

SAMPLE QUESTION PAPER - 4

Accountancy (055)

Class XI (2024-25)

Time Allowed: 3 hours

Maximum Marks: 80

General Instructions:

1. This question paper contains 34 questions. All questions are compulsory.
2. This question paper is divided into two parts, Part A and B.
3. Question 1 to 17 and 27 to 29 carries 1 mark each.
4. Questions 18 to 20 and 30 to 32 carries 3 marks each.
5. Questions from 21 to 23 carries 4 marks each.
6. Questions from 24 to 26, 33 and 34 carries 6 marks each.

Part A

1. Each cheque has a counterfoil in which the same details as entered in the cheque are filled. The counterfoil remains with the _____ for future purposes. [1]

| | |
|-------------------|------------------------------------|
| a) cashier | b) bank |
| c) account holder | d) Both cashier and account holder |
2. **Assertion (A):** If Cash = ₹20,000, Machinery = ₹30,000, Stock = ₹10,000, Creditors = ₹40,000, then the net worth of the firm is ₹20,000. [1]
Reason (R): Capital = Liabilities - Assets.

| | |
|---|---|
| a) Both A and R are true and R is the correct explanation of A. | b) Both A and R are true but R is not the correct explanation of A. |
| c) A is true but R is false. | d) A is false but R is true. |
3. Which of the following accounts has a credit balance? [1]

| | |
|---------------------|----------------------|
| a) Discount Allowed | b) Discount Received |
| c) Carriage Inward | d) Carriage Outward |
4. Following are the steps involved in developing an accounting equation (in particular order). Arrange the steps in correct sequence. [1]



- i. Find out the effect (in terms of increase or decrease) of a transaction on assets, capitals or liabilities.
- ii. Show the effect on appropriate side of an equation and ensure that the total of right hand side is equal to the total of left hand side.
- iii. Ascertain the variables (i.e. assets, liabilities or capital) involved in a transaction.

a) (iii), (i), (ii)

b) (iii), (ii), (i)

c) (ii), (iii), (i)

d) (i), (ii), (iii)

OR

Which equation is incorrect out of the following:

a) Liabilities = Assets - Capital

b) Assets = Liabilities - Capital

c) Assets = Liabilities + Capital

d) Capital = Assets - Liabilities

5. When a trader sells goods on credit, he prepares a sale _____ which contains the name of the party to whom goods are sold, the rate, quantity and the total amount of sale. [1]

a) both bill and invoice

b) bill

c) memo

d) invoice

6. Cost of Goods Manufactured is determined by: [1]

a) Cost Accounting

b) Human Resource Accounting

c) Financial Accounting

d) Management Accounting

OR

Book Keeping and Accounting:

- i. means the same and are used interchangeably.
- ii. does not mean the same and are not used interchangeably.
- iii. means both (i) and (ii).
- iv. None of these.

a) Statement (i) is correct

b) Statement (iv) is correct



c) Both statement (i) and (ii) is correct

d) Statement (ii) is correct

7. Profit on sale of fixed asset is used to create: [1]

a) Capital Reserve

b) Specific Reserve

c) Reserve Capital

d) General Reserve

8. Debit mean [1]

a) a decrease in asset

b) an increase in the proprietor's equity

c) an increase in asset

d) an increase in liability

OR

Withdrawal of cash from the business by the proprietor is credited to:

a) Drawing A/c

b) Profit and Loss A/c

c) Capital A/c

d) Cash A/c

9. Income is measured on the basis of: [1]

a) Consistency Concept

b) Cost Concept

c) revenue recognition

d) Matching Concept

10. Recognition of cost in the same period as associated revenues is called _____. [1]

a) Dual aspect principle

b) Cost principle

c) Matching principle

d) Full disclosure principle

11. Reserves are important because they help in: [1]

A. meeting the future contingencies

B. strengthening the financial position of the business

C. redemption of liabilities like debenture

a) (A)

b) All of these

c) (B)

d) (C)



12. Current Liabilities do not include [1]
- | | |
|-------------------------|----------------------|
| a) Bills Payable | b) Prepaid Insurance |
| c) Outstanding Salaries | d) Sundry Creditors |
13. In which book credit sales of goods are recorded [1]
- | | |
|----------------------|-------------------------|
| a) Purchase Book | b) Purchase Return Book |
| c) Sales Return book | d) Sales Book |
14. If the total liabilities of a business decrease by Rs.5000 what will be the effect on total asset? (assuming the amount of capital remain same) [1]
- | | |
|------------------------|-------------------------|
| a) Increase by Rs.5000 | b) Increase by Rs.10000 |
| c) Decrease by Rs.5000 | d) Remain constant |
15. The nature of accrued income is: [1]
- | | |
|-------------|--------------|
| a) asset | b) revenue |
| c) expenses | d) liability |
- OR
- The nature of capital is
- | | |
|---------------|----------------|
| a) an income | b) a liability |
| c) an expense | d) an asset |
16. The source document for recording entries in the sales return book is generally the _____. [1]
- | | |
|---------------------|------------------|
| a) debit note | b) credit note |
| c) Transfer voucher | d) trial balance |
17. _____ is a reserve which does not appear in the balance sheet. [1]
- | | |
|---------------------|--------------------|
| a) Specific reserve | b) Secret reserve |
| c) Capital reserve | d) General reserve |

18. What do you mean by posting? [3]

OR

Exe Co. has purchased 50 computers from HCL and is allowed a discount of ₹10,000 for purchase thereof. Is the discount allowed Trade Discount or a Cash Discount? How will you record it in the books of account?

19. Explain any three points highlighting the utility of accounting standards. [3]

OR

Give two advantages of GST.

20. Distinguish between expenses and expenditure. [3]

21. The following are the balances extracted from the books of Amit. Prepare a Trial Balance as on 31st March, 2023: [4]

| | ₹ | | ₹ |
|------------------|----------|---------------------|--------|
| Cash | 2,000 | Sundry Creditors | 40,000 |
| Capital | 80,000 | Investment | 8,000 |
| Purchases | 85,000 | Plant and Machinery | 15,000 |
| Sales | 1,08,400 | Building | 20,000 |
| Purchases Return | 6,000 | Furniture | 6,000 |
| Sales Return | 4,000 | Electricity | 700 |
| Transportation | 1,800 | Postage | 400 |
| Discount Allowed | 500 | Drawings | 8,000 |
| Printing | 5,000 | Salaries | 6,000 |
| Sundry Debtors | 70,000 | Travelling Expenses | 2,000 |
| Input CGST A/c | 2,500 | Output CGST A/c | 1,500 |
| Input SGST A/c | 2,500 | Output SGST A/c | 1,500 |
| Input IGST A/c | 4,000 | Output IGST A/c | 6,000 |

22. Enter the following transaction in a two column cash book [4]

| 2013 | | Amt (Rs.) |
|-------|----------------|-----------|
| Feb 1 | Cash in hand | 75,000 |
| Feb 5 | Paid to Kartik | 15,000 |

| | | |
|--------|---|--------|
| | Discount allowed by Kartik | 500 |
| Feb 8 | Goods purchased | 20,000 |
| Feb 10 | Received from Parth | 49,000 |
| | Discount allowed to Parth | 1,000 |
| Feb 16 | Goods sold | 20,000 |
| Feb 21 | Paid to Aroha | 14,750 |
| | Discount allowed by him | 250 |
| Feb 28 | Paid wages for the month | 25,000 |
| | Paid in full settlement of Rs. 20,000 to Amit | 19,500 |

