# DEHRADUN PUBLIC SCHOOL <br> ASSIGNMENT (2023-24) <br> SUBJECT- ACCOUNTANCY (055) <br> CLASS - XI 

## CHAPTER-1: INTRODUCTION TO ACCOUNTING

## Answer the following questions:

Q1. Which of the following is not the limitation of accounting?
a. based on accounting conventions
b. incomplete information
c. evidence in legal matters
d. omission of qualitative information

Q2. Internal users of accounting information are:
a. Potential Investors
b. Creditors
c. Management
d. Employees

Q3. The process of recording, classifying and summarizing all business transactions in order to know the financial result is called -
a. book - keeping
b. Journalising
c. accounting
d. Either a or b

Q4. Which one is the advantage of accounting?
a. replacement of memory
b. shows the present value of business
c. accounting does not record the price level changes
d. accounting is not fully exact

Q5. Read the following statements: Assertion (A) and Reason (R). Choose one of the correct alternatives given below:
Assertion (A): The main objective of accounting is to maintain the records of the business transactions.
Reason (R): Accounting records all the transactions whether related to money or not.
a.Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
b. Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation of Assertion (A).
c. Assertion (A) is true but Reason (R) is false.
d. Assertion (A) is false but Reason (R) is true.

Q6. Give the meaning of Accounting. What are the advantages of Accounting?
Q7. Only financial transactions are recorded in Accounting. Is this a limitation of Accounting? If Yes, give reason.
Q8. What do you mean by Financial Accounting? Explain four main objectives of financial accounting?
Q9. Discuss briefly the types of Accounting Information.

## CASE BASED QUESTION:

Q10. Ram and Shyam are two friends who both have just attended their first class of accountancy. The friends were intrigued by the different branches of accounting and their widespread application. Ram personally liked the branch of accounting in which fund flow statement and budgetary control is used and that branch helps in planning and controlling of operations. As the concept of accounting was further explored, they began discussing the different users of accounting. Ram said that he finds it interesting that even the employees demand information relating to business. Shyam said he finds more interesting the fact that even competitors want information on the relative strengths and weaknesses of the enterprise and for making comparisons, Shyam further said that even accounting helps owners to compare one year'scosts, expenses, and sales with those of other years. However, they were quite shocked by the fact that the management-worker relations were not taken into consideration in the accounting. Meanwhile, Ram and Shyam had an argument at the end of the discussion. Ram
was saying that accounting is an art whereas Shyam was saying that accounting is a science. Their teacher came in and said something to them which made them stop the argument.
i. Which limitation of accounting is being talked about by them?
a. Influenced by personal judgment
b. Omission of qualitative information.
c. Incomplete information
d. Based on historical costs
ii. Which advantage of accounting is being talked about by Shyam in the last part of the first para?
a. Provides information regarding profit and loss
b. Provides completes and systematic record
c. Enables comparative study
d. Evidence in legal matters
iii. What might their teacher have said to solve their argument?
a. Ram, please understand, Shetty is correct in this situation.
b. Shyam, please understand, Ram is correct In this situation.
c. Both are correct
d. None is incorrect
iv. Shyam talked about which type of users of accounting?
a. Internal users
b. External users
c. Both (a) and (b)
d. Neither (a) nor (b)

## CHAPTER-2: BASIC ACCOUNTING TERMS

## Answer the following questions:

Q1. Cash, goods or assets invested by the proprietor in the business for earning profit is called-
a. profit
b. capital
c. fixed assets
d. Drawings

Q2. The person, firm or institution who does not pay the price in cash for the goods purchased or the services received is called-
a. creditor
b. proprietor
c. debtor
d. investors

Q3. Which of the following is a liability?
a. furniture
b. rent payable
c. interested received
d. stock

Q4. The Trading and Profit and Loss Account is prepared under which attribute of accounting:
a. summarising
b. recording
c. classifying
d. analysis and interpretation

Q5. Read the following statements: Assertion (A) and Reason (R). Choose one of the
correct alternatives given below:
Assertion (A) : Personal transactions of the owners of the business are not recorded in the books.
Reason (R): According to the business entity concept, each business enterprise is considered as an accounting unit separate from owners
a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
b. Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation of Assertion (A).
c. Assertion (A) is true but Reason (R) is false.
d. Assertion (A) is false but Reason (R) is true.

Q6. Explain the sales/ purchase include both cash and credit sales/ purchase.
Q7. Define the following terms with example:
i. Revenue
ii. Drawings
iii. Profit

Q8. Distinguish between opening stock and closing stock.
Q9. Explain the Liabilities. What are the Non-Current and Current Liabilities
CASE BASED QUESTIONS:
Q10. Read the following case study and answer the following questions:
Gopal started business for buying and selling of readymade garments with Rs. 8,00,000 as an
initial investment. Out of this he paid Rs. 4,00,000 for the purchase of garments and Rs. 50,000 for furniture and Rs. 50,000 for computers and the remaining amount was deposited into the bank. He sold some of the ladies and kids garments for Rs. 3,00,000 for cash and some garments for Rs.1,50,000 on credit to Rajesh.
Subsequently, he bought men's garments of Rs. 2,00,000 from Satish. In the first week of the next month, a fire broke out in his office and stock of garments worth Rs. 1,00,000 was destroyed. Later on, some garments which cost Rs. 1,20,000 were sold for Rs. 1,30,000. Expenses paid during the same period were Rs. 15,000. Gopal withdrew Rs. 20,000 from business for his domestic use.
i. What is the amount of capital with which Gopal started the business?
a. Rs. 3,00,000
b. Rs. 8,00,000
c. Rs. 2,00,000
d. Rs.1,30,000
ii. What fixed assets did he buy?
a. furniture Rs. 50,000 and computer Rs. 50,000
b. computer Rs. 50,000 and garments Rs. 2,00,000
c. furniture Rs. 50,000 and garments Rs. 2,00,000
d. furniture Rs.2,00,000 and computer Rs.2,00,000
iii. Who is the creditor and state the amount payable to him?
a. Rajesh Rs. 2,00,000
b. Satish Rs. 1,50,000
c. Satish Rs. 2,00,000
d. Rajesh Rs.1,50,000
iv. What is the amount of drawings of Gopal?
a. Rs. 20,000
b. Rs. 15,000
c. Rs. 50,000
d. Rs.30,000

## CHAPTER-3: THEORY BASE OF ACCOUNTING

## Answer the following questions:

Q1. During the lifetime of an entity accounting produce financial statements in accordance with which basic accounting concept:
a. conservation
b. matching
c. accounting period
d. money measurement

Q2. A concept that a business enterprise will not be sold or liquidated in the near future is known as:
a. going concern
b. business entity
c. monetary unit
d. matching

Q3. Meaning of credibility of going concern is :
a. closing of business
b. opening of business
c. continuing of business
d. Either a or b

Q4. According to the Business Entity Concept:
a. transactions between the business and its owners are not recorded.
b. transactions between the business and its owners are recorded considering them to be one single entity.
c. transactions between the business and its owners are recorded from the business point of view.
d. transactions are recorded from Owner point of view.

Q5. Read the following statements: Assertion (A) and Reason (R). Choose one of the correct alternatives given below:
Assertion(A): The revenue recognition principle ensures that revenue is recognized in the accounting period in which it is earned.
Reason(R): This principle aligns with the accrual basis of accounting, where revenue should be recognized when it is realized or realizable and earned, regardless of when cash is received.
a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
b. Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation of Assertion(A).
c. Assertion (A) is true but Reason (R) is false.
d. Assertion (A) is false but Reason (R) is true.

Q6. Under which accounting concept, a business enterprise will not be sold or liquidated in the near future? Explain it.
Q7. How does the Matching Principle apply to depreciation?
Q8.'Closing Stock is valued at lower of cost or market price'. Which concept of accounting is applied here. Explain this concept.
Q9. Under which accounting principle, quality of man power is not recorded in the book of account. Explain it.
Q10. CASE BASED QUESTION:
Read the following case study and answer the following questions:
Olly and Robin are two friends graduated from a top college of the country. After the college, they decided to start a subscription service of fruits in the nearby cities. For obtaining high quality fruits, they made 5 years contracts with farmers in and around Karnataka. They also decided to purchase machinery for cleansing and quality check of the fruits. Two years down the line, they had built a strong brand and reputation. To leverage the same, the company decided to venture into other states as well as with the similar service line. They first expanded to Tamil Nadu and got great demand. While accounting, company usually booked a normal loss to account for spoiled fruits that they might get. Moreover, they charged depreciation on the machinery to ensure that expenses are distributed over the years. With all these good practices, after four more years of operations, the company attained a unicorn status.
i. Which AS will be applicable to evaluate the reputation and brand value of firm?
a. AS-20
b. AS-30
c. AS-26
d. AS-2
ii. Which concept is highlighted in the fact that company made long-term contracts with the farmers?
a.Going concern concept
b. Accrual concept
c. Consistency concept
d. Both $a$ and $b$
iii. According to this concept, every transaction entered into by an enterprise has two aspects
a. Cost concept
b. Dual concept
c. Matching concept d. Consistency concept
iv. Ind-AS are
b. rule based accounting standards
c. principle based accounting standards
d. partially rule based and partially principle based accounting standards
e. neither rule based nor partially Principle based accounting standards

## CHAPTER-4: BASES OF ACCOUNTING

## Answer the following Questions:

Q1. Under the Accrual Basis of Accounting, expenses are recorded
a. on payment
b. on being incurred
c. either a or b
d. neither a nor b

Q2. Under the Cash Basis of Accounting, expenses are recorded
a. on payment
b. on being incurred
c. either a or b
d. neither a nor b

Q3. Accrual Basis of Accounting recognises
a. outstanding and prepaid expenses
b. accrued incomes and incomes received in advance
c. both $a$ and $b$
d. neither a nor b

Q4. Accrual Basis of Accounting
a. does not give a true and fair view of profit and financial position.
b. gives a true and fair view of profit and financial position.
c. may or may not give a true and fair view of profit and financial position.
d. Either a or b

Q5. Read the following statements: Assertion (A) and Reason (R). Choose one of the correct alternatives given below:
Assertion (A): Transactions are recorded in the books of account on cash being received or paid.
Reason(R): When cash basis of accounting is followed, outstanding and prepaid expenses and income received in advance are not considered.
a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
b. Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation of Assertion (A).
c. Assertion (A) is true but Reason (R) is false.
d. Assertion (A) is false but Reason (R) is true.

