

Public Exam – March 2019

1	D Stewardship accounting
2	B business entity concept
3	B 40000
4	A capital account
5	A suspense account
6	C all cash receipts and cash payments
7	A bank statements and bank column of 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 account
16	A data
17	D printer
18	B readymade accounting software
19	A invoice
20	B journal proper

Part B

21. a) measurement b) comparison (with a few sentences)

22. Define book keeping - R N Carter book keeping is the science and art of recording correctly in the books of account all those transactions of money or money's worth.

23.

Golden rules of double entry 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. sales book

2018	Sam a/c		4000
Jan 1	Joy a/c		8000
11			
	Total sales account credit		12000

25. bank reconciliation statement of mr Kumar

	Balance as per cash book	7130	
Less	Cheque deposited		1000
add	Direct deposit made by customer	800	
	Balance as per pass book		6930

26. compensating errors

The errors that make up for each other or neutralise each other are known as compensating errors. These errors may occur in related or unrelated accounts. Thus, excess debit or credit in one account may be compensated by excess credit or debit in some other account. These are also known as offsetting errors.

27. Rate of depreciation = amount of dep /cost of assets x 100

Amount of depreciation = total cost – residual valud / expected years

$$= 100000 - 5000 / 5 = 95000/5 = 19000$$

$$= 19000 / 100000 \times 100 = 19 \%$$

28. any two direct expenditure

(a) Carriage inwards or Freight inwards (b) Wages (c) Dock Charges (d) Octroi (e) Import duty

29. adjustment 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. Babu's Drawing a/c Dr 40000

To cash a/c 40000

(cash withdrawn for personal use)

Part c

31. importance of accounting

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.

(iv) Aid to decision making

Management of a firm has to make routine and strategic decisions while discharging its functions. Accounting provides the relevant data to make appropriate decisions. Future policies and programmes can be planned by the management based on the accounting data provided.

(v) Satisfies legal requirements

Various legal requirements like maintenance of Provident Fund (PF) for employees, Employees State Insurance (ESI) contributions, Tax Deducted at Source (TDS), filing of tax returns are properly fulfilled with the help of accounting. Preparation of accounts and financial statements as per the legal requirements is also facilitated.

(vi) Information to interested groups

Accounting supplies appropriate information to different interested groups like owners, management, creditors, employees, financial institutions, tax authorities and the government.

(vii) Legal evidence

Accounting records are generally accepted as evidence in courts of law and other legal authorities in the settlement of disputes.

32. 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.

Dual aspect concept According to this concept, every transaction or event has two aspects, i.e., dual effect. For example, when Arun starts a business with cash ` 5,00,000, on the one hand, the business gets cash of ` 5,00,000 and on the other hand, a liability arises, that is, the business has to pay Arun a sum of ` 5,00,000. This is the concept which recognises the fact that for every debit, there is a corresponding and equal credit. This is the basis of the entire system of double entry book-keeping. From this concept arises the basic accounting equation, that is, **Capital + Liabilities = Assets**

33. a) 20000 b) 160000 c) 240000

34.

Dr	Cash account	Cr
To balance b/d	40000	

Dr	Stock account	cr
To balance b/d	55000	

Dr	Cash account	cr
	By balance b/d	100000

35.

Purchase book

2017	Sumati a/c		17800
Dec 1	Raghunathan a/c		10000
10			
	Total purchase account credit		27800

Sales book

2017	Rani a/c		15200
Dec 4	Saranya a/c		12500
21			
	Total sales account credit		27700

36.

Analytical petty cashbook

Amount	Date	Particulars	Total paym ents	stationary	postal	sundries	Lf	Personal account
250	2017 april 1	To balance b/d						
1050		To cash a/c						
	7	By writing pad	100	100				
	12	By post a/c	125		125			
	16	By efreshment a/c	250			250		
	30	Amutha a/c	350					350
		Total	825	100		250		350
		By balance b/d	425					

1300

1300

425

To Balance b/d

37.

