



# ST. LAWRENCE HIGH SCHOOL

A Jesuit Christian Minority Institution

Pre Annual Examination 2020



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**Sub: Accountancy Model Answer**

**Class: XI B & C**

**F.M.: 80**

**Duration: 3 hrs. 15 minutes**

**Date: 24.01.2020**

Special credit will be given for answers which are brief and to the point. Marks will be deducted for spelling mistakes, untidiness, bad handwriting and answering questions without proper question number. Figures in the margin indicate full marks for the questions.

## Group-A

1. Answer the following questions:

Select the correct answer:

1x24=24

(i) Which of the following is not a sub-division of accounting?

(a) Management accounting; (b) Cost accounting; (c) Financial accounting; **(d) Book-keeping.**

(ii) Internal users of accounting information include:

(a) creditors; (b) lenders; (c) customers; **(d) management.**

(iii) On 31<sup>st</sup> March, 2018, there is closing stock of ₹10,000. This can be classified:

**(a) an event;** (b) a transaction; (c) a transaction as well as event; (d) none of these.

(iv) Drawings account is a:

(a) real account; **(b) personal account;** (c) nominal account; (d) none of these.

(v) Assumption of going concern is related to:

**(a) accounting period;** (b) separate entity; (c) money measurement; (d) none of these.

(vi) Financial business transaction is based in which concept?

(a) entity; **(b) money measurement;** (c) going concern; (d) proprietary.

(vii) Accounting standards are issued in India by:

**(a) ICAI;** (b) ICWAI; (c) ICSI; (d) IASB.

(viii) Matching of expenses against \_\_\_\_\_ is known as Matching Concept.

(a) cost; (b) assets; **(c) revenue;** (d) liability.

(ix) Suspense account is:

(a) personal a/c; (b) real a/c; (c) nominal a/c; **(d) temporary a/c.**

(x) The term journal is derived from:

**(a) The French word;** (b) The Dutch word; (c) The Greek word; (d) The Roman word.

(xi) If goods are returned to the supplier then \_\_\_\_\_ is prepared:

**(a) debit note;** (b) credit note; (c) receipt; (d) none of these.

(xii) If goods worth ₹600 taken over by the owner from business; which account is debited?

(a) capital a/c; (b) sales a/c; (c) purchase a/c; **(d) drawing a/c.**

(xiii) Wages paid for the construction of building debited to wages account, is an error of:

**(a) error of principle;** (b) error of commission; (c) one sided error; (d) error of omission.

(xiv) Secret reserve is created:

(a) By overcharging depreciation; (b) By overcharging provisions; (c) By showing closing stock at lesser price; **(d) all of these.**

(xv) Noting charges are paid in the event of:

(a) honour of bill; **(b) dishonour of bill;** (c) renewal of bill; (d) endorsement of bill.

(xvi) In case of a sole proprietorship business, income tax paid is treated as:

(a) owner's capital; (b) expenses of business; **(c) owner's drawings;** (d) liabilities of business.

(xvii) Subscription Receivable of a club is a/an:

(a) liability; **(b) asset;** (c) asset or liability; (d) none of these.

(xviii) The debit balance of Income & Expenditure Account is:

(a) surplus; **(b) deficit;** (c) credit balance; (d) all of these.

(xix) A club has 200 members, each member pays ₹200 as subscription. Subscription accrued for the previous year is ₹2,000 and subscription still receivable for the current year is ₹5,000. Find the amount of subscription to be credited to the Income and Expenditure A/c is:

**(a) ₹40,000;** (b) ₹43,000; (c) ₹45,000; (d) none of these.

(xx) The single entry conversion is also known as:

(a) kite single entry; (b) double entry; (c) converted single entry; **(d) quasi single entry.**



- (xxi) Under Single Entry System, it is not possible to prepare:  
 (a) Balance Sheet; (b) Trial Balance; (c) Profit & Loss Account; **(d) all of these.**
- (xxii) If closing capital is ₹2,00,000, drawings ₹20,000 and gross profit is ₹30,000, then the sum of opening and further capital will be:  
 (a) ₹2,10,000; **(b) ₹1,90,000;** (c) ₹2,00,000; (d) none of these.
- (xxiii) Which of the following is secondary storage device:  
**(a) RAM;** (b) ROM; (c) Pen Drive; (d) none of these.
- (xxiv) Which of the following is not an input device?  
 (a) scanners; (b) key boards; **(c) monitors;** (d) mouse.

