

DEHRADUN PUBLIC SCHOOL
ASSIGNMENT (2022-23)
SUBJECT- ACCOUNTANCY (055)
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.** Book keeping is mainly concerned with
a. recording financial data relating to business transactions
b. classifying and summarising recorded data
c. interpreting data for internal and users
d. all of above
- 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. None of these
- 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.** Which is the last step of accounting as a process of information?
a. recording of data in the books of accounts
b. preparation of summaries in the form of financial statements
c. communication of information
d. analysis and interpretation of information
- Q6.** **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.
- Q7.** Manipulating of accounts in a way so as to show the better position than what it actually is called _____.
- Q8.** Accounting measures the business transactions in terms of _____ units.
- Q9.** The book of original entry where financial transactions are recorded is termed as _____.
- Q10.** Transactions are posted into Ledger account from _____.
- Q11.** _____ and _____ is the last step of accounting as a process of information.
- Q12.** Give the meaning of Accounting. What are the advantages of Accounting?
- Q13.** Explain any three limitations of Accounting.

- Q14. What is the process of Accounting?
 Q15. Explain the primary objective of Accounting.
 Q16. Only financial transactions are recorded in Accounting. Is this a limitation of Accounting? If yes, give reasons.
 Q17. What do you mean by Financial Accounting? Explain four main limitations of financial accounting.
 Q18. Discuss briefly the types of Accounting Information.
 Q19. Explain internal users of accounting information and their needs.

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. none of these
- 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. none of these.
- 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. Which one of the following statement is correct?
 a. $\text{Income} = \text{Revenue} - \text{Expenses}$
 b. $\text{Income} = \text{Expenses} - \text{Revenue}$
 c. $\text{Expenses} = \text{Income} - \text{Revenue}$
 d. $\text{Income} = \text{Profits} - \text{Expenses}$.
- Q6. _____ users are groups outside the business entity, who uses the information to make decisions about the business entity.
- Q7. The document certifying the purchase or sale of goods or any monetary transaction is called _____.
- Q8. The thing which is purchased and sold in the business is called _____.
- Q9. The things or properties which helps in smooth functioning of the business and which are owned by the business are called _____ of the business.
- Q10. The unsold goods left at the end of the year is called _____.
- Q11. _____ discount is given on credit transactions only.

Case Based Questions:

- Q12. Read the following case study and answer the following questions:
 Gopal started business for buying and selling of readymade garments with ₹ 8,00,000 as an initial investment. Out of this he paid ₹ 4,00,000 for the purchase of garments and ₹ 50,000 for furniture and ₹ 50,000 for computers and the remaining amount was deposited into the bank. He sold some of the ladies and kids garments for ₹ 3,00,000 for cash and some garments for ₹ 1,50,000 on credit to Rajesh.
 Subsequently, he bought men's garments of ₹ 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 ₹ 1,00,000 was destroyed. Later on, some garments which cost ₹ 1,20,000 were sold for ₹ 1,30,000. Expenses paid during the same period were ₹ 15,000. Gopal withdrew ₹ 20,000 from business for his domestic use.
- i. What is the amount of capital with which Gopal started the business?
 a. ₹ 3,00,000
 b. ₹ 8,00,000

- c. ₹ 2,00,000 d. ₹ 1,30,000
- ii. What fixed assets did he buy?
- furniture ₹ 50,000 and computer ₹ 50,000
 - computer ₹ 50,000 and garments ₹ 2,00,000
 - furniture ₹ 50,000 and garments ₹ 2,00,000
 - none of these
- iii. Who is the creditor and state the amount payable to him?
- Rajesh ₹ 2,00,000
 - Satish ₹ 1,50,000
 - Satish ₹ 2,00,000
 - none of these
- iv. What is the amount of drawings of Gopal?
- ₹ 20,000
 - ₹ 15,000
 - ₹ 50,000
 - none of these
- Q13.** Explain the following terms with example:
- Capital Expenditure
 - Revenue Expenditure
- Q14.** Distinguish between Trade discount and Cash discount.
- Q15.** What are the Current Assets. Give any two examples of Current Assets.
- Q16.** Explain the sales/ purchase include both cash and credit sales/ purchase.
- Q17.** Define the following terms with example:
- Revenue
 - Drawings
 - Profit
- Q18.** Distinguish between opening stock and closing stock.
- Q19.** Explain the Liabilities. What are the Non-Current and Current Liabilities?

