

# QB365 Question Bank Software Study Materials

## Books of Prime Entry Important 2, 3 & 5 Marks Questions With Answers (Book Back and Creative)

11th Standard

Accountancy

Total Marks : 75

### 2 Marks

10 x 2 = 20

1) What is accounting equation?

**Answer :** (i) Accounting equation is a mathematical expression which shows that the total of assets is equal to the total of liabilities and capital.

(ii) This is based on the dual aspect concept of accounting.

(iii) This means that total claims of outsiders and the proprietor will always be equal to the total of assets of business enterprise.

Assets = Liabilities + Capital + Revenues - Expenses

2) State the accounting rule for nominal account

**Answer :** 'Debit all expenses and losses and Credit all incomes and gains'. For nominal accounts, the rule is debit all expenses and losses and credit all incomes and gains

3) Transaction: Bought goods for cash Rs. 4,000

Analysis: This is a cash transaction as cash is involved.

Transaction	Accounts involved	Nature of accounts	How affected in business	Debit / Credit
Bought goods for cash Rs. 4,000	Purchases A/c Cash A/c	Nominal A/c Real A/c	Expenses made Cash goes out	Debit Credit

**Answer :**

Date	Particulars	L.F	Debit Rs.	Credit Rs.
	Purchases A/c Dr.		4,000	
	To Cash A/c (Cash purchase made)			4,000

Journal Entry

4) Transaction: Paid salary by cheque Rs. 3,000

Analysis: This is a bank transaction as bank is involved.

Transaction	Accounts involved	Nature of accounts	How affected in business	Debit / Credit
Paid salary by cheque Rs. 3,000	Salary A/c Bank A/c	Nominal A/c Personal A/c	Expense made Bank is the giver	Debit Credit

**Answer :**

Date	Particulars	L.F	Debit Rs.	Credit Rs.
	Salaries A/c Dr.		3,000	
	To Bank A/c (Salary paid by cheque)			3,000

Journal Entry

5) Enter the following transactions in the journal of Manohar who is dealing in Textiles.

2020

Rs.

March

1 Manohar started business with cash

60,000

16 Paid rent

500

17 Received from Hari

8,000

**Answer :**

6) Give the Meaning of Debit note.

**Answer :** (i) A debit note is prepared by the buyer and it contains the date of the goods returned, name of the supplier, details of the goods returned and reasons for returning the goods.

(ii) Each debit note is serially number.

(iii) A duplicate copy or counterfoil of the debit note is retained by the buyer.

7) What is meant by external liabilities?

**Answer :** The total amount of debts payable by a business to the outsiders are called external liabilities. (e.g.) creditors, bills payable etc

8) If the capital of a business is Rs. 5,00,000 and outside liabilities are Rs. 2,00,000. Calculate its total assets.

**Answer :**

Assets = Capital+Outside Liabilities

= Rs. 5,00,000 + Rs. 2,00,000

Assets = Rs. 7,00,000

9) Journalise the following opening entry:

**RS**

Cash in hand 2,000

Creditors 13,000

Plant 50,000

Debtors 18,000

Furniture 5,000

**Answer :**

DATE	PARTICULARS		L.F	DEBIT RS	CREDIT RS
	Cash A/c	Dr		2,000	
	Plant A/c	Dr		50,000	
	Furniture A/c	Dr		5,000	
	Debtors A/e	Dr		18,000	
	To Creditors A/c				13,000
	To Capital A/c				62,000
	(Assets and Liabilities brought forward)				

Opening Entry - Journal

10) What is a Cheque?

**Answer :** Cheque is a document in writing drawn upon a specified banker to pay a specified sum to the bearer or the person named in it and payable on demand. The counterfoil enclosed with cheque book is a source document for entries to be made in the books of accounts.

**3 Marks**

10 x 3 = 30

11) What is an Account? Classify the accounts with suitable examples.

**Answer :** Account is the systematic presentation of all material information regarding a particular person or item at one place, under one head, under accounting equation approach, accounts are classified into five categories. They are,

(i) Asset Account : Any physical thing or right owned that has a monetary value is called asset. These assets are grouped and shown separately.

For example, Land and Buildings account, plant and machinery account.

(ii) Liability Account : Financial obligations of the enterprise towards outsiders are shown under separate heads as liabilities.

For example, creditors account, expenses outstanding account.

(iii) Capital Account : Financial obligations of a business enterprise towards its owners are grouped under this category. For example, Capital contributed by owner,

(iv) Revenue Account : Accounts relating to revenues of an enterprise are grouped under this category.

For example, Revenues from sale of goods, Rent received.

