

PUBLIC EXAM - MARCH – 2025 - ANSWER KEY
XI STANDARD – ACCOUNTANCY – ENGLISH

Time Allowed : 3 Hours

Maximum Marks : 90

I. Choose the most suitable from the given four alternatives and write the option code and the corresponding answer
20 x 1 = 20

A			B		
1	D	Debit side of Profit and Loss A/c	1	A	Capital A/c
2	A	All Credit Purchase of Goods	2	D	Debit side of Profit and Loss A/c
3	B	Rs.2,00,000	3	C	System Programmers
4	A	Capital Expenditure	4	A	Trade discount is recorded in the books of accounts
5	D	Reducing Balance Method	5	A	Balance Sheet
6	C	Total Method	6	A	Bank Account
7	C	Assets of a business are equal to the total of Capital and Liabilities	7	C	Credit Balance as per Bank Statement
8	A	Drawing Account	8	A	All Credit Purchase of Goods
9	C	Bank Column Credit Side	9	C	Rs.20,000
10	D	Going Concern	10	C	Total Method
11	C	Debited to Profit and Loss Account	11	B	Purchase return book was undercast by Rs.1,000
12	A	Balance Sheet	12	C	Assets of a business are equal to the total of Capital and Liabilities
13	A	Trade discount is recorded in the books of accounts	13	D	Going Concern
14	B	Purchase return book was undercast by Rs.1,000	14	D	(1)–(iii) (2)– (iv) (3)–(i) (4)– (ii)
15	A	Bank Account	15	A	Drawing Account
16	D	(1)–(iii) (2)– (iv) (3)–(i) (4)– (ii)	16	B	Rs.2,00,000
17	C	Rs.20,000	17	A	Capital Expenditure
18	C	Credit Balance as per Bank Statement	18	D	Reducing Balance Method
19	C	System Programmers	19	C	Bank Column Credit Side
20	A	Capital A/c	20	C	Debited to Profit and Loss Account

PART - II**II. Answer any seven questions. Question No.30 is compulsory.****7 x 2 = 14****21) Steps involved in the process of accounting**

Accounting is the systematic process of identifying, measuring, recording, classifying, summarising, interpreting and communicating financial information.

22) Journal entry

Date	Particulars	L.F.	Debit Rs.	Credit Rs.
	Viji A/c To Cash A/c To Discount Received A/c (Paid Rs.96,000 in full settlement of Rs.1,00,000 to Viji)	Dr.	1,00,000	96,000 4,000

23) Debit or Credit column of the Trial Balance

Sl.No	Name of the Accounts	Debit Rs.	Credit Rs.
(i)	Carriage Outwards	xxxx	--
(ii)	Interest Received	--	xxxx
(iii)	Bad Debts	xxxx	--
(iv)	Purchase Returns	--	xxxx

24) Opening Entry

Date	Particulars	L.F.	Debit Rs.	Credit Rs.
2022 January 1	Cash A/c Stock A/c Furniture A/c To Sundry Creditors A/c To Capital A/c (Balances of assets and liabilities brought forward)	Dr. Dr. Dr.	30,000 15,000 3,000	10,000 38,000

25) Compensating Errors – Meaning:

- * The errors that make up for each other or neutralize each other are known as compensating errors.
- * These errors may occur in related or unrelated accounts.
- * Thus, excess debit or credit in one account may be compensated by excess credit or debit in some other account.
- * These are also known as offsetting errors.

26)

Calculation of profit or loss on sale of machinery

Particulars	Rs.
Cost price	75,000
Less: Depreciation for 2016-17 (75,000 x 10%)	7,500
	67,500
Less: Depreciation for 2017-18 (75,000 x 10%)	7,500
Book value on the date of sale	60,000
Less: Selling price	62,000
Profit on sale	- 2,000

27) Classification of Capital or Revenue:

- (i) Capital Expenditure
- (ii) Revenue Expenditure

28) Prepaid Expenses Meaning:

- 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.

29) 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.

30) **Rs.1,880** was received by the Petty Cashier from Cashier on 30th June, 2022.

So, Opening Cash Balance on 1st July, 2022 is **Rs.2,000**

PART - III

III. Answer any seven questions. Question No.40 is compulsory.

7 x 3 = 21

31) Realisation Concept.