23. The cash book shows a bank balance of ₹ 7,800. On comparing the cash book with the passbook the following discrepancies were noted: [4]
- Cheque deposited in bank but not credited ₹ 3,000
 - Cheque issued but not yet present for payment ₹ 1,500
 - An insurance premium paid by the bank ₹ 2,000
 - Bank interest credit by the bank ₹ 400
 - Bank charges ₹ 100
 - Directly deposited by a customer ₹ 4,000

OR

Govind maintains his Current Account with HDFC Bank. On 31st March, 2023, the bank column of Cash Book showed an overdraft of ₹ 42,000 in his Current Account. From the following particulars, prepare Bank Reconciliation Statement as on 31st March, 2023:

- A cheque of ₹ 1,040 deposited was dishonoured and bank charges debited in the Pass Book were ₹ 110. It was not recorded in the Cash Book.
- Out of the total cheques of ₹ 1,00,000 issued, cheques aggregating ₹ 30,000 were debited in March, cheques aggregating ₹ 40,000 were debited in April, and the rest have not yet been debited.
- Payments side of the Cash Book is undercast by ₹ 3,000.
- A cheque of ₹ 4,000 received from Om on 20th March, 2023 was recorded in the discount column of the Cash Book and was not banked.

v. ₹ 80 for bank charges were recorded two times in the Cash Book whereas bank levied annual charges of ₹ 70, which were not recorded in the Cash Book.

24. Enter the following transactions in the Journal of Govind:

[6]

| 2023 | | ₹ |
|---------|---|----------|
| June 1 | Govind invested capital in cash | 1,00,000 |
| June 3 | Purchased goods from Harsh | 10,000 |
| June 5 | Purchased goods for cash | 8,000 |
| June 8 | Purchased goods from Manoj for cash | 7,000 |
| June 10 | Sold goods to Kunal on credit. | 2,000 |
| June 12 | Sold goods to Neeraj for cash | 1,500 |
| June 14 | Goods returned by Kunal | 500 |
| June 16 | Goods returned to Harsh | 360 |
| June 18 | Machinery purchased from Sonu | 8,000 |
| June 19 | Paid to Harsh on account | 5,000 |
| June 25 | Cash withdrawn for Personal use | 5,000 |
| June 30 | Old newspapers sold | 200 |
| June 30 | Received loan from Manish and deposited in bank | 50,000 |

OR

Following transactions of Ramesh for April, 2018 are given below. Journalise them.

| 2018 | | Rs. |
|--------|------------------------------------|----------|
| Apr 1 | Ramesh started business with cash | 1,00,000 |
| Apr 2 | Paid into bank | 20,000 |
| Apr 3 | Bought goods for cash | 50,000 |
| Apr 4 | Drew cash from bank for office use | 10,000 |
| Apr 13 | Sold goods in Krishna on credit | 15,000 |
| Apr 20 | Bought goods from Shyan on credit | 22,500 |
| Apr 24 | Received from Krishna | 12,500 |
| | Allowed him discount | 500 |
| Apr 28 | Paid cash to Shyam | 21,500 |



| | | |
|--------|--------------------------|--------|
| | Discount received | 1,000 |
| Apr 28 | Krishna returned goods | 2,000 |
| Apr 30 | Cash sales for the month | 80,000 |
| Apr 30 | Paid rent | 5,000 |
| Apr 30 | Paid salary | 10,000 |

25. Rectify the following errors identified in the books of Goel. The Trial Balance did not match, ₹ 14,930 being excess credit. The difference was placed in Suspense Account: [6]

- i. An amount of ₹ 100 was received from Das on 31st March, 2023 but was entered in the Cash Book on 4th April, 2023.
- ii. Returns Inward Book for March was short casted by ₹ 1,000.
- iii. Purchase of an office table for ₹ 3,000 was passed through the Purchases Book.
- iv. ₹ 3,750 paid for wages to workmen for making showcases was charged to the Wages Account.
- v. Purchase of ₹ 670 was posted to Creditor's Account as ₹ 600.
- vi. A cheque for ₹ 200 received from Kuldeep was dishonoured and was debited to the 'Printing and Stationery Account'.
- vii. ₹ 10,000 paid for purchase of a motorcycle was debited to 'Miscellaneous Expenses Account'.
- viii. An amount of ₹ 10,000 owed by Danish was omitted from Sundry Debtors.
- ix. Daman paid ₹ 6,700 but her account was wrongly credited with ₹ 10,700.

OR

A Book-keeper finds that the totals of his trial balance disagree by ₹ 2,800. He temporarily debits a Suspense Account with this amount and closes the books. On an examination of the books, the following errors are discovered:

- i. The total of Purchase Return Book ₹ 710 was posted Twice.
- ii. Goods costing ₹ 800 were distributed as free samples but no entry was passed in the books.
- iii. Purchase of Machinery for ₹ 5,600 on credit was recorded in Purchase Book as ₹ 6,500.
- iv. Cash Sales to Roshan Gupta for ₹ 1,200 were recorded in Cash Book as well as in Sales Book and were posted from both.



- v. Closing Stock has been overvalued by ₹ 1,500.
- vi. Sales Return Book was untotaled, though personal accounts were posted ₹ 1,580.
- vii. No entries have been made in the Cash Book for the Insurance Premium directly paid by bank ₹ 700 and interest charged on overdraft ₹ 320.
- viii. A sum of ₹ 200 for Drawings on the Credit Side of Cash Book was not posted to the Drawings account.

Pass entries to rectify the above errors. Close the Suspense Account already opened.

26. On 1st July, 2020, X Ltd. purchased a machinery for ₹ 15,00,000. Depreciation is provided @ 20% p.a. on the original cost of the machinery and books are closed on 31st March each year. On 31st May, 2022, a part of this machine purchased on 1st July 2020 for ₹ 3,60,000 was sold for ₹ 2,40,000 and on the same date new machinery was purchased for ₹ 4,20,000. You are required to prepare: [6]
- a. Machinery Account,
 - b. Provision for Depreciation Account, and
 - c. Machinery Disposal Account

OR

On 1st October 2014, Bansal Pvt. Ltd. purchased machinery for Rs 12,00,000. On 31st May, 2016, a part of the machinery purchased on 1st October 2014 for Rs 1,60,000 was sold for Rs 60,000. On the same date, fresh machinery was purchased for Rs 3,00,000. Depreciation is provided at 20% per annum on the written down value method and the books are closed on 31st March each year. You are required to prepare (a) Machinery Account, (b) Provision for Depreciation Account, and (c) Machinery Disposal Account.

