
	INDIAN SCHOOL DARSAIT		
	ANSWER KEY OF FIRST TERM EXAMINATION- Oct. 2017		
	ACCOUNTANCY (055)		
Resource Person: SAJU JOSEPH PGT- COMMERCE			
Class: XI		Max.Marks:90	
Date: 01-10-2017		Time: 3Hours	
<u>General Instructions:</u>			
(i) All Questions are compulsory.			

1. “Accounting is the art of recording, classifying and summarizing in a significant manner and in terms of money, transactions and events which are, in part at least, of financial character, and interpreting the result thereof.”

OR

“Accounting is the process of identifying, measuring and communicating economic information to permit informed judgments and decisions by users of information”

OR

“Accounting is the science of recording and classifying business transactions and events, primarily of financial character, and the art of making significant summaries, analysis and interpretations of those transactions and events and communicating the results to persons who must make decisions or form judgments”

2. IFRS- International Financial reporting Standards are set of accounting standards developed by the International Accounting Standards Board (IASB). They are principles-based accounting standards.

3. Cash in hand, cash at bank, stock, inventory, Bills Receivable, Debtors, Prepayments, marketable securities, short term investments, Trade receivables etc. (any two)

4. The system of accounting that records both the debit and credit aspects of a transactions is called double entry system.

5. Owners, shareholders, partners, management, Board of Directors, employees etc. (any two)

6. “Do not anticipate profit, but provide for all possible losses”; Accounting statements- T&P&L account and Balance sheet should not be overstated or understated; It should

present a real picture. eg. Provision for B/D; Closing stock is valued at lower of cost price and net realizable value.

7. Business entity concept or separate entity concept; Owner(s) of the business is separate from business, owners private transactions are not recorded in the books of accounts of business, Capital invested by owner is therefore an obligation for the business to repay; Hence it is an internal liability for the business.

8. Going concern; Business has no intention to be closed in the foreseeable future time; it is intended to be continued.

9. Transactions that involve both cash and bank are recorded in the debit and credit sides of a cash book, they are increase or decrease of cash and bank each other; eg. Cash deposit to bank, cash withdrawal from bank. They are contra entries.

10. Only the transactions or events that can be measured in terms of money are recorded in the books of accounts. E.g, purchase of goods for Rs. 5,000; sale of goods for Rs. 3,000, payments of expense Rs. 2,000 etc.

Events such as efficiency of employees or conflict between managers etc. cannot be recorded in account books as they are not measured in terms of money, even though such facts will affect the performance of the business.

11.

1. Record financial transactions and events
2. Determine profit or loss
3. Determine financial position
4. Assisting management
5. Communicating the accounting information to users
6. Protecting business assets

(any 3 points)

12.

Basis	Cash Basis	Accrual Basis
Recording of transaction	Only cash transactions are recorded	Both cash and credit transactions are recorded
Prepayments & Outstanding expense Accrued income & income received in advance	They are not adjusted	They are accounted and shown in Profit & Loss account and balance sheet

Profit or loss	Correct profit or loss not ascertained	Correct profit or loss not ascertained
Technical knowledge	Not require much technical knowledge	It is required
Suitability	Suitable for not for profit organizations and professions such as doctors, lawyers, clubs, societies, schools, hospitals	Suitable for business, trading, manufacturing etc. with the object of profit
Legal position	Not recognized by Companies Act 2013	Recognized by Companies Act 2013
Acceptability	Not acceptable in business	More acceptable in business
Reliability	Less reliable	More reliable

(Any 3 points)

13.

Basis	Book Keeping	Accounting
Scope	Identifying financial transactions, measuring them in monetary terms and recording them in books and classifying them	Summarizing recorded transactions, interpreting and communicating them.
Stage	Primary stage, basis for accounting	Secondary stage, it begins where book keeping ends
Objective	Maintain systematic record of transactions	Ascertain result of operations and financial position and communicate them
Nature of job	Routine job	Analytical and dynamic job
Performance	By junior staff	By senior staff
Special skills	Mechanical in nature, so special skill not needed	It requires special skill and knowledge to analyze and interpret

(Any 4 points)

Receipts	Date	V. No	Particulars	Total Payment	Conveyance	Sundries	Postage	Wages	Stationary	Freight
300	2017 Jan. 1		To Bal. b/d							
900	" " 1		" Cash							
	" " 2		By Bus fare	137	137					
	" " 3		" Repairs	55		55				
	" " 7		" Refresh	75		75				
	" " 10		" Postage	99			99			
	" " 15		" Travelling	125	125					
	" " 21		" Wages	110				110		
	" " 23		" Freight	170						170
	" " 25		" Stationery	30					30	
	" " 27		" Bus fare	40	40					
	" " 29		" Wages	70				70		
				<u>911</u>	<u>302</u>	<u>130</u>	<u>99</u>	<u>180</u>	<u>30</u>	<u>170</u>
	" " 31		" Bal. c/d	289						
				<u>1200</u>						
289	Feb. 1		To Bal. b/d							
911	" " 1		" Cash							

15.

