
	INDIAN SCHOOL DARSAIT		
	ANSWER KEY OF ANNUAL EXAMINATION- Feb. 2018		
	ACCOUNTANCY (055)		
Resource Person: SAJU JOSEPH PGT- COMMERCE			
Class: XI		Max.Marks:90	
Date: 18-02-2018		Time: 3Hours	
<u>General Instructions:</u>			
(i) All questions are compulsory.			
(ii) Marks are indicated against each question.			
(iii) Draw proper columns wherever required.			
(iv) Please avoid overwriting.			
(v) Calculators are not allowed.			

1. “Book keeping is an art of recording in the books of account the monetary aspect of commercial and financial transactions.”

OR

“Book keeping is an art of recording business dealings in a set of books”

OR

“Book keeping is the science and art of recording correctly in the books of account all those business transactions that result in the transfer of money or money’s worth.”

OR

“Book keeping is the art of recording business transactions in a systematic manner.”

(any one definition= 1 mark)

2. (a) Cash basis

(b) Accrual basis

(1 x ½ = 1 mark)

3. Expense that relates to current financial year, but not yet paid. (1 mark)

4. Cash, stock, bank, Bills receivable, prepaid expense, Accrued income, Debtors.

(Any 2 x ½ = 1 mark)

5. Money or goods taken by owner of the business from business for personal/ private use.

(1 mark)

6. Income = Revenue – Expense

25,000-13,000=12,000 (1 mark)

7. Difference between book keeping and accounting

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 3 points= 3 marks)

8. 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 with brief explanation = 3 marks)

9. (a) Money Measurement Principle: Transactions and events that can be measured in terms of money only are recorded in the books of accounts. (1 mark)

(b) Dual Aspect: Every transaction has a debit and credit aspect for the equal amount. (1 mark)

(c) Going concern; Business has no intention to be closed in the foreseeable future time; it is intended to be continued. (1 mark)

10.

Cash Book

Date	Particulars	Cash	Bank	Date	Particulars	Cash	Bank
2018 Jan. 1	To bal. b/d	80,000		2018 Jan. 3	By bank (C)	70,000	
„ 3	„ cash (c)		70,000	„ 6	„ Drawings		3,000
„ 10	„ sales	15,000		„ 14	„ Hari		25,000
„ 15	„ sales		22,000	„ 18	„ Purchase		24,000
				„ 25	„ Furniture		10,000
				„ 30	„ rent		5,000
				„ 30	„ salary		15,000
„ 31	„ Cash (c)		20,000	„ 31	„ bank (c)	20,000	
		<u>95,000</u>	<u>1,12,000</u>	„ 31	„ bal c/d	<u>5,000</u>	<u>30,000</u>
						<u>95,000</u>	<u>1,12,000</u>
Feb. 1	To bal. b/d	5,000	30,000				

(14 x ½ = 7)

11.

Amended Cash Book

Date	Particulars	Bank	Date	Particulars	Bank
2018 Jan 31	To Bal. b/d	70,000	2018 Jan 31	By bank charges	100
	To Cheque deposited, but not recorded in CB	15,000	„ 31	„ bal c/d	86,900
„ „	„ Int. on investment collected by bank	<u>2,000</u>			
		<u>87,000</u>			<u>87,000</u>

(4 x 1=4 marks)

Bank Reconciliation Statement

As on Jan. 31, 2018

Particulars	Plus Items	Minus Items
Balance as per Amended CB	86,900	
Cheque deposited but not collected by bank		8,000
Cheque issued but not presented for payment	12,000	
Balance as per Pass Book	<u>98,900</u>	<u>90,900</u>
	<u>98,900</u>	<u>98,900</u>

(2x 1 =2 marks)

Machinery A/c

Date	Particulars	L F	Amount ₹	Date	Particulars	L F	Amount ₹
2015 Apr 1	To Cash/Bank		2,00,000	2016 Mar 31	By Bal c/d		2,80,000
Oct.1	To Cash/Bank		<u>80,000</u>				
			<u>2,80,000</u>				<u>2,80,000</u>
2016 Apr 1	„ bal. b/d		2,80,000	2016 Oct.1	By Machinery Disposal		2,00,000
			<u>.....</u>	2017 Mar 31	By bal. c/d		<u>80,000</u>
			<u>2,80,000</u>				<u>2,80,000</u>
2017 Apr 1	„ bal b/d		80,000				

(6 x ½ = 3)

