

First Year Higher Secondary Exam – Sep 2021
ACCOUNTANCY-CA – FY 250
Unofficial Answer Key – by Ajith Kanthi Wayanad

Answer all the questions from 1 to 7 - 1 Score each		Score
1.	b) Capital	1
2.	c) Sales Book	1
3.	d) Credit	1
4.	b) Fixed Assets	1
5.	d) All of the above	1
6.	b) Creditor	1
7.	d) Quality Report	1
Answer any 4 questions from 8 to 15 - 2 Score each		
8.	Match the Following: a) A person who owes money to an enterprise – iv) Debtor b) Withdrawal of money or goods by the owner from the business – iii) Drawings c) Excess of revenue over expenses – i) Profit d) Economic resources of an enterprise – ii) Assets	2
9	Accounting Concepts: a) Business Entity Concept b) Dual Aspects Concept	2
10	Complete the Table as per the hint: b) Income increases – Credit c) Expense increases – Debit	2
11	a) Contra entry – It is a transaction in between cash and bank. When a transaction is recorded on both the sides of cash book but in different columns, such entry is called “Contra Entry”. b) Debit note is the source document for recording purchase return book. (any other meaningful explanation may be considered)	2
12	Complete the series: I. Revenue Expenditure – Salary II. Capital Expenditure – Machinery III. Revenue Receipts – Rent Received IV. Capital Receipts – Bank Loan	2
13	Hardware – Monitor, Key Board, CPU, Mouse etc. (any 2 examples) Software – LibreOffice Calc, GNUKhata, LibreOffice Base, MS Excel, MS Word etc. (any 2 Examples)	2
14	Fill in the blanks: a) Depreciation A/c Dr 2000 To Furniture A/c 2000 b) Rent A/c Dr 5000 To Rent outstanding A/c 5000	2
15	a) Accrued Interest – Asset Side b) Salary Outstanding – Liability Side	2

