QB365 Student Learing Managemnet System
Exam Name: Pre Quarterly - Practice
Std: 11th Standard - Accountancy
Chapter: Introduction to Accounting, Recording of Business Transactions - I, Trial Balance and Rectification of Errors, Financial Statements - II, Bank Reconciliation Statement, Recording of Business Transactions - II, Financial Statements - I, Theory Base of Accounting, Depreciation, Provisions and Reserves, Accounts from Incomplete Records

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Questions:

Assertion and reason

1. Statement1: One of the advantage of accounting is that it helps in the efficient allocation of resources by providing relevant financial information.
Statement 2: Accounting is not useful for decision-making because it only focuses on historical financial data.
Codes:
a)Statement 1 is true and 2 is false.
b)Statement 2 is true and 1 is false.
c)Both the statements are true.
d)Both the statements are false.

2. Statement 1: The accounting period concept requires that all business transactions be recorded on a daily basis.
Statement 2: The going concern concept assumes that a business will continue to operate in the foreseeable future.
Codes:
a) Statement 1 is true and 2 is false.
b) Statement 2 is true and 1 is false.
c) Both the statements are true.
d) Both the statements are false.

3. Statement 1 : A voucher is a written document that serves as evidence of a transaction.
Statement 2 : The accounting equation approach states that assets equal liabilities plus owner's equity.
Codes:
a) Statement 1 is true and 2 is false.
b) Statement 2 is true and 1 is false.
c) Both the statements are true.
d) Both the statements are false.

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4. Assertion (A) : Cash control becomes easy if company maintains petty cash book.
Reason (R) : It allows division of work.
Codes:
a) Both the Assertion(A) and Reason(R) are true and the Reason (R) is the correct explanation of the Assertion(A).
b) Both the Assertion(A) and Reason(R) are true but the Reason(R) is not the correct explanation of the Assertion(A)
c) The Assertion(A) is true, but the Reason(R) is false.
d) The Assertion(A) is false, but the Reason(R) is true.

5. Assertion (A) : Outstanding checks are deducted from the bank balance while preparing the bank reconciliation statement.
Reason (R); Outstanding checks are those checks that have been issued but not yet presented for payment.
Codes:
a) Both the Assertion(A) and Reason(R) are true and the Reason (R) is the correct explanation of the Assertion(A).
b) Both the Assertion(A) and Reason(R) are true but the Reason(R) is not the correct explanation of the Assertion(A)
c) The Assertion(A) is true, but the Reason(R) is false.
d) The Assertion(A) is false, but the Reason(R) is true.

6. Assertion (A): Trail balance simplified the process of preparing financial statements.
Reason (R): A trial balance is a statement showing the balances or total of debits and credits of all the accounts in the ledger with a view to verify the arithmetical accuracy of posting into the ledger accounts.
Codes:
a) Both the Assertion(A) and Reason(R) are true and the Reason (R) is the correct explanation of the Assertion(A).
b) Both the Assertion(A) and Reason(R) are true but the Reason(R) is not the correct explanation of the Assertion(A)
c) The Assertion(A) is true, but the Reason(R) is false.
d) The Assertion(A) is false, but the Reason(R) is true.

6 Marks

7. Journalise the following transactions:
(i) Lakhan started business with cash Rs.50,000 and furniture Rs.10,000.
(ii) Purchased goods from Deepak on credit Rs.20,000
(iii) Draw cash from office for his personal use Rs.5,000
(iv) Goods given as charity Rs.1,000
(v) Paid Rs.1,000 for life insurance premium of Lakhan
(vi) Goods return to Deepak Rs.4,000.