Provision for depreciation: Machinery

Date	Particulars	L F	Amount ₹	Date	Particulars	L F	Amount ₹
2016 Mar 31	To Bal c/d		24,000	2016 Mar 31	By Dep'n M1: 20,000		
			<u>.....</u>		„ „ M2 : <u>4,000</u>		<u>24,000</u>
			<u>24,000</u>				<u>24,000</u>
				2016 Apr 1	By Bal b/d		24,000
2016 Oct 1	„ Machinery Disposal		30,000	2016 Oct 1	By Dep'n M1:		10,000
2017 Mar 31	Bal. c/d		<u>12,000</u>	2017 Mar 31	„ „ M2 :		<u>8,000</u>
			<u>42,000</u>				<u>42,000</u>
				2017 Apr 1	By Bal. b/d		12,000

(6 x ½ = 3)

In the books of Praful

Journal

Date	Particulars	L F	Dr ₹	Cr ₹
2017 Nov 1	Purchase A/c Dr To Ashok (Being credit purchases)		19,000	19,000
„	Ashok a/c Dr To BP 1 To BP 2 To BP 3 (Being Bills drawn & accepted)		19,000	10,000 5,000 4,000
Dec 4	BP 1 a/c Dr To Cash a/c (Being Bill honoured)		10,000	10,100
2018 Jan 4	BP 2 a/c Dr To Cash a/c (Being Bill honoured)		5,000	5,000
2018 Feb 4	BP 3 a/c Dr To Cash a/c (Being Bill honoured)		4,000	4,000

(5 x 0.7 = 3 ½ marks)

14.

Journal

Date	Particulars	L F	Dr ₹	Cr ₹
1	Preeti's A/c Dr To Puja's (Being rectification of error)		3,200	3,200
2	Machinery A/c Dr To wages (Being rectification of error)		5,000	5000
3	Drawings A/c Dr To Purchases (Being rectification of error)		3,000	3,000
4	Purchase A/c Dr To Suspense (Being rectification of error)		3,600	3,600
5	Suspense A/c Dr To Sales (Being rectification of error)		100	100
6	Furniture A/c Dr To Purchases (Being rectification of error)		6,000	6,000

(6 x 1 = 6 marks)

15.

Statement of Affairs as on Dec 31, 2017

Liability	₹	Assets	₹
Closing Capital (bal. Fig)	45,600	Cash	4,000
Crs	8,000	Stock	22,000
HSBC Loan 8,000		Drs	36,000
+ Int. on loan 400	8,400		
	<u>62,000</u>		<u>62,000</u>

(6 x ¼ = 1 ½ marks)

Statement of Profit or Loss for the year ended Dec 31, 2017

	₹
Capital at the end	45,600
Add: drawings	<u>3,000</u>
	48,600
Less Additional capital	<u>10,000</u>
Adjusted Capital	38,600
Less capital in the beginning	<u>10,000</u>
Profit for the year	<u>28,600</u>

(6 x ¼ = 1 ½ marks)

16.

Trading and Profit & Loss Account for the year ended Dec 31, 2017

Particulars	₹	₹	Particulars	₹	₹
Op stock		5,000	Sales	2,40,000	2,10,000
Purchases		80,000	Closing stock		31,500
Fuel		6,000			
Wages		18,000			
GP c/d		<u>1,32,000</u>			<u>.....</u>
		<u>2,41,000</u>			<u>2,41,000</u>
Salary		35,000	GP b/d		1,32,000
Insurance	12,000		Disc. Rcvd.		15,000
- Prepaid	<u>6,000</u>	6,000			
Bad Debts	1,000				
+ PBDD	<u>2,300</u>	3,300			
Office exp.		3,000			
Rent	14,000				
+ Outstanding	<u>4,000</u>	18,000			
Int. on loan outstanding		5,000			
Depreciation: Plant & Machinery	8,000				
„ „ Furniture	<u>3,000</u>	11,000			
Net profit		<u>65,700</u>			<u>.....</u>
		<u>1,47,000</u>			<u>1,47,000</u>

(Trading, Profit & Loss A/c, 16 x ½ = 8 marks)

Balance Sheet as at Dec 31, 2017

Liabilities	₹	₹	Assets	₹	₹
Capital: opening	1,00,000		Land & building		1,40,000
+ Net profit	<u>65,700</u>		Plant & machinery	80,000	
	1,65,700		Less Dep'n	<u>8,000</u>	72,000
- Drawings	<u>7,000</u>	1,58,700	Furniture	15,000	
10% bank loan	50,000		Less Dep'n	<u>3,000</u>	12,000
Outstanding interest on loan	<u>5,000</u>	55,000	CI Stock		31,000
Creditors		70,000	Debtors	23,000	
Outstanding rent		4,000	- Prov'n for D/D	<u>2,300</u>	20,700
Bills payable		21,000	Prepaid insurance		6,000
			Bank		22,000
			Cash		5,000
		<u>3,08,700</u>			<u>3,08,700</u>

(Balance Sheet, 16 x ¼ = 4 marks)

17.