Answer any 2 questions from 16 to 20 - 3 Score each														
16	Qualitative characteristics of Accounting information. a) Reliability – Accounting information is considered to be reliable if it is free from bias and faithfully represents the facts. b) Relevance – The information to be relevant, it must be available in time. c) Understandability – It must be understood by those to whom it is communicated. d) Comparability – It means that the accounting reports should be comparable with other firms to identify similarities or differences. (any 3)	3												
17	a) Cash withdrawn for personal use Rs. 2000 b) Babu, a debtor deposited cash into the bank account Rs.5000 c) Cash Sales Rs. 10000	3												
18	Needs for charging depreciation: a) Matching costs and revenue b) Consideration of Tax c) To know the true and fair financial position d) To retain funds for replacement of asset e) Compliance with law (Any 3 points only)	3												
19	Maturity dates of Bills: a) April 13 b) November 4 c) August 14 (August 15 is a public holiday)	3												
20	Cost of Goods Sold = Opening Stock + Purchase + Direct Expense – Closing Stock = 50,000 + 130,000 + 20,000 – 70,000 = 130,000	3												
Answer any 2 questions from 21 to 25 - 4 Score each														
21	Objectives of Accounting: a) To maintain business records b) Calculation of profit or loss c) Ascertainment of financial position d) Providing information to users (Brief explanation required)	4												
22	Differences between Journal and Ledger: (Any 4 differences) <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; text-align: center;">Journal</th> <th style="width: 50%; text-align: center;">Ledger</th> </tr> </thead> <tbody> <tr> <td>1. It is a book of first entry as all transactions are recorded first in the journal.</td> <td>It is a book of final entry as all transactions are recorded finally in the ledger.</td> </tr> <tr> <td>2. Transactions are recorded in a chronological order</td> <td>Transactions are recorded in an analytical manner</td> </tr> <tr> <td>3. Transactions are recorded on the basis of source documents</td> <td>Posting is done on the basis of journal (book of original entry)</td> </tr> <tr> <td>4. Balancing is not done</td> <td>All ledger accounts are balanced</td> </tr> <tr> <td>5. The process of recording entries in the books of original entry is called journalizing</td> <td>The process of recording entries in the ledger is called posting</td> </tr> </tbody> </table>	Journal	Ledger	1. It is a book of first entry as all transactions are recorded first in the journal.	It is a book of final entry as all transactions are recorded finally in the ledger.	2. Transactions are recorded in a chronological order	Transactions are recorded in an analytical manner	3. Transactions are recorded on the basis of source documents	Posting is done on the basis of journal (book of original entry)	4. Balancing is not done	All ledger accounts are balanced	5. The process of recording entries in the books of original entry is called journalizing	The process of recording entries in the ledger is called posting	4
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23	Transactions based on cash book: 1-1-21 Opening Balance of Cash Rs. 40,000 2-1-21 Cash Purchase Rs. 30,000 20-1-21 Cash received from Rakesh Rs. 50,000 31-1-21 Salary paid Rs. 10,000	4																																																																	
24	Calculation of Profit (Incomplete Records): <table border="1" style="margin-left: 20px;"> <tr> <td>Closing Capital</td> <td style="text-align: right;">100,000</td> </tr> <tr> <td>Add: Drawings</td> <td style="text-align: right;"><u>30,000</u></td> </tr> <tr> <td></td> <td style="text-align: right;">130,000</td> </tr> <tr> <td>Less: Additional Capital</td> <td style="text-align: right;"><u>25,000</u></td> </tr> <tr> <td></td> <td style="text-align: right;">105,000</td> </tr> <tr> <td>Less: Opening Capital</td> <td style="text-align: right;"><u>40,000</u></td> </tr> <tr> <td>Profit during the year</td> <td style="text-align: right;"><u>65,000</u></td> </tr> </table>	Closing Capital	100,000	Add: Drawings	<u>30,000</u>		130,000	Less: Additional Capital	<u>25,000</u>		105,000	Less: Opening Capital	<u>40,000</u>	Profit during the year	<u>65,000</u>	4																																																			
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25	1) Prepaid expenses – Those expenses which have been paid in advance, whose benefit will be available in future are called unexpired or prepaid expenses. (Paid but not due). 2) Amount of Insurance Premium to be shown in the Profit and Loss A/c: 5000 – 1000 = 4,000	4																																																																	
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26	<p style="text-align: center;">Sales Book</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Date</th> <th style="width: 40%;">Particulars</th> <th style="width: 15%;">Inv. No.</th> <th style="width: 10%;">L/F</th> <th style="width: 20%;">Amt Rs.</th> </tr> </thead> <tbody> <tr> <td>2021 Jan</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>1</td> <td>Babu:</td> <td></td> <td></td> <td></td> </tr> <tr> <td>8</td> <td>7 Tables @ Rs.3,000</td> <td></td> <td></td> <td style="text-align: right;">21000</td> </tr> <tr> <td></td> <td>Mini:</td> <td></td> <td></td> <td></td> </tr> <tr> <td>10</td> <td>5 Wooden chair @ Rs.4000</td> <td></td> <td></td> <td style="text-align: right;">20,000</td> </tr> <tr> <td></td> <td>Sreejith:</td> <td></td> <td></td> <td></td> </tr> <tr> <td>20</td> <td>4 Dining Table @ Rs. 7000</td> <td></td> <td></td> <td style="text-align: right;">28,000</td> </tr> <tr> <td></td> <td>Salini:</td> <td></td> <td></td> <td></td> </tr> <tr> <td>21</td> <td>8 Computer Table @ 2500</td> <td></td> <td></td> <td style="text-align: right;">20,000</td> </tr> <tr> <td></td> <td>Ramu:</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>2 Dressing Table @ Rs. 4000</td> <td></td> <td></td> <td style="text-align: right;"><u>8,000</u></td> </tr> <tr> <td></td> <td style="text-align: right;">TOTAL</td> <td></td> <td></td> <td style="text-align: right;"><u>97,000</u></td> </tr> </tbody> </table>	Date	Particulars	Inv. No.	L/F	Amt Rs.	2021 Jan					1	Babu:				8	7 Tables @ Rs.3,000			21000		Mini:				10	5 Wooden chair @ Rs.4000			20,000		Sreejith:				20	4 Dining Table @ Rs. 7000			28,000		Salini:				21	8 Computer Table @ 2500			20,000		Ramu:					2 Dressing Table @ Rs. 4000			<u>8,000</u>		TOTAL			<u>97,000</u>	5
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27	Causes of Differences between balance as per Cash Book and Pass Book: <ol style="list-style-type: none"> 1. Cheque issued but not presented for payment – When a trader issues cheque to a third person, he immediately enters in the cash book whereas, it will be entered by the bank only when the cheques are presented to the bank for payment. 2. Cheque paid in but not credited by bank – Cheque received from customers might have been paid into bank and entered on the debit side of the cash book by the trader. But the bank will credit the same only after realization of the cheque. 3. Interest etc. credited by bank – Interest allowed on bank balance, dividends etc. collected by the bank will be credited in the pass book. But the trader may not enter the same in his cash book on the same day. 4. Bank charges etc. debited in pass book – Bank charges, interest on overdraft, commission for collection of cheques, bills, etc. will be debited by the bank in pass book as and when they occur. But it will be entered by the trader only on a later date in his cash book as he may not be aware about them on the same day. 	5																																																																	

5. **Cheques credited but dishonoured** – When cheque is discounted, bank will credit it in pass book and customer debit it in cash book, hence both the balances will be increased. Later on if this cheque is dishonoured, the bank will debit the customers account (pass book) but it may not be entered by the trader in his cash book at that time.
6. **Direct payment into the bank by trader's customers** – The customers of a trader might have deposited money into the trader's bank account directly. But it may not be intimated to the trader soon, hence it will not be recorded in the cash book.
7. **Payment made by bank on behalf of the customer** – The bank might have made some payments on behalf of the customer under 'standing instructions' and debited the customer's account. But the customer may not have entered the same in his cash book.
8. **Dishonour of a bill discounted with the bank** – Sometimes the customer discounts bills of exchange before maturity for urgent cash. If on the date of maturity, such a bill is dishonoured, the bank will debit the customer's account. The customer will make this entry in his book only after getting information from the bank.