Part B

27. Single Entry System of book keeping is: [1]
- a) Inaccurate
 - b) Unscientific
 - c) Unsystematic
 - d) All of these

OR

Commission received in advance is to be shown in statement of affairs on

- a) Liabilities side
- b) Total assets
- c) Total liabilities
- d) Cash balance

ii. Accrued Interest

33. Mr. Muneesh maintains his books of accounts from incomplete records. His books provide the information: [6]

| | April. 01, 2016 (₹) | March. 31, 2017 (₹) |
|------------------|---------------------|---------------------|
| Cash | 1,200 | 1,600 |
| Bills receivable | - | 2,400 |
| Debtors | 16,800 | 27,200 |
| Stock | 22,400 | 24,400 |
| Investment | - | 8,000 |
| Furniture | 7,500 | 8,000 |
| Creditors | 14,000 | 15,200 |

He withdrew ₹ 300 per month for personal expenses. He sold his investment of ₹ 16,000 at 2% premium and introduced that amount into business.

OR

What is meant by single entry system of accounts and give any three salient features.

34. The following Trial Balance has been extracted from the books of Shri Sanjay Kumar as at 31st March, 2023: [6]

| | Dr. ₹ | Cr. ₹ |
|--------------------------|----------|----------|
| Plant and Machinery | 1,00,000 | |
| Furniture | 12,000 | |
| Capital Account | | 1,91,000 |
| Household Expenses | 16,000 | |
| Sales | | 4,68,000 |
| Loose Tools | 20,000 | |
| Goodwill | 10,000 | |
| Opening Stock (1-4-2022) | 20,000 | |
| Returns Outward | | 4,000 |
| Discount | | 6,000 |
| Purchases | 2,12,000 | |

| | | |
|--------------------------------|-----------------|-----------------|
| Returns Inwards | 8,000 | |
| Wages | 1,00,000 | |
| Salaries | 60,000 | |
| Outstanding Salaries | | 5,000 |
| Investments at 10% p.a. | 6,000 | |
| Interest on Investments | | 300 |
| Sundry Creditors | | 24,000 |
| Miscellaneous Receipts | | 2,000 |
| Carriage Inwards | 12,000 | |
| General Expenses and Insurance | 39,000 | |
| Advertisement Expenses | 15,000 | |
| Postage | 4,000 | |
| Sundry Debtors | 56,000 | |
| B. Bhuwan | 2,000 | |
| Cash Balance | 14,000 | |
| Bank | | 3,200 |
| Suspense Account | | 2,500 |
| | 7,06,000 | 7,06,000 |

The following additional information is available:-

- Stock on 31st March, 2023 was ₹ 30,800.
- Depreciation is to be charged on Plant and Machinery at 5% and Furniture at 6%. Loose Tools are revalued at ₹ 16,000.
- Create a provision of 2% for Discount on Debtors.
- Salary of ₹ 2,000 paid to Shri B. Bhuwan, a temporary employee, stands debited to his personal account and it is to be corrected.
- Write off $\frac{1}{5}$ th of advertisement expenses.

You are to prepare Trading and Profit & Loss Account for the year ended 31st March, 2023 and a Balance Sheet as at that date.

OR

From the following trial balance, prepare the trading and profit and loss account for the year ended 31st March, 2013 and the balance sheet as at that date.

| Name of Accounts | Amt(Rs) | Name of Accounts | Amt(Rs) |
|---------------------------|----------|------------------------------|----------|
| Salaries | 20,446 | Sales | 1,32,840 |
| Bills receivable | 12,754 | Capital | 1,00,000 |
| Investments | 80,000 | Provision for doubtful debts | 5,000 |
| Furniture | 24,000 | 10% Loan (1st October, 2012) | 20,000 |
| Opening stock | 9,000 | Discount received | 800 |
| Purchases | 60,000 | Sundry creditors | 18,600 |
| Sundry debtors | 40,000 | Bills payable | 10,000 |
| Interest on loan | 800 | Outstanding salaries | 1,000 |
| Insurance premium | 1,800 | Bad debts recovered | 400 |
| Wages | 9,200 | Interest on investments | 4,000 |
| Rent | 3,040 | Trading commission | 14,000 |
| Bad debts | 2,400 | | |
| Carriage Outwards | 1,200 | | |
| Cash at Bank | 20,000 | | |
| Depreciation of furniture | 5,000 | | |
| Accrued commission | 2,000 | | |
| Advertisement | 15,000 | | |
| | 3,06,640 | | 3,06,640 |

Additional Information

- i. Closing stock Rs 12,000.
- ii. Goods costing Rs 2,000 were distributed as free samples while goods costing Rs 1,000 were taken by the proprietor for personal use.
- iii. A credit sale of Rs 4,000 was not recorded in the sales book.
- iv. Closing stock included goods costing Rs 2,000 which were sold and recorded as sales but not delivered to the customer.
- v. Maintain provision for doubtful debts @ 5%.

Solution
SAMPLE QUESTION PAPER - 4
Accountancy (055)
Class XI (2024-25)

Part A

1.
(c) account holder
Explanation:
account holder
2.
(c) A is true but R is false.
Explanation:
 $\text{Capital} = \text{Assets} - \text{Liabilities}$
 $\therefore \text{Net Worth (Capital)} = (20,000 + 30,000 + 10,000) - 40,000$
 $= ₹20,000$
3.
(b) Discount Received
Explanation:
As per the Nominal accounting rules discount received is profit and has a credit balance.
4. (a) (iii), (i), (ii)
Explanation:
(iii), (i), (ii)

OR

- (b) $\text{Assets} = \text{Liabilities} - \text{Capital}$
Explanation:
 $\text{Assets} = \text{Liabilities} - \text{Capital}$
5. (a) both bill and invoice
Explanation:
both bill and invoice
6. (a) Cost Accounting
Explanation:
Cost of Goods Manufactured is determined by Cost Accounting. The cost of goods manufactured total is also a component of the cost of goods sold calculation.

OR

- (d) Statement (ii) is correct



Explanation:

Book Keeping and Accounting does not mean the same and are not used interchangeably. At the same time, both these processes are inherently different and have their own sets of advantages.

7. (a) Capital Reserve

Explanation:

Profit on sale of fixed assets is Capital Reserve.

8.

(c) an increase in asset

Explanation:

A debit is an accounting entry that results in either an increase in assets or a decrease in liabilities.

OR

(d) Cash A/c

Explanation:

Withdrawal of cash from the business by the proprietor for his personal use is credited to Cash A/c.

9.

(d) Matching Concept

Explanation:

Income is measured on the basis of Matching Concept. The purpose of the matching concept is to avoid misstating earnings for a period.

10.

(c) Matching principle

Explanation:

Matching principle

11.

(b) All of these

Explanation:

Reserve:- Reserves out of profits are required for various purposes. Reserve are appropriation against profit. They help in meeting the unforeseen contingencies that may arise in the future, help in the expansion of the business. They may also be used to distribute dividends and pay off the liabilities like debentures.

12.

(b) Prepaid Insurance



Explanation:

Prepaid Insurance

13.

(d) Sales Book

Explanation:

Sale Book is prepared for recording credit sale transaction.

14.

(c) Decrease by Rs.5000

Explanation:

If liability decrease by 5000 this means there is a payment for any liability which means cash outflow . Cash is an assets which get decreases when we pay liability which means assets also decreases with same amount.

