

# Preface

**A**ccountancy exam appears like a Herculean task to at least a few students. This study note has been prepared with the intention of providing these students the most important topics of curriculum.

I take this opportunity to extend my whole-hearted thanks and gratitude to Sri. Harikumar.A, HSST Commerce, V V H S S, Thamarakulam, Alappuzha District for all the valuable guidance, support and encouragement he has provided to me.

I also sincerely extend my indebtedness to the Commerce teachers community who have always encouraged me personally or through various other social media platforms.

The best of luck to all my dear students.

Thuravoor

28/08/2021

Sreekumar P R

HSST Senior Selection Grade Commerce

T.D. Higher Secondary School, Thuravoor, Alappuzha District

**Quick Revision Notes | + 1 Accountancy | English Version****Chapter - 1****Introduction to Accounting****➤ Objectives of Accounting**

What are the objectives of accounting? (any three) **(3 Scores) March 2020**

**OR**

“The primary objective of accounting is to provide information to facilitate business decisions”. Mention any four objectives of accounting. **(4 Scores)**

**March 2010**

**Ans : Meaning of Accounting**

The American Institute of Certified Public Accountants (AICPA) had defined accounting as the *recording, classifying, and summarising in a significant manner and in terms of money transactions and events which are, in part at least, of financial character, and interpreting the results thereof.*

**Objectives of Accounting**

The primary objectives of accounting include the following :

1. **Maintenance of Records of Business Transactions** : Accounting is used for the maintenance of a systematic record of all financial transactions in books of accounts.
2. **Calculation of Profit and Loss** : Another objective of accounting is to ascertain the profit earned or loss sustained by a business during an accounting period. This can be ascertained by preparing a profit and loss account for the period.
3. **Depiction of Financial Position** : Accounting also aims at ascertaining the financial position of the business concern. This can be ascertained by preparing a statement known as balance sheet.
4. **Providing Accounting Information to its Users** : Accounting records provides meaningful information to internal users and external users.

**Quick Revision Notes | + 1 Accountancy | English Version****Qualitative Characteristics of Accounting Information**

**Qn:** Reliability is one of the qualitative features of accounting. Give two more such features. **(2 Scores)** **March 2014**

**OR**

The creditors and bankers need qualitative accounting information for taking appropriate decisions. What qualitative features do they expect in accounting information? **(2 Scores)** **March 2015**

**OR**

Accounting possesses certain qualitative features. List them **(2 Scores)** **(March 2017)**

**Ans : Qualitative characteristics of Accounting Information**

1. **Reliability** : Reliability means the users must be able to depend on the information. A reliable information should be free from error and faithfully represents what it is meant to represent.
2. **Relevance** : To be relevant, information must be available in time. It must help in prediction and feedback .
3. **Understandability** : Accounting information must be capable of being understood by all its users.
4. **Comparability** : Accounting information must be comparable from one period to another or from one firm to another.

➤ **Basic Terms in Accounting**

**Qn :** Classify the following items as Revenue, Expense, Gain and Profit.

- i) Profit on sale of investment
- ii) Interest received
- iii) Goods sold at above cost
- iv) Depreciation

**(2 Scores) IMP. 2018**

**Ans. i) Gain ii) Revenue iii) Profit iv) Expense**

**Qn** A student of XI Commerce, after going through the topic "Capital expenditure and Revenue expenditure" has classified certain expenditure as given below :

## Quick Revision Notes | + 1 Accountancy | English Version

Capital expenditure	Revenue expenditure
Machinery purchased Depreciation on machinery Goods purchased	Sale of land Installation charge on machinery Rent paid

Do you agree with the above classification? If not, correct it. (2 Scores)

**March 2012**

**Ans.**

Capital expenditure	Revenue expenditure
Machinery purchased Installation charge on machinery	Rent paid Depreciation on machinery Goods purchased

### Chapter - 2

### Theory Base of Accounting

## Basic Accounting Concepts

### 1. Business Entity concept

**Qn:** Which assumption of accounting, states that the capital supplied by the proprietor is a liability to the business? Describe it in one or two sentences.

**(2 Scores)      March 2014 AFS**

**Ans: Business Entity Concept :** The concept of business entity assumes that *business has a distinct and separate entity from its owners*. It means that for purposes of accounting the business and its owners are to be treated as *two separate entities*. e.g. capital is treated as liability of the business to the owner.

## Quick Revision Notes | + 1 Accountancy | English Version

### 2. Money measurement Concept

**Qn:** In a meeting, the General Manager appreciate the sales department's achievement of ₹25 lakhs sales during the year 2015. But this activity of the General Manager is not recorded in the accounts of the business.

- a) Identify the accounting principle on the basis of which this activity is not recorded? (1)
- b) Explain the above principle (2)

**March 2016 AFS**

**Ans :**

- a) Money measurement concept.
- b) The concept of money measurement states that only those transactions and happenings in an organisation *which can be expressed in terms of money* are to be recorded in the books of accounts. Eg. Sale of goods ₹10,000.

### 3. Going Concern concept

**Qn:** Fixed assets are recorded at original cost and is shown in the Balance sheet at cost less depreciation. The underlying concept here is -----

- (a) accounting entity (b) going concern (c) accounting period (d) money measurement      **(1 Score)**

**SAY 2016**

**Ans : (b) going concern**

### 4. Accounting Period concept

**Qn :** Match the following :

**Model 2019**

A	B
(a) A company follows the same method of depreciation for last 5 years	(1) Accounting period
(b) A firm ascertained profit or loss at the end of each year	(2) Matching concept
(c) A firm records purchase of assets at cost price only	(3) Consistency concept

## Quick Revision Notes | + 1 Accountancy | English Version

(d) All prepaid expenses are deducted from the total expense paid

(4) Cost concept

**Ans:**

A	B
(a) A company follows the same method of depreciation for last 5 years	(1) Consistency concept
(b) A firm ascertained profit or loss at the end of each year	(2) Accounting period
(c) A firm records purchase of assets at cost price only	(3) Cost concept
(d) All prepaid expenses are deducted from the total expense paid	(4) Matching concept

### 5. Dual Aspect Concept

1. Which one of the following principles of accounting helps to equate the assets of a firm with its liabilities? **(1 Score)**

a) Full Disclosure principle b) Duality principle c) Matching principle d) Cost principle

**OR**

The accounting equation is based on :

- (a) Consistency principle (b) Dual aspect principle (c) Money measurement concept  
(d) Conservatism **(1 Score)**

**Half yearly 2017**

**Ans : b) Duality principle**

2. "Duality is one of the important principles of accounting". The receiving aspect of a transaction is called----- and giving aspect of the transaction is called ----- **(1)**

**SAY 2010 AFS**

**Ans : Debit and Credit**

**Quick Revision Notes** | + 1 Accountancy | English Version

3. Newton's scientific theory tells that for every action there is an equal and opposite reaction. Identify the accounting principle which is almost similar to the theory and explain. **(3 Scores)** **SAY 2009**

**Ans :** Duality principle

Dual aspect is the *foundation or basic principle* of accounting. This concept states that *every transaction has a dual or two-fold effect* and should therefore be recorded at two places. In other words, at least two accounts will be involved in recording a transaction.

