

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	Two external users of accounting information are government and investors.	1
2	It is the article which is held by an enterprise for the purpose of sale in the ordinary course of business or for the purpose of using it in the production of goods meant for sale.	1
3	Total Liabilities = Total Assets - Capital = ₹1,50,000 - ₹80,000 = ₹70,000	1
4	According to this concept, it is assumed that the business firm would continue its operations for a fairly long period of time and would not be liquidated in the near future. All the transactions are recorded in the books on the assumption that it is a continuing enterprise.	1
5	Purchases A/c Dr. 450 To Creditors A/c 450	1
6	Lost by Fire A/c Dr. 1,500 To Purchases A/c 1,500	1
7	No, compensating errors are not disclosed by trial balance.	1
8	We pass a contra entry, when both cash and bank columns of the cash book are affected by any transaction.	1
9	11 th December	1
10	Purchase Return Book	3

Date	Debit Note	Name of the Supplier	L.F.	Amount (₹)
May 1		M/s Jainam Traders		15,000
May 15		Sanchi Pvt. Ltd.		28,000
May 23		M/s Naman Traders	15,000	
		Less: Trade Discount at 20%	<u>(3,000)</u>	12,000
May 29		M/s Nisha Traders		3,000
May 31		Purchase Return A/c (Transferred to purchase return account)	Cr.	58,000

Or
In the books of Rahim
Journal

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
2019 Dec 1	Purchases A/c To Samar's A/c (Goods purchased on credit)	Dr.	60,000	60,000
Dec 1	Samar's A/c To Cash A/c To Bills Payable A/c (Cash paid and bill accepted)	Dr.	60,000	30,000 30,000
March 4	Bills Payable A/c Noting Charges A/c To Samar's A/c (Bill dishonoured and noting charges paid)	Dr. Dr.	30,000 100	30,100

11

4

Petty Cash Book

Amount Received	Date	Particulars	Amount Paid	Analysis of Payment				
				Postage	Telephone Charges	Miscellaneous	Input CGST	Input SGST
8,000	2020 Nov 01	Cash Received						
	Nov 05	Repairs	200			200		
	Nov 07	Refreshments	500			500		
	Nov 10	Stationery	3,000			3,000		
	Nov 10	Input CGST	300				300	
	Nov 10	Input SGST	300					300
	Nov 15	Postage	150	150				
	Nov 27	Telephone	1,500		1,500			
	Nov 27	Charges	75				75	
	Nov 27	Input CGST	75					75
	Nov 27	Input SGST						
8,000	Nov. 30	Balance c/d	6,100 1,900	150	1,500	3,700	375	375
1,900	Dec. 1	Balance b/d						
6,100	Dec. 1	Cash Received						

Or

Journal

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
a.	Cash A/c Stock A/c To Capital A/c (Business started with cash and stock)	Dr. Dr.	1,00,000 36,000	1,36,000
b.	Vinay's A/c To Sales A/c (Goods sold to Vinay on credit)	Dr.	80,000	80,000
c.	Cash A/c Discount Allowed A/c To Sales A/c (Goods sold for cash and allowed cash discount)	Dr. Dr.	9,000 1,000	10,000

**Ledger A/cs
Cash A/c**

Date	Particulars	J.F	Amount (₹)	Date	Particulars	J.F	Amount (₹)
	Capital A/c Sales A/c		1,00,000 9,000				

Capital A/c

Date	Particulars	J.F	Amount (₹)	Date	Particulars	J.F	Amount (₹)
					Cash A/c Stock A/c		1,00,000 36,000

Stock A/c

Date	Particulars	J.F	Amount (₹)	Date	Particulars	J.F	Amount (₹)
	Capital A/c		36,000				

Vinay's A/c

Date	Particulars	J.F	Amount (₹)	Date	Particulars	J.F	Amount (₹)
	Sales A/c		80,000				

Sales A/c

Date	Particulars	J.F	Amount (₹)	Date	Particulars	J.F	Amount (₹)
					Vinay's A/c Cash A/c Discount Allowed A/c		80,000 9,000 1,000

