FIRST YEAR ACCOUNTANCY WITH AFS UNOFFICIAL ANSWER KEY, MARCH 2026

Answer any EIGHT. 1 mark each

NO	ANSWER	MARK
1	a. Gain	1
2	b. Entity Concept	1
3	b. Journal	1
4	b. Cash Book	1
5	d. Assertion (A) is false, but Reason (R) is true	1
6	a. Errors of Commission	1
7	d. Secret Reserve	1
8	a. Carriage on purchase	1
9	c. Balance sheet	1
10	b. Rs.1,000	1

Answer any FIVE. 2 mark each

NO	ANSWER	MARK
11	a. Capital – Cash and kind invested by the owner into the business	1
	b. Drawings – Amount or value of goods withdrawn by the owner	1= 2
12	a. Cash Basis – Entries are made when cash is received or paid	1
	b. Accrual Basis – Entries are made when receipts or payments due	1= 2
13	BRS – A statement prepared to reconcile the bank balance as per cash book with the balance as per pass book by showing the items of difference between the two accounts.	2
14	Suspense account is an account in which the difference in trial balance is put till such errors are located and rectified.	2
15	Wages a/c Dr 500 To Outstanding Wages a/c 500	1
	Income a/c Dr 750 To Income Received in Advance 750	1= 2
16	There may exist some incomes, expenses in the current year which is which partially relate to the previous year or to the next year. So these are to be adjusted according to accrual basis.	2

Answer any FIVE. 3 mark each

NO	ANSWER	MARK
17	1. Maintains systematic record of all financial transactions	1
	2. To ascertain profit or loss by preparing P&L a/c	1
	3. To ascertain financial position by preparing Balance Sheet	1=3
18	1. GST abolished multiple type of tax in Goods and Services	1
	2. GST is a common law throughout the country	1
	3. GST is a destination based tax	1= 3
19	1. Cheque issued but not presented for payment	1
	2. Cheque deposited but not collected by bank	1
	3. Bank charges debited by bank not in cash book	1=3

	NAME OF ACCOUNT	DEBIT	CREDIT		
20	Capital		1,25,000		3
	Drawings	10,000			
	Cash	40,000			
	Debtors	5,000			
	Purchases	50,000			
	Salaries	10,000			
	Carriage	500			
	Dividend Received		5,000		
	Bank Over Draft		1,200		
	Land	50,000			
	Sales		25,000		
		1,65,500	**1,56,200**		

21	RESERVE	PROVISION	
	Appropriation from profit	Charge against profit	1
	No effect on taxable profit	Reduces taxable profit	1
	Shown on Liability side of Balance sheet	Asset/Liability side as the case	1 = 3

22	CAPITAL EXP	DEFF.REVENUE EXP	REVENUE EXP	
	Purchase of Land	Huge Advertisement Expense	Rent Paid	1+1+1=3

Answer any FOUR. 4 mark each

NO	ANSWER	MARK
23	**P & L A/C**	
		2
		2= 4
24	c.Going Concern Concept	1
	a. Dual Aspect Concept	1
	d. Conservatism Concept	1
	b. Revenue Recognition Concept	1=4
25	i. Credit	1
	ii. Debit	1
	iii. Debit	1
	iv. Credit	1=4
26	**SALES DAY BOOK**	

For item 23, the P & L A/C:

PARTICULARS	AMT	PARTICULARS	AMT
To Bad Debt - 1,000			
(+) New Prov 5000			

6,000			
(-) Old Prov. 500			
5,500			

BALANCE SHEET

LIABILITIES	AMT	ASSETS	AMT
		Debtors 50,000 (-)New Provn. 5,000	
			45000

	DATE	NAME OF CUSTOMER	AMT		
	1/02/2026	Dileep Stores 5 x 25,100 = 1,25,500 5 x 1500 = 7,500 -------------	1,33,000		2
	10/02/2026	Soni Traders 5 x 17,000 = 85,000 3 x 1,250 = 3,750	88,750		2=4
			2,21,750		

27	CoGS = 1,00,000+5,000 – 50,000 = 55,000			1
	Operating Profit = 55,000			1

<div align="center">TRADING A/C</div>

PARTICULARS	AMT	PARTICULARS	AMT	
To Purchases	1,00,000	By Sales	2,50,000	
To Wages	5,000	By Closing Stock	50,000	
To Gross Profit	**1,95,000**			
	3,00,000		**3,00,000**	2 = 4