Q6. Discuss Accrual Basis of Accounting.
Q7. During the financial year 2020-2021, Ashok had cash sales of Rs. 3,90,000 an credit sales of Rs. 1,60,000. His expenses for the year were Rs. 2,70,000, out of which Rs. 80,000 is still to be paid. Find out Ashok's income for 2020-2021 following the Cash Basis of Accounting.
Q8. Cash Basis of Accounting is not a better basis for depicting the correct financial position of an enterprise. Do you agree? Give reason.
Q9. Michael gives following information about his income and expenses for the year: Expenses paid
Expenses paid in advance (included in Rs. 1,60,000)
Expenses not yet paid
Income received
Determine his income if he adopts
i. Cash basis of Accounting
ii. Accrual Basis of Accounting.

## Q10. CASE BASED QUESTION:

Read the following case study and answer the following questions:
Vijay, a consultant, during the financial year 2022-23 earned Rs. 4,00,000. Out of which he received Rs. $3,50,000$. He incurred an expense of Rs. 1,70,000, out of which Rs. 40,000 are outstanding. He also received consultancy fee relating to previous year Rs.45,000 and also paid Rs.20,000 expenses of last year.
i. If he follows Cash Basis of Accounting, his Revenue will be:
a.Rs. $4,00,000$
b. Rs.3,95,000
c.Rs.3,90,000 d.Rs.3,85,000
ii. If he follows Accrual Basis of Accounting, his expenses will be:
a. Rs.2,10,000
b.Rs.2,00,000
c.Rs.1,70,000
d.Rs.1,50,000
iii. His Income for the year if he follows cash basis of accounting:
a. Rs.2,40,000
b.Rs.2,45,000
c.Rs.2,50,000
d.Rs.3,00,000
iv. His income for the year if You follow accrual basis of accounting.
a.Rs.2,30,000
b.Rs.2,45,000
c. Rs.2,90,000
d.Rs.2,85,000

## Chapter-5: Accounting Equation

## Answer the following questions:

Q1. Which of the following equation is correct?
a. Assets + Capital = Liabilities.
b. Assets - Liabilities = Capital
c. Assets + Liabilities = Capital
d. Either a or b

Q2. Which of the following systems is the Accounting Equation based on?
a. triple-entry system of accounting
b. single-entry system of accounting
c. double-entry system of accounting
d. Either a or b

Q3. Which of the following accounts will be affected by a transaction where the company receives from a debtor?
a. owner's equity and cash
b. owner's equity and debtors
c. debtors and cash
d. cash and bank balance

Q4. Liabilities and Assets amount to Rs. 50,000 and Rs.7,800 respectively. The difference amount shall represent-
a. creditor
b. debentures
c. profit
d. capital.

Q5. Read the following statements: Assertion (A) and Reason (R). Choose one of the correct alternatives given below:
Assertion (A): The difference between total assets and external liabilities is net worth.
Reason(R): Assets always equals to liabilities and capital .
a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
b. Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation of Assertion (A).
c. Assertion (A) is true but Reason (R) is false.
d. Assertion (A) is false but Reason (R) is true.

Q6. Give an example for each of the following type of transactions.
i. Increase in one asset, decrease in another asset.
ii. Decrease in asset, decrease in liability.
iii. Decrease in liabilities, increase in owner's capital.
iv. Increase in one liability, decrease in another liability.
v. Increase in liabilities, decrease in owner's capital.

Q7. Explain in short the meaning of an Accounting Equation.
Q8. Develop an Accounting Equation from the following transactions:

|  |  | Rs. |
| :---: | :--- | ---: |
| i. | Mohan commenced business with cash | 50,000 |
| ii. | Purchased goods for cash | 30,000 |
| iii. | Purchased goods on credit | 20,000 |
| iv. | Sold goods (costing Rs. 10,000) for | 12,000 |
| v. | Bought furniture on credit | 2,000 |
| vi. | Paid cash to a creditor | 15,000 |
| vii. | Salary paid | 1,000 |

Q9. What will be the effect of the following on the Accounting Equation?
i. Started business with cash Rs. 45,000
ii. Opened a Bank Account with a deposit of Rs. 4,500
iii. Bought goods from M/s. Sun \& Co. for Rs. 11,200

CASE BASED QUESTION:
Q10. Read the following case study and answer the following questions:
X started a business on $1^{\text {st }}$ April, 2020 with a capital of Rs. 50,000 and a loan of Rs. 25,000 taken from Y. During 2020-2021, he had introduced additional capital of Rs. 25,000 and had withdrawn Rs. 15,000 for personal use. To grow his business, he purchased furniture for cash Rs. 2,50,000 and computer Rs. 50,000. On $31^{\text {st }}$ March, 2021 his assets were Rs. 1,50,000. Now he want to know the
condition of his business.
i. Calculate the amount of closing capital of X's business
a. Rs. 1,50,00
b. Rs. 1,25,00
c. Rs. 25,000
d. Rs. 50,000
ii. Find out the profit earned during the year
a. Rs. 15,000
b. Rs. 25,000
c. Rs. 65,000
d. Rs.35,000
iii. Purchase of furniture by cash means
a. Decrease in asset and decrease in liability
b. Increase in asset and decrease in asset
c. Increase in asset and decrease in liability
d. Decrease in asset and increase in capital

CHAPTER-6: ACCOUNTING PROCEDURES
Answer the following questions:
Q1. Debit means:
a. an increase in asset
b. an increase in liability
c. an increase in the proprietor's equity.
d. a decrease in asset

Q2. Credit means
a. an increase in asset
b. an increase in liability
c. a decrease in liability
d. a decrease in proprietor's equity

Q3. Sale of goods to Ram for cash is debited to:
a. Ram.
b. Cash A/c
c. Sales A/c
d. Purchases A/c

Q4. Drawings Account is a:
a. Personal Account
b. Real Account
c. Nominal Account
d. Liabilities A/c

Q5. Read the following statements: Assertion (A) and Reason (R). Choose one of the correct alternatives given below:
Assertion (A): Capital account means amount due to the owner of the business.
Reason ( $R$ ): The amount invested in the business by the owner is capital account.
a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
b. Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation of Assertion (A).
c. Assertion (A) is true but Reason (R) is false.
d. Assertion (A) is false but Reason (R) is true.

Q6. What are two sides of an account called? Explain in brief.
Q7. Give the rules of debit and credit and explain them with imaginary examples.
Q8. On which side will the decrease in the following accounts be recorded? Also, state the nature of the account:

| i. Cash | ii. Bank Overdraft |
| :--- | :--- |
| iii. Outstanding salary paid | iv. Outstanding Rent |
| v. Prepaid Insurance | vi. Mohan, Proprietor of the business |

Q9. Classify the following into Assets, Liabilities, Capital, Expenses and Revenue:
i. Land
ii. Investments
iii. Building
iv. Interest Received
v. Salary
vii. Debtors
vi. Bank Overdraft
viii. Creditors
x. Capital
xii. Motor Vehicles
xiii. Freight
xiv. Wages
xv. Goodwill
xvi. Repairs

Q10. CASE BASED QUESTION:
Mr. Ram has the following transactions :

1. Cash sales

Rs. 50,000
2. Sold goods to X on credit

Rs.80,000
3. Cash received from $X$

Rs.56,000
4. Purchased goods from Y on credit

Rs.44,000
5. Paid to Y

Rs. 30,000
6. Cash purchases from $Y$

Rs.16,000
i. Cash Sales will be recorded in which account:
a. Cash A/c
b. Sales A/c
c. Both a and b
d. Neither a nor b
ii. Sold goods to X will be recorded in which side of X Account.
a. Debit
b. Credit
c. Both a and b
d. Neither and nor b
iii. Balance of T shape cash account will be:
a. Rs. 50,000
b. Rs. 60,000
c. Rs. 70,000
d. Rs 80,000
iv. Balance of T shape account of Y will be :
a. Rs. 15,000
b.Rs. 16,000
c. Rs. 14,000
d. Rs. 12,000

## CHAPTER-7: ORIGIN OF TRANSACTIONS

## Answer the following questions:

Q1. Invoice is a source voucher for seller of goods:
a. for cash sales.
b. for credit sales.
c. for credit purchases.
d. for cash purchases.

Q2. Invoice is a source voucher for purchaser of goods:
a. for cash purchases.
b. for cash sales.
c. for credit sales.
d. for credit purchases.