8. Complete the following Accounting Equation by filling the missing amounts.

Accounting Equation

No.	Transactions	Assets (Rs)	=	Liabilities (Rs)	+	Capital (Rs)
1	Mannu started business with Cash Rs.50,000	50,000	=	-	+	-
2	Purchases goods on credit for Rs.4,000	-	=	-	+	-
	New Equation	54,000	=	4,000	+	-
3	Purchases goods for cash Rs.1,000	-	=	0	+	-
	New Equation	-	=	4,000	+	50,000
4	Purchases furniture for cash for Rs.500	-	=	0	+	-
	New Equation	-	=	-	+	-
5	Withdraw cash for private use Rs.700	-	=	0	+	700
	New Equation	-	=	4,000	+	-
6	Paid for rent Rs.200	-	=	0	+	-
	New Equation	53,100	=	4,000	+	-
7	Received interest Rs.100	100	=	0	+	-
	New Equation	-	=	4,000	+	-
8	Sold goods on costing Rs.500 for Rs.700 in cash	-	=	0	+	200
	New Equation	53,400	=	4,000	+	-
9	Paid to creditors Rs.400	-	=	-	+	0
	New Equation	-	=	-	+	49,400
10	Paid for salaries Rs.200	-	=	0	+	-
	New Equation	52,800	=	-	+	-

9. From the following information of M/s Naman Co., Delhi, prepare the Purchases Book for the month of February, 2018 :

2018
Feb. 01 Purchased from Mis White Co., Kolkata on credit: 5 gross pencils @ Rs 1200 per gross 2 dozen registers @ Rs 500 per dozen Less: Trade Discounts @ 10%
Feb. 02 Purchased for cash from the stationery mart : 10 dozen exercise books @ Rs 300 per dozen
Feb. 03 Purchased computer printer for office use from Mis Neel Kamal Co. on credit for Rs 20,000
Feb. 04 Purchased on credit from The Boat Co., Delhi 8 reams of white paper @ Rs 500 per ream 10 reams of ruled paper @ Rs 600 per ream Less: Trade Discount @ 10%
Feb. 05 Purchased 80 Rotomac Pens @ Rs 5 each from M/s Sharma Bros., Delhi on credit
Note: CGST and SGST is levied @ 2.5 %each and IGST @ 5%

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10. The Trial Balance of Mr. Rameshwar had Rs 2,980 excess credit. The difference has been posted to Suspense Account. Subsequently, the following errors were discovered. You are required to pass necessary entries for rectifying the errors and also show the Suspense Account:
(i) Total of Returns Inward Book was cast by Rs 750 short.
(ii) Purchase of Motor bike for personal use costing Rs 45,000 had been posted to Motor Vehicle A/c.
(iii) An amount of Rs 3,750 paid for wages for making show cases had been charged to Wages A/c.
(iv) Purchases of Rs 4,350 has been posted to Creditors Account as Rs 3,450.
(v) Machinery was written off by Rs 2,500 has not been posted to Depreciation A/c.
(vi) Goods purchased for Rs 6,700 were posted as Rs 670 to Purchases A/c.
(vii) Amount of Rs 12,800 paid to Maya was wrongly debited to Daya as Rs 18,200.

11. Prepare trading and profit and loss account and balance sheet, as on March 31, 2017.

Account Title	Amount Rs	Account Title	Amount Rs
Machinery	27,000	Capital	60,000
Sundry debtors	21,600	Bills payable	2,800
Drawings	2,700	Sundry creditors	1,400
Purchases	58,500	Sales	73,500
Wages	15,000		
Sundry expenses	600		
Rent and taxes	1,350		
Carriage inwards	450		
Bank	4,500		
Openings stock	6,000		

12. The following were the balances extracted from the books of Yogita as on March 31, 2017.

Debit Balances	Amount	Credit Balances	Amount
Cash in hand	540	Sales	98,780
Cash at bank	2,630	Return outwards	500
Purchases	40,675	Capital	62,000
Return inwards	680	Sundry creditors	6,300
Wages	8,480	Rent	9,000
Fuel and Power	4,730		
Carriage on sales	3200		
Carriage on purchases	2040		
Opening stock	5,760		
Building	32,000		
Freehold land	10,000		
Machinery	20,000		
Salaries	15,000		
Patents	7,500		
General expenses	3,000		
Insurance	600		
Drawings	5,245		
Sundry debtors	14,500		

Taking into account the following adjustments prepare trading and profit and loss account and balance sheet as on March 31, 2017 :
(a) Stock in hand on March 31, 2017, was Rs. 6,800.
(b) Machinery is to be depreciated at the rate of 10% and patents @ 20%.
(c) Salaries for the month of March, 2017 amounting to Rs. 1,500 were outstanding.
(d) Insurance includes a premium of Rs. 170 on a policy expiring on September 30, 2017.
(e) Further bad debts are Rs. 725. Create a provision @ 5% on debtors.
(f) Rent receivable Rs. 1,000.