Upendra's Account

Date	Particulars	J F	₹	Date	Particulars	J F	₹
2017 Apr. 1	To Bal b/d		18,000	2017 Apr. 10	By Sales Returns		5,400
„ 7	„ Sales		27,000	„ 26	„ BR		12,000
„ 15	„ BR		12,000				
„ 20	„ Sales		<u>24,000</u>	„ 30	„ Bal C/d		<u>63,600</u>
			<u>81,000</u>				<u>81,000</u>
May 1	„ Bal. b/d		63,600				

16.

Journal

Date	Particulars	L F	Dr ₹	Cr ₹
1	Cash A/c Dr Furniture A/c Dr Stock A/c Dr Mr Thanku A/c Dr To Bank OD To Mr Ponnu To Capital (Being balances brought forward)		40,000 60,000 25,000 12,000	20,000 17,000 1,00,000
2	Cash A/c Dr To Bad Debts Recovered (Being bad debts recovered)		12,000	12,000
3	Purchase A/c Dr To Bank A/c To Disc. Rcvd. To Ms Laya (being cash & credit purchase and earned discount)		72,000	42,336 864 28,800
4	Int. on loan A/c Dr To Int. on loan outstanding (being int on loan outstanding)		3,000	3,000
5	Bank charges A/c Dr To Bank		900	900

	(being bank charges paid)			
6	Rent accrued A/c To Rent (being rent accrued)	Dr	500	500
7	Advertisement A/c To Purchases (being goods issued as samples)	Dr	300	300
8	Commission A/c To Commission outstanding (being commission due, not paid)	Dr	2,000	2,000
9	Mr Kumble a/c To Sales (Being cr sales)	Dr	1881	1881
10	Cash A/c Disc. Allowed A/c To Monsy (Being cash received and disc. Allowed)	Dr Dr	1800 200	2000

17.

Accounting Equation

S. N.	Transactions	Assets =						Liabilities +			Capital
		Cash	Stock	Bank	Drs	BR	Car	Loan	Crs	O/s wage	
1	Commenced business	90,000	42,000					25,000			1,07,000
2	Deposit to bank	-50,000		+50,000							
	NE	40,000	42,000	50,000				25,000			1,07,000
3	Cr purchase		+27,000						+27,000		
	NE	40,000	69,000	50,000				25,000	27,000		1,07,000
4	Cash sales	+18,000	-15,000								+3,000
	NE	58,000	54,000	50,000				25,000	27,000		1,10,000
5	Cr sales		-20,000		+30,000						+10,000
	NE	58,000	34,000	50,000	30,000			25,000	27,000		1,20,000
6	Received BR				-16,000	+16,000					
	NE	58,000	34,000	50,000	14,000	16,000		25,000	27,000		1,20,000
7	Cr Purchase		+25,000						+25,000		
	NE	58,000	59,000	50,000	14,000	16,000		25,000	52,000		1,20,000
8	Cheque Paid to Crs			-23,000					-25,000		+2,000
	NE	58,000	59,000	27,000	14,000	16,000		25,000	27,000		1,22,000

9	Bought car into business						+60,000				+60,000
	NE	58,000	59,000	27,000	14,000	16,000	60,000	25,000	27,000		1,82,000
10	Wages paid & O/s	-4000								+6,000	-10,000
	NE	54,000	59,000	27,000	14,000	16,000	60,000	25,000	27,000	6,000	1,72,000

18.