(v) Expenses Account : Expenses incurred and losses suffered for earning revenue are grouped under this category.

For example, Purchase of goods, Salaries paid.

12) What are the three different types of personal accounts?

**Answer :** Personal account:

Account relating to persons is called personal account. The personal account may be natural, artificial or representative personal account

a) Natural person's account: Natural person means human beings. Example: Vinoth account, Malini account.

(b) Artificial person's account: Artificial person refers to the persons other than human beings recognised by law as persons. They include business concerns, charitable institutions, etc. Example: BHEL account, Bank account.

(c) Representative personal accounts: These are the accounts which represent persons natural or artificial or a group of persons. Example: Outstanding salaries account, Prepaid rent account. When expenses are outstanding, it is payable to a person. Hence, it represents a person.

13) What is the accounting treatment for insurance premium paid on the life of the proprietor?

**Answer :** (i) Insurance premium paid on the life of the proprietor is a personal account.

(ii) It is spend for the personal use of the proprietor not for the business purpose. Hence Drawings A/c should be debited.

The entry is

Drawings A/c	Dr	xxxx	
To Cash A/c			xxx

14) State the principles of double entry system of book keeping.

**Answer :** Following are the principles of double entry system:

(i) In every business transaction, there are two aspects

(ii) The two aspects involved are the benefit or value receiving aspect and benefit or value giving aspect.

(iii) These two aspects involve minimum two accounts; at least one debit and at least one credit.

(iv) For every debit, there is a corresponding and equivalent credit. If one account is debited the other account must be credited.

15) Complete the accounting equation.

(a) Assets = Capital + Liabilities

Rs.1,00,000 = Rs.80,000 + ?

(b) Assets = Capital + Liabilities

Rs.2,00,000 = ? + Rs.40,000

(c) Assets = Capital + Creditors

? = Rs.60,000 + Rs.80,000

**Answer :**

(a) Assets = Capital + Liabilities

Rs. 1,00,000 = Rs .80,000 + Rs .20,000

(b) Assets = Capital + Liabilities

Rs. 2,00,000 = Rs. 1,60,000 + Rs .40,000

(c) Assets = Capital + Creditors

Rs. 2,40,000 = Rs .60,000 + Rs. 80,000

16) Classify the following into personal, real and nominal accounts.

(a) Capital

(b) Building

- (c) Carriage inwards
- (d) Cash
- (e) Commission received
- (f) Bank
- (g) Purchases
- (h) Chandru
- (i) Outstanding wages

**Answer :**

SI.No	Items	Classification
(a)	Capital	Personal account
(b)	Building	Real account
(c)	Carriage inwards	Nominal account
(d)	Cash	Real account
(e)	Commission received	Nominal account
(f)	Bank	Personal account
(g)	Purchases	Nominal account
(h)	Chandru	Personal account
(i)	Outstanding wages	Personal account

- 17) Classify the following items into real, personal and nominal accounts.
- a) Capital
  - b) Purchases
  - c) Goodwill
  - d) Copyright
  - e) Latha
  - f) State Bank of India
  - g) Electricity charges
  - h) Dividend
  - i) Ramesh
  - j) Outstanding rent

**Answer :**

S.No.	Particulars	Types of Account
a	Capital	Personal A/C
b	Purchases	Real A/C
c	Goodwill	Real A/C
d	Copy right	Real A/C
e	Latha	Personal A/C
f	State Bank of India	Personal A/C
g	Electricity Charges	Nominal A/C
h	Dividend	Nominal A/C
i	Ramesh	Personal A/C
j	Outstanding rent	Personal A/C

- 18) Explain the meaning of Accounting Equation.

**Answer :** Accounting Equation is based on dual aspect concept (Debit and Credit). It emphasizes on the fact that every transaction has a two sided effect (i.e.,) on the assets and claims on assets. Always the total claims (those of outsiders and of the proprietors) will be equal to the total assets of the business concern. The claims are also known as equities, are of two types:

(i) Owners equity (capital) and (ii) Outsider's equity (liabilities).

