

FIRST YEAR ACCOUNTANCY WITH AFS UNOFFICIAL ANSWER KEY, MARCH 2025**Answer any eight. 1 mark each**

NO	ANSWER	MARK
1	b. Capital Expenditure	1
2	c. Duality Concept	1
3	d. Liability	1
4	a. Capital	1
5	c. Cash Memo	1
6	d. Customer's Accountant/Customer	1
7	b. Error of Principle	1
8	Revenue Expense/Non Cash Expense	1
9	c. Salary a/c Dr	1
10	a. Cost of Goods sold + Profit	1

Answer any five. 2 mark each

NO	ANSWER	MARK
11	Dual Aspect – At least two accounts are involved in recording a transaction. One account is debit and other is credit.	2
12	a. Error of Commission b. Error of Omission c. Error of Principle d. Compensating Errors	$\frac{1}{2} \times 4 = 2$
13	1. Wear and Tear 2. Expiration of legal rights 3. Obsolescence 4. Abnormal Factors	$\frac{1}{2} \times 4 = 2$
14	P and L a/c Dr To Salary a/c Interest Received a/c Dr To P and L a/c	$1 + 1 = 2$
15	Commission a/c Dr To Commission Received in Advance a/c Salary a/c Dr To Outstanding Salary a/c	$1 + 1 = 2$
16	1. Debtors – One who owes money to the business 2. Creditors – One to whom business owes money 3. Capital – Amount invested by the owner into the business 4. Drawings – Cash or kind withdrawn by the owner from the business for personal use	$\frac{1}{2} \times 4 = 2$

Answer any five. 3 mark each

N O	ANSWER	MARK
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17	<p>a. Money Measurement – Transactions which can be expressed in terms of money can only be recorded</p> <p>b. Going Concern – The business will continue to carry out its business indefinitely</p> <p>c. Matching Concept – Expenses of an accounting period should be matched with revenues during that period</p>	1+1+1= 3	
18	<p>a. Furniture a/c Dr</p> <p>b. Salary a/c Dr To Cash a/c</p> <p>c. Machinery a/c</p>	1+1+1= 3	
19	<p>1. To check the arithmetical accuracy of books of accounts</p> <p>2. To help in locate errors</p> <p>3. To help in the preparation of financial statements</p>	1+1+1= 3	
20	STRAIGHT LINE METHOD	WRITTEN DOWN METHOD	
	On Original Cost	On Book Value	1
	Dep Amt Fixed year after year	Dep. Amt Reducing year after year	3
	Not Recognized by income tax	Recognized by income tax	3
21	<p>1. Provision for bad debts – Should be debited in P&L a/c and shown on the asset side of balance sheet as a deduction from debtors</p> <p>2. Income received in advance – Should be deduct from concerned income in the credit side of P&L account and should be shown on the liability side of balance sheet</p> <p>3. Outstanding Expense – Should be added to concerned expense in the debit side of Trading and P&L a/c and shown on the liability side of the balance sheet</p>	1+1+1= 3	
22	Consistency Concept	3	

Answer any four. 4 mark each

N O	ANSWER	MARK
23	<p>a. Business Entity: - It means business and its owners are two separate persons (entities). Business has a distinct and separate entity from its owners.</p> <p>b. Full Disclosure: - This concept states that all important facts concerning financial performance of an enterprise must be fully and completely disclosed in the financial statements.</p> <p>c. Materiality: - This concept states that all material facts, the facts likely to influence the decision of a investor or a creditor, should shown in the financial statements.</p> <p>d. Accounting Period: - It means the span of time (one year) at the end of which the financial statement of a business are prepared to know whether it has earned profits or incurred losses and what is the position of its assets and liabilities.</p>	1+1+1+1= 4
24	<p>Cash a/c Dr To Capital a/c</p>	$\frac{1}{2} \times 8 =$ 4

	Purchases a/c Dr To Cash a/c Machinery a/c Dr To Cash a/c Creditors a/c Dr To Purchases Return Wages a/c Dr To Cash a/c Mohan a/c Dr To Sales a/c Cash a/c Dr To Sales a/c Drawings a/c Dr To Cash a/c																																																					
25	Name of Account Liabilities Capital Revenue Expenditure	Debit Decrease Decrease Decrease Increase	Credit Increase Increase Increase Decrease	$\frac{1}{2} \times 8 = 4$																																																		
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					By Balance	1,53,09 0	
			1,70,10 0			1,70,10 0	