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:
- conservation
 - matching
 - accounting period
 - none of the above
- Q2.** A concept that a business enterprise will not be sold or liquidated in the near future is known as :
- going concern
 - business entity
 - monetary unit
 - none of the above
- Q3.** Meaning of credibility of going concern is :
- closing of business
 - opening of business
 - continuing of business
 - none of these
- Q4.** According to the Business Entity Concept
- transactions between the business and its owners are not recorded
 - transactions between the business and its owners are recorded considering them to be one single entity.
 - transactions between the business and its owners are recorded from the business point of view
 - none of the above
- Q5.** X Ltd. follows the Written Down Value method of depreciating machinery year after year due to
- going concern
 - cost
 - consistency
 - all of these
- Q6.** According to which of the following concepts, in determining the net income from business, all costs which are applicable to the revenue of the period should be charged against that revenue?
- matching concept
 - money measurement concept
 - cost concept
 - dual aspect concept
- Q7.** Recognition of expenses in the same period as associated revenues is called _____ concept.

- Q8.** The accounting concept that refers to the tendency of accountants to resolve uncertainty and doubt in favour of understanding assets and revenues and overstating liabilities and expenses is known as _____.
- Q9.** According to the _____ principle, a business unit is separate from its owners.
- Q10.** _____ assumes that the enterprise will continue to exist for a foreseeable period.

Q11. Case Based Questions:

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. None of these
 - iv. Ind-AS are
 - a. rule based accounting standards
 - b. principle based accounting standards
 - c. partially rule based and partially principle based accounting standards
 - d. none of these
- Q12.** Under which accounting concept, a business enterprise will not be sold or liquidated in the near future. Explain it.
- Q13.** How does the Matching Principle apply to depreciation?
- Q14.** 'Closing Stock is valued at lower of cost or market price'. Which concept of accounting is applied here. Explain this concept.
- Q15.** Under which accounting principle, quality of man power is not recorded in the book of account. Explain it.
- Q16.** Explain the following accounting conventions:
- i. Full Disclosure,
 - ii. Consistency,
 - iii. Materiality,
 - iv. Conservatism.
- Q17.** Explain Accounting Standards briefly.

Expenses paid	₹ 1,60,000
Expenses paid in advance (included in ₹ 1,60,000)	₹ 40,000
Expenses not yet paid	₹ 20,000
Income received	₹ 2,40,000

Determine his income if he adopts i. Cash basis of Accounting
ii. Accrual Basis of Accounting.

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. None of these
- 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. None of the above
- 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. none of the above
- Q4.** Liabilities and Assets amount to ₹ 50,000 and ₹7,800 respectively. The difference amount shall represent-
 a. creditors b. debentures
 c. profit d. capital.
- Q5.** Amount withdrawn by proprietor for personal use _____ Cash and Capital.
 a. increase b. decrease
 c. no changes d. none of these
- Q6.** Which of the following transaction affecting Liability side of the equation?
 a. Goods purchased for cash ₹ 2,60,000
 b. Machinery purchased for cash ₹ 1,00,000s
 c. Cash received from Debtors ₹ 80,000
 d. Salary outstanding ₹ 18,000
- Q7.** An Accounting Equation is based on the _____ principle.
- Q8.** Goods purchased on credit will lead to _____ in stock and creditors.
- Q9.** Goods sold on credit costing ₹ 20,000 for ₹ 24,000 will increase total assets by _____.
- Q10.** Assets = _____ + _____.

Case Based Questions:

- Q11.** Read the following case study and answer the following questions:
 X started a business on 1st April, 2020 with a capital of ₹50,000 and a loan of ₹ 25,000 taken from Y. During 2020-2021, he had introduced additional capital of ₹ 25,000 and had withdrawn ₹ 15,000 for personal use. To grow his business, he purchased furniture for cash ₹ 2,50,000 and computer ₹ 50,000. On 31st March, 2021 his assets were ₹ 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. ₹ 1,50,000 b. ₹ 1,25,000
 c. ₹ 25,000 d. ₹ 50,000
- ii. Find out the profit earned during the year
 a. ₹ 15,000 b. ₹ 25,000

