

I YEAR ACCOUNTANCY WITH AFS HALF YEARLY ANSWER KEY, DECEMBER 2025

Answer any eight. 1 mark each

NO	ANSWER	MARK
1	a.Comparability	1
2	d.Materiality Concept	1
3	d.Posting	1
4	b.Sales Return Book	1
5	d.Dr Balance, Written on the Cr Side	1
6	c.Imprest System	1
7	d. To identify the causes of differences between cash book & pass book	1
8	b.Error of Commission	1
9	b.To know the financial position of the business	1
10	Written Down Value Method	1

Answer any five. 2 mark each

NO	ANSWER	MARK
11	a. Current Assets b. Bank, Stock, Debtors, Bills Receivable	1 1=2
12	a. 6,00,000 b. Cost Concept	1 1=2
13	1. It abolished multiple type of tax 2. It promotes economic efficiency and economic growth	1 1=2
14	Sales Day Book – To record credit sale of goods Sold goods to Vimal Rs.10,000	1 1=2
15	1. Cheque issued but not presented for payment 2. A customer directly paid into bank account	1 1=2
16	i. Conservatism/Prudence ii. Creating Provision for Doubtful Debt	1 1=2

Answer any five. 3 mark each

NO	ANSWER	MARK	
17	a. Duality Concept – A transaction has two aspects. One is Debit & other is Credit. Recording both the aspects is known as double entry/Duality b. Started business with cash – Cash a/c and Capital a/c. c. Dr Cash a/c and Cr Capital a/c	1 1 1=3	
18	No	Transaction	Name of Special Journal
	1	Goods sold to Rajan on account	Sales Book
	2	Rent paid by cheque	Cash Book
	3	Goods purchased from Rajesh were returned	Purchases Return Book
19	It is a statement prepared to reconcile the bank balance as per cash book with the balance as per pass book. 1.To show the valid reasons of disagreement between cash book & pass book 2. To find out errors, if any, committed by Bank/Business		1 1 1=3

20	No	Journal	Ledger	
	1	Book of Original (First) Entry	Book of second entry	1
	2	Chronological Record	Analytical Record	1
	3	Legal evidence of a transaction	Not prime legal evidence of a transaction	1=3
21	a. Error of Principle b. Compensating Error c. Error of Omission			1 1 1=3
22	a. Revenue Reserve b. Capital Reserve is created out of capital profit. Revenue reserve from revenue profit Capital reserve is a legal liability but revenue reserve is for strengthen the financial position			1 1 1=3

Answer any four. 4 mark each

NO	ANSWER	MARK
23	a. Accounting is the process of identifying, measuring, recording and communicating required information relating to the economic events of an organization to the interested users of such information. b. To record of all financial transactions To ascertain profit or loss by preparing P&L account To know financial position by preparing Balance Sheet	1 1 1 1=4
24	a. Conservatism/Prudence – All anticipated losses are accounted but all anticipated gains/profits are ignored b. Business/Accounting Entity – Business has a separate existence apart from its owners c. Consistency – Accounting policies followed by the business should be consistent for a long time. d. Materiality – All material facts should be shown in the financial statements.	1 1 1 1=4
25	a. Machinery a/c Dr 4,000 To Wages a/c 4,000 b. Anagha a/c Dr 5,000 To Kanaha a/c 5,000 c. Cash a/c Dr 4,000 To Das a/c 4,000 d. Supplier a/c Dr 500 To Bills Payable a/c 500	1 1 1 1=4
26	1. Cheque Deposited but not collected by bank 2. Cheque issued but not presented for payment 3. Interest credited by bank not entered in cash book 4. A customer directly paid into bank account	1 1 1 1=4

27	a. Machinery a/c Dr 3,00,000 To Cash a/c 3,00,000 b. Annual Depreciation = 3,00,000 x 10/100 = 30,000 Total Depreciation for 3 years = 30,000 x 3 = 90,000 Written Down Value on 31/03/2023 = 3,00,000 – 90,000 = 2,10,000 Sale Price = 2,00,000 Loss on Sale of Machinery = 2,10,000 – 2,00,000 = 10,000	1 3=4
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Answer any three. 5 mark each

