabl b) Unfavorable c) Bank overdraft d) Bank statement
- 14) Debit balance of cash book is written in the _____ column.
 a) Minus b) Plus c) Divide d) Multiply
- 15) Debit balance as per bank statement (overdraft) is written in the _____ column.
 a) Plus b) Minus c) Divide d) multiply
- 16) In Triple column cash book, the balance of bank overdraft brought forward will appear in _____
 (a) Cash column debit side (b) Cash column credit side
 (c) Bank column debit side (d) Bank column credit side
- 17) Which of the following is recorded as contra entry?
 (a) Withdrew cash from bank for personal use (b) Withdrew cash from bank for office use
 (c) Direct payment by the customer in the bank account of the business
 (d) When bank charges interest
- 18) The source document or voucher used for recording entries in sales book is _____
 (a) Debit note (b) Credit note (c) Invoice (d) Cash receipt
- 19) Which of the following statements is not true?
 (a) Cash discount is recorded in the books of accounts
 (b) Assets purchased on credit are recorded in journal proper
 (c) Trade discount is recorded in the books of accounts
 (d) 3 grace days are added while determining the due date of the bill
- 20) Sales book is used to record _____
 (a) all sales of goods (b) all credit sales of assets
 (c) all credit sales of goods (d) all sales of assets and goods

PART - II

7 X 2 = 14

ANSWER ANY SEVEN QUESTIONS QNO 30 IS COMPULSORY

- 21) Define bill of exchange.?
- 22) Give the format for purchase returns book?
- 23) State whether the balance of each of the following accounts should be placed in the debit or the credit column of the trial balance:
 1) Sundry debtors 2) Sundry creditors 3) Cash in hand 4) Bank overdraft
 5) Salary 6) Discount allowed 7) Plant and machinery 8) Furniture
- 24) Give Journal entries for the following transactions and post them to Cash a/c and Sales A/c.
 2017 ' Aug
 10 Sold goods and cheque received but not deposited 30,000

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- 14 Sold goods on credit to Gopi 12,000
 20 Received cash from Gopi 12,000
- 25) State any two difference between Journal and ledger?
 26) What is accounting equation?
 27) Define book-keeping?
 28) What is outstanding expenses?
 29) Sundry debtors as per trial balance ' 26,000
 Bad debts as per trial balance ' 1,000
 Adjustment: Additional bad debts amounted to ' 2,500
 Give adjusting entry and show how these appear in the final accounts on 31st March, 2016.
- 30) Difference between debit balance and credit balance?

PART - III**7 X 3 = 21****ANSWER ANY SEVEN QUESTIONS Q NO 40 IS COMPULSORY**

- 31) State the various types of coding methods.
 32) The following are the extracts from the trial balance.

Particulars	Debit	Credit
Sundry creditors		30,000
Discount received		1,000

You are required to show how these items will appear in the profit and loss account and balance sheet.

- 33) The trial balance of a trader on 31st December, 2016 shows sundry debtors as ' 50,000.
 Adjustments:
 (a) Write off ' 1,000 as bad debts
 (b) Provide 5% for doubtful debts
 (c) Provide 2% for discount on debtors
 Show how these items will appear in the profit and loss A/c and balance sheet of the trader.
- 34) Difference between purchase book and purchase return book.
 35) Pass adjusting entries for the following on 31st March, 2018.
 (i) Charge interest on drawings at ' 50
 (ii) Write off bad debts by ' 500
 (iii) Depreciate furniture by ' 1,000
- 36) What are the needs for adjustment entries?
 37) What is meant by closing entries? Why are they passed?
 38) What is contingent liabilities?
 39) Compute cost of goods sold from the following information:

Particulars	-
Opening stock	8,000
Purchases	60,000
Direct expenses	5,000
Indirect expenses	6,000
Closing stock	9,000

- 40) Classify the following items into capital and revenue.
 i) ' 50,000 spent for railway siding.
 ii) Loss on sale of old furniture
 iii) Carriage paid on goods sold

PART - IV**7 X 5 = 35****ANSWER ALL THE QUESTIONS**

- 41) a) What are the differences among three types of software?

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(Or)

b) Difference between manual accounting and computerized accounting?

42) a)Classify the following expenditures and receipts as capital or revenue:

- i) ₹ 10,000 spent as travelling expenses of the directors on trips abroad for the purchase of fixed assets.
- ii) Amount received from trade receivables during the year.
- iii) Amount spent on demolition of building to construct a large building on the same site.
- iv) Insurance claim received on account of a machinery damaged by fire.

(Or)

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

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

43) a) Difference between Capital expenditure and Revenue expenditure

(Or)

b) What are the features of revenue expenditure?

- 44) a) On 1st January 2015, a second hand machine was purchased for ₹ 58,000 and ₹ 2,000 was spent on its repairs. On 1st July 2017, it was sold for ₹ 28,600. Prepare the machinery account for the years 2015 to 2017 under written down value method by assuming the rate of depreciation as 10% p.a. and the accounts are closed on 31st December every year.

(Or)

- b) Ragul purchased machinery on April 1, 2014 for ₹ 2,00,000. On 1st October 2015, a new machine costing ₹ 1,20,000 was purchased. On 30th September 2016, the machinery purchased on April 1, 2014 was sold for ₹ 1,20,000. Books of accounts are closed on 31st March and depreciation is to be provided at 10% p.a. on straight line method. Prepare machinery account and depreciation account for the years 2014-15 to 2016-17.

- 45) a) A company purchased machinery costing ₹ 90,000 on January 1, 2015 and spent ₹ 10,000 on its erection. On July 1, 2017, the machinery was sold for ₹ 58,000. The company writes off depreciation at 20% p.a. under written down value method. Prepare machinery account. The books are closed on 31st December every year.

(Or)

- b) M/s Ramco textile mills purchased machinery on 1st April 2014 for ₹ 2,00,000 on credit from M/s. Nila & Co. and spent ₹ 10,000 on its installation. Depreciation is provided at 10% per annum on the written down value method. Prepare machinery account and depreciation account for the first three years. Books are closed on 31st March every year.

- 46) a) On 1st April 2015, Kumar purchased a machine for ₹ 80,000 and spent ₹ 20,000 on its installation. The residual value at the end of its expected useful life of 8 years is estimated at ₹ 4,000. On 30th September 2017, the machine is sold for ₹ 50,000. Depreciation is to be provided according to straight line method. Prepare Machinery Account. Accounts are closed on 31st December every year

(Or)

- b) Anand bought a machinery for ₹ 1,00,000 on 1-1-2015. On 1-6-2016, he bought another machine for ₹ 50,000. On 1-10-2017, he purchased another machine for ₹ 20,000. Provide depreciation at 10% p.a. on straight line method. Prepare machinery account for the years 2015 to 2017 by using accounts by assuming accounts are closed on 31st December every year.

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47) a) 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	₹ 1,00,000
January 1, 2016 Transportation cost	₹ 1,000
January 1, 2016 Installation cost	₹ 9,000
Estimated scrap value at the end of the life	₹ 5,000
Estimated life 10 years	

(Or)

b) The following errors were located by the accountant after the preparation of trial balance. There exists a suspense account. Rectify them.

- The total of the discount column of ₹ 1,180 on the debit side of the cash book was not posted.
- Purchase of goods from Arivuchelvan on credit for ₹ 600 was posted to the debit side of his account.
- The total of the discount column on the credit side of the cash book was undercast by ₹ 400.
- The total of sales returns book of ₹ 570 was posted twice.
- Sold goods to Mukil on credit for ₹ 87 was posted to her account as ₹ 78.



