

**Class XI Session 2025-26**  
**Subject - Accountancy**  
**Sample Question Paper - 1**

**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. Questions 1 to 16 and 27 to 30 carry 1 mark each.
4. Questions 17 to 20, 31 and 32 carry 3 marks each.
5. Questions from 21, 22 and 33 carry 4 marks each
6. Questions from 23 to 26 and 34 carries 6 marks each

## Part A

1. Which of the following item is not concerned with credit voucher? [1]
  - a) Income received
  - b) Sale of goods for cash
  - c) Payment received from debtors
  - d) Purchase of goods for cash
2. **Assertion (A):** Statements prepared through management account are helpful in decision making process. [1]  
**Reason (R):** The information provided by management accounts is financial and non-financial as well.
  - 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 is not a type of personal account? [1]
  - a) SBI Bank A/c
  - b) Investment A/c
  - c) Ram's A/c
  - d) Atul's Capital A/c
4. Find out the value of assets if: Liabilities= Rs.5000 and Capital= Rs.1000 [1]
  - a) Rs.4000
  - b) Rs.6000
  - c) Rs.3000
  - d) Rs.5000

OR

An increase in one asset is accompanied by:

  - a) increase in a liability
  - b) decrease in another asset
  - c) increase in capital
  - d) All of these
5. Credit purchase of furniture is recorded through which voucher? [1]
  - a) Debit voucher
  - b) Credit voucher



c) is shown separately in the books of account      d) is not shown separately in the books of account

12. If XYZ Electronics Ltd. purchases 20 TV @ ₹ 2,000 per piece and 15 tape recorders @ ₹ 12,500 per piece. [1]  
There was a trade discount of 20%. What will be the amount recorded in purchase book?

a) ₹ 1,82,000      b) ₹ 40,000  
c) ₹ 1,87,500      d) ₹ 2,27,500

13. Which of the following is a liability [1]

a) Cash in hand      b) Factory owned by the firm  
c) An overdrawn balance on the firm's bank account      d) Money owned by the firm

14. Consider the following items: [1]

- i. Prepaid Salary
- ii. Accrued Interest (Receivable)
- iii. Loan (Short term)
- iv. Bank Overdraft

Current Liability would include:

a) iii, iv      b) iv, iii, i  
c) i, ii, iii, iv      d) ii, iii, iv  
OR

Which of the following is not an expense?

a) Electricity Expenses      b) Rent  
c) Furniture      d) Salary

15. A note sent by the buyer on the return of goods is: [1]

a) Credit Note      b) Sales Return  
c) Debit Note      d) Return Note

16. Which of the following is not a type of reserve [1]

a) Retained earnings      b) Provision for bad debt  
c) General reserve      d) Workmen compensation fund

17. Write the process of preparing ledger from a journal. [3]

OR

What are the advantages of preparing Journal?

18. International Accounting Standards Board (IASB) has a number of objectives to serve. Explain any three such objectives. [3]

OR

Roshan, a chartered accountant earned Rs.12,00,000 during the financial years 2012-2013. Out of which he received Rs.10,50,000. He incurred an expense of Rs.5,10,000, out of which Rs.1,20,000 are outstanding. He also received his fees relating to previous year Rs.1,35,000 and also paid Rs.60,000 expenses of last year. Find out Rohan's income for 2012-2013 following the cash basis and accrual basis of accounting.



19. Distinguish between Loss and Expense. [3]  
 20. State the limitations of a trial balance. [3]  
 21. Prepare two column cash book from the following transactions for the month of April, 2013 [4]

2013		Amt (Rs.)
Apr 1	Cash balance	25,000
Apr 2	Paid to Y in full settlement of Rs. 5,000	4,750
Apr 4	Received from Z, allowing him discount of Rs. 400	9,600
Apr 7	Cash purchases	10,000
Apr 11	Cash sales	15,000
Apr 15	Received from X, allowed him discount Rs. 500	19,500
Apr 21	Paid to W against his dues of Rs. 7,500	7,00
Apr 25	Paid into bank	20,000
Apr 30	Withdrew for personal use	5,000
Apr 30	Paid salary and wages	15,000

22. Following information has been given by Rajendra. Prepare a Bank Reconciliation Statement as on 31st March, 2019, showing balance as per the Cash Book. [4]

- Debit balance shown by Bank Statement ₹ 17,800
- Cheques of ₹ 21,600 were issued in the last week of March but only cheques of ₹ 14,800 were presented for payment.
- Cheques of ₹ 10,750 were presented to the bank. Out of them, a cheque of ₹ 4,200 was credited in the first week of April, 2019
- A cheque of ₹ 1,200 was debited in the Cash Book but was not presented in the bank.
- Insurance premium paid by the bank ₹ 1,450 as per standing instruction.
- A Bill of Exchange of ₹ 6,200 which discounted with the bank was returned dishonoured but no entry was made in the Cash Book.
- A draft for ₹ 5,000 favouring Basu Brothers was issued by the bank levying bank charges of ₹ 100. In the books, entry for ₹ 5,000 was recorded.
- 400 for bank charges were recorded twice in Cash Book and Bank charges of ₹ 350 were not recorded in Cash Book.

OR

In the following Bank Reconciliation Statement, determine the missing amounts:

### BANK RECONCILIATION STATEMENT

as on 31st March, 2023

Particulars	Plus Items (₹)	Minus items (₹)
Balance as per Cash Book (Dr.)	16,000	
(i) Cheques of ₹ 30,000 deposited into bank but cheques of ₹ 17,500 only cleared	-	-
(ii) Cheques of ₹ 40,000 issued but cheques of ₹ 21,000 presented for payment	-	-



(iii) Receipt column of Cash Book overcast by ₹ 500	-	-
(iv) Interest on Investment collected by bankers	600	
(v) Bank charges debited by bank		400
(vi) Direct deposit made by the customer ₹ 400	-	-
Balance as per Pass Book	-	-
	<b><u>36,000</u></b>	<b><u>36,000</u></b>

23. Pass Journal entries in the books of Shyam Bros, from the following transactions:

[6]

**2016**

June 1 - Shyam Bros, started the business with cash ₹ 80,000; Goods ₹ 40,000 and furniture ₹ 20,000.

