ANSWER KEY

FIRST YEAR HSE MARCH 2025

ACCOUNTANCY WITH ANALYSIS OF FINANCIAL STATEMENTS

CODE No : FY 349

Answer any eight. 1 mark each

Qn No	Sub Qns	Value Points	Score	Total score
1		b. Capital Expenditure	1	1
2		c. Duality Concept	1	1
3		d. Liability / Income	1	1
4		a. Capital	1	1
5		c. Cash Memo/ Invoice	1	1
6		d. Customer's Accountant/Customer	1	1
7		b. Error of Principle	1	1
8		Revenue Expense/Non Cash Expense	1	1
9		c. Salary a/c Dr	1	1
10		a. Cost of Goods sold + Profit	1	1

Answer any five. 2 mark each

NO	Sub Qns	Value Points	Score	Total score
11		Dual Aspect – At least two accounts are involved in recording a transaction. One account is debit and other is credit.	2	2
12	•	• Error of Commission • Error of Omission • Error of Principle • Compensating Errors	½ x 4	2
13		• Wear and Tear • Expiration of legal rights • Obsolescence • Abnormal Factors	½ x 4	2
14		P and L a/c Dr To Salary a/c Interest Received a/c Dr To P and L a/c **Note: Any correct two closing entries**	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		• Debtors – One who owes money to the business • Creditors – One to whom business owes money • Capital – Amount invested by the owner into the business • Drawings – Cash or kind withdrawn by the owner from the business for personal use **Note: Any four correct basic terms**	½ x 4	2

Answer any five. 3 mark each

NO	Sub Qns	Value Points	Score	Total score
17		a) Money Measurement – Transactions which can be expressed in terms of money can only be recorded b) Going Concern – The business will continue to carry out its business indefinitely c) Matching Concept – Expenses of an accounting period should be matched with revenues during that period	1+1+1	3
18		a) Furniture a/c Dr b) Salary a/c Dr To Cash a/c c) Machinery a/c	1+1+1	3
19		1. To check the arithmetical accuracy of books of accounts 2. To help in locate errors 3. To help in the preparation of financial statements	1+1+1	3
20		Straight Line Method with explanation Written Down Value Method with explanation	1 ½ + 1 ½	3
21		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 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 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	1+1+1	3
22		Consistency Concept	3	3

Answer any four. 4 mark each

NO	Sub Qns	Value Points	Score	Total score
23		a) **Business Entity**: - It means business and its owners are two separate persons (entities). Business has a distinct and separate entity from its owners. 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. 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. 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.	1+1+1 +1	4
24		Cash a/c Dr To Anil's Capital a/c 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	½ x 8 =	4
25		**Name of Account** / **Debit** / **Credit** Liabilities: Decrease / Increase Capital: Decrease / Increase Revenue: Decrease / Increase Expenditure: Increase / Decrease	½ x 8	4
26		BANK RECONCILIATION STATEMENT **PARTICULARS** / **AMOUNT(+)** / **AMOUNT (-)**	1+1+1	

		Bank balance as per Cash Book	50,000		+1	
		Cheque issued but not presented	8,000			4
		Dividend collected by bank	4,000			
		Bank charges		400		
		Cheque deposited but not collected		6,000		
		Bank balance as per Pass Book		55,600		
			62,000	**62,000**		

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Machinery Account

DATE	PARTICULARS	AMT	DATE	PARTICULARS	AMT	
1/4/2019	To Cash a/c (2,00,000+10,000)	2,10,000	31/3/20	By Depreciation a/c (2,10,000 * 10%)	21,000	2
				By Balance	1,89,000	
		2,10,000			**2,10,000**	
1/4/2020	To Balance	1,89,000	31/3/2021	By Depreciation a/c	18,900	4
				By Balance	1,70,100	1
		1,89,000			**1,89,000**	
1/4/2021	To Balance	1,70,100	31/3/2022	By Depreciation a/c	17,010	
				By Balance	1,53,090	1
		1,70,100			**1,70,100**	

Answer any three. 5 mark each

NO	Sub Qns	Value Points	Score	Total score
28		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.	2	
		Trading account is an acoount to find the trading results	1	
		To ascertain the profit earned or loss sustained by a business during an accounting period, this can be easily workout by preparing a **profit or loss account.**	1	5
		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 work out by preparing **Balance Sheet**	1	
29		**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 1/4x 4	
		Relevance: - To be relevant, information must be		5

		available in time, must help in prediction and feedback, and must influence the decisions of users. **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. **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.		
30		• Cheque deposited but not processed • Bank Charges debited in pass book not entered in Cash book • Cheque issued but not presented for payment • Interest on deposit only recorded in passbook • Customer directly paid into bank not entered in cash book (any 5 points)	1+1+1+1+1	5
31		Babu a/c Dr 18,000 To Suspense a/c 18,000	5	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		=175,000	+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

1 score for each transaction 1 x 8 = 8

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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**

1 score for each correct posting 1 x 8 = 8

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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
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

Trading Account = 2 score

P& L Account = 3 score

Balance sheet = 3 score

Scheme Finalised By

1. Vinod K, Vivekodayam BHSS, Thrissur - 9895454551
2. Ajith K B, GV & HSS, Aryad, Alappuzha - 9946807039
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