MODEL PAPER - 11

11TH STANDARD ACCOUNTANCY

PART - I

20 X 1 = 20

Choose the correct answer

- The difference in trial balance is taken to
 - The capital account
 - The trading account
 - The suspense account
 - The profit and loss account
- A transaction not recorded at all is known as an error of
 - Principle
 - Complete omission
 - Partial omission
 - Duplication
- A credit purchase of furniture from Athiyaman was debited to purchases account. Which of the following accounts should be debited while rectifying this error?
 - Purchases account
 - Athiyaman account
 - Furniture account
 - None of these
- The total of purchases book was overcast. Which of the following accounts should be debited in the rectifying journal entry?
 - Purchases account
 - Suspense account
 - Creditor account
 - None of the above
- Residual value of an asset means the amount that it can fetch on sale at the ___ of its useful life.
 - Beginning
 - End
 - Middle
 - None
- Depreciation is provided on
 - Fixed assets
 - Current assets
 - Outstanding charges
 - All assets
- Depreciation is caused by
 - Lapse of time
 - Usage
 - Obsolescence
 - a, b and c

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- 8) Depreciation is the process of
 (a) Allocation of cost of the asset to the period of its useful life
 (b) Valuation of assets
 (c) Maintenance of an asset in a state of efficiency
 (d) Adding value to the asset
- 9) Interest on bank deposits is
 (a) Capital receipt
 (b) Revenue receipt
 (c) Capital expenditures
 (d) Revenue expenditures
- 10) Amount received from IDBI as a medium term loan for augmenting working capital
 (a) Capital expenditures
 (b) Revenue expenditures
 (c) Revenue receipts
 (d) Capital receipt
- 11) Revenue expenditure is intended to benefit
 (a) Past period
 (b) Future period
 (c) Current period
 (d) Any period
- 12) Pre-operative expenses are
 (a) Revenue expenditure
 (b) Prepaid revenue expenditure
 (c) Deferred revenue expenditure
 (d) Capital expenditure
- 13) Closing stock is an item of
 (a) Fixed asset
 (b) Current asset
 (c) Fictitious asset
 (d) Intangible asset
- 14) Balance sheet is
 (a) An account
 (b) A statement
 (c) Neither a statement nor an account
 (d) None of the above
- 15) Net profit of the business increases the
 (a) Drawings
 (b) Receivables
 (c) Debts
 (d) Capital
- 16) Carriage inwards will be shown
 (a) In the trading account
 (b) In the profit and loss account
 (c) On the liabilities side
 (d) On the assets side
- 17) Net profit is
 (a) Debited to capital account
 (b) Credited to capital account
 (c) Debited to drawings account
 (d) Credited to drawings account
- 18) Closing stock is valued at
 (a) Cost price
 (b) Market price
 (c) Cost price or market price whichever is higher
 (d) Cost price or net realisable value whichever is lower
- 19) Accrued interest on investment will be shown
 (a) On the credit side of profit and loss account
 (b) On the assets side of balance sheet
 (c) Both (a) and (b)
 (d) None of these
- 20) If there is no existing provision for doubtful debts, provision created for doubtful debts is
 (a) Debited to bad debts account
 (b) Debited to sundry debtors account
 (c) Credited to bad debts account
 (d) Debited to profit and loss account

PART - II

7 X 2 = 14

ANSWER ANY SEVEN QUESTIONS Q NO 30 IS COMPULSORY

- 21) What is provision for discount on debtors?
- 22) What are the classification of errors?
- 23) The following errors were detected before preparation of trial balance. Rectify them.
 (a) Purchases returns book is undercast by ₹ 500.
 (b) Purchases returns book is overcast by ₹ 600.
 (c) Sales returns book is undercast by ₹ 700.
 (d) Sales returns book is overcast by ₹ 800.
- 24) The following errors were detected before preparation of trial balance. Rectify them.
 (a) The total of purchases book is carried forward to the next page ₹ 100 short.

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- (b) The total of purchases returns book is carried forward to the next page ' 200 excess.
 (c) The total of sales book is carried forward to the next page ' 300 excess.
 (d) The total of sales returns book is carried forward to the next page ' 400 short.
- 25) Rectify the following errors after preparation of trial balance:
 (a) Salary paid to Ram ' 1,000 was wrongly debited to his personal account.
 (b) A credit sale of goods to Balu for ' 450 was debited to Balan.
- 26) Pass necessary journal entries to rectify the following errors located after the preparation of trial balance:
 (a) Sales book was undercast by ' 1,000.
 (b) A amount of ' 500 paid for wages was wrongly posted to machinery Account.
- 27) What are the methods of providing depreciation?
- 28) A company has purchased a machinery for ' 1,80,000 and spent ' 10,000 for its installation. The estimated life of the machinery is 5 years with a residual value of ' 15,000. Find out the amount of depreciation to be provided every year.
- 29) Furniture was purchased for ' 60,000 on 1-7-2016. It is expected to last for 5 years. Estimated scrap at the end of five years is ' 4,000. Find out the rate of depreciation under straight line method.
- 30) A furniture costing ' 5,000 was purchased on 1.1.2016, the installation charges being '1,000. The furniture is to be depreciated @10% p.a. on the diminishing balance method. Pass journal entries for the first two years.

PART - III

7 X 3 = 21

ANSWER ANY SEVEN QUESTIONS Q NO 40 IS COMPULSORY

- 31) A firm purchased a machine for ' 1,00,000 on 1-7-2015. Depreciation is written off at 20% on reducing balance method. The firm closes its books on 31st December each year. Show the machinery account upto 31-12-2017.
- 32) What are the features of revenue expenditure?
- 33) Difference between revenue receipt and capital receipt?
- 34) Classify the following items into capital and revenue.
 i) ' 50,000 spent for railway siding.
 ii) Loss on sale of old furniture
 iii) Carriage paid on goods sold.
- 35) State whether the following are capital, revenue and deferred revenue.
 i) Legal fees paid to the lawyer for acquiring a land ' 20,000.
 ii) Heavy advertising cost of ' 12,00,000 spent on introducing a new product.
 iii) Renewal of factory licence ' 12,000.
 iv) A sum of ' 4,000 was spent on painting the factory
- 36) Following is the extract of a trial balance as on 31st December, 2017. Prepare trading account.

Particulars	Dr	Cr
Closing stock	25000	1,70,000
Adjusted purchases	70000	
Frieght inwards	5700	
Royalty on goods purchases	4300	
Sales	8,000	
Wages	4,000	
Octroi on purchases of goods		

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37) From the following balances taken from the books of Victor, prepare trading account for the year ended December 31, 2017:

Particulars	₹	Particulars	₹
Adjusted purchases	80,000	Closing stock	7,000
Sales	90,000	Carriage inwards	3,000
Royalty on purchases of goods	4,000	Import duty on purchases of goods	6,000
Octroi on purchase of goods	2,000	Dock charges on purchases	5,000
Cost of goods manufactured	5,000		

38) Difference between deferred revenue expenses and prepaid expenses

39) Pass adjusting entries for the following on 31st March, 2018.

(i) Charge interest on drawings at ' 50

(ii) Write off bad debts by ' 500

(iii) Depreciate furniture by ' 1,000

40) Sundry debtors as per trial balance as on 31st March, 2016 is ' 10,000.

Adjustment: Write off bad debts amounting to ' 300.

Give adjusting entry and show how these appear in the final accounts as on 31st March, 2016

PART - IV**7 X 5 = 35****ANSWER ALL THE QUESTIONS.**

41) a) Abstracts from the trial balance as on 31st March, 2016:

Particulars	Debit
Sundry debtors	52,000
Bad debts	1,000

Adjustments: (i) Additional bad debts ' 2,000

(ii) Create 5% provision for bad and doubtful debts

You are required to pass necessary adjusting entries and show how these items will appear in final accounts.

(Or)

b) Abstracts from the trial balance as on 31st December, 2016:

Particulars	Debit	Credit
Sundry debtors	1,04,000	
Bad debts	5,000	
Provision for bad and doubtful debts		2,000

Adjustments:

(i) Additional bad debts amounted to ' 4,000.

(ii) Create a provision for bad and doubtful debts @ 5% on sundry debtors.

Pass necessary adjusting entries and show how the different items appear in final accounts.

42) a) Abstracts from trial balance as on 31st December, 2016 are as follows:

Particulars	Debit	credit
Bad debts written off	1,800	
Discount allowed	600	
Sundry debtors	20,000	
Provision for bad and doubtful debts		1,500
Provision for discount on debtors		500

A provision for doubtful debts @ 5% and a provision for discount @ 2% on sundry debtors are to be maintained by the trader. Show how these items would appear in the final accounts.

(Or)

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b) State the difference between Trading a/c or p&L a/c and balance sheet

43) a) The trial balance of a trader on 31st December, 2016 shows sundry debtors as ₹ 50,000.