June 2 - Sold goods to Nitin of the list price of ₹ 20,000 at a trade discount of 10%.

June 4 - Nitin returned goods of the list price of ₹ 4,000.

June 8 - Received from Nitin ₹ 14,150 in full settlement of his account.

June 10 - Purchased goods from Krishna of the list price of ₹ 10,000 at 15% trade discount.

June 13 - Returned goods to Krishna of the list price of ₹ 1,000.

June 16 - Settled the account of Krishna by paying cash, under a discount of 4%.

June 18 - Purchased goods from Aman ₹ 5,000; Suraj ₹ 10,000.

June 19 - Paid cash to Aman ₹ 1,900 and discount received ₹ 100.

June 20 - Paid ₹ 9,800 to Suraj in the full settlement of his account.

June 20 - Bought a 'Table Fan' for ₹ 8,000 for the domestic use of Shyam.

June 25 - Sold goods for cash of the list price of ₹ 8,000 at 10% trade discount and 3% cash discount.

June 30 - Paid Rent ₹ 8,000; Trade Expenses ₹ 7,000 and Travelling Expenses ₹ 3,800.

OR

Pass journal entries for the following transactions in the journal of Abhishek Singh.

<b>2023</b>	
April 1	Abhishek Singh started the business with cash ₹ 1,50,000, Furniture ₹ 10,000 and Goods ₹ 60,000.
April 4	Sold goods to Parvesh of the list price of ₹ 20,000 at a trade discount of 10%.
April 6	Parvesh returned goods of the list price of ₹ 2,000.
April 10	Received from Parvesh ₹ 16,000 in full settlement of his account.
April 15	Purchased furniture for ₹ 12,000.
April 15	Purchased goods from Mahadev of the list price of ₹ 50,000 at 12% Trade Discount.
April 18	Returned goods to Mahadev of the list price of ₹ 4,000.
April 20	Cleared the account of Mahadev by paying cash at a discount of 5%.



April 21	Sold goods to Aasha ₹ 20,000 and Seema ₹ 32,000.
April 24	Received cash from Aasha ₹ 19,600 in full settlement of her account. Paid insurance premium ₹ 1,500 by cheque.
April 25	Paid ₹ 2,400 for insurance premium for the proprietor by cheque.
April 26	Purchased goods for ₹ 16,000 for cash at a trade discount of 10% and cash discount of 2%.
April 27	Received full payment from Seema at a discount of 5% in full settlement of his account.
April 28	Paid for advertisement ₹ 2,000, salaries ₹ 8,000 and rent ₹ 1,600.
April 30	Received Commission ₹ 1,000.

24. The accountant of a firm finds that the Trial Balances as on 31st March 2023 is out-by an excess debit of ₹ 283. [6]  
He placed the amount in the Suspense Account. In the first week of April, 2023 he discovered the following errors. Pass the Journal entries necessary to rectify these errors and show the Suspenses Account as it would appear at the end of the week. Have you any comment to make?
- Cash paid to Amit Verma, ₹ 75, was posted to the credit of Amit Kapoor's Account as ₹ 57.
  - Discount allowed by Lokesh of ₹ 5 was not entered in the Cash Book, but Lokesh stands debited correctly.
  - No entry was made for goods worth ₹ 40 taken away by proprietor for personal use.
  - ₹ 500 received from Malhotra Sons, for interest on loan advanced to them were recorded in the Cash Book. But the entry was not posted in the Ledger.
  - The total of Returns Outward Book was short by ₹ 100.

OR

Rectify the following errors identified in the books of Sunil. The Trial Balance showed ₹ 250 as debit excess. The difference has been posted to the Suspense Account.

- Total of debit side of Expenses Account has been cast in excess of ₹ 150.
- Sales Account has been totalled short by ₹ 200.
- One item of purchase of ₹ 25 has been posted from the Purchases Book to the Ledger as ₹ 350.
- Sales return of ₹ 200 from a party has not been posted to that account, though the Party's Account has been credited.
- A cheque of ₹ 600 issued to the Supplier's Account (shown under Sundry Creditors) towards his dues had been wrongly debited to the Purchases Account.
- Credit sale of ₹ 100 has been credited to the sales and also to the Sundry Debtors Account.

Required: Pass the necessary Journal entries for correcting the above and prepare a Suspense Account as it would appear in the Ledger.

25. On 1<sup>st</sup> April, 2020, Plant and Machinery was purchased for ₹ 1,20,000. New machinery was purchased on 1<sup>st</sup> Oct, 2020, for ₹ 50,000 and on 1<sup>st</sup> July, 2021, for ₹ 25,000. [6]



On 1<sup>st</sup> January, 2023, a machinery of the original value of ₹ 20,000 which was included in the machinery purchased on 1<sup>st</sup> April, 2020, was sold for ₹ 6,000. Prepare Plant & Machinery A/c for three years after providing depreciation at 10% p.a. on Straight Line Method. Accounts are closed on 31<sup>st</sup> March every year.

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.

26. Enter the following transactions in a petty cash book in analytical form. The book is kept on the imprest system, amount of imprest being ₹ 5,000. [6]

2023	
April 3	Petty Cash in hand ₹ 420. Received cash to make-up the imprest.
	Bought stamps for ₹ 300.
April 5	Paid for office cleaning ₹ 200 and repairs to furniture ₹250.
April 7	Paid bus fare ₹ 440, railway fare ₹ 330, wages ₹ 200.
April 8	Paid for charity ₹ 350
April 9	Bought shorthand note book for office ₹ 250, Carriage on parcels ₹ 280
April 10	Bought envelopes ₹ 450, served refreshment to customers ₹ 150
April 12	Paid for conveyance ₹ 300. Wages ₹ 200. Stapler pins ₹ 280
April 15	Gave tips to office peon ₹ 250.

