



Government of Karnataka

Department of Pre-University Education

18th Cross, Sampige Road, Malleshwarum, Bengaluru-560 012

FIRST PUC ACCOUNTANCY

1. Financial Accounting Part-I

2. Financial Accounting Part-II

QUESTION BANK

2017-18

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Question Bank

First PUC Accountancy (Code 30)

Introduction:

Karnataka is one of the first states to the country to introduce two year PUC as a separate course in the year 1971-72. The syllabi have undergone changes. The latest restructuring of the course which has come into force from the academic year 2017-18 has taken a major departure from the previous attempts of revisions both in terms of content and orientation by adopting NCERT Text Books for I PUC.

Commerce education is a branch of education which aims at injecting the business skills and talents and thereby prepares its learners to enter into the business field in different capacities, who in-turn contribute to the overall well-being of the society. Over these years, commerce education in Karnataka has grown in leaps and bounds.

For the first time department of PU Education is releasing the Question Bank for I PUC Accountancy subject based on NCERT XI Standard Text Book. It has two volumes. I volume Financial Accounting Part-I consists of 8 chapters and II volume Financial Accounting Part-II consists of 7 chapters of which only 5 chapters are retained by department. All the chapters of first book and only 5 chapters in second book are retained. Chapter 14 and 15 of II volume are excluded.

General Guidelines/Instructions:-

1. Availability of teaching hours in a year will be 140 only.
2. Split-up of available teaching hours:
 - 05 Hours - For bridge course
 - 120 Hours - For completion of course content(excluding POQ)
 - 15 Hours - For the completion of 15 POQs
3. Duration of Annual Examination will be 3 Hours and 15 Minutes only.
4. Maximum marks of a question paper will be 167.
5. While framing the questions, weightage should be given to instructional objectives as follows:

Knowledge	-	15%
Understanding	-	25%
Application	-	40%
Skill	-	20%
<hr style="width: 100%; border: 0.5px solid black;"/>		
Total -100%		
6. While preparing the question paper due weightage should be given to the difficulty level as follows:

Easy	-	50%
Average	-	40%
Difficult	-	10%
<hr style="width: 100%; border: 0.5px solid black;"/>		
Total -100%		

7. Detailed Course structure, Question Paper Design, Blue Print, Program of work and Chapter-wise Questions are given for the use of lecturers and students.
8. Tests, Mid-term and Annual Examination question paper should be strictly as per the stipulated Question Paper Pattern only.
9. Coverage of syllabus should be as per the given Program of work only.
10. Rules of Debit and Credit should be taught by using Accounting Equation Method only (Assets, Liabilities, Capital, Incomes and Expenses Accounts).

Special Note:

For the purpose of knowledge and understanding, more number of items/transactions are given in the problems. However, Question Paper setter should adhere strictly to the specific instructions given pertaining to each topic. Q.P.setter has a freedom to select appropriate items/transactions or modify the questions, if necessary, to suit the scheme of evaluation.

Specific Instructions (Section-wise):

Section-A: One Mark Questions:

1. No question should be based on a trivial information or contents.
2. Note that, before selecting a very short answer type questions, think of the intended answer first to which that answer is the only appropriate response.
3. Question should be frame in a clear, precise and unambiguous language, well within the comprehension of the students.
4. Question should be straight, simple, understandable, free from grammatical and spelling errors.
5. Questions should be selected from stipulated chapters only(see chapter-wise distribution of marks)
6. Generally, questions of knowledge and understanding are best suited to this section.
7. Each and every question should test a definite objective
8. Typology of questions are as follows:

Fill in the blanks	02 questions
MCQ	02 questions
True/False	01 question
Expand	01 question
Example	01 question
Very short answer type	03 questions

Total	10 questions

9. Questions under different types which generate the same answers which are based on the same concepts or contents are not to be asked.
10. Very small application/skill based questions may also be selected under this section.
11. Answer to all the questions of section-A should be placed continuously at one place only.

Section-B: Two Marks Questions:-

1. Questions should be selected from the stipulated chapters only(See chapter-wise distribution of Marks)
2. Questions should be selected to suit the scheme.
3. Questions under this section may be in a question form/statement form/small calculations, etc. (for theory question only)
4. Questions under this section may be as follows:-
Definitions, meanings, features, merits, demerits, types, examples, steps, differences, methods, small calculations, journal entry, etc.

Section-C: Six Marks Questions:-

1. Questions/ problems should be selected from the stipulated chapters only.(See chapter-wise distribution of marks)
2. Items, transactions, entries, etc. should suit to the scheme of evaluation.

Selection of Problems in Section - C

Chapter No	Topic/Unit
3(any one)	<ol style="list-style-type: none"> 1. Preparation of Accounting Equation(Six transactions only) or 2. Classification of Accounts into Assets, Liabilities, Capital, Expenses and Revenue. (Twelve items only)
4(any two)	<ol style="list-style-type: none"> 1. Analytical Petty Cash Book (5 transactions only)- Compulsory. 2. Purchases Book (5 transactions only) or 3. Sales Book (5 transactions only) or 4. Single Column Cash Book (5 transactions only) or 5. Double Column Cash Book(5 transactions only) <p>Note:</p> <ol style="list-style-type: none"> 1. If 12 marks question is asked on Double column Cash Book, then 6 marks question on Single Column / Double Column Cash Book should not be asked under this section. 2. If POQ question is asked on Single Column Cash Book, then same should not be asked under this section.

6(any one)	<p>1. Trial Balance – Net Balance Method(10 items only) or</p> <p>2. Rectification of errors(if simple entries carries 1 mark and compound entries carries 2 marks)</p> <p>Note: If POQ is asked on Trial Balance, then same question should not be asked under this section.</p>
9(any one)	<p>1. Calculation of Cost of goods sold (5 items only) or</p> <p>2. Preparation of Trading A/c (5 items only) or</p> <p>3. Preparation of P and L A/c (5 items only) or</p> <p>4. Preparation of Balance Sheet(10 items only) or</p> <p>5. Calculation of operating profit.</p> <p>Note: If POQ is asked on preparation of Trading A/c or Preparation of Balance Sheet, then same questions should not be asked under this section.</p>
11(any one)	<p>1. Preparation of Total Debtors A/c- to find out Opening Debtors/ Closing debtors/Credit Sales/Cash collected from Debtors (5 items only) or</p> <p>2. Preparation of Total Creditors A/c- to find out Opening Creditors /Closing Creditors/Credit Purchases/Cash paid to Creditors. (5 items only)</p>

3. Out of seven questions, 1 theory based question should be taken from chapter No.13 (Computerised Accounting System) only.
4. Selection of the remaining questions(problems):-

Section-D: Twelve Marks Questions:-

1. Problems should be selected from the stipulated chapters only.(See chapter-wise distribution of marks)
2. Items, transactions, entries, etc., should suit to the scheme of evaluation.

Selection of problems in Section - D

Chapter No	Topic/Unit
3	<p>Journal entries - for each simple entry-1 mark</p> <p>- for each compound entry-2 marks</p> <p>Note: Problem should include both simple and compound entries.</p>
4	<p>Double Column Cash Book(for each simple entry-1 mark and for each contra entry-2 marks and for balancing 1 mark) or</p> <p>Purchases Book and Purchases Returns Book with Ledger Postings (6 transactions only-PB and PRB- 6 Marks and Ledger Postings-6 marks) or</p> <p>Sales Book and Sales Returns Book with Ledger Postings (6 transactions only-SB and SRB- 6 Marks and Ledger Postings-6 marks) or</p> <p>Preparation of proper subsidiary books(PB,PRB,SB and SRB-Simple transactions should be given directly)</p> <p>Note:</p> <ol style="list-style-type: none"> 1. If 6 marks question is asked on Double Column Cash Book, then 12 marks question should not be asked on Double Column Cash Book under this section.

	Preparation of BRS without adjusting cash book balance with favourable or unfavourable balance (1 Base item plus 6 causes) or Preparation of BRS with adjusted cash book balance (Preparation of amended cash book and Bank Reconciliation Statement) with favourable or unfavourable balance (Both balances as per CB and PB should be given or Balance as per Cash book should be given) Base item plus 6 causes(6 marks for amended CB and 6 marks for BRS)
7	Fixed Instalment Method: Preparation of Asset A/c and Depreciation A/c (3 or 4 years, two purchases and one sale) or Diminishing Balance Method: Preparation of Asset A/c and Depreciation A/c (3 or 4 years, two purchases and one sale)
8	Bills of Exchange: If Two Parties only- 6 entries -2 Marks each or If Three Parties only – If 6 entries – 2 Marks each or If 8 entries - 1.5 marks each (Problems may be selected from the topics such as discounting/ endorsement/Bills sent to bank for collection/Honour or dishonour/ Renewal/Retirement of a Bill.) NOTE :- Problems should not be asked on BR Book, BP Book and accommodation bills.
10	Financial Statements-II: Preparation of Trading A/c, P & L A/c and B/S (Horizontal format only and not exceeding 18 items with 3 to 5 adjustments only)
11	Accounts from Incomplete Records: Statement of affairs method only Preparation of combined SOA, Statement of P/L and Revised SOA (Not exceeding 10 items and maximum 4 adjustments only)

Section-E: Practical Oriented Questions for 5 Marks:-

- Three questions are to be selected from the given list only. (See the blue print)
- Selection of 3 questions:-
First question: from Sr.No.1 to 5 in the list of POQs.
Second question: from Sr.No.6 to 10 in the list of POQs.
Third question: from Sr.No.11 to 15 in the list of POQs.

This should be strictly followed while setting the question paper.

Important Note:- Care should be taken to avoid duplication of questions in the different sections of the question paper.

COURSE STRUCTURE : 2017-18

SUBJECT : ACCOUNTANCY

CLASS – FIRST PUC

DURATION : 3 HRS. 15 MINS.

MAX. MARKS: 100

CHAPTER	CHAPTER HEAD	PERIODS ALLOTTED (Including POQ)	MARKS ALLOTTED
	Bridge Course	05	-
1	Introduction to Accounting	4+1	03
2	Theory Base of Accounting	04	03
3	Recording of Transactions – I	13+4	21
4	Recording of Transactions – II	13+1	25
5	Bank Reconciliation Statement	12	14
6	Trial Balance and Rectification of Errors	8+1	09
7	Depreciation, Provisions and Reserves	12+2	14
8	Accounting for Bills of Exchange	12+2	13
9	Financial Statements -I	6+2	08
10	Financial Statements with Adjustments –II	10	13
11	Accounts from Incomplete Records	12+1	19
12	Applications of Computers in Accounting	5+1	03
13	Computerised Accounting System	09	07
	Total (Excluding POQ Marks)	-	152
	Practical Oriented Questions Marks	-	15
	Grand Total (Including POQ)	5+120+15=140	167

CHAPTERWISE WEIGHTAGE OF MARKS, ALLOTMENT OF HOURS AND TYPOLOGY OF QUESTIONS

Ch. No.	Chapter Head	Hours Allotted	Marks (Excluding POQ)	01 Mark Ques	02 Marks Ques.	06 Marks Ques.	12 Marks Ques	POQ
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Bridge Course	05	-	-	-	-	-	-
1	Introduction to Accounting	4+1	03	1	1	-	-	1
2	Theory Base of Accounting	04	03	1	1	-	-	-
3	Recording of Transactions-I	13+4	21	1	1	1	1	4
4	Recording of Transactions-II	13+1	25	1	-	2	1	1
5	Bank Reconciliation Statement	12	14	-	1	-	1	-
6	Trial Balance and Rectification of Errors	8+1	09	1	1	1	-	1
7	Depreciation, Provisions and Reserves	12+2	14	-	1	-	1	2
8	Accounting for Bills of Exchange	12+2	13	1	-	-	1	2
9	Financial Statements-I	6+2	08	-	1	1	-	2
10	Financial Statements with adjustments	10	13	1	-	-	1	
11	Accounts from Incomplete Records	12+1	19	1	-	1	1	1
12	Applications of Computers in Accounting	5+1	03	1	1	-	-	1
13	Computerised Accounting System	09	07	1	-	1	-	
	Total (Excluding POQs)	-	152	10	08	07	07	15
	POQ Marks	-	15	-	-	-	-	-
	Total (Including POQ)	5+120+ 15=140	167					

List of Practical Oriented Questions: (15 Hours for 10 Marks)

1	Draw a diagram of Accounting Process	9	Prepare Machinery A/c for 2 years with imaginary figures under WDM
2	Write the Accounting Equation and find the missing figures	10	Prepare a Specimen of Bill of Exchange
3	Pass Journal Entries from Ledger Accounts with five entries	11	Prepare a Specimen of Promissory Note
4	Draft a Specimen of Debit Voucher	12	Prepare Trading A/c with five imaginary figures
5	Draft a Specimen of Credit Voucher	13	Prepare Balance Sheet with five imaginary figures
6	Prepare a Simple Cash Book with five imaginary figures	14	Prepare Opening/Closing Statement of Affairs with five imaginary figures
7	Prepare a Trial Balance with 10 imaginary figures	15	Draw a Block Diagram of Main Components of Computer
8	Prepare Machinery A/c for 2 years with imaginary figures under SLM		

Important Note:

Out of 3 POQs to be asked, choose first POQ from Sr.No.1 to 5, second POQ from Sr.No.6 to 10 and third POQ from Sr.No.11 to 15.

SUGGESTED QUESTION PAPER DESIGN: 2017-18

SUBJECT: ACCOUNTANCY (CODE – 30)

Class: I PUC

Duration: 3 Hours and 15 Minutes

Max Marks: 100

Sl. No	Typology of Questions & Weightage	Very Short Answer Type (01Mark)	Short Answer Type (02 Marks)	Long Answer Type (06 Marks)	Long Answer Type (12 Marks)	POQ (05 Marks)	% age of Weight age	Total Marks
01	Knowledge (Remembering) (15%) (Simple recall questions, identify, define, to know specific facts, terms, concepts, principles or theories, illustrates /cites examples)	03	02	01	01	-	15	25
02	Understanding (Comprehension) (25%) (Meaning, concept, interpret, compare, contrast, explain, identifies relationships, detection of errors, discriminates, classifies, extrapolates, solutions, summarises)	05	04	02	01	01	25	42
03	Application(Higher Level Understanding) (40%) Application of rules, use abstract of information in concrete situations, provide an example, solve a problem, establish relationships, reason for cause-effect relation, analysis, hypothesizes, predicts, inferences, generalises, evolve appropriate plan of action.	01	01	02	04	01	40	68
04	Skill : (20%) Reorganise the materials, judges adequacy, justifies, display originally draws diagrams , labels diagrams.	01	01	02	01	01	20	32
	Total Questions (35 Questions)	10	08	07	07	03	--	--
	Total Marks	10	16	42	84	15	100	167

FIRST PUC ACCOUNTANCY (CODE 30) : PROGRAMME OF WORK: 2017-18

Month & periods available	Chapter and Topics	Split-up of Available periods in a month	Hrs.required to complete the chapter	No of Hrs for POQ	Marks Allotted (excluding POQ)
JUNE 15 periods	<i>Bridge Course</i>	05	05	-	-
	Chapter:1.Introduction To Accounting: 1.1-Meaning of Accounting 1.2-Accounting as a source of information 1.3-Objectives of Accounting 1.4-Role of Accounting 1.5-Basic Terms in Accounting: Entity, Transaction,Assets, Liabilities, Capital, Sales,Revenues,Expenses,Expenditure,Profit, Gain,Loss,Discount,Voucher,Goods,Drawings, Purchases,Stock,Debtors,Creditors.	05	04	01	03
	Chapter:2.Theory Base of Accounting: 2.1-Generally Accepted Accounting Principles 2.2-Basic accounting concepts: Business Entity, Money Measurement, Going Concern, Accounting Period, Cost, Dual Aspect, Revenue Recognition, Matching, Full Disclosure ,Consistency, Conservatism (Prudence), Materiality, Objectivity. 2.3-Systems of Accounting 2.4-Basis of Accounting 2.5-Accounting Standards 2.6-International Financial Reporting Standards	04	04		03
	Chapter:3. Recording of Transactions-I: 3.1-Business Transactions & Source Document 3.1.1-Preparation of Accounting Vouchers	01	13	04	21
JULY 22 periods	3.2-Accounting Equation: 3.3-Using Debit & Credit 3.3.1-Rules of Debit & Credit 3.4-Books of Original Entry 3.4.1-Journal 3.5-Ledger 3.5.1-Classification of Ledger Accounts 3.6-Posting from Journal	06			

AUG 18 periods	Chapter:4.Recording of Transactions-II:	06	13	01	25
	4.1-Cash Book 4.1.1-Single Column Cash Book 4.1.2-Double Column Cash Book 4.1.3-Petty Cash Book 4.1.4-Balancing of Cash Book	22			
	4.2-Purchases Book 4.3-Purchases Returns Book 4.4-Sales Book 4.5-Sales Returns Book 4.6-Journal Proper 4.7-Balancing the Account s	08	12	14	
	Chapter:5.Bank Reconciliation Statement: 5.1-Need for reconciliation 5.1.1-Timing differences 5.1.2-Differences caused by errors 5.2-Preparation of BRS 5.2.1- Preparation of BRS without adjusting Cash Book Balance	10			
		18			
	FIRST TEST FOR 50 MARKS (3 / 4 DAYS)				

<p>OCT 10 periods</p>	<p>7.6-Methods of calculating Depreciation Amount 7.6.1-Straight Line Method 7.6.1.1-Advantages of Straight Line Method 7.6.1.2-Limitations of SLM 7.6.2-Written down Value Method 7.6.2.1-Advantages of WDVM 7.6.2.2-Limitations of WDVM 7.7-SLM & WDVM: A Comparative Analysis 7.7.1-Basis of charging Depreciation 7.7.2-Annual charge of Depreciation 7.7.3-Total charge against P & L A/c (Depreciation + Repair charges) 7.7.4-Recognition by Income Tax Law 7.7.5-Suitability 7.8-Methods of recording depreciation 7.8.1-Charging depreciation to Asset A/c 7.8.2-Creating Provision for Depreciation A/c / Accumulated Depreciation A/c 7.9-Disposal of Asset 7.9.1-Use of Asset Disposal A/c 7.10-Effect of any addition or extension to the existing asset 7.11-Provisions 7.11.1-Accounting treatment for Provisions 7.12-Reserves 7.12.1-Difference between Reserve & Provision 7.12.2-Types of Reserves 7.12.3-Difference between Revenue Reserve and Capital Reserve 7.12.4-Importance of Reserves 7.13-Secret Reserve</p>	<p>07</p>			
	<p>Chapter: 8. Bills of Exchange: 8.1-Meaning of Bills of Exchange 8.1.1-Parties to Bills of Exchange 8.2-Promissory Note 8.2.1-Parties to Promissory Note 8.3-Advantages of Bills of Exchange 8.4-Maturity of Bill 8.5-Discounting of Bill 8.6-Endorsement of Bill</p>	<p>03 10</p>	<p>12</p>	<p>02</p>	<p>13</p>

NOV 12 periods	MID TERM EXAMS FOR 100 MARKS– 10 TO 12 DAYS				
	8.7-Accounting Treatment: 8.7.1-In the books of Drawer/Promissor 8.7.2-In the books of Acceptor/Promissory 8.8-Dishonour of Bill 8.8.1-Noting Charges 8.9-Renewal of the Bill 8.10-Retiring of the Bill 8.11-Bills Receivable and Bills Payable Books: 8.11.1-Bills Receivable Book 8.11.2-Bills Payable Book 8.12-Accommodation Bills	11			
	Chapter:9.Financial Statements - I 9.1 Stakeholders and their Information Requirements 9.2 Distinction between Capital and Revenue	01 12	06	02	08
	9.3 Financial Statements 9.4 Trading and Profit and Loss Account 9.5 Operating Profit (EBIT) 9.6 Balance Sheet 9.7 Opening Entry	07			
DEC 20 periods	Chapter:10.Financial Statements: 10.1 Need for Adjustments 10.2 Closing Stock 10.3 Outstanding Expenses 10.4 Prepaid Expenses 10.5 Accrued Income 10.6 Income Received in Advance 10.7 Depreciation 10.8 Bad Debts 10.9 Provision for Bad and Doubtful Debts 10.10 Provision for Discount on Debtors 10.11 Manager's Commission 10.12 Interest on Capital	10 03	10		13
	Chapter:11.Accounts from Incomplete Records 11.1 Meaning of Incomplete Records 11.2 Reasons for Incompleteness and its Limitations 11.3 Ascertainment of Profit and Loss		12	01	19

JAN 18 periods	11.4 Preparing Trading and Profit and Loss Account and the Balance Sheet 11.4.1-Ascertainment of Credit Purchases 11.4.2- Ascertainment of Credit Sales 11.4.3- Ascertainment of B/R and B/P 11.4.4- Ascertainment of missing information through summary of cash	10			
	SECOND TEST FOR 50 MARKS (3 / 4 DAYS)				
	Chapter:12. Applications of Computers in Accounting 12.1 Meaning and Elements of Computer System 12.2 Capabilities of Computer System 12.3 Limitations of a Computer System 12.4 Components of Computer 12.5 Evolution of Computerised Accounting 12.6 Features of Computerised Accounting System 12.7 Management Information System and Accounting Information System 12.7.1 Designing of Accounting Reports 12.8.2 Data Interface between the Information System	06	05	01	03
	Chapter:13.Computerised Accounting System 13.1 Concept of Computerised Accounting System 13.2 Comparison between Manual and Computerised Accounting	02			07
FEB 7 periods	13.3 Advantages of Computerised Accounting System 13.4 Limitations of Computerised Accounting System 13.5 Sourcing of Accounting Software 13.6 Generic Considerations before Sourcing an Accounting Software	07	09		
		07			
	ANNUAL EXAMS & EVALUATION				
	PRACTICAL ORIENTED QUESTIONS MARKS				15
	Total	140	125	15	167

CHAPATER WISE QUESTION BANK.
Chapter – 1
Introduction to Accounting

Section-A: One Mark Questions:

I: Fill in the blanks:-

01. _____ is the first book on double entry book keeping.
02. _____ has written a book called 'SUMMA' in 1494
03. The term 'Debit' comes from the Italian word _____
04. The term 'Debit' comes from the Latin words _____ & _____
05. The term 'Credit' comes from the Italian word _____
06. The term 'Credit' comes from the Latin word _____
07. Koutilya, a minister in Chandragupta's Kingdom wrote a book on economics named _____
08. Business Organization involves _____ events.
09. Determining the transaction to be recorded is _____
10. Quantification of business transactions in to financial terms using monetary unit is called _____
11. Recording is made in a _____ order
12. Accounting is the language of _____
13. Accounting begins with the identification of transaction and ends with the _____
14. Information in financial reports is based on _____
Transactions
15. _____ are the internal users of an organization
16. A _____ would most likely use an entity's financial report to determine whether or not the business entity is eligible for a loan.
17. _____ has assisted in decreasing the time-gap in issuing financial reports to users
18. _____ users are groups outside the business entity, who use the information to make decisions about the business entity
19. Information is said to be relevant if it is _____
20. Accounting measures a business transaction in terms of _____ units
21. Identified and measured economic events should be recorded in _____ order
22. Sub-disciplines within the accounting discipline are:
financial accounting, Cost accounting and _____

II: Multiple Choice Questions:-

1. Which of the following is not a business transaction.
 - a) Bought furniture for Rs.10,000 for business
 - b) Paid `5,000 as salaries of employees
 - c) Paid `20,000 towards son's fees from Personal Bank account
 - d) Paid `2,000 towards son's fees from the business

2. Deepti wants to buy a building for her business. Which of the following is the relevant data for her decision?
 - a) Similar business acquired the required building in 2010 for `10,00,000
 - b) Building cost details of 2003
 - c) Building cost details of 1998
 - d) Similar building cost in August 2005 `25,00,000

3. Which is the last step of accounting as a process of information
 - a) Recording of data in books of accounts
 - b) Preparation of summaries in the form of financial statements
 - c) Communication of information
 - d) Analysis and interpretation of information

4. Which qualitative characteristics of accounting information is reflected when accounting information is clearly presented
 - a) Understandability
 - b) Relevance
 - c) Comparability
 - d) Reliability

5. Use of common unit of measurement and common format of reporting promotes
 - a) Comparability
 - b) Understand ability
 - c) Relevance
 - d) Reliability

6. Management accounting
 - a) Is a clerical work
 - b) Is accounting for future
 - c) Is a recording technique of management related transactions
 - d) Is an analysis of the past business activities

7. Which of the following shows the financial position of the business
- a) Profit and Loss account
 - b) Total Debtors account
 - c) Balance sheet
 - d) Funds flow statement
8. Which of the following is not a sub-field of accounting
- a) Management accounting
 - b) Cost accounting
 - c) Social responsible accounting
 - d) None of these
9. Functions of accounting include
- a) Keeping systematic record
 - b) Protecting properties of the business
 - c) Ascertain the profit and loss
 - d) All of these
10. Accounting records transactions in terms of
- a) Selling units
 - b) Monetary units
 - c) Production units
 - d) None of the above
11. Accounting is basically concerned with
- a) Forecasting
 - b) Measurement
 - c) Management
 - d) None of the above
12. It is the Language of business
- a) Accounting
 - b) Financial statements
 - c) Accounting assumptions
 - d) Book-keeping
13. Financial statements are a part of
- a) Accounting
 - b) Book-keeping
 - c) Both
 - d) None

14. Financial statement users include
- a) Share holders
 - b) Government
 - c) Vendors
 - d) All of the above
15. All of the following are functions of accounting, except ...
- a) Decision making
 - b) Measurement
 - c) Forecasting
 - d) Ledger posting
16. Financial statements do not consider
- a) Assets expressed in monetary terms
 - b) Liabilities expressed in monetary terms
 - c) Only Assets expressed in non monetary terms
 - d) Assets and Liabilities expressed in non monetary terms

III: True or False:-

01. Accounting is the process of recording and classifying business financial transactions.
02. Business organisations is not involves economic events.
03. The financial information to make important decisions to the users.
04. It provides information for judging management's ability to utilise resources effectively in meeting goals.
05. Financial accounting assists in analysing only the expenditure for ascertaining the cost of various products manufactured or services provided by the firm.
06. Qualitative characteristics are the attributes of accounting information which tend to enhance its understand ability and usefulness.
07. A reliable information should be free from error or bias.
08. Profit represents excess of revenue over expenses.
09. Accounting information relates to the present transactions.
10. The owners of business are keen to have an idea about the net results of their business operations periodically.
11. Entity is reality that has a definite individual existence.
12. Current assets are assets on a long-term basis.
13. Long-term liabilities are those that are usually payable before a period of one year.
14. Discount is the deduction in the price of the goods sold.
15. Voucher is not a documentary evidence of a transaction.
16. Drawings increase the investment of the owners.

IV: Very Short Answer Questions:-

1. Expand APB
2. Expand AICPA
3. Expand AAA
4. What is accounting?
5. Who are the external users of business information?
6. What is revenue?
7. What is entity?
8. What is transaction?
9. What is profit?
10. What is capital?
11. What is gain?
12. What is loss?
13. Who are Debtors?
14. Who are Creditors?
15. What is purchases?
16. What is voucher?
17. What is trade discount?
18. What is cash discount?