15. **(a) asset**

Explanation:

The nature of accrued income is an asset. It is a current asset.

OR

(b) a liability

Explanation:

The nature of capital is a liability. It is an internal liability.

16.

(b) credit note

Explanation:

As we have to inform the customer that his account has been credited.

17.

(b) Secret reserve

Explanation:

Secret reserve

18. **Posting or posting the Entries means:**

The process of transferring the information contained in a Journal to a Ledger is called Posting. The following procedure is followed for posting the debit and credit aspects of the transaction recorded in a Journal.

Posting of Account debited or credited in a Journal entry: The steps to be followed are:

- i. Identify in the Ledger the account to be debited or credited.
- ii. Enter the date of the transaction in the 'Date' column on the debit or credit side of the account.



- iii. Write the name of the account which has been credited or debited in the respective entry in the 'Particulars' column on the debit or credit side of the amount as 'To or by (name of account credited or debited)'.
- iv. Record the page number of the Journal where the entry exists in the Journal folio (J.F) column.
- v. Enter the relevant amount in the 'Amount' column on the debit or credit side.

OR

Discount allowed by HCL is a Trade Discount. It is not recorded separately in the books of account. Instead purchase is recorded at net value, i.e., Purchase Price less Trade Discount.

19. Accounting is often considered the language of business, as it communicates to others the financial position of the company. And like every language has certain syntax and grammar rules the same is true here. These rules in the case of accounting are the Accounting Standards (AS). They are the framework of rules and regulations for accounting and reporting in a country. Let us see the main objectives of forming these standards.
- i. The main aim is to improve the reliability of financial statements. Now because the financial statements have to be made following the standards the users can rely on them. They know that not conforming to these standards can have serious consequences for the companies.
 - ii. Secondly it facilitates the comparability. Following these standards will allow for inter-firm and intra-firm comparisons. This allows us to check the progress of the firm and its position in the market.
 - iii. It also looks to provide one set of accounting policies that include the necessary disclosure requirements and the valuation methods of various financial transactions.

OR

Two advantages of GST are: decrease the cost of goods and reduces tax invasion.

20. Expense is the cost incurred in producing and selling goods and services. Example: cost of goods sold and the amount paid for salaries, rent, commission, etc. On the other hand, expenditure is a wider term which includes expenses also. Expenditure is the amount spent on acquiring assets, goods and services.

21. **Trial Balance as on 31st March**

| Heads of Account | L.F. | Dr. (₹) | Cr. (₹) |
|------------------|------|---------|----------|
| Cash | | 2,000 | |
| Capital | | | 80,000 |
| Purchases | | 85,000 | |
| Sales | | | 1,08,400 |

| Heads of Account | L.F. | Dr. (₹) | Cr. (₹) |
|-----------------------|------|-----------------|-----------------|
| Purchases Return | | | 6,000 |
| Sales Return | | 4,000 | |
| Transportation | | 1,800 | |
| Discount Allowed | | 500 | |
| Printing | | 5,000 | |
| Sundry Debtors | | 70,000 | |
| Input CGST A/c | | 2,500 | |
| Input SGST A/c | | 2,500 | |
| Input IGST A/c | | 4,000 | |
| Sundry Creditors | | | 40,000 |
| Investment | | 8,000 | |
| Plant & Machinery A/c | | 15,000 | |
| Building | | 20,000 | |
| Furniture | | 6,000 | |
| Electricity | | 700 | |
| Postage | | 400 | |
| Drawings | | 8,000 | |
| Salaries | | 6,000 | |
| Travelling Expenses | | 2,000 | |
| Output CGST A/c | | | 1,500 |
| Output SGST A/c | | | 1,500 |
| Output IGST A/c | | | 6,000 |
| | | 2,43,400 | 2,43,400 |

22.

Cash Book

| Date | Particulars | L/F | Discount Allowed (Rs.) | Cash (Rs.) | Date | Particulars | L/F | Discount Received (Rs.) | Cash (Rs.) |
|------|-------------|-----|------------------------|------------|------|-------------|-----|-------------------------|------------|
| 2013 | | | | | 2013 | | | | |

| | | | | | | | | | |
|-----------|-------------------|--|----------------|-------------------|-----------|------------------------|--|----------------|-------------------|
| Feb 1 | To Balance b/d | | | 75,000 | Feb 5 | By Kartik A/c | | 500 | 15,000 |
| Feb 10 | To Parth A/c | | 1,000 | 49,000 | Feb 8 | By Purchases A/c | | | 20,000 |
| Feb 16 | To Sales A/c | | | 20,000 | Feb 21 | By Aroha A/c | | 250 | 14,750 |
| | | | | | Feb 28 | By Wages A/c | | | 25,000 |
| | | | | | Feb 28 | By Amit A/c | | 500 | 19,500 |
| | | | | | Feb 28 | By Balance c/d | | | 49,750 |
| | | | 1,000 ===== | 1,44,000 ===== | | | | 1,250 ===== | 1,44,000 ===== |
| Mar 1 | To Balance b/d | | | 49,750 | | | | | |

Discount column is used to record cash discounts: discount allowed column at the debit side, discount received column at the credit side. The discount columns are not accounts.

23.

Bank Reconciliation Statement

| S. No. | Particulars | Plus ₹ | Minus ₹ |
|--------|--|--------|---------|
| | Balance as per the Cash Book | 7,800 | |
| (a) | Cheque deposited but not credited in the Pass Book | | 3,000 |
| (b) | Cheque issued but not yet presented for payment | 1,500 | |
| (c) | An insurance premium paid by bank | | 2,000 |
| (d) | Bank allowed interest | 400 | |
| (e) | Bank debited charges | | 100 |
| (f) | Amount directly deposited by the customer | 4,000 | |
| | Balance as per the Pass Book | | 8,600 |
| | | 13,700 | 13,700 |

OR

BANK RECONCILIATION STATEMENT

as on 31st March, 2023

| Particulars | Amount Details (₹) | Amount ₹ |
|---|-----------------------|-------------|
| Overdraft Balance as per Cash Book (Cr.) | | 42,000 |
| Add: Cheque deposited dishonoured | 1,040 | |
| Bank charges for dishonoured cheque | 110 | |
| Payments side of Cash Book is undercast (WN 1) | 3,000 | |
| Annual charges not recorded in Cash Book | 70 | 4,220 |
| | | 46,220 |
| Less: Cheques issued but not presented for payment (₹ 1,00,000 - ₹ 30,000) | 70,000 | |
| Bank charges recorded twice in Cash Book | 80 | 70,080 |
| Balance as per Bank Pass Book (Cr.) | | 23,860 |

Working Notes:

- 1. Cash Book balance is undercast by ₹ 3,000, therefore to arrive at the Bank Pass Book balance, this amount will be shown on the addition side.
- 2. Cheque received from Om was recorded in the discount column of Bank Column of the Cash Book. Besides, this cheque was not recorded in the Bank Pass Book as it was not banked. Since this cheque has not been recorded anywhere, it will not effect the Bank Reconciliation Statement.

24.

