

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	Going Concern	1
2	Cash	1
3	i. Accounting records only monetary transactions. ii. Accounting records only historical transactions.	1
4	Repairs on Plant and Machinery	1
5	Selling Price = Cost Price + Profit = ₹5,00,000 + ₹ (5,00,000 x 20%) = ₹6,00,000	1
6	Goods Purchased	1
7	₹3,50,000	1
8	Journal	1
9	a. Creditors b. Expenses	1

10	<table border="1" style="width:100%; border-collapse: collapse; margin-bottom: 10px;"> <thead> <tr> <th style="width:10%;">Year</th> <th style="width:40%;">Depreciation Amount</th> <th style="width:50%;">Written Down Value</th> </tr> </thead> <tbody> <tr> <td align="center">1</td> <td>$\text{₹}6,50,000 \times (20/100) \times (9/12) = \text{₹}97,500$</td> <td>$\text{₹}6,50,000 - \text{₹}97,500 = \text{₹}5,52,500$</td> </tr> <tr> <td align="center">2</td> <td>$\text{₹}5,52,500 \times (20/100) = \text{₹}1,10,500$</td> <td>$\text{₹}5,52,500 - \text{₹}1,10,500 = \text{₹}4,42,000$</td> </tr> <tr> <td align="center">3</td> <td>$\text{₹}4,42,000 \times (20/100) = \text{₹}88,400$</td> <td>$\text{₹}4,42,000 - \text{₹}88,400 = \text{₹}3,53,600$</td> </tr> </tbody> </table> <p align="center">Journal</p> <table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:10%;">Date</th> <th style="width:50%;">Particulars</th> <th style="width:10%;">L.F.</th> <th style="width:15%;">Debit (₹)</th> <th style="width:15%;">Credit (₹)</th> </tr> </thead> <tbody> <tr> <td align="center">(a)</td> <td>Depreciation A/c Dr. To Plant and Machinery A/c (Depreciation charged on plant and machinery not recorded, now recorded)</td> <td></td> <td align="right">8,000</td> <td align="right">8,000</td> </tr> <tr> <td align="center">(b)</td> <td>arsha's A/c Dr.</td> <td></td> <td align="right">12,500</td> <td align="right">12,500</td> </tr> <tr> <td align="center">(c)</td> <td> To Harsh's A/c (Sale made to Harsha wrongly posted to Harsh's account)</td> <td></td> <td align="right">15,800</td> <td></td> </tr> <tr> <td></td> <td>Building A/c Dr. To Sundry Expenses A/c (Acquisition charges on the purchase of a new building were wrongly debited to sundry expenses account, now rectified)</td> <td></td> <td></td> <td align="right">15,800</td> </tr> </tbody> </table>	Year	Depreciation Amount	Written Down Value	1	$\text{₹}6,50,000 \times (20/100) \times (9/12) = \text{₹}97,500$	$\text{₹}6,50,000 - \text{₹}97,500 = \text{₹}5,52,500$	2	$\text{₹}5,52,500 \times (20/100) = \text{₹}1,10,500$	$\text{₹}5,52,500 - \text{₹}1,10,500 = \text{₹}4,42,000$	3	$\text{₹}4,42,000 \times (20/100) = \text{₹}88,400$	$\text{₹}4,42,000 - \text{₹}88,400 = \text{₹}3,53,600$	Date	Particulars	L.F.	Debit (₹)	Credit (₹)	(a)	Depreciation A/c Dr. To Plant and Machinery A/c (Depreciation charged on plant and machinery not recorded, now recorded)		8,000	8,000	(b)	arsha's A/c Dr.		12,500	12,500	(c)	To Harsh's A/c (Sale made to Harsha wrongly posted to Harsh's account)		15,800			Building A/c Dr. To Sundry Expenses A/c (Acquisition charges on the purchase of a new building were wrongly debited to sundry expenses account, now rectified)			15,800	3
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To Darshita's A/c (Amount received by cheque including noting charges)			30,300
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**In the Books of Darshita
Journal**

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
2020 April 1	Purchases A/c Dr. To Anita's A/c (Goods purchased on credit)		30,000	30,000
April 1	Anita's A/c Dr. To Bills Payable A/c (Bill accepted)		30,000	30,000
June 4	Bills Payables A/c Dr. Noting Charges A/c Dr. To Anita's A/c (Bill dishonoured and noting charges paid)		30,000 300	30,300
June 10	Anita's A/c Dr. To Bank A/c (Amount paid by cheque including noting charges)		30,300	30,300