4. Every transaction has two aspects which will be recorded in the books of accounts.
- a) Identify and Explain the accounting concept referred to above, by giving suitable examples. **(4)**
- b) Narrate a transaction which affects only the asset side of an accounting equation **(1)** **March 2015**

**Ans : a) Duality concept**

5. Dual aspect is the *foundation or basic principle* of accounting. This concept states that *every transaction has a dual or two-fold effect* and should therefore be recorded at two places. In other words, at least two accounts will be involved in recording a transaction.

For example, Vysakh started business with ₹2,00,000. This will result in an increase in the assets(cash) by ₹200000. At the same time owner's equity (capital) will also increase by an equal amount.

**b) Cash deposited into bank**

## Quick Revision Notes | + 1 Accountancy | English Version

### 6. Matching concept

**Qn:** State the relevant principles/concepts (5 Scores)

**SAY 2016**

Sl. No.	Statements	Related accounting principle/concepts
1	Owner and Business have separate existence	?
2	Recording monetary events only	?
3	Business has got indefinite life	?
4	Follow same accounting practices year after year	?
5	Stock is valued at cost or market price whichever is less.	?
6	Compare expenses with revenues of an accounting period	?

**Ans :**

1. Accounting Entity Concept/Business Entity concept
2. Money Measurement concept
3. Going concern concept
4. Consistency principle
5. Conservatism or prudence principle
6. Matching principle

### 7. Conservatism concept

**Qn 1:** Asna Co. Pvt. Ltd. Acquires a piece of land for ₹2,00,000 for expansion purpose. After 5 years, the value of land came to ₹3,50,000 and at the time of preparing the Balance Sheet, the accountant does not consider the increase in the value of land. Do you agree with the accountant? If so, on what grounds?



## Quick Revision Notes | + 1 Accountancy | English Version

**Ans :** Yes. According to principle of conservatism while preparing financial statements all possible losses are to be provided for but incomes can be recognised only when there is certainty. So that, land is valued at cost price or market price whichever is lower. i.e. ₹2,00,000.

**Qn 2:** State which principles/concepts are applicable in the following cases :

- (a) Creation of Provision for doubtful debts
- (b) Capital brought by the owner is treated as a liability.
- (c) Method of calculation of depreciation is not changing year after year.
- (d) Accounting should focus on material facts. **(4 Scores)                      March 2020**

**Ans : (a) Prudence or Conservatism Principle**

**(b) Business Entity/Accounting Entity Principle**

**(c) Consistency Principle**

**(d) Materiality Principle**

**Qn 3 :** Match the following items given in set A with that of set B

A	B
(a) Creating Provision for doubtful debts	(1) Business entity concept
(b) Owner and business are separate and distinct	(2) Money measurement concept
(c) Business has fairly long life.	(3) Conservatism concept
(d) Qualitative aspects are ignored in accounts.	(4) Consistency concept
	(5) Going concern concept

**(5 Scores)**

**Dec. 2020**

## Quick Revision Notes | + 1 Accountancy | English Version

**Ans :**

**A**

- a) Creating provision for doubtful debts
- b) Owner and business are separate and distinct concept
- c) Business has fairly long life
- d) Qualitative aspects are ignored in accounts

**B**

- (3) Conservatism concept
- (1) Business entity
- (5) Going concern concept
- (2) Money measurement concept

### Chapter - 3

#### Recording of Transactions - 1

#### ➤ Accounting Equation/Balance sheet Equation

Accounting equation signifies that the assets of a business are always equal to the total of its liabilities and capital (owner's equity).

$$\text{Assets} = \text{Liabilities} + \text{Capital}$$

$$\text{Liabilities} = \text{Assets} - \text{Capital}$$

$$\text{Capital} = \text{Assets} - \text{Liabilities}$$

#### Steps for solving problems based on Accounting equation

1. രണ്ടു കോളങ്ങൾ വരയ്ക്കുക. ഒന്നാമത്തെ കോളം ഇടപാടുകൾ കാണിക്കുന്നതിനും രണ്ടാമത്തെ കോളം അക്കൗണ്ടിംഗ് സമവാക്യം ( $\text{Assets} = \text{Liabilities} + \text{Capital}$ ) എഴുതുന്നതിനാണ്.
2. ഒന്നാമത്തെ കോളത്തിൽ ഇടപാട് കാണിക്കുക.
3. ഒന്നാമത്തെ ഇടപാടിൽ ഉൾപ്പെട്ടിരിക്കുന്ന Assets(ആസ്തി), Liabilities(ബാധ്യത), Capital (മൂലധനം) എന്നിവ തിരിച്ചറിഞ്ഞ് അവ രണ്ടാമത്തെ കോളത്തിൽ അക്കൗണ്ടിംഗ് സമവാക്യത്തിന് താഴെ എഴുതുക.
4. രണ്ടാമത്തെ ഇടപാട് മേൽസൂചിപ്പിച്ച പോലെ എഴുതുക.

## Quick Revision Notes | + 1 Accountancy | English Version

5. ഒന്നാമത്തെ സമവാക്യവും രണ്ടാമത്തെ സമവാക്യവും കൂടുക.. ഇങ്ങനെ കൂട്ടികിട്ടുന്ന തുക അക്കൗണ്ടിംഗ് സമവാക്യം (Assets = Liabilities + Capital) പാലിക്കുന്നുണ്ടെന്ന് ഉറപ്പ് വരുത്തുക.

