

Answers

GROUP-A

1. (i) (d); (ii) (b); (iii) (b); (iv) (b); (v) (b); (vi) (c); (vii) (c); (viii) (c); (ix) (c); (x) (a); (xi) (a); (xii) (c); (xiii) (c); (xiv) (c); (xv) (a); (xvi) (d); (xvii) (b); (xviii) (b); (xix) (d); (xx) (a); (xxi) (b); (xxii) (a); (xxiii) (c); (xxiv) (b).

GROUP-B

2. (i) *Accounting*: Accounting is a systematic process of identifying, measuring, recording, classifying, summarising, interpreting and communicating financial information to the users.

OR

Accounting Cycle: An Accounting Cycle is a systematic process of identifying, measuring, recording, classifying, summarising, interpreting and communicating financial information to the users.

- (ii) *Matching Concept*: According to the Matching Concept, cost incurred to earn revenue should be recognised as expense in the period when revenue is recognised as earned.
- (iii) *Fundamental Equation of Accounting*: The accounting equation is a mathematical equation which shows that the assets and liabilities of a firm are equal, *i.e.*, $\text{Assets} = \text{Liabilities} + \text{Capital}$. It is based on Dual Aspect Concept of Accounting.

OR

Going Concern Concept: According to the Going Concern Concept, it is assumed that the business will continue for a foreseeable future and there is no intention to close or scale down the operations significantly.

- (iv) *Example of Deferred Revenue Expenditure*: Advertisement Suspense, *i.e.*, large advertisement expense to be written off in more than one year.

OR

Fixed Asset: Fixed Assets are the assets which are acquired not with a purpose to resell but with a purpose to increase the earning capacity of the business.

- (v) *Journal*: Journal is a book of primary entry or a book of original entry in which transactions are first recorded in a chronological order, *i.e.*, in the order or sequence they are entered.
- (vi) It is necessary to rectify the errors because without rectification correct net profit or loss for the accounting period cannot be determined.

OR

Error of Omission: An error of omission is an error when a transaction is completely or partially omitted from being recorded in the books of account.

$$(vii) \text{ Depreciation} = \frac{\text{Total Cost} - \text{Residual Value}}{\text{Estimated Useful Life of the Asset}}$$

(viii) *Days of Grace*: Days of Grace are three extra days added to the period of Bill. It is a custom to add the Days of Grace.

OR

Advantage of Bill of Exchange: Bill of exchange can be discounted with a bank so that the enterprise allowing the credit can receive the amount immediately without the debtor having to pay before time.

(ix) *Gross Profit*: Gross profit is the excess of Net Sales over Cost of Goods Sold. It is calculated by preparing Trading Account.

(x) Receipts & Payments A/c is prepared on *Cash basis of accounting* while Income & Expenditure A/c is prepared on *accrual basis of accounting*.

OR

Capital Fund: In the case of Not-for-Profit Organisation, difference between assets and liabilities is termed as 'Capital Fund'.

(xi) *Statement of Affairs*: A Statement of Affairs is a statement of all assets and liabilities. The difference between the amounts of two sides is taken as capital.

(xii) *Hardware*: Computer Hardwares are the components of computer that have physical existence, such as Keyboard, CPU, Monitor, Mouse, etc.

OR

Timely Reporting: Availability of reports on time enables the management to take quick decisions, which is an important element for the success of an enterprise. A computerised accounting system makes these reports available as and when required.

GROUP-C

3. (i) JOURNAL

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(a)	Suspense A/c ...Dr. To Sales A/c (Being the undercasting of Sales Day Book, now rectified)		1,600	1,600
(b)	Repair Expenses A/c ...Dr. To Machinery A/c (Being the wrong debt of Machinery A/c, now rectified)		550	550
(c)	Suspense A/c ...Dr. To Purchases A/c (Being the excess total carried forward, now rectified)		180	180
(d)	Suspense A/c ...Dr. To Bikash (Being the excess amount debited, now rectified)		1,800	1,800

(ii) **Difference between Capital Reserve and Revenue Reserve**

<i>Basis</i>	<i>Capital Reserve</i>	<i>Revenue Reserve</i>
1. Source	It is set aside out of capital profits.	It is set aside out of business profits.
2. Usage	It can be used for distribution of dividends only if the company satisfies certain conditions prescribed by the Companies Act.	It can be used for distribution of dividends without any precondition.
3. Purpose	It is created for meeting capital losses or to be used for purposes specified by the Companies Act.	It is created for strengthening the financial position and meeting the unforeseen contingencies or some specific purpose.

