

11<sup>th</sup>  
STD

## PUBLIC EXAMINATION MARCH - 2025

## PART - III

Reg. No.

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TIME ALLOWED : 3.00 Hours]

ACCOUNTANCY (with Answers)

[MAXIMUM MARKS : 90

## Instructions :

- 1) Check the question paper for fairness of printing. If there is any lack of fairness, inform the Hall Supervisor immediately.
- 2) Use **Blue** or **Black** ink to write and underline and pencil to draw diagrams.

## PART - I

**Note :** (i) Answer **all** the questions.  $20 \times 1 = 20$   
 (ii) Choose the most appropriate answer from the given **four** alternatives and write the option code and the corresponding answer.

1. The amount brought into the business by the Proprietor should be credited to :  
 (a) Capital a/c (b) Cash a/c  
 (c) Suspense a/c (d) Drawings a/c
2. Salaries appearing in the Trial Balance is shown on the :  
 (a) Liabilities side of the Balance Sheet  
 (b) Debit side of Trading a/c  
 (c) Assets side of the Balance Sheet  
 (d) Debit side of Profit and Loss a/c
3. People who write codes and programs are called as \_\_\_\_\_.  
 (a) System operators  
 (b) System analysts  
 (c) System programmers  
 (d) System designers
4. Which of the following statements is not true?  
 (a) Trade discount is recorded in the books of accounts  
 (b) Cash discount is recorded in the books of accounts  
 (c) 3 grace days are added while determining the due date of the bill  
 (d) Assets purchased on credit are recorded in Journal proper
5. Financial position of a business is ascertained on the basis of :  
 (a) Balance Sheet (b) Journal  
 (c) Ledger (d) Trial balance
6. Which one of the following is Artificial person's account?  
 (a) Bank account  
 (b) Outstanding expenses account  
 (c) Vinoth account  
 (d) None of the above
7. Debit balance in the bank column of the Cash book means :  
 (a) Debit balance as per Bank statement  
 (b) Overdraft as per Cash book  
 (c) Credit balance as per Bank statement  
 (d) None of the above
8. Purchases book is used to record :  
 (a) All credit purchases of goods  
 (b) All purchases of goods  
 (c) All purchases of Assets  
 (d) All credit purchases of Assets
9. A firm has Land and Building ₹ 40,000 Plant and Machinery ₹ 80,000 and the Capital ₹ 1,00,000. Its Liability to the outsiders would be :  
 (a) ₹ 1,20,000 (b) ₹ 40,000  
 (c) ₹ 20,000 (d) ₹ 80,000
10. Under \_\_\_\_\_ method, the total amounts on the debit side of the Ledger accounts and the total amounts on the credit side of the Ledger accounts are ascertained and recorded in the Trial Balance.  
 (a) Balance method  
 (b) Total and Balance method  
 (c) Total method  
 (d) All the above
11. Which of the following errors will be rectified using Suspense account?  
 (a) Goods returned by Akila ₹ 900 was recorded in the Sales Returns book as ₹ 90.  
 (b) Purchase Returns book was undercast by ₹ 1,000  
 (c) A Credit sale of goods to Ravivarman was not entered in the Sales book.  
 (d) Goods returned by Narendran was not recorded in the books.
12. Accounting equation signifies :  
 (a) Capital of a business is equal to Liabilities  
 (b) Capital of a business is equal to Assets  
 (c) Assets of a business are equal to the total of Capital and Liabilities  
 (d) Liabilities of a business are equal to Assets

13. The concept which assumes that a business will last indefinitely is :

- (a) Periodicity (b) Business Entity  
(c) Conservatism (d) Going concern

14. Match the following :

(1)	Straight line method	(i)	Depreciation is calculated on the basis of Annuity table.
(2)	Diminishing balance method	(ii)	Depreciation is calculated comparing the value of assets at the end of the year and their value of the beginning of the year
(3)	Annuity method	(iii)	Depreciation is constant for every year
(4)	Revaluation method	(iv)	Depreciation is decreasing every year.

- (a) (1)-(iv), (2)-(iii), (3)-(i), (4)-(ii)  
(b) (1)-(i), (2)-(ii), (3)-(iii), (4)-(iv)  
(c) (1)-(ii), (2)-(iii), (3)-(iv), (4)-(i)  
(d) (1)-(iii), (2)-(iv), (3)-(i), (4)-(ii)

15. The account which has a debit balance and is shown in the debit column of the Trial Balance is

- (a) Drawings account  
(b) Sundry creditors account  
(c) Capital account  
(d) Bills Payable account

16. \_\_\_\_\_ is the amount of sales when cost of goods sold is ₹ 1,64,000 and gross profit is ₹ 36,000.