Adjustments:

- (a) Write off ₹ 1,000 as bad debts
- (b) Provide 5% for doubtful debts
- (c) Provide 2% for discount on debtors

Show how these items will appear in the profit and loss A/c and balance sheet of the trader.

(Or)

b) The following are the extracts from the trial balance. Sundry debtors ₹ 30,000; Bad debts ₹ 5,000

Additional information:

- (a) Write off further bad debts ₹ 3,000.
- (b) Create 10% provision for bad and doubtful debts.

You are required to pass necessary adjusting entries and show how these items will appear in profit and loss account and balance sheet.

44) a) Show necessary entries to adjust the following on 31st December, 2017.

- (i) Outstanding salaries ₹ 1,200
- (ii) Outstanding rent ₹ 300
- (iii) Prepaid insurance premium ₹ 450
- (iv) Interest on investments accrued ₹ 400
- (v) Bad debts written off ₹ 200

(Or)

b) State any three difference between Trial balance and balance sheet?

45) a) Explain the closing entry and opening country?

(Or)

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

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

46) 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) A boiler was purchased on 1st January 2015 from abroad for ₹ 10,000. Shipping and forwarding charges amounted to ₹ 2,000. Import duty ₹ 7,000 and expenses of installation amounted to ₹ 1,000. Calculate depreciation for the first 3 years @ 10% p.a. on diminishing balance method assuming that the accounts are closed 31st December each year.

47) a) An asset is purchased on 1.1.2016 for ₹ 25,000. Depreciation is to be provided annually according to straight line method. The useful life of the asset is 10 years and its residual value is ₹ 1,000. Accounts are closed on 31st December every year. You are required to find out the rate of depreciation and give journal entries for first two years.

(Or)

b) M/s Ramco textile mills purchased machinery on 1st April 2014 for ₹ 2,00,000 on credit from M/s. Nila & Co. and spent ₹ 10,000 on its installation. Depreciation is provided at 10% per annum on the written down value method. Prepare machinery account and depreciation account for the first three years. Books are closed on 31st March every year.

MODEL PAPER - 12**11TH STANDARD ACCOUNTANCY****PART - I****20 X 1 = 20****Choose the correct answer**

- 1) A bank reconciliation statement is prepared to know the causes for the difference between:
 - (a) The balance as per the cash column of the cash book and bank column of the cash book.
 - (b) The balance as per the cash column of the cash book and bank statement
 - (c) The balance as per the bank column of the cash book and the bank statement
 - (d) The balance as per petty cash book and the cash book
- 2) When money is withdrawn from bank, the bank
 - (a) Credits customer's account
 - (b) Debits customer's account
 - (c) Debits and credits customer's account
 - (d) None of these
- 3) Which of the following is not the salient feature of bank reconciliation statement?
 - a) Any undue delay in the clearance of cheques will be shown up by the reconciliation
 - b) Reconciliation statement will discourage the accountant of the bank from embezzlement
 - c) It helps in finding the actual position of the bank balance
 - d) Reconciliation statement is prepared only at the end of the accounting period
- 4) Balance as per cash book is ' 2, 000. Bank charge of ' 50 debited by the bank is not yet shown in the cash book. What is the bank statement balance now?
 - (a) ' 1,950 credit balance
 - (b) ' 1,950 debit balance
 - (c) ' 2,050 debit balance
 - (d) ' 2,050 credit balance
- 5) If the debit and credit aspects of a transaction are recorded in the cash book, it is
 - (a) Contra entry
 - (b) Compound entry
 - (c) Single entry
 - (d) Simple entry
- 6) The balance in the petty cash book is
 - (a) An expense
 - (b) A profit
 - (c) An asset
 - (d) A liability
- 7) Petty cash may be used to pay
 - (a) The expenses relating to postage and conveyance
 - (b) Salary to the Manager
 - (c) Purchase of furniture and fixtures
 - (d) Purchase of raw materials
- 8) Cash book is a
 - (a) Subsidiary book
 - (b) Principal book
 - (c) Journal proper
 - (d) Both subsidiary book and principal book
- 9) Sales return book is used to record
 - (a) Returns of goods by the customer for which cash is paid immediately
 - (b) Returns of goods by the customer for which cash is not paid immediately
 - (c) Returns of assets by the customer for which cash is not paid immediately
 - (d) Returns of assets by the customer for which cash is paid immediately
- 10) Purchases of fixed assets on credit basis is recorded in
 - (a) Purchases book
 - (b) Sales book
 - (c) Purchases returns book
 - (d) Journal proper
- 11) The source document or voucher used for recording entries in sales book is
 - (a) Debit note
 - (b) Credit note
 - (c) Invoice
 - (d) Cash receipt
- 12) Closing entries are recorded in
 - (a) Cash book
 - (b) Ledger
 - (c) Journal proper
 - (d) Purchases book
- 13) After the preparation of ledger, the next step is the preparation of
 - (a) Trading account
 - (b) Trial balance
 - (c) Journal
 - (d) Profit and loss account
- 14) The trial balance contains the balances of
 - (a) Only personal accounts
 - (b) Only real accounts
 - (c) Only nominal accounts
 - (d) All accounts

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- 15) Which of the following is/are the objective(s) of preparing trial balance?
 (a) Serving as the summary of all the ledger accounts
 (b) Helping in the preparation of final accounts
 (c) Examining arithmetical accuracy of accounts
 (d) a, b and c
- 16) While preparing the trial balance, the accountant finds that the total of the credit column is short by ₹ 200. This difference will be
 (a) Debited to suspense account (b) Credited to suspense account
 (c) Adjusted to any of the debit balance (d) Adjusted to any of the credit balance
- 17) The process of transferring the debit and credit items from journal to ledger accounts is called
 (a) Casting (b) Posting (c) Journalising (d) Balancing
- 18) J.F means
 (a) Ledger page number (b) Journal page number
 (c) Voucher number (d) Order number
- 19) The process of finding the net amount from the totals of debit and credit columns in a ledger is known as
 (a) Casting (b) Posting (c) Journalising (d) Balancing
- 20) If the total of the debit side of an account exceeds the total of its credit side, it means
 (a) Credit balance (b) Debit balance (c) Nil balance (d) Debit and credit balance

PART - II

7 X 2 = 14

ANSWER ANY SEVEN QUESTIONS Q NO 30 IS COMPULSORY

- 21) Record the following transactions in the journal of Banu and post them to the ledger.
 2018 Sep ‘
 1 Commenced business with cash 90,000
 5 Rent received 4,000
 12 Purchased 6 tables from Gobu & Co. for cash 6,000
- 22) Give journal entries from the following transactions of Mohit, dealing in Textiles and post them to ledger:
 2014 Aug ‘
 1 Commenced business with cash 1,10,000
 7 Opened bank account with SBI 50,000
 3 Purchased furniture for cash 20,000
- 23) What are the utilities of ledger?
 24) What are source document?
 25) Write any one transaction which
 a) Decreases the assets and decreases the liabilities
 b) Increases one asset and decreases another asset
- 26) What are the golden rules of double entry system?
 27) Classify the following into personal, real and nominal accounts.
 (a) Capital (b) Building (c) Carriage inwards (d) Cash (e) Commission received
 (f) Bank (g) Purchases (h) Chandru (i) Outstanding wages
- 28) Show the accounting equation on the basis of the following:
 (a) Started business with cash ₹ 60,000
 (b) Purchased goods for cash ₹ 20,000
 (c) Sold goods for cash costing ₹ 10,000 for ₹ 15,000
 (d) Paid rent by cash ₹ 500
- 29) What are different types of journal entries?
 30) Journalise the following transactions and post them to ledger. On May 20, 2018, Ram paid salaries ₹ 15,000; Electricity charges ₹ 8,000 and wages ₹ 2,000.