Discount Allowed A/c

Date	Particulars	J.F	Amount (₹)	Date	Particulars	J.F	Amount (₹)
	Sales A/c		1,000				

12	Journal					4
	Date	Particulars	L.F.	Debit (₹)	Credit (₹)	
	(a)	Suspense A/c Dr. To Purchases A/c To Sales A/c (Credit sales wrongly recorded in purchase book, now rectified)		1,00,000	50,000 50,000	
	(b)	Suspense A/c Dr. To Rohan's A/c (Credit purchases from Rohan were not posted., now rectified)		1,600	1,600	
	(c)	Divya's A/c Dr. To Karan's A/c (Goods sold to Divya wrongly posted to Karan's account, now rectified)		2,000	2,000	
	(d)	Purchases A/c Dr. To Viha's A/c (Credit purchases from Viha were not recorded, now rectified)		1,000	1,000	
13	Bank Reconciliation Statement as on 31st March, 2020					4
	Particulars			Amount (₹)		
	Balance as per Pass Book			18,000		
	Less: Cheque directly deposited by a customer			(1,550)		
	Commission received directly deposited into bank account			(1,800)		
	Cheque issued but not presented for payment			(1,400)		
	Add: Cheque dishonoured recorded only in passbook			13,250		
	Balance as per Cash Book			8,540		
				21,790		

14	In the books of Swayam Cash Book										6																				
	Dr.									Cr.																					
	Date	Particulars	L. F.	Cash (₹)	Bank (₹)	Date	Particulars	L. F.	Cash (₹)	Bank (₹)																					
	2020					2020																									
	July 1	Balance b/d		50,000	80,000	July 8	Drawings		-	12,000																					
	July 3	Riya's		12,000	-	July 30	Bank	C	16,000	-																					
	July 7	Anju's		-	10,500	July 31	Balance c/d		90,300	1,17,000																					
	July 15	Loan		15,000	22,500																										
	July 21	Bad Debts Recovered		13,300	-																										
	July 25	Priyash's		16,000	-																										
	July 30	Cash	C	-	16,000																										
				1,06,300	1,29,000				1,06,300	1,29,000																					
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15	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: center;">Amount (₹)</th> </tr> </thead> <tbody> <tr> <td colspan="2" style="text-align: center;">Case 1</td> </tr> <tr> <td>Cost of Machinery as on 1st June, 2018</td> <td style="text-align: right;">5,00,000</td> </tr> <tr> <td>Less: Depreciation upto 31st March, 2019</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">01.06.2018 to 31.12.2018 [(₹ 5,00,000 x 10%) x 7/12]</td> <td style="text-align: right;">29,167</td> </tr> <tr> <td style="padding-left: 20px;">01.01.2019 to 31.03.2019 [(₹ 5,00,000 x 10%) x 3/12]</td> <td style="text-align: right;"><u>12,500</u></td> </tr> <tr> <td>Book value as on 31st March, 2019</td> <td></td> </tr> <tr> <td>Less: Sale Proceeds</td> <td style="text-align: right;">4,58,333</td> </tr> <tr> <td></td> <td style="text-align: right;">(3,50,000)</td> </tr> <tr> <td>Loss on Sale</td> <td style="text-align: right;">1,08,333</td> </tr> </tbody> </table>											Amount (₹)	Case 1		Cost of Machinery as on 1 st June, 2018	5,00,000	Less: Depreciation upto 31 st March, 2019		01.06.2018 to 31.12.2018 [(₹ 5,00,000 x 10%) x 7/12]	29,167	01.01.2019 to 31.03.2019 [(₹ 5,00,000 x 10%) x 3/12]	<u>12,500</u>	Book value as on 31 st March, 2019		Less: Sale Proceeds	4,58,333		(3,50,000)	Loss on Sale	1,08,333	6
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	Case 2	Amount (₹)	
	Cost of Machinery as on 1 st December, 2018	5,00,000	
	Less: Depreciation upto 1 st October, 2019		
	01.12.2018 to 31.03.2019 [(₹ 5,00,000 x 10%) x 4/12] 16,667		
	01.04.2019 to 01.10.2019 [(₹ 5,00,000 x 10%) x 6/12] <u>25,000</u>	(41,667)	
	Book value as on 1 st October, 2019	4,58,333	
	Less: Sale Proceeds	(4,60,000)	
	Profit on Sale	1,667	