- (a) ₹ 1,50,000 (b) ₹ 2,00,000  
(c) ₹ 1,75,000 (d) ₹ 1,28,000

17. Expenditure incurred ₹20,000 for trial run of a newly installed machinery will be :

- (a) Capital expenditure  
(b) Preliminary expense  
(c) Deferred revenue expenditure  
(d) Revenue expenditure

18. Which Depreciation method shall be efficient if repairs and maintenance cost of an asset increases as it grows older?

- (a) Sinking fund method  
(b) Straight line method  
(c) Annuity method  
(d) Reducing balance method

19. In Triple column Cash book, the balance of Bank overdraft brought forward will appear in :

- (a) Bank column debit side  
(b) Cash column debit side  
(c) Bank column credit side  
(d) Cash column credit side

20. If there is no existing provision for Doubtful debts, provision created for Doubtful debts is :

- (a) Credited to Bad debts account  
(b) Debited to Bad debts account  
(c) Debited to Profit and Loss account  
(d) Debited to Sundry debtors account

## PART - II

**Note:** Answer any seven questions. Question No. 30 is Compulsory.  $7 \times 2 = 14$

21. What are the steps involved in the process of Accounting?

22. Paid ₹96,000 in full settlement of ₹1,00,000 due to the creditor Viji. Pass Journal entry.

23. State whether the balance of the following accounts should be placed in the Debit or Credit column of the Trial Balance.

- (i) Carriage outwards  
(ii) Interest received  
(iii) Bad Debts  
(iv) Purchase Returns

24. Ramnath carried forward the following items. Make the opening entry in Journal proper as on 1<sup>st</sup> January 2022.

Cash ₹ 30,000, Stock ₹ 15,000

Furniture ₹ 3,000, Sundry creditors ₹ 10,000

25. What are Compensating Errors?

26. Joy and Co., purchased Machinery on 1<sup>st</sup> April 2016 for ₹ 75,000. On 31<sup>st</sup> March 2018, it sold the machinery for ₹ 62,000. Depreciation is to be provided every year at 10% p.a. on the Fixed Installment method. Accounts are closed on 31<sup>st</sup> March every year. Find out the Profit or Loss on sale of machinery.

27. Classify the following expenses as Capital or Revenue.

- (i) Carriage of ₹ 1,000 spent on machinery purchased and installed.  
(ii) Hire charges for the use of motor vehicle hired for five years but paid yearly.

28. What is Prepaid Expenses.

29. What is grouping of accounts?

30. On 1<sup>st</sup> June 2022, ₹ 2,000 was given to the petty cashier. He had spent ₹ 1,880 during the month. How much amount was received by the petty cashier from cashier on 30<sup>th</sup> June 2022 and how much is the opening cash balance on 1<sup>st</sup> July 2022?

## PART - III

**Note:** Answer any seven questions. Question No. 40 is Compulsory.  $7 \times 3 = 21$

31. Briefly explain about Realisation concept.

32. 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
- Wages outstanding ₹ 400.

33. Prepare Anand's account from the following details.

2017	₹
July 1 Credit balance is Anand A/c	4,000
15 Amount paid to Anand	2,000
18 Goods purchased from Anand on credit	8,000
20 Paid to Anand	3,960
Discount allowed by him	40
25 Goods purchased from Anand	5,000

34. What are the methods of preparation of Trial Balance?

35. Prepare Purchase book in the books of Santhosh Textiles Limited from the following transactions given for April 2022.

2022

April 1	Purchased goods from Prasad on credit
	100 meters silk @ ₹ 450 per meter.
	75 meters velvet @ ₹ 180 per meter
April 18	Nathan and Sons purchased from us on credit
	100 meters silk @ ₹ 510 per meter
April 20	Purchased goods from Hari on credit
	50 rolls kada cloth @ ₹ 730 per roll
	80 rolls cotton cloth @ ₹ 650 per roll
April 24	Purchased from Mohan on credit
	Shirting cloth for ₹ 7,000
	Sarees for ₹ 25,000

36. From the following information prepare Bank Reconciliation statement as on 31<sup>st</sup> December 2022 to find out the balance as per Bank statement.

