

ACCOUNTANCY

Time allowed: 3 hours

Maximum Marks: 80

General Instructions:

- Question nos. **1 to 9** and **18 to 26** are very short answer type questions carrying 1 mark each.
- Question nos. **10** and **27** are short answer type–I questions carrying 3 marks each.
- Question nos. **11 to 13** and **28** are short answer type–II questions carrying 4 marks each.
- Question nos. **14, 15** and **29, 30** are long answer types–I questions carrying 6 marks each.
- Question nos. **16** and **17** are long answer type–II questions carrying 8 marks each.

Part A - Financial Accounting I		
1	The information must be based on facts and can be verified through source documents by anyone. It must be free from bias and errors.	1
2	Depreciation is defined as reduction in the value of fixed assets due to efflux of time, usage, obsolescence, and end of legal rights.	1
3	Cash A/c Dr. 40,000 To Sales A/c 20,000 To Purchases A/c 20,000	1
4	Depreciation = $\frac{\text{Purchase Price} - \text{Salvage Value}}{\text{Useful Life of the Asset}}$ = $\frac{\text{₹1,00,000} - \text{₹ 20,000}}{10 \text{ Years}}$ = ₹ 8,000	1
5	₹ 9,000. (₹10,000 - 10%). Cash discount will be shown in journal entry separately.	1

Transactions	Assets				Liabilities + Capital	
	Cash	+	Furniture	+ Debtors	Creditors	+ Owner's Capital
a.	1,50,000	+	0	+ 0	0	+ 1,50,000
b.	(10,000)	+	10,000	+ 0	0	+ 0
New Equation	1,40,000	+	10,000	+ 0	0	+ 1,50,000
c.	(2,000)	+	0	+ 0	0	+ (2,000)
New Equation	1,38,000	+	10,000	+ 0	0	+ 1,48,000
d.	0	+	(2,000)	+ 1,800	0	+ (200)
New Equation	1,38,000	+	8,000	+ 1,800	0	+ 1,47,800

Date	Particulars	L.F	Cash (₹)		Date	Particulars	L.F	Cash (₹)	
			Cash (₹)	Bank (₹)				Cash (₹)	Bank (₹)
	Balance b/d		10,000	15,000		Purchases A/c		2,000	-
	Cash A/c	C	-	8,000		Bank A/c	C	8,000	-
	Bank A/c	C	5,000	-		Cash A/c	C	-	5,000
	Ramia's A/c		2,000			Balance c/d		7,000	18,000
			17,000	23,000				17,000	23,000

		Or Sales Book							
		Date	Particulars	Invoice No.	L.F	Details (₹)	Total (₹)		
		2020 Jan 1	M/s Ramaiah: 100 Electric bulbs at ₹100 each	206			10,000		
		Jan 2	M/s Priya: 20 Air conditioners at ₹20,000 each	207			4,00,000		
		Jan 3	M/s Garima: 100 Water coolers at ₹5,000 each	208			5,00,000		
		Jan 4	M/s Grishma: 10 Electric kettles at ₹1,000 each	209			10,000		
		Jan 5	M/s Somya: 16 Geysers at ₹8,000 each	210			1,28,000		
		Jan 31	Sales A/c	Cr.			10,48,000		
12		Bank Reconciliation Statement of Reva as on March 31, 2020							4
			Particulars				Amount (₹)		
			Balance as per Cash Book				1,40,000		
			Add: Direct deposit made by customer				10,000		
			Less: Cheque deposited but not credited by bank				(14,200)		
			Interest charged by bank				(1,600)		
			Payment side of the cash book undercast				(2,000)		
			Cheque deposited dishonoured				(14,000)		
			Balance as per Pass Book				1,18,200		

13

4

Journal

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
	Keshav's A/c To Sales A/c To Purchases A/c (Credit sale to Keshav recorded through purchase book, now rectified)	Dr.	10,000	5,000 5,000
	Drawings A/c To Debtor's A/c (Goods withdrawn by proprietor wrongly debited to debtor's account, now rectified)	Dr.	1,000	1,000
	Purchases A/c To Rhea's A/c (Credit purchases from Rhea wrongly recorded as ₹5,000 instead of ₹50,000, now rectified)	Dr.	45,000	45,000
	Sales A/c To Suspense A/c (Sales book overcast by Rs. 1,500, now rectified)	Dr.	1,500	1,500