- * According to realisation concept, any change in value of an asset is to be recorded only when the business realises it.
- * When assets are recorded at historical value, any change in value is to be accounted only when it realises.

32) Solutions

Transaction	Assets				=	Liabilities		
	Cash Rs.	Stock Rs.	Machine Rs.			Capital Rs.	Creditors Rs.	Outstanding Rs.
(i) Started business with cash	20,000	12,000	8,000		=	40,000	--	--
Equation	20,000	12,000	8,000		=	40,000	--	--
(ii) Credit Purchases	--	+ 7000	--			--	7,000	--
Equation	20,000	19,000	8,000		=	40,000	7,000	--
(vi) Wages outstanding	--	--	--			- 400	--	400
Equation	20,000	19,000	8,000		=	40,100	--	400

33)

Dr.

Anand Account

Cr.

Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.
2017				2017			
July	To Cash A/c		2,000	July 1	By Balance B/d		4,000
15	To Cash A/c		3,960	18	By Purchase A/c		8,000
20	To Commission A/c		40	25	By Purchase A/c		5,000
31	To Balance C/d		11,000				
			17,000				17,000
				Aug. 1	By Balance B/d		11,000

34) Trial Balance is prepared in the following methods:

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

35) .

In the books of Santhosh Textiles Ltd.,
Purchases Book

Date	Particulars	Invoice No.	L.F.	Amount Rs.	
				Details	Total
2017 April 1	Prasad, Kancheepuram 100 Meters Silk @ Rs. 450 meter 75 Meters Velvet @ Rs. 180 meter			45,000 13,500	58,500
20	Hari Ram & Sons, Madurai 50 Rolls Kada @ Rs. 730 per Roll 80 Rolls Cotton @ Rs. 650 per Roll			36,500 52,000	88,500
24	Mohan Shirting Cloth Sarees			7,000 25,000	32,000
	Purchases A/c Dr.				1,79,000

36). **Bank reconciliation statement as on 31st December, 2022**

Particulars	Amount Rs.	Amount Rs.
Balance as per bank statement		6,000
<u>Add:</u> Cheques deposited but not yet credited		2,000
		8,000
<u>Less:</u> Cheques issued but not yet presented for payment		3,000
Balance as per Cash Book		5,000

37) **Rectifying Entries**

	Particulars	L.F.	Dr. Rs.	Cr. Rs.
a	Suspense A/c Dr. To Purchases A/c (Being purchase book overcast, now rectified)		1,000	1,000
b	Furniture Repairs A/c Dr. To Furniture A/c (Being Repairs to furniture of Rs.500 was debited to furniture account, now rectified)		500	500
c	Suspense A/c (654 – 456) Dr. To Akilan A/c (Being credit sale of goods to Akilan for Rs.456 was credited to his account as Rs.654, now rectified)		198	198

38)

Amount of depreciation per year = $\frac{\text{Original Cost of the Asset} - \text{Estimated Scrap Value}}{\text{Estimated useful life of the asset in years}}$

$$= \frac{40,000 - 0}{5} = \frac{40,000}{5} = \text{Rs. 8,000 per year}$$

Machinery Account					
Dr.	Particulars	Rs	Cr.	Particulars	Rs.
I Year	To Cash A/c	40,000		By Depreciation A/c	8,000
				By Balance c/d	32,000
		40,000			40,000
II Year	To Balance b/d	32,000		By Depreciation A/c	8,000
				By Balance c/d	24,000
		32,000			32,000
III Year	To Balance b/d	24,000			

39) Calculation of Amount of Sales:

$$\begin{aligned}\text{Cost of goods sold} &= \text{Opening stock} + \text{Net purchases} + \text{Direct expenses} - \text{Closing stock} \\ &= 30,000 + 2,00,000 + 0 - 20,000 \\ &= \text{Rs. } 2,10,000\end{aligned}$$

$$\begin{array}{rcl}\text{Let the sales be} & & 100 \\ \text{Less: Gross profit (30\% on sales, i.e., 100)} & & \underline{30} \\ \text{Cost of goods sold} & & \underline{70}\end{array}$$

$$\text{Gross profit} = \text{Rs. } 2,10,000 \times 30 / 70 = \text{Rs. } 90,000$$

$$\begin{aligned}\text{Sales} &= \text{Cost of goods sold} + \text{Gross profit} \\ &= 2,10,000 + 90,000 = \text{Rs. } 3,00,000\end{aligned}$$

40) .

$$\text{Provision for bad and doubtful debts} = 60,000 \times 5/100 = 3,000$$

Adjusting entry

Date	Particulars	L.F.	Debit Rs.	Credit Rs.
31 st December, 2022	Profit and loss A/c To Provision for bad and doubtful debts A/c (Provision for bad and doubtful debts created)	Dr.	3,000	3,000

Dr. Profit and loss account for the year ended 31st December, 2022 Cr.