Particulars	₹
(i) Balance as per Bank statement	6,000
(ii) Cheque deposited on 28 <sup>th</sup> December 2022 but not yet credited	2,000
(iii) Cheques issued on 20 <sup>th</sup> December 2022 but not yet presented for payment	3,000

37. Give Journal entries to rectify the following errors discovered after the preparation of Trial Balance.

- Purchase book was overcast by ₹ 10,000
- Repairs to furniture of ₹ 500 was debited to Furniture account
- A credit sale of goods to Akilan for ₹ 456, was credited to his account as ₹ 654.

38. From the following particulars prepare Machinery account for 2 years under Straight Line method of providing depreciation.

Machinery was purchased on 01.01.2022

Price of the machine ₹ 40,000

Life of the machine 5 years

39. Find out the amount of sales from the following information.

Opening Stock ₹ 30,000  
Closing Stock ₹ 20,000  
Purchases less returns ₹ 2,00,000  
Gross profit margin (on sales) 30%

40. An abstract of the Trial Balance as on 31<sup>st</sup> December 2022 is as follows :

Sundry debtors ₹ 60,000, Bad debts ₹ 1,500

**Adjustment :** Create a provision for Bad and Doubtful debts @ 5% on Sundry debtors. Show how these items will appear in Final accounts.

### PART - IV

**Note :** Answer all the questions.

7 × 5 = 35

41. (a) Discuss in detail the importance of Accounting.

(OR)

(b) Sumathi has a hotel. The following transactions took place to her business. Journalise them.

January	₹
1	Started business with cash 3,00,000
2	Purchased goods from Rajiv on credit 1,00,000
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 free of cost to a charity 1,000
31	Bank levied charges for Locker rent 1,000

42. (a) Show the direct Ledger postings for the following transactions in the books of Kalaiselvi 2022.

October	₹
1	Started business with cash 25,000
5	Deposited into bank 12,500
10	Purchased furniture and payment by cheque 2,000
15	Sold goods to Vasu on credit 4,000
22	Goods worth ₹ 500 taken for personal use

(OR)

(b) Classify the following Expenditures and Receipts as Capital or Revenue.

- ₹ 10,000 spent as travelling expenses of the Director on trips abroad for the purchase of fixed assets.
- Amount received from trade receivables during the year.
- Amount spent on demolition of old building to construct a new building on the same site.

- (iv) Insurance claim received on account of a machinery damaged by fire.  
 (v) ₹150 spent on repairs before using a second hand car purchased recently.

43. (a) From the following information, prepare Purchase day book and Purchases Returns book for the month of June, 2017 and post them into ledger accounts in the books of Robert Furniture Mart.

2017

- June 1 Purchased from Balu Traders 20 chairs @ ₹150 each on credit  
 June 13 Bought from Subash Traders on credit 2 Almirahs @ ₹3,100 each 10 Tables @ ₹1,500 each 15 Chairs @ ₹200 each  
           Less : 10% Trade discount  
           Add : Freight charges ₹220  
 June 21 Returned 2 damaged chairs to Balu Traders and cash not received  
 June 24 Purchased from Sunrise Furniture Mart on credit 25 Almirahs @ ₹1,300 each  
 June 27 Purchased from Mouli Traders on credit 10 executive tables @ ₹3,275 each  
 June 29 Returned 3 damaged Almirahs to Sunrise Furniture Mart and cash not received.

(OR)

(b) From the following information prepare Trading and Profit and Loss account of Kumari for the year ending 31<sup>st</sup> December 2022.

Debit balance	₹	Credit balance	₹
Purchases	14,500	Sales	20,100
Coal and fuel	600	Bills Payable	400
Carriage inwards	750	Rent received	2,500
Advertisement	500	Creditors	2,000
Carriage outwards	400	Capital	5,000
Bank	1,200		
Furniture	8,000		
Debtors	2,250		
Bills Receivable	300		
Stock on 1 <sup>st</sup> January 2022	1,500		
	30,000		30,000

Adjustments :

- (i) The closing stock on 31<sup>st</sup> December 2022 was valued at ₹3,900  
 (ii) Carriage inwards prepaid ₹250  
 (iii) Rent received in advance ₹100  
 (iv) Manager is entitled to receive commission of 5% of Net profit after providing such commission.

44. (a) Enter the following transactions in Cash book with discount and cash column of Anand.