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28	i. Interest Received, Commission Received ii. Profit on sale of fixed asset, Increase in the value of asset iii. Creditors, Bills Payable iv. Furniture, Machinery v. Cash, Bank	$\frac{1}{2} \times 10 = 5$																																																								
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Sales		1,40,000	
Furniture	50,000		
Stock in Trade	30,000		
Investment	20,000		
Rent Received		5,000	
Bank Over Draft		45,000	
Total	2,60,000	2,60,000	

Answer any two. 8 mark each

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32	<p style="text-align: center;">Cash Book</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Receipts</th> <th>Cash</th> <th>Bank</th> <th>Payments</th> <th>Cash</th> <th>Bank</th> </tr> </thead> <tbody> <tr> <td>Balance</td> <td>32,000</td> <td>17,500</td> <td>Purchases</td> <td>20,000</td> <td></td> </tr> <tr> <td>Sales</td> <td>32,000</td> <td></td> <td>Bank (c)</td> <td>20,000</td> <td></td> </tr> <tr> <td>Cash(c)</td> <td></td> <td>20,000</td> <td>Creditors</td> <td></td> <td>5,000</td> </tr> <tr> <td>Interest</td> <td></td> <td>1,000</td> <td>B.Charge</td> <td></td> <td>100</td> </tr> <tr> <td>Commission</td> <td>3,000</td> <td></td> <td>Drawings</td> <td>1000</td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td>Balance</td> <td>26,000</td> <td>33,400</td> </tr> <tr> <td></td> <td>67,000</td> <td>38,500</td> <td></td> <td>67,000</td> <td>38,500</td> </tr> </tbody> </table>	Receipts	Cash	Bank	Payments	Cash	Bank	Balance	32,000	17,500	Purchases	20,000		Sales	32,000		Bank (c)	20,000		Cash(c)		20,000	Creditors		5,000	Interest		1,000	B.Charge		100	Commission	3,000		Drawings	1000					Balance	26,000	33,400		67,000	38,500		67,000	38,500	1 x 8 =8
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33	<p>i. Depreciation is the permanent and gradual diminution in the value of fixed asset.</p> <p>ii. It is a deductible expense for tax purpose It is a legal obligation of business To show true and fair financial position</p> <p>iii.</p> <p>Annual Depreciation = $21,000 - 1,000/10 = 2,000$</p> <p style="text-align: center;">Machinery a/c</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Particulars</th> <th>Amt</th> <th>Particulars</th> <th>Amt</th> </tr> </thead> <tbody> <tr> <td>To Cash</td> <td>21,000</td> <td>By Depreciation</td> <td>2,000</td> </tr> <tr> <td></td> <td></td> <td>By Balance</td> <td>19,000</td> </tr> <tr> <td></td> <td>21,000</td> <td></td> <td>21,000</td> </tr> <tr> <td>To Balance</td> <td>19,000</td> <td>By Depreciation</td> <td>2,000</td> </tr> <tr> <td></td> <td></td> <td>By Balance</td> <td>17,000</td> </tr> <tr> <td></td> <td>19,000</td> <td></td> <td>19,000</td> </tr> <tr> <td>To Balance</td> <td>17,000</td> <td>By Depreciation</td> <td>1000</td> </tr> <tr> <td></td> <td></td> <td>By Cash</td> <td>15,000</td> </tr> <tr> <td></td> <td></td> <td>By P&L</td> <td>1,000</td> </tr> <tr> <td></td> <td>17,000</td> <td></td> <td>17,000</td> </tr> </tbody> </table>	Particulars	Amt	Particulars	Amt	To Cash	21,000	By Depreciation	2,000			By Balance	19,000		21,000		21,000	To Balance	19,000	By Depreciation	2,000			By Balance	17,000		19,000		19,000	To Balance	17,000	By Depreciation	1000			By Cash	15,000			By P&L	1,000		17,000		17,000	1 1 1 1				
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Cash a/c Dr	5,000	
To Commission a/c	5,000	1
Furniture a/c Dr	10,000	
To Joel a/c	10,000	1
Drawings a/c Dr	4,000	
To Bank a/c	4,000	1
Cash a/c Dr	40,000	
To Sales a/c	40,000	1=8