OR

MACHINERY ACCOUNT					
<i>Dr.</i>			<i>Cr.</i>		
Date	Particulars	₹	Date	Particulars	₹
2020			2020		
Jan. 1	To Bank A/c (I)	15,000	Dec. 31	By Depreciation A/c:	
July 1	To Bank A/c (II)	5,000		I	1,500
				II	250
					1,750
			Dec. 31	By Balance c/d:	
				I	13,500
				II	4,750
					18,250
		20,000			20,000
2021			2021		
Jan. 1	To Balance b/d:		Dec. 31	By Depreciation A/c:	
	I	13,500		I	1,350
	II	4,750		II	475
		18,250			1,825
				By Balance c/d:	
				I	12,150
				II	4,275
					16,425
		18,250			18,250

(iii) *Features of Bill of Exchange:*

- (i) It is drawn and signed by the maker, *i.e.*, drawer of the bill.
- (ii) Bill of Exchange is a written order and accepted by the drawee.
- (iii) The specified amount is payable to the person named in the bill or to his order or to the bearer.
- (iv) It can be negotiated, *i.e.*, transferred by the drawer to another person.

OR

JOURNAL OF TAPAS

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2021				
Jan. 1	Bills Receivable A/c ...Dr. To Arun (Being the acceptance received from Arun)		2,000	2,000
March 4	Cash/Bank A/c ...Dr. Rebate Allowed A/c (WN) ...Dr. To Bills Receivable A/c (Being the payment received and rebate allowed)		1,991.67 8.33	2,000

Working Note:

$$\text{Rebate Allowed} = ₹ 2,000 \times \frac{5}{100} \times \frac{1}{12} = ₹ 8.33.$$

(iv) *Limitations of Computerised Accounting:*

1. **Controls:** If adequate controls are not built and, where built, are not followed, it can lead to loss of data. It is important to take back-ups at regular intervals to avoid such a situation.
2. **Data Corruption:** The data can get corrupted through viruses that may come in through the internet or the use of external input devices without scanning them for viruses.
3. **Untrained Computer Operators:** Untrained computer operators can lead to loss of data.
4. **Limitations of Software:** The software is developed on the basis of the experiences of the team of developers. As such, it may not be able to deal with a specific problem that may arise.

GROUP-D

4. (i)

BANK RECONCILIATION STATEMENT
as on 31st December, 2022

Particulars		₹
Balance as per Cash Book (Dr.)		40,000
Add: (b) Cheques drawn but not yet presented for payment		2,000
(e) Dividend credited but not recorded in Cash Book		500
		42,500
Less: (c) Bank Interest recorded twice in Cash Book	800	
(d) Cheque deposited but not yet credited	3,000	3,800
Balance as per Pass Book (Cr.)		38,700

OR

Dr.	TRIAL BALANCE (REDRAFTED)		Cr.
Particulars	₹	Particulars	₹
Opening Stock	34,200	Return Outward	16,000
Salaries	12,000	Creditors	28,000
Bank	45,000	Commission Received	3,000
Carriage Inward	6,000	Bills Payable	10,000
Discount Allowed	2,000	Capital	45,200
Purchases	1,00,000	Discount Received	4,000
Debtors	15,000	Sales	1,50,000
Carriage Outward	5,000		
Machinery	18,000		
Return Inward	3,000		
General Expenses	6,000		
Furniture	10,000		
Total	2,56,200		2,56,200

(ii) Difference between Cash Book and Receipts & Payments Account

Basis	Cash Book	Receipts & Payments Account
1. Basis	It is prepared on the basis of each receipt and payment.	It is prepared on the basis of Cash Book showing receipts and payments under appropriate head of accounts.
2. Period	Cash Book is written on daily basis.	Receipts & Payments Account is prepared at the end of accounting year. It is a summary of the Cash Book.
3. Date	Transactions are recorded datewise in the Cash Book.	Transactions under this are not written datewise.
4. Institutions	It is prepared by all organisations be it Not-for-Profit Organisation or a commercial establishment.	It is prepared by the Not-for-Profit Organisation.
5. Side	Cash Book is divided into debit and credit sides.	Under it, there are receipts and payments sides instead of debit and credit sides.
6. Ledger Folio	Cash Book has a separate column for Ledger Folio.	There is no column of Ledger Folio.