2017

December

	₹
1 Cash in hand	19,500
4 Sold goods for cash	32,000
5 Credit purchase from Gandhi	20,000
9 Received from Gopu	11,800
Discount allowed to him	200
15 Cash paid for Electricity charges	12,500
17 Bought computer and its accessories by cash	16,800
25 Paid cash to Gandhi ₹19,700 in full settlement of his account	
28 Received cash from Thiruvengadam	8,900
Discount allowed to him	100
30 Paid trade expenses in cash	3,500

(OR)

(b) What are the differences between Manual and Computerised accounting system? (any 5)

45. (a) On 1<sup>st</sup> April 2020, Sudha and Company purchased machinery for ₹32,000. To install the machinery expenses incurred was ₹14,000. Depreciate machinery @ 10% p.a under Straight Line method. On 30<sup>th</sup> June 2022, the worn out machinery was sold for ₹26,000. The books are closed on 31<sup>st</sup> December every year. Show Machinery account.

(OR)

(b) From the following balances obtained from the books of Selvi, prepare Trading and Profit or Loss account.

Particulars	₹
Stock on 01.01.2022	16,000
Purchases for the year	44,000
Sales for the year	84,000
Expenses on purchases	5,000
Financial charges paid	7,000
Expenses on sales	2,000
Bad debts	2,400
Trade expenses	2,400
Discount allowed	1,200
Commission allowed	2,200
Selling expenses	1,200
Repairs on office vehicles	1,200
Closing stock on 31.12.2022 was	₹9,000

46. (a) Rectify the following Journal entries.

		L.F.	Debit ₹	Credit ₹
(a)	Kumanan A/c Dr. To cash A/c (Salary paid to Kumanan)		10,000	10,000
(b)	Senguttuvan A/c Dr. To cash A/c (Rent paid to Senguttuvan)		6,000	6,000
(c)	Cash A/c Dr. To sales A/c (Furniture sold for cash)		2,000	2,000
(d)	Cash A/c Dr. To Kumararaja A/c (Goods sold to Kumararaja for cash)		10,000	10,000
(e)	Manimaran A/c Dr. To Purchases A/c (Goods taken by the Proprietor Mr. Manimaran for his personal use)		1,000	1,000

(OR)

(b) Explain the following accounting concepts.

- Business entity concept
- Cost concept
- Dual aspect concept
- Matching concept
- Going concern concept

47. (a) The following Trial Balance has certain errors. Redraft it.

Trial Balance as on 31<sup>st</sup> March 2017

Name of Account	Debit balance ₹	Credit balance ₹
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
<b>Total</b>	<b>2,45,000</b>	<b>2,45,000</b>

(OR)

(b) From the following data ascertain the Cash Book balance as on 31<sup>st</sup> December 2022.

	Particulars	₹
1.	Overdraft balance as per Bank statement	6,500
2.	Cheques deposited into the Bank but not yet credited	10,500
3.	Cheques issued but not yet presented for payment	3,000
4.	Wrong debit by the Bank	500
5.	Interest and bank charges debited by Bank	180
6.	Insurance premium on goods directly paid by the Bank as per standing instructions	100

**ANSWER****PART - I**

- (a) Capital a/c
- (d) Debit side of Profit and Loss a/c
- (c) System programmers
- (a) Trade discount is recorded in the books of accounts
- (a) Balance Sheet
- (a) Bank account
- (c) Credit balance as per Bank statement
- (a) All credit purchases of goods
- (c) ₹ 20,000
- (c) Total method
- (b) Purchase Returns book was undercast by ₹ 1,000
- (c) Assets of a business are equal to the total of Capital and Liabilities
- (d) Going Concern
- (d) (1)-(iii), (2)-(iv), (3)-(i), (4)-(ii)
- (a) Drawing account
- (b) ₹ 2,00,000
- (a) Capital expenditure
- (d) Reducing balance method
- (c) Bank column credit side
- (c) Debited to Profit and Loss account

**PART - II**

- The Steps involved in accounting are :
  - Identifying the transactions and Journalising.
  - Posting and Balancing.
  - Preparation of Trial Balance.
  - Preparation of Trading Account.
  - Preparation of Profit and Loss Account.
  - Preparation of Balance Sheet.