Cash Book (Double Column)

Date	Particulars	Cash	Bank	Date	Particulars	Cash	Bank
2017 Mar 1	To bal. b/d	33000		2017 Mar 1	By bal. b/d		11000
„ 3	„ Kasim		10000	„ 5	„ Bank (c)	7000	
„ 4	„ Ligihas	9000		„ 9	„ BR		8800
„ 5	„ Cash (c)		7000	„ 10	„ Cash (c)		7600
„ 10	„ Bank	7600		„ 16	„ bank charge		100
„ 15	„ Kamal	6000		„ 31	„ Bank (c)	47600	
„ 22	„ Int. Rcvd		800				
„ 28	„ Sales		17000				
„ 31	„ Cash (c)	<u>.....</u>	<u>47600</u>	„ 31	„ bal c/d	<u>1000</u>	<u>54900</u>
		<u>55600</u>	<u>82400</u>			<u>55600</u>	<u>82400</u>
Apr 1	To bal. b/d	1000	54900				

Journal

Date	Particulars	L F	Dr ₹	Cr ₹
2017 Mar 4	Disc. Allowed A/c To Ligihas (Being disc allowed)	Dr	90	90
„ 15	Bad debts a/c To Kamal (being bad Debt w. off)	Dr	1000	1000

Bank Reconciliation Statement
As on Dec 31, 2016

S. N.	Particulars	Plus Items	Minus Items
1	OD as per PB		88088
2	Cheque recvd, not deposited	36000	
3	Trf from A/c II to A/c I, not recorded in CB		18000
4	Cheque issued, not entered in CB	23658	
5	Bank charges not recorded in CB	900	
6	Dividend collected by bank not recorded in CB		1900
7	Cheques issued, wrongly credited	10800	
8	Payment side of CB Overcast		500
9	Withdrawal column of PB overcast	2000	
	Balance as per Cash Book	<u>35130</u>	<u>.....</u>
		<u>108488</u>	<u>108488</u>

Journal

Date	Particulars	L F	Dr ₹	Cr ₹
2017 Jan 1	Cash A/c Dr Stock A/c Dr Furniture A/c Dr David A/c Dr Gupta A/c Dr BR A/c Dr To Bank OD To Thilak Raj To Capital (Being previous years balances brought forward)		70000 16000 44000 32000 31000 20000	30000 50000 133000
„ 7	Thilak Raj a/c Dr To Disc Rcvd (being Disc recvd)		1000	1000
„ 19	Rent A/c Dr To Rent O/S (Being rent outstanding)		2000	2000

„ 20	Machinery A/c To Kunjan (Being asset bought on credit)	Dr		30000	30000
„ 23	Disc. Allowed A/c To David (Being disc allowed)	Dr		2000	2000
„ 31	Charity A/c To Purchases (being charity paid)	Dr		3000	3000
„ 31	Bad debts a/c To Jason (Being B/D w. off)	Dr		16800	16800

Cash Book (Double Column)

Date	Particulars	Cash	Bank	Date	Particulars	Cash	Bank
2017 Jan 1	To bal. b/d	70000		2017 Jan 1	By bal. b/d		30000
„ 23	„ David		30000	„ 7	„ Thilak Raj		49000
„ 27	„ Jason	11200		„ 18	„ wages	1200	
				„ 19	„ Rent	4000	
				„ 25	„ Interest	8000	
				„ 30	„ salary		2000
„ 31	„ bal c/d	<u> </u>	<u>44000</u>	„ 31	„ bal c/d	<u>68000</u>	<u> </u>
		81200	81000			81200	81000
Feb 1	To bal. b/d	68000		Feb 1	By bal. b/d		44000

Purchases Book

Date	Particulars	Invoice No	LF	Details	Amount ₹
2017 Jan 4	Renganath				48000
„ 12	Kamath				<u>34000</u>
„ 31	Purchase A/c Dr				<u>82000</u>

Purchases Returns Book

Date	Particulars	Debit Note No	LF	Details	Amount ₹
2017 Jan 17	Kamath				<u>4000</u>
„ 31	Purchase A/c Cr				<u>4000</u>

Sales Book

Date	Particulars	Invoice No	LF	Details	Amount ₹
2017 Jan 10	Chaudhary Less: 20% Trade Discount			40000 <u>8000</u>	32000
„ 15	Jason				<u>28000</u>
„ 31	Sales A/c Cr				<u>60000</u>

Sales Returns Book

Date	Particulars	Credit No	LF	Details	Amount ₹
2017 Jan 16	Chaudhary Less: 20% Trade Discount			6000 <u>1200</u>	<u>4800</u>
„ 31	Sales Returns A/c Dr				<u>4800</u>

Ledgers

Stock A/c

Date	Particulars	L F	Amount ₹	Date	Particulars	L F	Amount ₹
2017 Jan 1	To Bal b/d		<u>16000</u>	2017 Jan 31	By Bal c/d		<u>16000</u>
Feb 1	To Bal b/d		16000				