**Group-B**

2. Answer the following questions (alternatives are to be noted): 1x12=12

(i) Define accounting.

Accounting is an art of recording, classifying and summarising information in a significant manner and in terms of money, transaction and events, which are in part at least, of a financial character and interpreting the results thereof.

**Or** Give one example of fixed asset.

Land & Building.

(ii) What do you mean by accounting standards?

Accounting standards are stated to be the norms of accounting policies and practices by way of guidelines that should be followed while preparing accounts and disclosed in the annual financial statements.

(iii) What is dual aspect concept?

This concept expresses the relationship that exists among assets, liabilities and capital, in the form of an accounting equation, i.e., Assets = Liabilities + Capital.

**Or** Name any two source documents.

Cash Memo, Voucher etc.

(iv) Pass journal of the following: ₹4,900 paid to Creditors in full settlement of their dues of ₹5,000.

Creditors A/c.....Dr.	₹ 5,000	
To Cash/ Bank A/c		₹ 4,900
To Discount Received A/c		₹ 100

(v) What do you mean by 'narration' of journal?

Narration is the short or brief description of the transaction which is written along with journal in the books of accounts.

**Or** Write one important difference between journal and ledger.

Journal	Ledger
It is the primary book of accounting.	It is the secondary book of accounting.

(vi) Give one example of error of omission.

Goods sold for ₹10,000 on credit, not recorded in the books of accounts.

**Or** What is one sided error?

The accounting error which affects only one aspect of a journal, i.e., either debit aspect or credit aspect, is called one sided error. E.g., Sales day book undercast by ₹1,000

(vii) Under which method of calculating depreciation the value of an asset reduced to zero on expiry of its estimated life?

Straight line method of depreciation.

**Or** Give one example of provision.

Provision for doubtful debts.

(viii) A bill is drawn on 1.1.2019 for three months of ₹5,000. On 1.2.2019, the drawee paid the amount at a rebate of 6% p.a. Calculate the amount of rebate.

$$₹5,000 \times 6\% \times \frac{2}{12} = ₹50$$

(ix) What is contingent liability?

The liability which has not been decided and settled is known as contingent liability. E.g., Arrear Preference Dividend. It does not appear in the balance sheet.

**Or** Give one example of fictitious asset.

(x) As per the traditional classification of accounts, *subscription received in advance* belongs to which category of account?

Personal Account.

(xi) What do you mean by accounting from incomplete records?

It may be defined as a system in which accounting records are not kept strictly according to the double entry principles of book-keeping.

(xii) State the meaning of customised software.

The readymade software which is required to be adopted after making necessary changes in it is known as customised software. E.g., banking software, POS software etc.

**Group-C**

3. Answer the following questions (alternatives are to be noted):

4x4=16

(i) The following errors were detected after the preparation of Trial Balance:

- a) Sales Day Book was undercast by ₹1,000.
- b) ₹10,000 paid for construction of a factory shed wrongly debited to Repairs A/c.
- c) A credit purchase of ₹5,000 omitted to be recorded in the books of accounts.
- d) An amount of ₹7,200 paid to Priyanka was wrongly debited to Pariniti as ₹2,700.

You are required to pass appropriate rectification entries of the above errors.

In the books of .....  
Journal Proper (Rectification Entries)

Date	Particulars	L/f	Dr.	Cr.
			Amount(₹)	Amount(₹)
(a)	Suspense A/c.....Dr. To Sales A/c		1,000	1,000
(b)	Building A/c.....Dr. To Repairs A/c		10,000	10,000
(c)	Purchases A/c.....Dr. To Creditors A/c		5,000	5,000
(d)	Priyanka A/c.....Dr. To Pariniti A/c To Suspense A/c		7,200	2,700 4,500

(ii) On 1<sup>st</sup> January, 2019, M/s K.B & Co. purchased a machine for ₹1,00,000. They purchased another machine for ₹60,000 on 1<sup>st</sup> June, 2019. On 1<sup>st</sup> March, 2020 the firm sold the second machine (originally purchased on 1<sup>st</sup> June, 2019) for ₹48,000 and bought a new machine costing ₹54,000, installation cost of ₹6,000 paid extra to install the machine on the same date. The company charges depreciation @ 10% p.a. under diminishing balance method.

Show the Machinery Account for two years 2019 and 2020.

In the books of M/s K.B & Co.