12

Journal

4

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
a.	Marcus's A/c Dr. To Mary's A/c (A credit sale of ₹8,100 to Marcus was posted to Mary's A/c, now rectified)		8,100	8,100
b.	Debtor's A/c Dr. To Bill Receivable A/c (A bill receivable of ₹7,000 was discounted, later on returned by the firm's bank had been credited to the bank account and debited to bill receivable account, now rectified)		7,000	7,000
c.	Building A/c Dr. To Purchases A/c (Building purchased for ₹1,50,000 was passed through the purchase book, now rectified)		1,50,000	1,50,000
d.	Machinery A/c Dr. To Purchases A/c To Komal's A/c		8,000	

		(Machinery purchased on credit from Komal for ₹8,000 recorded through purchase book as ₹3,000, now rectified)			3,000 5,000	
13	Trial Balance as at...					4
	Head of Accounts		L.F.	Debit (₹)	Credit (₹)	
	Land			1,20,000	-	
	Plant			34,000	-	
	Return Outwards			-	5,200	
	Electricity Expenses			5,600	-	
	Bank			800	-	
	Interest Received			-	6,000	
	Creditors			-	20,000	
	Bills Payable			-	1,00,000	
	Purchases			2,00,000	-	
	Capital			-	1,47,200	
	Furniture			11,200	-	
	Sales			-	2,08,000	
	Bill Receivable			1,20,000	-	
	Discount Received			-	5,200	
				<hr/> 4,91,600	<hr/> 4,91,600	
14	In the Books of Anup Designers Journal					6
	Date	Particulars	L.F.	Debit (₹)	Credit (₹)	
	2016 Oct. 1	Furniture A/c Dr. Input IGST A/c Dr. To Bank A/c (Furniture purchased and IGST payable at 18%)		16,00,000 2,88,000	18,88,000	
	2017 March 31	Depreciation A/c Dr. To Furniture A/c (Depreciation charged on furniture)		50,000	50,000	
	March 31	Profit and Loss A/c Dr. To Depreciation A/c (Depreciation account closed)		50,000	50,000	
	2018 March 31	Depreciation A/c Dr. To Furniture A/c		1,00,000		

		(Depreciation charged on furniture)			1,00,000
March 31	Profit and Loss A/c To Depreciation A/c (Depreciation account closed)	Dr.		1,00,000	1,00,000
2019 March 31	Depreciation A/c To Furniture A/c (Depreciation charged on furniture)	Dr.		1,00,000	1,00,000
March 31	Profit and Loss A/c To Depreciation A/c (Depreciation account closed)	Dr.		1,00,000	1,00,000

Working Note:

Calculation of Depreciation

$$\begin{aligned} \text{Depreciation} &= \frac{\text{Cost Price} - \text{Scrap Value}}{\text{Useful Life}} \\ &= \frac{\text{₹ } 16,00,000 - \text{₹ } 4,00,000}{12} \\ &= \text{₹ } 1,00,000 \end{aligned}$$

For the first-year depreciation will be charged for 6 months as it is purchased on 1st October.

15

**Bank Reconciliation Statement
as on 31st March, 2020**

6

Particulars	Amount (₹)
Overdraft as per Cash Book	3,60,000
Add: Cheque received but not sent to the bank	20,000
Credit side of the bank column casted short	2,000
Insurance premium paid by bank under standing instructions	10,000
Bill discounted dishonoured	80,000
Less: Cheque deposited into the bank but no entry is passed in the cash book	(6,000)
Bank charges entered in the cash book twice	(200)
Cheque issued returned on technical grounds	(6,000)
Overdraft as per Pass Book	4,59,800

16

8

Dr. Machinery A/c			Cr.		
Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
2016 April 1	Balance b/d	10,00,000	2016 Oct 1	Machinery Disposal A/c	2,00,000
			2017 Mar 31	Balance c/d	8,00,000
		10,00,000			10,00,000
2017 April 1	Balance b/d	8,00,000			

Dr. Provision for Depreciation A/c			Cr.		
Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
2016 Oct 1	Machinery Disposal A/c (WN 1)	84,800	2016 April 1	Balance b/d	2,32,000
			Oct 1	Depreciation A/c (WN 1)	12,800
2017 Mar 31	Balance c/d	2,88,000	2017 Mar 31	Depreciation A/c (WN 2)	1,28,000
		3,72,800			3,72,800
			2017 Apr 1	Balance b/d	2,88,000

Dr. Machinery disposal A/c			Cr.		
Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
2016 Oct 1	Machinery Disposal A/c	2,00,000	2016 Oct 1	Provision for Depreciation A/c	84,800
Oct 1	Profit and Loss A/c (Gain)	4,800	Oct 1	Bank A/c (Sale)	1,20,000
		2,04,800			2,04,800

Working Notes:

i.