## 22. Journal Entry

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

## 23.

(i)	Carriage outwards	-	Debit
(ii)	Interest received	-	Credit
(iii)	Bad Debts	-	Debit
(iv)	Purchase returns	-	Credit

## 24. Opening Entry

Date	Particulars	L.F	Debit ₹	Credit ₹
2022 Jan 1	Cash A/c Dr. Stock A/c Dr. Furniture A/c Dr. To Sundry creditors A/c To Capital A/c (Balance of assets and liabilities brought forward)		30,000 15,000 3,000  -	- - 10,000 38,000

25. (i) 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) 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	₹
Cost price	75,000
Less : Depreciation for 2016 - 17 (75,000 × 10%)	7,500
	67,500
Less : Depreciation for 2017 - 18 (75,000 × 10%)	7,500
Book value on the date of sale	60,000
Less : Selling price	62,000
Profit on Sale	20,000

27. (i) Capital expenditure  
(ii) Revenue expenditure

28. (i) Prepaid expenses refer to amount paid in the current accounting year for the benefit or services to be received in the next accounting year.
- (ii) They are also called as unexpired expenses. Prepaid expense account is a representative personal account.
29. (i) A proper codification requires a systematic grouping of accounts.
- (ii) The major groups or heads could be Assets, Liabilities, Revenues and Expenses.
- (iii) The sub-groups or minor heads could be capital, non-current liabilities, current assets, sales and so on.

30. ₹1,880 was received by the petty cashier from cashier on 30<sup>th</sup> June, 2022. So, opening cash balance on 1<sup>st</sup> July, 2022 is ₹2,000.

### PART - III

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

### 32. Accounting Equation

Transaction	Assets				Capital ₹	Liabilities ₹
	Cash ₹	Stock ₹	Machine ₹	Debtors ₹		
(i) Started business with cash, stock & machine	+20,000	+12,000	+8,000		+40,000	
<b>Equation</b>	<b>+20,000</b>	<b>+12,000</b>	<b>+8,000</b>		<b>+40,000</b>	
(ii) Credit purchases		+7,000				+7,000
<b>Equation</b>	<b>+20,000</b>	<b>+19,000</b>	<b>+8,000</b>		<b>+40,000</b>	<b>+7,000</b>
(iii) Wages outstanding					- 400	+ 400
<b>Equation</b>	<b>+20,000</b>	<b>+19,000</b>	<b>+8,000</b>		<b>+39,600</b>	<b>+7,400</b>

### 33. Dr. Anand Account Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2017 July 15	To Cash A/c		2,000	2017 July 01	By Cash A/c		4,000
20	To Cash A/c		3,960	18	By Purchases A/c		8,000
	To Discount allowed A/c		40				
31	To Balance c/d		11,000	25	By Purchases A/c		5,000
			17,000				17,000
				2017 Aug 01	By Balance b/d		11,000

34. A trial balance can be prepared in the following methods.

- (i) Balance Method (ii) Total Method (iii) Total and Balance Method

### 35. In the Books of Santhosh Textiles Ltd.,

#### Purchases Book

Date	Particulars	Inward Invoice No.	L.F.	Amount	
				Details (₹)	Total (₹)
2022 April 1	Prasad :				
	100 meters silk @ ₹450			45,000	
	75 meters velvet @ ₹180			13,500	58,500
April 20	Hari Ram :				
	50 rolls kada cloth @ ₹730			36,500	
	80 rolls cotton cloth @ ₹650			52,000	88,500
April 24	Mohan :				
	Shirting cloth			7,000	
	Sarees			25,000	32,000
	<b>Purchases A/c</b>	<b>Dr.</b>			1,79,000

36.

Particulars	Amount ₹	Amount ₹
Balance as per bank statement		6,000
<b>Add :</b>		
Cheque deposited but not yet credited		2,000
		8,000
Cheque issued but not yet presented for payment		3,000
Balance as per cash book		5,000

37.

## Rectification of Errors

S. No.	Particulars	L.F.	Debit ₹	Credit ₹
(a)	Suspense A/c To Purchases A/c (Excess overcast in Purchases book now rectified)	Dr.	10,000	10,000
(b)	Repairs A/c To Furniture A/c (Being correcting of wrong debit to furniture account for repairs made)	Dr.	500	500
(c)	Akilan A/c To Suspense A/c (Being credit sale to Akilnilavan was credited to his account as ₹654 now rectified)	Dr.	1,110	1,110

38.

$$\begin{aligned} \text{Amount of depreciation} &= \frac{\text{Original cost}}{\text{Estimated useful life}} \\ &= \frac{40,000}{5} = ₹ 8,000 \end{aligned}$$

## Machinery Account

Date	Particulars	Amount ₹	Date	Particulars	Amount ₹
I <sup>st</sup> Year	To Bank A/c	40,000	I <sup>st</sup> Year	By Depreciation A/c	8,000
		40,000		By Balance c/d	32,000
					40,000
II <sup>nd</sup> Year	To Balance b/d	32,000	II <sup>nd</sup> Year	By Depreciation A/c	8,000
		32,000		By Balance c/d	24,000
					32,000
III <sup>rd</sup> Year	To Balance b/d	24,000			