Dr

profit and loss account

Cr

To bad debts	1000	
To provision for bad and doubtful debts	2450	
To provision for dis on debtors	931	

Liabilities

Balance sheet as on

Assets

	Sundry debtors	50000
	Less bad debts	1000
		49000
	Less provision for B & D	2450
		46550
	Less provision for Dis on Drs	931
		45619

38.

Dr	profit and loss account	Cr
	By discount received a/c	1000

Liabilities	Balance sheet as on	
Sundry creditors	30000	

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 slylus 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.

Software:

A set of programs that form an interface between the hardware and the user of a computer system are referred to as software. The following are the various types of software:

- a) System software: A set of programs to control the internal operations such as reading data from input devices, giving results to output devices and ensuring proper functioning of components is called system software. The system software includes the following:
 - (1) Operating system: A set of tools and programs to manage the overall working of a computer using a defined set of hardware components is called an operating system. It is the interface between the user and the computer system. Example: DOS, Windows, UBUNTU, imac, etc.
 - (2) Programming software: Special software to accept data and interpret them in the form of machine/assembly language understandable by a computer. Example: C, PASCAL, COBOL, etc.
 - (3) Utility software: These are designed specifically for managing the computer device and its resources. Example: File manager, Anti-virus software, etc.
- b) Application software: Programs designed to perform a specific function for a user. An application software

40. a) No

b) it is a capital nature., because it is not received in the normal course of business. Or it is selling of assets rather than goods.

Part D

41. a) Accounting equation (Assets = Capital + Liabilities)

S no	transactions	cash	bank	stock	capital	creditor
i	Raja started Business	40000			40000	
ii	Opened bank account	-30000 10000	30000			
iii	Bought			12000		12000

	from hari					
iv	Cash sales 5500 to 6500	+6500 16500		- 5500	+1000 41000	
v	Paid electricity thro net banking		-500		-500	
Total		16500	29500	6500	40500	12000

$$52500 = 52500$$

41 b) .

Purchase book

2018 mar 1 20	Anil a/c 25000+15000 sathya a/c 40000-4000		40000 36000
	Total purchase account credit		76000

Sales book

2018 Mar8	sheela a/c 12000+10000		22000
	Total sales account credit		22000

Purchase Return book

2017 Mar 28	Anila/c Raghunathan a/c		5000
	Total purchase Return account credit		5000

42 a)

Journals of Brinda

April 1	Cash a/c	Dr	50000	
	To captal a/c			50000
2018 5	Purchases a/c	Dr	20000	
	To Subash a/c			20000
12	Rama/c	Dr	15000	
	To sales a/c			15000
	Subash a/c	Dr	19500	
	Discount allowed a/c	Dr	500	
				20000
15	Wages a/c	Dr	500	
	Electricity charges a/c	Dr	3000	
	Trade expenses a/c	Dr	1000	
	To cash a/c			4500

42 b)

Trial balance of Rohini as on 31 march 2018

Sno	Name of account	Debit	Credit
1	Purchases account	60000	
2	Plant and machinery account	70000	
3	Advertising expenses account	5000	
4	Drawings accounts	5250	
5	Sales returns	4200	
6	Electricity charges	800	
7	Capital		60000
8	Discount received		3250
9	Sales		82000
	Total	145750	145750

43. a)

Dr		Single column cash book			Cr
2018 April-1	To balance b/d	11200	2018 7 April	By wages a/c	300
5	To Ramesh a/c	3000		By Mohan a/c	700
8	To sales a/c	8000		By furniture a/c	2000
30	To dividend a/c	1200		By Salaries a/c	2500
			30	By balance c/d	18900
		23400			23400
May 1	To balance b/d	18900			

43 b) Bank reconciliation statement of

	Balance as per cash book	15000	
Less	Cheque deposited		1000
add	Cheque issued	1500	
	Direct payment by bank for rent		1000
	Directly received by bank	200	
	Locker rent charged		1200