In the Books of Govind

Journal Entries

| Date | Particulars | L.F. | Debit Amount (₹) | Credit Amount (₹) |
|---------|--|------|---------------------|----------------------|
| 2023 | | | | |
| June 01 | Cash A/c Dr. | | 1,00,000 | |
| | To Capital A/c (Commenced business with cash) | | | 1,00,000 |
| June 03 | Purchases A/c Dr. | | 10,000 | |
| | To Harsh's A/c (goods purchases by Harsh) | | | 10,000 |

| | | | | |
|---------|--|-----|-------|-------|
| June 05 | Purchases A/c | Dr. | 8,000 | |
| | To Cash A/c (goods Purchased in cash) | | | 8,000 |
| June 08 | Purchases A/c | Dr. | 7,000 | |
| | To Cash A/c (goods purchased by Manoj in cash) | | | 7,000 |
| June 10 | Kunal's A/c | Dr. | 2,000 | |
| | To Sales A/c (goods sold to Kunal) | | | 2,000 |
| June 12 | Cash A/c | Dr. | 1,500 | |
| | To Sale A/c (goods sold to Neeraj) | | | 1,500 |
| June 14 | Sales Return A/c | Dr. | 500 | |
| | To Kunal's A/c (goods returned by Kunal) | | | 500 |
| June 16 | Harsh's A/c | Dr. | 360 | |
| | To Purchases Return A/c (goods returned to Harsh) | | | 360 |
| June 18 | Machinery A/c | Dr. | 8,000 | |
| | To Sonu's A/c (machinery purchased from Sonu) | | | 8,000 |
| June 19 | Harsh's A/c | Dr. | 5,000 | |
| | To Cash A/c (amount paid to Harsh) | | | 5,000 |
| June 25 | Drawings A/c | Dr. | 5,000 | |
| | To Cash A/c (cash withdrawn for personal use) | | | 5,000 |
| June 30 | Cash A/c | Dr. | 200 | |



| | | | | |
|------------|--|-----|--------|--------|
| | To Newspaper A/c (old newspaper sold) | | | 200 |
| June 30 | Bank A/c | Dr. | 50,000 | |
| | To Manish loan's A/c (Manish's Loan amount deposited into bank) | | | 50,000 |

OR

Journal Entries

| Date | Particulars | | L.F. | Dr. | Cr. |
|------------|--|-----|------|----------|----------|
| 2018 | | | | Rs. | Rs. |
| April 1 | Cash Account | Dr. | | 1,00,000 | |
| | To Capital Account | | | | 1,00,000 |
| | (Being business started with cash Rs.1,00,000) | | | | |
| 2 | Bank Account | Dr. | | 20,000 | |
| | To Cash Account | | | | 20,000 |
| | (Being deposited into Bank Rs .20,000) | | | | |
| 3 | Purchases Account | Dr. | | 50,000 | |
| | To Cash Account | | | | 50,000 |
| | (Being purchased goods for cash) | | | | |
| 4 | Cash Account | Dr. | | 10,000 | |
| | To Bank Account | | | | 10,000 |
| | (Being Drew cash Rs.10,000 from bank for office use) | | | | |
| 13 | Krishna Account | Dr. | | 15,000 | |
| | To Sales Account | | | | 15,000 |
| | (Being goods sold for Rs.15,000) | | | | |
| 20 | Purchases Account | Dr. | | 22,500 | |
| | To Shyam's Account | | | | 22,500 |
| | (Being goods purchased Rs.22,500) | | | | |
| 24 | Cash Account | Dr. | | 12,500 | |

| | | | | |
|----|---|-----|--------|--------|
| | Discount A/c | Dr. | 500 | |
| | To Krishna Account | | | 13,000 |
| | (Being Cash Received from Krishna & Allowed discount) | | | |
| 28 | Shyam Account | Dr. | 22,500 | |
| | To Cash Account | | | 21,500 |
| | To Discount A/c | | | 1,000 |
| | (Being Cash Paid Shyam in Cash and discount Received) | | | |
| 28 | Sales Return A/c | Dr. | 2,000 | |
| | To Krishna's A/c | | | 2,000 |
| | (Being goods returned by Krishna) | | | |
| 30 | Cash Account | Dr. | 80,000 | |
| | To Sales Account | | | 80,000 |
| | (Being Cash sales recorded in the books) | | | |
| 30 | Rent Account | Dr. | 5,000 | |
| | Salary Account | Dr. | 10,000 | |
| | To Cash Account | | | 15,000 |
| | (Being rent of Rs.5000 and salary of Rs.10,000 paid) | | | |

25. Following entries should be passed on 31st March, 2023:

RECTIFYING JOURNAL ENTRIES

| Date | Particulars | | L.F. | Dr.(₹) | Cr.(₹) |
|-------|--|--------|------|--------|--------|
| (i) | Bank A/c | ...Dr. | | 100 | |
| | To Das (Note) | | | | 100 |
| | (the amount received) | | | | |
| (ii) | Returns Inward A/c | ...Dr. | | 1,000 | |
| | To Suspense A/c | | | | 1,000 |
| | (mistake in totalling the Returns Inward Book corrected) | | | | |
| (iii) | Furniture A/c | ...Dr. | | 3,000 | |
| | To Purchases A/c | | | | 3,000 |

| | | | | | |
|--------|---|--------|--------|--------|--------|
| | (rectification of mistake by which purchase of furniture was entered in Purchases Book) | | | | |
| (iv) | Furniture A/c | ...Dr. | 3,750 | | |
| | To Wages A/c | | | | 3,750 |
| | (wages paid to workmen for making showcases which should be capitalised and not charged to the Wages Account) | | | | |
| (v) | Suspense A/c | ...Dr. | 70 | | |
| | To Creditor's A/c | | | | 70 |
| | (mistake in crediting the Creditor's Account less by ₹ 70, now corrected) | | | | |
| (vi) | Kuldeep | ...Dr. | 200 | | |
| | To Printing and Stationery A/c | | | | 200 |
| | (cheque of Kuldeep dishonoured previously debited to the Printing and Stationery Account) | | | | |
| (vii) | Drawings A/c | | | 10,000 | |
| | To miscellaneous Expenses A/c | | | | 10,000 |
| | (motorcycle purchased for Goel debited to his Drawings Account instead of the Miscellaneous Expenses Account as previously done by mistake) | | | | |
| (viii) | Sundry Debtors A/c | ...Dr. | 10,000 | | |
| | To Suspense A/c | | | | 10,000 |
| | (rectification of Sundry Debtors list) | | | | |
| (ix) | Daman | ...Dr. | 4,000 | | |
| | To Suspense A/c | | | | 4,000 |
| | (payment of ₹ 6,700 by Daman wrongly credited to her account as ₹ 10,700, now rectified) | | | | |

SUSPENSE ACCOUNT

| Dr. | | | | | Cr. |
|------|-------------|---|------|-------------|-----|
| Date | Particulars | ₹ | Date | Particulars | ₹ |

| | | | | | |
|----------|--------------------------------|--------|----------|-----------------------|--------|
| 2023 | | | 2023 | | |
| March 31 | To Difference in Trial Balance | 14,930 | March 31 | By Returns Inward A/c | 1,000 |
| | (Given) | | March 31 | By Sundry Debtors A/c | 10,000 |
| March 31 | To Creditor's A/c | 70 | March 31 | By Daman | 4,000 |
| | | 15,000 | | | 15,000 |