39.

$$\begin{aligned} \text{Cost of goods sold} &= \text{Opening Stock} + \text{Net Purchases} + \text{Direct expense} - \text{closing stock} \\ &= 30,000 + 2,00,000 - 20,000 = ₹ 2,10,000 \end{aligned}$$

Let the sale be 100

$$\begin{array}{r} \text{Less : Gross profit (30\% on Sales, i.e., 100)} \quad 30 \\ \hline \text{Cost of goods sold} \quad 70 \end{array}$$

$$\text{Gross profit} = 2,10,000 \times \frac{30}{70} = ₹ 90,000$$

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

40. Provision for bad and doubtful debts = ₹60,000 ×  $\frac{5}{100}$  = ₹3,000

**Profit and Loss account for the year ended 31<sup>st</sup> December 2022**

Particulars	Amount ₹	Amount ₹	Particulars	Amount ₹	Amount ₹
To Bad debts		1,500			
<b>Add :</b>					
Provision for bad and doubtful debts		3,000			

**Balance sheet as on 31<sup>st</sup> December, 2002**

Liabilities	Amount ₹	Amount ₹	Assets	Amount ₹	Amount ₹
			Sundry debtors	60,000	
			<b>Less :</b>		
			Provision for bad and doubtful debts	3,000	
					57,000

**PART - IV**

41. (a) Importance of accounting is enumerated as below:

(i) **Systematic records :**

1. All the business transactions are recorded in the books of accounts.
2. Any event or happening which has financial effects is included in the accounting records.

(ii) **Preparation of financial statements:** Results of business operations and the financial position of the concern are provided by accounting periodically through the preparation of financial statements namely profit and loss account and balance sheet.

(iii) **Assessment of progress :** Analysis and interpretation of financial statements can be done to assess the progress made in different areas and it also identify the areas of weaknesses.

(iv) **Information to interested groups:** Accounting supplies appropriate information to different interested groups like owners, creditors, management, employees, financiers, tax authorities and government.

(v) **Computation of tax :** Accounting records are the basic source for computation and settlement of income tax and other taxes.

(OR)

(b)

**In the books of Sumathi  
Journal Entry**

Date	Particulars	L.F.	Debit ₹	Credit ₹
Jan. 1	Cash A/c Dr. To Sumathi's capital A/c (Business started with cash)		3,00,000	3,00,000
2	Purchases A/c Dr. To Rajiv A/c (Credit purchases)		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	Cash 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 (Being the amount withdrawn from bank for personal use)		800	800

23	Rajiv A/c To Bank A/c To Discount received A/c (Rajiv account full settled)	Dr.	1,00,000	99,000 1,000
25	Drawings A/c To Bank A/c (Paid club bill of the proprietors by cheque)	Dr.	200	200
26	Drawings A/c To Bank A/c (Paid electricity bill by cheque)	Dr.	2,000	2,000
31	Charity A/c To Purchases A/c (Goods given for charity)	Dr.	1,000	1,000
31	Locker rent A/c To Bank A/c (Bank charges paid)	Dr.	1,000	1,000

42. (a)

## Ledger Account

Dr.

## Cash Account

Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2022 Oct. 1	To Kalaiselvi's Capital A/c		25,000	2022 Oct. 5	By Bank A/c		12,500
				15	By Purchases A/c		5,000
				31	By Balance c/d		7,500
			25,000				25,000
2022 Nov. 1	To Balance b/d		7,500				

Dr.

## Kalaiselvi's Capital Account

Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2022 Oct. 31	To Balance c/d		25,000	2022 Oct. 1	By Cash A/c		25,000
			25,000				25,000
				2022 Nov. 1	By Balance b/d		25,000

Dr.

## Bank Account

Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
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
2022 Nov. 1	To Balance b/d		10,500				

Dr.