Q3. Accounting voucher is prepared from:
a. source voucher.
b. Journal entry.
c. Both a. and b..
d. Ledger A/c

Q4. If seller receives back the goods sold, he will prepare:
a. Credit Note.
b. Debit Note
c. Both a. and b..
d. Neither a nor b.

| 2020 |  | Rs. |
| :--- | :--- | ---: |
| Jan. 1 | Bought Computer Mouse (4 Nos.) vide <br> Cash Memo No. 338 | 6,000 |
| Jan. 8 | Wages paid for the month of <br> December, 2019 | 10,000 |
| Jan. 12 | Purchased two Desktop Computers <br> from M/s Computer tech for cash vide <br> Cash Memo No. 170 | 32,500 |
| Jan. 25 | Paid cash to Hari \& Sons vide <br> receipt No. 102 for repairs | 1,000 |
| Jan. 28 | Paid postage | 200 |
| Jan. 30 | Cash withdrawn from bank | 10,000 |

Q5. Assertion (A) : Auditors can easily vouch the vouchers and use them as documentary evidence in future.
Reason (R) : A serial number is put on each voucher and the relative source documents are attached with the voucher.
a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
b. Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation of Assertion (A).
c. Assertion (A) is true but Reason (R) is false.
d. Assertion (A) is false but Reason (R) is true.

Q6. What is a Source Document? Explain any two Source Document.
Q7. Accounting Vouchers are prepared for recording transaction in the book of accounts. Define.
Q8. What is a Voucher? Prepare an imaginary specimen of Voucher.
Q9. Following transactions took place in $\mathrm{M} / \mathrm{s}$ Good luck Computers.
Prepare the Accounting Vouchers:

## Q10. CASE BASED QUESTION:

KLR Ltd. is publicly listed company trading in EV batteries. The company is known to have an advanced version of EV battery which can be used in almost all types of EV cars. As a result of onset of EV trend in India, company is getting lot of pre-orders.
Recently, one of the largest cab aggregators of India collaborated with the company to get batteries. Against this order, company received an advance of Rs. 10,00,000. When the EV batteries were delivered, company received the rest of the payment of Rs.5,00,000.
The company sent a source document for these goods sold. Consequently, the company deposited the money received in the bank account.
To produce and fulfil the further orders, the company decided to purchase a new 3D moulder. It was worth Rs.1,00,000 and company issued a document in writing drawn upon a specified banker and payable on demand.
The company also employed an experienced manager to streamline the operations. As a result, company continued to prosper and its stock prices also shot up.
i. Which document is highlighted in the line, "The company sent a source document for these goods sold"?
a. Debit note
b. Credit note
c. Cash memo
d. Bill
ii. Which document must be used to deposit money in the bank?
a. Cheque
b.Pay-in-slip
c. Bill
d. Receipt
iii. Which document is highlighted in the line, "It was worth Rs.1,00,000 and company issued a document in writing drawn upon a specified banker and payable on demand"?
a. Cheque
b.Pay-in-slip
c. Credit note
d. Debit note
iv. Which of following would be unchanged as a result of transaction of purchasing 3D moulder of Rs. 1,00,000?
a. Capital
b. Assets
c. Liabilities
d. Either a or b

## CHAPTER-8: JOURNAL

## Answer the following questions:

Q1. Journal is called
a. a book of primary entry b. a book of secondary entry
c. a book of final entry
d. both secondary entry and final entry

Q2. Recording of transaction in a Journal is called a. posting.
b. journalising.
c. transfer.
d. ruling

Q3. Anil purchased 1,000 Add Gel Roller Pens @ Rs. 50 each less Trade Discount of 20\%. Purchases Account will be debited by
a. Rs. 50,000.
b. Rs. 40,000.
c. Rs. 45,000.
d. Rs. 60,000.

Q4. Which of the following is correct entry to record cash purchase of Rs. 3,000 from Amar?
a. Dr. Purchases A/c and Cr. Amar by Rs. 3,000
b. Dr. Amar and Cr. Purchases A/c by Rs. 3,000
c. Dr. Cash A/c and Cr. Purchase A/c by Rs. 3,000
d. Dr. Purchases A/c and Cr. Cash A/c by Rs. 3,000

Q5. Assertion (A): If goods are lost due to theft, loss by theft account is debited.
Reason (R) : As per the rules of accounting, all gains are credited.
a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
b. Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation of Assertion (A).
c. Assertion (A) is true but Reason (R) is false.
d. Assertion (A) is false but Reason (R) is true.

Q6. Why is the Journal called a book of original entry? Define.
Q7. Pass necessary Journal Entry for the following transactions:

| 2021 |  | Rs. |
| :---: | :--- | ---: |
| April 1 | Business started with cash | $1,00,000$ |
| April 2 | Goods purchased for Cash | 25,000 |
| April 3 | Goods purchased from Pankaj on Credit | 18,000 |
| April 5 | Goods sold to Naresh on Credit | 9,000 |
| April 7 | Goods returned to Pankaj | 12,000 |
| April 9 | Goods returned by Naresh | 1,400 |
| April 10 | Cash paid to Ajay | 6,000 |
| April 12 | Commission received | 2,700 |
| April 15 | Furniture purchased | 7,000 |
| April 16 | Rent paid to Amit | 5,000 |
| April 19 | Sold goods to Sumit for cash | 6,000 |
| April 24 | Cash Sales | 7,000 |
| April 30 | Cash received from Naresh on Account | 5,000 |

Q8. Wages for the year ended $31^{\text {st }}$ March, 2021 debited to Wages Account are Rs. 55,000.
Rs. 5,000 for the month of March, 2021 are to be paid in April, 2021. Since, Rs. 5,000 as on $31^{\text {st }}$ March, 2021 is yet to be paid, pass the Journal entry.
Q9. Pass necessary Journal entries for the following transactions:

| 2021 | Rs. |
| :--- | ---: |
| April 1: Paid repairing charges on existing machineries. | 1,000 |
| April 2: Purchased a new machinery. | 42,500 |
| April 3: Paid freight and carriage on machinery. | 2,500 |
| April 4: Paid installation charges on machinery. | 5,000 |
| April 5: Purchased a second-hand machinery. | 18,000 |
| April 6: Paid repairing charges on above machinery. | 2,500 |

CASE BASED QUESTION:
Q10. Read the following case study and give the following answer:
Bina wants to started a business, for this purpose he purchased some branded watches. Bina Watch Co.,Delhi , has cash in hand Rs. 6,000 and cash at bank Rs. 25,600. Bina watch Co. ,Delhi purchased 25 pieces of 'Time star' brand watches from pioneer watches, Delhi at list prices of Rs.2,000 per piece less 10 \% Trade Discount and Cash Discount of 2\% on the payment within 15 days from the date of transaction. Bina Watch Co. settled the payment in 15 days time.
i. What is the journal entry for purchase?
a. Purchase A/c
Dr.

To Pioneer Watches A/c
b. Bina watch co. A/c Dr.

To sales A/c
c. Purchase A/c Dr.

To Bina watch Co.
d. Bina watch Co. Dr.

To Purchase A/c
ii. He purchase 25 'Time star' watches@ Rs. 2,000 each. What amount will be debited in Purchase account.
a. Rs. 45,000
b. Rs. 40,000
c. Rs. 30,000
d. Rs. 50,000
iii. Amount of the Discount Received is.
a. Rs. 500
b. Rs. 900
c. Rs. 450
d. Rs. 550
iv. Trade discount is separately in the books of account.
a. recorded
b. not recorded
c.sale
d. purchuse

## CHAPTER-9: LEDGER

## Answer the following questions:

Q1. A ledger is called a book of.
a. primary entry
b. final entry
c. original entry
d. secondary entry

Q2. The process of transferring of items from a journal to their respective ledger accounts is called as.
a. entry
b. arithmetic
c. balancing
d. posting

Q3. Among these, which item is used as the base for preparing trial balance?
a. Cash account
b. Balance sheet
c. Journal
d. Ledger account

Q4. Accounts that have credit balance are closed by using the statement.
a. by balance b/d
b. by balance c/d
c. to balance b/d
d. to balance c/d

Q5. Assertion (A): The book which contains a classified and permanent record of all the transactions of a business is called Ledger.
Reason(R): ledger is a book of original entry.
a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
b. Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation of Assertion (A).
c. Assertion (A) is true but Reason (R) is false.
d. Assertion (A) is false but Reason (R) is true.

Q6. Following balances appeared in the books of Ashok, Delhi on 1st April, 2020:
Assets: Cash Rs. 50,000; Stock Rs. 30,000; Debtors - Ram Rs. 50,000; Machinery Rs. 60,000. Liabilities: Creditor - Rajesh Rs. 30,000.
The following transactions took place in April, 2021:

| 2021 |  | Rs. |
| :---: | :--- | :---: |
| April 4 | Sold goods for cash | 7,000 |
| April 6 | Goods returned by Ram | 1,000 |
| April 10 | Purchased goods from Rajesh of list price Rs. 10,000 for | 9,000 |
| April 15 | Bought goods of list price of Rs. 15,000 from Rakesh less 10\% trade |  |
|  | discount and 5\% cash discount and paid 40\% of amount <br> immediately |  |
| April 20 | Paid to Rajesh in full settlement of his account | 38,600 |
| April 25 | Paid for the life insurance premium of the proprietor | 500 |
| April 30 | Received commission | 2,000 |

Pass Journal entries for the above transaction, post them into the Ledger.
Q7. Write a short note on 'balancing an account'.
Q8. What is a Ledger and what do you understand by posting?
Q9. On 1st April, 2021, the following were Ledger balances of M/s. Ram \& Co., Delhi: Cash in Hand Rs.300; Cash at Bank Rs.7,000; Bills Payable Rs. 1,000; Zahir (Dr.) Rs. 800;
Stock Rs. 4,000; Gobind (Cr.) Rs. 2,000; Sharma (Dr.) Rs.1,500; Rahul (Cr.) Rs.900; Capital Rs.9,700.
Transactions during the month of April, 2020 were:

| 2021 |  | Rs. |
| :--- | :--- | ---: |
| April 3 | Sold goods to Sharma, Kanpur |  |
| April 5 | Bought goods from Rahul, Delhi | 1,000 |
| April 8 | Sold goods to Zahir, Kolkata | 1,200 |
| April 15 | Paid Gobind by cheque on account | 500 |
| April 18 | Received from Sharma a cheque of | 1,500 |
|  | Allowed him discount | 2,000 |
| April 20 | Sold goods to Sharma, Kanpur | 50 |
| April 20 | Paid rent by cheque | 800 |
| April 25 | Sold goods to Zahir, Kolkata | 200 |
| April 30 | Paid salaries in cash | 1,000 |
|  |  | 300 |

Post the above transaction to the ledger.