Or

Trial Balance

Account Title	L.F	Debit (₹)	Credit (₹)
Capital A/c		-	1,00,000
Purchases A/c		50,000	-
Sales A/c		-	80,000
Salary A/c		1,500	-
Sales Return A/c		2,500	-
Purchase Return A/c		-	1,000
Provision for Doubtful Debts A/c		-	800
Motor Van A/c		15,000	-
Furniture A/c		20,000	-
Drawing A/c		3,000	-
Interest Received A/c		-	2,700
Land		92,500	-
Total		1,84,500	1,84,500

14	Machinery A/c								6
Dr.				Cr.					
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)		
2020 July 1	Cash A/c		1,20,000	2020 Dec 31	Depreciation A/c (1,20,000 x 10% x 6/12)		6,000		
				Dec 31	Balance c/d		1,14,000		
			1,20,000				1,20,000		
2021 Jan 1	Balance b/d		1,14,000	2021 Dec 31	Depreciation A/c (1,14,000 x 10%)		11,400		
				Dec 31	Balance c/d		1,02,600		
			1,14,000				1,14,000		
Dr.				Cr.					
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)		
2020 Dec. 31	Machinery A/c		6,000	2020 Dec. 31	Profit and Loss A/c		6,000		
			6,000				6,000		
2021 Dec 31	Machinery A/c		11,400	2021 Dec. 31	Profit and Loss A/c		11,400		
			11,400				11,400		
15	In the books of Reena Journal								6
Date	Particulars	L.F.	Debit (₹)	Credit (₹)					
April 1	Sunil's A/c To Sales A/c (Goods sold on credit)	Dr.	1,00,000		1,00,000				
April 1	Bill Receivable A/c To Sunil's A/c (Bill drawn)	Dr.	1,00,000			1,00,000			
April 1	Bank A/c	Dr.	98,000						

	To Sales A/c To Output CGST A/c To Output SGST A/c (Sold goods and charged CGST and SGST)			57,000 5,700 5,700
e.	Cash A/c (WN ii) Dr. Discount Allowed A/c Dr. To Sales A/c To Output IGST A/c (Sold goods and charged IGST)		88,783 9,865	83,600 15,048
f.	Purchases A/c (WN iii) Dr. Input IGST A/c Dr. To Tanmay's A/c To Cash A/c To Discount Received A/c (Goods purchased and IGST paid)		45,000 2,250	23,625 22,207 1,418

Working Notes:

	₹	
i.	Sale Value	60,000
	Less: Trade Discount	<u>(3,000)</u>
		57,000
	Add: CGST at 10%	5,700
	Add: SGST at 10%	<u>5,700</u>
		68,400
	Less: Cash Discount at 10%	<u>(6,840)</u>
		<u>61,560</u>
ii.	Cost Price	80,000
	Add: Profit at 10%	<u>8,000</u>
	Sale Value	88,000
	Less: Trade Discount at 5%	<u>(4,400)</u>
		83,600
	Add: IGST at 18%	<u>15,048</u>
		98,648
	Less: Cash Discount at 10%	<u>(9,865)</u>
		<u>88,783</u>
iii.	Purchase Price	50,000
	Less: Trade Discount at 10%	<u>(5,000)</u>
		45,000
	Add: IGST at 5%	<u>2,250</u>
		47,250
	Less: Cash Discount	<u>(1,418)</u>
	(₹47,250 x 50%) x 6%	<u>45,832</u>

17	Truck A/c						8
Dr.					Cr.		
Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)		
2017 Dec. 31	Bank A/c (Truck 1)	15,00,000	2018 Mar. 31 Mar. 31	Depreciation A/c Balance c/d	75,000 14,25,000		
		15,00,000			15,00,000		
2018 Apr. 1 July 1	Balance b/d Bank A/c (Truck 2)	14,25,000 17,00,000	2018 July 1 July 1 July 1 2019 Mar. 31 Mar. 31	Depreciation A/c Bank A/c (Truck 1) Profit and Loss A/c Depreciation A/c Balance c/d	71,250 4,50,000 9,03,750 2,55,000 14,45,000		
		31,25,000			31,25,000		
2019 Apr. 1	Balance b/d	14,45,000	2020 Mar. 31 Mar. 31	Depreciation A/c Balance c/d	2,89,000 11,56,000		
		14,45,000			14,45,000		
2020 Apr. 1	Balance b/d	11,56,000	2020 Oct. 1 Oct. 1 Oct. 1	Depreciation A/c Bank A/c Profit and Loss A/c	1,15,600 3,00,000 7,40,400		
		11,56,000			11,56,000		
Dr. Depreciation A/c Cr.							
Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)		
2018 March 31	Depreciation A/c	75,000	2018 March 31	Profit and Loss A/c	75,000		
		75,000			75,000		
2018 July 1 2019 March 31	Depreciation A/c Depreciation A/c	71,250 2,55,000	2019 March 31	Profit and Loss A/c	3,26,250		
		3,26,250			3,26,250		