Furniture A/c

Date	Particulars	L F	Amount ₹	Date	Particulars	L F	Amount ₹
2017 Jan 1	To Bal b/d		<u>44000</u>	2017 Jan 31	By Bal c/d		<u>44000</u>
Feb 1	To Bal b/d		44000				

David A/c

Date	Particulars	L F	Amount ₹	Date	Particulars	L F	Amount ₹
2017 Jan 1	To Bal b/d		32000	2017 Jan 23	By Bank		30000
			<u> </u>	„ 23	„ Disc Allowed		<u>2000</u>
			<u>32000</u>				<u>32000</u>

Gupta A/c

Date	Particulars	L F	Amount ₹	Date	Particulars	L F	Amount ₹
2017 Jan 1	To Bal b/d		<u>31000</u>	2017 Jan 31	By Bal c/d		<u>31000</u>
Feb 1	„ Bal b/d		31000				

Bills Receivables A/c

Date	Particulars	L F	Amount ₹	Date	Particulars	L F	Amount ₹
2017 Jan 1	To Bal b/d		<u>20000</u>	2017 Jan 31	By Bal c/d		<u>20000</u>
Feb 1	„ Bal. b/d		20000				

Thilak Raj A/c

Date	Particulars	L F	Amount ₹	Date	Particulars	L F	Amount ₹
2017 Jan 1	To Bank		49000	2017 Jan 31	By Bal b/d		50000
„ 7	„ Disc Recvd		<u>1000</u>				<u> </u>
			<u>50000</u>				<u>50000</u>

Renganath A/c

Date	Particulars	L F	Amount ₹	Date	Particulars	L F	Amount ₹
2017 Jan 31	To Bal c/d		<u>48000</u>	2017 Jan 4	By Purchases		<u>48000</u>
				Feb. 1	„ Bal b/d		48000

Discount Received A/c

Date	Particulars	L F	Amount ₹	Date	Particulars	L F	Amount ₹
2017 Jan 31	To Bal c/d		<u>1000</u>	2017 Jan 7	By Thilak Raj		<u>1000</u>
				Feb. 1	„ Bal b/d		1000

Chaudhary A/c

Date	Particulars	L F	Amount ₹	Date	Particulars	L F	Amount ₹
2017 Jan 10	To Sales		32000	2017 Jan 16	By Sales Returns		4800
			<u>.....</u>	„ 31	„ Bal c/d		<u>27200</u>
			<u>32000</u>				<u>32000</u>
Feb. 1	To Bal b/d		27200				

Kamath A/c

Date	Particulars	L F	Amount ₹	Date	Particulars	L F	Amount ₹
2017 Jan 17	To Purchase Return		4000	2017 Jan 12	By Purchases		3400
„ 31	„ Bal c/d		<u>30000</u>				
			<u>34000</u>				<u>34000</u>
				Feb. 1	To Bal b/d		30000

Jason A/c

Date	Particulars	L F	Amount ₹	Date	Particulars	L F	Amount ₹
2017 Jan 15	To Sales		28000	2017 Jan 31	By Cash		11200
			<u>28000</u>	„ 31	Bad Debts		<u>16800</u>
							<u>28000</u>

Wages A/c

Date	Particulars	L F	Amount ₹	Date	Particulars	L F	Amount ₹
2017 Jan 18	To Cash		<u>1200</u>	2017 Jan 31	By bal c/d		<u>1200</u>
Feb 1	„ Bal. b/d		1200				

Rent A/c

Date	Particulars	L F	Amount ₹	Date	Particulars	L F	Amount ₹
2017 Jan 9	To Cash		4000				
„ 19	„ Rent O/S		<u>2000</u>	2017 Jan 31	By bal c/d		<u>6000</u>
			<u>6000</u>				<u>6000</u>
Feb 1	„ Bal. b/d		6000				

Rent Outstanding A/c

Date	Particulars	L F	Amount ₹	Date	Particulars	L F	Amount ₹
2017 Jan 31	To Bal c/d		<u>2000</u>	2017 Jan 19	By Rent A/c		<u>2000</u>
				Feb 1	„ Bal. b/d		2000

Machinery A/c

Date	Particulars	L F	Amount ₹	Date	Particulars	L F	Amount ₹
2017 Jan 20	To Kunjan A/c		<u>30000</u>	2017 Jan 31	By Bal. c/d		<u>30000</u>
Feb 1	„, Bal. b/d		30000				