Dr.				Cr.			
Machinery Account							
Date	Particulars	L/f	Amount(₹)	Date	Particulars	L/f	Amount(₹)
1.1.19	To Bank A/c (M <sub>1</sub> )		1,00,000	31.12.19	By Depreciation A/c		13,500
1.6.19	To Bank A/c (M <sub>2</sub> )		60,000		By Balance b/d		1,46,500
			<u>1,60,000</u>				<u>1,60,000</u>
1.1.20	To Balance b/d		1,46,500	1.3.20	By Depreciation A/c		942
1.3.20	To Bank A/c (M <sub>3</sub> )		60,000		By Bank A/c (M <sub>2</sub> Sold)		48,000
					By Loss on sale of machinery A/c		7,558
				31.12.20	By Depreciation A/c		14,000
					By Balance c/d		1,36,000
			<u>2,06,500</u>				<u>2,06,500</u>
1.1.21	To Balance b/d		1,36,000				

Or

Show the differences between reserve and provision.

Write at least four differences between reserve and provision from your text book.

(iii) On 1<sup>st</sup> August, 2017, Nabarun drew a bill of exchange of ₹8,000 on Sunder for 2 months after sight. On 10<sup>th</sup> August, 2017 Sunder accepted it and returned it to Nabarun. On 13<sup>th</sup> August, 2017 the bill was discounted with the Bank at 10% p.a. On due date the bill was dishonoured and noting charges paid ₹100. Pass journal entries in the books of Nabarun.



In the books of Nabarun

Journal					Dr.	Cr.
Date	Particulars	L/f		Amount(₹)	Amount(₹)	
1.8.17	Bills Receivable A/c To Sundar A/c	Dr.		8,000	8,000	
13.8.17	Bank A/c Discount on Bill A/c To Bills Receivable A/c	Dr. Dr.		7,867 133	8,000	
13.10.17	Sundar A/c To Bank A/c	Dr.		8,100	8,100	

Or

Mention two advantages of a bill of exchange. What is dishonour of bill? (2+2)

Write any two advantages of bill of exchange.

Dishonour of bill means deny to pay the amount of bill by the drawee either by non-acceptance of bill of exchange or by not paying the amount of bill on due date of it.

(iv) Show the differences between manual accounting system and computerized accounting system. Write at least *four* differences between reserve and provision from your text book.

**Group-D**

4. Answer the following questions (alternatives are to be noted): 6x3=18

(i) Enter the following transactions in a suitable cash book with appropriate columns and bring down the balances:

		₹
2019		
Nov. 1	Balance of cash in Hand	7,200
	Balance of cash at Bank	3,620
Nov. 5	Received a cheque from Kisha and paid into Bank	500
Nov. 9	Paid Aditi by cheque	1,000
Nov.13	Drew from Bank for office cash	1,200
Nov.16	Drew from Bank for self	400
Nov.17	Cheque received on 5 <sup>th</sup> November, 2018 returned dishonoured.	----
Nov.19	Paid bills payable by cheque	300
Nov.21	Bought goods for cash	830
Nov.24	Sold goods for cash and paid into Bank	1,270
Nov.25	Received two cheques on account of sales from:	
	From Namrata , deposited into the bank	200
	From Aishani (bearer cheque)	300
Nov.29	Aishani's cheque presented into the bank counter of the drawee and returned dishonoured.	----
Nov.30	Cashed for Sonu, a friend and paid into bank	100

In the books of .....

Cash Book (Double Column)											
Dr.						Cr.					
Date	Particulars	V.N	L/f	Cash (₹)	Bank (₹)	Date	Particulars	V.N	L/f	Cash (₹)	Bank (₹)
2019						2019					
Nov.						Nov.					
1	To Balance b/f			7,200	3,620	9	By Aditi A/c				1,000
5	To Kisha A/c				500	13	By Cash A/c		c		1,200
13	To Bank A/c		c	1,200		16	By Drawings A/c				400
24	To Sales A/c				1,270	17	By Kisha A/c				500
25	To Sales A/c:					19	By B/P A/c				300
	Namrata				200	21	By Purchases A/c			830	
	Aishani			300		29	By Aishani A/c			300	
30	To Cash A/c		c		100	30	By Bank A/c			100	
							By Balance c/d			7,470	2,290
				<u>8,700</u>	<u>5,690</u>					<u>8,700</u>	<u>5,690</u>

Or

When comparing the Cash Book of Sri C Basu, with his Bank Pass Book on 31<sup>st</sup> December, 2019, following discrepancies are noticed. You are required to prepare a Bank Reconciliation Statement as on 31.12.2019.