## CASE BASED QUESTION:

Q10. On 1st April, 2022, Gopal started business with a capital of Rs. 50,000. He made the ACC/XI/ASGMT
following transactions during the month of April:

| 2022 |  | Rs. |
| :---: | :--- | :---: |
| April 3 | Purchased goods from Rita | 20,000 |
| April 4 | Cash paid to Rita | 10,000 |
| April 6 | Goods sold to Rohit, Chandigarh | 25,000 |
| April 8 | Received cash from Rohit | 20,000 |
| April 12 | Goods purchased from Rita | 12,000 |
| April 18 | Cash paid to Rita | 20,000 |
| April 25 | Goods sold to Rohit, Chandigarh | 10,000 |
| April 30 | Received cash from Rohit | 6,000 |

i. The balance of his capital account on 30 April 2022 will be:
a. Rs. 50,000
b. Rs.55,000
c. Rs.60,000
d.Rs. 65,000
ii. Balance of Rita's account on 30 April 2022, will be:
a. Rs. 4,000
b. Rs.7,000
c. Rs. 2,000
d. Rs. 30,000
iii. Balance of cash account on 30 April 2023, will be:
a. Rs. 46,000
b. 47,000
c. Rs. 49,000 d. Rs. 49,000
iv. What is the balance carried down of purchases account as on 30th April?
a. 30,000
b. Rs. 40,000
c. Rs. 32,000
d. Rs. 40,000

## CHAPTER-10: CASH B00K

## Answer the following questions:

Q1. What is the primary purpose of a cashbook?
a. it records receipts and payments of cash
b. it records payments of cash
c. it records receipts of cash
d. it helps to compute the profit and loss of a business

Q2. A cashbook serves the following purpose:
a. it works as a ledger account
b. it works as a book of original entry as well as a ledger account
c. it works as a book of original entry
d. none of the above

Q3. Which of the following cash book is similar to a cash account?
a. Double column cash book
b. Petty cashbook
c. Single column cash book
d. Triple column cash book

Q4. The credit side of a cashbook is $\qquad$ -.
a. the loss side
b. the receipt side
c. the profit side
d. the payment side

Q5. Assertion (A):Petty cash book records repetitive large expenses.
Reason ( $\mathbf{R}$ ): Petty cash book is maintained so that the cash book does not become bulky due to repetitive transactions.
a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
b. Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation of Assertion (A).
c. Assertion (A) is true but Reason (R) is false.
d. Assertion (A) is false but Reason (R) is true.

Q6. What is meant by simple cash book?

Q7. Enter the following transactions in a Single Column Cash Book:

| 2016 |  | (Rs.) |
| ---: | :--- | ---: |
| May | 1 | Commenced business with Cash |
|  | 3 | Bought goods for Cash |
|  | 3 | Paid Carriage |
| 44 | Sold goods for Cash | 10,000 |
| 10 | Received from Ram | 200 |
| 12 | Paid to Shiv Kumar | 6,000 |
| 15 | Cash Sales | 2,000 |
| 18 | Purchased furniture for cash for office | 8,400 |
| 20 | Paid for Advertisement | 5,000 |
| 20 | Purchased goods from Mahesh on credit | 500 |
| 24 | Paid to Mahesh | 4,000 |
| 25 | Paid Wages | 400 |
| 27 | Received for Commission | 1,500 |
| 28 | Withdrew for personal use | 2,200 |
| 31 | Paid salary | 700 |

Q8. Mr. Yadav, the petty cashier of M/s Triputi Traders received Rs.10,000 on April 1, 2020 from the Head Cashier. Following were the petty expenses :-

| 2020 |  | (Rs.) |
| ---: | :--- | :---: |
| April 2 | Taxi fare | 750 |
| 3 | Refreshments | 450 |
| 5 | Registered postal charges | 200 |
| 5 | Wages | 700 |
| 8 | Auto fare | 200 |
| 9 | Courier charges | 150 |
| 12 | Postal Stamps | 600 |
| 14 | Eraser/Sharpeners/Pencils | 400 |
| 17 | Speed Post charges | 200 |
| 20 | Cartage | 600 |
| 20 | Computer Stationery | 500 |
| 22 | Wages | 300 |
| 24 | Bus fare | 600 |
| 25 | Office Sanitation | 800 |
| 26 | Refreshments | 750 |
| 28 | Loading Charges | 300 |
| 30 | Photostatting Charges | 200 |
| 30 | Wages | 800 |

You are required to prepare a Petty Cash Book.
Q9. Write up Cash Book of BhanuPartap with Cash and Bank Columns from the following transactions:-

| 2022 |  | (Rs.) |
| ---: | :--- | ---: |
| March 1 | Cash-in-hand | 2,710 |
|  | Cash at Bank | 27,500 |
| 3 | Received from Subhash | 3,500 |
| 4 | Sold goods for cash | 10,000 |
| 7 | Paid Rent by Cheque | 800 |


| 8 | Paid Sohan by cheque | 3,000 |
| ---: | :--- | ---: |
| 10 | Bought goods for cash | 15,000 |
| 12 | Paid cash for stationery | 200 |
| 15 | Drew from Bank for office use | 8,000 |
| 15 | Received cheque from Surendra and sent it to Bank | 6,600 |
| 16 | Paid for advertisement | 750 |
| 18 | Issued cheque in favour of Nath Brothers | 4,300 |
| 19 | Cash Sales | 13,000 |
| 20 | Paid into Bank | 16,000 |
| 20,400 |  |  |
| 22 | Received cheque from Vinod and sent it to Bank | 18,000 |
| 22 | Bought Scooter and paid for the same by cheque |  |
| 2 | Bank returned Surendra's cheque dishonoured |  |
| 28 | Paid salary by cheque | 7,200 |

## Q10. CASE BASED QUESTION:

Read the following case study and give the following answer:
Mr. Abhishek operates two bank accounts which are maintained in the Columnar Cash Book itself. The following transactions relating to the 31st March, 2022.

1. Opening Balance:

Cash Rs.27,000
National Bank Rs. 15,000 (overdraft)
Overseas Bank
Rs. 35,000
2. Received cheque for Rs.12,000 for goods sold; the cheque deposited in the National Bank.
3. Purchased goods for Rs.23,000 and a cheque issued on the Overseas Bank.
4. Paid Rs. 500 for office expenses and Rs. 200 for stationery.
5. Out of cash sales of Rs.25,000 a sum of Rs.15,000 was deposited in the National Bank.
6. Withdrew Rs.5,000 from Overseas Bank.
7. A bill receivable for Rs. 10,000 was discounted with the Overseas Bank. The bank charged Rs. 100 as discounted charges and credited the balance.
8. An amount of Rs. 15,000 was withdrawn from the Overseas Bank and used the amount for payment of salaries.
9. Interest on bank draft Rs. 500 was debited by the National Bank.
10. Bank charges of Rs. 300 and Rs. 200 were debited by the National Bank and the Overseas Bank respectively.
11. Sold goods to Anup for Rs. 15,000.
12. Received cheque from Anup for Rs. 15,000 and deposited in the National Bank.
i. Cash Balance at the end will be:
a.Rs.41,300
b.Rs. 42,600
c. Rs.50,000
d.Rs.51,309
ii. National Bank Balance will be:
a. Rs. 20,400
b.Rs.26,200
c. Rs. 36,400
d. Rs.12,000
iii. Overseas Bank Balance will be:
a. Rs.1,700
b.Rs.1,500
c. Rs. 2,500
d.Rs.4,000

## CHAPTER-11: OTHER SUBSIDIARY B00KS

Answer the following questions:
Q1.The Sales Book
a. is a part of the Journal.
b. is a part of the Ledger.
c. is a part of the Balance Sheet.
d. is a part of the Trial Balance.

Q2. In the Purchases Book the record is in respect of
a. cash purchases of goods dealt in.
b. credit purchases of goods dealt in.
c. all purchases of goods dealt in.
d. purchase of anything

Q3. Which of the following transactions is entered into the Journal Proper?
a. cash payment to an employee for expenses.
b. cash purchase of goods for resale.
c. correction of an error.
d. credit purchase of goods for resale.

Q4. X received a cheque of Rs. 10,000 from $Y$ in settlement of dues of Rs. 10,500. The cheque was dishonoured. The reversal of discount allowed by $X$ will be recorded in
a. Cash Book.
b. Journal Proper.
c. Ledger directly.
d. Purchases Book.

