



INDIAN SCHOOL SOHAR
TERM II EXAMINATION (2019-20)
ACCOUNTANCY

Date: 14.01.2020

Max Marks:80

Class: XI

Duration: 3 hours

General Instructions:

1. All questions are compulsory.
2. Provide working notes wherever necessary.
3. Attempt all the parts of a question at one place.

1. Which external user of accounting information is most interested in knowing the long term solvency position of the firm?

(a)Employee	(b)Management	
(c)Bank and financial institutions	(d)Researchers	1
2. IFRS are based on

(a)Historical cost	(b)Fair value	
(c)Both historic and fair value	(d)None of the above	1
3. If the rent of one month is still to be paid the adjustment entry will be :

(a)Debit outstand rent account and credit rent account		
(b)Debit profit and loss account and credit rent account		
(c)Debit rent account and credit profit and loss account		
(d)Debt rent account and credit outstanding rent account		1
4. What is secret reserve? **1**
5. Provision is created for

(a)Known liability	(b) Unknown liability	
(c)Distribution of dividend	(d)None of the above	1
6. Original cost of asset is Rs.1,26,000, Scrap value is nil, useful life of asset is 6 years, What will be the depreciation under Diminishing balance method? **1**
7. During the life-time of an entity accounting produce financial statements in accordance with which basic accounting concept:

(a) Conservation	(b) Matching	
(c) Accounting period	(d) None of the above	1
8. If wages paid for installation of new machinery is debited to wages account it is

(a)An error of commission	(b)An error of principle	
(c)Compensating error	(d)An error of omission	1
9. Goods worth Rs.3,000 were purchased on which the trader allowed Rs.200 as trade discount and 5% cash discount if paid immediately. What will be the amount of purchases? **1**
10. Retained earnings is classified as

(a)Revenue	(b)Owner's fund	
(c)Assets	(d)Liabilities	1

11. Which financial statement represents the accounting equation?
 (a) Income statement (b) Cash flow statement
 (c) Balance sheet (d) Funds flow statement **1**
12. Use of common unit of measurement and common format of reporting promotes, which qualitative characteristic of accounting:
 (a) Comparability (b) Understandability
 (c) Relevance (d) Reliability **1**
13. Depletion method is adopted in the case of
 (a) Wasting assets like mines and quarries (b) Land and building
 (c) Goodwill (d) Copy rights **1**
14. Prepaid wages Rs.5,000 appears in the trial balance. It will be shown in _____. **1**
15. A bank reconciliation statement is prepared to _____. **1**
16. Rs.2500 received from Savitha whose account was previously written off as Bad debt should be credited to
 (a) Bad debts recovered account (b) Savitha's account
 (c) Cash account (d) Bad debts account **1**
17. Discounting charges are paid
 (a) By the drawer (b) By the drawee
 (c) Shared equally by the drawer and drawee. (d) None of these **1**
18. Under valuation of closing stock will
 (a) Understate cost of goods manufactured (b) Overstate current assets
 (c) Overstate gross profit (d) Understate net income **1**
19. Which of the following statement is not correct?
 (a) Provision for doubtful debts account is amount payable to debtors.
 (b) Bad debts can be more than the amount of provision for doubtful debts.
 (c) Bad debts can be less than the amount of provision for doubtful debts.
 (d) Provision for doubtful debts is shown in the balance sheet. **1**
20. Decrease in the amount of creditors (on the basis of accounting equation) results in _____. **1**
21. From the following balances find out the cost of goods sold and Gross profit
- | | | | |
|-------------------|-----------|------------------|-------------|
| Indirect expenses | Rs.15,200 | Sales | Rs.1,20,000 |
| Direct expenses | Rs.18,000 | Net purchases | Rs.72,000 |
| Return Inwards | Rs.12,000 | Returns outwards | Rs.12,000 |
| Closing stock | Rs.28,000 | Opening stock | Rs.16,000. |
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22. In the trial balance of a trader the following balances are given as on March 31, 2019.
- | | |
|-------------------------|-----------|
| Debtors | Rs.80,000 |
| Bad debts | Rs.2,000 |
| Provision for bad debts | Rs.5,000 |
- Further bad debts provided Rs.1,500 and create a provision for bad debts @ 5% on debtors. Calculate the new provision and show how it is to be shown in the profit and loss account and the balance sheet as on 31st March 2019. **3**