16	<table style="width:100%; border-collapse: collapse;"> <tr> <th align="left" colspan="3">Dr. Machinery A/c</th> <th align="right" colspan="3">Cr.</th> </tr> <tr> <th>Date</th> <th>Particulars</th> <th>Amount (₹)</th> <th>Date</th> <th>Particulars</th> <th>Amount (₹)</th> </tr> <tr> <td>2018 April 1</td> <td>Bank A/c</td> <td align="right">10,00,000</td> <td>2019 March 31</td> <td>Balance c/d</td> <td align="right">10,00,000</td> </tr> <tr> <td></td> <td></td> <td align="right">10,00,000</td> <td></td> <td></td> <td align="right">10,00,000</td> </tr> <tr> <td>2019 April 1</td> <td>Balance b/d</td> <td align="right">10,00,000</td> <td>2020 March 31</td> <td>Balance c/d</td> <td align="right">10,00,000</td> </tr> <tr> <td></td> <td></td> <td align="right">10,00,000</td> <td></td> <td></td> <td align="right">10,00,000</td> </tr> <tr> <td>2020 April 1</td> <td>Balance b/d</td> <td align="right">10,00,000</td> <td>2020 October 1</td> <td>Machinery Disposal A/c</td> <td align="right">10,00,000</td> </tr> <tr> <td></td> <td></td> <td align="right">10,00,000</td> <td></td> <td></td> <td align="right">10,00,000</td> </tr> </table> <table style="width:100%; border-collapse: collapse;"> <tr> <th align="left" colspan="3">Dr. Accumulated Depreciation A/c</th> <th align="right" colspan="3">Cr.</th> </tr> <tr> <th>Date</th> <th>Particulars</th> <th>Amount (₹)</th> <th>Date</th> <th>Particulars</th> <th>Amount (₹)</th> </tr> <tr> <td>2019 March 31</td> <td>Balance c/d</td> <td align="right">1,00,000</td> <td>2019 March 31</td> <td>Depreciation A/c</td> <td align="right">1,00,000</td> </tr> <tr> <td></td> <td></td> <td align="right">1,00,000</td> <td></td> <td></td> <td align="right">1,00,000</td> </tr> <tr> <td>2020 March 31</td> <td>Balance c/d</td> <td align="right">2,00,000</td> <td>2020 April 1 March 31</td> <td>Balance b/d Depreciation A/c</td> <td align="right">1,00,000 1,00,000</td> </tr> <tr> <td></td> <td></td> <td align="right">2,00,000</td> <td></td> <td></td> <td align="right">2,00,000</td> </tr> </table>	Dr. Machinery A/c			Cr.			Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)	2018 April 1	Bank A/c	10,00,000	2019 March 31	Balance c/d	10,00,000			10,00,000			10,00,000	2019 April 1	Balance b/d	10,00,000	2020 March 31	Balance c/d	10,00,000			10,00,000			10,00,000	2020 April 1	Balance b/d	10,00,000	2020 October 1	Machinery Disposal A/c	10,00,000			10,00,000			10,00,000	Dr. Accumulated Depreciation A/c			Cr.			Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)	2019 March 31	Balance c/d	1,00,000	2019 March 31	Depreciation A/c	1,00,000			1,00,000			1,00,000	2020 March 31	Balance c/d	2,00,000	2020 April 1 March 31	Balance b/d Depreciation A/c	1,00,000 1,00,000			2,00,000			2,00,000	8
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2020 October 1	Machinery Disposal A/c	2,50,000	2020 April 1 October 1	Balance b/d Depreciation A/c (W/N)	2,00,000 50,000
		2,50,000			2,50,000

Dr.			Cr.		
Machinery Disposal A/c					
Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
2020 October 1	Machinery A/c	10,00,000	2020 October 1	Accumulated Depreciation A/c	2,50,000
October 1	Profit and Loss A/c	70,000	October 1	Bank A/c	8,20,000
		10,70,000			10,70,000