Answer any three. 5 mark each

NO	ANSWER	MARK
28	<p>Financial Statements are final accounts prepared at the end of an accounting year to know the financial position and financial result of a business. It includes Trading and Profit and Loss account and Balance sheet.</p> <p>To ascertain the profit earned or loss sustained by a business during an accounting period, this can be easily worked out by preparing a profit or loss account.</p> <p>To ascertain the financial position of the business concern in the form of its assets and liabilities at the end of every accounting period, which can be easily worked out by preparing Balance Sheet</p>	5
29	<p>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.</p> <p>Relevance: - To be relevant, information must be available in time, must help in prediction and feedback, and must influence the decisions of users.</p> <p>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 in the same sense in which the sender has sent.</p> <p>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.</p>	5
30	<ol style="list-style-type: none"> 1. Cheque deposited but not processed 2. Bank Charges debited in pass book not entered in Cash book 3. Cheque issued but not presented for payment 4. Interest on deposit only recorded in passbook 5. Customer directly paid into bank not entered in cash book 	1+1+1+1+1= 5
31	<p>Babu a/c Dr 18,000 To Suspense a/c 18,000</p>	5

Answer any two. 8 mark each

32.

Capital	+	Liabilities	=	Assets
Capital	Crs		=	Cash Stock Drs Furntr
1,75,000			=	1,75,000
	50,000		=	50,000
1,75,000	+50,000		=	1,75,000 +50,000
2,500			=	-17,500 +20,000
1,77,500	+50,000		=	1,75,000 32,500 20,000
			=	-10,000 10,000
1,77,500	50,000		=	1,65,000 32,500 20,000 10,000
1,500	-50,000		=	-48,500
1,79,000	0		=	1,16,500 32,500 20,000 10,000
			=	-20,000 -20,000
1,79,000			=	1,36,500 32,500 0 10,000
-1,000			=	-1,000
1,78,000			=	1,35,500 32,500 0 10,000
-3,000			=	-3,000
1,75,000			=	1,32,500 32,500 0 10,000

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DOUBLE COLUMN CASH BOOK

DATE	RECEIPT	CASH	BANK	DATE	PAYMENT	CASH	BANK
	Balance	15,000	42,000		Purchases		12000
	Sales	6000			Machinery		5500
	Sales		4500		Stationery		1100
					Rohit		10,000
					Rent		2500
					Salary	3500	
					Balance	17,500	15,400
		21,000	46,500			21,000	46,500

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TRADING AND P & L ACCOUNT

PARTICULARS	AMOUNT	PARTICULARS	AMOUNT
Opening Stock	25000	Sales - 276000	269000
Purchases - 180000		Less Sales Return-7000	
Less Returns-2000	178000	Closing Stock	45000

5

Wages	10000		
Freight	4000		
Gross Profit	97000		
	314000		314000
Discount Allowed	2000	Gross Profit	97000
Rent etc	5000	Exces Provision for Bad Debt	1400
Bad Debts -1000			
+ New Provision-1600			
-Old Provision -4000			

(-1400)			
Trade Expense	2400		
Printing	2000		
Dep On Furniture	1000		
Dep on P & M(2100+3000)	5100		
Dep on Motor Car	5100		
Net Profit	75800		
	98400		98400

BALANCE SHEET

LIABILITY	AMOUNT	ASSET	AMOUNT
Bank Overdraft	12000	Cash in hand	6000
Creditors	60000	Bills Receivable	14000
Bills Payable	15400	Closing Stock	45000
Capital – 200000		Debtors – 80000	
+Net Profit-75800		-New Provision-1600	78400
-Drawings-20,000	255800	Furniture-20000	
		-Depreciation – 1000	19000
		Plant and Machinery-100000	
		-Depreciation-5100	94900
		Investment	40000
		Motor Car-51000	
		-Depreciation-5100	45900
	3,43,200		3,43,200