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. None of these
- Q4. Drawings Account is a
a. Personal Account b. Real Account
c. Nominal Account d. None of these
- Q5. Which of the following accounts has a credit balance?
a. carriage inward b. discount received
c. carriage outward d. discount allowed
- Q6. Sundry Creditors Account is a
a. Revenue Account. b. Capital Account
c. Liability Account. d. None of these.
- Q7. Machinery Purchased is a
a. Real Account b. Nominal Account
c. Personal Account d. None of these
- Q8. 'Purchases' are classified as_____.
- Q9. Debit the receiver, Credit the_____ is the rule for Personal Accounts.
- Q10. Salary Outstanding A/c on the basis of classification of accounts is a _____.
- Q11. Debit what comes in and credit what goes out is the rule of_____Account.
- Q12. Cash or goods withdrawn by the proprietor for his personal use is debited to _____Account.
- Q13. Debit in relation to Asset Accounts and Expense Accounts means an_____but in relation to Liability Accounts, Capital Accounts and Revenue Accounts means a_____.
- Q14. Debit all expenses and losses and credit all incomes and gains is the rule of _____Accounts.
- Q15. 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.
- Q16. What are two sides of an account called? Explain in brief.
- Q17. Gives the rules of debit and credit and explain them with imaginary examples.
- Q18. 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

Q17. Mention few common source documents

Q18. Following transactions took place in M/s Good luck Computers.

Prepare the Accounting Vouchers:

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

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 @ ₹ 50 each less Trade Discount of 20%. Purchases Account will be debited by

- a. ₹ 50,000.
- b. ₹ 40,000.
- c. ₹ 45,000.
- d. ₹ 60,000.

Q4. Which of the following is correct entry to record cash purchase of ₹ 3,000 from Amar?

- a. Dr. Purchases A/c and Cr. Amar by ₹ 3,000
- b. Dr. Amar and Cr. Purchases A/c by ₹ 3,000
- c. Dr. Cash A/c and Cr. Purchase A/c by ₹ 3,000
- d. Dr. Purchases A/c and Cr. Cash A/c by ₹ 3,000

Q5. A sole trader took goods costing ₹ 1,000 from stock from his own use. The normal selling price of the goods is ₹ 1,500. Which of the following Journal entries would correctly record this?

- a. Dr. Drawings A/c and Cr. Purchases A/c by ₹ 1,000.
- b. Dr. Drawings A/c and Cr. Sales A/c by ₹ 1,500.
- c. Dr. Drawings A/c and Cr. Purchases A/c by ₹ 1,500.
- d. Dr. Sales A/c and Cr Drawings A/c by ₹ 1,000.

Q6. Cash Discount received is recorded in the books of account as follows:

- a. Cash Discount is credited to Discount Received Account.

April 24	Cash Sales	7,000
April 30	Cash received from Naresh on Account	5,000

Q15. Wages for the year ended 31st March, 2021 debited to Wages Account are ₹ 55,000. ₹ 5,000 for the month of March, 2021 are to be paid in April, 2021. Since, ₹ 5,000 as on 31st March, 2021 is yet to be paid, pass the Journal entry.

Q16. Journalise the following transactions of Rahul:

2021	₹
Jan. 01: Rahul started business with cash.	2,00,000
Jan. 02: Paid into bank.	60,000
Jan. 03: Bought goods from Singh & Co.	20,000
Jan 03 : Paid cartage on goods purchased.	300
Jan. 04 : Purchased furniture.	2,000
Jan. 04 : Paid advance for purchase of HP Printers for ₹ 15,000.	5,000
Jan. 04 : Purchased calculator.	1,000
Jan. 04 : Purchased computer and paid by cheque.	13,000
Jan. 06 : Paid for Mobile bill and Internet (Office).	5,700
Jan. 08 : Sold goods for cash.	4,000
Jan. 09 : Sold goods to Sharda & Co.	10,000
Jan. 09 : Paid cartage on goods sold to Sharda & Co.	20
Jan. 15 : Paid to Singh & Co. on account.	17,500
Jan. 25 : Sold goods to Ray & Co.	5,600
Jan. 27 : Received cheque from Sharda & Co. in settlement of amount due from them.	9,750
Jan. 31 : Paid for electricity charges.	1,000

Q17. Pass necessary Journal entries for the following transactions:

2021	₹
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

Q18. Pass necessary journal entry for the following transactions

- i. Sold to Mohan goods costing ₹ 20,000 plus CGST and SGST @6% each.
- ii. Bad debt amounted to ₹ 9,000
- iii. Received from Ganesh ₹ 10,000 in full settlement of ₹ 15,000 balance is a Bad debt
- iv. Recovered an old bad debt ₹ 200
- v. Bank charged interest on overdraft ₹1,000
- vi. ₹ 500 cash & ₹ 2,000 goods withdraw by proprietor for personal use.
- vii. Place on fixed deposit account at bank by transfer form current account ₹ 5,000
- viii. Free samples are distributed among the customers ₹ 1,000
- ix. Paid rent ₹500 plus CGST and SGST @ 6% each.

	discount and 5% cash discount and paid 40% of amount 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 .