Kunjan A/c

Date	Particulars	L F	Amount ₹	Date	Particulars	L F	Amount ₹
2017 Jan 31	To Bal c/d		<u>30000</u>	2017 Jan 20	By Machinery		<u>30000</u>
				Feb 1	„, Bal. b/d		30000

Discount Allowed A/c

Date	Particulars	L F	Amount ₹	Date	Particulars	L F	Amount ₹
2017 Jan 23	To David		<u>2000</u>	2017 Jan 31	By Bal c/d		<u>2000</u>
Feb 1	„, Bal. b/d		2000				

Interest A/c

Date	Particulars	L F	Amount ₹	Date	Particulars	L F	Amount ₹
2017 Jan 25	To Cash		<u>8000</u>	2017 Jan 31	By Bal c/d		<u>8000</u>
Feb 1	„, Bal. b/d		8000				

Commission Received A/c

Date	Particulars	L F	Amount ₹	Date	Particulars	L F	Amount ₹
2017 Jan 31	To Bal c/d		<u>7000</u>	2017 Jan 27	By Bank		<u>7000</u>
				Feb 1	„ Bal. b/d		7000

Salary A/c

Date	Particulars	L F	Amount ₹	Date	Particulars	L F	Amount ₹
2017 Jan 30	To Bank		<u>2000</u>	2017 Jan 31	By Bal c/d		<u>2000</u>
Feb 1	„ Bal. b/d		2000				

Charity A/c

Date	Particulars	L F	Amount ₹	Date	Particulars	L F	Amount ₹
2017 Jan 31	To Purchases		<u>3000</u>	2017 Jan 31	By Bal c/d		<u>3000</u>
Feb 1	„ Bal. b/d		3000				

Bad Debts A/c

Date	Particulars	L F	Amount ₹	Date	Particulars	L F	Amount ₹
2017 Jan 30	To Jason		<u>16800</u>	2017 Jan 31	By Bal c/d		<u>16800</u>
Feb 1	„ Bal. b/d		16800				

Sales A/c

Date	Particulars	L F	Amount ₹	Date	Particulars	L F	Amount ₹
2017 Jan 31	To Bal c/d		<u>60000</u>	2017 Jan 31	By Sundries as per Sales Book		<u>60000</u>
				Feb 1	„ Bal. b/d		60000

Sales Returns A/c

Date	Particulars	L F	Amount ₹	Date	Particulars	L F	Amount ₹
2017 Jan 31	To Sundries as per Sales Returns Book		<u>4800</u>	2017 Jan 31	By Bal c/d		<u>4800</u>
Feb 1	„ Bal. b/d		4800				

Purchase A/c

Date	Particulars	L F	Amount ₹	Date	Particulars	L F	Amount ₹
2017 Jan 31	To Sundries as per Purchase Book		82000	2017 Jan 31	By Charity		3000
			<u>.....</u>	„ 31	„ Bal c/d		<u>79000</u>
			<u>82000</u>				<u>82000</u>
Feb 1	„ Bal. b/d		79000				

Purchases Returns A/c

Date	Particulars	L F	Amount ₹	Date	Particulars	L F	Amount ₹
2017 Jan 31	To Bal c/d		<u>4000</u>	2017 Jan 31	By Sundries as per Purchases Returns Book		<u>4000</u>
				Feb 1	„ Bal. b/d		4000

Capital A/c

Date	Particulars	L F	Amount ₹	Date	Particulars	L F	Amount ₹
2017 Jan 31	To Bal c/d		<u>133000</u>	2017 Jan 1	By bal b/d		<u>133000</u>
				Feb 1	„ Bal. b/d		133000

Trial Balance as on 31st Jan. 2017

S. No.	Heads of Accounts	Dr ₹	Cr ₹
	Cash A/c	68000	
	Stock A/c	16000	
	Furniture A/c	44000	
	Gupta A/c	31000	
	BR A/c	20000	
	Bank OD		44000
	Capital		133000
	Renganath		48000
	Discount Received		1000
	Chaudhary	27200	
	Kamath		30000
	Wages	1200	
	Rent	6000	
	Rent outstanding		2000
	Machinery	30000	
	Kunjan		30000
	Discount Allowed	2000	
	Interest paid	8000	
	Commission Received		7000
	Salary	2000	
	Charity	3000	
	Bad Debts	16800	
	Sales		60000
	Sales Returns	4800	
	Purchase	79000	
	Purchase Returns		4000
		<u>359000</u>	<u>359000</u>