Income & Expenditure Account for the year ended Dec 31, 2017

Expenditure	₹	₹	Income	₹	₹
Rent & rates	42,000		Entrance fee		10,000
+ O/S rent & rates	<u>2,000</u>	44,000	Subscription	40,000	
Salaries	44,000		Less advance in the beginning	<u>4,000</u>	
+ O/S Salaries	<u>4,000</u>	48,000		36,000	
Electricity chrg		6,000	+ O/S at the end	<u>5,000</u>	41,000
Gen exp.		8,500	Donations		80,000
Newspaper		4,500	Int. received		7,500
Printing & stationery		9,500	Rent received		50,000
Meeting exp.		5,500	Sale of old newspaper		3,000
Loss on sale of furniture		1,000	Surplus from cultural progrm		65,000
Depr'n on furniture	6,000				
Depr'n on books	<u>6,500</u>	12,500			
Surplus		<u>1,17,000</u>			<u>2,56,500</u>
		<u>2,56,500</u>			<u>2,56,500</u>

(16 x ½ = 8 marks)

18.

Subscription Account

Particulars	₹	Particulars	₹
O/S subscriptions in the beginning	4,500	Advance subscriptions in the beginning	5,000
Income & Expenditure A/c (bal. fig)	50,500	Bank (subscriptions recvd in the year)	47,000
Advance subscriptions at the end	<u>4,000</u>	O/S subscriptions at the end	<u>7,000</u>
	<u>59,000</u>		<u>59,000</u>

(8 x ½ = 4 marks)

19.

Creditors for Stationery Account

Particulars	₹	Particulars	₹
To Bank a/c	8,500	By bal. b/d	4,000
To Bal. c/d	3,000	By Stock of Stationery Credit purchase (bal. fig)	7,500
	<u>11,500</u>		<u>11,500</u>

(3 x ½ = 1 ½ marks)

Stock of Stationery A/c

Particulars	₹	Particulars	₹
To Bal. b/d	6,00	By Income & expenditure A/c (bal. fig)	11,000
To Creditors for stationery a/c (transfer)	7,500	By bal. c/d	2,500
	<u>13,500</u>		<u>13,500</u>

(3 x ½ = 1 ½ marks)

(Alternative layouts are accepted.)

20. A computer is a data processor that can perform substantial computations without intervention of human operator during the run.

OR

A computer is an electronic data processing machine that can perform numeric, arithmetic and logic operations computations, with high speed and accuracy.

OR any other relevant explanation.

(1 Mark)

Its components are:

(2 Marks)

- (a) Hardware : motherboard, processor- ALU, Memory Unit, Control Unit, Primary storage memory, RAM, ROM, secondary storage memory, key board, Sound card & speakers, Monitor, LCD, printers, mouse, CD, DVD, floppy etc.
- (b) Software: operating, utility and application software.
- (c) Human ware: system analyst, programmers, Operators.

21. Comparison between manual and computerized accounting:

1. Identifying financial transactions: these are common in both manual and computerized accounting.
2. Recording: in manual accounting recording transactions in journals, posting, balancing, extracting Trial Balance, preparation of financial statements, calculation of ratios etc are done manually. In computerized accounting only the prime entry is done manually and the all the remaining functions are performed automatically by the accounting software.
3. Classification: In manual accounting classification is done manually while posting. In computerized accounting classification and posting is done by internal sorting of data with the help of software
4. Summarizing: In manual accounting summarizing is done manually to prepare a Trial balance. In computerized accounting summarizing and preparation of trial balance is automatically done by the software.
6. Adjustment entries: Adjusting entries are made in the same way in both manual and computerized accounting.
7. Grouping of accounts: An account is grouped as an asset, a liability, an income or expense at the time of preparing financial statements in manual accounting. But in computerized accounting whether an account is an asset, a liability, income or expense is decided at the time of transaction.
8. Financial statements: Financial statements are prepared using trial balance in manual accounting. In computerized accounting financial statements are automatically generated from the system itself.

(any three points with explanation= 3 marks)

22. Capabilities of computer system:

1. Higher speed than humans, millions of calculations per second
2. High degree of accuracy, no mistakes
3. Reliability, they are never tired or feel boredom
4. Versatility: they are used in several fields such as business, industry, scientific, technological, statistical, and communication.
5. Huge capacity to store & retrieve bulk of data.

Limitations of a computer system:

1. Operates on pre-defined instructions: it runs on instructions and programmes
2. Intelligence : it has no intelligence of its own
3. Decision making: It lacks the quality of decision making as per the situations.