OR

Prepare the sales book and purchases book of M/s Deendayal from the following transactions

<b>2013</b>	
Jun	Purchased from Arora & Co Nai Sarak
	10 chairs @ Rs. 200 each
	1 table @ Rs. 600
	Trade discount 10%
Jun 10	Sold to Sudha Furniture Co Agra
	1 Almirah @ Rs. 2,000
	(-) 15% trade discount
Jun 12	Sold to Meera Mart for cash
	10 table @ Rs. 1,000 each
Jun 15	Purchased from Hira Lala & Sons for cash
	15 chairs @ Rs. 350 each



Jun 16	Purchased from Fateh Chand & Co Delhi
	5 chairs @ Rs. 180 each
Jun 25	Sold to Ravi Sharma, Delhi
	2 dining tables @ Rs. 6,000 each
	(-) 10% trade discount

### Part B

27. In the case of the net worth method of Single Entry System, profit is ascertained by: [1]

- a) comparing the capital at the beginning of the accounting period and the capital at the end of the accounting period.
- b) Preparing a Profit and Loss Account

- c) Preparing a Balance Sheet
- d) Preparing a trial balance

OR

A limited company cannot maintain its accounts under Single entry system because of

- a) legal restrictions
- b) accrual basis of accounts
- c) legal restrictions and follow accrual basis of accounts
- d) Cash basis of accounting

28. A liability is a current liability if it satisfies [1]

- a) It is due to settled within 12 months after reporting date
- b) It is expected to be settled in the company's normal operating cycle
- c) All of these
- d) It is held primarily for the purpose of being traded

29. Any expenditure incurred in order to reduce the operating expenses is \_\_\_\_\_. [1]

- a) Revenue expenditure
- b) Deferred revenue expenditure
- c) Capital expenditure
- d) Promotional expenditure

30. If a person fails to pay his debt, such amount is considered as: [1]

- a) Bad debt recovered
- b) Provision for Doubtful debt
- c) Bad debt
- d) Provision for Bad debt

OR

Outstanding Salary is:

- a) Real Account
- b) Nominal Account
- c) Capital account
- d) Personal Account

31. Give any three points of distinction between Capital Expenditure and Revenue Expenditure. [3]

32. Extracts of Trial Balance [3]

as on 31st March, 2013

Name of Accounts	Debit Balance(Rs)	Credit Balance(Rs)
Commission Received		9,000





**Additional Information**

Commission earned but not received Rs 1,800.

Pass an adjusting entry and show how will this appear in final accounts.

33. **Extract of Trial Balance** [4]

as on 31st March, 2013

Name of Accounts	Debit Balance(Rs)	Credit Balance(Rs)
Insurance Account	8,000	

**Additional Information**

Prepaid insurance amounted to Rs 2,000

Pass an adjusting entry and show how will this appear in final accounts.

OR

**Extract of Trial Balance**

as on 31st March, 2013

Name of Accounts	Debit Balance(Rs)	Credit Balance(Rs)
Debtors	30,000	

**Additional Information**

Create a provision for bad and doubtful debts @5% on debtors.

34. Prepare Trading, Profit & Loss Account and Balance Sheet from the following particulars as at 31st March, [6]

2023:-

Particular	Dr. (₹)	Cr. (₹)
Cash in hand	2,000	
Cash in Bank	18,000	
Purchases and Sales	2,20,000	3,50,000
Return Inwards	6,000	
Return Outwards		7,500
Carriage on Purchases	4,400	
Carriage on Sales	2,100	
Fuel and Power	15,500	
Stock (1-4-2022)	36,000	
Bad-Debts	6,200	
Bad-Debts Provision		2,500
Debtors and Creditors	82,000	30,000
Capital		2,17,000
Investments	20,000	
Interest on Investments		2,000
Loan from X @ 18% p.a.		10,000



Repairs	1,520	
General Expenses	10,600	
Land & Buildings	1,80,000	
Wages and Salaries	18,000	
Miscellaneous Receipts		120
Bills Payable		5,200
Stationery	2,000	
	<b>6,24,320</b>	<b>6,24,320</b>

**Information:-**

- Write off ₹ 2,000 as Bad-debts and provision for Doubtful Debts is to be maintained at 5% on debtors.
- Loan from X was taken on 1<sup>st</sup> August, 2022. No interest has been paid so far.
- Included in general expenses is insurance premium ₹ 1,200 paid for one year ending 30<sup>th</sup> June, 2023.
- $\frac{1}{3}$  of Wages and Salaries is to be charged to Trading A/c and the balance to P & L A/c.
- Entire stationery was used by the proprietor for own purpose.
- Closing Stock was valued at ₹ 50,000.

OR

From the following trial balance extracted from the books of MMN, prepare the trading and profit and loss account for the year ended 31st December, 2013 and the balance sheet as at that date.

Name of Accounts	Debit Balance(Rs)	Credit Balance(Rs)
Capital		90,000
Drawings	6,480	
Land and buiding	25,000	
Plant and machinery	14,270	
Furniture and fixtures	1,250	
Carriage inwards	4,370	
Wages	21,470	
Salaries	4,670	
Provision for bad debts		2,470
Sales		91,230
Sales return	1,760	
Bank charges	140	
Coal, gas and water	720	
Rates and taxes	840	
Discount		120



Purchases	42,160	
Purchases return		8,460
Bills receivable	1,270	
Trade expenses	1,990	
Sundry debtors	37,800	
Sundry creditors		12,170
Stock (1st January, 2013)	26,420	
Apprentice premium		500
Fire insurance	490	
Cash at bank	13,000	
Cash in hand	850	
<b>Total</b>	<b>2,04,950</b>	<b>2,04,950</b>

### Additional Adjustments

Charge depreciation on land and building at  $2\frac{1}{2}\%$ , on plant and machinery account at 10% and on furniture and fixtures at 10%. Make a provision of 5% on debtors for doubtful debts. Carry forward the following unexpired amounts.