4 Marks

13. Rectify the following errors using Suspense Account where necessary:
(i) Goods amounting to Rs 25,000 sold to Alok were correctly entered in the sales book but posted to Akash's account for Rs 2,500.
(ii) Purchase Return book was undercast by Rs 1,000. (iii) Goods invoiced at Rs 1,500 and debited on 21st December to Puneet were returned on 25th December and taken into stock on 31st December but no entries made in the books of the account.
(iv) Depreciation charged on Plant of Rs 25,000 @ 10%, credited Depreciation Account.

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14. Prepare Bank Reconciliation Statement of Shri Bhandari as on December 31, 2014.
(i) The Payment of cheques for Rs 550 was recorded twice in the pass book.
(ii) Withdrawal column of the pass book under cast by Rs 200.
(iii) A Cheque of Rs 200 has been debited in the bank column of the Cash Book but it was not sent to bank at all.
(iv) A Cheque of Rs 300 debited to Bank account of the pass book had been omitted to be banked.
(v) Rs 500 in respect of dishonoured Cheque were entered in the pass book but not in the cash book. Overdraft as per pass book is Rs 20,000

15. Sudarshan Ltd. purchased a machinery of Rs.1,00,000 and spent Rs.10,000 on its installation. The estimated useful life of the asset is 10 years. Calculate depreciation for the year ending 31st March, 2016 in each of the following instances.
(i) Depreciation is to be charged @ 10% per annum and the machinery was purchased on 1st April, 2015.
(ii) Depreciation is to be charged @ 10% per annum and the machinery was purchased on 1st October, 2015.
(iii) Depreciation is to be charged @ 10% and the machinery was purchased on 1st January, 2016.

16. Mr A started business with a capital Rs.5,00,000. At the end of the year his position was

Items	Amt(Rs.)
Cash in hand	15,000
Cash at bank	70,000
Sundry debtors	1,20,000
Stock	2,40,000

Sundry creditors on this date totalled Rs.80,000. During the year, he introduced a further capital of Rs.1,50,000 and withdrew for household expenses Rs.90,000. You are required to calculate profit or loss during the year

3 Marks

17. Explain the Errors of Omission. Give examples.

18. Define the basic accounting terms with example:
(i) Stock
(ii) Business transactions.

19. What is an opening entry?

20. In the following Bank Reconciliation Statement, determine the missing amounts:

Bank Reconciliation Statement as on.....

	Particulars	Amount (Rs)	Amount (Rs)
	Balance as per Cash Book (Dr.)		
(i)	Cheques issued but not yet presented for payment amounting Rs 15,600	....	....
(ii)	Interest credited by Bank not recorded in Cash Book Rs 200	....	....
(iii)	Cheques deposited but not yet cleared amounting Rs 4000	....	....
(iv)	Bank charges debited by bank but not recorded in Cash Book	(100)	.....
	Balance as per Bank Statement (Cr.)		23,700

21. Bank balance of Rs 40,000 showed by the cash book of AtuI on December 31,2013.It was found that three cheque of Rs 2,000, Rs 5,000 and Rs 8,000 deposited in the month of December were not credited in the pass book till January 2,2014.Two cheques of Rs 7,000and Rs 8,000 issued on December 28, were not presented for payment till Jan. 03,2014,in addition to Bank had credited the Atul for Rs 325 as interest and had debited him Rs 50 as bank charges for which there were not correspondence entries in cash book.
Prepare a Bank Reconciliation Statement as on December 31,2013

22. Sigma Limited purchased a truck on 1st April, 2016 for Rs.4,50,000. Registration charges amounted to Rs.25,000. Depreciation is to charged @ 15%per annum on fixed instalment method.
Calculate the amount of depreciation
(i) if Sigma Limited closes its books on 31st March, 2016.
(ii) if Sigma Limited closes its books on 31st December, 2016.

