

ACCOUNTANCY Answer Key

Answer key Accountancy
Choose the correct answer

Pg - 1

1. d) Stewardship accounting
2. (a) Business entity concept
3. (b) ₹ 40,000
4. (a) Capital A/c
5. (a) Suspense A/c
6. (c) All cash receipts and Cash payments
7. (a) Bank Statement and Bank Column of the Cash book
8. (a) Distinction is not Made between Capital and revenue items
9. (d) Error of duplication
10. (c) End
11. (a) Capital expenditure
12. (b) Deferred Revenue expenditure
13. (c) (i) Correct
14. (a) Financial Position
15. (d) Credited to Capital A/c
16. (a) Data
17. (d) Pointer
18. (b) Ready made accounting Software
19. (b) Cash Receipt 20. (b) Journal Proper

21. List any two functions of accounting.

- (i) Measurement (ii) Forecasting (iii) Comparison
 (iv) Decision making (v) Control (vi) Assistance to government

22. Define book-keeping.

- “Book-keeping is an art of recording business dealings in a set of books”. - *J.R. Batliboi*.
 ➤ “Book-keeping is the science and art of recording correctly in the books of account all those business transactions of money or money’s worth”. - *R.N. Carter*.

23. Give the golden rules of double entry accounting system.

Personal account	Debit the receiver	Credit the giver
Real account	Debit what comes in	Credit what goes out
Nominal account	Debit all expenses and losses	Credit all incomes and gains

24.

₹ 17,500

25.

₹ 6,930

26. What are compensating errors?

- The errors that make up for each other or neutralise each other are known as compensating errors.

27.

₹ 19,000

28. Direct expenses include wages, carriage inwards, dock charges, import duty, etc.

29. What are adjusting entries?

Adjustment entries are the journal entries made at the end of the accounting period to account for items which are omitted in trial balance and to make adjustments for outstanding and prepaid expenses and revenues accrued and received in advance.

30.

Drawings A/c Dr -
 To Bank A/c

31. Enumerate the importance of accounting. (any 3)

Accounting is a basic necessity for all enterprises. Importance of accounting is enumerated as below:

(i) Systematic records

All the transactions of an enterprise which are financial in nature are recorded in a systematic way in the books of accounts. The records are classified under common heads and summaries are prepared.

(ii) Preparation of financial statements

Results of business operations and the financial position of the concern can be ascertained from accounting periodically through the preparation of financial statements namely, income statement or trading and profit and loss account and balance sheet. This helps in distribution of profits to the owners and to provide funds for future growth of the business.

(iii) Assessment of progress

Analysis and interpretation of financial data can be done to assess the progress made in different areas and to identify the areas of weaknesses. Management is provided with a complete picture of the liquidity, profitability and solvency of the business.

32. Business entity concept :Business unit is separate and distinct from the owner.

Going concern concept :It is the basic assumption that business is a going concern and will continue its operations for a foreseeable future. Going concern concept influences accounting practices in relation to valuation of assets and liabilities, depreciation of the fixed assets, treatment of outstanding and prepaid expenses and accrued and unearned revenues. For example, assets are generally valued at historical cost. Any increase or decrease in the value of assets in the short period is ignored.

33.

(i) ₹ 20,000
(ii) ₹ 1,60,000
(iii) ₹ 2,40,000

34.

34. Cash A/c Dr
By Rose's Capital A/c 45,000
Stock A/c Dr
By Rose's Capital A/c 55,000
Rose's Capital A/c
To Cash A/c 45,000
To Stock A/c 55,000

35.

Purchase A/c Dr. ₹ 27,800
Sales A/c Cr ₹ 27,700

36.

To Balance c/d ₹ 475

37.

Profit & Loss A/c			
Dr	Particulars	Rs	Cr
	To Write off bad debts	1,000	500
	To Provision for doubtful debts	2,150	
	To Provision for discount on debts	931	

Balance Sheet	
Assets	Rs
Sundry debtors	50,000
(-) Write off	1,000
	49,000
(-) D.D. Provision	2,150
	46,850
	931
	47,781

38.

Profit & Loss A/c	
Particulars	Rs
By Discount received	1,000

Balance Sheet	
Liabilities	Rs
Sundry credit	30,000

39. **Hardware :**

The physical components of a computer constitute its hardware. Hardware consists of input devices and output devices that make a complete computer system. Examples of input devices are keyboard, optical scanner, mouse, joystick, touch screen and stylus which are used to feed data into the computer. Output devices such as monitor and printer are media to get the output from the computer.

40.

(i) No
 (ii) Capital Receipts

41.

(a) ₹ 53,000
 (b) Purchases A/c Dr. ₹ 40,000
 Sales A/c Cr ₹ 22,000
 Purchases returns A/c Cr ₹ 5,000

42.

(a) Date	Particulars	Rs	Rs
2018			
Apr 1	Cash A/c Dr. To Capital A/c		
Apr 5	Purchases A/c Dr. To Subash A/c		
Apr 7	Ramu A/c Dr. To Sales A/c		

Apr 12	Subash A/c Dr.	20,000	10-6
	To Cash A/c		19,500
	To Discount Received A/c		500
Apr 15	Wages A/c Dr.	500	
	Electricity charges A/c Dr.	3,000	
	Trade Expenses A/c Dr.	1,000	
	To Cash A/c		4,500
(b)	₹ Total	₹ 1,45,250	

43.

(a) ₹ 17,900

44.

(a) Cash balance 27,000
Bank balance 48,500

(b) ~~₹~~ Gross Profit ₹ 2,500
Net Profit ₹ 2,100
Balance sheet 62,400

45.

45 (a) (i) Suspense A/c Dr 2,100
To Sales A/c 2,100

(ii) Machinery A/c Dr 3,000
To Suspense A/c 3,000

(iii) Suspense A/c Dr 90
To Mark A/c 90

(iv) Purchase ^{Return} A/c Dr 200
To Suspense A/c 200

(v) Sales A/c Dr 100
To Suspense A/c 100

(b) Gross Profit ₹ 64,000
Net Profit ₹ 39,500
Balance sheet ₹ 1,46,600

46.

46 (a) Profit on Sale ₹ 35,000

(b) Net Profit ₹ 10,000

47. a)

47 (a) Gross Profit ₹ 7,900
Net Profit ₹ 9,400
Balance sheet ₹ 16,500

47. b) Explain the three methods of codification with examples.

a) Sequential codes

In sequential code, numbers and/or letters are assigned in consecutive order. These codes are applied primarily to source documents such as cheques, invoices, etc. A sequential code can facilitate document search. For example:

Code	Accounts
CL001	ABC LTD

b) Block codes

In a block code, a range of numbers is partitioned into a desired number of sub-ranges and each sub-range is allotted to a specific group. In most of the cases of block codes, numbers within a sub-range follow sequential coding scheme, i.e., the numbers increase consecutively. For example:

Code	Dealer type
100 – 199	Small pumps

c) Mnemonic codes

A mnemonic code consists of alphabets or abbreviations as symbols to codify a piece of information. For example:

Code	Information
SJ	Sales Journals

WAY TO SUCCESS