Q5. Assertion (A) : All credit purchases of goods are recorded in the purchases journal. Reason (R):Cash purchases of goods are recorded in cash book.
a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
b.Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation of Assertion (A).
c. Assertion (A) is true but Reason (R) is false.
d. Assertion (A) is false but Reason (R) is true.

Q6. Give two examples of entries which are recorded in 'Journal Proper'.
Q7. Record the following transactions in the Purchases Book of Subhash General Stores, Delhi:
$\left.\begin{array}{|c|l|}\hline \mathbf{2 0 1 8} & \\ \text { May 1 } & \begin{array}{l}\text { Bought from M/s. Chunni Lal Mam Raj, Delhi: } \\ 100 \text { bags of ITC Wheat Atta @ Rs.530 per bag } \\ 50 \text { bags of Rice Basmati @ Rs. } 500 \text { per bag } \\ \text { Less: Trade Discount @ 10\% } \\ \text { Bought from M/s. Kanodia Oil Mills, Delhi: }\end{array} \\ & \begin{array}{l}40 \text { tins Oil @ Rs.1,500 per tin } \\ 20 \text { tins Banaspati Oil @ Rs. } 900 \text { per tin } \\ \text { Less: Trade Discount @ 5\% } \\ \text { Purchased from M/s. Gupta Bros., Hapur: }\end{array} \\ 25 \text { bags gram @ Rs.480 per bag } \\ 40 \text { bags oats @ Rs. } 25 \text { per bag } \\ \text { Less: Trade Discount @ 5\% }\end{array}\right]$

Q8. Record following transactions in the Purchases Return Book of Kamla Stores for June 2020:

| $\mathbf{2 0 2 0}$ |  |
| :---: | :--- |
| June 6 | Returned goods to Ramesh Brothers, Delhi purchased for Rs. 5,000 |
| June 8 | Returned goods to Sohan Brothers, Meerut purchased for Rs. 10,000 |
| June 17 | Returned goods to Mahesh Brothers of Rs. 2,000 |

Q9. From the following transaction prepare sales book of $\mathrm{M} / \mathrm{s}$ Golden furniture House, Amritsar for January 2020.
January 4 Sold to Reliance Corporation, Delhi
50 chairs @ Rs. 200 each 50 tables
@ Rs. 400 each
Less 10\% Trade discount plus IGST @ 12\%
January 14 Sold to S.A. Jain College, Varanasi
1 Office chair, Godrej @ Rs. 2100
1 Office Table Teak wood @ Rs. 2400
Less 20\% Trade discount plus IGST @ 12\%
January 20 Sold to P.K. Jain School Chandigarh for cash 100 chairs @ Rs. 150 per each January 24
Supplied to D.S.D Girls College, Amritsar
5 classroom tables @ Rs. 200
each 5 chair @ Rs. 125 each
10 Stools @ Rs. 50 each
Less:10\% Trade discount CGST and SGST @6\% each
Q10. INCA Ltd. a manufacturing company has now expanded its operations. Its sales are increasing rapidly and the demand for its products is also rising. It is expanding geographically to different states. Initially when the operations were small, its accountant Mr.Dheeraj maintained only a journal. But as the business expands and the number of transactions becomes large, it become cumbersome to journalise each transaction. So now a need is felt to prepare special journals or subsidiary books. So accordingly, Mr. Dheeraj instructs his subordinates to prepare various subsidiary books.
i. What will be the advantage of preparing these subsidiary books?
a. Quick,efficient and accurate recording of business transactions
b. Time consuming
c. They prove economical and make division of labour possible in accounting work
d. Both (a) and (c)
ii. Which of the following about the purchase book is correct?
a. It records purchases of all types
b. It records all credit purchases of the goods, the enterprise deals in
c. It records all cash purchases of the goods, the enterprise deals in
d. Both b and c
iii. Sales book does not record cash sales of merchandise.
a. True
b. False
c. Partially false
d. Partially true
iv. If INCA Ltd. purchased furniture of Rs. 40,000 on credit, Mr. Dheeraj will record this transaction in
a. Purchase Book
b. Cash Book
c. Journal Proper
d. Purchases Book

CHAPTER-12: Accounting for Goods and Services Tax

## Multiple choice Questions

Q1. On intra-state (i.e., within the state) purchase of goods, which of the following GST is levied?
a. SGST
b. CGST
c. CGST and SGST
d. SGST and IGST

Q2. On inter-state (i.e., outside the state) purchase of goods, which of the following GST is levied
a. IGST
b. IGST and CGST
c. CGST
d. SGST

Q3. On intra-state purchase of goods, which of the following accounts are debited?
a. Input IGST Account
b. Input CGST Account and Input SGST Account
c. Input IGST Account and Input CGST Account
d. Input IGST Account and Input SGST Account

Q4. On inter-state sale of goods, which of the following account is credited?
a. Output IGST A/c
b. Output CGST A/c
c. Input IGST Alc
d. Output SGST A/c

Q5. Assertion (A): GST can be charged by registered taxpayer only.
Reason ( R): GST is a supply-based tax as seller will charge GST whether the purchaser is registered taxpayer or not.
a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
b. Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation of Assertion (A).
c. Assertion (A) is true but Reason (R) is false.
d. Assertion (A) is false but Reason (R) is true.

Q6. What is IGST? Give in example
Q7. What is CGST? Give an example.
Q8. Pass entries in the books of Ashok Bros. assuming that all transactions have been entered within the State of Bihar and assuming CGST @6\% and SGST @6\%. 2018
Jan. 2 Purchased goods for Rs.2,00,000 on credit.
5 Sold goods for Rs.3,00,000 on credit.
10 Purchased Computer Printer for office for Rs.50,000 and payment made by cheque.
20 Legal consultation fee of Rs.10,000 paid in Cash.
22 Rent of Rs.20,000 paid by Cheque.
Q9. Pass entries in the books of Mukul Roy \& Sons, assuming all transactions have been entered within the state of West Bengal, charging CGST and SGST @ 6\% each:
April 1 Purchased goods for Rs.1,50,000 from S. Banerjee.
6 Sold goods for 2,50,000 to Aditya Sangma.
8 Returned goods to S. Banerjee for Rs.10,000.
15 Aditya Sangma returned goods for Rs.8,000.
18 Printing \& stationery expenses of Rs.5,000 paid in cash.
24 Goods withdrawn by Proprietor for personal use Rs.20,000.
27 Goods destroyed by fire Rs.15,000.
Q10. Shobhit has a trading business in Delhi. All his transactions occur within the limits of Delhi. Shobhit bought goods of Rs.1,00,000 on credit. He sold them for Rs.1,35,000 in the same state on credit. He paid for railway transport Rs.8,000. He bought computer printer for Rs. 10,000. He paid postal charges Rs.2,000.
Assuming CGST @ 5\% and SGST @ 5\%, you are required to answer the following questions.
i. By what amount will creditors account be credited for purchase of Rs.1,00,00
a. Rs. 1,00,00
b. Rs. 1,05,000
c.Rs. $1,10,000$
d. Rs. 1,20,000.
ii. What will be the total amount paid on account of transport charges?
a. Rs.8,000
b.Rs.8,400
c. Rs.8,800
d. Rs. 9,000
iii. What journal entry would have been passed by Shobhit in case he had resorted to inter-state purchase of goods on which GST is levied?
a.Purchases A/c Dr Input CGST A/c Dr
Input SGST A/c Dr
To Cash A/c
b. Purchases A/c Dr Input IGST A/c Dr To Cash A/c
c. Purchases A/c Dr Input SGST A/c Dr

To Cash A/c
d. Purchases A/c Dr Input CGST A/c Dr

To Cash A/c

## CHAPTER-13: BANK RECONCILIATION STATEMENT

## Answer the following questions:

Q1. A bank reconciliation statement is prepared by
a. banker
b. accountant of the business
c. auditors
d. registrar

Q2. Bank reconciliation is not a:
a. reconcile records
b. memorandum statement
c. ledger account
d. procedure to provide cash book adjustments

Q3. The balance on the debit side of the bank column of cash book indicates
a. the total amount has drawn from the bank
b. cash at bank
c. the total amount overdraft in the bank
d. negative bank balance

Q4. The main purpose of preparing a bank reconciliation statement is:
a. to know the bank balance
b. to know the balance of bank statement
c. to correct the cash book
d. to identify causes of difference between cash book and bank statement

Q5. Assertion (A): A bank reconciliation statement is a statement prepared to reconcile the bank balance as per cash book with the balance as per pass book or bank statement.
Reason (R): The amount of balance shown in the pass book or the bank statement must tally with the balance as shown in the cash book.
a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
b. Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation of Assertion (A).
c. Assertion (A) is true but Reason (R) is false.
d. Assertion (A) is false but Reason (R) is true.