Particulars	Amount (₹)
Depreciation provided on machinery sold till 1 st October, 2016:	
For 2014-15 (₹2,00,000 x 20/100)	40,000
For 2015-16 (₹2,00,000 - ₹40,000) x 20/100	32,000
For 2015-16 (₹2,00,000 - ₹40,000 - ₹32,000) x 20/100 x 6/12	12,800
Total depreciation provided on machinery sold	84,800

ii. Calculation of depreciation provided for 2016-17:

Particulars	Amount (₹)
Balance of provision for depreciation on 1 st April, 2016-17	2,32,000
Add: Depreciation provided on machinery sold	12,800
	2,44,800
Less: Accumulated depreciation on machinery sold (WN1)	(84,800)
Accumulated depreciation on the remaining machinery	1,60,000
Cost of remaining machinery (₹10,00,00 - ₹2,00,000)	8,00,000
Less: Accumulated depreciation on remaining machinery	(1,60,000)
	6,40,000

Depreciation provided during 2016-17 = ₹6,40,000 x 20/100 = ₹1,28,000

17

**In the Books of Abhishek
Journal**

8

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
a.	Cash A/c Dr. Bank A/c Dr. Capital A/c Dr. To Capital A/c (Commenced business with cash, bank, and building)		20,000 10,00,000 10,00,000	20,20,000
b.	Purchases A/c Dr. To Sameer's A/c To Bank A/c (Goods purchased from Sameer of which ₹1,20,000 paid through cheque)		4,00,000	2,80,000 1,20,000
c.	Riya's A/c Dr. To Sales A/c		3,20,000	

		(Goods sold to Riya on credit)			3,20,000
	d.	Cash A/c Discount Allowed To Riya's A/c (Received cash from Riya in full settlement)	Dr. Dr.		3,19,600 400
					3,20,000
	e.	Sameer's A/c To Cash A/c To Discount Received A/c (Paid cash to Sameer and discount allowed)	Dr.		2,80,000
					2,72,000 8,000
	f.	Machinery A/c (New) To Machinery A/c (Old) To Capital A/c To Bank A/c (Purchased machinery by giving old machine and balance from savings account and through cheque)	Dr.		4,80,000
					1,00,000 2,00,000 1,80,000
	g.	Furniture A/c To Priya and Sons A/c (Purchased furniture on credit)	Dr.		1,00,000
					1,00,000
	h.	Depreciation A/c To Machinery A/c (Depreciation charged on machinery)	Dr.		10,000
					10,000
	i.	Drawings A/c To Bank A/c (Paid income tax)	Dr.		10,000
					10,000
	j.	Investment A/c To Cash A/c (Investment purchased)	Dr.		2,50,000
					2,50,000

Part - B: Financial Accounting II

18	The three types of procedures are as follows: a. Hardware oriented b. Software oriented c. Internal procedures	1
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19	<table border="1"> <tr> <td align="center" colspan="2">Dr.</td> <td align="center" colspan="2">Trading A/c</td> <td align="center" colspan="2">Cr.</td> </tr> <tr> <td align="center">Particulars</td> <td align="center">Amount</td> <td align="center">Particulars</td> <td align="center">Amount</td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td>Closing Stock</td> <td>xxx</td> <td></td> <td></td> </tr> </table>	Dr.		Trading A/c		Cr.		Particulars	Amount	Particulars	Amount					Closing Stock	xxx			1
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		Balance Sheet																																																										
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20	Net Sales = Cost of Goods Sold + Gross Profit = ₹4,50,000 + ₹75,000 = ₹5,25,000					1																																																						
21	Profit and Loss					1																																																						
22	Artificial Intelligence					1																																																						
23	Closing capital + Drawings - Additional Capital - Opening Capital					1																																																						
24	The raw and unorganised information is known as data. It is the basic component of the information.					1																																																						
25	Depreciation on office equipment is not included in the Trading account.					1																																																						
26	Gross profit less indirect expenses is known as net profit.					1																																																						
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28	<p>Following are the limitations of the Computerised Accounting System.</p> <p>(a) 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.</p> <p>(b) 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.</p> <p>(c) 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.</p> <p>(d) Disruption- The existing accounting process and other works are interrupted when a computerised system is introduced. This leads to disruption in the working environment.</p>	4
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29	<p align="center">Statement of Profit or Loss</p> <table border="1" style="width:100%; border-collapse: collapse; margin-bottom: 20px;"> <thead> <tr> <th style="width:70%;">Particulars</th> <th style="width:30%;">Amount (₹)</th> </tr> </thead> <tbody> <tr> <td>Capital at the end of the year (W.note)</td> <td align="right">2,96,000</td> </tr> <tr> <td>Add: Drawings during the year</td> <td align="right">8,000</td> </tr> <tr> <td style="padding-left: 20px;">(1,000 x 12) = ₹ 12,000 - ₹ 4,000</td> <td></td> </tr> <tr> <td>Less: Additional capital introduced</td> <td align="right">Nil</td> </tr> <tr> <td>Less: Capital at the beginning of the year</td> <td align="right">3,04,000</td> </tr> <tr> <td>Profit made during the year</td> <td align="right">(2,50,000)</td> </tr> <tr> <td></td> <td align="right">54,000</td> </tr> </tbody> </table> <p>Working Note:</p> <p align="center">Statement of Affairs (Closing)</p> <table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:35%;">Liabilities</th> <th style="width:15%;">Amount (₹)</th> <th style="width:35%;">Assets</th> <th style="width:15%;">Amount (₹)</th> </tr> </thead> <tbody> <tr> <td>Bills Payable</td> <td align="right">22,000</td> <td>Machinery</td> <td align="right">50,000</td> </tr> <tr> <td>Sundry Creditors</td> <td align="right">18,000</td> <td>Building</td> <td align="right">1,02,000</td> </tr> <tr> <td>Capital (<i>Balancing Figure</i>)</td> <td align="right">2,96,000</td> <td>Sundry Debtors</td> <td align="right">1,45,000</td> </tr> <tr> <td></td> <td></td> <td>Stock</td> <td align="right">20,000</td> </tr> <tr> <td></td> <td></td> <td>Cash in Hand</td> <td align="right">19,000</td> </tr> <tr> <td></td> <td align="right">3,36,000</td> <td></td> <td align="right">3,36,000</td> </tr> </tbody> </table>	Particulars	Amount (₹)	Capital at the end of the year (W.note)	2,96,000	Add: Drawings during the year	8,000	(1,000 x 12) = ₹ 12,000 - ₹ 4,000		Less: Additional capital introduced	Nil	Less: Capital at the beginning of the year	3,04,000	Profit made during the year	(2,50,000)		54,000	Liabilities	Amount (₹)	Assets	Amount (₹)	Bills Payable	22,000	Machinery	50,000	Sundry Creditors	18,000	Building	1,02,000	Capital (<i>Balancing Figure</i>)	2,96,000	Sundry Debtors	1,45,000			Stock	20,000			Cash in Hand	19,000		3,36,000		3,36,000	6
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30