OR

Rectifying Journal Entries

| S.No. | Particulars | | L.F. | Debit Amount (₹) | Credit Amount (₹) |
|-------|--|-----|------|------------------|-------------------|
| (i) | Purchases Return A/c | Dr. | | 710 | |
| | To Suspense A/c | | | | 710 |
| | (Total of purchases return book posted twice now rectified) | | | | |
| (ii) | Advertisement Expenses (free samples distribution) A/c | Dr. | | 800 | |
| | To Purchases A/c | | | | 800 |
| | (Goods distributed as free samples omitted to be recorded now rectified) | | | | |
| (iii) | Creditors A/c | Dr. | | 900 | |
| | Machinery A/c | Dr. | | 5,600 | |
| | To Purchases A/c | | | | 6,500 |
| | (Purchase of machinery for ₹ 5,600 recorded in Purchases Account as ₹ 6,500 now rectified) | | | | |
| (iv) | Sales A/c | Dr. | | 1,200 | |
| | To Roshan Gupta's A/c | | | | 1,200 |
| | (Cash sales wrongly entered in Sales Book now rectified) | | | | |
| (v) | Trading A/c | Dr. | | 1,500 | |

| | | | | | |
|--------|--|-----|--|-------|-------|
| | To Closing Stock A/c | | | | 1,500 |
| | (Closing stock overvalued now rectified) | | | | |
| (vi) | Sales Return A/c | Dr. | | 1,580 | |
| | To Suspense A/c | | | | 1,580 |
| | (Omitted totaling of Sales Return Book now rectified) | | | | |
| (vii) | Insurance Premium A/c | Dr. | | 700 | |
| | Interest on Overdraft A/c | Dr. | | 320 | |
| | To Bank A/c | | | | 1,020 |
| | (Recording is made for payment of insurance premium and interest charged on overdraft now rectified) | | | | |
| (viii) | Drawings A/c | Dr. | | 200 | |
| | To Suspense A/c | | | | 200 |
| | (An amount of ₹ 200 omitted to be posted to Drawings Account now rectified) | | | | |

Suspense Account

| Dr. | | Cr. | |
|------------------------------------|------------|-------------------------|------------|
| Particulars | Amount (₹) | Particulars | Amount (₹) |
| To Difference as per Trial Balance | 2,800 | By Purchases Return A/c | 710 |
| | | By Sales Return A/c | 1,580 |
| | | By Drawings A/c | 200 |
| | | By Balance b/d | 310 |
| | 2,800 | | 2,800 |

26.

MACHINERY ACCOUNT

| Dr. | | | Cr. | | |
|------|-------------|------------|------|-------------|------------|
| Date | Particulars | Amount (₹) | Date | Particulars | Amount (₹) |
| 2020 | | | 2021 | | |

| | | | | | |
|--------|------------------------------------|------------------|---------|------------------------------|------------------|
| July 1 | To Bank A/c (11,40,000 + 3,60,000) | 15,00,000 | Mar. 31 | By Balance c/d | 15,00,000 |
| | | 15,00,000 | | | 15,00,000 |
| 2021 | | | 2022 | | |
| Apr. 1 | To Balance b/d | 15,00,000 | Mar. 31 | By Balance c/d | 15,00,000 |
| | | 15,00,000 | | | 15,00,000 |
| 2022 | | | 2022 | | |
| Apr. 1 | To Balance b/d | 15,00,000 | May 31 | By Depreciation Disposal A/c | 3,60,000 |
| May 31 | To Bank A/c | 4,20,000 | 2023 | | |
| | | | Mar. 31 | By Balance c/d | 15,60,000 |
| | | 19,20,000 | | | 19,20,000 |

MACHINERY DISPOSAL ACCOUNT

| Dr. | | | Cr. | | |
|--------|---|-----------------|--------|-----------------------------------|-----------------|
| Date | Particulars | Amount (₹) | Date | Particulars | Amount (₹) |
| 2022 | | | 2022 | | |
| May 31 | To Machinery A/c | 3,60,000 | May 31 | By Provision for Depreciation A/c | 1,38,000 |
| May 31 | To Profit and Loss A/c (Profit on Sale) | 18,000 | May 31 | By Bank A/c (Sale) | 2,40,000 |
| | | 3,78,000 | | | 3,78,000 |

PROVISION FOR DEPRECIATION ACCOUNT

| Dr. | | | Cr. | | |
|--------|----------------|------------|--------|-------------------------------|------------|
| Date | Particulars | Amount (₹) | Date | Particulars | Amount (₹) |
| 2021 | | | 2021 | | |
| Mar.31 | To Balance c/d | 2,25,000 | Mar.31 | By Balance b/d (for 9 months) | 2,25,000 |

| | | | | | |
|---------|---|----------|---------|---|----------|
| | | 2,25,000 | | | 2,25,000 |
| 2022 | | | 2021 | | |
| Mar.31 | To Balance c/d | 5,25,000 | Apr.1 | By Balance b/d | 2,25,000 |
| | | | 2022 | | |
| | | | Mar. 31 | By Depreciation A/c | 3,00,000 |
| | | 5,25,000 | | | 5,25,000 |
| 2022 | | | 2022 | | |
| May 31 | To Machine Disposal A/c (54,000 + 72,000 + 12,000) | 1,38,000 | Apr.1 | By Balance b/d | 5,25,000 |
| | | | May 31 | By Depreciation A/c $(3,60,000 \times \frac{2}{12} \times \frac{20}{100})$ | 12,000 |
| 2023 | | | 2023 | | |
| Mar. 31 | Balance c/d | 6,97,000 | Mar.31 | By Depreciation A/c I. (15,00,000-3,60,000) $\times \frac{20}{100} = 2,28,000 +$ II. (4,20,000 $\times \frac{20}{100} \times \frac{10}{12} = 70,000)$ | 2,98,000 |
| | | 8,35,000 | | | 8,35,000 |

Working Note:-

Calculation of Profit and Loss on Sale of Machinery:-

| Particular | Amount (₹) |
|------------------------------------|------------|
| Value of Machinery on July 1, 2020 | 3,60,000 |
| Less: Depreciation for 9 months | 54,000 |
| Value of Machinery on Apr.1, 2021 | 3,06,000 |
| Less: Depreciation | 72,000 |
| Value of Machinery on Apr.1, 2022 | 2,34,000 |
| Less: Depreciation for 2 months | 12,000 |
| Value of Machinery on May 31,2022 | 2,22,000 |
| Less: Sale Value | 2,40,000 |

| | |
|----------------|--------|
| Profit on Sale | 18,000 |
|----------------|--------|