- The bank pass book showed a debit balance of ₹ 15,000.
  - Cheques issued amounted to ₹ 5,500 but of these only ₹ 5,000 were presented for payment within 31<sup>st</sup> December, 2019.
  - A debtor directly deposited into Basu's bank account on 26<sup>th</sup> December, but not recorded in the Cash Book ₹ 1,000.
  - The credit balance of Cash Book on a particular day ₹ 3,200 was wrongly carried forward as debit balance.
  - Dividend collected by bank, but not recorded in Cash Book, ₹ 1,000; Bank charges interest on overdraft ₹ 300, also not recorded in Cash Book.
- 15,000 + 500 + 1,000 – 6,400 + 1,000 – 300 = 10,800.

(ii) Mr. Rammohan Roy Choudhuri maintains book under Single Entry System. The position of his business was as under:

	1.1.2019(₹)	31.12.2019(₹)
Plant and Machinery	50,000	80,000
Land and Building	1,20,000	1,80,000
Furniture	60,000	70,000
Stock-in-trade	20,000	30,000
Sundry Debtors	30,000	25,000
Sundry Creditors	20,000	15,000
Cash & Bank	12,000	22,600

During the year 2019, he drew ₹ 1,000 per month for his personal use. Goods worth ₹ 5,000 were also withdrawn by Mr. Roy Choudhuri for his household use. Find Profit or Loss of his business for the year ended 31.12.2019 considering the following facts:

- Depreciate Plant & Machinery and Furniture at 10% p.a. and 20% p.a. respectively.
- Create Provision for bad debt at 5%.
- Stock worth ₹ 5,000 became obsolete and to be written off.

Mr. Rammohan Roy Choudhuri  
Statement of Affairs as on 1.1.2019 and 31.12.2019

Liabilities	Amount(₹)	Amount(₹)	Assets	Amount(₹)	Amount(₹)
Capital (Bal. Fig.)	2,72,000	3,92,600	Land and Building	1,20,000	1,80,000
Sundry Creditors	20,000	15,000	Plant and Machinery	50,000	80,000
			Furniture	60,000	70,000
			Stock-in-trade	20,000	30,000
			Sundry Debtors	30,000	25,000
			Cash & Bank	12,000	22,600
	<u>2,92,000</u>	<u>4,07,600</u>		<u>2,92,000</u>	<u>4,07,600</u>

Statement of Profit & Loss for the year ended 31.12.2019

Particulars	Amount(₹)	Amount(₹)
Closing Capital		3,92,600
Add: Drawings: Cash	12,000	
Goods	5,000	17,000
Less: Opening Capital		(2,72,000)
Gross/Trading Profit		<u>1,37,600</u>
Less: Operating Expenses:		
• Depreciation on Plant & Machinery	6,500	
• Depreciation on Furniture	13,000	
• Provision for bad debt	1,250	
• Reduction of stock	5,000	(25,750)
Net Profit		<u>1,11,850</u>



Or

State the differences between Single Entry System and Double Entry System.  
Write at least six differences from the text book.

(iii) From the following Receipts and Payments Account of Boys' Training Association Club from the information supplied, prepare the Income and Expenditure Account for the year ended 31<sup>st</sup> March, 2015:

Dr.		Cr.	
Receipts	Amount(₹)	Payments	Amount(₹)
To Balance b/f	2,500	By Salaries	12,000
To Subscriptions:		By General Expenses	3,000
2013-14	2,500	By Electricity Charges	2,000
2014-15	10,000	By Books	1,000
2015-16	2,000	By Newspapers	4,000
To Sale of old furniture (Costing ₹ 100)	600	By Postage	500
To Hall Rent	7,400	By Furniture	2,500
To Donation	4,000	By Balance c/d	5,000
To Sale of newspaper	1,000		
	<u>30,000</u>		<u>30,000</u>

Additional Information:

(a) Club has 50 members each paying annual subscription of ₹ 250. Subscription in arrears on 31.3.2014 was ₹ 3,000.

(b) On 31<sup>st</sup> March, 2015, salaries outstanding amounted to ₹ 1,000 and salaries paid include ₹ 1,000 for the year 2013-14.

(c) 50% of the donation was capitalised.