Working Note:

Depreciation for year 2020 will be provide only for 6 months
 Depreciation = ₹ 10,00,000 x 10% x 6/12 = ₹ 50,000

17

**In the Books of Abha
Journal Entries**

8

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
2018 April 2	Nia's A/c To Sales A/c (Goods sold to Nia)	Dr.	38,000	38,000
April 2	Cash A/c Bills Receivable A/c To Nia's A/c (Cash received and acceptance for the bill received)	Dr. Dr.	8,000 30,000	38,000
April 2	Bank A/c Discounting Charges A/c To Bills Receivable A/c (Nia's acceptance is discounted with the bank at 10% p.a.)	Dr. Dr.	29,000 1,000	30,000
July 5	Nia's A/c To Bank A/c (Bill dishonoured and noting charges paid)	Dr.	30,060	30,060

In the Books of Nia Journal Entries					
Date	Particulars	L.F.	Debit (₹)	Credit (₹)	
2018 April 2	Purchases A/c Dr. To Abha's A/c (Goods purchased from Abha)		38,000	38,000	
April 2	Abha's A/c Dr. To Bills Payable A/c To Cash A/c (Cash received and acceptance for the bill received)		38,000	30,000 8,000	
July 5	Bills Payable A/c Dr. Noting Charges A/c Dr. To Abha's A/c (Bills dishonoured and noting charges due)		30,000 60	30,060	
Part - B: Financial Accounting II					
18	At Cost or Net realisable whichever is Less				1
19	Versatility is a characteristic of a computer system shown in the statement 'Ability to perform various tasks, simple as well as complex'.				1
20	Closing Capital = Opening Capital + Additional Capital + Profit - Drawings = ₹75,000 + ₹50,000 + ₹80,000 - ₹15,000 = ₹1,90,000				1
21	Capital and Liabilities, Balance sheet				1
22	Accounting treatment of revenue in advance is: In trading and profit and loss account = Deducted from actual revenue In balance sheet = Shown in capital and liabilities side				1
23	Opening statement of affairs				1
24	Planning, selection of accounting software, selection of accounting hardware, chart of accounts, grouping of accounts, and generation of reports are the stages of automation.				1
25	System analysts are the people who design data processing systems.				1
26	Balance sheet is regarded as apt to show the purchase of a fixed asset.				1

27	<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: left;">Dr.</th> <th colspan="2" style="text-align: center;">Bills Payable A/c</th> <th colspan="2" style="text-align: right;">Cr.</th> </tr> <tr> <th style="width:10%;">Date</th> <th style="width:40%;">Particulars</th> <th style="width:15%;">Amount (₹)</th> <th style="width:10%;">Date</th> <th style="width:20%;">Particulars</th> <th style="width:5%;">Amount (₹)</th> </tr> </thead> <tbody> <tr> <td></td> <td>Creditors A/c (dishonoured)</td> <td align="right">1,00,000</td> <td></td> <td>Balance b/d</td> <td align="right">4,20,000</td> </tr> <tr> <td></td> <td>Cash/Bank A/c (honoured)</td> <td align="right">1,60,000</td> <td></td> <td>Creditors A/c</td> <td align="right">4,80,000</td> </tr> <tr> <td></td> <td>Balance c/d</td> <td align="right">6,40,000</td> <td></td> <td>(bill accepted)</td> <td></td> </tr> <tr> <td></td> <td></td> <td align="right">9,00,000</td> <td></td> <td>(bal. fig.)</td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td align="right">9,00,000</td> </tr> </tbody> </table>	Dr.		Bills Payable A/c		Cr.		Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)		Creditors A/c (dishonoured)	1,00,000		Balance b/d	4,20,000		Cash/Bank A/c (honoured)	1,60,000		Creditors A/c	4,80,000		Balance c/d	6,40,000		(bill accepted)				9,00,000		(bal. fig.)							9,00,000	3
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28	<p>Following are the limitations of the Computerised Accounting System.</p> <ol style="list-style-type: none"> i. System failure- Due to some hardware failure, the danger of a machine crashing can lead to subsequent work interruption. This is more so when there is no back-up. ii. Cost of training- New versions of hardware and software are to be implemented in order to ensure effective and efficient use of the computerised accounting system. Owing to the special training involved, the expense of training staff is incurred. iii. Staff opposition- Because of the implementation of computerised accounting system, employees feel worried that they may lose jobs and show less interest in work related to computers. iv. Disruption- The existing accounting process and other works are interrupted when a computerised system is introduced. This leads to disruption in the working environment. 	4																																										
29	<table border="1" style="width:100%; border-collapse: collapse; margin: auto;"> <thead> <tr> <th colspan="4" style="text-align: center;">Statement of Affairs (Opening)</th> </tr> <tr> <th style="width:25%;">Capital and Liabilities</th> <th style="width:15%;">Amount (₹)</th> <th style="width:25%;">Assets</th> <th style="width:35%;">Amount (₹)</th> </tr> </thead> <tbody> <tr> <td>Bills Payable</td> <td align="right">12,000</td> <td>Bills Receivable</td> <td align="right">50,000</td> </tr> <tr> <td>Creditors</td> <td align="right">14,000</td> <td>Cash</td> <td align="right">15,000</td> </tr> <tr> <td>Capital</td> <td align="right">47,000</td> <td>Stock</td> <td align="right">8,000</td> </tr> <tr> <td>(Balancing Figure)</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td align="right">73,000</td> <td></td> <td align="right">73,000</td> </tr> </tbody> </table>	Statement of Affairs (Opening)				Capital and Liabilities	Amount (₹)	Assets	Amount (₹)	Bills Payable	12,000	Bills Receivable	50,000	Creditors	14,000	Cash	15,000	Capital	47,000	Stock	8,000	(Balancing Figure)					73,000		73,000	6														
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Statement of Affairs (Closing)