OR

Machinery Account

| Dr. | | | | Cr. | | | |
|----------|-----------------|------|-------------|----------|---------------------------|------|-------------|
| Date | Particulars | J.F. | Amount (Rs) | Date | Particulars | J.F. | Amount (Rs) |
| 1-10-14 | To Bank Account | | 12,00,000 | 31-03-15 | By Balance c/d | | 12,00,000 |
| | | | 12,00,000 | | | | 12,00,000 |
| 1-04-15 | To Balance b/d | | 12,00,000 | 31-03-16 | By Balance c/d | | 12,00,000 |
| | | | 12,00,000 | | | | 12,00,000 |
| 1-04-16 | To Balance b/d | | 12,00,000 | 31-05-16 | By Mach. Disposal Account | | 1,60,000 |
| 31-05-16 | To Bank Account | | 3,00,000 | 31-03-17 | By Balance c/d | | 13,40,000 |
| | | | 15,00,000 | | | | 15,00,000 |

Provision for Depreciation Account

| Dr. | | | | Cr. | | | |
|-----------|-------------------------------|------|-------------|-----------|-------------------------|------|-------------|
| Date | Particulars | J.F. | Amount (Rs) | Date | Particulars | J.F. | Amount (Rs) |
| 31-3-2015 | To Balance c/d | | 1,20,000 | 31-3-2015 | By Depreciation Account | | 1,20,000 |
| | | | 1,20,000 | | | | 1,20,000 |
| 31-3-2016 | To Balance c/d | | 3,36,000 | 1-4-2015 | By Balance b/d | | 1,20,000 |
| | | | | 31-3-2016 | By Depreciation Account | | 2,16,000 |
| | | | 3,36,000 | | | | 3,36,000 |
| 31-5-2016 | To Machinery Disposal Account | | 48,640 | 1-4-2016 | By Balance b/d | | 3,36,000 |

| | | | | | | | |
|-----------|----------------|--|-----------------|-----------|-------------------------|----------|-----------------|
| | | | | 31-5-2016 | By Depreciation Account | | 3,840 |
| | | | | 31-3-2017 | By Depreciation Account | | |
| | | | | | Old Machine | 1,49,760 | |
| 31-3-2017 | To Balance c/d | | 4,90,960 | | New Machine | 50,000 | 1,99,760 |
| | | | 5,39,600 | | | | 5,39,600 |

Machinery Disposal Account

| Dr. | | | | Cr. | | | |
|----------------|----------------------|------|-----------------|----------------|---------------------------------------|------|-----------------|
| Date | Particulars | J.F. | Amount (Rs) | Date | Particulars | J.F. | Amount (Rs) |
| 2016 May 31 | To Machinery Account | | 1,60,000 | 2016 May 31 | By Provision for Depreciation Account | | 48,640 |
| | | | | 2016 May 31 | By Bank Account | | 60,000 |
| | | | | 2016 May 31 | By Profit & Loss Account | | 51,360 |
| | | | 1,60,000 | | | | 1,60,000 |

Part B

27.

(d) All of these

Explanation:

All of these

OR

(a) Liabilities side

Explanation:

The Commission received in advance is a liability for business hence it will be shown on the liability side of the statement of affairs during the year.
28. (a) Personal Account

Explanation:

drawing account is owner's account.so it is personal account.

29.

(c) 137

Explanation:

137

OR

(d) ₹ 450

Explanation:

Provision for Doubtful Debts credited to Profit & Loss Account will be = 1,250 - 300 - (10,000 × 5%)
= ₹ 450

30.

TRADING ACCOUNT
for the period 1st April to 14th July, 2023

| Dr. | | | Cr. |
|---|----------|--|---------------|
| Particulars | ₹ | Particulars | ₹ |
| To Opening Stock | 60,000 | By Sales | 6,00,000 |
| To Purchases | 4,10,000 | By Closing Stock (Balancing Figure) | 50,000 |
| To Gross Profit @ 30% on sales | 1,80,000 | | |
| | 6,50,000 | | 6,50,000 |
| | | | ₹ |
| Stock on 14th July, 2023, as calculated above | | | 50,000 |
| Less: Stock remaining after a burglary | | | <u>12,000</u> |
| Value of Stock stolen | | | 38,000 |

31.

PROFIT & LOSS A/C

| Particulars | ₹ | Particulars | ₹ |
|-----------------------|----------|-----------------------|----------|
| To Operating Expenses | 1,20,000 | By Gross Profit (B/f) | 45,000 |
| | | By Net Loss | 75,000 |
| | 1,20,000 | | 1,20,000 |

32. Accounting treatment of items are as follows:-

| | Adjustment Entry | Treatment in P &L A/c | Treatment in Balance Sheet |
|----------------------|--------------------------|--|--------------------------------|
| Outstanding Salaries | Salary A/c Dr. | Added in Salaries on the Debit side of Profit & Loss A/c | Shown on the Liabilities side. |
| | To Outstanding Salary | | |
| Accrued Interest | Accrued Interest A/c Dr. | Added to Interest Received on the Credit side of Profit & Loss A/c | Shown on the Assets side. |
| | To Interest Received A/c | | |

33.

Statement of Affairs as on April 01, 2016

| Liabilities | ₹ | Assets | ₹ |
|----------------------------|--------|-----------|--------|
| Creditors | 14,000 | Cash | 1,200 |
| | | Debtors | 16,800 |
| | | Stock | 22,400 |
| | | Furniture | 7,500 |
| Capital (Balancing figure) | 33,900 | | |
| | 47,900 | | 47,900 |

Statement of Affairs as on March 31, 2017

| Liabilities | ₹ | Assets | ₹ |
|----------------------------|--------|------------------|--------|
| Creditors | 15,200 | Cash | 1,600 |
| | | Bills Receivable | 2,400 |
| | | Debtors | 27,200 |
| | | Stock | 24,400 |
| Capital (Balancing figure) | 56,400 | Investment | 8,000 |
| | | Furniture | 8,000 |
| | 71,600 | | 71,600 |

Statement of Profit and Loss as on March 31, 2017

| Particulars | ₹ |
|--|--------|
| Capital on March 31, 2017 | 56,400 |
| Add: Drawing made during the year (₹ 300 × 12) | 3,600 |



| | |
|-------------------------------------|----------|
| Less: Capital on April 01, 2016 | (33,900) |
| Less: Additional Capital Introduced | (16,320) |
| Profit earned during the year 2017 | 9,780 |

Working Note:

Additional Capital = 16,000 × $\frac{102}{100}$
= 16,320.

OR

Meaning of Single Entry System: A single entry system records a transaction with a single entry and only maintains one side of every transaction. It is the oldest method of recording financial transactions and is less popular than the double entry system and is mainly used for entries recorded in the income statement. This term is used to describe the problems associated with the accounts from an incomplete transaction and is popularly called as ‘Preparation of accounts from incomplete records’

Three Salient features of Single Entry System :

- Under this method, only one Cash Book is maintained which mixes up both the private and business transaction.
- Under this system, Profit or Loss can be ascertained but not the financial position as a whole.
- Arithmetical accuracy of the account is not possible since Trial Balance can't be prepared.