Q6. Tiwari and Sons find that the bank balance shown by their Cash Book on December 31, 2016 is
Rs. 40,500 (Credit) but the Pass Book shows a difference due to the following reasons:
i. A cheque for Rs. 5,000 drawn in favour of Manohar has not yet been presented for payment.
ii. A post-dated cheque for Rs. 900 has been debited in the bank column of the Cash Book but it could not have been presented in any case.
iii. Cheques totalling Rs. 10,200 deposited with the bank have not yet been collected and an another cheque for Rs. 4,000 deposited in the account has been dishonoured.
iv. A Bill Payable for Rs. 10,000 was retired by the Bank under a rebate of Rs. 150 but the full amount of the bill was credited in the bank column of the cash book.
Prepare a Bank Reconciliation Statement and find out the balance as per Pass Book.
Q7. On comparing the Cash Book with Pass Book of Naman it is found that on March 31, 2017, bank balance of Rs. 40,960 showed by the Cash Book differs from the bank balance with regard to the following:
a. Bank charges Rs. 100 on March, 31 2017, are not entered in the Cash Book.
b. On March 21, 2017, a debtor paid Rs. 2,000 into the company's bank in settlement of his account, but no entry was made in the Cash Book of the company in respect of this.
c. Cheques totalling Rs. 12,980 were issued by the company and duly recorded in the Cash Book before March 31, 2017, but had not been presented at the bank for payment until after that date.
d. A bill for Rs. 6,900 discounted with the bank is entered in the Cash Book without recording the discount charge of Rs. 800.
e. Rs. 3,520 is entered in the Cash Book as paid into bank on March 31st 2017, but not credited by the bank until the following day.
f. No entry has been made in the Cash Book to record the dishonour on March 15, 2017 of a cheque for Rs. 650 received from Bhanu.
Prepare a reconciliation Statement as on March 31, 2017.
Q8. On 30th June, 2014, the bank column of Mohan Kapoor's Cash Book showed a debit balance of Rs. 12,000 . On checking the Cash Book with bank statement you find that:-
2. Cheques paid into Bank Rs. 8,000, but out of these only cheques of Rs. 6,500 were cleared and credited by the Bankers upto 30th June.
3. Cheques of Rs. 9,200 were issued but out of these only cheques of Rs. 7,000 were presented for payment upto 30th June.
4. The receipt column of the Cash Book has been undercast by Rs. 200.
5. The Pass Book shows a credit of Rs. 330 as interest on investments collected by bankers and debit of Rs. 60 for bank charges.
6. On 29th June a Customer deposited Rs. 3,000 direct in the bank account but it was entered only in the Pass Book.
Prepare a Bank Reconciliation Statement.
Q9. Rim Zim Ltd. maintains a current account with the State Bank of India. On 31st March, 2017, the bank column of its cash book showed a debit balance of Rs. 1,54,300. However, the bank statement showed a different balance as on that date. The following were the reasons for the difference :

Rs.
i. Cheques deposited, but not yet credited by the

75,450 bank
ii. Cheques issued, but not yet presented for payment 80,760
iii. Bank charges not yet recorded in the cash book 1,135
iv. Cheques received by the bank directly from trade

1,35,200 debtors
Insurance premium paid by the bank as per
v. standing instructions, but not yet recorded in the

15,400 cash book
vi. Dividend collected by the bank, but not yet

1,000 recorded in the cash book
Find out the balance as per the bank statement as on 31st March, 2017.
Q10. On 31st December, 2021, the cash book of Mittal Bros showed a credit balance of Rs.6,920. There is a stark difference in the balance as per pass book. A careful scrutiny points out that there was a debit by bank for Rs. 200 on account of interest on overdraft and Rs. 50 on account of charges
for collecting bills. Cheques drawn but not encashed before 31st December, 2021 were for Rs. 4,000 . The bank has collected interest and has credited Rs. 600 in pass book. A bill receivable for Rs. 700 previously discounted with the bank had been dishonoured and debited in the pass book. Cheques paid into bank but not collected and credited before 31st December, 2021 amounted to Rs.6,000.
i. Credit balance in cash book reflects
a. overdraft
b. favourable balance
c. nil balance
d. Option a and b both
ii. Credit balance of bank account as per cash book essentially means
a. bank account becomes negative and the businesses in effect have borrowed from the bank.
b. there is high positive balance in bank account.
c. business has paid all its bank loans.
d. business has unpaid bank loans
iii. While preparing the bank reconciliation statement, bills receivable for Rs. 700 previously discounted with the bank now dishonoured, will
a. increase the credit balance of cash book.
b. decrease the credit balance of cash book.
c. will not affect the credit balance of cash book
d. will not affect the credit balance of Pass book
iv. While preparing the bank reconciliation statement, cheques drawn but not encashed before 31st December, 2021 for Rs. 4,000 will be
a. added to credit balance of cash book.
b. deducted from credit balance of cash book.
c. ignored.
d. added to credit balance of pass book.
v. What will be the balance as per pass book on 31st December, 2021?
a. Rs.6,920
b. Rs. 9,270
c.Rs.4,570
d. 13,870

## CHAPTER-14: TRIAL BALANCE

## Answer the following questions:

Q1. What kind of accuracy is tested by Trial balance
a. theoritical
b. practical
c. arithmetical
d.Either a or b

Q2. If the trial balance does not tally after many efforts then following Account is opened -
a. purchase account
b. suspense account
c. sales account
d. Cash A/c

Q3. What is the trial balance used for?
a. it is a financial statement
b. it records balances of a balance sheet
c. it doesn't contribute to the accounting cycle
d. it records balances of accounts

Q4. When is trial balance prepared?
a. at the end of an accounting period
b. at the end of a year
c. frequently during the year
d. at the end of a month

Q5. Assertion (A): A matched Trial Balance is a conclusive proof that no error exist in recording the transactions.
Reason(R): An assets account shows a Debit balance.
a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
b. Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation of Assertion (A).
c. Assertion (A) is true but Reason (R) is false.
d. Assertion (A) is false but Reason (R) is true.

Q6. What is the main objective of preparing a Trial Balance?
Q7. Trial balance is an account . Is it correct? Give reason.
Q8. Prepare Trial Balance for the following Balances as on 31st March 2021

| Balances | Rs. |
| :--- | ---: |
| Cost of Goods Sold | $5,20,000$ |
| Opening Stock | 50,000 |
| Closing Stock | 50,000 |
| Salary and Wages | 50,000 |
| Sales | $8,00,000$ |
| Plant \& Machinery | $2,00,000$ |
| Drawing | 50,000 |
| Investment | $4,30,000$ |
| Creditors | $4,00,000$ |
| Capital |  |

Q9. The following balances were extracted from the ledger of Mr. Sachin as on 31st March 2021. You are required to prepare a trial balance as on that date.

| Balances | Rs. |
| :--- | ---: |
| Drawings | 60,000 |
| Salaries | 95,000 |
| Capital | $4,40,000$ |
| Sales return | 10,000 |
| Sundry creditors | $2,30,000$ |
| Purchases return | 11,000 |
| Bills payable | 40,000 |
| Commission paid | 1,000 |


| Sundry debtors | $5,00,000$ |
| :--- | ---: |
| Trading expenses | 25,000 |
| Bills receivable | 52,000 |
| Discount earned | 5,000 |
| Plant \& Machinery | 45,000 |
| Rent | 20,000 |
| Opening stock | $3,70,000$ |
| Bank overdraft | 60,000 |
| Cash in hand | 9,000 |
| Purchases | $7,08,000$ |
| Cash at bank | 25,000 |
| Sales | $11,80,000$ |
| Investment | 46,000 |
| Closing Stock | 80,000 |

Q10.The following balances extracted from the books of Mr. K.K. His accountant prepare his Trial Balance as on 31st March 2021.

Cash in hand
Cash at Bank
Bills Receivable
Bills payable
Sundry debtors
Sundry creditors
Capital
Rs.14,200
Rs. 6,800

Drawings
Sales
Rs. 28,000
Rs.26,000
Rs.54,600
Rs. 62,400
Rs. 60,000
Rs. 28,000
Purchases
Rs. 2,05,000
Rs.1,75,000
Rs. 2,700
Rs.12,000
Salaries
Rs. 2,400
Rs. 1,600
Insurance
Rs. 7,500
Rs.18,600
Opening Stock
Rs.2,000
Office Rent
i. Sunday Debtors will be shown in :
a. Debit side
b. Credit side
c. Either Debit or Credit side
d. Neither Debit nor Credit side
ii. Capital will be shown in:
a. Debit side
b. Credit side
c. Either Debit or Credit side
d. Neither Debit nor Credit side
iii. Drawings will be shown in:
a. Debit side
b. Credit side
c. Either Debit or Credit side
d. Neither Debit nor Credit side
iv. Carriage Inward will be shown in:
a. Debit side
b. Credit side
c. Either Debit or Credit side
d. Neither Debit nor Credit side

## CHAPTER-14: DEPRECIATION

## Answer the following questions:

Q1. Under which depreciation method does the amount of depreciation expenses remains the same throughout the useful life of a fixed asset
a. Reducing balance method
b. Written Down Value method
c. Straight-line method
d. Either a or b

Q2. Every fixed asset loses its value due to use or other reasons. This decline in the value of assets is known as $\qquad$ —.
a. provisions
b. depreciation
c. devaluation
d. amortisation

Q3. At the end of the year, the depreciation account is transferred to $\qquad$ .
a. trading account
b. profit and loss appropriation account
c. profit and loss account
d. balance sheet

Q4. Amount of depreciation charged under diminishing balance method remains
a. increasing
b. decreasing
c. fixed
d. fluctuating

Q5. Assertion (A) :Depreciation is a charge against the revenue of the corresponding period and must be deducted before arriving at net profit.
Reason (R): Depreciation is as much the cost as any other expense incurred in the normal course of business.
a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
b. Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation of Assertion (A).
c. Assertion (A) is true but Reason (R) is false.
d. Assertion (A) is false but Reason (R) is true.

Q6. On 1st April, 2009, a Company bought Plant and Machinery costing Rs. 68,000. It is estimated that its working life is 10 years, at the end of which it will fetch Rs. 8,000. Additions are made on 1st April, 2010 to the value of Rs. 40,000 (Residual value Rs. 4,000). More additions are made on Oct. 1, 2011 to the value of Rs. 9,800 (Break up value Rs. 800). The working life of both the additional Plant and machinery is 20 years.
Show the Plant and Machinery account for the first four years, if depreciation is written off according to Straight Line Method. The accounts are closed on 31st March every year.