- i. Fire insurance Rs 125
- ii. Rates and taxes Rs 240
- iii. Apprentice premium Rs 400
- iv. Closing stock Rs 29,390



# Solution

## Part A

1.  
**(d)** Purchase of goods for cash  
**Explanation:**  
Credit voucher is concerned with receipts of cash for any transaction. So there payment of cash for good purchase which is not related to credit voucher.
2. **(a)** Both A and R are true and R is the correct explanation of A.  
**Explanation:**  
Both A and R are true and R is the correct explanation of A.
3.  
**(b)** Investment A/c  
**Explanation:**  
Personal account is an account for use by individual for that person's own need. These account are in the name of person. Like Ram ,Shyam, SBI Bank Account.  
Hence Assets are having real account ,so Investment Account is a Real Account not a personal account.
4.  
**(b)** Rs.6000  
**Explanation:**  
 $\text{Assets} = \text{Capital} + \text{liabilities}$   
 $\text{Assets} = 1000 + 5000$   
 $\text{Assets} = \text{Rs. } 6000$

OR

- (d)** All of these  
**Explanation:**  
An increase in one asset is accompanied by all of the given situation consider a decrease in another asset, an increase in liability, and an increase in capital.
5.  
**(c)** Transfer voucher  
**Explanation:**  
Transfer vouchers, Non-Cash or Transfer vouchers are the documentary evidence of non-cash transactions. These vouchers are prepared to record the non-cash transactions of the business.
6.  
**(c)** Statement (iii) is Correct.  
**Explanation:**  
Both Reliability and Relevance and Understandability and Comparability.

OR

- (c)** All of these  
**Explanation:**



All of these

7.

(c) 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.

8.

(b) Drawings A/c

**Explanation:**

Drawings A/c

OR

(a) Personal Account

**Explanation:**

Drawings Account is a Personal Account because it is based on a person.

9. (a) principle-based AS

**Explanation:**

Ind-AS are principle-based accounting standards, in India and issued under the supervision of the Accounting Standards Board (ASB) which was constituted as a body in the year 1977.

10. (a) Revenue Reserve

**Explanation:**

**Revenue Reserve :-** Revenue reserve is the reserve created out of the profits earned in the normal course of the business. These profits are available for distribution as dividend.

11.

(d) is not shown separately in the books of account

**Explanation:**

Trade Discount allowed is not shown separately in the books of account. It is deducted from Cost of Assets only.

12. (a) ₹ 1,82,000

**Explanation:**

Amount recorded in Purchase Book

20 TV @ ₹ 2,000	40,000
(+) 15 Tape Recorders @ ₹12,500	<u>1,87,500</u>
	₹ 2,27,500
(-) Trade Discount @ 20%	<u>(45,500)</u>
	₹ 1,82,000

13.

(c) An overdrawn balance on the firm's bank account

**Explanation:**

amount overdrawn on the firms account is the amount due on the part of firm to bank which increases liability.

14. (a) iii, iv

**Explanation:**

iii, iv

OR



(c) Furniture

**Explanation:**

Furniture is not an expense. It is a non current asset.

15.

(c) Debit Note

**Explanation:**

A note sent by the buyer on the return of goods is Debit Note. Goods returned to the supplier.

16.

(b) Provision for bad debt

**Explanation:**

Provision for Bad Debts is an asset account with a credit balance. It is used along with the Accounts Receivable Account (Debtors) in order to report the net realizable value of the accounts receivable. It is not a Reserve.

17. The following process describes the preparation of ledger from journal:

- i. Locate the account to be debited in the ledger as entered in the journal
- ii. Enter date of transaction into date column of debit side.
- iii. Mention the account from which it is debited in journal, is written in the particulars column.
- iv. Enter the page number of the journal in the J.F. column. The corresponding page number of the ledger account is written in the L.F. column of the journal.
- v. Enter amount in the amount column in the debit side.
- vi. For credit side follow the same procedure for crediting the entry.

OR

Following are the advantages of preparing journal:

- i. **Journal provides a chronological record of all transactions:** All the business transactions are recorded in the Journal in the order, in which they occur.
- ii. **Journal provides an explanation of the transaction recorded:** In Journal, a complete explanation is written as narration along with journal entry.
- iii. **It reduces the possibility of errors:** The amounts to be debited and credited are recorded side-by-side, the two can be compared to see that they are equal. At the end of the day, the total of the Dr Column and Cr. Column is made to ensure that it is equal and there is no error in the amount recorded.
- iv. **It helps in maintaining Final Accounts:** Journal is the first step through which transactions are recorded and the final account is the last steps.

18. Objectives of IASB

The objectives of IASB are as follows:

- i. To issue accounting standards which facilitate transparency and comparability to facilitate right decisions.
- ii. To promote use of these standards.
- iii. To bring uniformity in national accounting standards and IFRS.

OR

Cash basis refers to a major accounting method that recognizes revenues and expenses at the time cash is received or paid out.

Cash Basis of Accounting = 10,50,000 + 1,35,000 - 3,90,000 - 60,000  
= Rs. 7,35,000

Under the *accrual* basis of accounting (or accrual method of accounting), revenues are reported on the income statement when they are earned. When the revenues are earned but cash is not received, the asset accounts receivable will be recorded.