6. തുടർന്ന് വരുന്ന ഇടപാടുകളുടെ അക്കൗണ്ടിംഗ് സമവാക്യങ്ങളും മേൽസൂചിപ്പിച്ച പോലെ കൂട്ടി എഴുതുക.

### Illustration

Show the effect of the following transactions on Assets, Liabilities and Capital through accounting equation :

- (a) Started business with cash ₹ 2,00,000.
- (b) Purchased goods from Manu ₹ 10,000.
- (c) Sold goods to Rinu (costing ₹6,000) for ₹ 8,000. **(March 2018)**

**Ans :**

Transactions	Assets Cash + Stock + Debtors	= Liabilities = Creditors	+ Capital + Capital
(a) Started business with cash	2,00,000 + 0 + 0	= 0	+ 2,00,000
(b) Purchased goods from Manu	0 + 10,000 + 0	= 10,000	+ 0
	2,00,000 + 10,000 + 0	= 10,000	+ 2,00,000
(c) Sold goods to Rinu	0 - 6,000 + 8,000	= 0	+ 2,000
	2,00,000 + 4,000 + 8,000	= 10,000	+ 2,02,000
	=====		

### Illustration

“Accounting equation forms the basis of the accounting process.” Prove that the accounting equation is satisfied in all the following transactions:

- (a) Mr. Suresh commenced business with cash ₹40,000.
- (b) Purchased goods on credit ₹ 6,500.
- (c) Paid rent ₹ 500.
- (d) Sold goods costing ₹ 6,500 on credit for ₹ 8,000. **(March 2012)**

**Ans :**

Transactions	Assets Cash + Stock + Debtors	= Liabilities = Creditors	+ Capital + Capital
(a) Commenced business with cash	40,000 + 0 + 0	= 0	+ 40,000
(b) Purchased goods on credit	0 + 6,500 + 0	= 6,500	+ 0

## Quick Revision Notes | + 1 Accountancy | English Version

(c) Paid rent	40,000 + 6,500 + 0	=	6,500	+ 40,000
	-500 + 0 + 0	=	0	+ - 500
<hr/>				
(d) Sold goods costing ₹ 6,500 on credit for ₹ 8,000	39,500 + 6,500 + 0	=	6,500	+ 39,500
	0 - 6,500 + 8,000	=	0	+ 1,500
	39,500 + 0 + 8,000	=	6,500	+ 41,000
<hr/>				

### Rules of Debit and Credit

#### 1.Assets

Increase in asset is debited

Decrease in asset is credited

#### 2.Liability

Increase in liabilities is credited

Decrease in liabilities is debited

#### 3.Capital

Increase in capital is credited

Decrease in capital is debited

#### 4.Expenses/Losses

Increase in expenses/losses is debited

Decrease in expenses/losses is credited

#### 5.Revenues/Gains

Increase in revenue/gain is credited

Decrease in revenue/gain is debited

## Quick Revision Notes | + 1 Accountancy | English Version

### ➤ **Distinction between Journal and Ledger**

1. The Journal is the *book of first entry (original entry)* ; the ledger is *the book of second entry*.
2. The Journal is the book for *chronological record* ; the ledger is the book for *analytical record*.
3. The Journal, as book of source entry, gets greater importance as *legal evidence than the ledger*.
4. *Transaction* is the basis of classification of data within the Journal ; *Account* is the basis of classification of data within the ledger.
5. Process of recording in the Journal is called *Journalising* ; the process of recording in the ledger is known as *Posting*.

### Chapter - 4

### Recording of Transactions - 2

### ➤ **Single Column Cash Book**

**Format of Single column cash book**

**Dr.**

**Cr.**

Date	Particulars	L.F	Amount ₹	Date	Particulars	L.F.	Amount ₹

## Quick Revision Notes | + 1 Accountancy | English Version

### സിംഗിൾ കോളം ക്യാഷ് ബുക്ക് തയ്യാറാക്കുന്ന വിധം

1. സിംഗിൾ കോളം ക്യാഷ് ബുക്കിന്റെ ഫോർമാറ്റ് വരയ്ക്കുക.

Dr.

Cr.

Date	Particulars	L.F	Amount ₹	Date	Particulars	L.F.	Amount ₹

2. തന്നിരിക്കുന്ന ഇടപാടുകളിൽ ക്യാഷ് സ്വീകരിക്കുകയാണോ കൊടുക്കുകയാണോ എന്ന് മനസ്സിലാക്കുക .

3 .ക്യാഷ് സ്വീകരിക്കുകയാണെങ്കിൽ Receipts സൈഡിൽ ആണ് കാണിക്കേണ്ടത്.

4 . തീയതി കോളത്തിൽ ഇടപാടുകൾ നടന്ന തീയതി രേഖപ്പെടുത്തുക.

5 .ക്യാഷ് സ്വീകരിച്ച അക്കൗണ്ടിന്റെ പേര് Receipts കോളത്തിൽ എഴുതുക.

6 .ഇടപാടിൽ നിന്നും കിട്ടിയ തുക Amount കോളത്തിൽ രേഖപ്പെടുത്തുക.

7 ക്യാഷ് കൊടുക്കുമ്പോൾ Payments സൈഡിൽ എഴുതുക.

8 പണം കൊടുത്ത തീയതി Payments സൈഡിൽ രേഖപ്പെടുത്തുക.

9 ക്യാഷ് കൊടുത്ത അക്കൗണ്ടിന്റെ പേര് Payments കോളത്തിൽ എഴുതുക.

10 കൊടുത്ത തുക Amount കോളത്തിൽ രേഖപ്പെടുത്തുക.

11 ഡെബിറ്റ് സൈഡ് ടോട്ടൽ ചെയ്യുക.

12 ക്രെഡിറ്റ് സൈഡ് ടോട്ടൽ ചെയ്യുക.

13 ഡെബിറ്റ് ടോട്ടലും ക്രെഡിറ്റ് ടോട്ടലും തമ്മിലുള്ള വ്യത്യാസം കണ്ടുപിടിക്കുക..

14 .ക്യാഷ് ബുക്കിന്റെ ഡെബിറ്റ് സൈഡും ക്രെഡിറ്റ് സൈഡും തമ്മിലുള്ള വ്യത്യാസം, Payments സൈഡിൽ Balance c/d എന്ന് രേഖപ്പെടുത്തുക. അതിനു ശേഷം വ്യത്യാസം വന്ന തുക Amount കോളത്തിൽ കാണിയ്ക്കുക.