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PART - III

7 X 3 = 21

ANSWER ANY SEVEN QUESTIONS Q NO 40 IS COMPULSORY**31) Prepare cash account from the following transactions for the month of January 2018.**

Jan 1	Commenced business with cash	‘ 62,000
3	Goods purchased for cash	‘ 12,000
10	Goods sold for cash	‘ 10,000
12	Wages paid	‘ 4,000
25	Furniture purchased for cash	‘ 6,000

32) The following balances appeared in the books of Kumaran on April 1, 2017.**Assets:** Cash ‘ 1,00,000; Stock ‘ 40,000; Amount due from Rohit ‘ 10,000; Furniture ‘ 10,000;**Liabilities:** Amount due to Anush ‘ 40,000; Kumaran’s capital ‘ 1,20,000 Find the capital and show the ledger posting for the above opening balances.**33) Give journal entries for the following transactions and post them to ledger.**

2016 Sep ‘

1	Commenced business with cash	80,000
7	Bought goods for cash from Roopan	10,000
10	Purchased goods from Hema on credit	42,000
22	Goods returned to Hema	2,000
23	Cash paid to Hema	10,000

34) State whether the balance of the following accounts should be placed in the debit or the credit column of the trial balance:

- (i) Carriage outwards (ii) Carriage inwards (iii) Sales (iv) Purchases
 (v) Bad debts (vi) Interest paid (vii) Interest received (viii) Discount received
 (ix) Capital (x) Drawings (xi) Sales returns (xii) Purchase returns

35) Prepare the trial balance from the following balances of Chandramohan as on 31st March, 2017.

Capital	1,24,500	Bank overdraft	5,800
Drawings	2,000	Motor car	20,000
Loan borrowed	7,000	General expenses	2,500
Sales	53,400	Building	1,10,000
Purchases	40,000	Stock	16,200

36) Balan who has a car driving school gives you the following ledger balances. Prepare trial balance as on 31st December, 2016. ‘ ‘

Computer	26,000	Freehold land	30,000
Salaries to drivers	4,000	Bank loan	15,000
Taxes and insurance	16,500	Fees received	18,150
Fuel and Power	2,000	Capital	53,850
Rent and rates	1,500	Advertisement	7,000

37) Enter the following transactions in the purchases returns book of Hari who is dealing in automobiles and post them into the ledger.

2017

Jan. 5 Returned to Anand 5 clutch plates @ ‘ 200 each, not in accordance with order.

Jan. 14 Returned to Chandran 4 brake shoes @ ‘ 200 each and 10 rear view mirrors @ ‘ 350 each, due to inferior quality.

38) What is sales returns book?

•• DHOSTH GUIDES ••

39) Enter the following transactions in a simple cash book of Kunal:
2017 Jan. ‘

1	Cash in hand	11,200
5	Received from Ramesh	300
7	Paid rent	30
8	Sold goods for cash	300
10	Paid Mohan	700
27	Purchased furniture for cash	200
31	Paid salaries	100

40) Difference between cash discount and trade discount? (ANY THREE)

PART - IV

7 X 5 = 35

ANSWER ALL THE QUESTIONS

41) a) Record the following transactions in three column cash book of Gunasekaran.

2017 Jan ‘

- 1 Cash in hand 50,000
- 1 Cash at bank 90,000
- 2 Goods sold on credit to Rohini 15,000
- 5 Cheque received from Rohini in full settlement and deposited into bank 14,500
- 6 Cash deposited into bank through cash deposit machine 18,000
- 7 Goods sold to Sridhar for ‘ 12,000. He made the payment of ‘ 11,800 by debit card in full settlement by availing a cash discount of 200
- 10 Money withdrawn from bank for office use 2,000
- 12 Purchased goods from Raja for ‘ 10,000 and paid through credit card in full settlement by availing a cash discount of ‘ 200 9,800
- 14 Nathiya who owed money made the payment through NEFT 18,000
- 27 Cheque of Rohini dishonoured

(Or)

b) From the following transactions prepare three column cash book of Udhayakumar

2017 Sep ‘

- | | | |
|----|------------------------------------|--|
| 1 | Cash balance | 25,000 |
| 1 | Bank Balance (cr.) | 13,070 |
| 3 | Paid into bank | 15,000 |
| 4 | Received cash from Shyamala & Co., | 9,380 |
| | Discount allowed to them | ‘ 120 |
| 10 | Goods sold for cash | 7,600 |
| 11 | Cash purchases | 11,750 |
| 12 | Gave Padma a Cheque for | ‘ 21,375 and was allowed a discount of 125 |
| 18 | Purchased a printer by cheque | 7,600 |
| 23 | Received cash from Rajasekar | 14,320 |
| | Discount allowed to him | ‘ 180 |

42) a) Rony is the proprietor of Veena photos. The bank column of cash account of his business was balanced on 31st March 2018. It showed an overdraft of ‘ 12,000. The bank statement of Veena photos showed a credit balance of ‘ 5,000. Prepare a bank reconciliation statement taking the following into account.

- a) The bank had directly collected dividend ‘ 3,000 but was not entered in the cash book.
- b) Cheques amounting to ‘ 9,000 were issued on 27th March, 2018, of which, cheques amounting to ‘ 7,000 were not presented for payment before 31st March 2018.

•• DHOSTH GUIDES ••

- c) The debit balance in the cash book of ₹ 4,100 was brought forward as a credit balance.
- d) Cheque book charges of ₹ 200 debited by the bank but not recorded in cash book.
- e) Bank locker rent of ₹ 1,000 debited by the bank but not recorded in cash book.

(Or)

b) The bank statement of Sudha and Company showed an overdraft of ₹ 10,000 on 31st December, 2017, prepare a bank reconciliation statement.

- (a) A cheque deposited on 30th December 2017 for ₹ 15,000 was not credited by the bank.
- (b) Interest on term loan ₹ 500 was debited by bank on 31st December, 2017 but not accounted in the books of Sudha and Company.
- (c) A cheque issued for ₹ 550 on 24th December, 2017, paid by the bank was recorded as ₹ 505 in the bank column of the cash book.
- (d) One outgoing cheque on 27th December, 2017 of ₹ 200 was recorded twice in the cash book.
- (e) Bank recorded a cash deposit of ₹ 2,598 as ₹ 2,589.
- (f) A sum of ₹ 2,000 deposited in cash deposit machine by a customer of the business on 31st December, 2017 was not recorded in the books of Sudha and Company.
- (g) Interest on overdraft of ₹ 600 was not recorded in the books of Sudha and Company.
- (h) Two cheques issued on 29th December, 2017 for ₹ 500 and ₹ 700, but only the first cheque was presented for payment before 31st December, 2017.

43) a) Prepare analytical petty cash book from the following particulars under imprest system:

2017 July ‘

1	Received advance from cashier	2,000
7	Paid for writing pads and registers	100
8	Purchased white papers	50
10	Paid auto charges	200
15	Paid wages	300
18	Postal charges	100
21	Purchased stationery	450
23	Tea expenses	60
25	Paid for speed post	150
27	Refreshment expenses	250
31	Paid for carriage	150

(Or)

b) From the following information prepare an analytical petty cash book under imprest system:

2017 Oct. ‘

1	Received from the cashier	2,500
2	Paid for wages	260
5	Paid for stationery	300
6	Bus fare to workmen	200
12	Refreshment to customers	180
16	Paid for carriage	160
20	Paid for conveyance	188
25	Paid for travelling expenses	320
27	Paid for revenue stamps	48
28	Paid for office cleaning	140
29	Pain for letters by registered post to suppliers	180
30	Paid for taxi hire	219

•• DHOSTH GUIDES ••

44) a) Enter the following transactions in the purchases and sales books of Kannan, an automobile dealer, for the month of December, 2017.

2017 ‘

Dece.	1	Bought from Sumathi gear boxes on credit	17,800
Dece.	4	Sold goods to Rani on credit	15,200
Dece.	6	Purchased goods on credit from Mani	7,000
Dece.	10	Sold goods on credit to Saranya	12,500
Dece.	17	Sold goods to Hussain on credit	13,250
Dece.	21	Purchased goods on credit from Raghunathan	10,000
Dece.	26	Sold goods to Shyam for cash	3,000

(Or)

b) Record the following transactions in the sales book and sales returns book of M/s. Ponni & Co., and post them to ledger.