Capital and Liabilities	Amount (₹)	Assets	Amount (₹)
Bills Payable	78,000	Bills Receivable	90,000
Loan	80,000	Cash	40,000
Capital (Balancing Figure)	32,000	Stock	60,000
	1,90,000		1,90,000

Statement of Profit or Loss

Particulars	Amount (₹)
Capital at the end of the year	32,000
Less: Capital at the beginning of the year	(47,000)
Profit/(Loss) during the year	(15,000)

30

Trading Account

for the year ended 31st March, 2019

Dr.		Cr.	
Particulars	Amount (₹)	Particulars	Amount (₹)
Opening stock	40,000	Sales	3,90,000
Purchases	2,60,000	Less: Sales return (6,200)	3,83,800
Less: Purchases return (12,100)	2,47,900	Closing stock	12,000
Wages	7,000		
Manufacturing Expenses	5,600		
Dock and Clearing charges	8,100		
Gross Profit	87,200		
	3,95,800		3,95,800

6

Profit and Loss Account

Dr.		for the year ended 31st March, 2019		Cr.	
Particulars	Amount (₹)	Particulars	Amount (₹)	Particulars	Amount (₹)
Lighting	4,000	Gross Profit	87,200		
Salary	18,000	Commission Received	6,000		
Depreciation on Building	65,000	Interest on Drawings	1,020		
Interest on Capital	57,250	Rent	9,000		
Depreciation on Machinery	48,000	Less: Unexpired rent	<u>(500)</u>		8,500
		Interest on Investment			4,140
		Net Loss			85,390
	1,92,250				1,92,250

**Balance Sheet
as on 31st March, 2019**

Capital and Liabilities		Amount (₹)	Assets		Amount (₹)
Capital	11,45,000		Building	6,50,000	
Less: Drawings	<u>(10,200)</u>		Less: Depreciation	<u>(65,000)</u>	5,85,000
Add: Interest on capital	57,250		Machinery	4,80,000	
Less: Interest on drawings	<u>(1,020)</u>		Less: Depreciation	<u>(48,000)</u>	4,32,000
Less: Net loss	<u>(85,390)</u>	11,05,640	Investment	69,000	
Creditors	50,000		Add: Accrued interest	<u>4,140</u>	73,140
Unexpired rent	500		Debtors		32,000
			Cash in Hand		22,000
			Stock		12,000
		11,56,140			11,56,140