Section-B:Short Answer Questions for Two Marks:-

1. Define Accounting.
2. What is the end product of Accounting?
3. State any two objectives of Accounting.
4. Name any two users of Accounting
5. State the nature of Accounting information required by long term lenders
6. Who are the external users of information?
7. Enumerate any two information needs of management
8. Give any two examples of revenues.
9. Distinguish between Debtors and Creditors
10. Distinguish between profit and gain
11. Accounting information should be comparable. Do you agree with the statement? Give two reasons
12. If the accounting information is not clearly presented, which of the qualitative characteristics of accounting information are violated?
13. The role of Accounting has changed over the period of time. Do you agree? Explain in two sentences.
14. Give two examples of fixed assets
15. Give two examples of revenue
16. Give two examples of expenses
17. Give two examples of short term liability
18. What is revenue?

19. What are expenses?
20. What is entity?
21. What is transaction?
22. State two types of transactions.
23. What are cash transactions? Give an example
24. What are credit transactions? Give an example
25. State any two types of assets.
26. What are fixed assets?
27. What are current assets?
28. What are long term liabilities?
29. What are short term liabilities?
30. What is capital?
31. What do you mean by sales?
32. What is expenditure?
33. What is capital expenditure?
34. What is revenue expenditure?
35. Give two examples of capital expenditure
36. What is profit?
37. What is gain?
38. What is loss?
39. What is discount?
40. What is trade discount?
41. What is cash discount?
42. Distinguish between trade discount and cash discount.
43. What is voucher?
44. What do you mean by goods?
45. What do you mean by drawings?
46. What is purchase?
47. What are sales?
48. What is stock (inventory)?
49. Who is a Debtor?
50. Who is a Creditor?

Section-E: Practical Oriented Question for Five Marks:-

1. Draw a diagram of Accounting Process.

Chapter - 2

Theory Base of Accounting

Section-A: One Mark Questions:

I: Fill in the blanks:-

01. In order to maintain uniformity and consistency in Accounting records, certain _____ have been developed which are generally accepted by the Accounting profession.
02. The accounting records are made in the books of accounts from the point of view of the _____ and not that of the owner.
03. The concept of money measurement states that the records of the transactions are to be kept not in the _____ but in the monetary unit.
04. The Concept of going concern assumes that a business firm would continue to carry out its _____ indefinitely.
05. _____ concept refers to the span of time at the end of which the financial statements of enterprise are prepared.
06. The Companies Act 1956 and _____ Act require that the income statements should be prepared annually.
07. The cost concept requires that all assets are recorded in the books of accounts at their _____ price.
08. Adoption of historical cost brings in _____ in recording as the cost of acquisition is easily verifiable from the purchase documents.
09. $\text{Assets} = \text{Liabilities} + \text{_____}$
10. Accounting equation states that the _____ of a business are always equal to the claims of owners and the outsiders.
11. The concept of revenue recognition requires that the revenue for a business transaction should be included in the accounting records only when it is _____.
12. Matching Concept states that expenses incurred in an accounting period should be matched with _____ during that period.
13. _____ Concept requires that all material and relevant facts of an enterprise must be fully and completely disclosed in the financial statements.
14. The comparison between the financial results of two enterprises would be meaningful only if same kind of _____ are adopted in the preparation of financial statements.
15. The concept of conservatism requires that profits should not be recorded until _____.
16. The receipt for the amount paid for purchase of machinery becomes the documentary _____ for the cost of machine.

17. Double entry system is a _____ system as both the aspects of transactions are recorded in the books of accounts.
18. _____ system is not a complete system of maintaining records of financial transactions.
19. Under _____ basis entries in the books of accounts are made when cash is received or paid and not when the receipt or payment becomes due.
20. The regulatory body for Standardization of accounting policies in the country is _____

II: Multiple Choice Questions:-

1. According to which concept the owner of the business is considered creditor of the business:
 - a. Money measurement concept
 - b. Dual Aspect concept
 - c. Separate entity concept
 - d. Going concern concept
2. A concept that a business enterprise will not be sold or liquidated in near future is known as,
 - a. Going concern
 - b. Economic entity
 - c. Monetary unit
 - d. None of the above
3. According to the Going concern concept the time period of Business is,
 - a. For certain life time
 - b. For un- certain life time
 - c. Going to wind-up shortly
 - d. None of the above
4. Accounts are regularly made after a fixed period usually a year, this concept is based on,
 - a. Accounting Period
 - b. Dual Aspect
 - c. Cost
 - d. Business entity
5. Assets acquired are recorded in the books,
 - a. At historical cost
 - b. At market value
 - c. Both a. and b.
 - d. None of the above
6. Accounting equation is based on ,
 - a. Cost concept
 - b. Separate entity concept
 - c. Dual aspect concept
 - d. Accrual concept

7. The basis of accounting in which revenue and expenses are recognized in period in which they are earned or incurred and not when money is received or paid,
 - a. Cash basis
 - b. Accrual basis
 - c. Mixed basis
 - d. All of the above

8. By the misuse of which convention 'Secret Reserve' is created.
 - a. Conservatism
 - b. Materiality
 - c. Consistency
 - d. Full Disclosure

9. Provision for bad & doubtful debts is created in anticipation of actual bad debts on the basis of,
 - a. Business entity concept
 - b. Conservatism concept
 - c. Accrual concept
 - d. Full disclosure concept

10. Insignificant events are not recorded in the books of accounts due to,
 - a. Materiality concept
 - b. Accrual concept
 - c. Conservatism concept
 - d. Money measurement concept

11. Depreciation is charged on fixed assets due to this concept,
 - a. Full disclosure concept
 - b. Materiality concept
 - c. Conservatism concept
 - d. None of above

12. According to which concept all expenses are matched with the revenue of that period:
 - a. Realization concept
 - b. Money measurement concept
 - c. Matching concept
 - d. Business entity concept

13. Accounting principles are in,
 - a. Written
 - b. Oral
 - c. Both
 - d. All of the above

14. AS-2 Explains
 - a. Valuation of inventories
 - b. Earnings per share
 - c. Cash flow Statements
 - d. None of the above

15. AS-40 Explains
- a. Investment property
 - b. Revenue recognition
 - c. Depreciation accounting
 - d. None of the above
16. Benefits to convergence to IFRS is
- a. Easy Preparation of Financial statements
 - b. Easy access to global capital market
 - c. Books of accounts are minimized
 - d. All of the above
17. Out of the following which is not Accounting concept
- a. Realization concept
 - b. Going concern concept
 - c. Cost concept
 - d. Consistency concept
18. IFRS refers to,
- a. Indian Financial reporting standards
 - b. International financial record system
 - c. International financial reporting standards
 - d. None of the above
19. ICAI constituted an Accounting Standards Board (ASB) in,
- a. April 1977
 - b. May 1977
 - c. April 1972
 - d. None of the above
20. According to conservatism concept assessment of the stock of the business done,
- a. On cost value
 - b. On market value
 - c. Cost value or market value whichever is less
 - d. Cost value or market value whichever is more

III: True or False:-

1. A business is a separate entity from its owners of accounting.
2. In accounting all economic events are recorded in the books of accounts.
3. According to going concern concept a business will continue up to certain period.
4. Accounting period must contain 10 months
5. Accounting principles are in written statements.
6. Accounting standards are not creating uniformity in accounting system.
7. Accounting standard Board was constituted in April 1977
8. Basis of Accounting are cash and credit.
9. AS - 33 explains earning per share
10. AS -38 explains Investment property.

IV: Very Short Answer Questions:-

1. State any one Basic Accounting Concept.
2. State the basic accounting equation.
3. State any one Basis of Accounting
4. State any one system of Accounting
5. Name any one Accounting Standard
6. Name any one qualitative Character of Accounting Information
7. What is materiality concept?
8. Give the meaning of dual aspect concept
9. What do you mean by going concern?
10. State any one benefit of convergence of IAS with IFRS
11. Expand GAAP
12. Expand AICPA
13. Expand ICAI
14. Expand ASB
15. Expand IFRS
16. Expand NBFC
17. Expand IAS
18. Expand IASB

Section-B: Short Answer Questions for Two Marks:-

1. What is theory base of accounting?
2. What is the meaning of GAAP?
3. What do you mean by Basic Accounting Concepts?
4. State any two Accounting concepts.
5. What do you mean by Business entity concept?
6. What do you mean by matching concept?
7. What do you mean by basic accounting equation?

8. What is Double entry system of accounting?
9. What is single entry system of accounting?
10. State any two features of Single entry system of book keeping.
11. State any two differences between Single entry and Double entry system of book keeping.
12. What is Accounting Standard?
13. What is cash basis of accounting?
14. What is Accrual basis of accounting?
15. State any two differences between cash and accrual basis of accounting.
16. State any two features of Double entry system of accounting
17. What is matching concept?
18. What is IFRS?
19. State any two benefit of convergence IAS with IFRS.
20. Expand IFRS and NBFC.

Chapter - 3 Recording of Transactions - I

Section-A: One Mark Questions:

I: Fill in the blanks:-

1. Business transactions are exchanges of economic between parties.
2. Business transactions have effects.
3. Business transactions are usually evidence by an appropriate
4. A document which provides evidence of the transactions is called the
5. All recording in books of account is done on the basis of
6. Voucher must be preserved in any case till the of the accounts.
7. A transactions with one debit and one credit is a..... transaction.
8. Voucher which records a transaction that entails multiple debits/credits and one credit/debit is called voucher.
9. Transactions with multiple debits and multiple credits are called..... transactions.
10. Accounting equation signifies that the assets of a business are always equal to the total of its liabilities and
11. $Assets = Liabilities + \dots\dots\dots$
12. The balance sheet is a statement of ,Liabilities and Capital.
13. The properties and outsiders provide the of the business.
14. Accounting equation always remain
15. Every transaction involves..... aspects.
16. Every debit must have a corresponding
17. An account looks like the letter
18. All accounts are divided into categories for the purpose of recording the transactions.
19. Increase in an asset is
20. Decrease in an asset is
21. Increase in expenses is.....
22. Decrease in expenses is.....
23. Increase in liabilities is.....
24. Decrease in liabilities is.....

25. Increase in revenue is.....
26. Decrease in revenue is.....
27. Increase in capital is.....
28. Decrease in capital is.....
29. The book in which the transaction is recorded is for the first time is called
30. The process of recording transactions in journal is called
31. The process of transferring journal entry to individual account is called.....
32. Journal is a book of
33. Ledger account is the principal book of
34. In journal, transactions are recorded in the order.
35. A brief description of the transaction is called the
36. When only two accounts are involved to record a transaction ,it is called a
37. The goods account is divided intoaccounts.
38. When the number and accounts to be debited or credited is more than one the transaction is called journal entry.
39. Ledger contains different
40. L.F is filled up at time of
41. All ledger accounts are put intocategories.
42. All permanent accounts appear in the
43. All assets, liabilities and capital accounts areaccounts
44. All revenue and expense areaccounts
45. Posting from the journal is done
46. Issued a cheque for Rs.10,000 to pay rent. The account to be debited is
47. Purchased office stationary for Rs.5000 account to be credited is.....

II: Multiple Choice Questions:-

- 1) The L.F column of journal is used to
 - a) Record the date on which amount posted to a ledger account
 - b) Record the number of ledger account to which information is posted
 - c) Record the number of amounts posted to the ledger account
 - d) Record the page number of the ledger account
- 2) When an entry has made in journal
 - a) Assets are listed first
 - b) Accounts to be debited listed first
 - c) Accounts to be credited listed first
 - d) Accounts may be listed in any order
- 3) Out of the following equations which is correct?
 - a) $C = A+L$
 - b) $C = A-L$
 - c) $C = A+L- \text{profit}$
 - d) $C = L-A$
- 4) Journal records the transactions of the firm in an
 - a) Analytical manner
 - b) chronological manner
 - c) Periodical manner
 - d) summarized manner
- 5) Ledger book is popularly known as
 - a) Secondary book of accounts
 - b) Principal book of accounts
 - c) Subsidiary books of accounts
 - d) None of the above
- 6) Ledger records transaction in
 - a) Chronological order
 - b) Analytical order
 - c) Both the above
 - d) None
- 7) Goods worth Rs. 50000 were sold to Manoj @15% discount on credit. Manoj's account will be debited
 - a) By Rs. 7500
 - b) By Rs.42500
 - c) By Rs.50000
 - d) By Rs.57500
- 8) Debit signifies
 - a) Increase in assets account
 - b) Decrease in liabilities
 - c) Increase in expenses account
 - d) All the above
- 9) What is the nature of drawing goods?
 - a) Income
 - b) Expense
 - c) Introduction of capital
 - d) Withdrawal of capital

- 10) Goods worth Rs.21000 distributed as free sample. The account to be credited is
- a) Purchase account
 - b) Sales account
 - c) Free sample account
 - d) P and L account
- 11) Income tax worth Rs.5000 of the proprietor paid by a firm, the account to be debited is
- a) Income tax account
 - b) Bank account
 - b) Drawing account
 - c) Expenses account
- 12) Rent paid to land lord is credited to
- a) Rent account
 - b) Land lord account
 - c) Cash account
 - d) None of the above
- 13) Voucher is prepared for
- a) Cash received and paid
 - b) Cash/ credit sales
 - c) Cash/ credit purchase
 - d) All the above
- 14) Voucher is prepared from
- a) Documentary evidence
 - b) Journal entry
 - c) Ledger account
 - d) All of the above
- 15) How many sides does an account have?
- a) One
 - b) Two
 - c) Three
 - d) None of the above
- 16) Which of the following is correct?
- a) $L = A + C$
 - b) $A = L - C$
 - c) $C = A - L$
 - d) $C = A + L$
- 17) The book in which all accounts are maintained is known as
- a) Cash book
 - b) Journal
 - c) Purchase book
 - d) Ledger

- 18) Recording of transaction in the journal is called
- a) Casting
 - b) Recording
 - c) Journalizing
 - d) Posting
- 19) Journal entry to record salaries will include
- a) Debit salaries, credit cash
 - b) Debit capital, credit cash
 - c) Debit cash, credit salary
 - d) Debit salary, credit creditors

III: True or False:-

1. Business transactions have two-fold effect.
2. Voucher must be preserved till the audit of the accounts.
3. Assets – Liabilities = Capital
4. The Balance Sheet is the statement of Assets, Liabilities and Capital.
5. All accounts are divided into five categories.
6. Increase in an asset is to be debited.
7. Decrease in an asset is to be debited.
8. Increase in Liability is debited.
9. Increase in income is credited.
10. Increase in Capital is credited.
11. All permanent accounts appear in the Balance Sheet.
12. A brief description about the transaction is called Narration.
13. Journal is a book of original entry.
14. L.F is filled-up at the time of posting.
15. The process of recording in the ledger is called posting.

IV: Very Short Answer Questions:-

1. What is source document/voucher?
2. Give an example for voucher.
3. Give an accounting equation.
4. Give the Debit Rule of Asset.
5. Give the Credit Rule of Asset.
6. Give the Debit Rule of Liability.
7. Give the Credit Rule of Liability.
8. Give the Debit Rule of Capital.
9. Give the Credit Rule of Capital.
10. Give the Debit Rule of Expense.
11. Give the Credit Rule of Expense.
12. Give the Debit Rule of Income.
13. Give the Credit Rule of Income.

14. What is Ledger?
15. What is Journalising?
16. What is Posting?
17. Expand J.F.
18. What is simple Journal Entry?
19. What is compound Journal Entry?
20. What do you mean by simple transaction?
21. What is debit voucher?
22. What is credit voucher?
23. What is complex voucher?
24. What is balance sheet?
25. Who provides resources of the business?
26. What is capital?
27. What is a liability?
28. Why the balance sheet is prepared?
29. What is journal?
30. What is journal entry?
31. What is narration
32. What is ledger?
33. What do you mean by debit balance?
34. What do you mean by credit balance?
35. When do you record in the JF column?
36. What are temporary Accounts?
37. Where do you record all the permanent Accounts?

Section-B:Short Answer Questions for Two Marks:-

1. What do you mean by source document or voucher?
2. What do you mean by compound voucher?
3. What do you mean by complex transaction?
4. What is double entry accounting?
5. State the categories of Accounts
6. State the rules of debit and credit of revenue
7. State the rules of debit and credit of expenses
8. State the rules of debit and credit of Assets
9. State the rules of debit and credit of liabilities
10. State the rules of debit and credit of capital
11. What is balancing of an Account?
12. What is the broad classification of ledger Accounts?
13. State the 3 fundamental steps in Accounting process
14. Why is the evidence provided by source document important to accounting?
15. Should a transaction be first recorded in a journal or ledger? Why?

16. Give the specimen of an Account?
17. Give the specimen of journal
18. Give the journal entry for goods distributed as free samples
19. Distinguish between source documents and voucher.

Section-C: Six Marks Questions/Short Problems:-

1. Prepare Accounting Equation on the basis of the following:
 - a. Harish started business with cash Rs 2,00,000
 - b. Purchased goods from Naman for cash Rs 1,40,000
 - c. Sold goods to Bhanu costing Rs. 10,000
 - d. Bought furniture on credit Rs. 7,000
 - e. Withdrawn cash for personal use Rs. 2,000
 - f. Deposited cash into bank Rs.5,000
2. Prepare Accounting Equation on the basis of the following:
 - a. Kunal started business with cash Rs 2,50,000
 - b. He purchased furniture for cash Rs. 35,000
 - c. He paid commission of Rs. 2,000
 - d. He sold good (costing Rs. 20,000) for Rs. 22,000
 - e. He purchased goods on credit Rs. 40,000
 - f. He gave loan to Anil Rs.5,000
3. Mohit has the following transactions, prepare Accounting Equation:
 - a. Business started with cash Rs.1,00,000
 - b. Purchased office furniture for office use Rs.10,000
 - c. Cash withdrawn for personal use Rs. 20,000
 - d. Commission received in advance Rs. 8,000
 - e. Rent paid Rs. 12,000
 - f. Sold goods for cash Rs. 10,000
4. Rohit has the following transactions. Prepare Accounting Equation:
 - a. Commenced business with cash 2,00,000
 - b. Purchased machinery on credit Rs. 25,000 from Mohit Traders
 - c. Paid to Mohit Traders creditors in full settlement Rs. 23,000
 - d. Repair charge on machinery Rs. 2,500
 - e. Paid rent Rs. 5,000
 - f. Cash purchases Rs,5000
5. Use Accounting Equation to show the effect of the following transactions of Ravi Traders.
 - a. Started business with cash 1,00,000
 - b. Bought goods for cash Rs.20,000
 - c. Rent received Rs. 5,000
 - d. Salary outstanding Rs. 10,000
 - e. Goods destroyed by fire Rs. 13,000
 - f. Paid for charity Rs 200

6. Transactions of Mohan Traders are given below. Show the effects of these transactions on assets, liabilities and capital with the help of Accounting equation.
- Business started with cash Rs. 1,00,000
 - Cash purchase Rs. 50,000
 - Cash sale of Rs. 60,000
 - Purchase furniture for cash Rs. 5,000
 - Paid rent Rs 4,000
 - Bought from Ratan Rs.8,000
7. Prepare accounting equation from the following transactions:
- Started business with cash of Rs. 1,00,000
 - Bought from Navin Traders Rs. 50,000
 - Returned goods to Navin Traders Rs. 5,000
 - Cash received from Navin Traders Rs. 43,000 in full settlement.
 - Opened Bank Account with Rs. 5,000
 - Withdrawn from Bank Rs. 2,000 for office use
8. Classify the following Accounts into Assets, Liabilities, capital, Expenses/Losses and revenue/gains:
- | | |
|-------------------------------|-----------------------------|
| a. Cash Account | b. Purchases Account |
| c. Drawings Account | d. Computer Account |
| e. Building Account | f. Salary Account |
| g. Interest on Investment A/c | h. Sales Account |
| i. O/S salary Account | j. Creditors Account |
| k. Purchases Returns A/c | l. Bills Receivable Account |
9. Classify the following into Assets, Capital, Expenses/Losses and Revenue/Gains under Accounting Equation Method
- | | |
|-----------------------------|-----------------------------|
| a. Furniture Account | b. O/S Rent A/c |
| c. Bad debt Account | d. Interest Receivables A/c |
| e. Rent received in advance | f. Prepaid salary Account |
| g. Capital Account | h. Bills Payable Account |
| i. Investment Account | j. Capital Account |

10. Prepare the ledger Account from the following transactions and balance the same.
- 01.01.2017 Started business with cash `10,000
- 10.01.2017 Cash purchases `5,000
- 20.01.2017 Goods Deposited sold cash for cash into `bank 8,000 `24,000

Section-D: Twelve marks Problems

1. Journalize the following transactions of Swoop Traders: 2017-Jan
- 01) Business started with cash `1,00,000
Opened bank Account with SBI `5,000
- a) Purchased goods for cash `10,000
- a) Sold goods to Suma `20,000
- c) Goods returned from Suma `2,000
- a) Cash received from Suma `17,500 in full settlement of her A/c.
- a) Paid for stationary `1,000
Paid rent by cheque `4,000
Drew for personal use Rs. 3,000
Purchased furniture on credit from Anu Steels, Hubli `10,000
Salary outstanding `60,000
2. Journalise the following transactions of Anant Traders:
- 2017 Jan 01) Started business with cash Rs. 80,000
- Jan 03) Cash Purchases Rs. 25,000
- Jan 05) Cash Sales Rs. 20,000
- Jan 08) Goods destroyed by fire Rs. 3,000
- Jan 10) Sold goods for cash (costing Rs. 6,000) Rs. 9,000
- Jan 12) Prepaid insurance Rs. 2,000
- Jan 15) Sold goods to Ashu (Cost Rs. 7,000) Rs. 9,000
- Jan 18) Cash received from Ashu Rs. 6,000
- Jan 21) Invested in shares of Tata Co. Ltd Rs. 5,000
- Jan 23) Paid cash for household expenses Rs. 8,000
- Jan 25) Bought computer for office use Rs. 10,000
- Jan 28) Commission received in advance Rs. 7,000
3. Journalise the following transactions
- 2017 Jan
- 1). Started business with Cash Rs. 2,30,000
Goods Rs. 1,00,000
Buildings Rs. 2,00,000
- 4). Bought goods for cash Rs. 5,000
- 8). Sold goods (costing Rs. 30,000) Rs. 35,000
- 10). Purchased goods from Rahul Rs. 55,000
- 14). Sold of goods to Varun (costing Rs. 50,000) Rs. 60,000
- 18). Paid cash to Rahul in full settlement Rs. 53,000
- 20). Received cash from Varun in full settlement Rs. 59,000
- 25). Depreciation charge on building Rs. 10,000
- 30). Fresh capital introduced Rs. 50,000

4. Journalise the following transaction in the books of Harpreet Brothers.

- 2017 Jan 01 Started business with cash Rs.1, 65,000
- 11. Bought goods from Tara Rs.22, 000
 - 13. Cash paid to Tara Rs.22, 000
 - 14. Sold goods to Nariman Rs. 12, 000
 - 15. Commission received Rs.1, 000
 - 16. Salary paid Rs.5, 000
 - 17. Goods issued for house hold purpose Rs 2,000
 - 18. Cash received from Nariman Rs.11, 700 and discount allowed Rs.300
- Cheque given for Insurance premium Rs.1000
- Furniture purchased for cash Rs.3, 000
- Goods destroyed by fire Rs.800.

23. Journalise the following transactions:

- 2017 Jan,01 Commenced business with cash Rs.5,000, stock of good 20,000, machinery Rs.10,000 and bills payable Rs.1,000
- Jan,02 Borrowed Rs.5, 000 from Arun and Rs.10, 000 from Bharat.
- Jan,05 Purchased goods from Charan Rs.4,000 and from Dhanaraj Rs.6,000
- Jan,15 Sold goods to Hari Rs.8,000 and to Govind Rs 4,000
- Jan,20 Received cash from Hari Rs.7,500 and allowed him discount Rs 500
- Jan,25 Paid salary Rs.2, 000 and rent RS. 1,000

6. Journalise the following transactions

- 2017 Jan,01 Started business with Cash Rs. 50,000
- Jan,05 Deposited in to bank Rs 10,000
- Jan,07 Purchased goods from Jagadish Rs.5,000
- Jan,09 Sold goods to Nagaraj for cash Rs.10,000
- Jan,11 Paid amount to Jagadish
- Jan,13 Paid for travelling expenses Rs.500
- Jan,15 Took goods from business for domestic use at Selling price Rs.1,000
- Jan,17 Outstanding salary Rs.800

Jan,20 Took loan from bank Rs.10,000 Jan,22
Paid for Advertisement Rs.2,000 Jan,25 Paid in
as further capital Rs.12,000 Jan,27 Goods
distributed as free samples Rs800

7. Journalise the following transactions:

2017 Jan,01 Business started with cash Rs.25,000
Jan,03 Opened bank Account with SBM Rs.5,000
Jan,05 Bought goods from Satish on credit Rs.7,000
Jan,07 Returned goods to Satish Rs.500
Jan,08 Issued cheque infavour of Satish Rs 4,000
Jan,10 Gave charity Rs 500
Jan,15 Paid Electricity bill Rs 750
Jan,18 Bought office furniture Rs 3,000
Jan,20 Drew cash from Bank for personal use
Jan,22 Bought Postage stamps Rs 100
Jan,25 Drew cash for personal use Rs 1,000
Jan,28 Commission received in advance Rs.400

8. Journalise the following transactions in the books of Shree Raju:

2017 Jan,01 Commenced business with cash Rs.40,000
Jan,05 Bought goods from Ravi Rs.10,000
Jan,08 Sold goods to Vinayak Rs.15,000
Jan,10 Returned goods to Ravi Rs.300
Jan,12 Vinayak returned us goods Rs. 300
Jan,15 Paid Ravi Rs. 5,000 by cash and the balance through
cheque
Jan,18 Received cheque from Vinayak Rs.10,000 and the
balance received by cash
Jan,20 Withdrawn Cash of Rs.1, 000 and goods worth
Rs.500for domestic use.
Jan,25 Paid for printing charges Rs 500

9. Journalise the following transactions in the books of Shree Ramesh.

2017 Jan,01 Started business with cash Rs 50,000, bank balance
Rs 25,000
Jan,02 Bought goods worth Rs 20,000 less trade discount
at 10% from Naveen Traders.

- Jan,05 Raj and company bought goods from us worth Rs 10,000 for which a cheque was received for Rs 4,000(which is paid into bank) balance being payable within 1month
- Jan,07 Paid to Naveen Traders cash Rs 10,000 and also Rs. 7,500 by cheque in full settlement of Account.
- Jan,09 Received commission Rs 1,000 and Interest RS 500
- Jan,11 Paid for Rent Rs 1,000 and Cartage Rs 300

10. Journalise the following transactions

- 2017 Jan,01 Commenced business with cash Rs.1,00,000
- Jan,02 Cash Purchases Rs 25,000
- Jan,05 Till takings Rs 40,000
- Jan,07 Deposited into Bank Rs 20,000
- Jan,09 Outstanding rent RS 1,000
- Jan,15 Cash withdrawn for personal use Rs 2,000
- Jan,17 Prepaid insurance Rs.500
- Jan,18 Commission receivable Rs 800
- Jan,20 Bank charges Rs 200
- Jan,22 Interest on Capital Rs. 2,000
- Jan,25 Goods given away by Charity Rs 600
- Jan,28 Drew for office use Rs 2,000

Section-E: Practical Oriented Questions for Five Marks:-

1. Write the accounting equation and find out the missing figures.
24. Pass journal entries from the given Ledger Account.
25. Draft a specimen of Debit Voucher.
26. Draft a specimen of Credit Voucher.