2017

Aug 1	Sold goods to Senthil as per Invoice No. 68 for ‘ 20,500 on credit
Aug 4	Sold goods to Madhavan as per Invoice No. 74 for ‘ 12,800 on credit
Aug 7	Sold goods to Kanagasabai as per Invoice No. 78 for ‘ 7,500 on credit
Aug 15	Returns inward by Senthil as per Credit Note no. 7 for ‘ 1,500 for which cash is not paid
Aug 20	Sold goods to Selvam for ‘ 13,300 for cash
Aug 25	Sales returns of ‘ 1,800 by Madhavan as per Credit Note No. 11 for which cash is not paid

45) a) Enter the following credit transactions in the purchases book of Manoharan, a Provisions Merchant.

2017

May 2	Bought from Vasu 100 bags of rice @ ‘ 800 per bag
May 8	Bought from Cheyyar Sugar Mills Ltd., 20 bags of sugar @ ‘ 2,600 per bag
May 10	Bought from Ram Flour Mill, Coimbatore, 10 bags of wheat flour @ ‘ 750 per bag
May 15	Bought from Nilgiri Tea Co., Nilgiris, 15 cases of tea @ ‘ 900 per case
May 25	Bought from Sairam Coffee Works Ltd., 100 kgs of Coffee @ ‘ 190 per kg.
May 29	Bought from X & Co. furniture worth ‘ 2,000

(Or)

b) From the following transactions of Ram Home Appliances for July, 2017 prepare purchases book and ledger accounts connected with this book:

2017

July 5	Purchased on credit from Kannan & Co. 50 iron boxes @ ‘ 500 each 10 grinders @ ‘ 3,000 each
July 6	Purchased for cash from Siva & Bros. 25 fans @ ‘ 1,250 each
July 10	Purchased from Balan & Co. on credit 20 grinders @ ‘ 2,500 each 10 mixies @ ‘ 3,000 each Trade discount 10% Delivery charges ‘ 1,000
July 20	Purchased on credit, one copier machine from Kumar for ‘ 35,000

•• DHOSTH GUIDES ••

46) a) The following balances are extracted from the books of Ravichandran on 31st December, 2016. Prepare the trial balance.

Capital	1,50,000	Sales	75,000
Debtors	22,800	Return inwards	1,000
Rent received	500	Discount allowed	800
Bank overdraft	3,100	Discount received	1,000
Creditors	5,500	Wages	2,900
Premises	1,46,000	Salaries	3,500
Opening stock	10,000	Commission paid	1,100
Purchases	45,000	General expenses	2,000

(Or)

b) From the following balances extracted from the books of Rajeshwari as on 31st March, 2017, prepare the trial balance.

Cash at bank	28,000	Rent and rates	4,000
Sundry debtors	59,600	Bank charges	400
Furniture and Fixtures	1,72,000	Bad debts	4,000
Office equipment	1,10,000	Drawings	20,000
Adjusted purchases	2,80,000	Insurance premium	4,000
Sales returns	3,000	Capital	3,00,000
Closing stock	15,000	Sundry creditors	64,000
Sales	2,36,000	Loan (Cr.)	1,00,000

47) a) What are the features of trial balance?

(Or)

b) What are the objectives of preparing trial balance?



MODEL PAPER - 13

11TH STANDARD ACCOUNTANCY

PART - I

20 X 1 = 20

CHOOSE THE CORRECT ANSWER

- A transaction not recorded at all is known as an error of
 - Principle
 - Complete omission
 - Partial omission
 - Duplication
- Wages paid for installation of machinery wrongly debited to wages account is an error of
 - Partial omission
 - Principle
 - Complete omission
 - Duplication
- Which of the following errors will not affect the trial balance?
 - Wrong balancing of an account
 - Posting an amount in the wrong account but on the correct side
 - Wrong totalling of an account
 - Carried forward wrong amount in a ledger account
- Goods returned by Senguttuvan were taken into stock, but no entry was passed in the books. While rectifying this error, which of the following accounts should be debited?
 - Senguttuvan account
 - Sales returns account
 - Returns outward account
 - Purchases returns account

•• DHOSTH GUIDES ••

- 5) Interest on bank deposits is
 (a) Capital receipt (b) Revenue receipt
 (c) Capital expenditures (d) Revenue expenditures
- 6) Revenue expenditure is intended to benefit
 (a) Past period (b) Future period (c) Current period (d) Any period
- 7) Pre-operative expenses are
 (a) Revenue expenditure (b) Prepaid revenue expenditure
 (c) Deferred revenue expenditure (d) Capital expenditure
- 8) Bank overdraft should be shown
 (a) In the trading account (b) Profit and loss account
 (c) On the liabilities side (d) On the assets side
- 9) Balance sheet shows the of the business.
 (a) Profitability (b) Financial position (c) Sales (d) Purchases
- 10) Drawings appearing in the trial balance is
 (a) Added to the purchases (b) Subtracted from the purchases
 (c) Added to the capital (d) Subtracted from the capital
- 11) Salaries appearing in the trial balance is shown on the
 (a) Debit side of trading account (b) Debit side of profit and loss account
 (c) Liabilities side of the balance sheet (d) Assets side of the balance sheet
- 12) Current assets does not include
 (a) Cash (b) Stock (c) Furniture (d) Prepaid expenses
- 13) A prepayment of insurance premium will appear in
 (a) The trading account on the debit side (b) The profit and loss account on the credit side
 (c) The balance sheet on the assets side (d) The balance sheet on the liabilities side
- 14) Net profit is
 (a) Debited to capital account (b) Credited to capital account
 (c) Debited to drawings account (d) Credited to drawings account
- 15) Closing stock is valued at
 (a) Cost price (c) Cost price or market price whichever is higher
 (b) Market price (d) Cost price or net realisable value whichever is lower
- 16) Accrued interest on investment will be shown
 (a) On the credit side of profit and loss account (b) On the assets side of balance sheet
 (c) Both (a) and (b) (d) None of these
- 17) Expand CAS
 (a) Common Application Software (b) Computerised Accounting System
 (c) Centralised Accounting System (d) Certified Accounting System
- 18) TALLY is an example of
 (a) Tailor-made accounting software (b) Ready-made accounting software
 (c) In-built accounting software (d) Customised accounting software
- 19) One of the limitations of computerised accounting system is
 (a) System failure (b) Accuracy (c) Versatility (d) Storage
- 20) Customised accounting software is suitable for
 (a) Small, conventional business (b) Large, medium business
 (c) Large, typical business (d) None of the above

PART - II**7 X 2 = 14****ANSWER ANY SEVEN QUESTIONS Q NO 30 IS COMPULSORY**

- 21) Difference between manual accounting and computerised accounting? (any two)
 22) What are the limitations of computerised accounting system?

•• DHOSTH GUIDES ••

- 23) The trial balance of a trader on 31st December, 2016 shows sundry debtors as ₹ 50,000.
Adjustments:
(a) Write off ₹ 1,000 as bad debts
(b) Provide 5% for doubtful debts
(c) Provide 2% for discount on debtors
Show how these items will appear in the profit and loss A/c and balance sheet of the trader.
- 24) For the following adjustments, pass adjusting entries:
(a) Outstanding wages ₹ 5,000.
(b) Depreciate machinery by ₹ 1,000.
(c) Interest on capital @ 5% (Capital: ₹ 20,000)
(d) Interest on drawings ₹ 50
(e) Write off bad debts ₹ 500
- 25) Prepare trading account in the books of Sivashankar from the following figures
- | | |
|---------------|-------|
| Particulars | ₹ |
| Opening stock | 1,500 |
| Sales | 4,600 |
| Purchases | 3,500 |
| Closing stock | 1,300 |
- 26) What is balance sheet?
27) State with reasons whether the following are capital or revenue or deferred revenue expenditure:
i) Advertisement expenses amounted to ₹ 10 crores to introduce a new product.
ii) Expenses on freight for purchasing new machinery. 78
iii) Freight and insurance on the new machinery and cartage paid to bring the new machinery to the factory.
28) What are the classifications of expenditure?
29) An asset is purchased for ₹ 50,000. The rate of depreciation is 15% p.a. Calculate the annual depreciation for the first two years under diminishing balance method.
30) A company purchased a building for ₹ 50,000. The useful life of the building is 10 years and the residual value is ₹ 2,000. Find out the amount and rate of depreciation under straight line method.