15 അടുത്ത മാസം ഒന്നാം തീയതി Receipts സൈഡിൽ മുനിറിപ്പ് തുക കാണിയ്ക്കുക.

## Quick Revision Notes | + 1 Accountancy | English Version

### Illustration

Roy started a business on 1<sup>st</sup> April, 2010 by investing ₹50,000. Help him to find out the closing balance of cash for the month considering the following transactions :

	₹
02-4-2010 Deposited into bank	20,000
05-4-2010 Purchased goods for cash	18,000
08-4-2010 Advertisement expenses	1,000
12-4-2010 Sold goods for	12,000
13-4-2010 Stationery purchased	500
15-4-2010 Purchased furniture for	8,000
20-4-2010 Sold goods to Kishore	4,000
26-4-2010 Borrowed from Mr.Kiran	10,000
29-4-2010 Received cash from Kishore	2,500
30-4-2010 Rent paid	1,000
	<b>(SAY 2012)</b>

**Ans:**

### Cash book

Dr.				Cr.			
Date	Receipts	L.F	Amount ₹	Date	Payments	L.F.	Amount ₹
2010				2010			
April 1	Capital		50,000	April 2	Bank		20,000
" 12	Sales		12,000	" 5	Purchases		18,000
" 26	Kiran		10,000	" 8	Advertisement		1,000
" 29	Kishore		2,500	" 13	Stationery		500
				" 15	Furniture		8,000
				" 30	Rent		1,000
				" 30	Balance c/d		26,000
			74,500				74,500
May 1	Balance c/d		26,000				

## Quick Revision Notes | + 1 Accountancy | English Version

### ➤ Double Column Cash Book

#### ഡബിൾ കോളം ക്യാഷ് ബുക്ക് തയ്യാറാക്കുന്ന വിധം

1 ഡബിൾ കോളം ക്യാഷ് ബുക്കിന്റെ ഫോർമാറ്റ് വരയ്ക്കുക .

#### Cash book

Dr.

Cr.

Date	Particulars	L F	Cash ₹	Bank ₹	Date	Particulars	L F	Cash ₹	Bank ₹

2 ക്യാഷ് സ്വീകരിക്കുകയാണെങ്കിൽ ഡെബിറ്റ് സൈഡിൽ ക്യാഷ് കോളത്തിൽ കാണിയ്ക്കുക.. തീയതി കോളത്തിൽ ഇടപാട് നടന്ന തീയതി എഴുതുക. റെസിപ്റ്റ്സ് കോളത്തിൽ ക്യാഷ് സ്വീകരിച്ച അക്കൗണ്ടിന്റെ പേര് എഴുതുക.

3 ക്യാഷ് കൊടുക്കുക ആണെങ്കിൽ ക്രെഡിറ്റ് സൈഡിൽ ക്യാഷ് കോളത്തിൽ കാണിയ്ക്കുക. തീയതി കോളത്തിൽ ഇടപാട് നടന്ന തീയതി എഴുതുക.. Payments കോളത്തിൽ ക്യാഷ് കൊടുത്ത അക്കൗണ്ടിന്റെ പേര് എഴുതുക.

4 ക്യാഷ് കോളം ബാലൻസ് ചെയ്യുക (ഡെബിറ്റ് ടോട്ടൽ - ക്രെഡിറ്റ് ടോട്ടൽ). ക്യാഷ് ബാലൻസിന്റെ നേരെ Payments സൈഡിൽ Balance c/d എഴുതുക .

5 ബാങ്ക് കോളം ബാലൻസ് ചെയ്യുക(ഡെബിറ്റ് ടോട്ടൽ - ക്രെഡിറ്റ് ടോട്ടൽ). ഡെബിറ്റ് ബാലൻസ്(ഡെബിറ്റ് ടോട്ടൽ ക്രെഡിറ്റ് ടോട്ടലിനെക്കുറിച്ചിങ്ങും കൂടുതൽ ആണെങ്കിൽ) ആണെങ്കിൽ Payments കോളത്തിൽ Balance c/d എഴുതുക.. ക്രെഡിറ്റ് ബാലൻസ്(ക്രെഡിറ്റ് ടോട്ടൽ ഡെബിറ്റ് ടോട്ടലിനെക്കുറിച്ചിങ്ങും കൂടുതൽ ആണെങ്കിൽ) ആണെങ്കിൽ Receipts കോളത്തിൽ Balance c/d എഴുതുക..



## Quick Revision Notes | + 1 Accountancy | English Version

6 നീക്കിയിരിപ്പ് ക്യാഷ് / ബാങ്ക് ബാലൻസ്, അടുത്ത കാലയളവിൽ മുനിരിപ്പ് തുക ആയി എടുത്തേഴുതുക.. നീക്കിയിരിപ്പ് തുക ക്രെഡിറ്റ് സൈഡിലാണ് കാണിച്ചതെങ്കിൽ മുനിരിപ്പ് തുക (Balance b/d) ഡെബിറ്റ് സൈഡിലും, നേരെ മറിച്ച് നീക്കിയിരിപ്പ് തുക ഡെബിറ്റ് സൈഡിലാണ് കാണിച്ചതെങ്കിൽ മുനിരിപ്പ് തുക ക്രെഡിറ്റ് സൈഡിലാണ് (Balance b/d) കാണിക്കേണ്ടത്.

### Illustration

Prepare a Cash Book with bank column from the given transactions of a trader for the month of November 2019.

2019	₹
Nov. 1 Cash in hand	8,000
" 1 Cash at bank	34,000
" 3 Cash sales	12,000
" 5 Received cheque from Rahul and paid into bank	15,000
" 8 Paid into bank	10,000
" 10 Cheque issued to Mohan	5,000
" 14 Cash withdrawn from bank for personal use	8,000
" 19 Paid for stationery	500
" 20 Rent paid by cheque	2,000
" 24 Cash withdrawn from bank for office use	4,000
" 28 Purchased goods by issuing cheque of	6,000
" 29 Insurance premium paid by cheque	1,000
" 30 Cheque of ₹ 15,000 received from Rahul was returned dishonoured by bank.	
	<b>(Dec. 2020)</b>

## Quick Revision Notes | + 1 Accountancy | English Version

**Ans:**

### Double column Cash book

Dr.