34. **Trading Account of Shri Sanjay Kumar**
for the year ended March 31, 2023

| Dr. | | | Cr. | | |
|------------------------------------|----------|---------------|----------------------|----------|---------------|
| Particulars | | Amount (₹) | Particulars | | Amount (₹) |
| To Opening Stock | | 20,000 | By Sales | 4,68,000 | |
| To Purchases | 2,12,000 | | Less: Return Inwards | (8,000) | 4,60,000 |
| Less: Return Outwards | (4,000) | 2,08,000 | By Closing Stock | | 30,800 |
| To Carriage Inwards | | 12,000 | | | |
| To Wages | | 1,00,000 | | | |
| To Gross Profit (balancing Figure) | | 1,50,800 | | | |
| | | 4,90,800 | | | 4,90,800 |

Profit and Loss Account of Shri Sanjay Kumar
for the year ended March 31, 2023

| Dr. | | | Cr. | | |
|---------------------------------------|--------------|-----------------|---------------------------|------------|-----------------|
| Particulars | | Amount (₹) | Particulars | | Amount (₹) |
| To Depreciation: | | | By Gross Profit | | 1,50,800 |
| Plant & Machinery | 5,000 | | By Discount | | 6,000 |
| Furniture | 720 | | By Miscellaneous Receipts | | 2,000 |
| Loose Tools | <u>4,000</u> | 9,720 | By Interest on Investment | 300 | |
| To Salaries | 60,000 | | Add: Accrued | <u>300</u> | 600 |
| Add: Salary to B. Bhuwan | <u>2,000</u> | 62,000 | | | |
| To Advertisement Expenses written-off | | 3,000 | | | |
| To Provision for Discount on Debtors | | 1,120 | | | |
| To General Expenses & Insurance | | 39,000 | | | |
| To Postage & Telegram | | 4,000 | | | |
| To Net Profit (Balancing Figure) | | 40,560 | | | |
| | | 1,59,400 | | | 1,59,400 |

Balance Sheet of Shri Sanjay Kumar
as at March 31, 2023

| Liabilities | | Amount (₹) | Assets | | Amount (₹) |
|----------------------------|-----------------|---------------|---------------------|----------------|---------------|
| Capital | 1,91,000 | | Fixed Assets | | |
| Add: Net Profit | 40,560 | | Plant & Machinery | 1,00,000 | |
| Less: Drawings | <u>(16,000)</u> | 2,15,560 | Less: Depreciation | <u>(5,000)</u> | 95,000 |
| Current Liabilities | | | Furniture | 12,000 | |
| Creditors | | 24,000 | Less: Depreciation | <u>(720)</u> | 11,280 |



| | | | | | |
|----------------------|--|-----------------|-------------------------------------|---------|-----------------|
| Bank Overdraft | | 3,200 | Loose tools | 20,000 | |
| Outstanding Salaries | | 5,000 | Less: Depreciation | (4,000) | 16,000 |
| Suspense Account | | 2,500 | 10% Investment | | 6,000 |
| | | | Current Assets | | |
| | | | Goodwill | | 10,000 |
| | | | Closing Stock | | 30,800 |
| | | | Advertisement Expenditure | | 12,000 |
| | | | Accrued Interest on Investments | | 300 |
| | | | Cash in Hand | | 14,000 |
| | | | Debtors | 56,000 | |
| | | | Less: Prov. for Discount on Debtors | (1,120) | 54,880 |
| | | 2,50,260 | | | 2,50,260 |

Working Note:-

Calculation of Depreciation:-

Depreciation of Machinery = ₹ 1,00,000 × 5% = ₹ 5,000

Depreciation of Furniture = ₹ 12,000 × 6% = ₹ 720

Depreciation of Loose tool = ₹ 20,000 - ₹ 16,000 = ₹ 4,000

Calculation of Provision for Discount on Debtors:-

Provision for doubtful debts = Sundry Debtors × Rate

Provision for doubtful debts = ₹ 56,000 × 2%

Provision for doubtful debts = ₹ 1,120

When adjustments are given in trial balance all the adjustments will be taken in the balance sheet only. Adjustments that are given after trial balance will be shown both in trading and profit and loss account and balance sheet.

OR

**Trading and Profit and loss Account
for the year ended 31st March, 2013**

| Dr | | | | | Cr |
|------------------|--|--------|-------------|----------|--------|
| Particulars | | Amt(₹) | Particulars | | Amt(₹) |
| To Opening Stock | | 9,000 | By Sales | 1,32,840 | |

| | | | | | |
|--|---------|---------------|--|---------|---------------|
| To purchases | 60,000 | | Add: Credit sales | 4,000 | 1,36,840 |
| Less: Goods given as Free Samples | (2,000) | | By Closing Stock | 12,000 | |
| | 58,000 | | Less: Cost of Goods Sold but not delivered | (2,000) | 10,000 |
| Less: Drawings of Goods | (1,000) | 57,000 | | | |
| To Wages | | 9,200 | | | |
| To Gross Profit transferred to Profit & Loss A/c | | 71,640 | | | |
| | | 1,46,840 | | | 1,46,840 |
| To Rent | | 3040 | | | |
| To Salaries | | 20,446 | By Gross Profit transferred from Trading A/c | | 71,640 |
| To Interest on Loan | 800 | | By Old Provision for Doubtful Debts | 5,000 | |
| Add: Outstanding Interest on loan(note 1) | 200 | 1000 | Less: Bad Debts | (2,400) | |
| To Insurance premium | | 1800 | | 2,600 | |
| To Carriage Outwards | | 1,200 | Less: New Provision | (2,200) | 400 |
| To Depreciation on Furniture | | 5,000 | By Discount Received | | 800 |
| To Advertisement | | 15,000 | By Bad Debts recovered | | 400 |
| To Free Samples | | 2,000 | By Interest on Investment | | 4,000 |
| To Net Profit Transferred to Capital A/c | | 41,754 | By Trading Commission | | 14,000 |
| | | 91,240 | | | 91,240 |

Balance Sheet
as at 31st March,2013

| Liabilities | | Amt(₹) | Assets | | Amt(Rs) |
|-------------|----------|--------|------------------|--|---------|
| Capital | 1,00,000 | | Bills Receivable | | 12,754 |

| | | | | | |
|--|----------|-----------------|--------------------------------|---------|-----------------|
| Add: Net Profit transferred from Profit & Loss A/c | 41,754 | | Investments | | 80,000 |
| | 1,41,754 | | Furniture | | 24,000 |
| Less: Drawings | (1,000) | 1,40,754 | Debtors | 40,000 | |
| 10% Loan | | 20,000 | Add: Credit Sales not Recorded | 4,000 | |
| Outstanding Interest on Loan | | 200 | | 44,000 | |
| Creditors | | 18,600 | Less: New Provision @5% | (2,200) | 41,800 |
| Bills Payable | | 10,000 | Accrued Commission | | 2,000 |
| Outstanding Salaries | | 1,000 | Closing Stock(12,000 - 2,000) | | 10,000 |
| | | | Bank | | 20,000 |
| | | 1,90,554 | | | 1,90,554 |

Note:

- Loan was taken on 1st October, 2012 @ 10% p.a. Hence, total interest due for this year will be ₹1,000 (i.e. On 20,000 for 6 months @ 10%) . Out of it, ₹ 800 has been paid. Therefore, outstanding interest will $1,000 - 800 = ₹200$,
- Closing Stock will Exclude stock of Rs.2000 not Sent to Customer. Because it is included in stock.
- Provision for Doubtful Debt will be calculated on $(40,000 + 4,000) \times 5\% = 2,200$