PART - III

7 X 3 = 21

ANSWER ANY SEVEN QUESTIONS Q NO 40 IS COMPULSORY

- 31) 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.
- 32) Joy and Co. purchased machinery on 1st April 2016 for ₹ 75,000. On 31st March 2018, it sold the machinery for ₹ 62,000. Depreciation is to be provided every year at 10% per annum on the fixed instalment method. Accounts are closed on 31st March every year. Find out the profit or loss on sale of machinery.
- 33) A firm purchased a plant on 1.1.2018 for ₹ 9,000 and spent ₹ 1,000 as erection charges. Calculate the amount of depreciation for the year 2018 @ 15% per annum under the written down value method. Accounts are closed on 31st March every year.
- 34) Rectify the following errors located after the preparation of trial balance:
(a) Purchases book was undercast by ₹ 900.
(b) Sale of old furniture for ₹ 1,000 was credited to sales account.
(c) Purchase of goods from Arul for ₹ 1,500 on credit was not recorded in the books.

•• DHOSTH GUIDES ••

- 35) Give journal entries to rectify the following errors discovered after the preparation of trial balance:
- Purchases book was overcast by ₹ 10,000.
 - Repairs to furniture of ₹ 500 was debited to furniture account.
 - A credit sale of goods to Akilnilavan for ₹ 456 was credited to his account as ₹ 654.
- 36) The following errors were located after the preparation of the trial balance. Rectify them.
- Paid ₹ 50 to Anitha was wrongly debited to Vanitha account.
 - Sale of furniture for ₹ 500 was credited to sales account.
 - Purchased goods from Natarajan on credit for ₹ 750 were wrongly passed through sales book.
 - Wages ₹ 1,000 paid on erection of machinery was debited to wages account.
- 37) The following errors were located before the preparation of the trial balance. Rectify them.
- Goods sold to Anand for ₹ 1,000 on credit was not entered in the sales book.
 - An amount of ₹ 400 paid for repairs to the machinery stands wrongly posted to machinery account.
 - Salaries ₹ 2,000 paid to Gandhiraj was wrongly debited to his personal account in the Ledger
- 38) Difference between straight line method and written down value method(any three).
- 39) Anand bought a machinery for ₹ 1,00,000 on 1-1-2015. On 1-6-2016, he bought another machine for ₹ 50,000. On 1-10-2017, he purchased another machine for ₹ 20,000. Provide depreciation at 10% p.a. on straight line method. Prepare machinery account for the years 2015 to 2017 by using accounts by assuming accounts are closed on 31st December every year.
- 40) What are the causes for depreciation?

PART - IV

7 X 5 = 35

ANSWER ALL THE QUESTIONS

- 41) a) A company purchased machinery costing ₹ 90,000 on January 1, 2015 and spent ₹ 10,000 on its erection. On July 1, 2017, the machinery was sold for ₹ 58,000. The company writes off depreciation at 20% p.a. under written down value method. Prepare machinery account. The books are closed on 31st December every year.**
- (Or)
- b) On 1st April 2015, Kumar purchased a machine for ₹ 80,000 and spent ₹ 20,000 on its installation. The residual value at the end of its expected useful life of 8 years is estimated at ₹ 4,000. On 30th September 2017, the machine is sold for ₹ 50,000. Depreciation is to be provided according to straight line method. Prepare Machinery Account. Accounts are closed on 31st December every year.**
- 42) a) The book-keeper of a firm found that the trial balance was out by ₹ 922 (excess credit). He placed the amount in the suspense account and subsequently found the following errors:**
- The total of discount column on the credit side of the cash book ₹ 78 was not posted in the ledger.
 - The total of purchases book was short by ₹ 1,000.
 - A credit sale of goods to Natarajan for ₹ 375 was entered in the sales book as ₹ 735.
 - A credit sale of goods to Mekala for ₹ 700 was entered in the purchases book. You are required to give rectification entries and prepare suspense account.
- (Or)

•• DHOSTH GUIDES ••

b) The books of Raman did not agree. The accountant placed the difference of ₹ 1,270 to the debit of suspense account. Rectify the following errors and prepare the suspense account:

- Goods taken by the proprietor for his personal use ₹ 75 was not entered in the books.
- A credit sale of goods to Shanmugam for ₹ 430 was credited to his account as ₹ 340.
- A purchase of goods on credit for ₹ 400 from Vivek was entered in the sales book. However, Vivek's account was correctly credited.
- The total of the purchases returns book ₹ 300 was not posted.

43) a) Pass journal entries to rectify the following errors located after the preparation of the trial balance. Assume that there exists a suspense account.

- The total of sales book was undercast by ₹ 2,000.
- The purchase of machinery for ₹ 3,000 was entered in the purchases book.
- A credit sale of goods for ₹ 45 to Mathi was posted in his account as ₹ 54.
- The purchases returns book was overcast by ₹ 200.
- The total of sales book ₹ 1,122 were wrongly posted in the ledger as ₹ 1,222.

(Or)

b) The following errors were located after the preparation of the trial balance. Rectify them.

- Paid ₹ 50 to Anitha was wrongly debited to Vanitha account.
- Sale of furniture for ₹ 500 was credited to sales account.
- Purchased goods from Natarajan on credit for ₹ 750 were wrongly passed through sales book.
- Wages ₹ 1,000 paid on erection of machinery was debited to wages account.

44) a) From the following information, prepare trading account for the year ending 31st December, 2017.

Particulars	₹	Particulars	₹
Opening stock	50,000	Dock charges on purchases	4,000
Cost of goods manufactured	12,000	Import duty on purchases	3,500
Cash purchases	60,000	Wages	11,000
Cash sales	85,000	Sales returns	3,000
Purchases returns	2,000	Credit purchases	35,000
Carriage inwards	4,000	Credit sales	60,000
Freight outwards	3,000	Other direct expenses	7,000
Coal and fuel	2,500		

(Or)

b) From the following information, prepare profit and loss account for the year ended 31st December, 2017.

Particulars	₹	Particulars	₹
Gross profit b/d	60,000	Interest received	2,100
Freight outward	15,000	Financial charges	4,000
Packing charges (on sales)	12,000	Repairs on vehicles used in office	8,000
Salesmen commission paid	1,300	Depreciation on vehicles used in office	3,000
Promotional expenses	10,200	Interest paid	9,000
Office telephone expenses	22,400	Rent received	7,000
Bad debts recovered	4,000	Carriage inwards	4,000

•• DHOSTH GUIDES ••

45) a) Prepare trading and profit and loss account and balance sheet in the books of Deri, a trader, from the following balances as on March 31, 2018.

Debit balances	₹	Credit balance	₹
Stock	10,000	Sales	1,22,500
Cash	2,500	Creditors	5,000
Bank	5,000	Bills payable	2,000
Freight inwards	750	Capital	1,00,000
Purchases	95,000		
Drawings	4,500		
Wages	27,500		
Machinery	50,000		
Debtors	13,500		
Postage (office)	150		
Sundry expenses	850		
Rent paid	2,500		
Furniture	17,250		
	2,29,500		2,29,500

Closing stock (31st March, 2018) ₹ 8,000

(Or)

b) Show the effect of following business transactions on the accounting equation.

- Anbu started business with cash ₹ 20,000; goods ₹ 12,000 and machine ₹ 8,000
- Purchased goods from Ramani on credit ₹ 7,000
- Payment made to Ramani in full settlement ₹ 6,900
- Sold goods to Rajan on credit costing ₹ 5,400 for ₹ 6,000
- Received from Rajan ₹ 5,800 in full settlement of his account
- Wages outstanding ₹ 400

46) a) Veena is a dealer in text files. On January 1, 2018, her business showed the following balances:

Cash in hand: ₹ 20,000; Bank balance: ₹ 70,000; Stock: ₹ 15,000. Following are the transactions made during January 2018. Show the effect of the transactions on accounting equation.

- Purchased goods (readymade shirts) on credit from Subbu ₹ 20,000
- Goods returned to Subbu and no cash is received ₹ 5,000
- Goods (shirts) costing ₹ 1,600 was sold to Janani on credit ₹ 2,000
- Janani returned 1 shirt of sales value ₹ 500
- Janani deposited the money due in cash deposit machine in a bank ₹ 1,500
- Insurance on building paid through net banking ₹ 1,000
- Of the insurance paid, prepaid during the year is ₹ 100

(Or)

b) Bragathish is a trader dealing in electronic goods who commenced his business in 2015. For the following transactions took place in the month of March 2018, pass journal entries.