Q13. Write a short note on 'balancing an account'.

Q14. What is a Ledger and what do you understand by posting?

Q15. On 1st April, 2021, the following were Ledger balances of M/s. Ram & Co., Delhi:
Cash in Hand ₹300; Cash at Bank ₹7,000; Bills Payable ₹ 1,000; Zahir (Dr.) ₹ 800;
Stock ₹ 4,000; Gobind (Cr.) ₹ 2,000; Sharma (Dr.) ₹1,500; Rahul (Cr.) ₹900; Capital ₹9,700.
Transactions during the month of April, 2020 were:

2021		₹
April 2	Bought goods from Gobind, Delhi	900
April 3	Sold goods to Sharma, Kanpur	1,000
April 5	Bought goods from Rahul, Delhi	1,200
April 8	Sold goods to Zahir, Kolkata	500
April 15	Paid Gobind by cheque on account	1,500
April 18	Received from Sharma a cheque of Allowed him discount	2,000 50
April 20	Sold goods to Sharma, Kanpur	800
April 20	Paid rent by cheque	200
April 25	Sold goods to Zahir, Kolkata	1,000
April 30	Paid salaries in cash	300

Post the above transaction to the ledger.

CHAPTER-10: CASH BOOK

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 cashbooks is similar to a cash account?
a. Double column cashbook b. Petty cashbook
c. Single column cashbook d. None of these
- Q4.** The credit side of a cashbook is _____.
a. the loss side b. the receipt side

Q13. Mr. Yadav, the petty cashier of M/s Triputi Traders received ₹10,000 on April 1, 2020 from the Head Cashier. Following were the petty expenses :-

2020		(₹)
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/Sharpener/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.

Q14. Write up Cash Book of BhanuPartap with Cash and Bank Columns from the following transactions:-

2017		(₹)
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
	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
	Paid into Bank	16,000
20	Received cheque from Vinod and sent it to Bank	2,400
22	Bought Scooter and paid for the same by cheque	18,000
25	Bank returned Surendra'schequedishonoured	
28	Paid salary by cheque	7,200

May 3	Bought from M/s. Kanodia Oil Mills, Delhi: 40 tins Oil @ ₹1,500 per tin 20 tins Banaspati Oil @ ₹900 per tin Less: Trade Discount @ 5%
May 4	Purchased from M/s. Gupta Bros., Hapur: 25 bags gram @ ₹480 per bag 40 bags oats @ ₹25 per bag Less: Trade Discount @ 5%

Q19. From the following transaction prepare sales book of M/s Golden furniture House, Amritsar for January 2020.

January 4	Sold to Reliance Corporation, Delhi 50 chairs @ ₹200 each 50 tables @ ₹ 400 each Less 10% Trade discount plus IGST @ 12%
January 14	Sold to S.A. Jain College, Varanasi 1 Office chair, Godrej @ ₹ 2100 1 Office Table Teak wood @ ₹ 2400 Less 20% Trade discount plus IGST @ 12%
January 20	Sold to P.K. Jain School Chandigarh for cash 100 chairs @ ₹ 150 per each
January 24	Supplied to D.S.D Girls College, Amritsar 5 classroom tables @ ₹ 200 each 5 chair @ ₹ 125 each 10 Stools @ ₹50 each Less:10% Trade discount CGST and SGST @6% each

Q20. Record following transactions in the Purchases Return Book of Kamla Stores for June 2020:

2020	
June 6	Returned goods to Ramesh Brothers, Delhi purchased for ₹ 5,000
June 8	Returned goods to Sohan Brothers, Meerut purchased for ₹ 10,000
June 17	Returned goods to Mahesh Brothers of ₹ 2,000

CHAPTER-12: 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. none of above

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. A bank reconciliation statement is prepared by

- a. internal auditor
- b. business accountant
- c. businessman
- d. all of These

Q6. A cheque that bears a date latter than date of issue is called

- a. anti dated cheque
- b. post-dated cheque
- c. dishonored cheque
- d. outdated cheque

Q7. Directly collections of bank are to be _____ in cash book.