Cr.

Date	Receipts	L F	Cash ₹	Bank ₹	Date	Payments	L F	Cash ₹	Bank ₹
2019					2019				
Nov. 1	Balance b/d		8,000	34,000	Nov. 8	Bank	C	10,000	
" 3	Sales		12,000		" 10	Mohan			5,000
" 5	Rahul			15,000	" 14	Drawings			8,000
" 8	Cash	C		10,000	" 19	Stationery		500	
" 24	Bank	C	4,000		" 20	Rent			2,000
					" 24	Cash	C		4,000
					" 28	Purchase			6,000
					" 29	Insurance			1,000
					" 30	Rahul			15,000
					" 30	Balance c/d		13,500	18,000
			24,000	59,000				24,000	59,000
			=====	=====				=====	=====

### ➤ Petty Cash Book

**പെറ്റി ക്യാഷ് ബുക്ക് തയ്യാറാക്കുന്ന വിധം**

- 1 പെറ്റി ക്യാഷ് ബുക്ക് വരയ്ക്കുക.
- 2 ഒന്നാമത്തെ കോളത്തിൽ ചീഫ് ക്യാഷിറിൽ നിന്നും ലഭിച്ച തുക എഴുതുക.
- 3 രണ്ടാമത്തെ കോളത്തിൽ ഇടപാട് നടന്ന തീയതി രേഖപ്പെടുത്തുക.
- 4 മൂന്നാമത്തെ കോളത്തിൽ (Particulars) വരവിനും / ചെലവിനും കാണിയ്ക്കുക.
- 5 അടുത്ത കോളത്തിൽ വച്ചാർ നമ്പർ രേഖപ്പെടുത്തുക.
- 6 അടുത്ത കോളത്തിൽ ചെലവാക്കിയ തുക കാണിയ്ക്കുക.
- 7 .തുടർന്ന് വരുന്ന കോളങ്ങളിൽ ചെലവാക്കിയ തുക ഇനം തിരിച്ച് കാണിയ്ക്കുക.

## Quick Revision Notes | + 1 Accountancy | English Version

8 . ആകെ ചെലവാക്കിയ തുക കണ്ടെത്തുക..

9. ഓരോ ഇനങ്ങളിലും അകെ ചെലവാക്കിയ തുക കണ്ടുപിടിക്കുക.

10 .അകെ സ്വീകരിച്ച തുക ഏറ്റവും താഴെ ആയി ഒന്നാമത്തെ കോളത്തിലും അഞ്ചാമത്തെ കോളത്തിലുമായി എഴുതുക.

11 .ആകെ സ്വീകരിച്ച തുകയിൽ നിന്നും അകെ ചെലവാക്കിയ തുക കുറയ്ക്കുക. ഇപ്പോൾ ലഭിച്ച തുക നീക്കിയിരിപ്പായി (ബാലൻസ് സി/ഡി) അഞ്ചാമത്തെ കോളത്തിൽ കാണിക്കുക.

12 .നേരത്തെ കാണിച്ച നീക്കിയിരിപ്പ് തുക, മുന്നിരിപ്പ് തുക (ബാലൻസ് ബി/ഡി)ആയി അടുത്ത മാസം ഒന്നാം തീയതി ഒന്നാമത്തെ കോളത്തിൽ കാണിക്കുക.

### Illustration

Mr. Sharma, the petty cashier of Megha Traders received ₹ 1,500 on June 01, 2018 from the head cashier. For the month, details of petty expenses are listed as under :

Date	Particulars	Amount (₹)
2018		
June 02	Postal stamps	35
03	Auto charge	50
05	Refreshments	85
06	Auto fare	60
07	Telegram	42
08	Bus fare	35
08	Cartage	48
11	Stationery	25
12	Paper, Pen, Pencil	85
13	Refreshments	40
18	Photostat charges	38
21	Courier services	85
27	Postage stamps	45
30	Taxi fare to Manager	100

Prepare a Petty Cash Book

(March 2020) 8 Scores

# Quick Revision Notes | + 1 Accountancy | English Version

Ans:

## Petty Cash Book

Dr.

Cr.

Amount Received ₹	Date	Particulars	Vr. No.	Amount Paid ₹	Postage & Telegram ₹	Travelling Expense ₹	Cartage ₹	Stationery ₹	Refreshment ₹
1,500	2018								
	June 1	Cash received							
	" 2	Postal stamps		35	35				
	" 3	Auto charges		50		50			
	" 5	Refreshment		85					85
	" 6	Auto fare		60		60			
	" 7	Telegram		42	42				
	" 8	Bus fare		35		35			
	" 8	Cartage		48			48		
	" 11	Stationery		25				25	
	" 12	Paper, pen, pencil		85				85	
	" 13	Refreshment		40					40
	" 18	Photostat		38				38	
	" 21	Courier services		85	85				
	" 27	Postage stamp		45	45				
	" 30	Taxi fare to manager		100		100			
				773					
	"30	Balance c/d		727					
1,500				1,500					
=====				=====					
727	July 1	Balance b/d							
773	"	Cash received							

**Quick Revision Notes** | + 1 Accountancy | English Version**Chapter - 5****Bank Reconciliation Statement**

➤ ***Causes of differences between cash book and pass book balance***

**Causes of differences**

The differences between the cash book and the bank passbook is caused by :

- I. Timing differences on recording the transactions.
- II. Errors made by the business or by the bank

**I. Timing differences**

The factors affecting time gap includes :

- 1. Cheques issued by the firm but not yet presented for payment
- 2. Cheques paid into the bank but not yet collected
- 3. Direct debits made by the bank on behalf of the customer
- 4. Amounts directly deposited in the bank account
- 5. Interest and dividends collected by the bank
- 6. Direct payments made by the bank on behalf of the customers
- 7. Cheques deposited/bills discounted dishonoured

**II. Differences caused by Errors**

- 1. Errors committed in recording transaction by the firm
- 2. Errors committed in recording transactions by the bank

## Quick Revision Notes | + 1 Accountancy | English Version

### Preparation of Bank Reconciliation Statement

**1. When debit balance (favourable balance) as per cash book is given and the balance as per passbook is to be ascertained.**

#### Format of Bank Reconciliation Statement

#### Bank Reconciliation Statement

As on .....