6

Trading Account for the year ended 31st March, 2019			
Dr.		Cr.	
Particulars	Amount (₹)	Particulars	Amount (₹)
Opening Stock	2,40,000	Sales	12,82,000
Purchases	7,50,000	(-) Return Inwards (14,000)	12,68,000
(-) Return Outwards (12,000)	7,38,000	Closing Stock	42,000
Freight and Octroi	7,800		
Heat and Power	11,000		
Gross Profit	3,13,200		
	13,10,000		13,10,000

Profit and Loss Account for the year ended 31st March, 2019			
Dr.		Cr.	
Particulars	Amount (₹)	Particulars	Amount (₹)
Salary and Wages	14,000	Gross Profit	3,13,200
Bad Debts	15,000	Commission Received	11,000
(+) Provision for			
Doubtful Debts (W.N-1)	3,200		
Insurance	18,900		
(-) Unexpired Insurance (1,300)	17,600		
Postage and Telegram	9,100		
Discount Allowed	2,300		
Depreciation (W.N 2)			
- Building	36,000		
- Plant and Machinery	40,320		
Manager's Commission (W.N 3)	10,567		
Net Profit	1,76,113		
	3,24,200		3,24,200

Balance Sheet as on 31st March, 2019					
Liabilities		Amount (₹)	Assets		Amount (₹)
Capital	5,73,100		Building	3,60,000	
(+) Net Profit	1,76,113		(-) Depreciation	<u>(36,000)</u>	3,24,000
(-) Drawings	<u>(22,000)</u>	7,27,213	Plant and Machinery	3,36,000	
Bills Payable		92,000	(-) Depreciation	<u>(40,320)</u>	2,95,680
Sundry Creditors		1,24,000	Sundry Debtors	80,000	
Manager's Commission Payable		10,567	(-) Provision for doubtful debts	<u>(3,200)</u>	76,800
			Investments		80,000
			Cash in Hand		56,000
			Cash at Bank		78,000
			Unexpired Insurance		1,300
			Closing Stock		42,000
		9,53,780			9,53,780

Working Note:

1. Calculation of Provision for doubtful debts = $80,000 \times \frac{4}{100} = ₹3,200$
2. Calculation of depreciation:
 Building = $3,60,000 \times \frac{10}{100} = ₹36,000$
 Plant and Machinery = $3,36,000 \times \frac{12}{100} = ₹40,320$
3. Calculation of Manager's Commission
 If commission is allowed on net profit after charging such commission:
 Manager's Commission = $\text{Net profit before charging commission} \times \frac{\text{Rate}}{100 + \text{Rate}}$

$$= 1,86,680 \times \frac{6}{100 + 6}$$

$$= 1,86,680 \times \frac{6}{106}$$

$$= ₹10,567$$