Answer any THREE. 5 mark each

NO	ANSWER				MARK
28	**Particulars**	**Amount +**	**Amount -**		
	Balance as per Cash Book	60,000			1
	Cheque issued but not presented for payments	1,500			1
	Interest credited by the bank	300	10,000		1
	Cheque deposited but not collected		500		1
	Bank Charges				1 = 5
	Balance as per Pass Book		**51,300**		
		61,800	**61,800**		
29	**Meaning of Accounting: -** Accounting can be defined as 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.				1
	Qualitative Characteristics of Accounting Information				
	Reliability: - It means the users must be able to depend on the information. A reliable information must be free from errors and bias. To ensure reliability, the information disclosed must be credible, verifiable by independent parties and be neutral and faithful.				1
	Relevance: - To be relevant, information must be available in time, must help in prediction and feedback, and must influence the decisions of users.				1
	Understandability: - It means users must interpret accounting information in the same sense as it is prepared and conveyed to them. Information is said to be effectively communicated when it is interpreted by the receiver of the message in the same sense in which the sender has sent.				1
	Comparability: - The users of accounting information are able to compare various aspects of an organization over different time period and with other				

	organizations. To be comparable, accounting reports must belong to a common period and use of common unit of measurement and format of reporting.	1=5
30	Plant a/c Dr 1,000 　　To Wages a/c 1,000	1
	Error of Principle	1
	Cash a/c Dr 10,000 　　To Raju a/c 10,000	1
	Binesh a/c Dr 2,000 Suspense a/c Dr 3000 　　To Dinesh a/c 5,000	1
	Drawings a/c Dr 300 　　To Purchases a/c 300	1 = 5

31	PLANT A/C				
	PARTICULARS	AMT	PARTICULARS	AMT	
	To Cash	10,00,000	By Depreciation By Balance	1,00,000 9,00,000	1
		10,00,000		10,00,000	
	To Balance	9,00,000	By Depreciation By Balance	90,000 8,10,000	1
		9,00,000		9,00,000	
	To Balance	8,10,000	By Depreciation By Balance	81,000 7,29,000	1
		8,10,000		8,10,000	
	To Balance	7,29,000	By Depreciation By Balance	72,900 6,56,100	1
		7,29,000		7,29,000	
	To Balance	6,56,100	By Depreciation By Balance	65,610 5,90,490	1= 5
		6,56,100		6,56,100	

Answer any TWO. 8 mark each

NO	ANSWER	MARK
32	Cash a/c Dr 2,50,000 　　To Capital a/c 2,50,000	
	Bank a/c Dr 1,00,000 　　To Cash a/c 1,00,000	
	Stationery/Purchase a/c Dr 1,500 　　To Bank a/c 1,500	
	Cash a/c Dr 25,000 　　To Sales a/c 25,000	
	-- Electricity Bill a/c Dr 2,500 　　To Cash a/c 2,500	¾ x 8= 6
	Cash a/c Dr 15,000	

To Rent a/c	15,000			

Purchases a/c Dr   16,000
   To Kasi Stores a/c   16,000

Kumar a/c Dr   12,000
   To Sales a/c   12,000

CASH A/C

PARTICULARS	AMT	PARTICULARS	AMT
To Capital	2,50,000	By Bank	1,00,000
To Sales	25,000	By Ele.Bill	2,500
To Rent	15,000	By Balance	**1,87,500**
	2,90,000		**2,90,000**

+2=8

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Cash Book

Receipts	Cash	Bank	Payments	Cash	Bank
Balance	50,000	75,000	Purchase		20,000
Commission	750		Purchase	2,500	
Cash©		10,000	Rent	2,000	
Sales	15,000		Drawings		1,500
Bank ©	15,000		Charity	250	
Ajith	1,500		Bank ©	10,000	
			Ele.Bill	2,000	
			Cash ©		15,000
			Salary		7,500
			Balance	**65,500**	**41,000**
	82,250	**85,000**		**82,250**	**85,000**

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TRADING AND P&L A/C

PARTICULARS	AMT	PARTICULARS	AMT
Op. Stock	1,50,000	Sales 4,00,000	
Purchases – 75,000		(-)Return 20,000	3,80,000
(-)Return - 3000	72,000	Closing Stock	25,000

Wages & Sal 6,000	6,500		
(+) O/s 500			
Gross Profit	**1,76,500**		
	4,05,000		**4,05,000**
Salary & Wages	5,000	Gross Profit	1,76,500
Rent	3,000	Interest	2,000
Dep.on Building	10,000		
Bad Debt 2,000			
(+)Pro.Bad Debt 1,000	3,000		
Net Profit	**1,57,500**		
	1,78,500		**1,78,500**

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BALANCE SHEET

LIABILITIES	AMT	ASSETS	AMT

Creditors	70,000	Cash at Bank		50,000		
Wages o/s	500	Cash		1,13,000		
Capital 75,000		Closing Stock		25,000		
(+) Profit 1,57,500		Debtors	25,000			2 = 8
------------		(-)Provision	1,000	24,000		
2,32,500						
(-)Drawings 1,000	2,31,500	Building	1,00,000	90,000		
		(-) Depreciation 10,000				
	3,02,000			**3,02,000**		