Chapter - 4

Recording of Transactions - II

Section-A: One Mark Questions:

I: Fill in the blanks:-

- Cash book is a _____ journal(book).
- Assets sold on credit are entered in _____.
- Cash book does not record the _____ transactions.
- While making entries in cash book the rule of _____ Account is followed.
- Cash book is a journal as well as a ledger for _____ Account.
- Cash book maintained to record small expenses is called _____.
- Petty cash book is also known as _____ book.
- _____ Book is a journal as well as ledger.
- In two column cash book records transaction relating to _____ and _____.
- Credit note is the basis for recording _____ book.
- Debit note is the basis for recording _____ book.
- Invoice is the basis for recording _____ book.
- Outward invoice is the basis for recording _____ book.
- Fixed assets purchased for cash are recorded in _____ book.
- Adjusting entries are recorded in _____.

II: Multiple Choice Questions:-

- When a firm maintains a cash book, it need not maintain:
a) Journal Proper b) Purchases book
c) Sales book d) Bank and cash account in the ledger.
- Double column cash book records:
a) All transactions b) Cash and bank transactions
c) Only cash transactions d) Only credit transactions.
- Goods purchased on cash are recorded in the:
a) Purchases book b) Sales book
c) Cash book d) Purchases return book.
- The balance on the debit side of the bank column in the cash book indicates:
a) The total amount withdrawn from bank.
b) The total amount deposited in the bank.
c) Cash at bank.
d) None of these.

6. Cash book is a
- Subsidiary journal.
 - Subsidiary journal and ledger account.
 - Ledger account.
 - None of these.
7. Cash book does not record transaction of:
- Cash nature
 - Credit nature
 - Cash and credit nature
 - None of these
7. Credit balance of bank account in cash book shows:
- Overdraft
 - Cash deposited in our bank
 - Cash withdrawn from bank
 - None of these.
9. Cash sales are recorded in:
- Sales book
 - Cash book
 - Journal
 - None of these.
9. The balance of petty cash book is:
- a liability
 - an expense
 - a gain
 - an asset
10. Cash discount is provided on:
- prompt payment
 - Sale
 - purchase
 - None of these.
11. The term imprest system is used in relation to:
- Purchases book
 - Sales book
 - Cash book
 - Petty cash book.
12. Purchases book is maintained to record:
- Purchases of goods
 - All cash purchases
 - All credit purchases
 - All credit purchases of goods.
13. Sales book is maintained to record:
- credit sales of goods only
 - cash sales of goods only
 - all credit sales
 - None of these.
15. Returns inward book records:
- Returns of goods from factory to the godown.
 - Returns of goods from show-room to godown.
 - Returns of goods from the customers
 - Returns of goods from the suppliers.
16. Returns outward book records
- Goods returned to the suppliers
 - Goods returned to the stores
 - Goods returned to the customers
 - Goods returned by the owner.

III: True or False:-

2. Cash account is a real account.
3. Cash book is both a ledger account and subsidiary book.
4. A contra entry is one which does not require posting to the Ledger.
5. A contra entry appears on both side of cash book.
6. Bank column of the cash book always shows debit balance.
7. Cash sales are recorded in the sales book.
8. Petty cash book is a book having record of big payments.
9. Assets sold on credit are entered in sales book.
10. Trade discount is not recorded in books of accounts.
11. Purchases book records all purchases.
12. Sales book records all credit sales.
13. Sales returns book records return of fixed assets.
14. Purchases of fixed asset on credit is recorded in journal proper.
15. Purchases book and Purchases account are synonymous.
16. Purchases and sale of fixed assets on cash are recorded in journal proper.

IV: Very Short Answer Questions:-

2. What do you mean by discount?
3. State any one type of discount.
4. Mention any one feature of cash book.
5. Name any one type of cash book.
6. What do you mean by petty cash book?
7. State any one type of petty cash book.
8. State any one uses of petty cash book.
9. Write any one feature of subsidiary book.
10. Name any one type of subsidiary book.
11. What type of transaction recorded in the purchases book?
12. What type of transaction recorded in the sales book?
13. Name any one transaction recorded in the purchases returns book.
14. State any one transaction recorded in the sales returns book.
15. Name the document used for recording in the purchases returns book.
16. Name the document used for recording in the sales returns book.
17. Name any one type of transaction recorded in the journal proper.

Section-B: Short Answer Questions for Two Marks:-

3. Name any two types of subsidiary books.
4. What is a cash book?
5. Mention any two features of cash book.
6. Name any two types of cash book.
7. What is single-column cash book?

7. What is two column cash book?
8. What are contra entries?
9. What is petty cash book?
10. State the types of petty cash book?
11. What is columnar petty cash book?
12. State any two uses of petty cash book.
13. What is imprest system of petty cash book?
14. Give the meaning of subsidiary books.
15. Write the meaning of purchases book.
16. What is an invoice?
17. What is purchases returns book?
18. What is a debit note?
19. What is sales book?
20. What is sales returns book?
21. What is credit note?
22. What is Journal proper?
23. Name any two types of transactions recorded in the journal proper.

Section-C: Six Marks Questions/Short Problems:-

I. Simple cash Book/ single column cash book:

1. Enter the following transactions in a single column cash book for the month of March- 2017 and balance the same: 2017

2017-Dec-01	cash in hand	24,000
Dec-04	cash received from Vishnu	6,000
Dec-08	Purchased goods from Vishnu for cash	4,000
Dec-10	Paid insurance	2,000
Dec-15	Sold goods for cash	8,000
Dec-18	paid rent	500
Dec-22	Purchased stationary items	4,500
Dec-25	Received commission	1,000
Dec-27	Paid salaries	2,000
Dec-31	Paid to postage	400

(Ans: Cash in hand Rs.25600/-)

2. Record the following transactions in simple cash book for Dec 2016.

Dec-01	Balance on hand	10,000
Dec-03	Paid to Mahesh on account	3,000
Dec-06	Cash received from Ramesh	5,500
Dec-10	Purchased goods for cash	2,500
Dec-12	Paid freight charges	400
Dec-15	Sold goods for cash	7,500
Dec-18	Paid for advertisement	1,500
Dec-20	Paid into Bank	2,000
Dec-24	Paid wages	1,200
Dec-30	Paid repair charges	1,800

(Ans: Cash in hand Rs. 10600/-)

3. Record the following transaction in a simple cash book of Mr.Sundar
2017

		Rs.
Jan-01	Sundar started business with capital	2,00,000
Jan-02	Purchased machinery	50,000
Jan-06	Purchased goods for cash	1,20,000
Jan-08	Sold goods for cash	1,64,000
Jan-12	Opened a current A/C in SBI	1,00,000
Jan -16	Cash sales	82,000
Jan-20	Advertising charges paid	50,000
Jan-23	Interest received	80,000
Jan-26	Paid to Kishore	20,000
Jan-31	Rent paid for the month	8,000

(Ans: Cash in hand Rs.151000/-)

8. Enter the following transactions in the single column cash book
of Mr. Ramlal and balance the same at the end of Feb-2017

		Rs.
Feb-01	Ramlal commenced business with cash	60,000
Feb-02	Cash purchases	30,000
Feb-05	Cash sales	40,000
Feb-08	Paid for general expenses	4,000
Feb-12	Received from Meera	8,400
Feb-15	Bought furniture	10,400
Feb-20	Paid to Deepashree	9,600
Feb-24	Paid into bank	4,000
Feb-28	Paid salaries for the month	6,000
Feb-28	Cash withdrawn from business for personal use	2,000

(Ans: Balance on hand Rs.42400/-)

5. Prepare simple cash book from the following transactions:
2017

		Rs.
March-01	Cash in hand	75,000
March-03	Purchased furniture for cash	12,000
March-06	Sold goods for cash	32,500
March-10	Paid to Mohan on account	5,000
March-15	Bought goods for cash	12,000
March-18	Paid for stationery	1,500
March-20	Sold old type writer for cash	1,000
March-24	Deposited into bank	25,000
March-28	Paid salary to staff	1,200
March-31	Paid for carriage on purchase	800

(Ans: Cash in hand Rs.51000/-)

6. Enter the following transaction in simple cash book for the month of November-2016 and balance the same:

2016		Rs.
Nov-01	Balance on hand	8,000
Nov-02	Further capital introduced	12,000
Nov-04	Spent for private use	2,000
Nov-08	Purchased goods for cash	3,000
Nov-12	Paid to Bhaskar	5,000
Nov-16	Paid to advertisement	1,000
Nov-20	Credit sales	10,000
Nov-23	Received from Anil	6,000
Nov-27	Purchased stationery	500
Nov-30	Paid salaries	2,500

(Ans: Cash in hand Rs.12500/-)

7. On 1st March 2017 Mr. Sharma started business with cash Rs.15000. Of this pays 5000 into his bank account. His transactions during the month were:

		Rs.
March-05	Cash sales	12,000
March-08	Cash purchases	7,000
March-12	Withdrew from bank for office use	3,000
March-15	Paid for sundry expenses	2,500
March-18	Purchase of type writer	4,000
March-20	Withdrew cash for domestic use	5,000
March-26	Paid travelling expenses	1,500
March-30	Postage paid	400

(Ans: Cash in hand Rs. 4600/-)

8. Enter the following transactions in the single column cashbook

2016		Rs.
April-01	Balance from the last month	16,750
April-04	Sold goods for cash	32,250
April-06	Purchased furniture	8,375
April-10	Paid electric bill	1,025
April-13	Purchased TV for domestic use	16,675
April-16	Paid charity	800
April-18	Paid to printing press	260
April-21	Received from Amar	2,200
April-25	Paid water bill	525
April-30	Sent money order to his son	1,000

(Ans: Balance on hand Rs.22540/-)

9. Prepare a single column cash book for the month of January -2017 from the following

		Rs.
Jan-01	Opening cash balance	15,280
Jan-03	Received from Rahul on account	4,550
Jan-06	Paid to Kiran on part settlement of his A/c	1,275
Jan-10	Repaid bank loan	6,000
Jan-12	Paid wages to house servant	1,250
Jan-15	Bought additional capital	5,000
Jan-18	Borrowed from vijaya bank	10,000
Jan-21	Purchased vehicle for office use	8,250
Jan-24	Sold goods to Dinesh at 10% discount	4,000
Jan-31	Deposited into vijaya bank	3,550

(Ans: Cash balance Rs.18105/-)

10. Record the following transactions in a simple cash book:

Date	Particulars	Rs.
01.01.2017	Balance of cash in hand	18,000
04.01.2017	Purchased goods for cash form Subbanna	3,000
08.01.2017	Sold goods to chadrappa for cash	4,000
10.01.2017	Cash received from Rajanna	1,000
15.01.2017	Paid power charges to KPTCL	500
18.01.2017	Paid commission to Ramappa	800
20.01.2017	Paid miscellaneous expenses to Gundappa	200
23.01.2017	Paid to Ranganath	4,500
26.01.2017	Paid salary to Rajakumar	1,500
31.01.2017	Paid rent to Rajanikanth	2,600

(Ans: Cash in hand Rs.9900/-)

II.DOUBLE COLUMN CASH BOOK

12. Enter the following transactions in double column cash book of M/S Naveen Trades for March -2017:

Month	Date	Particulars	Rs.
March	01	Bank balance	4,400
March	01	Cash balance	17,000
March	03	Purchased furniture by cheque	12,000
March	08	Sold goods for cash	13,000
March	12	Purchased goods for cash	5,000
March	15	Cheque received from Rahul (Deposited same day)	9,500
March	20	Cash withdrew from bank	2,500
March	25	Paid salary	3,400
March	31	Rent paid by cheque	2,600

(Ans: Cash in hand Rs.24100/- cash at bank Rs.36400/-)

12. Prepare a double column cashbook with the help of the following transactions for December-2016:

Month	Date	Particulars	Rs.
Dec	01	Cash in hand	22,500
Dec	01	Cash in bank	10,000
Dec	02	Purchased goods for cash	4,000
Dec	05	Paid insurance by cheque	2,000
Dec	09	Deposited in bank	5,000
Dec	13	Cash received for sale of goods	12,000
Dec	18	Received cheque from Joseph	3,000
Dec	24	Joseph's cheque deposited into bank	
Dec	30	Withdrew cash for personal use	1,000

(Ans: Cash in hand Rs.24500/- Cash at bank Rs.16000/-)

14. Record the following transactions in a double column cash book for January-2017 and balance the same:

Month	Date	Particulars	Rs.
Jan	01	Commence business with cash	1,00,000
Jan	03	Opened a current A/C with SBI	50,000
Jan	05	Purchased goods for cash	10,000
Jan	10	Purchased machinery by cheque	15,000
Jan	15	Cash deposited into bank	4,000
Jan	18	Sold goods for cash	6,000
Jan	22	Paid cartage by cheque	2,000
Jan	31	Withdrew from bank for office use	3,000

(Ans: Cash in hand Rs.45000/- Cash at bank Rs.34000/-)

15. Prepare a double column cash book from the following transactions February-2017:

Month	Date	Particulars	Rs.
Feb	01	Cash in hand	7,500
Feb	01	Bank overdraft	12,500
Feb	03	Paid wages	600
Feb	07	Goods purchased and paid by cheque	2,400
Feb	12	Cash paid into bank	5,000
Feb	16	Cash sales	8,000
Feb	21	Paid establishment expenses by cheque	1,500
Feb	28	Commission received	2,500

(Ans: Cash in hand Rs.12400/- Bank overdraft Rs.11400/-)

16. Record the following transactions in double column cash book and balance it:

Month	Date	Particulars	Rs.
2016			
Aug	01	Cash balance	20,000
		Bank Balance	15,000
Aug	08	Paid into bank	5,000
Aug	10	Cash sales	18,000
		Cash discounts	180
Aug	12	Paid telephone bill by cheque	1,500
Aug	21	Payment for cash purchases	4,000
		Cash discounts	40

(Ans: Cash in hand Rs.29000/- Cash in bank Rs.18500/-)

17. Prepare bank column cash book from the following transactions of M/S modern Associates for the month of June-2016:

Month	Date	Details	Rs.
2016			
June	01	Cash in hand	8,000
		Bank overdraft	6,400
June	05	Purchased goods by cheque	4,000
June	10	Cash sales	14,000
June	15	Purchased type writer for office by cash	3,200
June	20	Withdrew from bank for personal use	1,800
June	24	Paid insurance premium by cheque	1,000
June	26	Interest charged by bank on overdraft	500
June	30	Paid rent	800

(Ans: Cash in hand Rs.16200/- Cash at bank Rs.11900/-)

18. Prepare two column cash book of M/S unique software pvt LTD., for the month of October-2016 from the following transactions:

Month	Date	Particulars	Rs.
Oct	01	Cash in hand	6,050
		Cash in bank	13,760
Oct	06	Deposited into bank	2,250
Oct	10	Purchased goods for cash	5,750
Oct	14	Cash sales deposited into bank on the same day	3,460
Oct	19	Received cheque from Prema	4,440
Oct	22	Prema's cheque deposited into bank	
Oct	26	Paid trade expenses	250
Oct	31	Bank charges	150

(Ans: Cash in balance Rs.1460/- Bank balance Rs.20300/-)

19. Record the following transactions of M/S Surya and Arya in a double column cash book for March-2017

Month	Date	Particulars	Rs.
March	01	Opening cash balance	25,000
		Opening bank balance	31,000
March	04	Received cheque from Suresh and deposited into bank	15,000
March	12	Sold goods to Anand for cash	7,500
March	15	Drew cash from office for household expenses	2,500
March	18	Suresh's cheque returned dishonoured	
March	21	Paid for carriage	1,200
March	27	Bought computer and issued cheque	18,000
March	31	Paid electric bill	1,800

(Ans: Cash Balance Rs.27000/- Bank balance Rs.13000/-)

20. Prepare double column cash book from the following transactions and balance the same:

Month	Date	Particulars	Rs.
2016			
Nov	01	Balance of cash in hand	15,000
		Cash at bank	1,20,000
Nov	03	Received cash from Ramesh	20,000
Nov	08	Paid to Suresh by cheque	18,000
Nov	14	Drew for office use	10,000
Nov	19	Goods withdrawn from the business for personal use	5,000
Nov	22	Paid rent to land lord	6,000
Nov	26	Cash sales	17,000
Nov	30	Paid salaries to staff	12,000

Ans: Cash in hand Rs.4400/- Cash at bank Rs.92000/-

21. Record the following transactions in double column cash book and balance it:

Month	Date	Particulars	Rs.
2017			
Feb	01	Started business with cash	10,000
Feb	04	Opened a current A/C in vijaya bank LTD	5,000
Feb	08	Purchased goods for cash	2,000
Feb	10	Sold goods on credit to Mohan	3,000
Feb	14	Paid for stationary by cheque	1,500
Feb	20	Cash sales deposited into bank	18,000
Feb	24	Bought furniture and payment made by cheque	6,000
Feb	28	Paid wages to watchman	1,200

Ans: Cash in hand Rs.1800/- Cash at bank Rs.23000/-

III. PETTY CASH BOOK

21. Prepare petty cash book form the following information. The imprest amount is Rs. 1,000.

Date	Particulars	Rs.
2017		
Jan. 01	Paid cartage	50
Jan. 02	Bus fare	60
Jan. 06	Postage	110
Jan. 10	Refreshments to customers	80
Jan. 12	Courier charges	30
Jan. 15	Pen pencil and rubber	115
Jan. 18	Telegram charges	50
Jan. 22	Miscellaneous expenses	70
Jan. 26	Fax charges	65
Jan. 31	Auto charges	90

Ans: Petty cash balance Rs.280/-)

23. Enter the following transactions in the petty cash book under the imprest system and balance the same:

Date	Particulars	Rs.
2016		
August 01	Received an Imprest cheque worth	200
04	Paid for stationery	20
08	Purchased postal stamps	10
12	Paid cartage and coolie	16
15	Purchased paper and pencils	40
20	Paid taxi charges	50
24	Paid tips to peons	5
27	Register post charges	10
30	Tea charges	28
31	Sent telegrams	10

(Ans: Petty cash balance Rs.11/)

24. Record the following transactions in the petty cash book under imprest system:

Date	Particulars	Rs.
2017-Jan-01	Received cash from head cashier	1,000
03	Spent for postage	58
07	Travelling expenses to the manager	75
09	Paid for office cleaning	98
12	Paid subscription to news papers	80
15	Messaging charges	30
18	Auto fare	25
20	Xerox charges	40
26	Refreshments to customers	50
31	Cartage	20

(Ans: Petty cash balance Rs. 524/)

27. Enter the following transactions in the petty cash book under the Imprest system and balance it.

Date	Particulars	Rs.
2017		
Feb 01	Received a cheque towards petty cash	500
02	Paid cartage on goods	25
06	Paid taxi fare	70
08	Postage and Telegram	30
12	Stationery purchased	65
15	Wages paid	50
17	Paid for repairs to chairs	75
20	Registered parcel charges	50
26	Bus fare	10
28	Coffee expenses	30

(Ans: Petty cash balance Rs.95/)

25. Prepare petty cash book from the following particulars under Imprest system.

Date	Particulars	Rs.
2016		
July 01	Received cash from main cashier	120
03	Purchased stationery	20
06	Paid for charity	10
07	Paid news paper bill	20
09	Paid coolie	12
12	Postal expenses	8
14	Paid for cart hire	4
25	Auto fare	18
30	Carriage expenses	5
31	Refreshment expenses	5

(Ans: petty cash balance Rs.18)

26. Enter the following transactions in the petty cash book on the Imprest system and balance the same:

Date	Particulars	Rs.
2016		
April 01	Received cheque from cashier	600
02	Paid for bus tickets	75
05	Paid for cleaning office floor	40
08	Purchase of envelopes	30
10	Courier charges	20
12	Sent telegram	45
16	Bought white sheets	25
19	Tea expenses	30
22	Paid coolie	50
30	Auto charges	20

(Ans: Petty cash balance Rs.265/)

27. Prepare petty cash book from the following particulars with imprest system and balance the same

Date	Particulars	Rs.
2016		
Sept 01	Main cashier issued a cheque to petty cashier	400
02	Paid electricity charges	30
06	Xerox charges	25
08	Trunk call charges	40
10	Paid railway freight	50
14	Bought post cards and inland letters	25
18	Paid for computer stationery	20
20	Coffee expenses	15
26	Paid charity	10
30	Paid cartage	25

(Ans: Petty cash balance Rs. 160/)

28. Enter the following transactions in the petty cash book under Imprest system:

Date	Particulars	Rs.
2016		
Dec 01	Received cash from head cashier	300
04	Sent telegrams	25
08	Bought ink and pens	30
12	Auto fare	20
16	Courier charges	15
20	Paid for coolie	30
23	Travelling expenses	35
26	Tiffin charges	20
29	News paper bill	25
31	Tips to peons	10

(Ans: petty cash balance Rs. 90/)

IV. Purchases Book

29. Enter the following transactions in the purchases book/journal of M/S Jain traders:

Date	Particulars	Amount
2017		
Jan 01	Purchased goods from Mr. Suresh for	10,000
Jan 09	Credit purchases from Mr. Santhosh for	20,000
	Less 10% trade discount	
Jan 11	Purchased from Mahesh traders	8,000
Jan 16	Purchased office furniture from Bengaluru	
	Furnitures for	15,000
Jan 26	Bought goods from Girish for	
	Less 5% trade discount	28,000

Ans: Rs.54,600.

30. Enter the following transactions in the purchases book of Samarth Traders

Date	Particulars
2017	
Feb 01	Purchased from Mandya sugar mills, 10 quintals of sugar at Rs. 3500 per quintal
Feb 10	Bought 25 quintals of rice from Bharath mills, Belgaum at Rs. 3000/- per quintal at 10% discount
Feb 20	Bought Furniture of Rs. 15,000 from Modern furniture on credit
Feb 25	Bought wheat from Akhil and co., 15 quintals at Rs. 2,500/- at 8% trade discount
Feb 28	Purchased 5 tins of coconut oil from Mangaluru Stores at Rs. 2,000/- per tin

Ans: Rs. 14,700.

31. Prepare purchases book from the following transactions of Saraswathi Book house.

2017

- June 01 Purchased 50 Accountancy Books at Rs. 150 per book from Sapna book house
- June 05 Bought 25 business studies books at Rs. 100 per book and 50 Economics books at Rs. 100 per book from Matha publishers at 5% discount.
- June 12 Purchased 500 note books from siddi suppliers for Rs. 30 per Note book at 10% discount.
- June 18 Bought 10 packs of pens from Subhash book house at Rs. 120 each for cash.
- June 25 Bought 10 dictionaries at Rs. 100 each from Chethan publications.

Ans: Rs. 29,125.

32. Record the following transactions in purchase journal of City Stationeries for the month of July 2016.

2016

- July 01. Bought from Ravindra traders as per invoice no. 431:
10 Note books at Rs. 25 each
20 Registers at Rs. 50 each, less trade discount @ 6%.
- July 05. Purchased from Gokul stationeries as per Invoice no. 515:
20 colour books at Rs. 75 each
100 packs of pens at Rs. 40 each
Trade discount 5%.
- July 15. Purchased 20 colour pencil boxes from Ganga Stationeries @ Rs. 120 Per box.
- July 18. Purchased Xerox machine of Rs. 20,000/- from Adiswar Electronics
- July 22 Purchased 25 calculators from Global Electronics at Rs. 100 each.

Ans: Rs. 11,300.

33. Enter the following transactions in the purchases book: 2016

April 01. Purchased from Mr. Balu, Bijapur, 10 quintals of jawar at Rs. 3,000/- Per quintal at 20% trade discount.

April 08. Shubha mills sold us 12 quintals of small rice at Rs.3,500/- per Quintal and paid transportation charges of Rs. 500.

April 14. Purchased from Bindhu mills 15 quintals of big rice at Rs. 2,500 Per quintal.

April 20. Purchased from Star mills 10 bags of wheat @ Rs. 3,000 per bag for Cash.

April 26. Bought 50 kg moong from Ganesh traders at Rs. 50 per kg.

Ans: Rs.1,06,500.

34. Prepare the purchases book for the month of January 2016

January 01. Purchased goods from Rajesh Rs. 18,000.

January 08. Bought goods from Ramesh Rs. 20,000/- less 5% trade discount. January 10. Bought Vehicle from Maruthi co. on credit

January 19. Purchased from Lakshmi traders for Rs. 5,000 on credit.

January 24. Purchased goods from Mr. A for Rs. 4,000 less 10% trade discount.

Ans: Rs. 45,600.

35. Prepare the purchases book for the month of March 2017 in the books of Krishna provision stores
2017

March 02. Purchased 20 packs of Biscuit at Rs. 100 each from sunfeast ltd. March 11. Bought 10 bags of Tea powder at Rs. 1000 each less trade discount of 10%.

March 15. Bought 10 packs of chocolate at Rs. 250 each from Lakshmi Chocolate stores at 2% discount.

March 21. Bought 10 bags of detergent powder at Rs. 500 per bag from Hari traders.

March 28. Purchased 10 boxes of soap at Rs. 200/- per box from Shiva Traders for cash.

Ans: Rs. 20,450.

36. Prepare the purchases book for the month of sept. 2016 in the books of pooja stationeries.
2016

Sept.01. Purchased 10 dozens of note books from Geetha publishers for Rs. 5,000 less 5% trade discount.

Sept.04. Bought pens and Pencils from Vasavi stores Rs. 1,500.

Sept.13. Cash purchases from Dhathri stores Rs. 4,000.

Sept.17. Bought from Mr. Kiran Rs. 6,000 at 10% discount.

Sept.24. Bought Charts and graphs from Sreenidhi publishers for Rs. 500.

Ans: Rs.12,150.

37. Prepare purchases book from the following transactions: 2016

Dec.01. Purchased goods from Sundar for Rs. 8,000/- on account.

Dec.08. Bought goods from Pradeep for Rs. 4,000/-on credit at 10% discount.

Dec.11. Purchased one printer for Rs. 8,000 from New computers.

Dec.21. Bought goods from Ankith Rs. 3,500.

Dec.24. Purchased goods from Manjunath Rs. 8,000/.

Dec.27. Purchased goods from Nagendra for Rs. 2,500.

Ans:Rs.25,600.

38. From the following transactions prepare purchases book for the month of jan.2017 in the books of Janatha Furnitures.

2017

Jan.01. Purchased from New furnitures 10 tables at Rs. 2,500 each.

Jan.08.Purchased from Arun furnitures 20 chairs at Rs. 1,000/- each at 5% discount.

Jan.13.Bought 10 dining sets from Royal king furniture at Rs. 6,000 each at at 10% discount.

Jan.20. Bought 10 Bureau from Lakshmi works at Rs. 10,000/- each for cash.

Jan.28. Varun Furnitures sold us 10 TV stands at Rs. 3,000/- each.

Ans: Rs.1,28,000.

V. SALES BOOK

39. From the following transactions prepare the sales book of Naveen Furnitures for the month of January 2017.

2017

Jan.04. Sold on credit to Raghu traders Hubli:

25 chairs of Rs. 500/- each

10 tables of Rs. 2,000/- each

Trade discount @ 10%

Jan.09. Sold to Meghana traders:

2 tables of Rs. 1,500 each

4 bureaus of Rs. 8,000 each

Jan.16. Sold one old type writer to Janatha motors for Rs. 2,000.

Jan.23. Sold to Mr.Deepak one table for Rs. 1,500, and 4 chairs for Rs. 500 each at trade discount of 2%.

Jan.27. Sold to Aravind Stores 10 chairs at Rs. 800 each.

Ans: Rs.76,930.

40. Enter the following in the day book (sales book) 2016

Nov. 01. Sold to Mr. Ravi for Rs. 6,000/- on credit

Nov. 03. Mr. Keshav bought goods from us of Rs. 7,000/- on account. Nov. 09. Credit sales to Mr. Arun Rs. 10,000/- @ 2% discount. Nov. 12. Sold goods to Amul for Rs. 8,000 for cash.

Nov. 24. Credit sales to Mr. Dhanu for Rs. 4,500/- and spent Rs. 200 for transportation.