		16700	3200
	Balance as per pass book		13500

44. a

Dr

Triple column cash book

Cr

Dis cash bank

Dis cash bank

2017 jan-1	To balance b/d To sales a/c To cash © To dividend		42500 15700	35000 11500 2500	2018 jan	By bank (c) By Mahesh	300	11500 19700	
					30	By balance c/d		27000	49000
			58200	49000			300	58200	49000
May 1	To balance b/d		27000	49000					

44 b)

Dr

Trading account

Cr

To opening stock	2500	By sales	7000
To purchases	3300	By closing stock	4000
To wages	2700		
To gross profit	2500		
	11000		11000

Dr

profit and loss account

Cr

To salary	2600	By gross profit	2500
To Net profit	2400	By discount	2500
	5000		5000

Liabilities

Balance sheet as on

Assets

Capital	52000	Machinery	52000
Add net profit	2400	Cash at bank	6400
	54400	Closing stock	4000
Creditors	8000		
	62400		62400

45 a)

Journals (errors using suspense account)

I	Suspense a/c To sales a/c	Dr	2000	2000
ii	Machinery a/c To purchase a/c	Dr	3000	3000
lii	Suspense a/c To Mathi a/c	Dr	90	90
Iv	Purchase return a/c To suspense a/c	Dr	200	200
v	Sales a/c To suspense a/c	Dr	100	100

45 b)

Dr		Trading account		Cr
To opening stock	36000	By sales	164000	
To purchases	90000	By closing stock	48000	
To freight on purchase	22000			
To gross profit	64000			
	212000			212000

Dr		profit and loss account		Cr
To salary	21200	By gross profit	64000	
Add o/s salary	3000	By discount	2200	
To interest on capital	2500			
To Net profit	39500			
	66200			66200

Liabilities		Balance sheet as on		Assets
Capital	50000	Furniture	62600	
Add int on cap 5%	2500	Debtors	32000	
	52500	Cash at bank	6000	
Add net profit	39500	Closing stock	48000	
	92000			
Less drawings	1000			
Creditors	44000			
Bills payable	10600			
Outstanding salary	3000			
	91000			
	148600			148600

46 a)

Dr		Machinery account		Cr
To bank	450000	By depreciation	50000	
To bank	50000	By balance c/d	450000	
	500000			500000
To balance b/d	450000	By depreciation	50000	
		By balance c/d	400000	
	450000			450000

To balance b/d	400000	By depreciation	50000
To profit and loss a/c	35000	By bank	385000
	435000		435000

46 b)

Dr		profit and loss account		Cr
To office rent	10000	By gross profit		50000
To depreciation	8000	By discount received		3000
To discount allowed	12000	By interest received		2000
To advertisement	4000			
To audit fee	1000			
To general expenses	3000			
To carriage outwards	2500			
To insurance premium	3500			
To Net profit	11000			
	55000			55000

47 a)

Dr		Trading account		Cr
To opening stock	1500	By sales		20500
To purchases	14500	By closing stock		3900
To carriage inwards	750			
Less prepaid	250			
	500			
To gross profit	7900			
	24400			24400

Dr		profit and loss account		Cr
To carriage outward	400	By gross profit		7900
To advertisement	500	By rent received	2500	
To Net profit	9400	Less rent recd in adv	100	2400
	10300			10300

Liabilities		Balance sheet as on		Assets	
Capital	5000			Furniture	8000
Add net profit	9400			Debtors	2850
	14400			Cash at bank	1500
		14400		Closing stock	3900
Creditors		2000		Prepaid carriage inwards	250
Rent received in advance		100			
		16500			
					16500

47 b)

Methods of codification

Following are the three methods of codification.

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

CL002 XYZ LTD

CL003 SCERT

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

200 – 299 Medium pumps

300 – 399 Pipes

400 – 499 Motors

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

HQ Head Quarters

Prepared by

Mr. M. Subramanian,
GHSS, Kariyapatti, Virudhunagar District.
Cell: 9699 59212