23. Journalise the following transactions in the books of Sumit from Bombay: 4
- 1.12.2018. Purchased goods from Vijay of Rs.20,000, plus CGST and SGST @ 6% each. Trade discount is @ 10% and cash discount @ 4%. The amount is paid.
- 6.12.2018. Sold goods costing Rs. 50,000 at a profit of 20% to Suresh of Mumbai. Trade discount @ 10%. Charged IGST@ 2%. Cash discount allowed @ 5% and received the amount by cheque.
- 15.12.2018. Paid salaries to staff Rs.10,000, half of the amount paid by cheque, balance by goods.
24. In taking out a trial balance, an accountant finds an excess debit of Rs.1,098. To close his books, he places the difference to suspense account. Later on detects the following errors. Rectify the Errors.
- (a) Goods purchased from Surinder for Rs.350 has been credited to his account as Rs.530.
- (b) Goods sold to Dinesh for Rs.800 have been debited to his account as Rs.880.
- (c) A cheque of Rs.1,250 received from a debtor had been correctly entered in the cash book but posted to his personal account as Rs.1,200.
- (d) Rs.780 paid for freight on machinery purchased was debited to Freight account as Rs.708. 4
25. Prepare an accounting equation with the help of following transactions and prepare the balance sheet.
- (i) Started business with cash Rs.1,00,000, Goods Rs.25,000, Bank balance Rs.40,000.
- (ii) Sold goods (costing 15,000) for 18,000 out of which Rs.5,000 received in cash
- (iii) Purchased goods on credit from Sasi Rs.1,00,000.
- (iv) Goods returned to Sasi Rs.20,000.
- (v) Accrued interest Rs.5,000
- (vi) Commission received in advance Rs.20,000
- (vii) Invested in shares (personal) Rs.50,000 4
26. What are the advantages of readymade accounting software? 4
27. Enter the following transactions in Purchases and sales book of Mr.Raja 4

Date(2019)	Particulars
March 1	Purchased 500 bags of Rice from Pal at Rs.900 per bag, less trade discount 15%
March 2	Bought 300 Bags of Wheat from Kamal at Rs.600 per bag less trade discount 10%
March 7	Sold to Lalitha 120 Bags of rice at Rs.1,100 per bag, less trade discount 5%
March 13	Sold to Harris 200 bags of Wheat at Rs.1,250 per bag, less trade discount 10%
March 30	Bought from Sankar 300 bags of rice at Rs.1000 per kg
March 31	Sold to Dayalan 200 bags of Wheat at Rs.700 per bag.
March 31	Sold of old furniture Rs.5,000.

28. Ashoka Ltd bought a machinery on 1st April 2010 for Rs.2,40,000 and spent Rs.4,000 on its carriage and Rs.6,000 towards installation cost. On 1st July,2011 it purchased a second hand machinery for Rs.1,00,000. On 1st January 2013 it decided to sell the machinery bought on 1st April,2010 at Rs.1,20,000. It bought another machine on the same date for Rs.40,000. Company decided to charge depreciation @ 15% p.a. on written down value method. Prepare machinery for 3 years from 2010 to 2013.

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29. Prepare Cash book with two columns from the following transactions.

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Date	Particulars	Amount
Jan 1	Cash in Hand Rs.16,000.Bank balance (Cr) Rs.9,000	
Jan 3	Deposited into bank	12,000
Jan 5	Received from Mohan	4,000
Jan 7	Received a cheque from Hari and sent it to bank	6,000
Jan 9	Received a cheque from PremMohan	1,750
Jan 12	Withdrew from bank for office use	3,000
Jan 13	Bought goods for cash	16,000
Jan14	Sold goods for cash	20,000
Jan 16	Paid to Ganesh by cheque	4,900
Jan 18	PremMohan cheque deposited into the bank	
Jan 20	Sold goods to Gopal for Rs.15,000 for which he gave cash Rs. 8,000 and a cheque of Rs. 7,000	
Jan 22	Deposited Gopal cheque into bank	
Jan 24	Paid rent by cheque	15,000
Jan 25	Bank notifies that PremMohan's cheque was dishonoured	
Jan 28	Received from Anil Rs.2,700 in cash and Rs.5,400 by cheque. Cheque is deposited on the same date	

30. On 31st January 2019, the pass book of Shri. M.L. Gupta shows a debit balance of Rs. 41,000.

Prepare a Bank Reconciliation Statement from the following Particulars:

- (i) Cheques amounting to Rs. 15,600 were drawn on 27th January 2019. Out of which cheques for Rs.11,000 were en cashed up to 31st January 2019.
- (ii) A wrong debit of Rs. 800 has been given by the bank in the pass book.
- (iii) A cheque for Rs. 200 was credited in the pass book but was not recorded in the cash book.
- (iv) Cheques amounting to Rs. 21,000 were deposited for collection. But out of these cheques for Rs.7,400 have been credited in the pass book on 5th February 2019.
- (v) A cheque for Rs. 1,000 was returned dishonoured by the bank and was debited in the pass book only.
- (vi) Interest on overdraft and bank charges amounting to Rs.100 were not entered in the cash book.
- (vii) A cheque of Rs.500 debited in the cash book was omitted to be banked.

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31. From the following find out the credit sales and credit purchases of OmPrakash and find out the gross profit: 8

Debtors on 1 st April 2018	45,000	Discount allowed	4,200
Creditors on 1 st April 2018	15,000	Discount received	5,100
Bills payable on 1 st April 2018	30,000	Bad debts written off	500
Bills receivable on 1 st April 2018	86,800	Sales returns	12,000
Bills receivable met at maturity	33,000	Purchases returns	1,600
Cash paid to bills payable	15,600	Bills payable accepted	13,500
Bills receivable received	3,600	B/R endorsed to creditors	30,000
Bills receivable dishonoured	2,400	Closing balance of creditors	30,000
Cash sales	2,50,000	Closing balance of bills receivable	25,000
Cash purchases	2,19,000	Closing balance of bills payable	-----
Cash paid to creditors	45,000	Closing balance of debtors	45,000
Cash received from debtors	1,26,000	Opening stock	25,000
Closing stock	20,000	Cost of goods sold	-----

32. From the following information prepare financial statements of M/S Raj & Bros for the year ending 31st March 2019.

Debit balances	Amount	Credit balances	Amount
Stock on 1.4.2018	16,800	Capital	78,000
Returns inwards	8,000	Sales	3,09,000
Purchases	2,43,000	Returns outward	5,700
Freight inwards	8,600	Trade creditors	4,800
Rent and taxes	5,700	10% bank loan (1-7-2018)	24,000
Salaries	9,300	Income from investment	3,600
Debtors	24,000	Discount received	2,250
Bank interest	1,000		
Printing and advertising	14,600		
Cash at bank	18,300		
Discount allowed	1,340		
Investment	25,000		
Furniture	3,800		
General expenses	3,610		
Audit fees	500		
Insurance	800		
Travelling expenses	3,000		
Plant and machinery	30,000		
Drawings	10,000		
Total	4,27,350	Total	4,27,350

Additional information:

1. Depreciation on plant and machinery @ 10% p.a. A machine has been purchased on 1st July 2018 for Rs.12,000.
2. The manager is entitled to a commission of 10% of the net profit before charging such commission.
3. Closing stock in trade is valued at Rs.6,000.
4. Salary outstanding Rs.5,000 and prepaid rent is Rs.200.

(OR)

The following is the trial balance of Rani for the year ended 31-3-2017.

Debit	Amount	Credit	Amount
Wages	15,000	Sales	4,80,000
Salaries	25,000	Capital	2,10,000
Carriage inward	5,000	Sundry creditors	30,000
Carriage outward	4,000	Bills payable	25,000
Return inward	3,000	Discount received	10,000
Purchases	3,60,000	Returns outwards	5,000
Opening stock	12,000		
Printing and stationery	4,600		
Trade expenses	2,400		
Rent, Rates and taxes	8,000		
Discount allowed	6,000		
Cash in hand	15,000		
Cash at bank	80,000		
Sundry debtors	70,000		
Bad debts	10,000		
Bills receivables	30,000		
Investments	50,000		
Plant	60,000		
Total	7,60,000	Total	7,60,000

The following adjustments are required to be made:

1. Closing stock was valued at Rs.20,000.
2. On 1st Feb 2017 stock costing Rs.20,000 was stolen and it was not insured.
3. Depreciate plant by 10%.
4. Further bad debts Rs.1,000. Create a new provision of 5% on debtors.
5. A plant costing Rs.60,000 was purchased on Sep 30th, 2016 but it was recorded in purchases book by mistake.

Prepare the trading and profit and loss account and balance sheet of Rani for the year ended 31.3.2017.

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