Ans: Rs. 27,500.

41. Prepare the sales book for the month of February 2017 in the books of Mahalakshmi traders.

2017

Feb. 05. Sold 4 bags of wheat flour @ Rs. 500 each to Ashoka hotel @ 5% trade discount.

Feb. 12. Sold 2 boxes of spices at Rs. 800 per box to Amith on account and also spent Rs. 200 for packing.

Feb. 19. Vikas bought from us 5 kg coffee powder at Rs. 700 per kg @ 8% trade discount.

Feb. 20. Sold to Hema 5kg of sugar at Rs. 35 per kg. For cash.

Feb. 28. Sold 4 bags of rice at Rs. 3,000 per bag to Rajesh.

Ans: Rs. 18,920.

42. Enter the following transactions in sales book. 2016

June 01. Sold goods to Aparna traders for Rs. 10,000/- @ 10% discount.

June 03. Sold goods to Rashmi traders of Rs. 7,000/- on credit.

June 11. Sold goods to Gagan and co. Rs. 8,000/- on credit. June

20. Sold old Motor car to Harsha on credit for Rs. 25,000. June

25. Sold goods to Manu for Rs. 5,000/- at 5% trade discount.

Ans: Rs. 28,750.

43. Enter the following transactions in the sales book.

2016

Sept. 01. Sold to Arun and co. 20 bags of rice @ Rs. 5,000/- per bag.

Sept. 10. Mohan bought from us 10 bags of sugar of Rs. 3,000/- per bag at 5% Trade discount.

Sept. 15. Sold to Raju 2 bags of wheat at Rs. 2,000/ per bag for cash.

Sept. 20. Sold to Bombay refreshments 5 bags of wheat flour at Rs. 700/ per bag at 10% discount.

Sept. 25. Rahul bought from us 8 kg. Tea powder at Rs. 800/ per kg.

Ans: Rs. 1,36,550.

44. Prepare the sales book for the month of June 2016 in the books of
vidya book stores:

2016

June 01. Sold 20 History books to Pooja book stores at Rs. 150 each
@10% trade discount.

June 06. Sold to Subhash book stores 15 dictionaries of Rs. 100 each.

June 10. Sold old furniture for Rs. 2,000/ for cash.

June 17. Sold 25 Accountancy text books for Rs. 100 each to
Saraswathy Book house.

June 26. Sold 10 English text books for Rs. 80 each to Samskruthi
book Stores at 3% discount.

Ans: Rs.7,476.

45. Prepare the sales book from the following
transactions: 2016

May 01. Sold 20 pen sets @ Rs. 150 per set to Samarth traders.

May 06. Sold 2 dozens of note books at Rs. 300 per dozen to Sharadha
book stores at 5% discount.

May 09. Sold to Guru publishers 15 roles of paper at Rs. 50 each.

May 17. Old motor car sold to Shiva motors for Rs. 80,000 on credit.

May 20. Sold to Nandish and co. 20 note books at Rs. 35 each;
15 note pads at Rs. 10 each. Trade discount at 5%.

Ans: Rs.5,127.

46. Enter the following transactions in the sales book of M/s Baldev
Electronics:

2016

Nov. 01. Sold to Nikhil traders as per bill no.
112, 10 radio sets at Rs. 500 each
20 earphone sets at Rs. 100 each, @ 10% trade discount.

Nov. 08. Sold to Rahul traders as per bill no. 116:
10 pen drives at Rs. 400 each
5 chargers at Rs. 120 each

Nov. 13. Sold to Swathy Electronics as per bill no. 192:
8 walkmans at Rs. 500 each
5 tape recorders at Rs. 800 each

Nov. 17. Sold to Mahadev : 10 TV sets at Rs. 10,000 each for cash.

Nov. 18. Sold to Manya electronics ltd. As per bill no. 1340:
10 walkman at Rs. 250 each
15 pocket radio at Rs. 200 each, at 10% trade discount.

Ans: Rs.20,250.

47. Enter the following transactions in the books of Venkat stores: 2016

Dec.01. Sold to Anjali stores as per invoice no.

1314: 40 note books at Rs. 25 each

20 colour pads at Rs. 50 each, trade discount at 10%

Dec.07. Sold to Girija stationeries as per invoice no. 1318:

20 staplers at Rs. 70 each

20 punching machines at Rs. 150 each

10 boxes of chalk piece at Rs. 50

each Trade discount T 5%.

Dec.12. Sold to Meghana stores as per invoice no. 1413;

10 dozens of pens at Rs. 150 per dozen

20 dozens of pencils at Rs. 120 per

dozen Discount at 2%.

Dec.18. Sold to Gaurav Stores, 100 note books at Rs. 30 each for cash.

Ans: Rs.10,199.

48. Record the following transactions in the sales book of Ganesh emporium, Bangalore.

2016

April 01. Sold to Karnataka cloth centre

10 shirts at Rs. 500 each

10 suits at Rs. 900 each at 20% trade discount.

April 06. Sold to Sagar cloth centre

20 meter of woollen cloth at Rs. 50 per meter

10 blankets at Rs. 700 each,

April 12. Univarsal cloth centre purchased from

us 20 pants at Rs. 800 per pant

30 shirts at Rs. 700 per shirt ,discount at 15%

April 20. Sold 10 blankets to Bhagya textiles at Rs. 300 per blanket for cash.

April 25. Sold 10 meters of cotton cloth to Anitha tailors at Rs. 50 per

meter on credit.

Ans: Rs.53,550.

Section-D: Twelve Marks Problems:-

1. Record the following transactions of M/s tools India ltd. In two column cash book:

Date	Particulars	Rs.
2017		
Jan.01	Bank balance	48,000
	Cash balance	12,000
Jan.04	Purchased goods for cash	6,000
Jan.08	Bought goods by cheque	15,000
Jan.12	Sold goods for cash	11,000

Jan.15	Purchased machinery by cheque	7,500
Jan.16	Sold goods and received cheque and deposited in to the Bank	8,500
Jan.20	Bought stationery by cheque	2,000
Jan.21	Cheque given to Rohith	3,500
Jan.27	Withdrawn cash from bank for office purpose	10,000
Jan.31	Rent paid by cheque	3,000
	Paid salary	4,000

Ans: cash balance Rs. 23,000. Bank balance Rs. 15,500.

2. Record the following transactions in two column cash book of Sagar and balance it:

Date	Particulars	Rs.
2017		
Feb.01	Bank balance	50,000
	Cash balance	10,000
Feb.02	Paid insurance premium by cheque	8,000
Feb.05	Cash sales	25,000
Feb.08	Cash purchases	18,000
Feb.10	Cash deposited in to the bank	19,000
Feb.12	Telephone bill paid by cheque	2,500
Feb.15	Withdrawn cash from the bank for personal use	5,000
Feb.16	Cash withdrawn from bank for office use	10,000
Feb.18	Received cheque from Anand for full settlement of his a/c of Rs. 11,000 and deposited in to the bank	10,500
Feb.22	cartage paid in cash	1,500
Feb.28	cheque received from kumar	5,000

Ans: Cash in hand Rs. 11,500; cash at bank Rs. 54,000.

3. Enter the following transactions in the double column cash book with bank and Cash columns and balance it.

- cash at office 18,500 and bank balance Rs. 79,850.
- Mohan settled his account of Rs. 7,500, by giving the cheque of Rs. 7,300.
- Mohan's cheque deposited in to the bank
- Mohan's cheque returned dishonoured
- Paid for mobile bill Rs. 1,500
- Purchased Furniture and paid by cheque Rs. 12,500
- Bought goods and paid by cheque Rs. 20,000
- Paid salary Rs. 6,000
- Sold goods for cash Rs. 16,000
- Insurance premium paid by cheque Rs. 2,500
- Goods withdrawn for domestic use 3,500
- Sold goods to Sindhu on credit Rs. 5,000.
- cash deposited in to the bank Rs. 15000.

Ans: cash in hand Rs. 12,000 cash at bank Rs. 59,850.

4. From the following transactions made by Ramanath traders, prepare Double column cash book:

2017

Mar.01 cash in hand Rs. 1,75,000 and at bank

6,500. Mar.02 Deposited into the bank Rs. 1,05,000

Mar.03 Issued a cheque for the furniture purchased Rs.

25,000 Mar.05 Purchased computer for Rs. 30,000

Mar.08 Loan taken from bank Rs. 3,00,000

Mar.09 Bought goods and paid by cheque Rs. 65,000

Mar.10 Bought computer for office use and paid by cheque
Rs. 85,000.

Mar.11 Sold goods for Rs. 50,000 and received cheque from Govind

Mar.15 Purchased machinery from Hmt. Ltd. For Rs. 50,000 on

credit Mar.20 Settled Hmt's account by transferring Govind's cheque

Mar.23 Sold goods for cash to Sudhakar Rs. 24,000.

Mar.25 Stationery expenses paid Rs. 2,500.

Ans: cash in hand Rs. 61,500; cash at bank Rs. 2,36,500.

5. Record the following transactions in double column cash book and balance it:

Date	Particulars	Rs.
2017		
April01	Cash balance	15,000
	Bank balance	
April02	Insurance premium paid by cheque	2,20,000
April04	Issued a cheque for goods purchased	6,000
April05	Sold goods and received cheque from Rahul	28,000
April08	Sold goods to Modi and get the amount transferred to our bank account	19,000
April10	Paid rent by cheque	36,000
April11	Paid wages	12,000
April13	Bought goods from Amith	3,500
April15	Sold goods to mamatha and received a cheque	65,000
April20	Mamatha's cheque deposited in to the bank	56,000
April28	Paid to Amith by cheque in full settlement of his account	64,000

Ans: cash in hand Rs. 25,500; cash at bank 2,02,000.

06. Enter the following transactions in the proper subsidiary books:

2017

Jan 01 Goods sold to Sachin Rs. 5,000

Jan 04 Purchased from Kushal traders Rs. 2,480.

Jan 06 Sold goods to manish traders Rs. 2,100

Jan 07 Sachin returned goods Rs. 600

Jan 08 Returned to Kushal traders Rs. 280.

Jan 12 Purchased goods from Kunal traders Rs. 5,700 less 10% trade discount.

Jan 15 Sold to sri chand brothers Rs. 6,600 less 5% trade discount.
Jan 20 Return outwards to Kunal traders Rs. 1,000 less 10% trade discount.

Jan 24 Bought of Naresh Rs. 4,060.

Jan 26 Furniture purchased from Tharun Rs. 3,200.

Jan 29 Chand brothers returned goods Rs. 500.

Jan 30 Sold to Mukesh Rs. 3,300.

Jan 31 Mukesh returned goods Rs. 300.

Ans: P.book 11,670; S.book 16670; P.R.book 1,180; S.R.book 1,400.

7. Enter the following transactions in relevant subsidiary books of Kumar: 2017

Dec.01 Purchased goods from Prem for Rs. 20,000 less 5% trade discount.

Dec.03 Purchased goods from Sunil for Rs. 15,000 for cash. Dec.05 Sold goods to suresh for Rs. 12,000.

Dec.08 Sold goods to Karan Rs. 35,000 less discount 10%.

Dec.10 Purchased goods from Mohan for Rs. 15,000 less trade discount 10%.

Dec.13. Sold goods to Sundar for Rs. 30,000.

Dec.17 Goods returned by Sundar worth Rs.

5,000. Dec.20 Goods returned to Prem Rs. 5,000.

Dec.22 Sold old newspapers to Thamos Rs. 200.

Dec.25 Purchased goods from Naveen for Rs.

20,000. Dec.28 Returned goods worth Rs. 3,000 to

Mohan. Dec.30 Bought goods from Ajay Rs. 6,500.

Dec.31 Allowances claimed from Ajay for shortage Rs.

50. Dec.31 Sold goods to Bimal Rs. 2,000.

Ans: P.book 74,000;S.book 75,500;P.R.book 8,000;S.R.book 5,050.

8. Enter the following transactions in proper subsidiary books: 2017

April 01 Goods sold to Manish Rs. 6,000.

April 02 Purchased goods from Ramesh Rs. 16,000.

April 03 Bought goods from Rahul Rs. 18,000 less trade discount 10%.

April 06 Goods returned to Ramesh Rs. 1,500.

April 08 Goods sold to Kushal Rs. 10,000 less discount 10%.

April 10 Goods purchased from Sheethal traders Rs. 7,000.

April 13 Returned goods from kushal Rs. 1,000.
 April 15 Sold goods to Hari Rs. 6,000 less trade discount @ 5%.
 April 18 Goods purchased from Naresh Rs. 5,000.
 April 20 Goods returned from Hari Rs. 300.
 April 22 Old machinery sold to Ramesh on credit Rs. 12,000.
 April 24 Raju purchased goods from us Rs. 8,000.
 April 28 Manish claimed for shortage Rs. 500.

Ans: P.book 44,200; S.book 28,700; P.R.book 1,500;S.R.book 1,800.

9. Enter the following transactions in proper subsidiary books. 2017

Aug.01 Purchased goods from Sharath Rs. 3,500.
 Aug. 02 Bought from Kiran Rs. 4,500 on account, less 10% trade discount.
 Aug. 04 Sold goods to Aswin Rs. 4,500.
 Aug. 06 Returned defective to Kiran Rs. 1,000 (gross). Aug. 07 Sold goods to Sundar Rs. 4,000.
 Aug.10 Credit sales to Raju and sons Rs. 15,000. Aug.12 Returned defective goods from Sundar Rs. 1,000. Aug. 15 Credit purchases from Anand Rs. 10,000.
 Aug. 18 Dinesh bought goods from us on account Rs. 5,000. Aug.19 Cash sales to vinay Rs. 3,000.
 Aug.24 Sent a credit note to Dinesh Rs. 1,000.
 Aug. 25 Bought 15 units from Jayanth at Rs. 200 per unit. Aug.31 Returned to Jayanth 2 damaged units.

Ans:P.book 20,550;S.book 28,500;P.R.book 1,300;S.R.book 2,000.

10. Record the following transactions in proper subsidiary books of Unique provisional stores for the month of June 2016.

1. Purchased 10 bags of rice from fine rice mills, Maddur @Rs. 5,500 Per bag.
2. Sold 2 bags of sugar to Ashoka hotel, Bengaluru @ Rs. 3,500 per bag.
5. Sent a debit note to Fine rice mills, Maddur for the over price of Rs.300 per bag.
7. Sold 20 kg of coffee powder to Janapriya hotel at Rs. 120 per kg.
10. Purchased 25 cases of tea powder from Tata tea suppliers for Rs. 6,250.
12. Sent a credit note by Janapriya hotel for short supply of 2 kg. Coffee powder.
15. Returned 4 cases of defective tea powder to Tata tea suppliers.
18. Bought 15 bags of wheat flour from Panjab flour mills @ Rs. 2,000 Per bag.
21. Supplied two bags of rice and 3 bags of wheat flour to Reliance stores @Rs. 3,400 per bag and Rs.2,600 per bag respectively.

23. Reliance stores returned wrong supply of one bag of rice.
26. Bought office furniture from Vishal furniture mart for Rs. 25,000 on credit.
27. Sold to Vishnu darshini provisions of Rs. 10,000 on account, less 10% discount.

Ans: P. book 91,250; S. book 33,000; P.R. book 4,000; S.R. book 3,640.

11. Enter the following transactions of M/s Highlight fashions in purchases and purchases returns book and post them to the ledger accounts for the month of September 2016.

Date	Details
2016	
Sept.01	Purchase of the following goods on credit from M/s Rakesh traders as per invoice no. 417: 50 shirts at Rs. 600 per shirt 20 pants at Rs. 700 per pant, less 10% trade discount.
Sept.08	Purchase of following goods on credit from Bombay fashion house as per invoice no. 723: 10 fancy trousers at Rs. 1,000 per trouser 20 fancy hats at Rs. 100 per hat, less 5% trade discount.
Sept.10	Goods returned to Rakesh traders as per debit note no. 201: 3 shirts at Rs. 600 per shirt 1 pant at Rs. 700 per pant, less 10% trade discount.
Sept.15	Purchase of following goods on credit from M/s Royal fashions as per invoice no. 1876: 20 jackets at Rs. 1,000 per jacket 10 plain shirts at Rs. 400 per shirt, less 15% trade discount.
Sept.20	Purchase of following goods on credit from M/s Brigade palace as per invoice no. 6701: 25 fancy lengha @ Rs. 2,000 per lengha, less 5% trade discount.
Sept.24	Goods returned to Bombay fashion house as per debit note no.103: 02 fancy trousers @ Rs. 1,000 per trouser 04 fancy hats @ Rs. 100 per hat, less 5% trade discount.
Sept.28	Goods returned to M/s Brigade palace as per debit note no. 501: 02 fancy Lengha @ Rs. 2,000 per lengha Less 5% trade discount.

Ans; P. book 1,18,900; P.R. book 8,330.

12. Enter the following transactions in the sales and sales returns book of M/s Navaneeth stores:

Date	Particulars
2016	
Dec.01	Sold goods on credit to M/s Rajani stores as per bill no. 523: 60 kids books at Rs. 120 each 40 Animal books @ Rs. 100 each
Dec.05	Sold goods to M/s Meena stores as per invoice no.238: 200 greeting cards at Rs. 12 each

Dec.10	50 musical cards at Rs. 50 each, less 5% trade discount. Sold goods on credit to M/s Noble stationeries as per invoice no.329: 100 writing pads at Rs. 40 each 100 colour books at Rs. 60 each 40 ink pads at Rs. 32 each
Dec.15	Goods returned from M/s Rajani stores as per credit note no.102: 04 kids books at Rs. 120 each 02 Animal books at Rs. 100 each
Dec.19	Sold goods on credit to M/s Abhi traders as per invoice no. 553: 500 rules note books at Rs. 20 each 250 plain note books at Rs. 25 each, less 5% trade discount.
Dec.22	Goods returned from M/s Noble stationeries as per credit note no.204: 04 colour books @ Rs. 60 each
Dec.30	Goods returned from Abhi traders as per credit note no. 207: 20 ruled note books at Rs. 20 each 05 plain note books at Rs. 25 each, less 5% trade discount.

Ans: Sales.book 41,385;S.R.book 1,1551

13. Enter the following transactions in purchase and sales day book and Prepare only personal accounts in the ledger:

2017

Mar.01.Purchased 50 Accountancy text books from Nuthan publishers at Rs. 100 per copy.

Mar.07.Sold to Bhaskar 10 accountancy text books at Rs. 110 per copy.

Mar.12. purchased 150 Business studies text books from Himalaya publishers @Rs. 100 each, Less discount @ 25%.

Mar.15. Sold to Mr. Dinesh stores 50 business studies text books at Rs. 100 each less 10% trade discount.

Mar.20. Bought 200 Economics note books from Abhiman publishers at Rs. 80 each less 30% trade discount.

Mar.26. Sold to MK book house, 100 economics text books at Rs. 75 each.

Ans:P.book 27,450;S.book 13,100.

Chapter - 5

Bank Reconciliation Statement

Section-B:Short Answer Questions for Two Marks:-

1. What is Bank Reconciliation Statement?
2. Why is Bank Reconciliation Statement prepared?
3. State any two reasons for the difference between cash book balance and pass book balance.
4. State any two causes of difference between cash book balance and pass book balance occurred due to time lag.
5. Give any two examples for errors committed by the firm in cash book.
6. Give any two examples for errors committed by the bank in pass book.
7. What do you understand by the following:
 - a. Debit balance as per cash book.
 - b. Credit balance as per cash book.
8. What do you understand by the following:
 - a. Debit balance as per pass book.
 - b. Credit balance as per pass book
9. What do you understand by the following:
 - a. Favourable balance as per cash book
 - b. Unfavourable balance as per cash book
10. What do you understand by the following:
 - a. Favourable balance as per pass book
 - b. Unfavourable balance as per pass book
11. What is Pass book?
12. What is bank overdraft?
13. Why is Amended Cash Book prepared?
14. Enumerate the first two steps to ascertain the correct cash book balance.

Section-D:Twelve marks problems:-

Dealing with favourable balances

1. From the following particulars of Mr. Vinod, prepare Bank Reconciliation Statement as on March 31, 2017.
 - a. Bank balance as per cash book Rs. 50,000.
 - b. Cheques issued, but not presented for payment Rs. 6,000.
 - c. Dividend on shares collected by the bank and credited in the pass book Rs. 8,000.
 - d. Bank charges debited in the pass book only Rs. 400.
 - e. A cheque deposited into bank, but not collected by the bank Rs. 5,000.
 - f. Interest credited in the pass book only Rs. 500.
 - g. Insurance premium paid directly by the bank understanding advice Rs. 1,000.

(Ans: Balance as per pass book Rs.58,100)

2. From the following particulars of Mr. Akash, prepare Bank Reconciliation Statement as on Dec. 31, 2016.
- Bank balance as per cash book Rs. 20,000.
 - Cheques issued, but not cashed prior to Dec. 31, 2016 Rs. 4,000.
 - Interest on investments collected by the bank and credited in the pass book Rs. 2,000.
 - Bank charges debited in the pass book only Rs. 100.
 - Cheques paid into bank, but not cleared before Dec. 31, 2016 Rs. 3,000.
 - Interest credited in the pass book only Rs. 400.
 - Electricity bill paid by the bank under standing order Rs. 300.
- (Ans: Balance as per pass book Rs. 23,000)**
3. From the following particulars of Mr. Sagar, prepare Bank Reconciliation Statement as on June 30, 2017.
- Bank balance as per cash book Rs. 80,000.
 - Out of cheques issued for Rs. 10,000, cheques for Rs. 2,000 cashed before Jun. 30, 2017.
 - There was a wrong credit in the pass book for Rs. 5,000.
 - Bank charges debited in the pass book only Rs. 300.
 - Out of Cheques amounting to Rs. 8,000 deposited into bank, Rs. 3,000 only collected before Jun. 30, 2017 Rs. 3,000.
 - Payment received from a customer directly by the bank Rs. 1,000
 - Bills discounted dishonoured Rs. 4,000.
- (Ans: Balance as per pass book Rs. 84,700)**
4. Prepare a Bank Reconciliation Statement as on May 31, 2017.
- The bank pass book of Mr. Anurag showed a balance of Rs. 10,000 on May 31, 2017.
 - Cheques issued, but not presented for payment Rs. 2,000.
 - The payments side of the cash book (bank column) was overcast by Rs. 1,000
 - Bank commission debited in the pass book only Rs. 100.
 - Cheques of Rs. 4,000 deposited into bank, of which Rs. 3,000 only collected in May.
 - Interest on bank balance credited in the pass book only Rs. 200.
 - Club bill paid by the bank under Standing order Rs. 900.
- (Ans: Balance as per cash book Rs. 8,800)**
5. Prepare a Bank Reconciliation Statement as on Jan. 31, 2017.
- The bank passbook of Mr. Tharun showed a balance of Rs. 55,000 on Jan. 31, 2017.
 - Cheques issued before Jan. 31, 2017, but not presented for encashment until that date Rs. 9,000
 - Two cheques of Rs. 3,900 and Rs. 2,100 were deposited into the bank on Jan. 31, 2017 but the bank gave credit for the same in Feb. 2017
 - There was also a debit in the pass book of Rs. 2,500 in respect of a cheque dishonoured on Jan. 31, 2017.
 - A bill receivable for Rs. 1,000 discounted with the bank was

dishonoured.

- f. Direct deposit into bank by a customer omitted in cash book Rs.3,500
- g. The debit side of the cash book(bank column) undercast by Rs. 1,000.

(Ans: Balance as per cash book Rs.51,000)

6. From the following particulars, prepare a Bank Reconciliation Statement of Mr. Vismay as on 30th April, 2017 and ascertain bank balance as it would appear in cash book:

- a. Bank pass book showed a balance of Rs.25,000 on 30th April.
- b. Bank charges of Rs.250 has been debited in the pass book, but not entered in the cash book.
- c. There was a wrong debit in the pass book for Rs.1,000.
- d. Cheques issued, but not encashed prior to 30th April, amounted to Rs.1,500.
- e. Cheques sent to bank for collection, but remained uncollected Rs.2,500.
- f. Interest on investments collected by the bank and credited in the pass book Rs.1,800.
- g. Payment by a cheque Rs.1,900 entered in cash book(bank column) as Rs.2,900.

(Ans: Balance as per cash book Rs.24,450)

7. From the following particulars of Mr.Kiran, prepare Bank Reconciliation Statement as on Dec. 31, 2016.

- a. Bank balance as per cash book Rs.75,000.
- b. Cheques issued, but not cashed prior to Dec. 31, 2016 Rs. 8,000.
- c. Interest on investments collected by the bank and credited in the pass book Rs.6000.
- d. Bank charges debited in the pass book only Rs. 500.
- e. Cheques paid into bank, but not cleared before Dec.31,2016 Rs.7,000.
- f. Interest credited in the pass book only Rs.1,000.
- g. Electricity bill paid by the bank under standing order Rs.800.

(Ans : Balance as per pass book Rs.81,700)

8. From the following particulars of Mr.Santhosh, prepare Bank Reconciliation Statement as on Jan.31, 2017.

- a. Bank balance as per cash book Rs. 40,000.
- b. Out of cheques issued for Rs.10,000, cheques for Rs. 6,000 cashed before Jan. 31, 2017
- c. There was a wrong credit in the pass book for Rs.2,000.
- d. Bank charges debited in the pass book only Rs. 400.
- e. Out of Cheques amounting to Rs. 8,000 deposited into bank, Rs.5,000 only collected before Jan.31, 2017 .
- f. Payment received from a customer directly by the bank Rs.2,000
- g. Bills discounted dishonoured Rs.5,000.

(Ans : Balance as per pass book Rs.39,600)

9. From the following particulars, prepare Bank Reconciliation Statement as on 31st Mar. 2017:
- Bank balance as per pass book Rs. 40,000.
 - Cheques issued, but not presented for payment Rs. 7,000.
 - Cheques paid into bank, but not collected by the bank Rs.6,000.
 - Interest on investments amounting to Rs.1,500 appeared only in the pass book.
 - Direct deposit into the bank by a customer Rs.2,000
 - Interest on bank deposits Rs.4,300 credited in the pass book only.
 - Bank charges Rs.300 debited in the pass book only.
- (Ans: Balance as per cash book Rs.31,500)**
10. The cash book shows a bank balance of Rs.7,800. On comparing the cash book with passbook the following discrepancies were noted. Prepare Bank Reconciliation Statement:
- Cheque desposited into bank, but not credited Rs.3,000
 - Cheque issued, but not yet presented for payment Rs.1,500
 - Insurance premium paid by the bank Rs.2,000
 - Bank interest credited by the bank Rs.400
 - Bank charges Rs.100 debited in the pass book.
 - Directly deposited by a customer Rs.4,000
- (Ans : Balance as per pass book Rs.8600)**
11. From the following particulars, prepare Bank Reconciliation Statement as on 31st Mar. 2017:
- Bank balance as per pass book Rs. 30,000
 - Cheques issued, but not presented for payment Rs.5,000.
 - Cheques deposited into bank, but not collected Rs.4,000.
 - Dividend on shares collected by the bank and credited in the pass book only Rs. 4,000.
 - Electricity bill is paid by the banker and debited in the pass book only Rs. 1,000
 - Interest on bank deposits Rs.2,500 and Bank charges Rs. 500 are recorded in the pass book only.
- (Ans: Balance as per cash book Rs.24,000)**
12. The bank pass book of Mr.Manoj showed a balance of Rs. 18,000 on Jan.31, 2017.
- Cheques issued before Jan. 31, 2017, but not presented for encashment until that date Rs.2,000
 - Two cheques of Rs. 1,600 and Rs. 1,400 were deposited into the bank on Jan. 31,2017, but the bank gave credit for the same in Feb.2017
 - There was also a debit in the passbook of Rs. 1,500 in respect of a cheque dishonoured on Jan. 31, 2017.
 - A bill receivable for Rs. 1,000 discounted with the bank was dishonoured.
 - Direct deposit into bank by a customer omitted in cash book Rs.1,300
 - The credit side of the cash book(bank column) overcast by Rs.

