

FIRST YEAR HIGHER SECONDARY EXAMINATION, MARCH 2026

Part – III

ACCOUNTANCY WITH ANALYSIS OF FINANCIAL STATEMENTS

Maximum : 80 Scores

Time : 2½ Hours

Cool-off time : 15 Minutes

General Instructions to Candidates :

- There is a 'Cool-off time' of 15 minutes in addition to the writing time.
- Use the 'Cool-off time' to get familiar with questions and to plan your answers.
- Read questions carefully before answering.
- Read the instructions carefully.
- Calculations, figures and graphs should be shown in the answer sheet itself.
- Malayalam version of the questions is also provided.
- Give equations wherever necessary.
- Electronic devices except non-programmable calculators are not allowed in the Examination Hall.

വിദ്യാർത്ഥികൾക്കുള്ള പൊതുനിർദ്ദേശങ്ങൾ :

- നിർദ്ദിഷ്ട സമയത്തിന് പുറമെ 15 മിനിറ്റ് 'കൂൾ ഓഫ് ടൈം' ഉണ്ടായിരിക്കും.
- ചോദ്യങ്ങൾ പരിചയപ്പെടാനും ഉത്തരങ്ങൾ ആസൂത്രണം ചെയ്യാനും 'കൂൾ ഓഫ് ടൈം' ഉപയോഗിക്കുക.
- ഉത്തരങ്ങൾ എഴുതുന്നതിനു മുമ്പ് ചോദ്യങ്ങൾ ശ്രദ്ധാപൂർവ്വം വായിക്കണം.
- നിർദ്ദേശങ്ങൾ മുഴുവനും ശ്രദ്ധാപൂർവ്വം വായിക്കണം.
- കണക്ക് കൂട്ടലുകൾ, ചിത്രങ്ങൾ, ഗ്രാഫുകൾ, എന്നിവ ഉത്തരപേപ്പറിൽ തന്നെ ഉണ്ടായിരിക്കണം.
- ചോദ്യങ്ങൾ മലയാളത്തിലും നല്കിയിട്ടുണ്ട്.
- ആവശ്യമുള്ള സ്ഥലത്ത് സമവാക്യങ്ങൾ കൊടുക്കണം.
- പ്രോഗ്രാമുകൾ ചെയ്യാനാകാത്ത കാൽക്കുലേറ്ററുകൾ ഒഴികെയുള്ള ഒരു ഇലക്ട്രോണിക് ഉപകരണവും പരീക്ഷാഹാളിൽ ഉപയോഗിക്കുവാൻ പാടില്ല.

I. Answer any 8 of the following questions from 1 to 10. Each carries 1 score. (8 × 1 = 8)

1. "Winning a court case" is an example of
 - (a) Gain
 - (b) Loss
 - (c) Profit
 - (d) Expenses

2. Mr. Ajayan is an owner of M/s. Ajayan and Sons Company. Mr. Ajayan and his company are different. Identify the concept.
 - (a) Accounting Period Concept
 - (b) Entity Concept
 - (c) Money Measurement Concept
 - (d) Cost Concept

3. The book in which transactions are recorded in the chronological order, as and when they take place.
 - (a) Ledger
 - (b) Journal
 - (c) Trial balance
 - (d) Balance sheet

4. All cash purchases are recorded in _____.
 - (a) Purchase Day Book
 - (b) Cash Book
 - (c) Purchase Book
 - (d) Purchase Journal

5. Read the following Assertion (A) and Reason (R) and choose the correct answer from the following :

Assertion (A) : Bank reconciliation statement is prepared by the bank.

Reason (R) : Bank reconciliation statement is prepared to reconcile the difference between bank balance as per passbook or 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 and 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.