March

- | | |
|---|--------|
| 1. Purchased goods from Y and Co. on credit | 60,000 |
| 2. Sold goods to D and Co. on credit | 30,000 |
| 3. Paid Y and Co. through bank in full settlement | 58,000 |
| 4. D and Co. accepted a bill drawn by Bragathish | 30,000 |
| 5. Sold goods to L on credit | 20,000 |
| 6. Sold goods to M on credit | 40,000 |

•• DHOSTH GUIDES ••

- | | |
|---|--------|
| 7. Received a cheque from M in full settlement and deposited the same to the bank | 39,000 |
| 8. Goods returned to Y and Co. | 4,000 |
| 9. L became insolvent and only 90 paise per rupee is received by cash in final settlement | |
| 10. Goods returned by M | 3,000 |

47) a) Chandran is a sole trader dealing in sports items. From the following transactions, pass journal entries for the month of March, 2018.

March ‘

- | | |
|---|----------|
| 1 Commenced business with cash | 4,00,000 |
| 2 Cash deposited into bank | 3,00,000 |
| 3 Purchased goods from Ravi and payment made through net banking | 90,000 |
| 4 Sales made to Kumar, who deposited the money through CDM | 10,000 |
| 5 Sales made to Vivek, who made the payment by debit card | 60,000 |
| 6 Sold goods to Keerthana, who made the payment through credit card | 50,000 |
| 7 Dividend directly received by bank | 2,000 |
| 8 Money withdrawn from ATM | 3,000 |
| 9 Salaries paid through ECS | 6,000 |
| 10 Cricket bats donated to a trust | 10,000 |

(Or)

b) Show the direct ledger postings for the following transactions:

2017

- | | | |
|--------|--|----------|
| June 1 | Raja commenced business with cash | ‘ 50,000 |
| 6 | Sold goods for cash | ‘ 8,000 |
| 8 | Sold goods to Devi on credit | ‘ 9,000 |
| 15 | Goods purchased for cash | ‘ 4,000 |
| 20 | Goods purchased from Shanthi on credit | ‘ 5,000 |



Board Exam Paper 2019
11TH STANDARD ACCOUNTANCY
SECTION - I

20X1=20

CHOOSE THE CORRECT ANSWER

- 1) The root of financial accounting system is

a) Social accounting	b) Stewardship accounting
c) Management accounting	d) Responsibility accounting
- 2) _____ of a business have to be repaid in due time.

a) Assets	b) Sales	c) liabilities	d) None of the above
-----------	----------	----------------	----------------------
- 3) Accounting gives information on

a) The resources available	b) how the resources have been employed
c) the results achieved by their use	d) All the above
- 4) GAAPs are

a) Generally Accepted Accounting policies	b) Generally Accepted Accounting principles
c) Generally accepted accounting provisions	d) None of these
- 5) In india Accounting standards are issued by

a) Reserve bank of india	b) The cost and management accountant of india
c) Supreme court of india	d) The institute of chartered accountant of india

•• DHOSTH GUIDES ••

- 6) _____ Said Book keeping is an art of recording business dealings in a set of books.
 a) Norcot b) J R batliboi c) R N Carter d) Keynes
- 7) Cash withdrawn by the proprietor from the business for his personal use causes
 a) Decrease in assets and decrease in owners capital
 b) Increase in one asset and decrease in another asset
 c) Increase in one asset and increase in liabilities
 d) Increase in asset and decrease in capital
- 8) Accounting equation is formed based on the accounting principal of
 a) Dual aspect b) Consistency c) Going concern d) Accrual
- 9) _____ is the prepared in three copies.
 a) debit note b) Credit note c) Going concern d) Invoice
- 10) Main objective of preparing ledger account is to
 a) Ascertain the financial position b) Ascertain the profit or loss
 c) Ascertain the profit or loss and financial position
 d) know the balance of each ledger account
- 11) The amount brought into the business by the proprietor should be credited to
 a) Cash account b) Drawings account c) Capital account d) suspense account
- 12) The account are balanced
 a) at the end of the accounting period b) after a certain period
 c) in the beginning of the accounting period d) both a and b
- 13) Trial balance is a
 a) statement b) Account c) ledger d) Journal
- 14) _____ is prepared on a specific data.
 a) trial balance b) Journal c) ledger d) All the above
- 15) Purchase book is used to record
 a) all purchase of goods b) All credit purchases of assets
 c) all credit purchase of goods d) All purchase of assets
- 16) Purchase book does not keep record of purchases of
 a) Assets b) liabilities c) goods d) none of the above
- 17) Cash book is a
 a) subsidiary book b) Principal book
 c) journal proper d) Both subsidiary book and principal book
- 18) Small payments are recorded in a book called
 a) Cash book b) Purchase book c) Bills payable book d) Petty cash book
- 19) A bank reconciliation statement is prepared by
 a) Bank b) business c) debtor to the business d) creditor to the business
- 20) Which one of the following is not a timing difference?
 a) Cheque deposited but not yet credited
 b) Cheque issued but not yet presented for payment
 c) Among directly paid into bank d) Wrong debit in the cash book

SECTION - II

7 X 2 = 14

ANSWER THE FOLLOWING QUESTIONS (ANY 7) Q NO 30 IS COMPULSORY

- 21) Accounting records of business transactions and events which are of financial nature .Is this a limitation of accounting?
- 22) Before the evolution of money commodities were exchanged for commodities .in such situations how would people have maintained their accounts?

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- 23) In your school there are some basic rules to be followed by every student what are they? What will happen if there is no such rule?
- 24) Give transactions with imaginary figure involving the following
- Increase in assets and capital
 - Increase and decrease in assets
 - Increases in an assets and a liabilities
 - Decrease of an asset and owners capital
- 25) What is the account to be debited and credited for the following transactions
- sold goods and received amount through net banking
 - An amount paid through debit card for goods purchased.
- 26) Write the transactions for following journal entries.
- Purchase a/c Dr.
To bank a/c
 - Drawings a/c dr.
To Purchases a/c
- 27) A trader has been selling goods both on cash and credit bases. Most of the goods are sold on credit. The owner has lost track of Who has to pay how much? Is there any quick way to get this information?
- 28) Do you think that the ledger account postings are error free? If not how do you make sure that the entries are correct?
- 29) Do you think the supplier will accept the debit note sent by the customer ,as it is? If not ,why will he not accept?
- 30) State any two causes of disagreement between the balance as per bank column of cash book and bank statement.

SECTION - III

7 X 3 = 21

ANSWER THE FOLLOWING QUESTIONS (ANY 7) Q NO 40 IS COMPULSORY

- 31) Why are the following parties interested in accounting information?
- Investors
 - Government
- 32) Business units last indefinitely .Mention and explain the concept on which the statement is based.
- 33) What is the accounting treatment for insurance premium paid on the life of the proprietor?
- 34) Fill in the missing information in the following journal entries

DATE	PARTICULARS	LF	DEBIT	CREDIT
	<p>.....A/C DR</p> <p>To.....A/c</p> <p>(goods purchase for cash Rs 20000)</p> <p>.....A/c Dr</p> <p>.....A/c Dr</p> <p>To Niha A/c</p> <p>(Received Rs 18800 from in full settlement of the due</p>			

- 35) Explain why does money deposited into bank appear on the debit side of the cash book ,but on the credit side of the bank statement?

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36) Complete the missing items

S. No	Assets ₹ =	Liabilities ₹ +	Capital ₹
a)	30,000	20,000	?
b)	60,000	25,000	?
c)	?	25,000	30,000
d)	?	10,000	80,000
e)	25,000	?	15,000
f)	40,000	?	30,000

37) Classify the following items into real, personal and nominal accounts

- a) Capital b) Purchase c) Goodwill d) Copy rights e) Latha
 f) State bank of india g) Electricity charges h) Dividend i) Ramesh
 j) Outstanding rent

38) A stationery shop keeper maintains only one register to record all her business transactions. she finds it difficult to know and check her shops cash balance at the end of the day .Is there any way to help her ?She needs your suggestion.