Particulars	(+) ₹	(-) ₹
Balance as per Cash book	XXXX	
Direct payment by a customer to the bank	XXXX	
Interest on deposit credited by the bank	XXXX	
Cheques issued but not presented for payment	XXXX	
Interest, dividend, rent, etc. , collected by bank	XXXX	
Cheques deposited but not collected by the bank		XXXX
Payment made by bank as per standing instructions (Insurance premium, rent, etc.)		XXXX
Bank charges as per passbook		XXXX
Balance as per Pass Book		XXXX
	XXXX =====	XXXX =====

## Quick Revision Notes | + 1 Accountancy | English Version

### Chapter - 6

### Trial Balance and Rectification of Errors

#### ➤ Objectives of Preparing the Trial Balance

#### Objectives of Preparing the Trial Balance

The trial balance is prepared to fulfil the following objectives :

1. **To Ascertain the Arithmetical Accuracy of Ledger Accounts** : A trial balance is prepared to ascertain the arithmetical accuracy of the ledger accounts.
2. **To help in locating errors** : When a trial balance does not tally, it signifies that there are some errors in the books of accounts and it should be located and rectified.
3. **To help in the preparation of the financial statements** : The availability of a tallied trial balance facilitates the preparation of financial statements. i.e. trading and profit and loss account and the balance sheet.

#### **Preparation of Trial Balance – Balance Method**

1. ട്രയൽ ബാലൻസിന്റെ ഫോർമാറ്റ് വരയ്ക്കുക .

#### **Format of trial balance**

**Trial Balance of .....**

**As on March 31, 2021**

Account Title	L.F.	Debit Balance ₹	Credit Balance ₹
<b>Total</b>		xxxx =====	xxxx =====

## Quick Revision Notes | + 1 Accountancy | English Version

2. ആസ്തികൾ , ചെലവുകൾ എന്നിവയുടെ ബാലൻസ് ഡെബിറ്റ് ട്രയൽ ബാലൻസിന്റെ ഡെബിറ്റ് കോളത്തിൽ രേഖപ്പെടുത്തുന്നു..

3. ബാധ്യതകൾ, മൂലധനം, വരുമാനങ്ങൾ എന്നിവയുടെ ബാലൻസ് ട്രയൽ ബാലൻസിന്റെ ക്രെഡിറ്റ് കോളത്തിൽ രേഖപ്പെടുത്തുന്നു..

4. അവസാനം ട്രയൽ ബാലൻസിന്റെ ഡെബിറ്റ് കോളത്തിലെയും ക്രെഡിറ്റ് കോളത്തിലെയും തുകകൾ അതാത് കോളങ്ങളിൽ കൂട്ടിയെഴുതുന്നു.

**Qn :** Prepare a Trial Balance from the following balances :

₹

Cash	28,000
Bank overdraft	7,000
Purchases	20,000
Sales	32,000
Capital	40,000
Land & Buildings	31,000

(March 2018)

**Ans :**

### Trial Balance

As on .....

Account Title	Debit ₹	Credit ₹
Cash	28,000	
Bank overdraft		7,000
Purchases	20,000	
Sales		32,000
Capital		40,000
Land & Buildings	31,000	
<b>Total</b>	<b>-79,000</b>	<b>79,000</b>
	=====	=====



## Quick Revision Notes | + 1 Accountancy | English Version

### Chapter - 7

### Depreciation, Provisions and Reserves

#### ➤ Factors affecting the amount of Depreciation

1. **Cost of Asset** : It includes invoice price and other costs, which are necessary to put the asset in use or working condition. For example, a photocopy machine is purchased for ₹50,000 and ₹5,000 is spent on its transportation and installation, then the cost of the machine is ₹55,000(₹50,000+₹5,000).
2. **Estimated Net Residual value/Scrap value/Salvage value** : It is the *estimated net realisable value* (sale value) of the asset at the end of its useful life.
3. **Depreciable Cost** : Depreciable cost of an asset is equal to its cost less net residual value.
4. **Estimated Useful Life** : Useful life of an asset is the estimated economic or commercial life of the asset.

#### ➤ Distinction between Straight Line Method and Written Down Value Method

Basis of Difference	Straight Line Method	Written Down Value Method
1. Basis of charging depreciation	Original cost	Book Value
2. Annual depreciation charge	Fixed	Declines year after year.
3. Total charge against profit and loss account in respect of depreciation and repairs.	Unequal year after year	Almost equal every year
4. Recognition by income tax law	Not recognised	Recognised

## Quick Revision Notes | + 1 Accountancy | English Version

5. Suitability	It is suitable for assets in which repair charges are less, the possibility of risk of obsolescence is low, scrap value depends upon the time period involved etc.	It is suitable for assets, which are affected by technological changes and require more repair expenses with passage of time.
----------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------

### Chapter - 8

### Financial Statements I & II

#### Format of Trading and Profit and Loss Account

#### Trading and Profit and Loss Account for the year ended March 31, 2021

Dr.

Cr.

Expenses/Losses	Amount ₹	Revenues	Amount ₹
Opening stock	xxxx	Sales	xxxx
Purchases	xxxx	Less : Returns	xxx
Less: Returns	xxx		xxxx
	-----		xxxx
	xxxx	Closing stock	
Wages	xxxx		
Carriage/Freight inwards	xxxx		
Gross Profit c/d	xxxx		
	-----		-----
	xxxxxx		xxxxxx
	=====		=====
Rent/rates and taxes	xxxx	Gross Profit b/d	xxxx
Salaries	xxxx	Commission received	xxxx
Repairs and renewals	xxxx	Discount received	xxxx
Printing and stationery	xxxx	Rent received	xxxx
Postage	xxxx	Interest, dividend etc.	xxxx
Advertising	xxxx		
Insurance	xxxx		
Audit fee	xxxx		

## Quick Revision Notes | + 1 Accountancy | English Version

Bank charges	XXXX		
Commission	XXXX		
Carriage outwards	XXXX		
Discount allowed	XXXX		
Bad debts	XXXX		
Depreciation	XXXX		
Net Profit(Transferred to Capital Account)	XXXX		
	-----		-----
	XXXXX		XXXXX
	=====		=====

### Balance Sheet

The balance sheet is a statement prepared for showing the financial position of the business.