6. An errors which are committed due to wrong posting of transactions. Identify the types of error.
 - (a) Errors of Commission
 - (b) Errors of Omission
 - (c) Errors of Principle
 - (d) Compensating Errors

7. Undervaluation of stock is an example of
- (a) Capital Reserve (b) General Reserve
(c) Dividend Equalization Reserve (d) Secret Reserve
8. Find the odd one out :
- (a) Carriage on purchase (b) Salary
(c) Carriage on sales (d) Advertisement Expenses
9. When closing stock appears inside the Trial Balance, it should be shown on the _____.
- (a) Trading A/c (b) Profit and Loss A/c
(c) Balance Sheet (d) Both Trading A/c and Balance Sheet
10. If the rent paid ₹ 1,200 and prepaid rent ₹ 200, the amount of rent shown in the Profit and Loss A/c :
- (a) ₹ 1,400 (b) ₹ 1,000
(c) ₹ 1,500 (d) None of these

II. Answer any 5 of the following questions from 11 to 16. Each carries 2 scores.

(5 × 2 = 10)

11. Write short notes on :
- (i) Capital
(ii) Drawings
12. Differentiate between cash basis and accrual basis.
13. State the meaning of Bank Reconciliation Statement.
14. Briefly explain Suspense Account.
15. Write an adjusting entry :
- (i) Outstanding wages were ₹ 500
(ii) Income received in advance ₹ 750
16. Explain the need for the "adjustments" in the preparation of final accounts.

III. Answer any 5 of the following questions from 17 to 22. Each carries 3 scores.

(5 × 3 = 15)

17 List out the objectives of accounting.

18. Briefly explain characteristics of Goods and Services Tax. (Give any 3 points)

19/ State any three causes of differences between cash book balances and pass book balances.

20 From the following information prepare a trial balance :

Particulars	Amount (₹)
Capital	1,25,000
Drawings	10,000
Cash	40,000
Debtors	5,000
Purchases	50,000
Salaries	10,000
Carriage	500
Dividend received	5,000
Bank Over Draft	1,200
Land	50,000
Sales	25,000

21. Differentiate between provisions and reserves.

22. From the following data, classify capital expenditure, deferred revenue expenditure and revenue expenditure.

(Rent Paid, Huge Advertisement Expenses, Purchase of Land)

IV. Answer any 4 of the following questions from 23 to 27. Each carries 4 scores.

(4 × 4 = 16)

23. A portion of the Trial Balance as on 31.12.2025 is as follows :

S. Debtors ₹ 50,000 (Dr.)

Bad debts ₹ 1,000 (Dr.)

Provision for Bad Debts ₹ 500 (Cr.)

It is estimated that 10% of S. Debtors is doubtful debts.

How it should appear in P & L Account and Balance Sheet ?

24. Match the following :

	A		B
(i)	The business firm carryout its operation indefinitely	(a)	Dual Aspect Concept
(ii)	In a transaction at least two accounts are involved	(b)	Revenue Recognition Concept
(iii)	The policy of 'playing safe'	(c)	Going Concern Concept
(iv)	The concept that indicates 'the point of sale'	(d)	Conservatism Concept

25. Answer the following as per the hint below :

Hint : Asset increases : Debit

(i) Capital increases : ?

(ii) Expenses increases : ?

(iii) Income decreases : ?

(iv) Liabilities increases : ?

26. Enter the following transactions in Sales Day Book of Narendra Traders :

2026 February - 1 :

5 Voltas AC @ ₹ 25,100 each and

5 Stabilizer @ ₹ 1,500 each to M/s. Dileep Stores (Invoice no. 1178) on credit.

2026 February - 5 :

10 TV sets sold to Ramani Traders on cash basis @ ₹ 15,000 each.

2026 February - 10 :

5 TV sets @ ₹ 17,000 each and

3 Stabilizer @ ₹ 1,250 each to M/s. Soni Traders on credit.

2026 February - 25 :

Purchased a Computer Table for business purpose @ ₹ 1,500 from Anagha Traders.