200. Prepare a Bank Reconciliation Statement as on Jan.31,2017.

(Ans: Balance as per cash book Rs.20,000)

Dealing with overdraft (unfavorable balance)

13. Overdraft shown by the pass book of Mr. Murali is Rs.20,000. Prepare Bank Reconciliation Statement as on Dec. 31, 2016.
- Bank charges debited as per pass book Rs.500.
 - Cheques received recorded in the cash book(bank column), but not sent to the bank for collection Rs.2, 500.
 - Received a payment by bank directly from a customer Rs.4, 600.
 - Cheque issued, but not presented for payment Rs.6, 980.
 - Interest on overdraft debited by the bank Rs.100.
 - Insurance premium paid by bank Rs.2, 500.
 - Cheques deposited into the bank, but not collected Rs.3, 500.

(Ans: Overdraft as per cash book Rs.22,480)

14. On 31-03-2017 the pass book of Mr. Swamy showed a bank overdraft of Rs.12,000. From the following particulars, prepare a Bank Reconciliation Statement as on 31-03-2017.
- Out of total cheques amounting to Rs.6,000 issued on 10-03-2017, cheques of Rs.4,000 only were cashed so far.
 - Cheques paid into bank, but not cleared before 31-03-2017 amounted to Rs.3,000.
 - There was a wrong debit of Rs.2,000 given in the pass book
 - One of the customers directly deposited Rs.1,000 into bank for which there was no entry in the cash book.
 - Dividend on shares collected by the bank and credited in the pass book amounted to Rs.1,500.
 - There was a debit of Rs.500 in the pass book in respect of dishonoured cheque, but there was no corresponding entry in the cash book.

(Ans: Overdraft as per cash book Rs.11,000)

15. From the following particulars of Mr. Aditya, prepare Bank Reconciliation Statement as on July 31, 2016.
- Bank overdraft as per cash book Rs. 10,000.
 - Cheques issued, but not presented for payment Rs. 3,000.
 - Dividend on shares collected by the bank and credited in the pass book Rs.2,000.
 - Interest on overdraft debited in the pass book only Rs. 500.
 - A cheques deposited into bank, but not collected by the bank Rs.5,000.
 - Direct deposit into bank by a customer Rs.4,000 for which no entry was made in cash book
 - Insurance premium paid directly by the bank under standing order Rs.1,500.

(Ans: Overdraft as per pass book Rs.8000)

16. From the following particulars of Mr. Abhilash, prepare Bank Reconciliation statement as on Aug. 31, 2016.
- Bank overdraft as per cash book Rs. 20,000.
 - Cheques issued, but not cashed prior to Aug. 31, 2016 Rs. 6,000.
 - Interest on investments collected by the bank and credited in the pass book Rs. 3,000.
 - Bank charges debited in the pass book only Rs. 100.
 - Cheques paid into bank, but not cleared before Aug. 31, 2016 Rs. 2,000.
 - Credit side of the cash book (bank column) overcast by Rs. 600.
 - Bills discounted dishonoured Rs. 1,000

(Ans: Overdraft as per pass book Rs. 13,500)

17. From the following particulars of Asha & Co, prepare a Bank Reconciliation Statement on Oct. 31, 2016:

	Rs.
a. Overdraft as per pass book	20,000
b. Interest on overdraft debited in passbook only	2,000
c. Insurance Premium paid by the bank	200
d. Cheques issued, but not presented for payment	6,500
e. Cheques deposited, but not yet cleared	6,000
f. Wrongly debited by the bank	500
g. The receipt side of the cash book (bank column) was undercast by	100

(Ans: Overdraft as per cash book Rs. 17,900)

18. On 31-12-2016 the pass book of Mr. Swamy showed a bank overdraft of Rs. 6,000. From the following particulars, prepare a Bank Reconciliation Statement as on 31-12-2016.

- Out of total cheques amounting to Rs. 3,800 issued on 28-12-2016, cheques of Rs. 2,000 only were cashed so far.
- Cheques paid into bank but not cleared before 31-12-2016 amounted to Rs. 1,000.
- There was a wrong debit of Rs. 100 given in the pass book
- One of the customers directly deposited Rs. 300 into bank for which there was no entry in the cash book.
- Dividend on shares collected by the bank and credited in the pass book amounted to Rs. 200.
- There was a debit of Rs. 500 in the pass book in respect of dishonoured cheque, but there was no corresponding entry in the cash book.

(Ans: Overdraft as per cash book Rs. 6,700)

19. Prepare Bank Reconciliation Statement from the following particulars.
- Overdraft shown as per cash book on Dec. 31, 2016 Rs. 10,000.
 - Bank charges debited in the passbook Rs. 100
 - Interest on overdraft for six months ending Dec. 31, 2016 Rs. 380 debited in the passbook.

- d. Cheques issued, but not encashed prior to Dec. 31, 2016 amounted to Rs 2,150.
- e. Interest on investment collected by the bank and credited in the passbook Rs.600.
- f. Cheques paid into bank, but not cleared before Dec. 31, 2016 were Rs1,100.
- g. There was a wrong credit in the pass book for Rs, 830
(Ans : overdraft as per pass book Rs 8,000).

20. On December 31, 2016 the cash book of Mr.Puneeth showed an overdraft of Rs.6,920. From the following particulars prepare a Reconciliation Statement and ascertain the balance as per pass book.
- a. Debited by bank for Rs.200 on account of interest on overdraft and Rs.50 on account of charges for collecting bills.
 - b. Cheques drawn, but not encashed before Dec. 31, 2016 for Rs.4, 000.
 - c. The bank has collected interest and has credited Rs.600 in passbook.
 - d. A bill receivable for Rs.700 previously discounted with the bank had been dishonoured and debited in the passbook.
 - e. Cheques paid into bank, but not collected and credited before Dec. 31, 2016 amounted Rs.6, 000.
 - f. The debit side of the cash book(bank column) was under cast by Rs. 270.
(Ans: Overdraft as per Pass book Rs.9, 000)

Preparation of Bank Reconciliation Statement with Adjusted Cash Book

21. The Cash book shows a bank balance of Rs.7,800. On comparing the cash book with pass book, the following discrepancies were noted. Prepare Adjusted Cash Book and Bank Reconciliation Statement.
- a. Cheque deposited into bank, but not credited Rs.3,000
 - b. Cheque issued, but not yet presented for payment Rs.1,500
 - c. Insurance premium paid by the bank Rs.2,000
 - d. Bank interest credited by the bank Rs.400
 - e. Bank charges Rs.100 debited in the pass book.
 - f. Directly deposited by a customer Rs.4,000
(Ans : Balance as per pass book Rs.8600)
22. From the following particulars of Mr. Vinod, Prepare Adjusted Cash Book and Bank Reconciliation Statement.
- a. Bank balance as per cash book Rs. 50,000.
 - b. Cheques issued, but not presented for payment Rs. 6,000.
 - c. Dividend on shares collected by the bank and credited in the

pass book Rs. 8,000.

- d. Bank charges debited in the pass book only Rs. 400.
- e. A cheque deposited into bank, but not collected by the bank Rs. 5,000.
- f. Interest credited in the pass book only Rs. 500.
- g. Wrongly debited by the bank Rs. 1,000.

(Ans : Balance as per pass book Rs.58,100)

23. From the following particulars of Mr. Aditya, Prepare Adjusted Cash Book and Bank Reconciliation Statement, as on July 31, 2016.

- a. Bank overdraft as per cash book Rs. 10,000.
- b. Cheques issued, but not presented for payment Rs. 3,000.
- c. Dividend on shares collected by the bank and credited in the pass book Rs. 2,000.
- d. Interest on overdraft debited in the pass book only Rs. 500.
- e. A cheque deposited into bank, but not collected by the bank Rs. 5,000.
- f. Direct deposit into bank by a customer Rs. 4,000 for which no entry was made in cash book
- g. Insurance premium paid directly by the bank under standing order Rs. 1,500.

(Ans: Overdraft as per pass book Rs.8000)

24. The bank overdraft of Smith Ltd., on Dec. 31, 2016 as per cash book is Rs. 18000. From the following information ascertain Adjusted Cash Balance and prepare Bank Reconciliation Statement:

S/no	Particulars	Rs.
a	Unpresented cheques	6000
b	Uncleared cheques	3400
c	Bank interest debited in pass book only	1000
d	Bills collected and credited in the pass book only	1600
e	Cheque of Arun Traders dishonoured	1000
f	Cheque issued to Kapoor and Co. not yet entered in cash book	600

(Ans: Overdraft as per pass book Rs.16,400)

Chapter - 6

Trial Balance and Rectification of Errors

Section-A: One Mark Questions:

I: Fill in the blanks:-

1. The Trial balance is usually prepared with the _____ of account.
2. Trial balance is prepared at the _____ of the accounting year.
3. Trial balance is a list of _____ and its balances.
4. When a transaction is completely omitted from recording in the books of original records it is an error of _____.
5. Accounting entries are not recorded as per the generally accepted accounting principles is known as error of _____.
6. When two or more errors are committed in such a way that the net effect of these errors on the debit and credit of account is nil, such errors are called _____ errors.
7. Capital account balance is a _____ balance.
8. Drawings account balance is a _____ balance.
9. Assets account balances are _____ balance.
10. Liabilities account balances are _____ balance.
11. Expenses account balances are _____ balance.
12. Incomes account balances are _____ balance.

II: Multiple Choice Questions:-

1. Agreement of trial balance is affected by:
 - (a) One sided errors only.
 - (b) Two sided errors only.
 - (c) Both a and b.
 - (d) None of the above.
2. Which of the following is not an error of Principle:
 - (a) Purchase of furniture debited to purchases account.
 - (b) Repairs on the overhauling of second hand machinery purchased debited to repairs account.
 - (c) Cash received from Manoj posted to Saroj.
 - (d) sale of old car credited to sales account.
3. Which of the following is not an error of commission:
 - (a) Over casting of sales book.
 - (b) Credit sales to Ramesh Rs.5000 credited to his account.
 - (c) Wrong balancing of machinery account.
 - (d) Cash sales not recorded in cash book

4. Which of the following errors will be rectified through suspense account:
- (a) Sales return book was under cast by Rs. 1,000.
 - (b) Sales return by Madhu Rs.1,000 not recorded .
 - (c) Sales return by Madhu Rs.1,000 recorded as Rs.100.
 - (d) Sales return by Madhu Rs.1,000 recorded through purchases returns book.
5. If the trial balance agrees, it implies that:
- (a) There is no error in the books.
 - (b) There may be two sided errors in the books.
 - (c) There may be one sided errors in the books.
 - (d) There may be both two sided and one sided errors in the books.
6. If the suspense account does not balance even after rectification of errors it implies that:
- (a) There are some one sided errors only in the books yet to be located.
 - (b) There are no more errors yet to be located.
 - (c) There are some two sided errors only yet to be located.
 - (d) There may be both one sided errors and two sided errors yet to be located.
7. If Wages paid for installation of new machinery is debited to wages account, If it is:
- (a) An error of commission. (b) An error of principle.
 - (c) A compensating error. (d) An error of omission.
8. Trial balance is:
- (a) An account. (b) A statement.
 - (c) A subsidiary book. (d) A principal book.
9. A trial balance is prepared:
- (a) After preparation of financial statements.
 - (b) After recording transactions in subsidiary books.
 - (c) After posting to the ledger is completed.
 - (d) After posting to ledger is completed and accounts have been balanced.
10. Object of preparing trial balance is:
- a) To know the accuracy of account.
 - b) To know the financial position of the business.
 - c) To know the profit or loss.
 - d) To know the arithmetical accuracy of books of accounts.

III: True or False:-

1. Trial Balance is a list of balances of all ledger accounts on a particular date.
2. Trial balance is a part of book-keeping.
3. Trial balance is just a statement and not an account.
4. Object of preparing the trial balance is to know profit or loss of the business.
5. The difference of trial balance is transferred to capital account.
6. Generally trial balance does not include the closing stock.
7. When one error compensates the other mistakes it is called error of principle.
8. Error of omission affects the agreement of Trial balance.
9. Compensating error does not affect the totals of Trial balance.
10. Trial Balance cannot trace the error of principle.
11. Preparation of trial balance is compulsory.
12. Trial Balance is a statement.
13. The balance of capital account is shown in the debit column of the Trial Balance.
14. Liabilities are always shown on the credit column of Trial Balance.

IV: Very Short Answer Questions:-

1. State one objective of Trial Balance.
2. Name one method of preparing the Trial Balance.
3. State any one type of error.
4. Give an example for error of commission.
5. Give an example for error of omission.
6. Give an example for error of principle.
7. Give an example for compensating errors.
8. Give an example for error which affects the trial balance.
9. Give an example for error which does not affect the trial balance.

Section-B: Short Answer Questions for Two marks:-

- 1) What is trial balance?
- 2) State two objectives of trial balance.
- 3) Name any two methods of preparing the trial balance.
- 4) State any two types of errors.
- 5) Give the meaning of 'balances method' of preparing the trial balance.
- 6) State any two steps in the preparation of trial balance.
- 7) What is an error of omission?
- 8) Give any two examples for errors of omission.

- 9) What is an error of commission?
- 10) Give any two examples for errors of commission.
- 11) What is an error of principle?
- 12) Give any two examples for error of principle.
- 13) What is compensating error?
- 14) Give any two examples for compensating error.
- 15) What do you mean by rectification of errors?
- 16) Give two examples for errors which are affecting the trial balance.
- 17) Give two examples for errors which do not affect the Trial Balance.
- 18) What is a suspense account?
- 19) When a suspense account is opened?

Section-C: Six marks Questions/Short problems

Preparation of Trial Balance:

- 1) Prepare a trial balance from the following particulars as on 31-03-2016:-

Capital	Rs.25,000
Bills Payable	Rs. 1,850
Bills Receivable	Rs. 4,400
Stock on 1.4.2015	Rs. 8,500
Furniture	Rs. 2,600
Purchases	Rs. 8,950
Sales	Rs. 22,500
Discount Received	Rs. 970
Carriage	Rs. 300
Cash at Bank	Rs. 25,570

(Ans. Total Rs.50,320)

- 2) Mr. Ganesh's ledger shows the following balances, Prepare a Trial balance using balances method.

Sl.No.	NAME OF ACCOUNTS	RS.
1	Mohan's capital account	50,000
2	Manu's Account (credit)	40,000
3	Machinery Account	17,000
4	Ravi's Account (Debit)	15,000
5	Sales Account	60,000
6	Wages Account	5,000
7	Purchases Account	76,000
8	Cash Account	41,000
9	Debtors	10,500
10	Creditors	14,500

(Ans: Total Rs.1,64,500)

- 3) From the following particulars given below Prepare a Trial Balance as on 31-03-2017

Sl.NO	Particulars	Balance Rs.
1	Purchases	95,000
2	Sales	1,36,000
3	Bank loan	20,000
4	Machinery	50,000
5	Cash	46,000
6	Capital	1,00,000
7	Debtors	80,000
8	Creditors	17,000
9	Bills receivable	4,000
10	Bills payable	2,000

(Ans: Total Rs. 2,75,00)

- 4) Prepare a Trial balance from the following balances relating to Mrs.Sridevi as on 31-03-2017:

Sl. No	Particulars	Balance(Rs)
1	Mrs.Sridevi 's Capital	1,45,000
2	Stock of goods	70,000
3	Motor car	1,20,000
4	Bad debts	7,000
5	Sales	2,00,000
6	Cash at bank	90,000
7	Cash in hand	12,000
8	Rent	35,000
9	Discount allowed	4,000
10	Carriage	15,000

(Ans: Total Rs.3,49,000)

- 5) Prepare a trial balance from the following ledger balance extracted from the books of Mr. Harsha Traders , Tumakuru as on 31-03-2017.

Sl. No	Particulars	Balance(Rs)
1	Opening stock	18,000
2	Capital	4,72,000
3	Buildings	46,000
4	Plant	33,860
5	Carriages	2,000
6	Sales	3,60,000
7	Purchases	3,08,600
8	Sales returns	3,640
9	Machinery	4,21,880
10	Interest Received	1,980

(Ans: Total Rs.8,33,980)

6) From the following ledger balances of Mrs. Arpitha, prepare Trial balance as on 31-03-2017

Sl. No	Particulars	Balance(Rs)
1	Stock (01-04-2016)	15,000
2	Purchases	30,000
3	Sales	40,000
4	Capital	45,000
5	Drawings	10,000
6	Debtors	18,000
7	Creditors	10,000
8	Investments	15,000
9	Legal Charges	2,000
10	Cash in hand	5,000
(Ans: Total Rs.95,000)		

7) From the following particulars of Mr. Arjun, prepare Trial balance as on 31-03-2017:

Sl. No.	Particulars	Balance(Rs)
1	Capital	2,33,000
2	Stock of goods	60,000
3	Motor Car	89,000
4	Discount received	4,000
5	Sales	4,00,000
6	Cash at Bank	46,000
7	Rent paid	40,000
8	Wages	97,000
9	Purchases	3,50,000
10	Trade Creditors	45,000
(Ans: Total Rs.6,82,000)		

8) From the following particulars of Mr. Mallik, prepare Trial balance as on 31-03-2017:

Sl.No.	Particulars	Balance(Rs)
1	Mallik's Capital	4,00,000
2	Mallik's Drawings	20,000
3	Land and Building	3,79,500
4	Stock on 01-04-2016	1,25,000
5	Sundry Debtors	22,000
6	Sundry Creditors	27,500
7	Purchases	2,37,000
8	Sales	3,84,000
9	Carriage inwards	2,000
10	Postage and Telephone	26,000
(Ans: Total Rs.8,11,500)		

- 9) From the following particulars of Mr. Amith, prepare Trial balance as on 31-03-2017:

Sl.No.	Particulars	Balance (Rs)
1	Opening stock	24,520
2	Capital	4,72,000
3	Buildings	81,440
4	Sales	3,60,000
5	Purchases	3,64,600
6	Sales return	3,640
7	Machinery	3,72,300
8	Discount allowed	15,800
9	Loan from Manu	16,000
10	Bank overdraft	14,300
		(Ans: Total Rs.8,62,300)

10. From the following particulars of Mr. Purushotham, prepare Trial balance as on 31-03-2017:

Sl.No.	Particulars	Balance (Rs)
1	Mr. Purushotham's Capital	15,16,000
2	Debtors	1,00,000
3	Purchases	5,00,000
4	Sales	6,00,000
5	Return inwards	4,000
6	Land and Buildings	12,60,000
7	Loan to employees	1,00,000
8	Interest received	18,000
9	Opening stock	1,20,000
10	Goodwill	50,000
		(Ans: Total Rs.21,34,000)

Rectification of Errors:

- 1) Rectify the following errors assuming that the errors detected after the difference in trial balance is placed to suspense account:
- A credit purchase of Rs.2,000 from Mahesh has been debited to his account.
 - A sum of Rs.1,000 received from Vishnu has been credited to his account.
 - The total of sales return book has been overcast by Rs.1000.
 - A sum of Rs.800 paid to Krishna has been debited to his account as Rs.80.
 - A credit sale of Rs.4,000 to Anju has been credited to Anju's account.
 - Payment of rent of Rs. 2,500 has been posted twice to rent account.

2) Rectify the following errors:

- a) An amount of Rs.1,000 spent on repairs to machinery has been debited to machinery account.
- b) An amount of Rs.2,000 withdrawn by the proprietor has been debited to office expenses account.
- c) A sum of Rs.3,000 received from Radha has been credited to Sudha.
- d) An amount paid towards salary of Rs.4,000 has been debited to Rent account.
- e) Extension to building Rs.50,000 has been debited to repairs account.
- f) Furniture purchased for Rs. 10,000 has been debited to Purchases account.

3) Rectify the following errors :

- a) Salary paid Rs. 5,000 was debited to employee's personal account.
- b) Rent paid Rs. 4,000 was posted to landlord's personal account.
- c) Goods withdrawn by proprietor for personal use Rs.1,000 were debited to sundry expenses account.
- d) Cash received from Kohli Rs.2,000 was posted to Kapur's account.
- e) Cash paid to Babu Rs.1,500 was posted to Sabu's account.
- f) Credit sales to Mohan Rs. 7,000 were not recorded.

4) Rectify the following errors:

- a) Furniture purchased for Rs.10,000 wrongly debited to Purchases account.
- b) Machinery purchased on credit from Raman for Rs.20,000 was recorded through Purchases book.
- c) Repairs on Machinery Rs.1,400 debited to Machinery Account.
- d) Repairs on overhauling of secondhand machinery purchased Rs.2,000 was debited to Repairs Account.
- e) Sale of old machinery at book value of Rs.3,000 was credited to Sales Account.
- f) Credit purchases from Rohan Rs. 9,000 were not recorded.

5) Rectify the following errors:

a) Depreciation provided on machinery Rs.4,000 was not posted.

b) Bad debts written off Rs.5,000 were not posted.

c) Discount received less on a bill was posted for Rs.2,000 as a debit to discount received Rs.1,000 as a contra from receiving, and debited to cash from not posted.

e) Goods returned to Rakesh Rs. 4,000 were not recorded.

6) Rectify the following sales errors to Mohan assuming Rs.7,000 that were the

errors recorded detected as Rs. 7,000. the difference in trial balance is placed to Suspense Account:

a) Credit sales to Mohan Rs.7,000 were not posted.

b) Credit Purchases from Rohan Rs.9,000 were recorded through Sales book.

c) Goods returned to Rakesh Rs.4,000 were not posted.

d) Goods returned from Mahesh Rs.1,000 were not posted.

e) Cash paid to Ganesh Rs.3,000 was not posted.

7) Trial balance of Raju showed an excess debit of Rs.10,000. He put the difference to Suspense Account and discovered the following errors.

a) Depreciation written-off on the furniture Rs.6,000 was not posted to furniture account.

b) Credit sales to Rupam Rs.10,000 were recorded as Rs.7,000.

c) Purchases book undercast by Rs.2,000.

d) Cash sales to Rana Rs.5,000 were not posted.

e) Old machinery sold for Rs.7,000 was credited to Sales Account.

f) Discount received Rs.800 from Kanan on playing cash to him was not posted.

Rectify the above errors.

8) Trial balance of Anuj did not agree. It showed an excess credit of Rs.6,000. He put the difference to Suspense Account. He discovered the following errors.

a) Cash received from Ravish Rs.8,000 posted to his account as Rs.6,000.

b) Returns inwards book overcast by Rs.1,000.

c) Total of sales book Rs.10,000 was not posted to sales account.

d) Machinery purchased for Rs.10,000 was posted to purchases account as Rs.5,000

e) Credit purchases from Nayak Rs.7,000 were recorded in sales book. However, Nayak's account was correctly credited.

9) Rectify the following errors :

- a) Credit sales to Mohan Rs.7,000 were recorded in purchases book.
- b) Goods returned to Rakesh Rs.4,000 were recorded in the sales return book.
- c) Goods returned from Mahesh Rs. 1,000 were recorded in purchases returns book.
- d) Goods returned from Nahesh Rs. 2,000 were recorded in purchases book.
- e) Wages paid for installation of machinery Rs.5,000 was posted to wages account.

10) Rectify the following errors :

- a) Credit sales to Mohan Rs.7,000 were posted to Karan.
- b) Credit Purchases from Rohan Rs.9,000 were posted to Gobind.
- c) Goods returned to Rakesh Rs.4,000 were posted to Naresh.
- d) Goods returned from Mahesh Rs.1,000 were posted to Manish.
- e) Cash sales Rs.2,000 were posted to commission account.
- f) Cash received from Mandira Rs.5,000 was not entered.

Section-E:Practical Oriented Questions for Five Marks:-

Prepare Trial Balance with FIVE imaginary figures.

NOTE:

1. If 6 Marks problem is asked on Trial Balance, 1 and 2 marks questions should be asked on Rectification of Errors and vice versa.
2. If the POQ is asked on Trial Balance, then the problem on Trial Balance should not be asked for 6 Marks under section – C.

Chapter - 7

Depreciation, Provisions and Reserves

Section-B: Short Answer Questions for Two Marks:-

1. What is Depreciation ?
2. State any two features of depreciation.
3. State any two causes of depreciation.
4. State any two reasons for the charging of depreciation .
5. Mention any four factors affecting the amount of annual depreciation.
6. State the two methods of depreciation
7. What is Straight Line Method of depreciation ?
8. What is Written Down Value Method of depreciation ?
9. State any two differences between Straight Line Method and Diminishing Balance Method.
10. What is Provision ?
11. What is Reserve ?
12. State any two types of Reserves.
13. State any two types of Revenue Reserves.
14. What is Capital Reserve ?
15. What is Revenue Reserve?
16. What is General Reserve ?
17. What is Specific Reserve ?
18. Give four examples for Capital Reserves.
19. Give four examples for Revenue Reserves.
20. State any two differences between Provisions and Reserves.

Section-D: Twelve Marks Problems:-

Straight Line Method:

- 01 Excel Co Ltd., acquired a Machine for Rs. 80,000 on 01.07.2014 and spent Rs.20,000 for its installation. On 01.04.2016 it sold the Machine for Rs.80,000 and on the same day it purchased another Machine for Rs.70,000. The Company writes off depreciation at the rate of 10% on original cost every year. The books of accounts closed on March 31st every year. The company charges depreciation to Asset Account. Prepare Machine Account and Depreciation Account for first three years.

(Ans- Balance of Machine Account on 31.03.2017 Rs.63,000/- and Loss on sale of Machine Rs.2,500)

- 02 On 1st April 2014, Max Co. Ltd., purchased a Machine for Rs. 200,000 and spent Rs. 20,000 on its installation. On 30.09.2015 it purchased another machine for Rs.1,00,000. On 01.01.2017, it sold the Machine which was purchased on 30.09.2015 for Rs.90,000. The company charges depreciation at 10% p.a on Straight Line Method.

Prepare Machine Account and Depreciation Account in the books of Max Co. Ltd. for first three years. The accounts are closed on 31st March every year.

(Ans- Balance of Machine Account on 31.03.2017 Rs. 1,54,000/- and Profit on sale of Machine Rs.2,500).

03 On 01-01-2014, a firm purchased Machine costing Rs. 80,000. On 01-07-2016, it sold the Machine for Rs. 60,000 and on same date a new machine was purchased for Rs.20,000. Depreciation was charged annually @ 10% per annum on Straight Line Method. Accounts are closed on 31st March every year.

Show Machinery Account and Depreciation Account for first four years.

**(Ans- Balance of Machinery A/c as on 31.12.2017 Rs.18,500/-
Profit /loss on sale of machine is Nil)**

04 On 01-04-2013, Ajit Ltd. purchased Machine costing Rs.50,000 and spent Rs.10,000 for its installation. On 30-06-2014, it purchased new Machine costing Rs.40,000. On 30-09-2015, the machine which was purchased on 1-4-2013 was sold for Rs.42,300. Depreciation charged annually @ 10% p.a. on SLM. Accounts are closed on 31st March every year.

Show Machinery Account and Depreciation Account for first four years.