Accrual Basis of Accounting = 12,00,000 - 5,10,000  
= Rs. 6,90,000

19. Loss is a decrease in net income of the business that is outside the normal operations of the business. For example, if a person buys some goods for Rs. 1000 and some damage occur to goods he sells them all to a retailer for 950 Rs (Rs. 50 is loss). An expense is a cost used up in earning revenues in a company's main operations. Expenses also include costs used up during the



accounting period such as interest expense, insurance expense, and depreciation expense. For example, a soap company spends money on the advertisement of the product to attract customers and earn a profit.

20. Trial Balance is a list of closing balances of ledger accounts on a certain date and is the first step towards the preparation of financial statements. It is usually prepared at the end of an accounting period to assist in the drafting of financial statements. Ledger balances are segregated into debit balances and credit balances. The following are the limitations of Trial Balance:
- A tallied trial balance only indicates that equal debits and credits have been recorded in books.
  - A tallied trial balance does not ensure that all transactions have been correctly recorded, all entries/total have been correctly posted in the ledger.
  - Agreement of trial balance is not a conclusive proof of accuracy. In spite of its agreement, some errors may remain, and these are as follows
    - Errors of complete omission
    - Errors of principles
    - Compensating errors
    - Incorrect amount entered in the journal
    - Posting to the wrong account
    - An entry posted twice in the ledger.

21. **Cash Book**

Dr. Cr.

Date	Particulars	V.No.	Cash	Discount	Date	Particulars	V.No.	Cash	Discount
April 01, 2013	To Balance b/d		25,000		April 02, 2013	By Y		4,750	250
April 04, 2013	To Z		9,600	400	April 07, 2013	By Purchases		10,000	
April 11, 2013	To Sales		15,000		April 21, 2013	By W		7,000	500
April 15, 2013	To X		19,500	500	April 25, 2013	By Bank		20,000	
					April 30, 2013	By Drawing		5,000	
					April 30, 2013	By Salary & Wages		15,000	
					April 30, 2013	By Balance c/d		7,350	
			<b>69,100</b> =====	<b>900</b> =====				<b>69,100</b> =====	<b>750</b> =====
May 1, 2013	To Balance b/d		7,350						

22. **BANK RECONCILIATION STATEMENT**  
as on 31st March, 2019

Particulars	Amount Details (₹)	Amount (₹)
Overdraft Balance as per Bank Statement (Dr.)		17,800
<b>Add:</b> Cheques issued but not yet presented for payment (21,600-14,800)		6,800
Bank charges recorded twice in the Cash Book		400
		25,000
<b>Less:</b> Cheques deposited but not yet credited by bank	4,200	
Cheque recorded in Cash Book but not deposited in Bank	1,200	
Insurance Premium paid by Bank not recorded in Cash Book	1,450	
Bill dishonoured not recorded in Cash Book	6,200	
Bank charges on draft not recorded in Cash Book	100	
Bank charges not recorded in Cash Book	350	13,500
<b>Overdraft Balance as per Cash Book (Cr.)</b>		<b>11,500</b>

The above solution can also be presented with two columns as follows:

### BANK RECONCILIATION STATEMENT

as on 31st March, 2019

Particulars	Plus Items (₹)	Minus Items (₹)
Overdraft Balance as per Bank Statement (Dr.)		17,800
Cheques issued but not presented for payment by bank(21,600-14,800)		6,800
Cheques deposited but not yet credited in bank	4,200	
Cheque recorded in the Cash Book but not deposited in the bank	1,200	
Insurance premium paid by the bank, not recorded in Cash Book	1,450	
Bill dishonoured but not recorded in the Cash Book	6,200	
Bank charges for draft not recorded in Cash Book	100	
Bank charges recorded twice in Cash Book		400
Bank charges not recorded in Cash Book	350	
Overdraft Balance as per Cash Book (Cr.) ( 25,000 - 13,500)	11,500	
	<b>25,000</b>	<b>25,000</b>

If balance of cash book is given then changes are done in cash book and if pass book balance is given then changes are done in pass book.

OR

### BANK RECONCILIATION STATEMENT

as on 31st March, 2023

Particulars	Plus Items (₹)	Minus items (₹)
<b>Balance as per Cash Book (Dr.)</b>	16,000	
(i) Cheques of ₹ 30,000 deposited into bank but cheques of ₹ 17,500 only cleared		12,500
(ii) Cheques of ₹ 40,000 issued but cheques of ₹ 21,000 presented for payment	19,000	
(iii) Receipt column of Cash Book overcast by ₹ 500		500
(iv) Interest on Investment collected by bankers	600	
(v) Bank charges debited by bank		400
(vi) Direct deposit made by the customer ₹ 400	400	
<b>Balance as per Pass Book (Cr.) (₹ 36,000 - ₹ 13,400)</b>		<b>22,600</b>
	<b>36,000</b>	<b>36,000</b>

When balance of cash book is given all the rectification is done only in cash book.

23.

### Journal in the books of Shyam Bros

Date	Particulars	L.F	Dr. (₹)	Cr. (₹)



2016				
June 1	Cash A/c Dr.		80,000	
	Stock A/c Dr.		40,000	
	Furniture A/c Dr.		20,000	
	To Capital			1,40,000
	(business started with cash, goods and furniture)			
2	Nitin Dr.		18,000	
	To Sales A/c			18,000
	(goods sold to Nitin @ 20% Trade discount)			
4	Sales Return A/c Dr.		3,200	
	To Nitin			3,200
	(goods returned by Nitin)			
8	Cash A/c Dr.		14,150	
	Discount allowed A/c Dr.		650	
	To Nitin			14,800
	(cash received from Nitin under Cash discount)			
10	Purchase A/c Dr.		8,500	
	To Krishna			8,500
	(goods purchased from Krishna @15% Trade Discount)			
13	Krishna Dr.		850	
	To Purchase Return A/c			850
	(goods return to Krishna)			
16	Krishna Dr.		7,650	
	To Cash A/c			7,344
	To Discount received A/c			306
	(Krishna account settled by under 4% Cash Discount)			
18	Purchase A/c Dr.		15,000	
	To Aman			10,000
	To Suraj			5,000
	(goods purchase from Aman and Suraj)			
19	Aman Dr.		2,000	
	To cash A/c			1,900
	To Discount received A/c			100
	(cash paid to Aman under cash discount)			
20	Suraj Dr.		10,000	