(d) Depreciate Furniture @ 10%.

Boys' Training Association Club

Dr. Income & Expenditure Account for the year ended 31<sup>st</sup> March, 2015 Cr.

Expenditure	Amount(₹)	Amount(₹)	Income	Amount(₹)	Amount(₹)
To Salaries	12,000		By Subscription	10,000	
Add: Outstanding	1,000		Add: Accrued	2,500	12,500
Less: Outstanding for 2013-14	(1,000)	12,000	By Hall Rent		7,400
To General Expenses		3,000	By Donation	4,000	
To Electricity Charges		2,000	Less: Capitalised 50%	(2,000)	2,000
To Newspapers		4,000	By Sale of newspaper		1,000
To Postage		500	By Profit on sale of old furniture		500
To Depreciation on Furniture		250			
To Surplus (Excess of Income over Expenditure)		1,650			
		<u>23,400</u>			<u>23,400</u>

Or

Distinguish between Income & Expenditure Account and Profit & Loss Account.  
Write at least six differences from the text book.

**Group-E**

5. Answer the following question:

10 x 1 = 10

Dr. The following are the balances of a shop as on 31<sup>st</sup> December, 2019: Cr.

Particulars	Amount(₹)	Particulars	Amount(₹)
Furniture	10,000	Bills Payable	5,000
Stock on 1.1.19	30,000	Purchase Return	1,200
Sundry Debtors	40,000	Capital	70,000
Machinery	50,000	Discount	700
Purchases	1,70,000	Sales	2,31,000
Bills Receivable	11,000	Loan	10,000
Carriage Inward	1,300	Sundry Creditors	30,000
Carriage Outward	900	Provision for Doubtful Debts	1,600
Advertisement	1,600		
Discount	700		
Sales Return	2,000		
Salaries	12,000		
Wages	10,000		
Cash at Bank	9,000		
Cash in Hand	1,000		
	<b>3,49,500</b>		<b>3,49,500</b>

You are required to prepare Trading and Profit & Loss Account and Balance Sheet with the following adjustment:

- (a) Goods valued ₹8,000 were destroyed by fire and the Insurance Company admitted a claim of ₹7,500.
- (b) Closing Stock ₹30,000.
- (c) Provide depreciation at 10% on machinery and 5% on furniture.
- (d) Write off ₹1,000 as bad debt and create provision for doubtful debts at 5% on sundry debtors.
- (f) Cost of goods taken by the proprietor for his private purpose ₹3,000. (3+3+4)

Dr. Trading and Profit & Loss Account for the year ended 31<sup>st</sup> December, 2019 Cr.

Particulars	Amount(₹)	Amount(₹)	Particulars	Amount(₹)	Amount(₹)
To Opening Stock		30,000	By Sales	2,31,000	
To Purchases	1,70,000		Less: Sales Return	(2,000)	2,29,000
Less: Purchase Return	(1,200)		By Stock Destroyed by fire		8,000
Less: Drawings(goods)	(3,000)	1,65,800	By Closing Stock		30,000
To Carriage Inward		1,300			
To Wages		10,000			
To Gross Profit c/d		59,900			
		2,67,000			2,67,000
To Carriage Outward		900	By Gross Profit b/d		59,900
To Advertisement		1,600			
To Discount		700	By Discount		700
To Salaries		12,000			
To Loss by fire		500			
To Depreciation:					
• Machinery	5,000				
• Furniture	500	5,500			
To Bad Debt		1,000			
To PBD(New – Old)		350			
To Net Profit		38,050			
		60,600			60,600

Balance Sheet as on 31.12.2019

Liabilities	(₹)	(₹)	Assets	(₹)	(₹)
Capital	70,000		Machinery	50,000	
Add: Net Profit	38,050		Less: Depreciation	<u>(5,000)</u>	45,000
Less: Drawings(goods)	<u>(3,000)</u>				
		1,05,050	Furniture	10,000	
Loan		10,000	Less: Depreciation	<u>(500)</u>	9,500
Sundry Creditors		30,000			
			Stock-in-Trade		30,000
Bills Payable		5,000	Sundry Debtors	40,000	
			Less: Bad Debt	(1,000)	
			Less: PBD(New)	<u>(1,950)</u>	37,050
			Bills Receivable		11,000
			Insurance Claim		7,500
			Cash at Bank		9,000
			Cash in Hand		1,000
		<u>1,50,050</u>			<u>1,50,050</u>