OR

Siliguri Cultural Society

Dr.	INCOME & EXPENDITURE ACCOUNT for the year ended 31st December, 2022		Cr.
Expenditure	₹	Income	₹
To Paper, Ink, etc.	1,900	By <i>Subscription:</i>	
To Repairing Expenses	20,000	Received	50,000
To Miscellaneous Expenses	20,000	<i>Add:</i> Outstanding Subscription	5,000
<i>Add:</i> Outstanding Expenses	1,000		55,000
To Insurance Premium	30,000	<i>Less:</i> Advance Subscription	6,000
<i>Less:</i> Prepaid	1,200	By Interest on Loan	9,000
To Surplus (Balance)	22,800	By Entrance Fees	15,000
		By Interest from Bank	5,000
		By Sale of Old Newspapers	1,500
		By Donation (50% of ₹ 30,000)	15,000
	94,500		94,500

(iii)

Dr.		SUNDRY DEBTORS ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Balance <i>b/d</i>	12,100	By Cash/Bank A/c	64,000		
To Sundry Charges A/c	500	By Bills Receivable A/c	5,000		
To Credit Sales (Balancing Figure)	80,200	By Bad Debts A/c	2,000		
		By Discount Allowed A/c	1,000		
		By Return Inward A/c	800		
		By Balance <i>c/d</i>	20,000		
	92,800		92,800		

OR

Meaning of Single Entry System: Single Entry System of accounting is a system in which accounting records are not maintained according to Double Entry System of book keeping.

Limitations of Single Entry System:

- (i) *Arithmetical Accuracy cannot be Proved:* Trial Balance cannot be prepared hence, arithmetical accuracy of books cannot be proved or tested. Chances of error, mischief or fraud remaining undetected are high.
- (ii) *No Control on Assets:* Since asset accounts are not maintained, it is difficult to keep full control, in order to avoid misappropriations of assets.
- (iii) *Correct Profit or Loss cannot be Determined:* Trading and Profit and Loss Account cannot be prepared hence, correct profit earned or loss incurred during the accounting period cannot be determined.
- (iv) *True Financial Position of the Business cannot be Assessed:* In the absence of assets accounts, it is difficult to determine correct financial position of the business on any particular day by preparing a Balance Sheet.

GROUP-E

5.

Dr.		TRADING ACCOUNT		Cr.	
		for the year ended 31st March, 2022			
Particulars	₹	Particulars	₹		
To Opening Stock	30,000	By Sales	1,35,000		
To Purchases	1,10,000	Less: Sales Return	5,000		1,30,000
Less: Purchase Return	3,000	By Closing Stock			30,000
To Wages	8,000				
To Gross Profit <i>c/d</i>	15,000				
	1,60,000				1,60,000

Dr.		PROFIT & LOSS ACCOUNT for the year ended 31st March, 2022		Cr.	
Particulars	₹	Particulars	₹		
To General Expenses	6,000	By Gross Profit <i>b/d</i>	15,000		
To Rent	6,000	By Sundry Income	2,000		
To Salaries	5,000	By Accrued Interest	800		
<i>Add: Outstanding Salary</i>	<u>2,100</u>	By Net Loss (Transferred to Capital A/c)	9,000		
To Provision for Doubtful Debts	2,500				
To <i>Depreciation:</i>					
Furniture	1,200				
Plant and Machinery	<u>4,000</u>				
	26,800				
			26,800		

BALANCE SHEET
as on 31st March, 2022

Liabilities	₹	Assets	₹
Sundry Creditors	30,000	Cash	8,000
Outstanding Salary	2,100	Bills Receivable	12,000
Capital	1,30,000	Sundry Debtors	50,000
<i>Less: Drawings</i>	<u>8,000</u>	<i>Less: Provision for Doubtful Debts</i>	<u>2,500</u>
	1,22,000	Accrued Interest	800
<i>Less: Net Loss</i>	<u>9,000</u>	Closing Stock	30,000
	1,13,000	Furniture	12,000
		<i>Less: Depreciation</i>	<u>1,200</u>
		Plant and Machinery	40,000
		<i>Less: Depreciation</i>	<u>4,000</u>
			36,000
	<u>1,45,100</u>		<u>1,45,100</u>