#### 1 Score - All Questions from 1 to 7

- 1 c) Debtors
- 2 a) Integrated Goods and Service Tax
- 3 b) Favourable balance
- 4 d) Errors of Commission (Errors of omission and Errors of Principle are considerable
- 5 answers as there is ambiguity in question)
- 6 b) Wear and tear
- 7 d) Intangible
  - b) Purchase Book

#### 2 Score - All Questions from 8 to 12

- 8 a) Original / Primary / First Entry b) Secondary Entry
- 9 Accounting Equation: Assets = Liabilities + Capital
- 10 Objectives of Trial Balance:
  - a) To verify the arithmetical accuracy of ledger accounts
  - b) To locate errors
  - c) To help in preparation of final accounts (any 2)
- 11 Calculation of Gross Profit:

Gross Profit = Net sales - Cost of goods sold

Cost of Goods Sold = (Opening stock + Net Purchases + Direct Expenses) - Closing stock

- :. Cost of Goods Sold = (30000 + 18000 + 2000) 25000 = 25000
- :. Gross Profit = 60000-25000 = **35000**

Note: Gross Profit can also be calculated by preparing a Trading Account

#### 12 Differences: (any 2)

| Basis of Differences                     | Straight Line Method                  | WDV Method              |  |  |
|--|---------------------------------------|-------------------------|--|--|
| Basis of charging depreciation           | Original cost                         | Book Value              |  |  |
| Annual amount of depreciation            | Fixed                                 | Declines                |  |  |
| Total charge of depreciation and repairs | Unequal – It increases in later years | Almost equal every year |  |  |
| Income Tax Act recognition               | Not recognized                        | Recognized              |  |  |

### 3 Score - Any 5 from 13 to 18

- 13 Match the following:
  - i) Invoice b) Voucher
  - ii) Salaries c) Expenses
  - iii) Stock a) Inventory

#### 14 Causes of differences between cash book balance and pass book balance (any 3)

- 1. Cheque issued but not presented for payment
- 2. Cheque paid in but not credited by bank
- 3. Interest etc. credited by bank
- 4. Bank charges etc. debited in pass book
- 5. Cheques credited but dishonoured
- 6. Direct payment into the bank by trader's customers
- 7. Payment made by bank on behalf of the customer
- 8. Dishonour of a bill discounted with the bank

#### 15 Characteristics of Goods and Services Tax - (any 3)

- 1. GST is a common law and procedure throughout the country under single administration (One Nation One Tax).
- 2. GST is a destination based tax and levied at a single point at the time of consumption of goods and services by the end consumer.
- 3. GST is charged on both goods and services with the benefit of input tax credit.
- 4. There is no scope for levy of cess, resale tax, additional tax, turnover tax etc.
- 5. There is no multiple levy of tax on goods and services, such as sales tax, entry tax, octroi, entertainment tax or luxury tax etc.

#### 16 **Journal Entries**:

a) Wages A/c Dr 500

To Wages Outstanding A/c 500

b) Depreciation A/c Dr 800

To Furniture A/c 800

#### 17 | Purchase Journal of ABC Agencies:

| Date  | Particulars               |              | Amount |
|-------|---------------------------|--------------|--------|
| 2023  | Alpha Electricals:        |              |        |
| Jan 1 | 100 LED buld @ 80         | 8000         |        |
|       | 40 Ceiling fan @ 1200     | <u>48000</u> | 56000  |
| Jan 2 | Ram Traders:              |              |        |
|       | 50 Table fan @ 1400       | 70000        |        |
|       | 20 Electric Kettles @ 600 | <u>12000</u> | 82000  |
| Jan 5 | P K & Co.                 |              |        |
|       | 10 Electric Stove @ 800   |              | 8000   |
|       | TOTAL                     |              | 146000 |
|       |                           |              |        |

#### 18 | Transactions:

- a) Capital introduced Rs. 80000
- b) Withdrawal of cash for personal use Rs. 12000
- c) Rent paid Rs. 8000

## 4 Score - Any 5 from 19 to 24

### **Accounting Principles:**

- i) Business entity
- ii) Going Concern
- iii) Dual Aspect
- iv) Cost Concept

#### **Objectives of Accounting** 20

- 1) To maintain business records
- 2) Calculation of profit or loss
- 3) Ascertainment of financial position
- 4) Providing information to users

(Brief explanation)

| 21 | Accounting Equation : |
|----|-----------------------|
|    | T                     |

| Accounting Equation :        | Assets = | Liabilities + | Capital |           |         |
|------------------------------|----------|---------------|---------|-----------|---------|
|                              | Cash     | Furniture     | Stock   | Creditors | Capital |
| 1. Commenced business        | 80000    |               |         |           | 80000   |
| 2. Bought Furniture          | -10000   | 10000         |         |           |         |
| New Equation                 | 70000    | 10000         |         |           | 80000   |
| 3. Paid wages                | -5000    |               |         |           | -5000   |
| New Equation                 | 65000    | 10000         |         |           | 75000   |
| 4. Purchased goods on credit |          |               | 5000    | 5000      |         |
| New Equation                 | 65000    | 10000         | 5000    | 5000      | 75000   |