**(Ans- Balance of Machinery A/c as on 31.03.2017 Rs.29,000/-
and Loss on sale of machine Rs.2,700)**

05 M/s Golden Ltd. purchased a Machine for Rs. 3,60,000 on 1-10-2014 and spent Rs. 40,000 for its transportation. On 01.04.2016, the firm purchased another machine for Rs. 2,50,000. On 31.12.2016 it sold the Machine which was purchased on 01.10.2014 for Rs.2,95,000. Company charges depreciation at the rate of 10% p.a. on Straight Line Method every year. The books of accounts are closed on 31st March every year.

Prepare Machine A/c and Depreciation A/c for first 3 years.

**(Ans- Balance of Machine A/c as on 31.03.2017 Rs.2,25,000/-
Loss on sale of Machine Rs.15,000)**

06 1-4-2013, Sai Co. Ltd purchased a Plant costing Rs.80,000 and spent Rs. 20,000 for its erection. On 31-12-2015, the plant was sold for Rs. 65,000. On 01-01-2016, a new plant was purchased for 75,000. The Company charges depreciation at 10% p.a. under Straight Line Method. Accounts are closed on 31st March every year. Prepare Plant Account and Depreciation Account for first 4 years.

**(Ans- Balance of Plant A/c Rs.65,625/-,
Loss on sale of plant Rs.7,500)**

Diminishing Balance Method:

7] M/s Shaha & Sons acquired a Machine for Rs.90,000 on 01.07.2014 and spent Rs.10,000 for its installation. On 01.10.2016, they purchased another machine for Rs. 60,000. On 31-03-2017 they sold the Machine which was purchased 01 -10- 2016 for Rs. 58,000. The firm writes off depreciation at the rate of 10% p.a. under Reducing Balance Method.

Books of accounts are closed on 31st March every year.

Prepare Machine Account, and Depreciation A/c the first 3 years.

**(Ans : Balance of Machine A/c as on 31.03.2017 Rs 74,925 and
Profit on sale of machine Rs. 1,000)**

- 08 On 01-04-2013, Shrusti Co-Ltd., purchased a Machinery costing Rs.45,000 and spent Rs.5,000 for its installation. On 31-03-2015 the machinery was sold for Rs.40,000. On 01-04-2015, the new machinery was bought for Rs.85,000. Depreciation was charged at 10% p.a. under Diminishing Balance Method. Accounts are closed on 31st March every year.

Prepare - I. Machinery A/c and

II. Depreciation A/c for 3 years.

**(Ans- Balance of Machinery A/c on 31.03.2016 Rs.76,500/-
Loss on Sale of Machine Rs. 500)**

- 09 M/s Narendra Ltd. purchased a Truck for Rs.3,00,000 on 01.01.2014. It was decided to depreciate at 10.% p.a on Reducing Balance Method. On 31.03.2015 Truck was sold for Rs.2,60,000. On 01.04.2016, a new Truck was purchased for Rs.4,00,000. Accounts are closed on 31st March every year.

Prepare : I.Truck A/c II. Depreciation A/c for first 3 years

**Ans- Balance of Truck A/c Rs.3,60,000/- , and
Loss on sale of truck Rs.3,250)**

- 10 M/s Patel and Company acquired a Machinery for Rs.5,00,000 on 01-04-2013. On 01-04-2015 it purchased another machinery for Rs.1,50,000. On 30-09-2015 it sold the machinery which was purchased on 01-04 -2013 for Rs. 3,90,000. Depreciation is charged @ 10 % p.a. under Written Down Method.

Prepare Machinery A/c and Depreciation A/c for 4 years.

**(Ans- Balance of Machinery A/c on 31.03.2017, Rs.1,21,500.
Profit on sale of Machinery Rs. 5,250)**

- 11 M/s Diwan and Company purchased Machine 'A' for Rs.2,00,000 on 01-04-2013. On 01-10-2013 Machine 'B' was purchased for Rs.1,00,000. On 31-07-2015 Machine 'B' was sold for Rs.82,000. It was decided to depreciate the machines @ 10% p.a under Diminishing Balance Method.

Prepare Machinery A/c And Depreciation A/c for 4 years.

**(Ans- Balance of machinery A/c on 31-03-2017 Rs.1,31,220,
Loss on machine 'B' Rs. 650)**

- 12 From the following particulars prepare Machinery A/c and Depreciation A/c for three years ending on 31-03-2017:

- Machine 'X' bought on 01-10-2014 for Rs. 45,000.
- Machine 'Y' bought on 01-07-2015 for Rs. 30,000.
- Machine 'X' was sold on 30-11-2016 for Rs.36,500.

**(Ans- Balance of machinery A/c on 31-03-2017 Rs.24,975,
Profit on machine 'X' Rs. 590)**

Section-E:Practical Oriented Questions for Five Marks:-

- Prepare Machinery A/c for 2 years with imaginary figures under Straight Line Method.
- Prepare Machinery A/c for 2 years with imaginary figures under Written Down Value Method.

Chapter - 8

Bill of Exchange

Section-A: One Mark Questions:

I: Fill in the blanks:-

1. A bill of exchange is a _____ instrument.
2. A bill of exchange is drawn by the _____ upon his _____.
3. A bill of exchange can be drawn on any _____ including a bank.
4. There are _____ parties to a bill of exchange.
5. A bill of exchange must be in _____.
6. Drawer and _____ cannot be the same parties in case of a bill of exchange.
7. _____ days of grace are added in terms of the bill to calculate the due date.
8. A bill of exchange is called a _____ by one who is liable to pay it on the due date.
9. _____ is payable by the debtor to the creditor when a bill is renewed.
10. The renewal of a bill implies that the _____ must be first cancelled.
11. If a bill is not paid on its due date, it is said to be _____.
12. A Promissory note is an instrument in writing containing an unconditional _____ to pay.
13. There are _____ parties in a promissory note.
14. A promissory note does not include _____.
15. The person to whom the amount mentioned in the promissory note is payable is known as _____.
16. A Person who endorses the promissory note in favour of another is known as _____.

II: Multiple Choice Questions:-

1. Bills of Exchange are covered under
 - a. Indian contract Act-1887
 - b. Negotiable instruments Act-1881
 - c. Sale of Goods Act-1930
 - d. Companies Act-1956
2. A bill of exchange is an acknowledgement of
 - a. Receipt
 - b. Loan
 - c. Debt
 - d. Payment
3. Who signs a bill of exchange at the time of making the bill?
 - a. Drawer
 - b. Drawee
 - c. Payee
 - d. None of these

4. Drawee mean a person who
 - a. Makes the order
 - b. Accepts the order
 - c. Is a Payee
 - d. All of these

5. Drawer means a person who
 - a. Makes the order
 - b. Accepts the order
 - c. Is a payee
 - d. All of these

6. The promissory note should be signed by the
 - a. Maker
 - b. Drawee
 - c. Payee
 - d. None of these

7. A promissory note does not require
 - a. Discounting
 - b. Acceptance
 - c. Noting
 - d. All of these

8. Noting charges are paid at the time of
 - a. Renewal of the bill
 - b. Retirement of the bill
 - c. Dishonour of the bill
 - d. None of the these

9. The fee charged for getting the bill noted after dishonour is called
 - a. Discounting charge
 - b. Noting charge
 - c. Interest
 - d. None of these

10. Bills Receivable Account is
 - a. An expense account
 - b. An asset account
 - c. A liability account
 - d. A revenue account

11. When a bill of exchange is endorsed, the amount is payable to the
 - a. Original holder
 - b. Bank
 - c. Endorsee
 - d. Notary public

12. When a bill endorsed is dishonoured, which one of these accounts would be credited by the drawee?
- Bills Payable A/c
 - Drawer's A/c
 - Bank A/c
 - Bill Dishonoured A/c

III: True or False:-

- A bill of exchange must be in writing
- A bill of exchange must be accepted by the payee.
- There are two parties to a bill of exchange.
- Bill of exchange is a legal document.
- A bill of exchange is drawn by the creditor.
- Bill of exchange cannot be endorsed to creditors.
- Bill of exchange is an order for the payment.
- A bill of exchange is drawn for all cash transactions.
- Bill of exchange is written by debtor.
- A bills payable on demand is called Time Bill.
- The person to whom payment is to be made in a bill of exchange is called Payee.
- A Negotiable Instrument does not require the signature of its maker.
- While calculating date of maturity of every bill 3 days of grace are included.
- Payment of the bill before maturity is called retiring.
- Bill discounted is a contingent liability.
- Promissory note is written by the debtor.
- The hundi payable at sight is called Darshani hundi.
- A Negotiable instrument is not freely transferable.
- Stamping of promissory note is not mandatory.
- The time of payment of a negotiable instrument need not be certain.

IV: Very Short Answer Questions:-

- What is a bill of exchange?
- State one feature of bill of exchange.
- Name any one party to a bill of exchange.
- Give the meaning of maturity of a bill.
- What is a promissory Note?
- State one feature of promissory note.
- Name any one party to a Promissory Note.
- Write any one difference between Bills of Exchange and Promissory Note.
- Who is a Drawer?
- Who is a Drawee?
- Who is a Payee?
- Who is a Promissor?
- Who is a Promissee?
- Who is an Endorser?
- Who is an Endorsee?
- Give the meaning of noting.
- What is a protest?
- Give the meaning of accommodation of bill of exchange.

Section-D: Twelve Marks problems:-

I. Problems on Bill of Exchange drawn, accepted and honoured on the due date

1. On 01.01.2017 Ramu sold goods to Shamu on credit for Rs.1,00,000. Ramu drew a bill on Shamu for 3 months. Shamu accepted the bill. On the due date bill was duly honoured. **Pass Journal entries in the books of both the parties.**
2. On 01.04.2017 Ravi sold goods to Shashi on credit for Rs.50,000 & drew a 3 Months bill. On the same day Shashi accepted the bill. On the due date the bill was honoured by Shashi.**Pass the necessary Journal entries in the books of both the parties.**
3. On 01.01.2017 A sold goods on credit to B Rs.20,000 for 2 months. A drew 2 months bill on B. B accepted the bill. After acceptance, the bill was returned to A. On the due date the bill was duly honoured. **Pass journal entries in the books of both the parties.**
4. Amar sold goods to Balu for Rs. 25,000 on 01.01.2017. On the same day a bill is drawn & accepted by Balu for 3 months. On the due date the bill was honoured. **Pass necessary journal entries in the books of Amar & Balu.**

II. Problems on Bill of Exchange drawn, accepted and dishonoured

5. Ramesh sold goods to Suresh for Rs.15,000 on 01.01.2017. On the same day, a bill is drawn & accepted by Suresh for 3 months. On the due date, the bill was dishonoured. **You are required to pass the necessary Journal Entries in the books of both the parties.**
6. On 01.01.2017, Sundar sold goods to Mahesh on credit for Rs.10,000. Sundar drew a bill of exchange & Mahesh accepted. After acceptance, the bill was returned to Sundar. On the due date, the bill was dishonoured. **Pass necessary Journal entries in the books of both the parties.**

III. Problems on Bill of Exchange drawn, accepted discounted and honoured on the due date

7. On 01.01.2017 Manju sold goods to Mahesh for Rs.5,000 and drew 3 months bill for the amount. After acceptance, Manju discounted the bill with his banker for 4,900. On the due date the bill was honoured. **Pass Journal entries in the books of all the parties.**

8. X Sold goods to Y for Rs.1,00,000 on 01.01.2017. On the same day a bill is drawn & accepted by Y for 3 months. A month before the due date, X discounted the bill with his bank at 10% p.a. The bill was met on the due date. **You are required to pass the necessary Journal entries in the books of both the parties.**
9. On 01.02.2017 Kamala drew a three months bill for Rs.2,00,000 on Shashikala. On the same date, she discounted the bill with his banker at 12% p.a. On the due date the acceptor of the bill honoured it.

Pass the Journal entries in the books of both the parties.

IV. Problems on Bill of Exchange drawn, accepted endorsed and honoured on the due date

10. On 01.03.2017 Amar drew a bill for Rs.10000 on Bimal for two months. Bimal accepted and returned it to Amar who endorses the same to Kamal. On the due date the bill was met.
- Pass the necessary Journal entries in the books of all the parties.**
11. On 01.01.2017, A drew upon B for goods sold a bill of 3 months for Rs.200000. After acceptance A endorsed the bill to C. On the due date, the bill was duly honoured.

Pass the necessary Journal entries in the books of all the parties.

12. On 01.01.2017 Prasad sold goods for Rs.10,000 to Prakash on credit and drew a bill on Praksh for 3 months. Prakash accepted the bill on the same date. The bill was endorsed to Mukesh on the due date, the bill was duly met.

Pass Journal entries in the booksof all the parties.

V. Problems on discounted bill dishonoured and noting charges incurred

13. On 01.01.2017 Narayana drew a three months bill of Rs.2,50,000 to Keshava. On the same date he discounted the bill with his banker at 10% p.a. On the due date the acceptor of the bill dishonoured it. Keshava paid noting charges of Rs.100.

Pass the necessary Journal entries in the books of both the parties.

14. On 01.02.2017, Rama Rao sold goods to Rehaman for Rs.50,000 and drew 3 months bill for the amount. After acceptance Rama Rao discounted the bill for Rs.49,000. On the due date the bill was dishonoured and Rama Rao paid noting charges of Rs.500.

Pass necessary Journal entries in the books of both the parties.

VI. Problems on Endorsed bill dishonoured and noting charges incurred.

15. On 01.02.2017 Vijay draws a bill on Praveen for Rs.8,000 for 3 months. After the bill is duly accepted, Vijay endorsed the bill to Madhava in settlement of account on 4th March 2017, who discounts it at 6% p.a. On the due date, the bill is dishonoured and Vijay paid Rs.100 as noting charges.

Pass Journal entries in the books of all the parties.

16. 01.01.2017 Prakruthi drew a bill of exchange for 3 months for Rs.5000 on Kavya. After acceptance the bill was endorsed to Shilpa. On the due date the bill was dishonoured. Shilpa paid noting charges of Rs.100.

Pass the Journal entries in the books of all the parties.

17. A sold goods to B for Rs.30,000 on 01.01.2017 and drew a bill of exchange for three months for the amount. After acceptance, A discounted the bill with bank and received Rs.29,500. On the due date, the bill was dishonoured and noting charges paid by A amounted to Rs.200.

Pass necessary Journal Entries in the books of all the parties.

VII. Problems on Renewal of bill

18. On 01.04.2017, John drew a bill of Rs.2,000 on Francis for three months credit. Francis accepted the bill, but on due date Francis approached John and requested him to accept Rs.1,000 in cash and drew on him a new bill of Rs.1,100 for a period of three months (Rs.100 being for interest) in cancellation of the old bill. John agreed to this proposal.

Pass Journal entries in the books of both parties.

19. B owes C a sum of Rs.6,000 on 1st April 2017. He accepts the bill drawn by C for 3 months. C gets it discounted with his bankers on the same day for Rs.5,700. On the due date, the bill is dishonoured. The bank paid Rs.50 as nothing charges. B then pays Rs.2,000 in cash and accepts a bill of exchange drawn on him for the balance together with Rs.50 as interest. This bill of exchange is for 2 months and on the due date the bill was honoured.

Draft journal entries in the books of all the parties.

20. On 01.04.2017 Arjun drew a three months bill on Sunitha for Rs.5000. Sunitha accepted the same. On the due date Sunitha approached Arjun to cancel original bill and to renew the bill for a period of one month for which Sunitha paid an interest Rs.200 and Arjun renewed the bill. On the due date the bill was met.

Pass necessary journal entries in the books of Arjun and Sunitha.

21. X Sold goods to Y for Rs.2,400 on 01.01.2017.He draws three bills of exchange on Y. The first bill for Rs.600 at 2 months, the second for Rs.1,000 at three months and the third for Rs.800 for 4 months. Y accepts all the bills.

The First bill is endorsed by X to M. The second and third bills are discounted in the bank for Rs.990 and Rs.785 respectively. The third bill is dishonoured and noting charges paid amounted to Rs.20 on 4th May 2017. A fresh bill was drawn on Y for Rs.840 (including interest Rs.20 for 3 months). The bill was honoured on the due date

Show the journal entries in the books of X and Y

PRACTICAL ORIENTED QUESTIONS :-

1. Prepare a specimen of bill of exchange.
2. Prepare a specimen of promissory note.

Chapter - 9

Financial Statements - I

Section-B: Short Answer Questions for Two Marks:-

1. What do you mean by Closing Entries ?
2. What is Capital Expenditure ?
3. Give two examples of Capital Expenditure.
4. Give the meaning of Gross Profit.
5. State two basic objectives of preparing Financial Statements ?
6. Why do you prepare Trading and Profit and loss Account ?
7. What do you mean by 'Cost of goods sold' ?
8. What is Capital Receipt ?
9. Give two examples of Capital Receipt.
10. What is revenue receipt ?
11. State any two distinction between capital receipts and revenue receipts.
12. State any two distinction between capital expenditure and revenue expenditure.
13. What do you mean by Revenue Expenditure ?
14. What is meant by Marshalling of Assets and Liabilities in the Balance Sheet.
15. State any two differences between Profit & Loss A/c and Balance Sheet.
16. What is Operating Profit ?
17. What is deferred revenue expenditure ?
18. What statements are mainly included in Financial Statements ?
19. Give two examples for deferred revenue expenditure.
20. Give two examples for revenue expenditure.

Section-C: Six Marks Questions/Short Problems:-

1. Compute cost of goods sold for the year 2016-17 with the help of the following information.

	Rs.
Stock on 1st April, 2015	3,00,000
Stock on 31st March, 2016	4,00,000
Purchases during the year	15,00,000
Sales during the year	20,00,000
Wages	1,20,000

- 2) From the following balances obtained from the records of Mr. Shankar, Prepare the Trading Account for the year ending 31st March 2016.

	Rs.
Opening Stock	2,00,000
Purchases for the year	20,00,000
Sales for the year	35,00,000
Carriage inwards	10,000
Closing stock is valued	5,00,000

- 3) From the following balances of Sri Narayan, prepare Trading Account for the year ended 31-3-2016.

	Rs.		Rs.
Cash purchases	10,000	Credit purchases	2,00,000

Cash sales	1,00,000	Credit Sales	2,20,000
Freight charges	10,000	Carriage inwards	2,000
Import duty	15,000	Stock on 31-3-2016	25,000
Stock 1.4.2015	30,000	Wages	5,000

- 4) Prepare a Trading Account of Naveen from the following information for the year ending March 31, 2016.

	Rs.		Rs.
Opening stock	1,30,000	Factory rent	40,000
Purchases	6,50,000	Dock & clearing charges	95,000
Sales	15,00,000	Freight	15,000
Coal, gas & water	20,000	Closing stock	50,000
Carriage inwards	25,000	Import duty	10,000

- 5) From the following information, calculate Gross Profit and Operating profit for the year ending 31st March 2016.

	Rs.
Opening Stock	1,00,000
Net Sales	24,00,000
Net Purchases	12,00,000
Direct expenses	1,20,000
Operating expenses	2,20,000
Closing Stock	1,40,000

- 6) From the following particulars, prepare a Profit and Loss A/c for the year ending 31st March 2016.

	Rs.		Rs.
Gross Profit	1,20,000	Salaries	20,000
Rents & Taxes	8,000	Insurance premium	2,000
Printing, Stationery & Postage	600	Advertisement	1,400
Office lighting	1,000	Depreciation on fixed asset	1,000
General expenses	600	Discount received	200

- 7) Prepare Profit & Loss A/c of Ramesh for the year ending 31st March 2016.

	Rs.		Rs.
Gross Profit	1,30,000	Salaries	45,000
Rent & taxes	3,000	Printing & Stationery	5,000
Insurance	1,000	Depreciation on fixed assets	6,000
Bad debts	1,500	Discount received	4,500
Audit fees	400	Rent received	1,500

- 8) Prepare a Profit and Loss A/c for the year ending 31-3-2016 of Srinivas.

	Rs.		Rs.
Gross Loss	8,000	Rent received	64,000
General expenses	2,000	Bad debts recovered	3,000

Repairs & renewals	1,000	Salaries	12,000
Audit fees	1,000	Discount allowed	2,000
Depreciation	6,000	Advertisement	4,000

9) Prepare a Balance Sheet of Mr. Narahari as on 31-3-2016.

	Rs.		Rs.
Capital	50,000	Drawings	10,000
Land & Building	20,000	Machinery	20,000
Furniture	10,000	Bills receivable	5,000
Cash in hand	5,000	Bank OD	6,000
Sundry creditors	10,000	Closing stock	11,000
Bank loan	10,000	Net Profit	5,000

10) Prepare a Balance sheet as on 31-3-2016 of Sunil.

	Rs.		Rs.
Capital	14,000	Loan from bank	4,000
Creditors	2,400	Cash in hand	600
Plant & Machinery	7,520	Sundry Debtors	6,700
Drawings	2,000	Closing stock	9,160
Net Profit	5,580	Bank OD	16,000
Loan from Shankar	4,000	Investments	20,000

PRACTICAL ORIENTED QUESTIONS :-

1. Prepare Trading A/c with five imaginary figures.
2. Prepare Balance Sheet with five imaginary figures.

Chapter - 10
Financial Statements

A. Section-A: One Mark Questions:

I: Fill in the blanks:-

1. Closing stock is valued at _____ price whichever is less.
2. Trading Account is prepared to ascertain _____
3. Profit and loss Account is disclosed _____ of the business.
4. Balance sheet shows _____ of the business enterprise.
5. Assets-Capital = _____ .
6. Decreasing in the value of fixed assets is called _____ .
7. Bad debts recovered is recorded in _____ Account.
8. Patent is a _____ Asset.
9. Profit on sale of fixed asset is known as _____ .
10. Provision for discount on debtors is calculated at a certain percentage on amount of _____ debtors.
11. The expenses paid which are related to the next year are called _____.
12. The expenses incurred but not paid upto the end of financial year are called as _____ .

II: Multiple Choice Questions:-

1. Closing stock is value of
a) Cost price b) Market price
c) Sales price d) Cost price or Market price whichever is lower
2. Opening Stock appearing in the trail Balance will be shown in
a) Trading account b) Profit and Loss account
c) Balance sheet d) Trading A/c and also in Balance sheet
3. Stock appearing outside the trail balance will be shown in
a) Trading account b) Balance sheet
c) Trading A/c and Balance Sheet d) Profit and Loss account
4. Liabilities have balance
a) Debit b) Credit
c) Either debit or credit d) No balance
5. Net Loss is of the business
a) A Liability b) An Asset
c) An Expense d) An extraordinary loss
6. Capital is the difference between
a) Income and Expenses b) Sales and cost of goods sold
c) Assets and liabilities d) none of the above
7. Interest on capital is for the business.
a) Revenue b) Expenses
c) Gain d) None of the above
8. Sales tax(GST) payable is a
a) Current asset b) Capital account
c) Expenses account d) Liability account

9. Where do you show the Bad debts given in the Trail Balance at the time of preparation of Financial Statements?
- a) Trading A/c b) Profit and Loss A/c
c) Balance Sheet d) None of the above
10. In which account do you show the depreciation given in the Trail Balance at the time of preparation of Financial Statements?
- a) Profit and Loss account b) Trading Account
c) Balance Sheet d) None of the above
11. Bank overdraft is shown as a
- a) Liability b) Contingent
c) Unsecured Loan d) Provision
12. Full claim accepted by Insurance Company on the Loss of goods by fire is credited to A/c
- a) Trading A/c b) Profit and Loss A/c
c) Insurance Company A/c d) None of the above
13. A surplus of revenue over its cost is known as of the business
- a) Capital b) Profit
c) Asset d) None of the above
14. Net profit is equal to ...
- a) Sales - cost of goods sold
b) Sales - closing stock + purchases
c) Opening stock + purchases - closing stock
d) Gross profit - Administrative and selling expenses
15. Which one show the financial results of the concern for a period
- a) Trading A/c b) Profit and Loss A/c
c) Balance Sheet d) None of the above
16. Which of the following is not an intangible asset?
- a) Account Receivable b) Trade mark
c) Franchise d) Good will

III: True or False:-

1. Prepaid expenses are assets of the business.
2. Unearned income is the liability of the business.
3. Accrued income or income due but not received are two different things.
4. Unearned income means income received in advance.
5. Outstanding expenses account is a liability account.
6. Provision for discount on debtor is created only on good debtors.
7. Bad debts are recoverable from the debtors.
8. Depreciation is the decline in the value of fixed assets due to wear and tear, passage of time etc.,
9. Interest on drawings is an expense for the business.
10. The statement of assets and liabilities is balance sheet.

11. Balance sheet discloses financial position of the business.
12. A person to whom the business owes is called Debtors.
13. Provision for discount on debtors can be estimated only after computing the provision for doubtful debts.
14. Balance sheet is a account.
15. Life insurance premium is treated as business expenses.

IV: Very Short Answer Questions:-

1. Give the meaning of adjustment?
2. State any one adjustment?
3. What is closing stock?
4. What is Outstanding expenses?
5. On which side of the balance sheet, Prepaid expenses are shown?
6. Give the meaning of prepaid expenses?
8. What is meant by an Accrued income?
9. What is meant by Interest on capital?
10. Give the meaning of Provision for doubtful debts?
11. Write the meaning of Provision for discount on debtors?
12. What is Bad debts?
13. What is unearned income (Income received in advance)?
14. How do you treat, Provision for discount on debtors given in adjustments while preparing Financial statements?
15. How will you treat accrued income given in adjustments while preparing financial statements?
16. What adjustment entry would you pass for depreciation?
17. How will you treat interest on capital in the financial statements?
18. Give the adjustment entry for interest on drawings?
19. How will you calculate commission payable to manager on profit before charging of such commission?
20. State any one example for Current Asset.

Section-D: Twelve Marks Problems.

1. From the following Trail Balance, prepare trading and profit and loss account for the year ending 31-3-2016 and the Balance Sheet as on that date.

Name of the Account	Debit (Rs)	Credit (RS)
Capital		30,000
Drawings	1,760	
Purchases and Sales	8,900	15,000
Stock (on 1-4-2015)	1,200	
Returns	280	450
Wages	800	
Buildings	22,000	
Freight charges	2,000	
Trade expenses	200	
Advertisement	240	
Interest		650
Taxes and Insurance	430	
Debtors and Creditors	6,500	1,200
Bills receivable and bills payable	1,500	700
Cash at bank	1,200	
Cash in hand	190	
Salaries	800	
Total	48,000	48,000

Adjustments:

1. Stock on 31-3-2016 was valued at Rs 10,000.
2. Insurance prepared to the extent of Rs 100.
3. Outstanding salaries Rs 200.
4. Depreciate buildings by 5%.
5. Provide PDD at 5% on debtors.

(Ans: Gross Profit Rs 12,270. Net Profit Rs 9,725. Balance Sheet Total Rs 40,065)

2. From the following Trail Balance, prepare financial statements for the year ended march 31st 2017.

Debit Balances	Rs.	Credit Balances	Rs.
Machinery	8,000	Capital	18,000
Cash at Bank	2,000	Sales	32,000
Cash in hand	1,000	Sundry Creditors	9,000
Wages	2,000	Commission received	600
Purchases	16,000		
Stock on 1-4-2016	12,000		
Sundry Debtors	8,800		
Bills Receivable	5,800		
Rent	900		
Legal expense	500		

General expenses	1,600		
Bad debts	1,000		
Total	59,600	Total	59,600

Adjustments:

1. Stock on 31-3-2017 Rs 16,000.
2. Depreciate machinery at 10%
3. Rent prepaid Rs 200.
4. Provide PDD at 5% on sundry debtors.
5. Commission received in advance Rs 400.