23. Give examples of revenue expenditure.

Multiple Choice Question

24. Stock-in-trade are to be recorded at cost price or market price whichever is less, it is based on_____principle.
(a) prudence (b) historical cost (c) cost benefit (d) business entity

25. In income measurement and recognisation of assets and liabilities, which of the following concepts goes together?
(a) Periodicity, accrual, matching (b) Cost, accrual, matching (c) Goingconcern, cost, realisation (d) Goingconcern, periodicity, reliability

26. A concept that a business enterprise will not be sold or liquidated in the near future is known as
(a) going concern (b) economic entity (c) monetary unit (d) None of the above

27. The first step of accounting process is
(a) identifying a transaction (b) recording a transaction (c) summarising a transaction (d) None of the above

28. The amount received or receivable by selling assets, goods or services is known as
(a) receipts (b) profit (c) income (d) gain

29. Which principle states that every transaction has a dual or two-fold effect?
(a) Matching principle (b) Historical cost principle (c) Duality principle (d) Materiality principle

30. In case when balance of cash book is given, first item in bank reconciliation statement will be balance as per
(a) cash (b) bank (c) bank book (d) cash book

31. In which approach, balance as per cash book or balance as per passbook is taken as starting item
(a) In case of with adjusting cash book (b) In case of after adjusting cash book (c) In case of without adjusting cash book (d) None of the above

32. A book reconciliation statement is mainly prepared for
(a) reconcile the cash balance of cash book (b) reconcile the difference between bank balance shown by cash book and bank passbook (c) Both (a) and (b) (d) None of the above

33. Unfavourable bank balance means
(a) credit balance in passbook (b) credit balance in cash book (c) debit balance in cash book (d) None of the above

34. Which of the following is not depreciable?
(a) Plant (b) Machinery (c) Land (d) Building

35._____refers to reduction in value or expiration ofcost of asset resulting from production.
(a) Depletion (b) Depreciation (c) Amortisation (d) None of these

36. Decline in the economic value of the assets due to innovation or improved technique and change in taste and fashion is
(a) original assets value (b) obsolescence (c) correct cost value (d) variable assets and cost

37. Reserves are created for
(a) growth (b) expansion (c) income (d) Both (a) and (b)

38. Due to the presence of , the financial position of the company is better than it appears from the balance sheet.
(a) retained earnings (b) depreciation (c) secret reserves (d) amortisation

39. Single entry system can only provide_____ degree of as no proper method of accounting is followed in preparation of profit and loss
(a) low, accuracy (b) low, record (c) high, accuracy (d) high, record

40. Amount of opening capital was Rs..4,000. Drawings made during the year was Rs.1,500. Closing capital was Rs. 9,000. What will be the amount of profit earned during the year when capital introduced in the year was Rs.500?
(a) Rs.4,500 (b) Rs.3,000 (c) Rs.12,000 (d) Rs.6,000

41. Ram is the owner of a firm. He brought additional capital of Rs.1,00,000 to the firm. The receipt of money in business is
(a) revenue receipt (b) capital receipt (c) revenue expenditure (d) capital expenditure

42. Net sales during the year, 2017 is Rs.2,85,000. Gross profit is 25% on sales. Find out cost of goods sold
(a) Rs.2,85,000 (b) Rs.2,13,750 (c) Rs.71,250 (d) Zero

43. Consider the following information. Cost of New Machine Purchased = Rs.1,20,000 Installation Expenses = Rs.30,000 Estimated Life of Machine = 5 years Residual Value after 5 years = Rs.25,000 Company started the production with this machine from 1st October, 2017.Assuming that the firm closes its accounts on 31st December every year, find the adjusted value of machine on 31st December, 2017?
(a) Rs.1,43,750 (b) Rs.1,25,000 (c) Rs.1,75,000 (d) None of these

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44.Incomplete record mechanism of book keeping is :

(a) Scientific (b) Unscientific (c) Unsystematic (d) both (b) and (c)

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