Particulars	Rs.	Rs.	Particulars	Rs.	Rs.
To Bad debts		1,500			
Add: Provision for bad and doubtful debts		3,000			

Balance Sheet as on 31st December, 2016

Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
			Sundry debtors	60,000	
			Less: Provision for bad and doubtful debts	3,000	57,000

PART - IV**IV. Answer all the questions.****7 x 5 = 35****41.a. The importance of accounting is:****1. Systematic records:**

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

2. Preparation of financial statements:

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

3. Assessment of progress:

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

4. Aid to decision making:

- ✎ Management of a firm has to make routine and strategic decisions while discharging its functions.

5. Legal evidence:

- ✎ Accounting records are generally accepted as evidence in courts of law and other legal authorities in the settlement of disputes.

[OR]**41.b.****In the books of Sumathi****Journal entries**

Date	Particulars	L.F	Debit Rs.	Credit Rs.
Jan. 1	Cash A/c Dr. To Sumathi's capital A/c (Commenced business with cash)		3,00,000	3,00,000
2	Purchase A/c Dr. To Rajiv A/c (Purchased goods from Rajiv on credit)		1,00,000	1,00,000
3	Bank A/c Dr. To Cash A/c (Cash deposited with the bank)		2,00,000	2,00,000
20	Bank A/c Dr. To Bank Loan A/c (Borrowed loan from bank)		1,00,000	1,00,000
22	Drawings A/c Dr. To Bank A/c (Withdrawn from Bank for personal use)		800	800
23	Rajiv A/c Dr. To Bank A/c To Discount (Amount paid to Rajiv in full settlement through NEFT Rs.99,000)		1,00,000	99,000 1,000
25	Drawings A/c Dr. To Bank A/c (Paid club bill of the proprietor by cheque)		200	200
26	Drawings A/c Dr. To Bank A/c (Paid electricity bill of the proprietor's house through debit card)		2,000	2,000
31	Charity A/c Dr. To Purchase A/c (Lunch provided at free of cost to a charity)		1,000	1,000
31	Locker Rent A/c Dr. To Bank A/c (Bank levied charges for locker rent)		1,000	1,000

42.a

**In the Books of Kalaiselvi
Ledger Accounts**

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

Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.
2022 Oct. 1	To Capital A/c		25,000	2022 Oct. 5	By Bank A/c		12,500
				15	By Purchase A/c		5,000
				31	By Balance C/d		7,500
			25,000				25,000
Nov. 1	To Balance B/d		7,500				

Dr.**Capital Account****Cr.**

Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.
2022 Oct. 31	To Balance C/d		25,000	2022 Oct. 1	By Cash A/c		25,000
			25,000				25,000
				Nov. 1	By Balance B/d		25,000

Dr.**Bank Account****Cr.**

Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.
2022 Oct. 5	To Cash A/c		12,500	2022 Oct. 10	By Furniture A/c		2,000
				31	By Balance C/d		10,500
			12,500				12,500
Nov. 1	To Balance B/d		10,500				

Dr.**Furniture Account****Cr.**

Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.
2022 Oct. 10	To Bank A/c		2,000	2022 Oct. 31	By Balance C/d		2,000
			2,000				2,000
Nov. 1	To Balance B/d		2,000				

Dr.**Purchase Account****Cr.**

Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.
2022 Oct. 15	To Cash A/c		5,000	2022 Oct. 22	By Drawings A/c		500
				31	By Balance C/d		4,500
			5,000				5,000
Nov. 1	To Balance B/d		4,500				

Dr. Sales Account				Cr.			
Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.
2022 Oct. 19	To Balance C/d		4,000	2022 Oct.19	By Vasu A/c		4,000
			4,000				4,000
				Feb.1	By Balance B/d		4,000

