

ANSWER KEY
FIRST YEAR IMPROVEMENT/SUPPLEMENTARY EXAM OCT. 2022
PART III
SUBJECT : ACCOUNTANCY WITH AFS
CODE: FY 849

Score: 80

Time: 2½ Hrs

Qn No	Sub Qns	Value points	Score	Total Score
(Answer any 8 questions from 1 to 10 (8 x 1= 8))				
1		b) Journal	1	1
2		a) Expenses	1	1
3		c) Prudence / Conservatism	1	1
4		a) Software	1	1
5		b) Account holder of a bank	1	1
6		c) Reserve	1	1
7		b) Back-end Database	1	1
8		b) Errors of omission	1	1
9		d) 18-07-2020	1	1
10		a) Bad debts	1	1
Answer any 4 questions from 11 to 17 (4 x 2 = 8)				
11		Internal users : Management, Employees External Users: Competitors, Bank	1 1	2
12	a	Journal Proper : A book maintained to record transactions, which do not find place in special journals.	1	2
	b	Sales Return Book : A special book in which returns of merchandise sold on credit are recorded.	1	
13		To ascertain the arithmetical accuracy of the ledger accounts. To help in locating errors. To help in the preparation of the financial statements. (any 2)	1 1	2
14		Cost of goods sold = Opening stock + Purchases + Direct expenses - Closing stock Cost of goods sold = 38,000 (Give 1 score if equation only)	2	2
15		Drawer, Drawee, Payee, Endorser, Endorsee (any two)	1 x 2	2
16		Advantages of Computerised Accounting System (any two)	1 x 2	2
17		Lack of Proper knowledge of accounting principles. Inexpensive mode of maintaining records Time consumed in maintaining records is less. (any two relevant points)	2	2
Answer any 4 questions from 18 to 23 (4 x 3= 12)				
18		Any three objectives of Accounting	1 x 3	3

19		Depreciation = $\frac{\text{Original cost} + \text{Installation} - \text{Scrap value}}{\text{Life time}}$ Depreciation Amount = $\frac{95000 + 15000 - 10000}{10} = 20,000$ (Give 1 score if equation only)	3	3																												
20		a) Sales A/c Dr. 75,000 To Trading A/c 75,000 b) Trading A/c Dr. 16,000 To Opening stock 16,000 c) Commission A/c Dr. 4,000 To Profit & Loss A/c 4,000	1 1 1	3																												
21		For the preparation of financial statements, it is necessary that all the adjustments arising out of the accrual basis of accounting are made at the end of the accounting period. (Any other meaningful explanation give score)	3	3																												
22		Dual Aspect: Every transaction has a dual or two-fold effect on various accounts and should therefore be recorded at two places. Matching concept: Expenses incurred in an accounting period should be matched with revenues during that period.	1½ 1½	3																												
23		<table border="1"> <thead> <tr> <th>Tran...</th> <th>Cash</th> <th>Stock</th> <th>Total</th> <th>Liabilities (Creditors)</th> <th>Capital</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>a</td> <td>200000</td> <td></td> <td>200000</td> <td></td> <td>200000</td> <td>200000</td> </tr> <tr> <td>b</td> <td></td> <td>18000</td> <td>218000</td> <td>18000</td> <td></td> <td>218000</td> </tr> <tr> <td>c</td> <td>-3000</td> <td></td> <td>215000</td> <td></td> <td>-3000</td> <td>215000</td> </tr> </tbody> </table>	Tran...	Cash	Stock	Total	Liabilities (Creditors)	Capital	Total	a	200000		200000		200000	200000	b		18000	218000	18000		218000	c	-3000		215000		-3000	215000	1 1 1	3
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Answer any 4 questions from 24 to 29 (4 x 4= 16)																																
24	a b c d	Stock Liabilities/ Sundry Creditors/ Capital Drawings	1 1 1 1	4																												
25		<table style="width: 100%;"> <tbody> <tr> <td style="width: 50%;">Closing Capital</td> <td style="width: 10%; text-align: center;">-</td> <td style="width: 40%;">3,60,000</td> </tr> <tr> <td>Add: Drawings</td> <td></td> <td style="text-align: right;"><u>10,000</u></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">3,70,000</td> </tr> <tr> <td>Less: Additional Capital</td> <td></td> <td style="text-align: right;"><u>1,00,000</u></td> </tr> <tr> <td>Adjusted Capital</td> <td></td> <td style="text-align: right;">2,70,000</td> </tr> <tr> <td>Opening Capital</td> <td></td> <td style="text-align: right;"><u>2,00,000</u></td> </tr> <tr> <td>Profit</td> <td></td> <td style="text-align: right;">70,000</td> </tr> </tbody> </table>	Closing Capital	-	3,60,000	Add: Drawings		<u>10,000</u>			3,70,000	Less: Additional Capital		<u>1,00,000</u>	Adjusted Capital		2,70,000	Opening Capital		<u>2,00,000</u>	Profit		70,000	1 1 1 1	4							
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26		Bank Reconciliation Statement: A statement prepared to reconcile the bank balance as per cash book with the balance as per passbook by showing the items of difference between the two accounts.	4	4																												
27		a) Business has an indefinite life - 3) Going Concern concept b) Separate existence from its owner - 4) Business entity concept c) Irrelevant information may be omitted - 1) Materiality concept d) Assets are recorded at their purchase price- 2) Cost concept	1 1 1 1	4																												