Q7. What is the difference between Straight Line Method and Diminishing Balance Method of charging Depreciation?
Q8. On 1st January, 2006, $A$ Ltd. Purchased a machine for Rs. 2,40,000 and spent Rs. 10,000 on its erection. On 1st July, 2006 an additional machinery costing Rs. 1,00,000 was purchased. On 1st July, 2008 the machine purchased on 1st January, 2006 was sold for Rs. 1,43,000 and on the same date, a new machine was purchased at a cost of Rs. 2,00,000.
Show the Machinery Account for the first three calendar years after charging depreciation at 5\% by the Straight Line Method.
Q9. A plant is purchased for Rs. 60,000 on 1st April, 2009. It is estimated that the residual value of this plant at the end of its working life of 10 years will be Rs. 20,920. Depreciation is to be provided at $10 \%$ p.a. on diminishing balance method.
You are required to show the Plant Account for 4 years, assuming that the books are closed on 31st March every year.
Q10. WHERE Ltd. is a manufacturing firm and has a machinery worth Rs. 50,00,000. As on 1 st April, 2018 the provision for depreciation stood at Rs. 50,00,000. WHERE Ltd. charges depreciation on machinery at $20 \%$ p.a. by the diminishing balance method. A piece of machinery purchased on 1st April, 2016 for
Rs. 10,00,000 was sold on 1 st October, 2018 for Rs.6,00,000.
i. Under written down value method, a fixed and equal amount in the form of depreciation is charged every year during the life time of the asset.
a. True
b. False
c. Partially False
d. Partially true
ii. Which of the following is the probable reason for WHERE Ltd's adoption of written down value method for charging depreciation?
a. The machinery is such that its repair charges are low
b. The possibility of obsolescence of machinery is low
c. The machinery is such that it is affected by technological changes and require more repair expenses with passage of time
d. Either a or b
iii. What is the total depreciation charged on the machinery sold?
a. Rs. $4,24,000$
b. Rs. 3,60,000
c. Rs. $4,40,000$
d. Rs. 5,40,000
iv. What is the written down value of the machinery sold:
a. Rs.5,76,000
b.Rs.6,40,000
c. Rs. 10,00,000.
d. Rs. 7,00,000

## CHAPTER-17: PROVISION AND RESERVES

## Objective Answer Type Questions:

Q1. Which of the following is the example of Capital Reserve?
a. workmen's compensation fund
b. premium received on issue of shares or debentures
c. general reserve
d. Capital Redemption Reserve

Q2. Which of the following is the example of Revenue Reserve?
a. profit on redemption of debentures
b. profit on revaluation of fixed
c. investment fluctuation fund
d. profit on Re-issue of forfeited shares
Q3.General Reserves are shown in:
a. Revaluation Account
b. Profit and Loss Account
c. Balance Sheet
d. Trading A/c

Q4. According to Companies Act, 1956 Secret Reserves can be created by: a. Only Private Company
b. Banking and insurance companies
c. Only Public Company
d. Companies Registered under Companies Act

Q5. Read the following statements: Assertion (A) and Reason (R). Choose one of the correct alternatives given below:
Assertion (A): Provision cannot be used for distribution.
Reasons (R): Provision is a charge against the profits.
a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
b. Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation of Assertion (A).
c. Assertion (A) is true but Reason (R) is false.
d. Assertion (A) is false but Reason (R) is true.

Q6. What is the meant by Revenue Reserve?
Q7. Differentiate between Revenue Reserve and Capital Reserve on the basis of source.
Q8. What is the meant by Provision? Give two example of Provision.
Q9. What are the major types of Reserve? Explain it.
Q10. Geet has recently started her own cloth trading business. Her business is doing quite well and she is deciding to expand it. She decides to maintain accounts of the firm in proper form as per various legal requirements. She is not really versed with the aspects of accountancy. She is confused what reserves to maintain and what provisions to create.
You are a Chartered Accountant. Geet approaches you for advice.
i. Why should Geet create provisions?
a. To meet anticipated or known losses and liabilities
b. To meet unknown losses and liabilities
c. To hoard funds
d. Either a or b
ii. In the balance sheet, the amount of provision should be shown by Geet as
i. by way of deduction from the concerned asset on the assets side.
ii. on the liabilities side of the balance sheet alongwith current liabilities.
a. Only (i)
b. Only (ii)
c. Either (i) or (ii)
d. Neither (i) nor (ii)
iii. Using which of the following statements will you justify to Geet the need to create reserves?
a. Reserves help in strengthening the financial position of an enterprise
b. Reserves help in meeting future contingencies
c. Reserves are important to expand the business operations and to bring uniformity in distribution of dividends
d. Either a or b
iv. Geet wants to create a reserve which the management can freely utilise for any purpose. Which reserve should she create?
a. General Reserve
b. Specific Reserve
c. Secret Reserve
d. Either b or c

## CHAPTER-17: RECTIFICATION OF ERROR

## Answer the following questions:

Q1. Errors Committed by omitting entries in the Journal book is called :
a. error of commission
b. error of principle
c. error of omission
d. both $a$ and $b$

Q2. Which of the following is not an error of principle?
a. purchase of furniture debited to purchase account
b. repairs on the overhauling of second-hand machinery purchased debited to repairs account
c. cash received from xyz posted to abc
d. sale of old car credited to sales account

Q3. Sales of Rs. 10,000 recorded as Rs. 1,000 is an example of:
a. compensating error
b. errors of principle
c. errors of omission
d. errors of commission

Q4. Rectification entries are passed in -
a. Journal Proper
b. Purchase Book
c. Sales Book
d. None of the options

Q5. Assertion (A): Treating a revenue expense as capital expenditure is an example of error of Principle.
Reason (R): Errors of principle, do not affect trial balance.
a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
b. Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation of Assertion (A).
c. Assertion (A) is true but Reason (R) is false.
d. Assertion (A) is false but Reason (R) is true.

Q6. Give three examples of Errors of Principle.
Q7. What do you mean by Suspense Account?
Q8.Rectify the following errors :
i. Credit sales to Mohan Rs. 7,000 were not recorded.
ii. Credit purchases from Rohan Rs. 9,000 were not recorded.
iii. Goods returned to Rakesh Rs. 4,000 were not recorded.
iv. Goods returned from Mahesh Rs.1,000 were not recorded.

Q9. Rectify the following errors :
i. Salary paid Rs. 5,000 was debited to employee's personal account.
ii. Rent Paid Rs. 4,000 was posted to landlord's personal account.
iii. Goods withdrawn by proprietor for personal use Rs. 1,000 were debited to sundry expenses account.
iv. Cash received from Kohli Rs. 2,000 was posted to Kapur's account.
v. Cash paid to Babu Rs. 1,500 was posted to Sabu's account.

Case Base Questions:
Q10.Read the following case study and give the answer.
In the business, rectify the error which are detected before preparation of the Trial Balance.
I. sale to Pawan Rs. 20,000 posted to his account as Rs.2,000.
II. sale to Pawan Rs.20,000 debited to his account as to Rs.2,000.
III. purchases of Rs.8,755 from Naman posted to account as Rs.5,578.
IV. cash sale to Amit of Rs.10,000 posted to Rs.1,000.
i. Pawan account is debited by
a. Rs.18,000
b. Rs.10,000
a. Rs.5,000
d. Rs. 12,000
ii.Amount will be written on credit side of Naman's A/c
a. Rs.3,177
b. Rs.8,755
c. Rs.5,578
c. Rs. 7,855
iii. Cash sales is recorded in the $\qquad$
a. sales A/c
b. cashbook
c. purchase book
d. Purchases Return book
iv. Bank Reconciliation Statement is prepared by
a. creditors
b. debtors

## CHAPTER-18: FINANCIAL STATEMENTS OF SOLE PROPRIETORSHIP

 Answer the following questions:Q1. Current liabilities are such obligations which to:
a. within one year
b. within two years
c. within three years
d. within four years

Q2. Computers owned by a firm are classified as:
a. tangible assets
b. current assets
c. liquid assets
d. intangible Assets

Q3. Loss on sale of an old car is debited to:
a. Profit and Loss A/c
b. Car A/c
c. Depreciation A/c
d. Trading Account

Q4. Insurance premium paid to insure the machinery at the time of its purchase is
a. Revenue Expenditure
b. Capital Expenditure
c. Deferred Revenue Expenditure
d. Both $a$ and $b$

Q5. Assertion (A): Revenue expenditure is transferred to balance sheet.
Reason ( $\mathbf{R}$ ): Revenue is transferred to trading account.
a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
b. Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation of Assertion (A)
c. Assertion (A) is true but Reason (R) is false.
d. Assertion (A) is false but Reason (R) is true.