Dr. Vasu Account				Cr.			
Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.
2022 Oct. 9	To Sales A/c		4,000	2022 Oct.31	By Balance C/d		4,000
			4,000				4,000
Nov. 1	To Balance B/d		4,000				

Dr. Drawing Account				Cr.			
Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.
2022 Oct.22	To Purchase A/c		500	2022 Oct.31	By Balance C/d		500
			500				500
Nov. 1	To Balance B/d		500				

[OR]

42.b. Classification of Capital or Revenue:

- (iii) Capital Expenditure
- (iv) Revenue Receipt
- (v) Capital Expenditure
- (vi) Capital Receipt
- (vii) Capital Expenditure

43.a.

In the books of Robert Furniture Mart
Purchases book

Date	Particulars	Invoice No.	L.F.	Amount	
				Details	Rs. Total
2017 June 1	Balu Traders 20 Chairs @ Rs. 150 each				3,000
June 13	Subash & Co., 2 Almirahs @ Rs. 3,100 each 10 Tables @ Rs. 1,500 each 15 Chairs @ Rs. 200 each			6,200 15,000 3,000	
	Less: Trade discount @ 10%			24,200 2,420	
	Add: Freight Charges			21,780 220	22,000

June 24	<u>Sunrise Furniture Mart</u> 25 Almirahs @ Rs. 1,300 each				32,500
June 27	<u>Mouli Traders</u> 10 Executive Tables @ 3,275 each				32,750
	Purchases A/c Dr.				90,250

Purchase Returns Book

Date	Particulars	Debit Note No.	L.F.	Amount		Remarks
				Details	Rs. Total	
2017 June 21	<u>Balu Traders</u> 2 Chairs @ Rs. 150 each				300	Chairs Damaged
June 29	<u>Sunrise Furniture Mart</u> 3 Almirahs @ Rs. 1,300 each				3,900	Cash not Received
	Purchase Returns A/C Cr.				4,200	

Ledger Accounts

Dr.

Purchase Account

Cr.

Date	Particulars	J.F.	Amount Rs.	Date	Particulars	J.F.	Amount Rs.
2017 Jun. 30	To Sundry Creditors A/c		90,250	2017 Jun. 30	By Balance C/d		90,250
			90,250				90,250
July 1	To Balance B/d		90,250				

Dr.

Purchase Return Account

Cr.

Date	Particulars	J.F.	Amount Rs.	Date	Particulars	J.F.	Amount Rs.
2017 Jun. 30	To Balance C/d		4,200	2017 Jun. 30	By Sundry Creditors A/c		4,200
			4,200				4,200
				July 1	By Balance B/d		4,200

Dr. <u>Balu Traders Account</u>				Cr.			
Date	Particulars	J.F.	Amount Rs.	Date	Particulars	J.F.	Amount Rs.
2017 Jun. 21	To Return Outward		300	2017 Jun. 1	By Purchase A/c		3,000
30	A/c To Balance C/d		2,700				
			3,000				3,000
				July 1	By Balance B/d		2,700

Dr. <u>Subash & Co., Account</u>				Cr.			
Date	Particulars	J.F.	Amount Rs.	Date	Particulars	J.F.	Amount Rs.
2017 Jun. 30	To Balance C/d		22,000	2017 Jun. 13	By Purchase A/c		22,000
			22,000				22,000
				July 1	By Balance B/d		22,000

Dr. <u>Sunrise Furniture Mart Account</u>				Cr.			
Date	Particulars	J.F.	Amount Rs.	Date	Particulars	J.F.	Amount Rs.
2017 Jun. 29	To Return Outward		3,900	2017 Jun. 24	By Purchase A/c		32,500
30	A/c To Balance C/d		28,600				
			32,500				32,500
				July 1	By Balance B/d		28,600

Dr. <u>Mouli Traders Account</u>				Cr.			
Date	Particulars	J.F.	Amount Rs.	Date	Particulars	J.F.	Amount Rs.
2017 Jun. 30	To Balance C/d		32,750	2017 Jun. 27	By Purchase A/c		32,750
			32,750				32,750
				July 1	By Balance B/d		32,750

[OR]

43.b.

In the books of Kumari

Dr. Trading and Profit and Loss Account for the year ended 31st December, 2022 Cr.