Q8. The main purpose of preparing a bank reconciliation statement is _____.

Q9. A bank reconciliation statement is prepared by _____.

Q10. When cheque is not paid by the bank, it is called _____.

Q11. State the need for the preparation of bank reconciliation statement.

Q12. 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 ₹ 1,54,300. However, the bank statement showed a different balance as on that date. The following were the reasons for the difference :

	₹
i. Cheques deposited, but not yet credited by the bank	75,450
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 debtors	1,35,200
v. Insurance premium paid by the bank as per standing instructions, but not yet recorded in the cash book	15,400
vi. Dividend collected by the bank, but not yet recorded in the cash book	1,000

Find out the balance as per the bank statement as on 31st March, 2017.

Q13. The balance of cash at bank as shown by the Cash Book of Pan & Co. on 31st December, 2016, was ₹ 7,500. On checking the entries in the Cash Book with the Pass Book, it was ascertained that cheques of ₹ 500 and ₹ 700 respectively paid in on 30th December, were not credited until the 2nd January following and three cheques of ₹ 600, ₹ 800 and ₹ 1,200 issued on the 28th December were not presented until the 3rd of January. There was a credit of ₹ 125 in the Pass Book in respect of interest under date 31st December, which was not entered in the Cash Book. There were also Bank Charges debited in the Pass Book amounting in all to ₹ 10 which were not entered in the Cash Book.

Prepare a Bank Reconciliation Statement as at 31st December, 2016.

Q14. On 30th June, 2014, the bank column of Mohan Kapoor's Cash Book showed a debit balance of ₹ 12,000. On checking the Cash Book with bank statement you find that:-

1. Cheques paid into Bank ₹ 8,000, but out of these only cheques of ₹ 6,500 were cleared and credited by the Bankers upto 30th June.

2. Cheques of ₹ 9,200 were issued but out of these only cheques of ₹ 7,000 were presented for payment upto 30th June.
3. The receipt column of the Cash Book has been undercast by ₹ 200.
4. The Pass Book shows a credit of ₹ 330 as interest on investments collected by bankers and debit of ₹ 60 for bank charges.
5. On 29th June a Customer deposited ₹ 3,000 direct in the bank account but it was entered only in the Pass Book.

Prepare a Bank Reconciliation Statement.

- Q15.** On comparing the Cash Book with Pass Book of Naman it is found that on March 31, 2017, bank balance of ₹ 40,960 showed by the Cash Book differs from the bank balance with regard to the following:
- a. Bank charges ₹ 100 on March, 31 2017, are not entered in the Cash Book.
 - b. On March 21, 2017, a debtor paid ₹ 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 ₹ 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 ₹ 6,900 discounted with the bank is entered in the Cash Book without recording the discount charge of ₹ 800.
 - e. ₹ 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 ₹ 650 received from Bhanu.

Prepare a reconciliation Statement as on March 31, 2017.

- Q16.** Tiwari and Sons find that the bank balance shown by their Cash Book on December 31, 2016 is ₹ 40,500 (Credit) but the Pass Book shows a difference due to the following reasons:
- i. A cheque for ₹ 5,000 drawn in favour of Manohar has not yet been presented for payment.
 - ii. A post-dated cheque for ₹ 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 ₹ 10,200 deposited with the bank have not yet been collected and another cheque for ₹ 4,000 deposited in the account has been dishonoured.
 - iv. A Bill Payable for ₹ 10,000 was retired by the Bank under a rebate of ₹ 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.

CHAPTER-13: TRIAL BALANCE

Answer the following questions:

- Q1.** What kind of accuracy is tested by Trial balance
- a. theoretical
 - b. practical
 - c. arithmetical
 - d. none of these
- 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. none of these
- 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.** An assets account shows a _____ balance.
- Q6.** Trial balance is merely a _____ not an Account.
- Q7.** Generally _____ does not form a part of Trial balance.
- Q8.** A trial balance is prepared after _____.
- Q9.** _____ is prepared on the basis of trial balance.
- Q10.** If the trial balance does not tally after many efforts, then the _____ account is opened.
- Q11.** What is the main objective of preparing a Trial Balance?
- Q12.** Trial balance is an account . Is it correct ? Give reason.
- Q13.** Prepare Trial Balance for the following Balances as on 31st March 2021

Balances	₹
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	1,00,000
Capital	4,00,000

- Q14.** 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	₹
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.