(Any 5 with brief explanation)

28		Trial Balance			5
		Name of Account	Debit Rs.	Credit Rs.	
		Cash in hand	25,000		
		Purchases	80,000		
		Capital		60,000	
		Machinery	35,000		
		Sales		70,000	
		Investment	50,000		
		Stock in Trade	30,000		
		Furniture	20,000		
		Rent received		5,000	
		Bank Loan		45,000	
		Suspense A/c (Because of Mistake in question)		<u>60,000</u>	
		TOTAL	<u>240,000</u>	<u>240,000</u>	
Total of Trial Balance need not be considered for evaluation					

29	Features of computerized accounting system: <ol style="list-style-type: none"> 1. It is based on the concept of database. 2. Online input and storage of accounting data. 3. Printout of purchase and sales invoices. 4. Grouping of accounts is done from the very beginning. 5. Instant reports for management like stock statement, trial balance trading and profit and loss account, balance sheet, stock valuation, VAT returns, payroll reports etc. 	5
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30	Trading Account				5		
	Particulars		Amount Rs.	Particulars		Amount Rs.	
	Opening Stock		2500	Sales (Balancing Figure)		22500	
	Purchases		13000	Closing Stock		15000	
	Wages		2000				
Gross Profit c/d		<u>20000</u>					
		<u>37500</u>			<u>37500</u>		

The amount of sales can be calculated even without the preparation of a Trading account.

31	Adjustment Entries:		5
	a) Wages A/c Dr	2000	
	To Wages outstanding	2000	
	b) Depreciation A/c Dr	5000	
	To Machinery A/c	5000	
	c) Rent Received A/c Dr	3000	
To Rent Received in Advance A/c	3000		
d) Salary prepaid A/c Dr	7000		
To Salary A/c	7000		
e) Interest receivable A/c Dr	4000		
To Interest received A/c	4000		

Answer any 2 questions from 32 to 35 - 8 Score each

32	a) GAAP – Generally Accepted Accounting Principles	8
	b) Meaning of GAAP: In order to ensure uniformity in accounting procedures and methods, certain accounting principles have been accepted by accountants all over the world. The rules and guidelines used in preparing accounting reports are termed as Generally Accepted Accounting Principles (GAAP).	
	c) Accounting Principles (Concepts):	
	1) Money measurement concept	
	2) Dual aspect concept	
	3) Matching concepts	
	4) Going concern concepts	
	5) Conservatism / Prudence	

33	Journal					8
	Date	Particulars	LF	Debit Amt Rs.	Credit Amt Rs.	
	01-01-21	Cash A/c Dr To Capital A/c (Started business with cash)		100,000	100,000	
	03-01-21	Bank A/c Dr To Cash A/c (Cash deposited into bank)		50,000	50,000	
	05-01-21	Purchase A/c Dr To Cash A/c (Cash purchases)		20,000	20,000	

08-01-21	Wages A/c Dr To Cash A/c (Wages paid)		2,000	2,000
10-01-21	Cash A/c Dr To Commission received A/c (Commission received)		5,000	5,000
15-01-21	Furniture A/c Dr To Cash A/c (Furniture purchased for cash)		10,000	10,000
20-01-21	Drawings A/c Dr To Bank A/c (Withdrew cash from bank for personal use)		4,000	4,000
31-01-21	Cash A/c Dr To Sales A/c (Cash sales)		40,000	40,000
TOTAL			231,000	231,000

34

Petty Cash Book

8

Receipts	Date	V No.	Particulars	Total Amount	Cartage & Taxi	Postage & Telegraph	Refreshment	Stationery	Repairs
	2020								
	March								
2000	1		Cash received						
	2		Cartage	50	50				
	4		Postage	140		140			
	5		Taxi Fare	100	100				
	10		Refreshment	70			70		
	15		Stationery	80				80	
	20		Telegraph	40		40			
	25		Repairs	300					300
			Total	780	150	180	70	80	300
	31		Balance c/d	1220					
<u>2000</u>			Total	<u>2000</u>					
780	April 1		Balance b/d						
1220			Cash received						

Trading and Profit and Loss A/c

Dr		Cr	
Particulars	Amount Rs.	Particulars	Amount Rs.
Opening Stock	20000	Sales	120000
Purchases	60000	Closing stock	30000
Carriage inward	5000		
Wages	10000		
Gross Profit c/d	55000		
	<u>150000</u>		<u>150000</u>
Salary	6000	Gross Profit b/d	55000
Insurance	4000	Rent received	15000
Interest paid	3000		
Stationery	2000		
Rates and Taxes	5000		
Net Profit	50000		
	<u>70000</u>		<u>70000</u>

Balance Sheet

Liabilities		Amount Rs.	Assets		Amount Rs.
Capital	150000		Land and Building		80000
Add: Net Profit	<u>50000</u>	200000	Furniture		40000
Bank Loan		20000	Cash in hand		50000
Sundry Creditors		30000	Closing Stock		30000

Balance sheet is not tallied because of mistake in question – Correct entries in the Balance Sheet may be considered for evaluation.

Prepared by:

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