Particulars	Rs.	Rs.	Particulars	Rs.	Rs.
To Opening Stock		1,500	By Sales		20,100
To Purchases		14,500	By Closing Stock		3,900
To Coal and Fuel		600			
To Carriage Inwards	750				
Less: Prepaid	250	500			
To Gross profit c/d (Transferred to Profit and Loss A/c)		6,900			
		24,000			24,000
To Advertisement		500	By Gross profit b/d (Transferred from Trading A/c)		6,900
To Carriage Outwards		400			
To Manager's commission		400	By Rent Received	2,500	
To Net profit (Transferred to capital A/c)		8,000	Less: Advance Received	100	2,400
		9,300			9,300

Working note:

$$\text{Manager's Commission} = \text{Net profit before charging commission} \times \frac{\text{Rate of commission}}{(100 + \text{Rate of commission})}$$

$$\text{Net profit} = 9,300 - (500 + 400) = \text{Rs. } 8,400$$

$$\text{Manager's commission} = 8,400 \times 5 / 105 = 400$$

Balance Sheet as on 31st December, 2022

Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
Capital	5,000		Bank		1,200
Add: Net profit	8,000	13,000	Furniture		8,000
			Debtors		2,250
Bills Payable		400	Bills Receivable		300
Creditors		2,000	Carriage inwards prepaid		250
Manager's Commission		400	Closing Stock		3,900
Rent received in Advance		100			
		15,900			15,900

44.a. Dr.**Cash Book with Discount and cash column****Cr.**

Date	Receipts	L. F.	Dis.	Amount Rs.	Date	Payments	L.F.	Dis.	Amount Rs.
2017 Jan. 1	To Balance b/d			19,500	2017 Jan. 15	By Electricity Charges A/c			12,500
4	To Sales A/c			32,000	17	By Computer A/c			16,800
9	To Gopu A/c		200	11,800	25	By Gandhi A/c		300	19,700
28	To Thiruvengadam A/c		100	8,900	30	By Trade Expenses A/c			3,500
					31	By Balance c/d			19,700
			300	72,200				300	72,200
2018 Feb. 1	To Balance B/d			23,000					

[OR]**44.b. Differences between manual and computerised accounting system (Any 5)**

Basis	Manual accounting	Computerised accounting
i) Recording of transactions	Transactions are recorded manually.	Transactions are recorded using computers.
ii) Storage	Transactions are stored in volumes of books.	Transactions are stored in well-designed databases.
iii) Preparation of ledger accounts, trial balance and financial statements	Ledger accounts, trial balance and financial statements are prepared manually.	Once journal entries are passed or subsidiary books are entered, data are processed automatically and ledger accounts, trial balance and balance sheet are automatically prepared.
iv) Preparation of report	Analysis of financial statements and preparation of report are to be done manually.	Financial statement analysis such as ratio analysis, preparation of cash flow statement, etc. is automatically done.
v) Time involved	It takes lot of time as everything from journalising to report generation is done manually.	It saves lot of time. Time is taken only for passing journal entries or entering data in subsidiary books.
vi) Cost involved	The cost is high in manual accounting as several books of account are to be maintained.	The cost is less compared to manual accounting as all the records are kept in soft copy.
vii) Retrieval of data	It becomes difficult and time consuming to retrieve data as several books have to be gone through.	Retrieval of data is easier as the records are kept in soft copy in data base.
viii) Accuracy	Certain clerical errors such as arithmetical, error in carrying forward, etc. can happen.	If the input given is correct, the output will also be correct.
ix) Communication of report	Communication of report takes time and it is difficult as it has to be done manually to the users of information.	It is easier and takes lesser time. The report is in soft copy and if online facility is available, it can be communicated to the users very easily at any time and at any place.

45.a.