	To Cash A/c			9,800
	To Discount received A/c			200
	(cash paid to Suraj for full settlement of his account)			
20	Drawing A/c Dr.		8,000	
	To cash A/c			8,000
	(purchase table fan for domestic use)			
25	Cash A/c Dr.		6,984	
	Discount allowed A/c Dr.		216	
	To sales			7,200
	(goods sold at 10% Trade Discount and 3% cash discount)			
30	Rent A/c Dr.		8,000	
	Trade Expense A/c Dr.		7,000	
	Travelling Expense A/c Dr.		3,800	
	To cash A/c			18,800
	(miscellaneous expenses paid)			
			<b>1,28,000</b>	<b>1,28,000</b>

OR

**Journal of Abhishek Singh**

Date	Particulars	L.F.	Amount Dr.	Amount Cr.
<b>2023</b>			₹	₹
April 1	Cash A/c Dr.		1,50,000	
	Furniture A/c Dr.		10,000	
	Purchases A/c (or Stock A/c) Dr.		60,000	
	To Capital A/c (Business started with cash, furniture and goods)			2,20,000
April 4	Parvesh A/c (20,000 × 90%) Dr.		18,000	
	To Sales A/c (Goods of the list price of ₹ 20,000 sold at 10% discount)			18,000
April 6	Sales Returns A/c Dr.		1,800	
	To Parvesh A/c (2,000 × 90%) (Goods returned for ₹ 2,000 less 10% trade discount)			1,800
April 10	Cash A/c Dr.		16,000	
	Discount Allowed A/c (Note 1) (16,200-16,000) Dr.		200	
	To Parvesh A/c (18,000-1,800) (Cash received from Parvesh and discount allowed to him)			16,200
April 15	Furniture A/c Dr.		12,000	
	To Cash A/c			12,000



	(Furniture purchased for cash)				
April 15	Purchases A/c	Dr.		44,000	
	To Mahadev A/c (50,000 × 88%) (Goods of the list price of ₹ 50,000 purchased at 12% trade discount)				44,000
April 18	Mahadev A/c (4,000 × 88%)	Dr.		3,520	
	To Purchases Returns A/c (Goods returned for ₹ 4,000 less 12% trade discount)				3,520
April 20	Mahadev A/c (44,000-3,520)	Dr.		40,480	
	To Cash A/c (40,480-2,024)				38,456
	To Discount Received A/c (40,480 × 5%) (Cash paid to Mahadev and discount received)				2,024
April 21	Aasha A/c	Dr.		20,000	
	Seema A/c	Dr.		32,000	
	To Sales (Goods sold on credit)				52,000
April 24	Cash A/c	Dr.		19,600	
	Discount Allowed A/c	Dr.		400	
	To Aasha A/c (Cash received and discount allowed)				20,000
April 24	Insurance Expenses A/c	Dr.		1,500	
	To Bank A/c (Insurance premium paid)				1,500
April 25	Drawings A/c	Dr.		2,400	
	To Bank A/c (Paid for insurance premium for proprietor)				2,400
April 26	Purchases A/c (16,000 × 90%)	Dr.		14,400	
	To Cash A/c (14,400-288)				14,112
	To Discount Received A/c (14,400 × 2%) (Goods purchased at 10% trade discount and 2% cash discount)				288
April 27	Cash A/c (32,000-1,600)	Dr.		30,400	
	Discount Allowed A/c (32,000 × 5%)	Dr.		1,600	
	To Seema A/c (Cash received and discount allowed)				32,000
April 28	Advertisement Expenses A/c	Dr.		2,000	
	Salaries A/c	Dr.		8,000	
	Rent A/c	Dr.		1,600	
	To Cash A/c (Expenses paid)				11,600



April 30	Cash A/c	Dr.		1,000	
	To Commission Received A/c (Commission received)				1,000
	<b>Total ₹</b>			<b>4,90,900</b>	<b>4,90,900</b>

**Note:**

i.	Discount allowed to Parvesh is calculated as follows:	₹
	Sales	18,000
	Less: Sales Returns	(1,800)
	Amount due from Parvesh	16,200
	Amount received from him in full settlement	16,000
	Discount allowed	200
ii.	Discount received from Mahadev is calculated as follows:	₹
	Purchases	44,000
	Less: Purchases Returns	(3,520)
	Net amount due to Mahadev	40,480
	Discount received from him: $40,480 \times \frac{5}{100}$	2,024
	Amount paid to him in full settlement	38,456
iii.	Invoice price of goods purchased	16,000
	Less: Trade Discount @ 10%	(1,600)
		<b>14,400</b>
	Less: Cash Discount @ 2%	(288)
		<b>14,112</b>

24.

#### RECTIFYING JOURNAL ENTRIES

Date	Particulars		L.F.	Dr.(₹)	Cr.(₹)
(i)	Amit Verma	Dr.		75	
	Amit Kapoor	Dr.		57	
	To Suspense A/c				132
	(wrongly posted to credit of Amit Kapoor instead of debited to Amit Verma.)				
(ii)	Suspense A/c	Dr.		5	
	To Discount received A/c				5
	(discount receive omitted to be posted.)				
(iii)	Drawings A/c	Dr.		40	
	To Purchases A/c				40
	(drawings of goods omitted to be recorded.)				
(iv)	Suspense A/c	Dr.		500	
	To Interest on Loan A/c				500
	(interest on loan receive omitted to be posted.)				



(v)	Suspense A/c	Dr.		100	
	To Purchase Return A/c				100
	(undercasting of Purchase Return rectified.)				