#### Format of Balance sheet

#### Balance sheet

As on -----

Liabilities	Amount ₹	Assets	Amount ₹
Bank overdraft	xxx	Cash in hand	xxx
Sundry creditors	xxx	Cash at bank	xxx
Bills payable	xxx	Bills receivable	xxx
Outstanding expenses	xxx	Investment	xxx
Loans	xxx	Sundry debtors	xxx
Capital	xxx	Closing stock	xxx
Add : Net profit	xxx	Prepaid expenses	xxx
Add : Interest on capita	xxx	Furniture	xxx
	----	Machinery	xxx
	xxx	Premises	xxx
Less : Drawings	xx	Goodwill	xxx
	-----		
	xxx		
	-----		-----
	XXXX		XXXX
	=====		=====

## Quick Revision Notes | + 1 Accountancy | English Version

### Treatment of adjustments in the preparation of Financial Statements

Adjustment	Treatment in Trading and Profit and Loss A/c	Treatment in Balance Sheet
<b>1.Closing stock</b>	Shown on the <i>credit side</i> of Trading A/c	Shown on the <i>assets side</i>
<b>2.Outstanding expenses</b>	<i>Added</i> to the respective expense on the <i>debit side</i>	Shown on the <i>liabilities side</i>
<b>3.Prepaid/ Unexpired expenses</b>	<i>Deducted</i> from the respective expense on the <i>debit side</i>	Shows on the <i>assets side</i>
<b>4.Accrued Income (Income earned but not received)</b>	<i>Added</i> to the respective income on the <i>credit side</i> .	Shown on the <i>assets side</i> .
<b>5.Income received in advance</b>	<i>Deducted</i> from the respective income on the <i>credit side</i> .	Shown on the <i>liabilities side</i> .
<b>6.Depreciation</b>	Shown on the <i>debit side</i>	<i>Deducted</i> from the value of asset

ഫിനാൻഷ്യൽ സ്റ്റേറ്റ്മെന്റ്സ് തയ്യാറാക്കൽ

**(Trading and Profit and loss A/c and Balance sheet)**

- ട്രേഡിങ് ആൻഡ് പ്രോഫിറ്റ് ആൻഡ് ലോസ് അക്കൗണ്ടിന്റെ ഫോർമാറ്റ് വരയ്ക്കുക.
- ആദ്യമായി ഓപ്പണിങ് സ്റ്റോക്ക്(Opening stock) ഡെബിറ്റ് ചെയ്യുക.
- തുടർന്ന് Net Purchases(Purchases less Returns), Direct expenses മുതലായവ ഡെബിറ്റ് ചെയ്യുക .
- ക്രെഡിറ്റ് സൈഡിൽ Sales, Closing stock മുതലായവ കാണിക്കുക.

## Quick Revision Notes | + 1 Accountancy | English Version

- ട്രേഡിങ് അക്കൗണ്ട് ബാലൻസ് ചെയ്യുക. ക്രെഡിറ്റ് ബാലൻസ് ആണ് കിട്ടുന്നതെങ്കിൽ ഗ്രോസ് പ്രോഫിറ്റ് ആയിരിക്കും. ഡെബിറ്റ് ബാലൻസ് ആണെങ്കിൽ ഗ്രോസ് ലോസ് ആയിരിക്കും.
- ഗ്രോസ് പ്രോഫിറ്റ് പ്രോഫിറ്റ് ആൻഡ് ലോസ് അക്കൗണ്ടിന്റെ ക്രെഡിറ്റ് സൈഡിൽ എടുത്തെഴുതുക(Gross Profit b/d) . ഗ്രോസ് ലോസ് ആണെങ്കിൽ ഡെബിറ്റ് സൈഡിൽ എടുത്തെഴുതുക(Gross Loss b/d) .
- ട്രേഡിങ് അക്കൗണ്ടിൽ രേഖപ്പെടുത്താത്ത എല്ലാ ചെലവുകളും(Indirect expenses) ഡെബിറ്റ് ചെയ്യുക.
- ട്രേഡിങ് അക്കൗണ്ടിൽ കാണിക്കാത്ത എല്ലാ വരുമാനങ്ങളും(Indirect incomes) ക്രെഡിറ്റ് ചെയ്യുക.
- പ്രോഫിറ്റ് ആൻഡ് ലോസ് അക്കൗണ്ട് ബാലൻസ് ചെയ്യുക .

### Illustration

The Trial Balance of M/s. Arathy as on 31<sup>st</sup> March 2012 is given below. Prepare the final accounts.

Particulars	Debit ₹	Credit ₹
Capital account		15,000
Sales		27,150
Drawings	2,500	
Purchases	21,000	
Opening stock	6,700	
Sundry creditors		8,100
Rent	500	
Discount		250
Furniture	900	
Machinery	10,000	
Travelling expenses	300	

## Quick Revision Notes | + 1 Accountancy | English Version

Bad debts	620	
Debtors	7,500	
Returns	300	600
Carriage Inwards	400	
Wages	650	
Salaries	1,900	
Interest	480	
Carriage outwards	700	
Insurance	900	
Bank loan		5,250
Cash in hand	1,000	
<b>Total</b>	<b>56,350</b>	<b>56,350</b>

Adjustments:

- (a) Closing stock was valued at ₹9,000.
- (b) Insurance prepaid is ₹100.
- (c) Wages outstanding is ₹700.
- (d) Depreciate machinery and furniture by 10%. (March 2013)

Ans:

### Trading and Profit and Loss A/c for the year ended 31<sup>st</sup> March 2012

Dr.

Cr.