2020 March 31	Depreciation A/c	2,89,000	2020 March 31	Profit and Loss A/c	2,89,000
		2,89,000			2,89,000
2020 Oct. 1	Depreciation A/c	1,15,600	2021 March 31	Profit and Loss A/c	1,15,600
		1,15,600			1,15,600

Working Note: Calculation of Depreciation

Particulars	Truck 1	Truck 2
Cost Price on Dec. 31, 2017	15,00,000	-
Less: Depreciation for 3 months	(75,000)	-
Written Down Value on 1 st April, 2018	14,25,000	17,00,000
Less: Depreciation for 3 months/9 months	(71,250)	(2,55,000)
Written Down Value on 1 st July, 2018/31 st March, 2019	13,53,750	14,45,000
Less: Depreciation for 12 months		(2,89,000)
Written Down Value on 31 st March, 2020		11,56,000
Less: Depreciation for 6 months		(1,15,600)
Written Down Value on 1 st October, 2020		10,40,400

Part - B: Financial Accounting II

18	Manager's Commission = $\frac{\text{Net Profit} \times \text{Rate}}{100 + \text{Rate}}$ $= \frac{₹ 5,50,000 \times 5}{105}$ $= ₹ 26,190$	1								
19	Salaries and Wages. It is an indirect expense and will be recorded in the profit and loss account.	1								
20	Payment of income tax is considered as a drawing as it is a personal nature expense. Drawings will be deducted from capital in the balance sheet.	1								
21	Gross Profit = Sales - Sales Return - COGS $= ₹1,70,000 - ₹20,000 - ₹1,25,000$ $= ₹25,000$	1								
22	Transaction processing system is a computerised system that records, processes, validates, and stores transactions in various functional areas of a business for the subsequent retrieval and usage.	1								
23	<table style="width: 100%; border: none;"> <tr> <td style="width: 30%;">Salary A/c</td> <td style="width: 10%; text-align: center;">Dr.</td> <td style="width: 30%; text-align: right;">1,000</td> <td style="width: 30%;"></td> </tr> <tr> <td style="padding-left: 20px;">To Outstanding Salary A/c</td> <td></td> <td style="text-align: right;">1,000</td> <td></td> </tr> </table>	Salary A/c	Dr.	1,000		To Outstanding Salary A/c		1,000		1
Salary A/c	Dr.	1,000								
To Outstanding Salary A/c		1,000								

24	<p>Opening Capital = Closing Capital + Drawings - Profit = ₹73,000 + ₹18,000 - ₹28,000 = ₹63,000</p>	1						
25	<p>The following are the elements of a computer system.</p> <table border="0"> <tr> <td>(i) Hardware</td> <td>(ii) Software</td> </tr> <tr> <td>(iii) People</td> <td>(iv) Procedure</td> </tr> <tr> <td>(v) Data</td> <td>(vi) Connectivity</td> </tr> </table>	(i) Hardware	(ii) Software	(iii) People	(iv) Procedure	(v) Data	(vi) Connectivity	1
(i) Hardware	(ii) Software							
(iii) People	(iv) Procedure							
(v) Data	(vi) Connectivity							
26	<p>Examples of transaction processing systems are ATM, Order Processing and Payroll Applications.</p>	1						
27	<p>Net Profit = Gross Profit - General Expenses - Depreciation = ₹ 2,00,000 - ₹ 88,000 - ₹ 12,000 = ₹ 1,00,000</p> <p>Manager's Commission = $\frac{\text{Net Profit} \times 10}{100}$ = ₹ $\frac{1,00,000 \times 10}{100}$ = ₹10,000</p> <p align="center">Or</p> <p>(a) Speed: Computers are really quick in performing a task. They can perform any calculations in a fraction of a second. As modern computers can perform 100 million calculations per second, the industry-standard Million Instruction Per Second has been developed to classify computers according to their speed.</p> <p>(b) Accurate: It measures the level of precision with which computations and various operations are performed. Most of the errors found in computers occur due to bad programming.</p> <p>(c) Reliability: As users can stay dependent on the information given by the computer anytime, computers are reliable. They can perform repetitive tasks without getting tired.</p> <p>(d) Versatility: The ability of computers to perform various types of tasks: basic and complex is known as versatility.</p> <p>(e) Storage: Computers can store huge amounts of data in a very small physical space.</p>	3						
28	<p>A Parameter Query is a query where for selecting a set of records, the user is asked to enter parameters or criteria through an input box. A Parameter Query is useful when the same query is to be repeated with different criteria. In short, it implies the execution of the same set of queries with different requirements.</p> <p>For example, the same set of queries is required for different accounts code, while extracting the information to prepare the ledger. Let us consider the given below SQL statement.</p> <pre>PARAMETERS Accounts Name Text (145) SELECT Name FROM Accounts WHERE Code = Account No</pre> <p>In the above query, PARAMETERS clause is used to represent the variable Account No. This SQL statement requires the user to provide the different values of Account No.</p>	4						