## Furniture Account

Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2022 Oct. 10	To Bank A/c		2,000	2022 Oct. 31	By Balance c/d		2,000
			2,000				2,000
2022 Nov. 1	To Balance b/d		2,000				

Dr. Purchases Account				Cr.			
Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
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
2022 Nov. 1	To Balance b/d		4,500				

Dr. Vasu Account				Cr.			
Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2022 Oct. 19	To Sales A/c		4,000	2022 Oct. 31	By Balance c/d		4,000
			4,000				4,000
2022 Nov. 1	To Balance b/d		4,000				

Dr. Sales Account				Cr.			
Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2022 Oct. 31	To Balance c/d		4,000	2022 Oct. 19	By Vasu A/c		4,000
			4,000				4,000
				2022 Nov. 1	By Balance b/d		4,000

Dr. Drawings Account				Cr.			
Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2022 Oct. 22	To Purchases A/c		500	2022 Oct. 31	By Balance c/d		500
			500				500
2022 Nov. 1	To Balance b/d		500				

(OR)

- (b) (i) Capital expenditure  
(ii) Revenue receipt  
(iii) Capital expenditure  
(iv) Capital receipt.  
(v) Capital expenditure

43. (a)

**In the Books of Robert Furniture Mart**  
**Purchases Book**

Date	Particulars	Inward Invoice No.	L.F.	Amount	
				Details (₹)	Total (₹)
2017 June 1	Balu Traders				
	20 Chairs @ ₹150				3,000
June 13	Subash Traders				
	2 Almirah @ ₹3,100 each			6,200	
	10 tables @ ₹1,500 each			15,000	
	15 chairs @ ₹200 each			3,000	
				24,200	
	Less : Trade discount 10%			2,420	
				21,780	
	Add : Freight Charges			220	22,000
June 24	Sunrise Furniture Mart				
	25 Almirahs @ ₹1,300 each				32,500
June 27	Mouli Traders				
	10 tables @ ₹3,275 each				32,750
	<b>Purchases A/c</b>	<b>Dr.</b>			<b>90,250</b>

## Purchases return book

Date	Particulars	Inward Invoice No.	L.F.	Amount		Remarks
				Details (₹)	Total (₹)	
2017 June 21	Balu Traders 2 Chairs @ ₹150 each				300	Damaged in transit
June 29	Sunrise Furniture Mart 3 Almirahs @ ₹1,300 each				3,900	Damaged in transit
	<b>Purchases returns A/c Cr.</b>				4,200	

## Ledger Accounts

Dr.

## Purchases Account

Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2017 June 30	To Sundries as per Purchases Book		90,250				

Dr.

## Purchases Return Account

Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
				2017 June 30	By Sundries as per purchases return book		4,200

Dr.

## Balu Traders Account

Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2017 June 21	To Purchases return A/c		300	2017 June 1	By Purchases A/c		3,000

Dr.

## Subash Traders Account

Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
				2017 June 13	By Purchases A/c		22,000

Dr.

## Sunrise Furniture Account

Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2017 June 29	To Purchases return A/c		3,900	2017 June 24	By Purchases A/c		32,500

Dr.

## Mouli Traders Account

Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
				2017 June 27	By Purchases A/c		32,750

(OR)

(b) Dr. Trading and profit and loss account of Kumari for the year ended 31<sup>st</sup> December 2022 Cr.

Particulars	Amount ₹	Amount ₹	Particulars	Amount ₹	Amount ₹
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 in wards	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 account)		6,900
To Carriage outwards		400			
To Manager commission		400	By Rent received	2,500	
To Net profit (Transferred to capital account)		8,000	Less : Advance	100	
		9,300			2,400
					9,300

44. (a)

In the Books of Anand  
Cash Book (with Cash and Discount columns)

Cr.

Date	Receipts	R.N.	L.F.	Amount		Date	Payments	V.N.	L.F.	Amount	
				Discount allowed (₹)	Cash (₹)					Discount received (₹)	Cash (₹)
2017						2017					
Dec 1	To Balance b/d				19,500	Dec 15	By Electricity				
4	To Sales A/c				32,000		Charges A/c				12,500
9	To Gopu A/c			200	11,800	17	By Computer A/c				16,800
28	To Thiruvengadam A/c			100	8,900	25	By Gandhi A/c			300	19,700
						30	By Trade				
							expenses A/c				3,500
						31	By Balance c/d				19,700
				300	72,200					300	72,200
2018											
Jan 1	To Balance b/d				19,700						

(OR)

(b) The differences between manual accounting and computerised accounting are given below:

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. Once data are entered, preparation of ledger, trial balance, financial statements or report generation is done within seconds.

**45. (a)** Calculation of profit or loss on sale of machinery

Particulars	Amount ₹
Cost of machinery	32,000
Add : Installation charges	14,000
	46,000
Less : I <sup>st</sup> year depreciation	3,450
$46,000 \times \frac{10}{100} \times \frac{9}{12}$	
	42,550
Less : II <sup>nd</sup> year depreciation	4,600
$\left(46,000 \times \frac{10}{100}\right)$	
	37,950
Less : III <sup>rd</sup> year depreciation	2,300
$\left(46,000 \times \frac{10}{100} \times \frac{6}{12}\right)$	
Book value on the date of sale	35,650
Sales value	26,000
Loss on sale of machinery	9,650

**In the books of Sudha and company  
Machinery Account**

Dr.