Assets =Equities

Assets =Capital+ Liabilities (A = C + L)

Capital =Assets - Liabilities (C = A - L)

Liabilities =Assets - Capital (L =A - C)

- 19) Transaction : Bought goods for cash Rs.40,000

Analysis :This is a cash transaction: Cash and purchase of goods'are involved

TRANSACTION	ACCOUNTS INVOLVED	NATURE OF ACCOUNTS	HOW AFFECTED IN BUSINESS	DEBIT/CREDIT
Bought goods for cash Rs. 40,000	Purchases a/c Cash a/c'	Real a/c Real a/c	Goods come in Cash goes out	Debit Credit

**Answer :**

**Journal entry:**

DATE	PARTICULARS	L.F.	DEBIT (RS.)	CREDIT (RS.)
	Purchases A/c   Dr. To Cash A/c (Bought goods for cash)		40,000	40,000

20) **Transaction :** Sold goods worth Rs.8,000 to Kumaran on credit

**Analysis :** This is a credit transaction as no cash is involved

TRANSACTION	ACCOUNTS INVOLVED	NATURE OF ACCOUNTS	HOW AFFECTED IN BUSINESS	DEBIT /CREDIT
Sold goods worth Rs.8,000 on credit to Kumaran	Kumaran a/c Sales a/c	Personal a/c Real a/c	Kumaran is the receiver Goods go out	Debit Credit

**Answer :**

DATE	PARTICULARS	L.F.	DEBIT (RS.)	CREDIT (RS.)
	Kumaran A/c   Dr. To Sales A/c (Goods sold to Kumaran on credit)		8,000	8,000

**5 Marks**

5 x 5 = 25

21) Ananth is a trader dealing in textiles. For the following transactions, pass journal entries for the month of January, 2018.

Jan.	Rs
1. Commenced business with cash	70,000
2. Purchased goods from X and Co. on credit	30,000
3. Cash deposited into bank	40,000
4. Bought a building from L and Co. on credit	95,000
5. Cash withdrawn from bank for office use	5,000
6. Cash withdrawn from bank for personal use of Ananthu	4,000
7. Towels given as charities	3,000
8. Shirts taken over by Ananth for personal use	12,000
9. Sarees distributed as free samples	3,000
10. Goods (table clothes) used for office use	200

**Answer :**

DATE	PARTICULARS	L.F.	DEBIT RS	CREDIT RS
2018 Jan. 1	Cash A/c Dr. To Ananth's Capital A/c (Jeyaseeli commenced business with cash)		70,000	70,000
2.	Purchases A/c Dr To X and Co. A/c (Credit purchases made)		30,000	30,000
3.	Bank A/c Dr To Cash A/c (Cash deposited into bank)		40,000	40,000
4.	Buildings A/c Dr. To L& Co.A/c (Building bought on credit)		95,000	95,000
5.	Cash A/c Dr. To Bank A/c (Cash withdrawn from bank for office use)		5,000	5,000
6.	Drawings A/c Dr. To Bank A/c (Cash withdrawn from bank for personal use)		4,000	4,000
7.	Charities A/c Dr. To Purchases A/c (Goods given for charities)		3,000	3,000
8.	Drawings A/c Dr. To Purchases A/c (Goods taken over for personal use)		12,000	12,000
9.	Sales promotion A/c Dr. To Purchases A/c (Goods distributed as free samples)		3,000	3,000
10.	Office expenses A/c Dr. To Purchases A/c (Goods used for office use)		200	200

**In the books of Ananth Journal entries**

- 22) Deepak is a dealer in stationery items. From the following transactions, pass journal entries for the month of January and February, 2018
- |     |  |          |
|-----|--|----------|
| Jan |  | Rs       |
| 1   | Commenced bussiness with cash                                | 2,00,000 |
| 2   | Opened a bank account by deposited cash                      | 1,00,000 |
| 3   | 'A 4 paper' sold on credit to Padmini and Co                 | 60,000   |
| 4   | Bills received from Padmini and Co. for the amount due       |          |
| 5   | Bills received from Padmini and Co. discounted with the bank | 58,000   |
| Feb |  |          |
| 15  | Bills of Pad mini and Co. dishonoured                        |          |

**Answer :**

DATE	PARTICULARS	L.F	DEBIT RS	CREDIT RS
2018				
Jan 1	Cash A/c Dr To Deepak's Capital A/c (Capital contributed by Deepak)		2,00,000	2,00,000
2	Bank A/c Dr To Cash A/c (Cash deposited with the bank)		1,00,000	1,00,000
3	Padmini and Co. A/c Dr To Sales A/c (Credit sales to Padmini and Co.)		60,000	60,000
4	Bills receivable A/c Dr To Padmini and Co. Alc (Bills received for the amount due)		60,000	60,000
5	Bank A/c Dr Discount A/c To Bills receivable A/c (Bills receivable discounted with the bank)		58,000 2,000	60,000
Feb 15	Padmini and Co. A/c Dr To Bank A/c (Bill discounted with the bank dishonoured)		60,000	60,000

- 23) Show the effect of the following transactions on the accounting equation.
- Sibi started business with cash Rs. 40,000; goods RS. 24,000 and machine Rs. 16,000.
  - Purchased goods from Selvam on credit Rs. 14,000.
  - Payment made to Selvam Rs. 14,000.
  - Sold goods to Ravi on credit 10,000 for Rs. 12,000.
  - Wages outstanding Rs. 800.