Dr.			Machinery Account			Cr.		
Date	Particulars	Rs	Date	Particulars	Rs			
2020			2020	By Depreciation A/c				
April 1	To Bank A/c	32,000	Dec 31	(46,000 × 10/100 × 9/12)	3,450			
April 1	To Bank A/c	14,000	Dec 31	By Balance c/d	42,550			
		46,000			46,000			
2021			2021	By Depreciation A/c				
April 1	To Balance b/d	42,550	Dec 31	(46,000 × 10/100)	4,600			
		42,550	Dec 31	By Balance c/d	37,950			
					42,550			
2022			2022	By Depreciation A/c				
April 1	To Balance b/d	37,950	June 30	(46,000 × 10/100 × 6/12)	2,300			
			June 30	By Bank A/c	26,000			
			June 30	By Profit and Loss A/c	9,650			
				(Loss on sale)				
		37,950			37,950			

[OR]**45.b.**

In the books of Mr. Selvi

Dr.			Trading and profit and loss account			Cr.		
Particulars	Rs.	Rs.	Particulars	Rs.	Rs.			
To Opening stock		16,000	By Sales		84,000			
To Purchases		44,000	By Closing Stock		9,000			
To Expenses on Purchase		5,000						
To Gross Profit C/d		28,000						
(Transferred to Profit and Loss A/c)								
		93,000			93,000			
To Financial Charges		7,000	By Gross Profit b/d		28,000			
To Expenses on Sale		2,000	(Transferred from Trading A/c)					
To Bad Debts		2,400						
To Trade Expenses		2,400						
To Discount Allowed		1,200						
To Commission Allowed		2,200						
To Selling Expenses		1,200						
To Repair on office vehicles		1,200						
To Net Profit C/d		8,400						
(Transferred to Capital A/c)								
		28,000			28,000			

46.a.**Rectifying Entries**

	Particulars	L.F.	Dr. Rs.	Cr. Rs.
a	Salary A/c Dr. To Kumanan A/c (Being corrected of wrong debit to Kumanan's A/c for salary paid)		10,000	10,000
b	Rent A/c Dr. To Senguttuvan A/c (Being corrected of wrong debit to Senguttuvan's A/c for rent paid)		6,000	6,000
c	Sales A/c Dr. To Furniture A/c (Being corrected of wrong debit to cash A/c for furniture sold A/c)		2,000	2,000
d	Kumararaja A/c Dr. To Sales A/c (Being corrected of wrong credit to Kumararaja for cash sales)		10,000	10,000
e	Drawings A/c Dr. To Manimaran A/c (Being goods taken by the proprietor Mr. Manimaran for his personal use, now rectified)		1,000	1,000

[OR]**46. b.****(i) Business entity concept**

- ♣ This concept implies that a business unit is separate and distinct from the owner or owners, that is, the persons who supply capital to it.
- ♣ Based on this concept, accounts are prepared from the point of view of the business and not from the owner's point of view.
- ♣ Hence, the business is liable to the owner for the capital contributed by him/her.

(ii) Cost concept

- ♣ An asset is recorded in the books on the basis of the historical cost, that is, the acquisition cost.
- ♣ Cost of acquisition will be the base for all further accounting.
- ♣ It does not mean that the asset will always be shown at cost.

(iii) Dual aspect concept

- ♣ According to this concept, every transaction or event has two aspects, i.e., dual effect.
- ♣ This is the concept which recognises the fact that for every debit, there is a corresponding and equal credit. This is the basis of the entire system of double entry book-keeping.
- ♣ From this concept arises the basic accounting equation, that is, **Capital + Liabilities = Assets**

(iv) Matching concept

- ♣ According to this concept, revenues during an accounting period are matched with expenses incurred during that period to earn the revenue during that period.
- ♣ This concept is based on accrual concept and periodicity concept.

(v) Going concern concept

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

47.a)**Redrafted Trial balance as on 31st March, 2017**

Name of account	Debit balance Rs.	Credit balance Rs.
Building	60,000	--
Machinery	17,000	--
Returns outward	--	2,600
Bad debts	2,000	--
Cash	400	--
Discount received	--	3,000
Bank overdraft	--	10,000
Creditors	--	50,000
Purchases	1,00,000	--
Capital	--	72,800
Fixtures	5,600	--
Sales	--	1,04,000
Debtors	60,000	--
Interest received	--	2,600
Total	2,45,000	2,45,000

[OR]

47.b)**Bank reconciliation statement as on 31st December, 2017**

Particulars	Amount Rs.	Amount Rs.
Overdraft Balance as per bank statement		6,500
Add: Cheques issued but not yet presented for payment		3,000
		9,500
Less: Cheques deposited into bank, but not yet credited	10,500	
Wrong debit by the bank	500	
Interest and bank charges debited by bank	180	
Insurance premium directly paid by the bank as per standing order	100	11,280
Balance as per Cash Book		-1,780

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

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