(Ans: Gross Profit Rs 18,000. Net Profit Rs 13,160. Balance Sheet Total Rs 40,560)

3. Prepare the Trading and Profit and Loss Account and a Balance Sheet of M/s Shine Ltd, from the following particulars.

Account Title	Rs	Account title	Rs
Sundry debtors	21,000	Bills Payables	18,000
Bad debts	2,000	Sundry Creditors	10,000
Printing and stationary	4,000	Return outwards	5,000
Freight	3,000	Capital	1,00,000
Sales returns	2,000	Sales	1,22,000
Motor car	20,000	Discount received	1,000
Opening stock	25,000	Interest received	8,000
Furniture and fixtures	15,000		
Purchases	75,000		
Drawings	10,000		
Cash in hand	7,000		
Investments	80,000		
Total	2,64,000		2,64,000

Adjustments:

1. Closing stock was valued at Rs 30,000.
2. Further bad debts Rs 1,000. Make a provision for bad debts at 5% on sundry.
3. Depreciate motor car by 10% and furniture and fixture by 5%.
4. Accrued interest on investments Rs 2,000.
5. Provide interest on capital at 5%.

(Ans: Gross Profit Rs 52,000. Net Profit Rs 47,250. Balance Sheet Total Rs 1,70,250)

4. The following balances have been extracted from the Trial Balance of M/s Kolkata Stores, Davanagere. You are required to prepare the Trading and Profit and Loss account for the year ended 31/3/2016 and prepare Balance Sheet on that date.

Debit balance	Rs.	Credit balance	Rs.
Opening stock	20,000	Capital	64,000
Furniture	10,000	Sales	1,10,000
Drawings on 1/4/2015	10,000	Bank overdraft	10,000
Purchases	95,000	Bad debts provision	5,000
Bad debts	2,000	Bills Payable	6,000
Carriage	5,000	Apprenticeship premium	2,000
Bank deposit	15,000		
Bank charges	1,000		
Coal, gas and water	8,000		
Trade expenses	4,000		
Rent, rates and taxes	7,000		
Debtors	20,000		
Total	1,97,000	Total	1,97,000

Adjustments:

1. Closing stock Rs 10000.
2. Further bad debts Rs 2000. New Provision at 5% on debtors and discount on debtors at 3%.
3. Interest on drawings at 6%.
4. Depreciate furniture at 10% .
5. Apprenticeship premium received in advance Rs 500.

(Ans: Gross Profit Rs 8,000. Net Loss Rs 19,673. Balance Sheet Total Rs 50,227)

5. The following were the balance extracted from the books of Ramesh Traders as on march 31st 2016.

Name of the accounts	Debit balance (Rs)	Credit balance (Rs)
Purchases and Sales	50,000	1,23,000
Returns	3,000	2,000
Debtors and Creditors	32,000	9,000
Fuel and power	8,000	
Carriage on purchases	2,000	
Carriage on sales	5,000	
Opening Stock	14,000	
Freehold Land	30,000	
Machinery	25,000	
Patents	15,000	
Drawings and capitals	12,000	95,000

Sundry and expenses	3,000	
Salaries	7,000	
Bills Receivable and Bills Payable	13,500	5,000
Repair and Renewals	14,500	
Total	2,34,000	2,34,000

Taking in to account the following adjustments prepare Trading and Profit and Loss Account and Balance Sheet on march 31st 2016.

1. Closing stock Rs 30,000.
2. o/s salaries Rs 500.
3. Interest on drawings at 6%.
4. Depreciate machinery at 10%.
5. Provide for the manager commission at 5% on net profit after charging such commission.

(Ans: Gross Profit Rs 78,000. Net Profit Rs 44,019. Balance Sheet Total Rs 1,43,000)

6. From the following Trial Balance of Shri Narendra, Prepare his Trading and Profit and Loss Account for the year ended 31st March 2017, and Balance Sheet as that date.

Name of the accounts	Debit (Rs)	Credit (Rs)
Opening stock	36,000	
Purchases and sales	204,000	3,26,000
Drawing and capital	24,000	1,25,000
Carriage outwards	8,000	
Bills Receivable and bills payable	18,000	20,000
Investments	10,000	
Salaries	38,000	
Wages	33,000	
Sundry debtors and creditors	40,000	50,000
Buildings	50,000	
Insurance and taxes	8,000	
Commission		7,000
Returns	6,000	4,000
Plant and machinery	60,000	
Cash and bank	17,000	
Bank over draft		20,000
Total	5,52,000	5,52,000

Adjustments:

1. Closing stock valued at Rs 52,000.
2. Outstanding Expenses: Interest on bank over draft Rs 1,000 and salary Rs 2,000.
3. Commission accrued Rs 1,000.
4. Depreciate plant and machinery by 10%.
5. Provide discount on debtors at 5%.

(Ans: Gross Profit Rs 1,03,000. Net Profit Rs 45,000. Balance Sheet Total Rs 2,39,000)

7. Prepare Financial Statements for the year ending March 31st 2016, from the Trail Balance and adjustments given below.

Trail balance as on 31-3-2016.

Name of accounts	Debit (Rs)	Credit (Rs)
Drawings and capital	5,000	30,000
Opening Stock	13,200	
Purchases and sales	40,000	60,000
Debtors and creditors	10,000	8,500
Salary	500	
Bad debits	300	
Printing and stationary	1,200	
Wages	1,000	
Postage	800	
Bills Receivables and Bills Payables	3,000	3,000
Furniture	7,500	
Cash in hand	1,500	
Bank overdraft		2,000
Machinery	18,000	
Commission received		1,500
Advertisement	3,000	
Total	1,05,000	1,05,000

Adjustments:

1. Closing stock Rs 10,300.
2. Depreciate machinery at 5% and furniture at 10%.
3. Create provision for doubtful debts at 5% on debtors and discount on debtors at 2%.
4. Interest on capital at 5%.
5. Provide for the manager commission at 10% on net profit before charging such commission.

(Ans: Gross Profit Rs 16,100. Net Profit Rs 7,164. Balance Sheet Total Rs 47,960)

8. From the following Trail Balance of Shri Krishna, prepare his Trading and Profit and Loss Account for the ended 31/12/2016 and Balance Sheet as on that date.

Name of the accounts	Debit (Rs)	Credit (Rs)
Commission received		3,000
Cash at bank	3,500	
Purchases and Sales	41,000	99,000
Returns	4,000	1,000

Wages	12,500	
Carriage inward	2,000	
Carriage on sales	3,500	
Opening stock	6,000	
Buildings	40,000	
Machinery	20,000	
Capital		60,000
Salary	15,000	
Sundry debtors and creditors	22,500	8,000
General expenses	3,000	
Insurance	2,000	
Rent received		5,000
Drawings	5,000	
Provision for doubtful debts		4,000
Total	1,80,000	1,80,000

Adjustments:

1. Outstanding salary for the month of December 2016, Rs 1,000.
2. Rent due but not received Rs 2,000.
3. Further bad debts Rs 1,000 and make for doubtful debts at 5% on debtors.
4. Stock was valued on 31/12/2016, Rs 7,000.
5. Depreciate machinery at 10% and building by 5%.

(Ans: Gross Profit Rs 41,500. Net Profit Rs 24,925, Balance Sheet Total 88,925)

- 9.** Prepare the Trading and Profit and Loss Account and Balance Sheet of the M/s Natural Device Bengaluru on march 31st, 2017 from the following balances as on that date.

Account Title	Debit (Rs)	Credit (Rs)
Drawings and Capital	19,530	67,500
Purchases and Sales	45,000	1,12,500
Salary and Commission	25,470	1,575
Wages	13,915	
Plant and Machinery	27,000	
Furniture	6,750	
Opening Stock	42,300	
Insurance premium	2,700	
Interest		7,425
Bank over draft		24,660
Carriage outwards	3,645	
Returns	2,385	1,440
Debtors and creditors	36,000	58,500
General expenses	6,925	
Octroi	530	
Investments	41,400	
Total	2,73,600	2,73,600

Adjustments:

1. Interest on capital at 10%.
2. Interest on drawings at 5%.
3. Outstanding Expenses were: Wages Rs 50. Salary Rs 20.
4. Make provision for doubtful debts on debtors at 5%.
5. Depreciate plant and machinery at 5%.

(Ans: Gross Profit Rs 29,700. Net Loss Rs 8,973. Balance Sheet Total 1,28,000)

10. Prepare the Trading and Profit and Loss Account and Balance Sheet of Naveen Traders, Raichur from the following particulars.

Trial balance as on 31/3/2017

Account Title	Debit (Rs)	Credit (Rs)
Sundry Debtors and Creditors	100,000	25,000
Bad debts	3,000	
Printing and Stationery	7,500	
Rent ,Rates and Taxes	3,450	
Freight	2,250	
Returns	6,000	4,500
Motor car	25,000	
Openings Stock	75,550	
Furniture	15,500	
Purchases and Sales	75,000	1,00,000
Drawings and Capital	13,560	2,50,000
Investments	65,500	
Cash at Bank	89,000	
Bills Payable		85,550
Provision for bad debts		1,500
Interest Received		11,260
Discount Received		3,500
Total	4,81,310	4,81,310

Adjustments:

1. Closing stock was valued Rs 35,000.
2. Depreciate furniture at 5% and motor car at 10%.
3. Further bad debts Rs 1,000 make a provision for bad debts at 2%.
4. Interest on drawing at 6%.
5. O/S Rent,Rate and Taxes Rs 200.

(Ans: Gross Profit Rs 17,050. Net Loss Rs 27,344. Balance Sheet Total Rs 3,19,032)

- 11.** From the following Trail Balance of a Trader, prepare Trading and Profit and Loss Account for the year ending 31/3/2017 and Balance Sheet as on that date.

Name of the Accounts	Debit (Rs)	Credit (Rs)
Capital		20,000
Drawings	1,700	
Machinery	12,000	
Scooter	2,600	
Debtors and Creditors	3,600	2,600
Purchases and Sales	2,000	4,200
Wages	800	
Cash	2,600	
Salaries	800	
Repairs	190	
Stock on 1/4/2016	1,600	
Rent	450	
Manufacturing Expenses	150	
Bills Payable		2,350
Bad debts	500	
Carriage on Sales	160	
Total	29,150	29,150

Adjustments :

1. Closing stock as on 31/3/2017 Rs 1,600.
2. Depreciate machinery by 10% and scooter by 15%.
3. Rs 150 are due for wages.
4. Paid rent Rs 50 in advance.

(Ans: Gross Profit Rs 1,100. Net Loss Rs 2,540 . Balance Sheet Total Rs 20,860)

- 12.** From the following Trial Balance of Mahesh as on 31/3/2017, prepare Financial Statements

Name of the accounts	Debit (Rs)	Credit (Rs)
Capital		1,20,000
Drawings	15,000	
Bills Receivable	22,000	
Machinery	20,000	
Debtors and Creditors	60,000	58,000
Wages	39,000	
Purchases and Sales	2,52,000	3,55,000

Commission		5,500
Rent and Taxes	6,000	
Stock on 1/4/2016	90,000	
Salaries	10,500	
Travelling expenses	2,000	
Insurance	600	
Repairs	3,400	
Bad debts	3,500	
Furniture	9,000	
Returns	5,000	2,000
Cash in Hand	500	
Cash at Bank	2,000	
Total	5,40,500	5,40,500

Adjustments:

1. Stock on hand on 31/3/2017 was Rs 1,00,000.
2. Create 5% provision on debtors.
3. Commission earned but not received Rs 500.
4. O/S wages 1000 Rs and salaries Rs 1,500 .
5. Depreciate machinery by 5% and furniture by 10%.

(Ans: Gross Profit Rs 70,000. Net Profit Rs 43,500. Balance Sheet Total 1,48,700)

13. From the following Trail Balance prepare a Trading, Profit and Loss Account and Balance Sheet after taking into account the adjustments given here under.

1. Stock as on 31/12/2016 was valued at Rs 18,400.
2. Write further bad debts Rs 300 and provision for doubtful debts at 5% on debtors.
3. Outstanding expenses were Rent Rs 200 and salaries Rs 500 .
4. Unexpired insurance amounted to Rs 400.
5. Depreciate plant and machinery by 5% and furniture and fittings by 10%.

Trail balance as at 31/12/2016.

Name of the Accounts	Debit (Rs)	Credit (Rs)
Drawings and Capital	9,000	40,000
10% investments	10,000	
Interest on Investment		900
Opening Stock	14,000	
Purchases and Sales	65,000	96,500
Carriage	1,400	
Return Inwards	1,500	
Sundry Debtors and Creditors	10,300	8,000
B/R and B/P	5,000	6,600
Salaries	7,000	

Wages	4,000	
Plant and Machinery	12,000	
Furniture and Fittings	4,000	
Trade expenses	700	
Rent, Taxes and Insurance	2,300	
Discount	200	
Cash in Hand	600	
Cash at Bank	4,600	
Bad debts	400	
Total	1,52,000	1,52,000

(Ans: Gross Profit Rs 29,000. Net Profit Rs 17,300. Balance Sheet Total Rs 63,600)

14. From the following Trail Balance of Sri Chandan Traders Mysore, prepare the Financial Statements for the year ending 31/12/2016.

Name of the Accounts	Debit (Rs)	Credit (Rs)
Capital		25,000
Drawings	2,500	
Land and Buildings	5,000	
Plant and Machinery	3,000	
Purchases and Sales	40,000	50,000
Returns	5,000	4,000
Stock on 1/1/2016	7,500	
Furniture	5,000	
Salaries	1,150	
Insurance	200	
Debtors and Creditors	7,600	5,500
B/R and B/P	2,400	2,000
Commission		300
Interest		100
Carriage Inwards	300	
Wages	1,200	
Investments	2,000	
Printing and Stationary	800	
Cash in Hand	3,250	
Total	86,900	86,900

Adjustments:

1. Closing stock was valued at Rs 13,000.
2. O/S Liabilities were: wages Rs 400 and salaries Rs 500.
3. Insurance was prepaid to the extent of Rs 50.
4. Depreciate land and building at 5% and plant and machinery at 10%.
5. Make provision for doubtful debts at 5% on debtors.

(Ans: Gross Profit Rs 12,600. Net Profit Rs 9,470. Balance Sheet Total Rs 40,370)

- 15.** From the following particulars of Ledger Balances of Sri Vignesh a retailer, Bagalkot for the year ending 31/12/2016 Prepare the Trading and Profit and Loss account and Balance Sheet as on that date.

Trail Balance as on 31/12/2016.

Name of the accounts	Debit (Rs)	Credit (Rs)
Capitals		30,000
Drawings	2,500	
Reserve		2,000
Sundry Debtors and Creditors	40,000	25,000
Purchases	75,000	
Sales		135,000
Stock on 1/1/2016	30,000	
Purchase Return		2,000
Sales Return	3,000	
Commission		1,000
Bills Payables		10,000
Salaries	7,500	
Advertisement	1,000	
Bad Debts	300	
Rent	800	
Land and Building	25,000	
Furniture	5,000	
Govt Securities	10,000	
Cash at Bank	4,900	
Total	2,05,000	2,05,000

Adjustments:

1. Stock on 31/12/2016 Rs 20,000.
2. Interest at 5% on Govt securities earned but not received
3. Depreciate land and building at 2% and furniture at 10%
4. O/S salaries Rs 500.
5. Make provision for doubtful debts at 2% on debtors.

(Ans: Gross Profit Rs 49,000. Net Profit Rs 38,600. Balance Sheet Total 1,03,600)

- 6] Which of the following represents the adjusted closing capital
- Opening capital + Drawings - Additional capital
 - Closing capital + Drawings - Additional capital
 - Opening capital + Additional capital - Drawings
 - Closing capital + Additional Capital - Drawings
- 7] Credit purchases during the year is ascertained by preparing :-
- Total Creditors A/c
 - Opening Debtors A/c
 - Cash A/c
 - Opening statement of affairs
- 8] Credit sales during the year is ascertained by preparing:-
- Cash Book
 - Statement of affairs
 - Total Debtors A/c
 - Total Creditors A/c
- 9] Accounts from incomplete records is generally followed by :
- Small business units
 - Non trading concerns
 - Large business units
 - None
- 10] Bad debts will be appeared in:
- Total Debtors A/c
 - Total Creditors A/c
 - Total Bills Receivable A/c
 - Total Bills Payable A/c

III: True or False:-

- Incomplete records are also known as Single entry system.
- Statement of Affairs & Balance Sheet both are the same.
- Statement of affairs is prepared to know the capital on a particular date.
- Incomplete records mechanism is unscientific method.
- Total Debtors Account is prepared to know the Credit Sales.
- Total Creditors Account is prepared to know Credit Purchases.
- Trial balance may be prepared under Accounts from Incomplete Records.
- There is no difference between Accounts from Incomplete Records and Double Entry System.
- Incomplete records mechanism is suitable for small traders.
- A company may be followed incomplete records mechanism as it is simple and suitable method.

IV: Very Short Answer Questions:-

- Give the meaning of Incomplete Records.
- State any one possible reason for keeping Incomplete Records.
- Mention any one distinction between Statement of Affairs and Balance Sheet.
- What is Statement of affairs?
- What is the necessity of preparing Statement of Affairs?
- Mention any one feature of accounts from Incomplete Records.
- What is Adjusted Closing Capital?
- Can a Joint Stock Company maintains its books under incomplete records?
- Is it possible to prepare Trial Balance in incomplete records mechanism?
- Which are the accounts usually maintained in accounts from incomplete records?

SECTION – B: Six Marks Questions/Short problems:-

1] From the following information, find out Closing Debtors.

	Rs
Debtors on 01/04/2016	20,000
Cash Received from Debtors	70,000
Discount allowed	5,000
Bad debts	2,000
Returns from customers	3,000
Credit sales	1,00,000

[Ans: Closing Debtors: Rs.40,000]

2] From the following information, find out opening Debtors.

	Rs
Cash received from debtors	50,000
Total sales	1,50,000
Cash sales	30,000
Discount allowed	8,000
Provision for Doubtful debts	2,500
Debtors as on 31/03/2017	80,000

[Ans: Opening Debtors: Rs.18,000]

3] Prepare Total Debtors Account and find out the missing figure.

	Rs
Debtors as on 01/01/2015	35,000
Debtors as on 31/12/2015	42,000
Returns inwards	2,000
Bad debts recovered	1,000
Cash received form Debtors	50,000
Bills receivable received from Debtors	20,000
Discount to customers	3,000

[Ans: Credit Sales: Rs.82,000]

4] From the following information, find out cash received from Debtors.

	Rs
Debtors as on 01/04/2015	17,000
Debtors as on 31/03/2016	25,500
Credit sales during the year	95,000
Bills accepted by customers	15,000
Sales returns	2,000
Bills receivable dishonored	3,000

[Ans: Cash received from Debtors: Rs.72,500]

5] From the following information, calculate the amount paid to Creditors :

	Rs
Sundry Creditors as on 01/04/2016	1,80,000
Discount earned	6,000
Returns outwards	7,000
Bills accepted	1,50,000
Credit purchases	2,00,000
Sundry Creditors as on 31/03/2017	1,90,000

[Ans: Amount paid to Creditors: Rs.27,000]

- 6] Prepare Total Creditors Account from the following information and Find out the missing figure.

	Rs
Creditors as an 01/04/2015	15,000
Total purchases	75,000
Cash purchases	3,000
Discount received	2,000
Cash paid to Creditors	50,000
Returns to suppliers	4,000
Creditors as on 31-03-2016	?

[Ans: Closing Creditors: Rs.31,000]

- 7] Prepare Total Creditors Account from the information given below and find out the missing figure.

	Rs
Credit purchases	25,000
Bills payable issued to Creditors	20,000
Cash paid to creditors	50,000
Returns outwards	750
Chaque issued to creditors	55,600
Creditors as on 31/12/2015	60,000
Creditors as on 01/01/2015	?

[Ans: Opening Creditors: 1,61,350]

- 8] Find out Credit Purchases from the following information by preparing the Total Creditors Account

	Rs
Creditors as on 01/04/2015	5,000
Creditors as on 31/03/2016	45,000
Cash paid to creditors	70,000
Returns to supplier	2,000
Bills accepted drawn by suppliers	25,000
Bills payable dishonored	4,000

[Ans: Credit purchases: Rs. 1,33,000]

- 9] From the following information, find out Bills Payable issued to Creditors

	Rs
Creditors as on 01/04/2016	17,000
Creditors as on 31/03/2017	23,000
Credit purchases	75,000
Returns to suppliers	1,500
Discount earned	2,500
Bills payable dishonored	3,500

[Ans: Bills Payable issued to Creditors: Rs.68,500]

- 10] Prepare Total Debtors Account to find out the Bills Receivable received from customers (Debtors)

	Rs
Debtors as on 01/01/2015	35,000
Debtors as on 31/12/2015	55,000
Credit sales	1,25,000
Bad debts	750
Allowance to customers	2,500
Bills Receivable dishonored	3,800
[Ans: Bills receivable received from Debtors: Rs.1,05,550]	

SECTION – D: Twelve Marks Problems:-

- 1] Mallikarjun, a retailer started his business on 01-04-2016 with Capital of Rs. 45,000. On 01-07-2016, he invested Rs.15,000 as Additional Capital. He used Rs. 18,000 for his personal use on 01-10-2016
His financial position as on 31-03-2017 was as under.

Particulars	Rs.
Stock of goods	26,000
Sundry Debtors	16,000
Furniture	6,000
Cash at Bank	6,000
Cash in hand	600
Bills Receivable	4,600
Plant and Machinery	20,000
Sundry Creditors	16,000
Loan from wife	6,000

Adjustments:-

- Depreciate Furniture by Rs. 600
- Allow Interest on Capital at 5% p. a.
- Rent Prepaid Rs.1,000
- Charge Interest on drawings at 6% p. a.

Prepare :- 1) Statement of Profit or Loss
2) Revised Statement of Affairs as on 31-03-2017.

[Ans:Closing Capital:Rs.57,200 Gross Profit:Rs.15,200 Net Profit:Rs.13,327 Revised Statement of affairs total:Rs.79,600]

- 2] Mr. Shenoy, a Sole Trader, keeps his books of accounts under incomplete records. He Commenced his Business on 01-04-2015 with a Capital of Rs.1,00,000. His Position as on 31-03-2016 was as under :

Particulars	Rs.
Cash in hand	15,000
Cash at Bank	20,000
Bills Receivable	13,000
Buildings	36,000
Sundry Debtors	30,000
Furniture(Purchased on 01-04-2015)	2,000
Bills Payable	3,500
Sundry Creditors	10,500
Investment	10,000

During the year, he transferred Rs.500 every month from business bank account to his personal S.B Account. He also used goods worth Rs. 1,250 for his domestic use. He sold his private land for Rs.10,000 and introduced the same into his business.

Adjustments:-

- 1) Appreciate Building by 10%
- 2) Depreciate Furniture by 5%
- 3) Write off Bad Debts Rs.1,000 and provide for Doubtful debts at 5% on Sundry Debtors.
- 4) Legal expenses due but not paid Rs.500

Ascertain his Profit or Loss for the year ending 31-03-2016 and also prepare Revised Statement of Affairs as on that date.

[Ans:Closing Capital:Rs.1,12,000 Gross Profit:Rs.9,250 Net Profit:Rs.9,800 Revised Statement of affairs total:Rs.1,27,050]

- 3) Manamohan Singh Keeps his books of accounts under incomplete records. His Position on 01-01-2015 was as under.

Liabilities	Rs.	Assets	Rs
Creditors	20,000	Cash in hand	1,400
Bills payable	6,000	Cash at Bank	6,600
Capital	1,60,000	Bills Receivable	10,400
		Sundry Debtors	19,600
		Stock	40,000
		Furniture	8,000
		Machinery	20,000
		Building	80,000
	1,86,000		1,86,000

His Position on 31-12-2015 was as follows:

Creditors	Rs. 16,000	Bills Payable	Rs.8,000
Cash in hand	Rs. 2,000	Bills Receivable	Rs.8,000
Debtors	Rs.28,000	Stock	Rs.36,000

His Drawings during the year was Rs.20,000. Furniture and Machinery are to be depreciated by 10% each. Buildings are to be appreciated by 20% Commission of Rs.1,000 was received in advance.

Ascertain the Profit or Loss for the year ending 31-12-2015 and also redraft the Statement of Affairs as on that date.

[Ans:Closing Capital:Rs.1,58,000 Gross Profit:Rs.18,000 Net Profit:Rs.30,200 Redrafted Statement of affairs total:Rs.1,95,200]

- 4) Mr. Aniket Kept his books under incomplete records. He provides you the following information.

Particulars	01-04-2015 Rs.	31-03-2016 Rs.
Cash	10,000	16,000
Bank Overdraft	20,000	14,000
Bills Receivable	16,000	20,000

Debtors	30,000	40,000
Stock	24,000	28,000
Furniture	20,000	20,000
Machinery	30,000	30,000
Bills Payable	6,000	10,000
Building	50,000	50,000
Creditors	14,000	16,000
Capital	1,40,000	?

During the year he has withdrawn Cash Rs. 13,000 and Goods worth Rs. 7,000 for his personal use. He has also introduced Rs.12,000 as an Additional Capital on 01-07-2015.

Adjustments:-

- 1) Appreciate Building by 20%
- 2) Provide for Bad and Doubtful Debts at 5% on Debtors
- 3) Allow interest on capital at 12% p.a.
- 4) Depreciate Machinery by Rs.3,000
- 5) Salary due but not paid Rs.1,000

Prepare :- 1) Statement of Affairs
 2) Statement of Profit or Loss
 3) Revised Statement of Affairs.

[Ans: Closing Capital:Rs.1,64,000 Gross Profit:Rs.32,000 Net Profit:Rs.18,120 Revised Statement of affairs total:Rs.2,09,000]

5] Mr. Akshaykumar keeps his books on incomplete records. He gives you the following information

Particulars	01/04/2015 Rs	31/03/2016 Rs
Cash in hand	1,000	1,500
Cash at bank	15,000	10,000
Stock	1,00,000	95,000
Debtors	42,500	70,000
Business Premises	75,000	1,35,000
Furniture	9,000	9,000
Creditors	66,000	87,000
Bills Payable	44,000	58,000

During the year he withdrew Rs. 45,000 for his personal use and introduced Rs. 25,000 as further capital in the business:

Adjustment :

- 1) Appreciate Business Premises by 20%
- 2) Depreciate Furniture by 10%
- 3) Outstanding Salary Rs. 1,000
- 4) Provision for Doubtful Debts at 10% on Debtors

Prepare : 1) Statement of Affairs
 2) Statement of Profit or Loss for the year ending 31/03/2016
 3) Revised Statement of Affairs as on 31/03/2016

[Ans: Opening Capital:Rs.1,32,500 Closing Capital:Rs.1,75,500 Gross Profit:Rs.63,000 Net Profit:Rs.81,100 Revised Statement of affairs total:Rs.3,39,600]

6] Govind does not keep proper books of accounts. Following information is given.

Particulars	01/01/2015 Rs	31/12/2015 Rs
Cash in hand	18,000	12,000
Cash at Bank	1,500	2,000
Stock in trade	80,000	90,000
Sundry Debtors	36,000	60,000
Sundry Creditors	60,000	40,000
Bank Loan	10,000	8,000
Office Equipment	25,000	30,000
Land & Building	30,000	30,000
Furniture	10,000	10,000

During the year he introduced Rs.20,000 as further capital and withdrew goods worth Rs. 2,000 and Cash Rs.10,000 from the business for his personal use.

Adjustments:

- 1] Appreciate Land & Buildings by 10%
- 2] Depreciate Furniture by 5%
- 3] Bad debts Rs. 5,000 and Provide 10% for bad and doubtful debts on Sundry Debtors.
- 4] Unexpired insurance amounted to Rs. 500

Prepare : 1] Statement of Profit or Loss for the year ending 31/12/2015.
2] Revised Statement of Affairs as on 31/12/2015.