**Answer :**

S.NO.	TRANSACTIONS	CASH RS.	STOCK RS.	STOCK RS.	MACHINE RS.	DEBTORS RS.	TOTAL ASSETS RS.	=	TOTAL LIABILITIES RS.	CAPITAL RS.	CREDITORS RS.	OUTST. EXPEN: RS.
a)	Started business with cash, goods and machine	+40,000	+24,000	+16,000						+80,000		
	Balance	+40,000	24,000	16,000						+80,000		
	<b>Equation</b>						+80,000	=	+80,000			
b)	Credit Purchase		+14,000								+14,000	
	Balance	+40,000	+38,000	+16,000						+80,000		
	<b>Equation</b>						+94,000	=	+94,000			
c)	Payment made to selvam in full settlement	-14,000									-14,000	
	Balance	+26,000	+38,000	+16,000	+20,000					+80,000		0
	<b>Equation</b>						+80,000	=	+80,000			
d)	Credit sales		-10,000		+12,000					+2,000		
	Balance	+26,000	+28,000	-16,000	+12,000					82,000		
	<b>Equation</b>						+82,000	=	+82,000			
e)	Bank charges									-800		
	Balance	+26,000	+28,000	+16,000	+12,000					+81,200		
	<b>Equation</b>						+82,000	=	+82,000			

24) Journalise the following transactions of Mr. ManL

2017 JUNE	RS
3 Received cash from Ramkumar	60,000
4 Purchased goods for cash	15,000
11 Sold goods to Damodaran	22,000
13 Paid to Ramkumar	40,000
17 Received from Damodaran	20,000
20 Bought furniture from Jagadeesan	5,000
27 Paid rent	1,200
30 Paid Salary	2,500



**Answer :**

DATE	PARTICULARS		L.F	DEBIT	CREDIT
2017 June 3	Cash A/c	Dr		60000	
	To Ramkumar A/c				60000
	(Being cash received)				
4	Purchases A/c	Dr		15000	
	To Cash A/c				15000
	(Being cash purchases)				
11	Damodaran's A/c	Dr		22000	
	To Sales A/c				22000
	(Being credit sales to Damodaran)				
13	Ramkumar A/c	Dr		40000	
	To Cash A/c				40000
	(Being cash paid to Ramkumar)				
17	Cash A/c	Dr		20000	
	To Damodaran A/c				20000
	(Being credit received from Damodaran)				
20	Furniture A/c	Dr		5000	
	To Jagadeesan A/c				5000
	(Being furniture purchased on credit)				
27	Rent A/c	Dr		15000	
	To Cash A/c				14750
	(Being rent paid)				
30	Salary A/c	Dr		2500	
	To Cash A/c				2500
	(Being salary paid)				

Journal of Mr. Mani

- 25) Journalise the following transactions in the journal of Mr. Dhakshinamoorthy. 2017, April

DATE		RS.
1	Mr. Dhakshinamoorthy started his business with	40,000
2	Bought goods from Janardhanan on credit for	15,000
5	Sold goods to Sampath on credit for	20,000
10	Purchased goods from Santhanam for cash	7,500
15	Cash paid to Janardhanan	5,000
18	Cash received from Sampath	10,000
25	Paid for stationery purchased	750
30	Received commission	500

**Answer :**

DATE	PARTICULARS		L.F	DEBIT RS.	CREDIT RS.
1.4.17	Cash A/c To Dhakshinamoorthy 's Capital A/c (Amount invested in business)	Dr		40,000	40,000
2.4.17	Cash A/c To Janardhanan A/c (Credit purchase)	Dr		15,000	15,000
5.4.17	Sampath A/c To Sales A/c (Credit Sales)	Dr		20,000	20,000
10.4.17	Purchases A/c To cash A/c (Cash purchase)	Dr		7,500	7,500
15.4.17	Janardhanan A/c To cash A/c (Cash paid)	Dr		5,000	5,000
18.4.17	Cash A/c To Sampath A/c (Rent paid)	Dr		10,000	10,000
25.4.17	Stationery A/c To cash A/c (Stationery purchased)	Dr		750	750
30.4.17	Cash A/c To Commission Received A/c (Commission received)	Dr		500	500

Journal Entries of Mr. Dhakshinamoorthy