#### SUSPENSE ACCOUNT

Particulars	(₹)	Particulars	(₹)
To Discount received	5	By Balance b/d	283
To interest on loan	500	By Amit Verma	75
To Purchase Return	100	By Amit Kapoor	57
		<b>By Balance c/d</b>	<b>190</b>
	605		605

OR

#### JOURNAL

Date	Particulars		L.F.	Dr.(₹)	Cr.(₹)
(i)	Suspense A/c	...Dr.		150	
	To Expenses A/c (Mistake in totalling of Expenses A/c rectified)				150
(ii)	Suspense A/c	...Dr.		200	
	To Sales A/c (Mistake in totalling of Sales A/c rectified)				200
(iii)	Supplier's A/c	...Dr.		325	
	To Suspense A/c (Mistake in posting from Purchases Book to Ledger rectified)				325
(iv)	Sales Return A/c	...Dr.		200	
	To Suspense A/c (Sales Return from a party, not posted to sales return, now rectified)				200
(v)	Sundry Creditors A/c	...Dr.		600	
	To Purchases A/c (Payments made to supplier wrongly posted to purchases, now rectified)				600
(vi)	Sundry Debtors A/c	...Dr.		200	
	To Suspense A/c (Sales wrongly credited to Customer's Account, now rectified)				200

#### SUSPENSE ACCOUNT

Dr.		Cr.	
Particulars	₹	Particulars	₹
To Expenses A/c	150	By Difference in Trial Balance (Given)	250
To Sales A/c	200	By Supplier's A/c	325
To Balance c/d	625	By Sales Return A/c	200
		By Sundry Debtors A/c	200
	<b>975</b>		<b>975</b>



Note: Since the Suspense Account does not balance, it means that some errors still exist.

25.

### PLANT & MACHINERY ACCOUNT

Dr.			Cr.		
Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
2020 Apr. 01	To Bank A/c		2021 Mar. 31	By Depreciation A/c	
	M1      20,000			M1      2,000	
	M2 <u>1,00,000</u>	1,20,000		M2      10,000	
Oct. 01	To Bank A/c <sup>(M3)</sup>	50,000		M3 (for 6 months) <u>2,500</u>	14,500
			Mar. 31	By Balance c/d	
				M1      18,000	
				M2      90,000	
				M3 <u>47,500</u>	1,55,500
		<u>1,70,000</u>			<u>1,70,000</u>
2021 Apr. 01	To Balance b/d		2022 Mar. 31	By Depreciation A/c	
	M1      18,000			M1      2,000	
	M2      90,000			M2      10,000	
	M3 <u>47,500</u>	1,55,500		M3      5,000	
July 01	To Bank A/c <sup>(M4)</sup>	25,000		M4 (for 9 months) <u>1,875</u>	<u>18,875</u>
			Mar. 31	By Balance c/d	
				M1      16,000	
				M2      80,000	
				M3      42,500	
				M4 <u>23,125</u>	<u>1,61,625</u>
		<u>1,80,500</u>			<u>1,80,500</u>
2022 Apr. 01	To balance b/d		2023 Jan. 01	By Depreciation A/c <sup>(M1)</sup>	1,500
	M1      16,000		"	By Bank A/c (Sale of M1)	6,000
	M2      80,000		"	By Profit and Loss A/c (Loss on Sale of M1)	8,500
	M3      42,500		Mar. 31	By Depreciation A/c	
	M4 <u>23,125</u>	<u>1,61,625</u>		M2      10,000	
				M3      5,000	
				M4 <u>2,500</u>	<u>17,500</u>
			Mar. 31	By Balance c/d	
				M2      70,000	
				M3      37,500	
				M4 <u>20,625</u>	<u>1,28,125</u>
		<u>1,61,625</u>			<u>1,61,625</u>



**Working Note:-**

Calculation of Profit and Loss:-

Particulars	Amount (₹)
Value of Machinery on Apr. 01, 2022	16,000
Less: Depreciation for 9 months	(1,500)
Value of Machinery on Jan.01, 2023	14,500
Less: Sale Value	(6,000)
<b>Loss on Sale of Machinery</b>	<b>8,500</b>

Depreciation is charged @ 10% each year on original value of asset each year i.e., same amount of depreciation charged each year. If some expenses are incurred while purchasing asset the it is capitalised in value of asset.

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
			<b>12,00,000</b>				<b>12,00,000</b>
1-04-15	To Balance b/d		12,00,000	31-03-16	By Balance c/d		12,00,000
			<b>12,00,000</b>				<b>12,00,000</b>
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
			<b>15,00,000</b>				<b>15,00,000</b>

**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
			<b>1,20,000</b>				<b>1,20,000</b>
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
			<b>3,36,000</b>				<b>3,36,000</b>
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
			<b>5,39,600</b>				<b>5,39,600</b>

**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
			<b>1,60,000</b>				<b>1,60,000</b>

26.

**Petty Cash Book**

Amount Received	C.B. Folio	Date	Particulars	V.No.	Total Payments	Conveyance	Printing & Stationery	Postage	Wages	Cartage	Miscellaneous Expenses
₹		2023			₹	₹	₹	₹	₹	₹	₹
420		Apr. 3	Balance b/d								
4,580		3	Cash A/c								
		3	Stamps A/c		300			300			
		5	Cleaning A/c		200						200
		5	Repairs A/c		250	600					250
		7	Conveyance A/c		770	770					
		7	Wages A/c		200				200		
		8	Charity A/c		350						350
		9	Stationery A/c		250		250				
		9	Carriage A/c		280					280	
		10	Envelopes A/c		450		450				
		10	Refreshment A/c		150						150
		12	Conveyance A/c		300	300					
		12	Wages A/c		200				200		
		12	Stationery A/c		280		280				
		15	Misc. Exp. A/c		<u>250</u>	—	—	—	—	—	<u>250</u>
			Total Payments		<b><u>4,230</u></b>	<b><u>1,070</u></b>	<b><u>980</u></b>	<b><u>300</u></b>	<b><u>400</u></b>	<b><u>280</u></b>	<b><u>1,200</u></b>
		Apr. 15	Balance c/d		<b>770</b>						
<b>5,000</b>					<b>5,000</b>						
770		Apr. 16	Balance b/d								
4,230		Apr.	Cash A/c								