Q6. What is the meant by Capital Receipt?
Q7. Give the correct chronological order of ascertainment of the following profits from Trading and Profit and Loss Account; Operating Profit; Gross Profit; Net Profit.
Q8. What is the Profit and Loss Account? Give any three items that are credited to Profit and Loss Account.
Q9. From the following information, determine Gross Profit for the year ended 31st March, 2020:

|  | Rs. |  | Rs. |
| :--- | ---: | :--- | ---: |
| Opening Stock (1st April,2019) | 25,000 | Goods purchased during the <br> year | $1,40,000$ |
| Freight and Packing | 10,000 | Closing Stock (31st <br> March, 2020) <br> Packing Expenses on Sales | 30,000 |
| Sales | $1,90,000$ | 6,000 |  |

Q10.Mr. Gupta has the following balances to prepare his Trading Account :

|  | Rs. | Rs. |  |
| :--- | ---: | :--- | ---: |
| Opening Stock | 23,000 | Purchases Return | 2,400 |
| Purchases | 29,000 | Closing Stock | 47,700 |
| Sales Return | 500 | Carriage Inwards | 100 |
| Sales | 25,400 | Depreciation | 2,000 |

i. Purchases Return will be subtracted from:
a. Purchases
b. Sales
c. Closing Stock
d. Opening Stock
ii. Sales return will be subtracted from:
a. Purchases
b. Sales
c. Closing Stock
d. Opening Stock
iii. Depreciation will be shown in:
a. Debit side
b. Credit side
c. Either a or b
d. Neither a nor b

## CHAPTER-19: ADJUSTMENTS IN PREPARTION OF FINANCIAL STATEMENT Answer the following questions:

Q1. Adjustments given are recorded once in Trading and Profit and Loss Account and again in Balance Sheet. It is so because of:
a. Matching Principle
b. Dual Aspect Principle
c. Accrual Concept
d. Materiality Principle

Q2. Prepaid Insurance existing in the Trial Balance is shown in the Balance Sheet in the assets side because of:
a. Accrual Concept
b. Matching Principle
c. Materiality Principle
d. Cost Principle

Q3. Wages and Salaries Account is shown in:
a. Trading Account.
b. Profit and Loss Account.
c. Balance Sheet.
d. Trading Account and Balance Sheet.

Q4. Gross Profit: Rs. 50,000; Salaries: Rs. 5,800; Rent paid: Rs. 6,000; Provision for Doubtful Debts: Rs.2,000 (Old); Commission (Credit) Rs. 4,000. Net Profit of the firm will be:
a. Rs. 42,200
b. Rs. 40,000
c. Rs. 42,000
d. Rs. 45,000

Q5. Assertion (A): Depreciation account in the Trial balance is taken to Profit and Loss account. Reason (R): All indirect expenses are shown in Profit and Loss account.
a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
b. Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation of Assertion (A).
c. Assertion (A) is true but Reason (R) is false.
d. Assertion (A) is false but Reason (R) is true.

Q6. What are the outstanding expenses? What is its adjustment entry?
Q7. What is meant by the prepaid expenses? How are they adjusted in the final accounts?
Q8. Prepare Trading and Profit and Loss Account and Balance Sheet from the following balances, relating to the year ended 31st March, 2019:

|  | Rs. |  | Rs. |
| :--- | ---: | :--- | ---: |
| Capital | $1,00,000$ | Wages | 50,000 |
| Creditors | 12,000 | Bank | 10,000 |
| Returns Outward | 5,000 | Repairs | 500 |
| Sales | $1,64,000$ | Stock on 1st April, 2018 | 20,000 |
| Bills Payable | 5,000 | Rent | 4,000 |
| Plant and | 40,000 | Manufacturing | 8,000 |
| Machinery |  | Expenses |  |
| Sundry Debtors | 24,000 | Trade Expenses | 7,000 |
| Drawings | 10,000 | Bad Debts | 2,000 |
| Purchases | $1,05,000$ | Carriage | 1,500 |
| Returns Inward | 3,000 | Fuel and Power | 1,000 |
|  |  |  |  |

Additional Information:
i. Closing Stock was valued at Rs. 14,500.
ii. Depreciate Plant and Machinery by Rs. 4,000.
iii. Write off Bad Debts Rs. 5,000.
iv. Rs. 400 is due for repairs.

Q9. Following are the balances extracted from the books of Narain on 31st March, 2019:

| Particulars | Amount <br> (Rs.) | Particulars | Amount <br> (Rs.) |
| :--- | ---: | :--- | ---: |
| Narain's Capital | $3,00,000$ | Sales | $15,00,000$ |
| Narain's Drawings | 50,000 | Sales Return | 20,000 |
| Furniture and Fittings | 26,000 | Discounts (Dr.) | 16,000 |
| Bank Overdraft | 42,000 | Discounts (Cr.) | 20,000 |
| Creditors | $1,38,000$ | Insurance | 20,000 |
| Business Premises | $2,00,000$ | General Expenses | 40,000 |
| Stock on 1st April, 2018 | $2,20,000$ | Salaries | 90,000 |
| Debtors | $1,80,000$ | Commission (Dr.) | 22,000 |
| Rent from Tenants | 10,000 | Carriage on Purchases | 18,000 |
| Purchases | $11,00,000$ | Bad Debts Written off | 8,000 |

Additional Information:
i. Closing Stock as on 31st March, 2019 was Rs. 2,00,600, whereas its Net Realisable Value (Market Value) was Rs. 2,05,000.
ii. Depreciate: Business Premises by Rs. 3,000 and Furniture and Fittings by Rs. 2,500.
iii. Make a provision of $5 \%$ on debtors for doubtful debts.
iv. Carry forward Rs. 2,000 for unexpired insurance.
v. Outstanding salary was Rs. 15,000.

Prepare Trading and Profit and Loss Account for the year and Balance Sheet as at that date.
Q10. Arun is a trader. While preparing his final accounts on 31st March, 2022, he made a provision for doubtful debts @ 4\% of the sundry debtors amounting to Rs. 42,000. During the year ended 31 March 2023, doubtful debts amounted to Rs. 3400 .31st March, 2023, doubtful debts amounted to Rs. 3,400. On 31st March 2023,Sunday Debtors were Rs.56,500 and the provision for doubtful debts was maintained at the same rate.
i. Provision required on 31 March 2022 will be:
a. Rs.1,680
b.Rs. 2460
c.Rs. 2860
d.Rs.3,460
ii. On 31st March 2022,transfer from profit and loss account will be :
a.Rs.1,680
b.Rs. 2570
c.Rs. 2390
d.Rs.3,440
iii. Provision required on 31 March 2023 will be:
a. Rs.1,860
b.Rs.2,260
c.Rs. 2860
d.Rs.3,260
iv. On 31st March 2023,transfer from profit and loss account will be :
a. Rs.3,980
b.Rs.4,980
c.Rs.5,980
d.Rs.6,980

## CHAPTER-20: Accounts from incomplete records-single entry system

## Multiple Choice Questions :

Q1. In Single Entry System
a. only one aspect of all transactions is recorded
b. as regards some transactions, both aspects are recorded; as regards others either one aspect is recorded or it is not recorded at all
c. both aspects of all transactions are recorded
d. Neither a nor b

Q2. Single Entry System is usually adopted by:
a. Small proprietary and partnership firms
b. Joint stock companies

Q3. Profit = Capital at the end + Drawings - Additional capital introduced - ?
a. Adjusted Capital at the end
b. Gross Profit
c. Sundry Debtors in the beginning
d. Capital in the beginning

Q4. When closing capital is less than opening capital, it means that the entity has
a. incurred loss
b. Earned profit
c. incurred loss if there is no drawings/withdrawals of capital.
d. either a or b

Q5. Assertion (A): in single entry system, only one aspect of each transaction is compulsory recorded.
Reason (R): In single entry system, arithmedical accuracy of the books of account cannot be checked.
a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
b. Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation of Assertion (A)
c. Assertion (A) is true but Reason (R) is false.
d. Assertion (A) is false but Reason (R) is true.

Q6. Which accounting concept is followed under single entry system?
Q7. Why the statement of assets, liabilities and capital prepared under single entry system is called statement of affairs instead of Balance sheet?
Q8. Mewa Devi, who keeps her books on Single Entry System, informs you that her capital on 31st March, 2022 is Rs. 5,00,000 and her capital on 1st April, 2021 was Rs. 5,50,000. She further informer that during the accounting year 2021-22, she withdrew Rs. 70,000 for personal purposes. She once sold her investment in mutual fund of Rs.30,000 at Rs.40,000 less 1\% redemption charges and brought that money into the business during the year.
You are required to prepare her Statement of Profit and Loss.
Q9. Shailendra keeps his books on single entry system. He sells goods at cost plus $50 \%$. On Ist April, 2021 his capital was Rs. 9,00,000 and on 31st March, 2022 it was Rs. 8,00,000. He had withdrawn Rs.30,000 per month. He also withdrew goods of the sale value of Rs. 90,000.
You are required to calculate his profit/loss for the year 2021-22.
Q10. Prem started a sole-propriety firm on 1st April, 2021 with an initial capital of Rs. 5,00,000. On 1st July, 2021, he borrowed from his elder brother Sajan Rs.2,00,000 @ 12\% per annum (interest not yet paid for the business. He also introduced further capital of his own Rs.1,70,000. On 31st March, 2022 his position was as follows:
Creditors Rs. 1,12,000; Cash in Hand Rs. 50,000; Bank Balance Rs. 1,50,000; Debtors Rs. 3,00,000; and Stock Rs. 6,50,000.He withdrew for household purposes Rs.5,000 per month from October 1, 2021 onwards.
i. His total assets on 31 March 2022, will be:
a.Rs.10,50,000
b.Rs.11,50,000
c. Rs. $12,50,000$
d.Rs.14,50,000
ii. His capital on 31 March 2022, will be:
a. Rs. 8,50,000
b.Rs.9,50,000
c. Rs. $8,20,000$
d.Rs.9,20,000
iii. profit for the year ended 31 March 2022, will be:
a. Rs.1,80,000
b.Rs.1,50,000
c. Rs. 1,20,000
d.Rs.2,20,000