39) From the following particulars prepare single column cash book of Ms Kokila

		Rs
2017 Mar	1 cash in hand	20000
	4 cash purchases	4000
	7 cash sales	8000
	8 Paid to balan	5000
	9 Received cash from cheran	10000
	13 Paid to balan	10000
	14 Cash withdrawn from bank	4000
	18 paid salaries	1000
	20 Bought furniture	3000
	28 rent paid	1000

40) Write the following transaction in proper subsidiary books of Mr Rajasekaran.

- 2014 May 10 Purchased goods from Raman Rs 15,000.
 May 14 purchased goods to raman Rs 500.
 May 18 Purchased goods from Sekaran Rs 10,000.
 May 20 Pradeep sold goods to us Rs 20,000.
 May 24 Sent a debit note to sekaran for goods damaged in transit Rs 1,000.

SECTION - IV

7 X 5 = 35

ANSWER THE FOLLOWING QUESTIONS (ANY 7)

41) a) Create an accounting equation on the basis of the following transitions

- (i) Rakesh started business with a capital of Rs 1,50,000
 (ii) Deposited money with the bank Rs 80,000
 (iii) Purchased goods from Mahesh and paid through credit card Rs 25,000
 (iv) sold goods (costing Rs 10,000) to Mohan for Rs 14,000 who pays through debit card .
 (v) commission received by cheque and deposited the same in the bank Rs 2,000.
 (vi) Paid office rent through ECS Rs 6,000
 (vii) Sold goods to Raman for Rs 15,000 of which Rs 5,000 was received at once
 (or)

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b) Karthick opened a provisions store on April 2017 .Journalise the following transactions in his book.

2017 April		Rs
1	Paid into bank for opening a current account	2,00,000
3	Goods purchased by cheque	40,000
5	Investment made in securities Goods sold to Radha for Rs 20,000 and cheque received and deposited into bank	40,000
6	Amount withdrawn from bank for office use	15,000
7	Purchased goods from Kamala and cash deposited in CDM	10,000
10	Sold goods to vanitha who paid through debit card	10,000
12	Interested on securities directly received by the bank	1,000
15	Insurance paid by the bank as per standing instruction	2,000
20	Sales made to kunal who made payment through CDM	6,000
25		

42) a) Journalise the following transaction in Thiru kumaran books and post them to ledger.

2013 AUG		Rs
5	Sold goods to Arumugam on credit	17,500
9	Bought good for cash from Chellapan	22,500
12	Met Travelling Expenses	2,500
15	Received 80,000 from sivakumar as loan	3,000
21	Paid wages to workers	

(or)

b) Post the following Transaction directly in the ledger.

2014 MAY		Rs
1	Started business with cash	50,000
5	Bought goods from Chandrasekar on credit for 15,000	15,000
8	Sold goods to Nehru on credit for	25,000
10	Goods returned to chandrasekar	500
15	Goods returned from Nehru	2,500
20	Settled Chandrasekar s account	
25	Nehru settled his account	

43) a) Rajan who has a car driving school gives you the following ledger balances Prepare trial balance as on 31st December 2016

	Rs		Rs
Capital	1,50,000	Sales	75,000
Debtors	22,800	Return inwards	1,000
Rent received	5,00	Discount allowed	8,00
Bank overdraft	3,100	Discount received	1,000
Creditors	5,500	Wages	2,900
Premises	1,46,000	Salaries	3,500
Opening stock	10,000	Commission paid	1,100
Purchases	45,000	General expenses	2,000

(Or)

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b) Deepak is a dealer in stationery items .From the following transactions pass journal entries for the month of January and February ,2018

jan

1	commenced business with cash	2,00,000
2	Opened a bank account by depositing cash	1,00,000
3	A4 papers sold on credit to padmini and co	60,000
4	Bills receivable from Padmini and Co for the amount due	
5	Bills Received from Padmini and Co discounted with the bank	58,000

feb

15 Bills of padmini and co dishonoured

44) a) Record the following transaction in the sales book and sales return book of m/s Ponni and Co and post them to ledger

2017 Aug

- 1 Sold goods to senthil as per invoice no .68 for Rs 20,000
- 4 sold goods to madhavan as per invoice no 74 for Rs 12,800 on credit
- 7 Sold goods to Kanagasabai as per invoice No 78 for Rs 7,500 on credit
- 15 Returns inward by senthil as per credit Note no 7 for Rs 1,500 for which cash is not paid
- 20 sold goods to selvam for Rs 13,300
- 25 Sales return of Rs 1,800 by madhavan as per Credit note No 11 for Which cash is not paid.

(OR)

b) Distinguish between journal and ledger?

45) a) Enter the following transactions in Iyyappan's petty cash book with analytical columns under imprest system.

2017

Jan	1	Balance on hand	250
	1	Cash received from the chief cashier	1,050
	2	Purchased pencil, rubber and paper	200
	4	Sent documents to Head Office by registered post	120
	5	Travelling expenses paid to salesman	150
	7	Paid for sundry expenses	60
	9	Paid for office expenses	50
	11	Paid for letter pad	175
	13	Paid to Amutha on account	66
	15	Paid for repairs to furniture	78
	18	Carriage paid	83
	20	Bought postal stamps	55
	22	Paid for telephone charges	175

(Or)

b) Record the following transactions in the three column cash book of John Pandian.

2017 Dec

1	Cash balance brought forward	12,600
1	Bank overdraft brought forward	36,000
1	Advance paid to petty cashier by cheque	3,000
5	Goods sold for cash	12,000
7	Dividend on shares collected by the banker	1,000

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13	Cash paid into Bank	10,000
14	Interest charged by the bank for bank overdraft	1,500
18	Cheque issued to Siddique	8,000
	Discount received from him	200
24	Insurance claim received by cheque and deposited into bank	17,000
28	Cash received from Baskar	15,000
	Discount allowed to him	150
31	Deposited into Bank all cash excess of	18,600

46) a) Prepare a triple column cash book of Rahim from the following transactions:

2017 Feb

1	Cash in hand	25,000
5	Cash at bank	10,000
6	Water purifier purchased for office use by cheque	8,000
8	Purchased goods for cash	9,000
	Received cash from Daniel	9,900
10	Discount allowed to him	100
12	Cheque received for goods sold and deposited in the bank	40,000
	Paid to Amala by cheque	14,500
13	Discount received from her	500
14	Paid transport charges by cash	5,000
24	Withdrawn cash from bank for office use	20,000
28	Cheque received from Kumar and deposited into the bank	15,000
	Kumar's cheque dishonoured	

(Or)

b) From the following particulars of John traders, prepare a bank reconciliation statement as on 31 March, 2018.

- (a) Bank overdraft as per bank statement Rs 4,000
- (b) Cheques amounting to Rs 2,000 had been recorded in the cash book as having been deposited into the bank on 26 March 2018, but were entered in the bank statement on 4th April 2018.
- (c) Amount received by a bank through cash deposit machine amounting to Rs 5,000, omitted in the cash book.
- (d) Amount of Rs 3,000 wrongly debited to John traders account by the bank, for which no details are available.
- (e) Bills for collection credited by the bank till 29th March 2017 amounting to Rs 4,000, but no advice received by John traders.
- (f) Electricity charges made through net banking for Rs 900 was wrongly entered in cash column of the cash book instead of bank column.
- (g) Cash sales wrongly recorded in the bank column of the cash book for Rs 4,000.

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47) a) From the following information prepare bank reconciliation statement to find out the bank statement balance as on 31stDecember 2017.

Particulars	Rs
1) Balance as per cash book	15,000
2) Cheques deposited but not yet credited	1,000
3) Cheques issued and entered in the cash book before 31 st December 2017 but not	1,500
4) Divident directly received by bank	2,00
5) Direct payment made by bank for rent	1,000
6) Locker rent charged by the bank not recorded in cash book	1,200
7) Wrong debit given by the bank 30 th December 2017	5,00
8) A payment made through net banking has been entered twice in the cash book	3,00

(Or)

b) Difference between cash discount and trade discount?



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NOTES

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