Particulars	Amount ₹	Particulars	Amount ₹
Opening stock	6,700	Sales	27,150
Purchases	21,000	Less : Returns	300
Less : Returns	600		-----
	20,400	Closing stock	9,000
Carriage inwards	400		
Wages	650		
Add : Outstanding	700		
	1,350		

## Quick Revision Notes | + 1 Accountancy | English Version

Gross Profit c/d	7,000		
	35850		35,850
			=====
Rent	500	Gross profit b/d	7,000
Travelling Expenses	300	Discount	250
Bad debts	620		
Salaries	1,900		
Interest	480		
Carriage outwards	700		
Insurance 900			
Less : Prepaid 100	800		
Depreciation :			
Machinery	1,000		
(₹10,000 x 10/100)			
Furniture	90		
(₹900 x 10/100)			
Net profit transferred to capital account.	860		
	7,250		7,250
	=====		=====

### Balance sheet

As on 31<sup>st</sup> March 2012

Liabilities	Amount ₹	Assets	Amount ₹
Wages outstanding	700	Cash in hand	1,000
Sundry creditors	8,100	Pre paid Insurance	100
Bank Loan	5,250	Closing stock	9,000
Capital 15,000		Sundry debtors	7,500
Add: Net profit 860		Machinery 10,000	
		Less : Depreciation 1,000	9,000
			-----
15,860		Furniture 900	
Less : Drawings 2,500		Less : Depreciation 90	
	13,360		-----
			810
	27,410		27410
	=====		=====

## Quick Revision Notes | + 1 Accountancy | English Version

### Illustration

Prepare the Trading, Profit and Loss account and Balance sheet from the Trial Balance of Mr, Shibu as on 31<sup>st</sup> March, 2013.

Particulars	₹	Particulars	₹
Purchases	1,00,000	Capital	3,00,000
Sundry debtors	80,000	Sales	2,00,000
Insurance	5,100	Commission received	8,000
Wages	10,000	Sundry creditors	60,000
Land and building	2,00,000		
Furniture	30,000		
Cash in hand	1,12,900		
Opening stock	30,000		
<b>Total</b>	<b>5,68,000</b>	<b>Total</b>	<b>5,68,000</b>

Adjustments:

- (a) Closing stock was valued at ₹20,000.
- (b) Wages outstanding ₹500.
- (c) Commission receivable ₹ 400
- (d) Insurance prepaid ₹ 100.

(March 2015)

Ans:

### Trading and Profit and Loss Account

For the year ended 31.03.2013

Dr.

Cr.

Particulars	Amount ₹	Particulars	Amount ₹
Opening stock	30,000	Sales	2,00,000
Purchases	1,00,000	Closing stock	20,000
Wages 10,000			
Add : Outstanding 500			
-----	10,500		
Gross Profit c/d	79,500		



## Quick Revision Notes | + 1 Accountancy | English Version

Insurance	5,100	2,20,500	Gross Profit b/d	2,20,500
Less : Prepaid	100		Commission	8,000
	-----		Add : Receivable	400
Net profit transferred to capital A/c		5,000		8,400
		82,900		
		87,900		87,900
		=====		=====

### Balance sheet

as on 31<sup>st</sup> March 2013

Liabilities	Amount ₹	Assets	Amount ₹
Wages outstanding	500	Cash in hand	1,12,900
Sundry creditors	60,000	Commission receivable	400
Capital	3,00,000	Prepaid Insurance	100
Add : Net Profit	82,900	Closing stock	20,000
	-----	Debtors	80,000
	3,82,900	Furniture	30,000
		Land and Building	2,00,000
	4,43,400		4,43,400
	=====		=====

## Chapter - 9

### Computerised Accounting System

#### ➤ Comparison between Manual and Computerised Accounting

**Qn :** “ The use of computers in accounting is called computerised accounting.” Explain four points of difference between manual accounting and computerised accounting. (March 2010)

## Quick Revision Notes | + 1 Accountancy | English Version

### Comparison between Manual and Computerised Accounting

Point of Difference	Manual Accounting	Computerised Accounting
<b>1. Identifying</b>	The transactions are identified on the basis of application of accounting principles.	In CAS also, the transactions are identified on the basis of accounting principles.
<b>2. Recording</b>	The recording of financial transactions is through the books of original entries.	Data content of such transactions is stored in a well-designed accounting database.
<b>3. Classification</b>	Transactions recorded in the books of original entry are further classified by posting into ledger accounts.	In order to produce ledger accounts, the stored transaction data is processed to appear as classified.
<b>4. Summarising</b>	The transactions are summarised to produce trial balance by ascertaining the balances of various accounts.	The generation of ledger accounts is not necessary condition for producing trial balance.
<b>5. Adjusting entries</b>	Adjusting entries are recorded to match the expenses of the accounting period with the revenues generated by them.	Journal vouchers are prepared and stored to follow the principle of cost matching revenue.
<b>6. Financial statements</b>	The preparation of financial statements pre-supposes the availability of trial balance.	The preparation of financial statements is independent of producing the trial balance.
<b>7. Closing the Books</b>	After the preparation of financial reports, the accountants make preparations for the next accounting period by posting of closing and reversing entries.	There is year-end processing to create and store opening balances of accounts in database.

### ➤ Advantages of Computerised Accounting System

**Qn :** How is computerised accounting more helpful to business decision making than manual accounting. **(March 2011)**

**Quick Revision Notes | + 1 Accountancy | English Version****Advantages of Computerised Accounting System**

1. **Speed** : Accounting data is processed faster by using a computerised accounting system when compared to manual accounting.
2. **Accuracy** : The possibility of error is eliminated in a computerised accounting system.
3. **Reliability** : Computerised accounting system relies heavily on computers, they are relatively more reliable than manual accounting systems.
4. **Up-to-Date Information** : The accounting records, in a computerised accounting system are updated automatically as when accounting data is entered and stored.
5. **Real Time User Interface** : Most of the automated accounting systems are inter-linked through a network of computers. This facilitates the availability of information to various users at the same time on a real time basis.
6. **Automated Document Production** : Most of the computerised accounting systems have standardised, user defined format of accounting reports that are generated automatically.
7. **Scalability** : The computerised accounting systems are highly scalable.
8. **Legibility** : The data displayed on computer monitor is legible.
9. **Efficiency** : The computer based accounting systems ensure better use of resources and time.
10. **MIS Reports** : The computerised accounting system facilitates the real time production of management information reports, which will help management to monitor and control the business effectively.
11. **Storage and Retrieval** : The computerised accounting system allows the users to store data in a small amount of physical space. Besides, the system permits fast and accurate retrieval of data and information.
12. **Motivation and Employees Interest** : The computer system requires a specialised training of staff, which makes them feel more valued. This motivates them to develop interest in the job.

*Prepared by*



**SREEKUMAR P.R**

HSST Commerce  
T.D.H.S.S, Thuravoor  
Alappuzha District

Mobile : 9400561551, 6282524735