[Ans: Opening Capital:Rs.1,30,500 Closing Capital:Rs.1,86,000 Gross Loss:Rs.12,500 Net Loss:Rs.20,000 Revised Statement of affairs total:Rs.2,26,500]

7] Krishnakant has not kept proper books of accounts. From the following information, prepare the Statement of Profit or Loss for the year ending 31st December 2016 and Revised Statement of Affairs as on that date.

Particulars	01/01/2016 Rs	31/12/2016 Rs
Cash in hand	10,000	36,000
Debtors	20,000	80,000
Creditors	10,000	46,000
Bills Receivable	20,000	24,000
Bills Payable	4,000	42,000
Motor Car (01/07/2016)	-	80,000
Stock	40,000	30,000
Furniture	8,000	48,000
Investments	40,000	50,000
Cash at Bank	1,00,000	90,000

During the year, he withdrew Cash Rs.5,000 per month for his private use and he sold his Private Car for Rs.30,000 on 30/06/2016 and invested the same into the business on 30/09/2016.

Adjustments:-

- 1] Depreciate Motor Car at 5% p.a. and Furniture at 10% p.a.
Additional Furnitures were purchased on 01/01/2016
- 2] Outstanding Rent Rs. 6,000
- 3] Write off Bad Debts Rs.3,000
- 4] Interest on Investments accrued Rs.4,000

[Ans: Opening Capital:Rs.2,24,000 Closing Capital:Rs.3,50,000 Gross Profit:Rs.1,56,000 Net Profit:Rs.1,44,200 Revised Statement of affairs total:Rs.4,32,200]

8] M/s Sonia does not kept proper records. From the following information, prepare Statement of Profit on Loss f.y.e. 31/03/2016 and also prepare the Revised Statement of Affairs as on that date.

Particulars	01/04/2015 Rs	31/03/2016 Rs
Cash in hand	6,000	24,000
Bank overdraft	30,000	-
Stock	50,000	80,000
Sundry Creditors	26,000	40,000
Sundry Debtors	60,000	1,40,000
Bills Payable	6,000	12,000
Furniture	40,000	40,000
Bills Receivable	8,000	28,000
Machinery	50,000	50,000
Investment	30,000	80,000

She withdrew Rs. 10,000 for personal use and introduced fresh capital during the year Rs. 2,00,000

Adjustments :

- 1] Bad debts Rs. 2,000 and 5% provision for doubtful debts is to be provided on Sundry Debtors.
- 2] Outstanding Salary Rs. 2,400
- 3] Interest on investment earned but not received Rs. 8,000
- 4] Depreciate Furniture & Machinery at 10% p.a. each

[Ans: Opening Capital:Rs.1,82,000 Closing Capital:Rs.3,90,000 Gross Profit:Rs.18,000 Net Loss:Rs.300 Revised Statement of affairs total:Rs.4,26,100]

9] Manu Keeps his books under incomplete records. He provides you the following information.

Particulars	01-01-2015 Rs.	31-12-2015 Rs.
Cash at Bank	6,000	8,000
Bills Receivable	3,000	4,000
Bills Payable	-	2,000
Debtors	20,000	25,500
Creditors	16,000	20,000
Furniture	10,000	10,000
Investments	-	4,000
Building	50,000	50,000
Stock	14,000	16,000
Motor Car (30.6.2015)	-	30,000

During the year Manu withdrew Rs. 5,000 for his personal use. He also paid Rs.2,000 as medical expenses for his son and introduced additional capital of Rs. 8,000.

Adjustments :-

- a) Depreciate Furniture and Motor Car at 10% p.a. each
- b) Appreciate Buildings by 20%
- c) Out of the Debtors, Rs. 500 is irrecoverable and provide PBD at 5% on Debtors
- d) Rent due but not paid Rs. 100

Prepare :- 1) Statement of Profit or Loss
2) Adjusted Statement of Affairs.

**[Ans: Opening Capital:Rs.87,000 Closing Capital:Rs.1,25,500
Gross Profit:Rs.37,500 Net Profit:Rs.43,150 Revised Statement of affairs total:Rs.1,53,250]**

10] Shri Shivaraj does not kept his books under Double Entry System. Following information is available from his records.

Particulars	01-04-2015 Rs.	31-03-2016 Rs.
Cash	8,000	20,000
Bills Receivable	10,000	-
Debtors	20,000	30,000
Stock	25,000	28,000
Creditors	15,000	16,000
Bills Payable	5,000	6,000
Furniture	12,000	12,000
Bank Overdraft	6,000	8,000

During the year Shivaraj withdrew Rs.500 per month from his business for his private use and also used goods worth Rs. 1,000 for his household purpose. He had brought in Rs.5,000 as extra Capital during the year.

Adjustments :-

- 1) Furniture is to be depreciated by 10%
- 2) Provide Interest on Capital at 5% on Opening Capital
- 3) PBD is to be created at 5% on Debtors
- 4) Commission Receivable Rs. 1,200

Prepare :- 1) Statement of Profit or Loss for the year
2) Redraft the Statement of Affairs as on 31-03-2016.

[Ans: Opening Capital:Rs.49,000 Closing Capital:Rs.60,000 Gross Profit:Rs.13,000 Net Profit:Rs.9,050 Revised Statement of affairs total:Rs.88,500]

SECTION – E: Practical Oriented Questions for Five Marks:-

- 1) Prepare Opening Statement of Affairs with five imaginary figures.
- 2) Prepare Closing Statement of Affairs with five imaginary figures.

6. Computers do not play important role in:
- | | |
|-----------------------------------|------------------------|
| a) Recording business transaction | b) Pay roll accounting |
| c) Locating thefts of cash | d) Production control |
7. Which of the following is not a basic function of accounting information system?
- | | |
|--------------------------|----------------------|
| a) Software preparation | b) Data manipulation |
| c) Documents preparation | d) Data gathering |

III: True or False:-

1. Computer processes raw data and converts it into meaningful information.
2. Like human beings, a computer can feel tiredness and lack of concentration.
3. Computer systems are widely accepted due to their exceptional reliability.
4. Computers maintain the record of personal life of an employee in payroll accounting.
5. Control unit performs the calculations at high speed.
6. The different softwares are used for performing similar works.

IV: Very Short Answer Questions:-

1. State any one element of computer.
2. Write any one type of software.
3. Write any one components of computer.
4. Name any one feature of computer system.
5. Expand CPU.
6. Expand TPS.
7. Expand PIN.
8. Expand MIS.
9. Expand AIS.
10. State any one feature of computerised accounting system.
11. Write any one type of MIS report.

Section- B: Short Answer Questions for Two Marks:-

1. Give the meaning of computer.
2. State any two elements of computer.
3. State any two types of software.
4. State any two units of CPU.
5. State any two capabilities of computer system.
6. Write any two limitations of computer system.
7. Write any two features of computerised accounting system.
8. What is Management Information System (MIS)?
9. What is Accounting Information System (AIS)?
10. What do you mean by report?
11. State any two essential features of an accounting report.
12. State any two MIS reports.

Chapter - 13

Computerised Accounting System

Section-A: One Mark Questions:

I: Fill in the blanks:-

1. Accounting softwares can be categorised into ready-to-use, tailor made and _____ softwares.
2. Cost of development, installation and maintenance is high in case of _____ accounting software.
3. Database is implemented by using_____.
4. An integrated set of objects that constitute the _____.
5. Ready-to-use accounting software is suited to organizations running _____ business.
6. The accounting software is generally tailored in _____ Organisations.

II: Multiple Choice Questions:-

1. Which of the following is not an advantage of computerised accounting?
a) Speed b) Storage capability
c) Lesser cost d) Versatility
2. Which one of the following is not a drawback of computerised accounting?
a) Loss of data b) Fraud and embezzlement
c) Less costly d) Regular training
3. Which one of the following is not an advantage of readymade software?
a) More reliable b) Economical
c) Ready to use features d) Easy to install
4. Which one of the following is not a disadvantage of tailor made software?
a) Higher development cost
b) Complex interface
c) Dependence on specialised persons
d) Lesser flexibility

III: True or False:-

1. The data content of financial transactions is stored in well designed database in computerised accounting.
2. Computerised accounting system offer on-line facility to store and process transaction data.
3. In manual accounting, concurrent posting in the ledger is not possible.
4. In computerised accounting, the possibility of loss of data is quite remote.

5. Many irrelevant accounting heads are available to the users in ready-to-use softwares.
6. The development and maintenance cost is comparatively less in tailor made accounting softwares.

IV: Very Short Answer Questions:-

1. State any one advantage of computerised accounting system.
2. Write any one limitation of computerised accounting system.
3. State any one accounting packages.
4. Write any one advantages of ready-to-use accounting software.
5. Write any one limitation of ready-to-use accounting software.
6. Write any one advantages of customised accounting software.
7. Write any one limitation of customised accounting software.
8. Write any one advantages of tailored accounting software.
9. Write any one limitation of tailored accounting software.

Section- C: Six Marks Questions:-

1. Distinguish between a manual and computerised accounting system.
2. Explain any six advantages of computerised accounting system.
3. Explain any six limitations of computerised accounting system.
4. Explain any three advantages and three limitations of computerised accounting system.
5. Briefly explain various types of accounting software along with one advantages and one limitations.
6. Write any six differences between ready-to-use and tailored accounting software.
7. Briefly explain any six list of generic consideration before sourcing an accounting software.

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Model Question Paper – I(Revised)
Subject Code: 30 (NS)

ACCOUNTANCY (English Version)
Class: First P.U.C

Time: 3Hours 15 Minutes

Max. Marks: 100

Instructions:

1. All sub-questions of Section-A should be answered continuously at one place.
2. Provide Working Notes wherever necessary.
3. 15 Minutes of Extra Time have been allotted for the candidates to read the questions.
4. Figures in the right hand margin indicate full marks.

SECTION-A

I. Answer **any eight** questions. Each question carries **one** mark. **(8X1=8)**

1. Accounting begins with the identification of transactions and ends with the preparation of _____ Statements.
2. A concept that a business enterprise will not be sold or liquidated in the near future is known as:
 - a) Going Concern.
 - b) Economic Entity.
 - c) Monetary Unit.
 - d) None of the above.
3. The process of recording transactions in Journal is called _____
4. Ledger records transactions in _____.
 - a) Chronological order.
 - b) Analytical order.
 - c) Both a and b above.
 - d) None of the above.
5. Trial Balance is a Statement. (State True or False)
6. A bill is drawn on 1/04/2017 for 3 months. Find out the date of Maturity.
7. How do you treat interest on capital while preparing Profit and Loss Account?
8. Why the Statement of Affairs is prepared?
9. Expand AIS.
10. Give an example for Accounting Software.

SECTION –B

II. Answer **any five** questions. **Each** question carries **two** marks. (5X2=10)

11. Define Accounting.
12. What is Double Entry System?
13. State the Rules of Debit and Credit of Assets Account.
14. Why the Bank Reconciliation Statement is prepared?
15. Purchase of Machinery for 25,000 has been entered in the Purchases Book. Give the Rectifying Entry.
16. Name any two types of 'Provisions'.
17. Give an example for Closing Entry.
18. What are the functional components of Computer System?

SECTION –C

III. Answer **any four** questions. **Each** question carries **six** marks. (4X6=24)

19. **Classify** the following Accounts into Assets, Liabilities, Capital, Revenue/Gains & Expenses/Losses:

a	Cash A/c	b	Purchases A/c
c	Drawings A/c	d	Computer A/c
e	Buildings A/c	f	Salary A/c
g	Interest on Investments A/c	h	Sales A/c
i	Outstanding Salary A/c	j	Creditors A/c
k	Purchases Return A/c	l	Bills Receivable A/c

20. Enter the following transactions in an **Analytical Petty Cash Book**:

Date	Transaction	Amount
01/03/2017	Received Cash from Main Cashier	500
05/03/2017	Paid for postage	120
10/03/2017	Taxi hire charges paid	70
17/03/2017	Purchased Stationery	110
24/03/2017	Paid for printing	150

21. From the following transactions, prepare **Purchases Book**:

Date	Transaction	Amount
01/02/2017	Bought goods from Gagan	7,500
05/02/2017	Purchased goods from Vinay	3,000
17/02/2017	Bought goods from Naveen	2,000
21/02/2017	Pavan supplied goods to us	5,000
26/02/2017	Purchased buildings from Arjun	10,000

22. From the following ledger balances, prepare the **Trial Balance** as on 31/03/2017:

Ledger Accounts	Amount	Ledger Accounts	Amount
Cash A/c	45,000	Sales A/c	70,000
Purchases A/c	62,500	Wages A/c	15,000
Bank Loan A/c	17,500	Rent received A/c	2,500
Furniture A/c	22,500	Salary A/c	6,000
Capital A/c	75,000	Advertisement A/c	14,000

23. Compute **cost of goods sold** for the year 2017:

Particulars	Amount (Rs.)
Sales	2,00,000
Purchases	1,50,000
Wages	10,000
Stock on 01/04/2016	30,000
Stock on 31/03/2017	40,000
Carriage inwards	10,000

24. Find out the Credit Sales by preparing **Total Debtors A/c**:

Particulars	Amount (Rs.)
Opening Debtors	40,000
Closing Debtors	50,000
Cash received from Debtors	2,00,000
Discount allowed	2,000
Sales returns	8,000

25. **Distinguish** between Manual Accounting System & Computerized Accounting System.

SECTION-D

IV. Answer **any four** questions. Each question carries **twelve** marks. (4X12=48)

26. **Journalise** the following transactions in the books of Shri Ganesh:

Date	Transactions	Amount
2017 April 01	Started business with cash	80,000
April 03	Opened Bank A/c with SBI	20,000
April 06	Cash Purchases	10,000
April 09	Sold goods to Mohan	20,000
April 12	Goods returned from Mohan	2,000
April 15	Cash received from Mohan in full settlement of his account	17,500
April 18	Received commission	1,000
April 20	Drew from Bank for personal use	2,500
April 25	Paid rent by cheque	4,000
April 28	Purchased furniture from Manohar	8,000
April 30	Paid for salary	6,000

27. From the following transactions, prepare **Double Column Cash Book**.

Date	Transactions	Amount
2017 July 01	Cash in hand	27,500
	Cash at bank	15,000
July 03	Purchased goods for cash	3,000
July 05	Received cheque from Anand	8,000
July 08	Sold goods for cash	6,000
July 10	Anand's cheque deposited into Bank	-----
July 12	Paid for carriage	1,000
July 18	Drew cash from Bank for office use	2,000
July 24	Received commission by cheque	5,000
July 28	Withdrew cash for personal use	1,000
July 30	Paid rent	2,000

28. From the following information, prepare Bank Reconciliation Statement:

Sl.No	Particulars	Amount
1.	Bank Balance as per Pass Book.	42,000
2.	Cheques paid into Bank, but not credited in Pass book.	3,800
3.	Cheques issued , but not presented for payment.	4,500
4.	Interest on Investments collected by Bank and credited in Pass Book.	2,500
5.	Bank charges debited in Pass Book.	200
6.	Direct deposit made by a customer to our Bank A/c appeared only in Pass Book.	6,000

29. On 01/04/2013, Santosh Company Ltd. purchased a Plant costing Rs.85,000 and spent Rs.15,000 for its erection. On 31/03/2015,the Plant was sold Rs.75,000. On 01/04/2015,a new Plant was purchased for Rs.50, 000.Thefirm charges depreciation @ 10% PA under Straight Line Method. Accounts are closed on 31st March every year.

Prepare : 1. Plant A/c and
2. Depreciation A/c for first 4 years.

30. On 01/04/2017, Prakash drew a Bill on Suresh for Rs.50,000 payable after 3 months .Suresh accepted the Bill and returned it to Prakash. On the same date, Prakash endorsed the Bill to Ramesh. On the above date, the Bill is discounted by Ramesh @ 12% pa. On the due date the Bill is honoured.

Pass the **Journal Entries** in the books of Prakash, Suresh and Ramesh.

31. From the following ledger balances and adjustments, prepare **Trading A/c, Profit and Loss A/c and Balance Sheet.**

Trial Balance as on 31/03/2017

Sl.No.	Name of Accounts	Debit (Rs)	Credit (Rs)
1	Opening Stock	20,000	-----
2	Purchases & Sales	80,000	1,60,000
3	Returns	400	1,200
4	Wages	12,000	-----
5	Salary	9,000	-----
6	Miscellaneous Income	-----	12,000
7	Rent	-----	6,000
8	Drawings and Capital	4,000	80,000
9	Debtors and Creditors	12,000	14,000
10	Cash	6,000	-----
11	Investments	20,000	-----
12	Buildings	86,000	-----
13	Furniture	23,800	-----
	Total	2,73,200	2,73,200

Adjustments:

- 1] Closing Stock was valued at Rs. 4,000.
- 2] Depreciate furniture by 10 % pa. and building by 15% pa.
- 3] Bad Debts written off Rs.500.
- 4] Salary Outstanding Rs.1,000

32. Anand keeps his books under Single Entry System .From the following information, prepare Statement of Profit and Loss and Revised Statement of Affairs as on 31/03/2017.

Assets and Liabilities	01.04.2016 (Rs.)	31.03.2017 (Rs.)
Cash at Bank	8,000	10,000
Sundry Debtors	25,000	30,000
Machinery	20,000	20,000
Sundry Creditors	17,000	13,000
Furniture	10,000	10,000
Stock	18,000	28,000
Investments	-----	15,000
Bills Payable	3,000	4,000
Bills Receivable	15,000	12,000

During the year, Anand withdrew Rs.10,000 for his personal use and introduced a further capital of Rs.7,500.

Adjustments:

- 1] Depreciate Machinery by 10% pa & Furniture by 12% pa.
- 2] Provide for Bad and Doubtful Debts @5% on Sundry Debtors
- 3] Prepaid Insurance Rs.500.
- 4] Legal Expenses due but not paid Rs.1,000.

SECTION-E

(Practical Oriented Questions)

Answer any two questions. Each question carries five marks. (2X5=10)

33. Write the Accounting Equation for each item and find the missing figure.

Sl.No.	Assets(Rs.)	Liabilities (Rs.)	Capital (Rs.)
a.	1,00,000	60,000	?
b.	90,000	?	45,000
c.	?	24,000	56,000

34. Prepare **Machinery A/c** for two years with imaginary figures under written Down Value method.

35. Prepare a **Specimen of Promissory Note**.

Model Question Paper-II

Subject Code: 30 (NS)

ACCOUNTANCY (English Version)

Class: First P.U.C

Time: 3Hours 15 Minutes

Max. Marks: 100

Instructions:

1. All sub-questions of Section-A should be answered continuously at one place.
2. Provide Working Notes wherever necessary.
3. 15 Minutes of Extra Time have been allotted for the candidates to read the questions.
4. Figures in the right hand margin indicate full marks.

SECTION-A

I. Answer **any eight** questions. Each question carries **one** mark. **(8X1=8)**

1. Recording is made in a _____ order.
2. A business is a separate entity from its owners for accounting.
(State true or false)
3. What is Journal?
4. What is balancing of an account?
5. What do you mean by Compensating error?
6. Bills of Exchange are covered under:
(a) Indian Contract Act, 1872.
(b) Negotiable Instrument Act, 1881.
(c) Sale of Goods Act, 1930.
(d) Companies Act, 1956.
7. Closing stock is valued at.....
(a) Cost price
(b) Market price
(c) Sales price
(d) Cost price or Market price whichever is less

8. Incomplete records are popularly known as _____ Entry System.
9. Expand CPU.
10. State any one accounting package.

SECTION –B

II. Answer **any five** questions. **Each** question carries **two** marks. **(5X2=10)**

11. State any two users of accounting.
12. What do you mean by accounting concepts?
13. Mention any two features of Ledger.
14. What is Bank reconciliation statement?
15. State any two methods of preparing Trial Balance.
16. Machinery Purchased for Rs.12,000 has a estimated life of 10 years and the scrap value is Rs.2,000. Find out the annual depreciation if Straight Line method is adopted.
17. State any two objectives of preparing financial statements.
18. State any two elements of computer.

SECTION –C

III. Answer **any four** questions. **Each** question carries **six** marks. **(4X6=24)**

19. Prepare accounting equation from the following.

	Rs.
(a)Ramesh started business with cash	2,50,000
(b)He purchased Furniture for cash	35,000
(c)He paid commission	2,000
(d)He purchased goods on credit	40,000
(e) He sold goods (costing Rs.20,000)for cash	26,000
(f)He paid Salary to workers	2,000

20. Enter the following transactions in an **Analytical Petty Cash Book** under imprest system:

Date	Transaction	Amount
2015 Jan 01	Received Cheque from Cashier	500
08	Paid for postage	100
12	Wages paid	150
19	Stationery Purchased	75
20	Cartage paid	25

21. Enter the following transactions in the sales book.

2016

Sept.01. Sold to Arun and co. 20 bags of rice @ Rs.5,000/- per bag.

Sept.10. Mohan bought from us 10 bags of sugar of Rs. 3,000/- per bag at 5% Trade discount.

Sept.15. Sold to Raju 2 bags of wheat at Rs.2,000/ per bag for cash.

Sept.20. Sold to Bombay refreshments 5 bags of wheat flour at Rs. 700/ per bag at 10% discount.

Sept.25. Rahul bought from us 8 kg. Tea powder at Rs. 800/ per kg.

22. Rectify the following errors.

- a) An amount of Rs.1,000 spent on repairs to machinery has been debited to machinery account.
- b) An amount of Rs.2,000 withdrawn by the proprietor has been debited to office expenses account.
- c) A sum of Rs.3,000 received from Radha has been credited to Sudha.
- d) An amount paid towards salary of Rs.4,000 has been debited to Rent account.
- e) Extension to building Rs.50,000 has been debited to repairs account.
- f) Furniture purchased for Rs. 10,000 has been debited to Purchases account.

23. From the following particulars, Prepare Trading A/c of Amitab Traders for the year ending 31st March, 2015

Particulars	Amount(Rs.)
Stock as on 01-04-2014	10,000
Sales during the year	75,000
Purchases	70,000
Wages paid	5,000
Closing stock on 31-03-2015	25,000

24. From the following information, find out cash received from Debtors.

	Rs
Debtors as on 01/04/2015	17,000
Debtors as on 31/03/2016	25,500
Credit sales during the year	95,000
Bills accepted by customers	15,000
Sales returns	2,000

25. Explain any six advantages of computerized accounting system.

SECTION-D

IV. Answer any four questions. Each question carries twelve marks. (4X12=48)

26. Journalise the following transactions in the books of Shri Bharat:

Date	Transactions	Amount
2016 Sept 01	Started business with cash	50,000
Sept 03	Opened an account in Canara Bank	10,000
Sept 06	Cash purchases	20,000
Sept 08	Bought goods from Radhakrishna	25,000
Sept 10	Sold goods for cash	30,000
Sept 15	Sold goods to Bhavana on credit	23,000
Sept 18	Cash Paid to Radhakrishna on account	15,000
Sept 25	Received cheque from Bhavana in full settlement of her account	22,500
Sept 26	Paid rent by cheque	2,000
Sept 28	Interest credited to our account at Canara Bank	300
Sept 30	Paid salary	3,000

27. Enter the following transactions in Double Column Cash Book of M/s Ambica Traders for the month of July, 2016

Date	Transactions	Amount
2017 July 01	Commenced business with cash	50,000
July 03	Opened bank account with SBI	30,000
July 05	Purchased goods for Cash	10,000
July 10	Purchased office furniture by cheque	8,000
July 15	Sold goods to Rohan and received a crossed cheque	7,000
July 18	Cash Sales	10,000
July 23	Paid Cartage	500
July 25	Cash withdrawn from bank for personal use	2,000
July 30	Cash withdrew from bank for office use	1,000
July 31	Received commission	3,000

28. From the following particulars, prepare **Bank Reconciliation Statement** as on 31-03-2017

Sl.No	Particulars	Amount
1.	Bank Balance as per Cash Book.	50,000
2.	Cheques issued prior to 31-03-2017, but not presented for payment	6,000
3.	Cheques paid into bank, but collected and credited by the bank on 6 th April, 2017	10,000
4.	Bank had directly collected the dividend and credited to bank account	8,000
5.	Bank charges debited in Pass book	500
6.	Insurance premium paid by the banker as per standing instruction	1,000

29. On 01/04/2013, Tata Co. Ltd., purchased a Machinery-A costing Rs.1,00,000. On 30/09/2015, the Machinery-A was sold for Rs.80,000. On same date a new Machinery-B was purchased for Rs. 50,000. The firm charges depreciation @ 10% p.a under **Diminishing Balance Method**. Accounts are closed on 31st March every year.
Prepare : 1. Machinery A/c and
2. Depreciation A/c for first 4 years.
30. Anand sold goods to Sadanand on credit Rs.30,000. and drew a 3 months bill on Sadanand. And he accepted the Bill and returned it to Anand. On the same day, the bill was endorsed to Swami. On the due date, the Bill was dishonoured and the noting charges paid by Swami Rs.200.
Pass the necessary Journal Entries in the books of Anand, Sadanand and Swami.
31. From the following Trial balance, Prepare Trading and Profit and Loss account for the year ending 31-03-2017 and Balance Sheet as on that date.

Trial Balance as on 31/03/2017

Sl.No.	Name of Accounts	Debit(Rs)	Credit(Rs)
1	Capital	-	60,000
2	Drawings	3,520	-
3	Purchases and Sales	17,800	30,000
4	Stock on 01-04-2016	2,400	-

5	Returns	560	900
6	Wages	1,600	-
7	Buildings	44,000	-
8	Freight charges	4,000	-
9	Trade expenses	400	-
10	Advertisements	480	-
11	Interest	-	1,300
12	Taxes and Insurance	860	-
13	Debtors and Creditors	13,000	2,400
14	Bills receivable and Bills Payable	3,000	1,400
15	Cash at Bank	2,400	-
16	Cash in hand	380	-
17	Salaries	1,600	-
	Total	96,000	96,000

Adjustments:

1. Closing Stock was valued at Rs. 20,000
2. Insurance prepaid to the extent of Rs.200.
3. Outstanding salary Rs.400.
4. Depreciate Building by 5%.
5. Provide P.D.D at 5% on Debtors.

32. Mr. Aniket kept his books under incomplete records. He provides you the following information.

Particulars	01-04-2015 Rs.	31-03-2016 Rs.
Cash	10,000	16,000
Bank Overdraft	20,000	14,000
Bills Receivable	16,000	20,000
Debtors	30,000	40,000
Stock	24,000	28,000
Furniture	20,000	20,000
Machinery	30,000	30,000
Bills Payable	6,000	10,000
Building	50,000	50,000
Creditors	14,000	16,000
Capital	1,40,000	?

During the year he withdrew Cash Rs. 13,000 and goods worth Rs. 7,000 for his personal use. He has also introduced Rs.12,000 as an additional capital on 01-07-2015.

Adjustments:-

1. Appreciate Building by 20%
2. Provide for Bad and Doubtful debts at 5% on Debtors
3. Allow interest on capital at 12% p.a.
4. Depreciate Machinery by Rs.3,000
5. Salary due but not paid Rs.1,000

Prepare :- 1) Statement of Affairs
2) Statement of Profit or Loss
3) Revised Statement of Affairs.

SECTION-E

(Practical Oriented Questions)

V. Answer **any two** questions. **Each** question carries **five** marks. **(2X5=10)**

33. Draw a diagram of accounting process.
34. Prepare a Trial Balance with 10 imaginary figures
35. Draw a Block diagram of main components of Computer.

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