Cr.

Date	Particulars	Amount ₹	Date	Particulars	Amount ₹
2020 April 1	To Bank A/c	32,000	2020 Dec 31	By Depreciation A/c	3,450
"	To Bank A/c	14,000	Dec 31	By Balance c/d	42,550
		46,000			46,000
2021 Jan 1	To Balance b/d	42,550	2021 Dec 31	By Depreciation A/c	4,600
		42,550	Dec 31	By Balance c/d	37,950
		37,950			42,550
2022 Jan 1	To Balance b/d	37,950	2022 June 30	By Depreciation A/c	2,300
			June 30	By Bank A/c	26,000
			June 30	By Profit and loss A/c	9,650
		37,950			37,950

(OR)

## (b) In the Books of Selvi

Dr. Trading and profit and loss account for the year ended 31.12.2017

Cr.

Particulars	₹	Particulars	₹
To Opening stock	16,000	By Sales	84,000
To Purchases	44,000	By Closing Stock	9,000
To Expenses on purchases	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		
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 Repairs on office vehicles	1,200		
To Net profit c/d	8,400		
(Transferred to capital a/c)			
	28,000		28,000

46. (a)

## Rectification of Errors

S. No.	Particulars	L.F.	Debit ₹	Credit ₹
(a)	Salary A/c Dr. To Kumanan A/c (Correct of wrong debit to Kumanan's A/c for salary paid)		10,000	10,000
(b)	Rent A/c Dr. To Senguttuvan A/c (Correct of wrong debit to Senguttuvan's A/c for rent paid)		6,000	6,000
(c)	Sales A/c Dr. To Furniture A/c (Correct of wrong debit to cash A/c for furniture sold)		2,000	2,000
(d)	Kumararaja A/c Dr. To Sales A/c (Correct of wrong credit to Kumararaja for cash sales)		10,000	10,000
(e)	Drawings A/c Dr. To Manimaran A/c (Goods taken by the proprietor Mr. Manimaran for his personal use, now rectified)		1,000	1,000

(OR)

- (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. According to this concept, only business transactions are recorded in the books of accounts. Personal transactions of the owners are not recorded. But, their transactions with the business such as capital contributed to the business or cash withdrawn from the business for the personal use will be recorded in the books of accounts. It implies that the business itself owns assets and owes liabilities.
- (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. It is recorded at cost at the time of its purchase, but is systematically reduced in its book value by charging depreciation.
- (iii) **Dual aspect concept** : According to this concept, every transaction or event has two aspects, i.e., dual effect. For example, when Arun starts a business with cash ₹ 5,00,000, on the one hand, the business gets cash of ₹ 5,00,000 and on the other hand, a liability arises, that is, the business has to pay Arun a sum of ₹ 5,00,000.

This is the concept which recognises the fact that for every debit, there is a corresponding and equal credit. This the basis of the entire system of double entry book-keeping.

From this concept arises the basic accounting equation, that is,

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

- (iv) **Machinery 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. 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.

On the basis of this concept, adjustments are made for outstanding and prepaid expenses and accrued and unearned revenues.

- (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. For example, assets are generally valued at historical cost. Any increase or decrease in the value of assets in the short period is ignored.

47. (a)

Correct Trial Balance

S. No.	Name of account	L.F.	Debit balance ₹	Credit balance ₹
1.	Building		60,000	
2.	Machinery		17,000	
3.	Returns outward			2,600
4.	Bad debts		2,000	
5.	Cash		400	
6.	Discount received			3,000
7.	Bank overdraft			10,000
8.	Creditors			50,000
9.	Purchases		1,00,000	
10.	Capital			72,800
11.	Fixtures		5,600	
12.	Sales			1,04,000
13.	Debtors		60,000	
14.	Interest received			2,600
	Total		2,45,000	2,45,000

(OR)

(b)

Bank reconciliation statement as on 31st December, 2022

Particulars	Amount ₹	Amount ₹
Overdraft balance as per bank statement		6,500
<b>Add :</b>		
Cheques issued, but not yet presented for payment		3,000
		9,500
<b>Less :</b>		
Cheques deposited into the bank but not 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 cashbook		-1,780