#### 22 Calculation of depreciation:

Depreciation = (Cost – Scrap Value) / Estimated Life = (80000 -10000) /5 **= 14000** 

#### 23 **Bank Reconciliation Statement:**

| Particulars                              | Amount      | Amount      |
|--|-------------|-------------|
| Balance as per Cash Book                 |             | 50000       |
| Add: Cheque issued but not presented     | 2300        |             |
| Add: Direct Deposit into bank            | 6000        |             |
| Add: Interest credited in pass book      | <u>1200</u> | <u>9500</u> |
|  |             |             |
|  |             | 59500       |
| Less: Bank charges debited in pass boook |             | 3000        |
|  |             |             |
| Balance as per Pass Book                 |             | 56500       |

OR

| Particulars                        | Amount (+) | Amount (-) |
|------------------------------------|------------|------------|
| Balance as per Cash Book           | 50000      |            |
| Cheque issued but not presented    | 2300       |            |
| Direct Deposit into bank           | 6000       |            |
| Interest credited in pass book     | 1200       |            |
| Bank charges debited in pass boook |            | 3000       |
| Balance as per Pass Book           |            | 56500      |
|                                    | 59500      | 59500      |

| n | 1 |
|---|---|
| _ | 4 |
| _ |   |

| Tri                 | al Balance  |             |
|---------------------|-------------|-------------|
| Particulars         | Amount (Dr) | Amount (Cr) |
| Cash                | 50000       |             |
| Capital             |             | 40000       |
| Purchases           | 10000       |             |
| Sales               |             | 15000       |
| Commission Received |             | 5000        |
|                     | 60000       | 60000       |

# 8 Score - Any 1 from 25 to 26

## 25 **Double Column Cash Book**:

| Date   | Receipts        | LF | Cash | Bank | Date   | Payments        | LF | Cash | Bank |
|--------|-----------------|----|------|------|--------|-----------------|----|------|------|
| 2022   |                 |    |      |      | 2022   |                 |    |      |      |
| Jan 1  | To Balance b/d  |    | 1000 | 4500 | Jan 4  | By Purchase     |    | 3000 |      |
| Jan 2  | To Sales        |    | 6000 |      | Jan 6  | By Bank         | С  | 2000 |      |
| Jan 6  | To Cash         | С  |      | 2000 | Jan 8  | By Cash         | С  |      | 1000 |
| Jan 7  | To Bank         | С  | 1000 |      | Jan 10 | By Abin         |    |      | 1500 |
| Jan 24 | To Interest Rcd |    |      | 500  | Jan 15 | By Rent         |    |      | 800  |
|        |                 |    |      |      | Jan 20 | By Drawings     |    | 500  |      |
|        |                 |    |      |      | Jan 25 | By Bank Charges |    |      | 100  |
|        |                 |    |      |      | Jan 31 | By Balance c/d  |    | 2500 | 3600 |
|        |                 |    |      |      |        | -               |    |      |      |
|        |                 |    |      |      |        |                 |    |      |      |
|        |                 |    | 8000 | 7000 |        |                 |    | 8000 | 7000 |

26

## Trading & Profit and Loss A/c

## For the year ending 31<sup>st</sup> Dec 2023

|                             | · tilo your t |                     |        |
|-----------------------------|---------------|---------------------|--------|
| Particulars                 | Amount        | Particulars         | Amount |
| To Opening Stock            | 24000         | By Sales 125000     |        |
| To Purchase 75000           |               | Less: Returns 4000  | 121000 |
| Less: Returns 1500          | 73500         | By Closing Stock    | 30000  |
| To Wages                    | 11000         |                     |        |
| To Carriage Inward          | 3000          |                     |        |
| To Gross Profit c/d         | 39500         |                     |        |
|                             | 151000        |                     | 151000 |
| To Advertisement            | 4000          | By Gross Profit b/d | 39500  |
| To Salaries 6500            |               | By Rent Received    | 1500   |
| Add: Salary O/s <u>1500</u> | 8000          |                     |        |
| To Sales expenses           | 15000         |                     |        |
| To Depreciation – Furniture | 6000          |                     |        |
| To Net Profit (Capital A/c) | 8000          |                     |        |
|                             | 41000         |                     | 41000  |

# Balance Sheet as on 31<sup>st</sup> Dec 2023

| Liabilities          | Amount | Assets                  | Amount |
|----------------------|--------|-------------------------|--------|
| Capital 85500        |        | Furniture 60000         |        |
| Add: Net Profit 8000 | 93500  | Less: Depreciation 6000 | 54000  |
| Bills Payable        | 5000   | Bills Receivable        | 8000   |
| Creditors            | 12000  | Debtors                 | 18000  |
| Salary Outstanding   | 1500   | Closing Stock           | 30000  |
|                      |        | Cash                    | 2000   |
|                      | 112000 |                         | 112000 |