27. Calculate Gross Profit, Cost of goods sold and operating profit :

Purchases	₹ 1,00,000
Sales	₹ 2,50,000
Wages	₹ 5,000
Salaries	₹ 10,000
Closing stock	₹ 50,000
Rent	₹ 10,000

V. Answer any 3 of the following questions from 28 to 31. Each carries 5 scores.

(3 × 5 = 15)

28. From the following particulars of Crown & Co., prepare a Bank Reconciliation Statement as on 31.01.2026 :

- (a) Balance as per Cash Book ₹ 60,000
- (b) Bank incidental charges debited by Bank ₹ 500
- (c) Cheque deposited but not credited by Bank ₹ 10,000
- (d) Cheque issued but not presented for payment ₹ 1,500
- (e) Interest credited by Bank ₹ 300

29. Briefly explain the term accounting and also the qualitative characteristics of accounting information.

30. Answer the following :

- (a) Wages paid for installation of plant ₹ 1,000 was debited to Wages A/c. Rectify the journal entry.
- (b) Purchase of Machinery ₹ 50,000 was entered in the purchase book. State the nature of error.
- (c) A cheque of ₹ 10,000 received from Raju was omitted to be entered in the cash book. Write the rectifying entry.
- (d) Cash received from Dinesh ₹ 5,000 was posted to Binesh ₹ 2,000. Write the rectifying entry.
- (e) Goods withdrawn by Shyamala for her personal purpose for ₹ 300 were not recorded in the books. Write the rectification entry.

31. M/s. Antony & Co. purchased a plant for ₹ 9,50,000 on 01.01.2019 and spent ₹ 50,000 for its installation charge. The rate of depreciation of the plant is 10%. The books of accounts are closed on December 31, every year.

Prepare Plant A/c for 5 years under Diminishing Balance Method.

VI. Answer any 2 of the following questions from 32 to 34. Each carries 8 scores.

(2 × 8 = 16)

32 Journalise the following transactions of M/s. Sarada Fancy Centre Andaman and also prepare Cash Account :

Date	Details	Amount (₹)
1-1-2026	Business started with cash	2,50,000
5-1-2026	Opened a bank account	1,00,000
10-1-2026	Stationery purchased by cheque	1,500
15-1-2026	Cash sales	25,000
17-1-2026	Paid electricity bill	2,500
20-1-2026	Rent received	15,000
25-1-2026	Goods purchased from Kasi stores on credit	16,000
30-1-2026	Sale of goods on credit to M/s. Kumar	12,000

33, Prepare Double column cash book from the following data :

2025 December

01	Balances :	(₹)
	Cash in hand	50,000
	Cash at bank	75,000
03	Purchased goods and paid by cheque	20,000
05	Cash purchases	2,500
07	Paid rent	2,000
10	Cash withdrawn from bank for personal purposes	1,500
12	Commission received	750
15	Paid Charity	250
20	Cash deposited into bank	10,000
21	Cash sales	15,000
24	Paid electricity bill	2,000
25	Cash withdrawn from bank for office use	15,000
26	Salary paid by Cheque	7,500
27	Cash received from Ajith	1,500

34. Prepare final account of Lucky Traders for the year ended 31-03-2025.

Account balances as on 31-03-2025	₹
Opening stock	1,50,000
Bank	50,000
Salary and Wages	5,000
Wages and Salary	6,000
Sales	4,00,000
Building	1,00,000
Drawings	1,000
Purchases	75,000
Interest received	2,000
Cash	1,13,000
S. Creditors	70,000
Sales Return	20,000
Purchase Return	3,000
Rent	3,000
Bad debts	2,000
Capital	75,000
Debtors	25,000

Adjustments :

- (1) Closing stock was valued at ₹ 25,000.
- (2) Outstanding wages and salaries ₹ 500.
- (3) Depreciation on Building @ 10%.
- (4) Provision for Bad debts ₹ 1,000.