28	Machinery A/c								1 1 1 1	4
	Dr.				Cr.					
	Date	Particulars	JF	Amount	Date	Particulars	JF	Amount		
	01/04/15	Cash (380,000 + 20,000)		400000	31-12-15	Depreciation Balance c/d		30000 370000		
				400000				400000		
	01-01-16	Balance b/d		370000	31-12-16	Depreciation Balance c/d		37000 333000		
				370000				370000		
	01-01-17	Balance b/d		333000	31-12-17	Depreciation Balance c/d		33300 299700		
			333000				333000			
29	Limitations of Computerised Accounting System (any 4)								1 x 4	4
Answer any 4 questions from 30 to 35 (4 x 5= 20)										
30	Sales Journal									
	Date	Invoice No	Name of Customer		JF	Amount				
	2022									
	Mar 1		Devika			12,000		1		
	Mar 3		Meenakshi			1,00,000		1		
	Mar 10		Anakha (12600 – 1260)			11,340		2		
	Mar 25		Gopika			10,800		1		
Mar 31					134140					
31	Trial Balance as at March 31, 2021									
	Account Title		LF	Debit balance ₹	Credit balance ₹					
	Capital				1,00,000					
	Machinery			44,000						
	Furniture			50,000						
	Sundry debtors			8,000						
	Sundry creditors				12,000					
	Purchases			36,000						
	Sales				48,000					
	Salary			6,600						
Drawings			10,000							
Cash at bank			5,400							
			1,60,000	1,60,000						
32	Bank reconciliation statement as on 31/12/2019									
	Item			Amount (+)	Amount (-)					
	Bank balance as per cash book			14,000						
	Cheque issued but not presented			1,800						
	Cheque deposited but not collected				860					
	Interest credited			150						
	Bank charges debited in pass book				80					
Balance as per Pass book				15,010						
			15,950	15,950						
33	a	Prepaid expenses – Deducted from the concerned expenses in							2	5

	<p>Trading & Profit & Loss Account, Shown on the assets side of Balance sheet</p> <p>b Accrued income - Add to the concerned income in Trading & Profit & Loss Account, Shown on the assets side of Balance sheet</p> <p>c Income received in advance - Deducted from the concerned income in Trading & Profit & Loss Account, Shown on the liabilities side of Balance sheet</p>	<p>1½</p> <p>1½</p>																																																																																																																																			
34	Meaning of Capital expenditure and Revenue expenditure. Differences between Capital expenditure and Revenue expenditure. (any 2)	1½ x 2 2	5																																																																																																																																		
35	<p>A bill of exchange must be in writing.</p> <p>It is an order to make payment.</p> <p>The order to make payment is unconditional.</p> <p>The maker of the bill of exchange must sign it.</p> <p>The payment to be made must be certain.</p> <p>The date on which payment is made must also be certain.</p> <p>The bill of exchange must be payable to a certain person.</p> <p>The amount mentioned in the bill of exchange is payable either on demand or on the expiry of a fixed period of time.</p> <p>It must be stamped as per the requirement of law. (any 5)</p>	1 x 5	5																																																																																																																																		
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Balance Sheet as on 31/12/2021			
Liabilities	Amount	Assets	Amount
Creditors	27500	Cash	3420
Outstanding wages	2000	Bank	23400
Capital	500000	Debtors	22000
Add: Net profit 59220	559220	Less: Provision 1100	20900
		Stock	42000
		Land & Building	418000
		Furniture (90000-9000)	81000
	588720		588720

38	Jan 1) Cash A/c Dr 4,00,000 To Capital 4,00,000	1	
	Jan 3) Purchases A/c Dr 60,000 To Cash A/c 60,000	1	
	Jan 5) Rahim A/c or Cash A/c Dr 8000 To Sales A/c 8000	1	
	Jan 12) Cash A/c Dr 2000 To Commission 2000	1	
	Jan 15) Bank A/c Dr 80,000 To Cash 80,000	1	8
	Jan 21) Salary A/c Dr 5000 To Bank 5000	1	
	Jan 27) Machinery A/c Dr 50,000 To Sagar A/c or Cash A/c 50,000	1	
	Jan 30) Drawings A/c Dr 4000 To Purchases A/c 4000	1	

Scheme Finalized by:

- 1) ANIL KUMAR G, GHSS AYYANKOICKAL, KOLLAM 9446109708
- 2) REJI MATHAI, GHSS KUMMI, KOLLAM 8281256790
- 3) JAGAN H, GOVT HSS, KIDANGARA, ALAPPUZHA 9446016999
- 4) THOMAS K STEEPHEN, GOVT. VHSS, NJARAKKAL, ERNAKULAM 9447071661
- 5) BINDU PK K C P HSS, KAVASSERRY, PALAKKAD 8075745791
- 6) GIRIJA M P GOVT HSS, BIG BAZAAR, CITY.P.O, PALAKKAD 9497355515
- 7) RATHEESH KUMAR S OVT. HSS, CHETTIYANKINAR, MALAPPURAM 9995889143
- 8) SHAJI PEROZHI BROTHER S HSS, MAVANDIYOOR, MALAPPURAM 9605025481