29

**Trading and Profit and Loss Account
for the year ended 31st March, 2020**

6

Dr.		Cr.	
Particulars	Amount (₹)	Particulars	Amount (₹)
Opening Stock	5,760	Sales	98,780
Purchases	40,675	Less: Returns	<u>(680)</u>
Less: Returns	<u>(500)</u>	Closing Stock	6,800
Wages	10,480		
Less: Spent on Shed	<u>(2,000)</u>		
Fuel and Power	4,730		
Carriage on Purchases	2,040		
Gross Profit	43,715		
	1,04,900		1,04,900
Carriage on Sales	3,200	Gross Profit	43,715
Salaries	15,000		
Add: Outstanding	<u>1,500</u>		
General Expenses	3,000		
Insurance	600		
Less: Prepaid	<u>(85)</u>		
Depreciation:	515		
Machinery at 10%	2,000		
Patents at 20%	<u>1,500</u>		
Provision for Doubtful Debts	725		
Net Profit	16,275		
	43,715		43,715

**Balance Sheet
as at 31st March, 2020**

Capital and Liabilities		Amount (₹)	Assets		Amount (₹)
Capital	71,000		Building	30,000	
Add: Net Profit	<u>16,275</u>		Add: Wages on Shed	<u>2,000</u>	32,000
	87,275		Land		10,000
Less: Drawings	<u>(5,245)</u>	82,030	Machinery	20,000	
Creditors		6,300	Less: Depreciation	<u>(2,000)</u>	18,000
Outstanding Salaries		1,500	Patents	7,500	
			Less: Depreciation:	<u>(1,500)</u>	6,000
			Debtors	14,500	
			Less: PFDD	<u>(725)</u>	13,775
			Prepaid Insurance		85
			Closing Stock		6,800
			Cash in Hand		540
			Cash at Bank		2,630
		89,830			89,830

Working Note:

1. Set off of GST

	CGST (₹)	SGST (₹)	IGST (₹)
Input GST	1,250	1,250	-
Less: Output GST	-	-	(2,500)
Balance	1,250	1,250	(2,500)
Less: Set-off from Output GST	(1,250)	(1,250)	2,500
GST Payable/ Refundable	-	-	-

30

6

Dr.				Bills Receivable Account				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)				
	Balance b/d		12,50,000		Cash A/c		75,000				
	Debtors A/c		1,90,000		Bank A/c		1,40,000				
					Creditors A/c		1,10,000				
					Debtors A/c (Bill dishonoured)		2,25,000				
					(Balancing figure)						
					Balance c/d		8,90,000				
			14,40,000				14,40,000				

Dr.				Debtors Account				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)				
	Balance b/d		17,50,000		Cash		14,70,000				
	Bank A/c (Cheque dishonoured)		2,50,000		Bank A/c		5,50,000				
	Bill Receivable A/c		2,25,000		(Cheque received)						
	Sales A/c		1,55,000		Discount Allowed A/c		80,000				
	(Balancing figure)				Bad Debts A/c		20,000				
					Return Inwards A/c		70,000				
					Bills Receivable A/c		1,90,000				
			23,80,000				23,80,000				