Q15. From the following balances extracted from the books of Mr. K.K, prepare Trial Balance as on 31st March 2021.

Cash in hand ₹14,200
 Cash at Bank ₹6,800
 Bills Receivable ₹ 28,000
 Bills payable ₹26,000
 Sundry debtors ₹54,600
 Sundry creditors ₹ 62,400
 Capital ₹60,000
 Drawings ₹ 28,000
 Sales ₹2,05,000
 Purchases ₹1,75,000
 Carriage ₹Inward 2,700
 Salaries ₹12,000
 Advertisement ₹2,400
 Insurance ₹1,600
 Furniture ₹7,500
 Opening Stock ₹18,600
 Office Rent ₹2,000

- Q14.** A plant is purchased for ₹ 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 ₹ 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.

CHAPTER-15: 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. none of these
- 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. None of these
- 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.** Which of the following is not a type of reserve
a. provision for bad debt
b. general reserve
c. workmen compensation fund
d. retained earnings
- Q6.** Provision is a _____ against the profits.
- Q7.** Reserve means _____ profits.
- Q8. Read the following statements: Assertion (A) and Reason (R). Choose one of the correct alternatives given below:**
Asseration (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.
- Q9.** What is the meant by Provision?
- Q10.** What is the meant by Reserve?
- Q11.** Give four examples of Capital Reserve.
- Q12.** What is the meant by Revenue Reserve?
- Q13.** Differentiate between Revenue Reserve and Capital Reserve on the basis of source.
- Q14.** What is the meant by Provision? Give two example of Provision.
- Q15.** What are the major types of Reserve ? Explain it.

CHAPTER-17: RECTIFICATION OF ERROR

Answer the following questions:

- Q1.** Errors Committed by omitting entries in the Journal book is called –

- iii. Goods withdrawn by proprietor for personal use ₹ 1,000 were debited to sundry expenses account.
- iv. Cash received from Kohli ₹ 2,000 was posted to Kapur's account.
- v. Cash paid to Babu ₹ 1,500 was posted to Sabu's account.

Q15. Rectify the following errors :

- i. Credit Sales to Mohan ₹ 7,000 were recorded in purchases book.
- ii. Credit Purchases from Rohan ₹ 9,000 were recorded in sales book.
- iii. Goods returned to Rakesh ₹ 4,000 were recorded in the sales return book.
- iv. Goods returned from Mahesh ₹ 1,000 were recorded in purchases return book.
- v. Goods returned from Nahesh ₹ 2,000 were recorded in purchases book.

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. None of these
- Q5.** Returns Inward in the Trial Balance is deducted from
- a. purchases
 - b. sales
 - c. returns outward
 - d. gross profit
- Q6.** Financial Statements includes
- a. Trial Balance
 - b. Trading and Profit and Loss Account
 - c. Balance Sheet
 - d. Trading and Profit and Loss Account and Balance Sheet
- Q7.** Carriage Outwards is shown in_____.
- Q8.** Expenditure incurred on a fixed asset which increases the earning capacity is accounted as_____.
- Q9.** Large advertisement expenditure to introduce a new product is _____.
- Q10.** Purchase of machinery for production is _____.
- Q11.** Define the Financial Statement.
- Q12.** What is the meant by Capital Receipt?
- Q13.** Give the correct chronological order of ascertainment of the following profits from Trading and Profit and Loss Account; Operating Profit; Gross Profit; Net Profit.
- Q14.** What is the Profit and Loss Account? Give any three items that are credited to Profit and Loss Account.
- Q15.** From the following information, determine Gross Profit for the year ended 31st March, 2020:

	₹		₹
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 Machinery	40,000	Manufacturing Expenses	8,000
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:

- Closing Stock was valued at ₹ 14,500.
- Depreciate Plant and Machinery by ₹ 4,000.
- Write off Bad Debts ₹ 5,000.
- ₹ 400 is due for repairs.

Q 13. Following are the balances extracted from the books of Narain on 31st March, 2019:

Particulars	Amount (₹)	Particulars	Amount (₹)
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:

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

Prepare Trading and Profit and Loss Account for the year and Balance Sheet as at that date.