**Working Note:**

Petty Cash Book is the book which is used for the purpose of recording expenses involving petty amounts. It is maintained as in business besides large payments, a number of small payments, such as for conveyance, stationery, cartage, etc., have to be made. If all these payments are recorded in the Cash Book, it will become unnecessarily large. Also, the main cashier will be overburdened with work. Petty cash book is prepared for daily small expenses of recurring nature.

OR

**In the books of M/S Deendayal****Purchase Book**

Date	Invoice No.	Particulars	Details	Total Amount (Rs)
Jun, 9, 2013		Arora & Co. Nai Sarak 10 Chairs @ Rs 200 each Less: Trade Discount 1 Table @ Rs. 600 Less: Trade Discount	2,000 200 600 60	2,340
Jun, 16, 2013		Fateh Chand & co. 5 Chairs @ Rs. 180 each	900	900
		<b>Total</b>		<b>3,240</b>

**Sales Book**

Date	Invoice no.	Particulars	Details	Total Amount (Rs)
Jun, 10, 2013		Sudha Furniture company, Agra 1 Almirah @ Rs. 2,000 Less: Trade Discount @ 15%	2,000 300	1,700
Jun, 25, 2013		Ravi Sharma, Delhi 2 Dining Tables @ Rs. 6,000 each Less : Trade Discount @ 10%	12,000 1,200	10,800
		<b>Total</b>		<b>12,500</b> =====

The sales day book is a manually-maintained ledger in which is recorded the key detailed information for each individual credit sale to a customer, while a purchases day book is an accounting ledger in which purchasing transactions are recorded. This book is most commonly found in manual accounting systems, where purchases are recorded by hand in a ledger.

**Part B**

27. (a) comparing the capital at the beginning of the accounting period and the capital at the end of the accounting period.

**Explanation:**

Profit is calculated by comparing the capital in the beginning of the accounting period and the capital at the end of the accounting period.

OR

- (a) legal restrictions

**Explanation:**

A limited company, because of legal restriction, cannot maintain accounting books on the single entry system.

- 28.

- (c) All of these

**Explanation:**

current liabilities is related to the operating cycle of the goods being traded and it has to be paid before 12 months. current liability is for short term



29.

(c) Capital expenditure

**Explanation:**

operating cost can be reduced by improving or acquiring new machines . purchase or improvement in asset is capital expenditure.

30.

(c) Bad debt

**Explanation:**

If a person fails to pay his debt, such amount is considered as bad debt.

OR

(d) Personal Account

**Explanation:**

Personal Account

31.

Basis	Capital expenditure	Revenue expenditure
<b>Purpose</b>	It is incurred for purchase of fixed assets for use in business.	It is incurred for operating the business.
<b>Capacity</b>	It increases earning capacity of the business.	It is incurred for earning profit.
<b>Period</b>	Its benefit extends to more than one year.	Its benefit is exhausted within the year.

32.

#### Adjustment Entries

Date	Particulars		Debit	Credit
	Accured Commission	Dr	1,800	
	To Commission A/c			1,800

#### Effects on Final Account:

#### Profit and Loss Account

Dr						Cr
Date	Particulars	Amt(Rs)	Date	Particulars		Amt(Rs)
				By Commission	9,000	
				(+)Accured Commission	1,800	10,800

#### Extract of the Balance Sheet

Liabilities	Amt(Rs)	Assets	Amt(Rs)
		Accured Commission	1,800

33.

#### Journal

Particulars		Dr.(₹)	Cr.(₹)
(i) Prepaid Insurance A/c	Dr.	2,000	
To Insurance A/c (Being prepaid Insurance adjusted)			2,000

#### Extract of Profit and Loss Account

for the year ended 31st March, 2013

Dr				Cr
Particulars		Amt(₹)	Particulars	Amt(₹)



To Insurance A/c	8,000			
Less :Prepaid Insurance	2,000	6,000		

#### Extract of Balance Sheet

as at 31st March, 2013

Liabilities	Amt(₹)	Assets	Amt(₹)
		Prepaid Insurance	2,000

Prepaid Insurance will be treated as Current Assets.

OR

#### Adjustment Entry:

#### JOURNAL

Profit and Loss A/c	Dr	1,500	
To Provision for Bad and Doubtful Debts A/c (Being provision for doubtful debts @ 5%, made on debtors)			1,500

**Effect on Final Accounts:** The provision for doubtful debts will be shown in the debit side of Profit & Loss A/c. Further, it will be deducted from the debtors in the Balance Sheet. This is shown below:

#### Profit and Loss Account

for the year ended 31st March, 2013

Dr			Cr
Particulars	Amt(Rs)	Particulars	Amt(Rs)
To Provision for Bad and Doubtful Debts	1,500		

#### Balance Sheet

as at 31st March, 2013

Liabilities	Amt(Rs)	Assets		Amt(Rs)
		Debtors	30,000	
		(-)Provision for Bad and Doubtful Debts	1,500	28,500

34.

#### TRADING AND PROFIT & LOSS A/C

or the year ending 31<sup>st</sup> March, 2023

Dr.					Cr.
Particulars		Amount ₹	Particulars		Amount ₹
To Opening Stock		36,000	By Sales	3,50,000	
To Purchases	2,20,000		Less: Return inward	<u>6,000</u>	3,44,000
Less: Return Outwards	<u>(7,500)</u>	2,12,500	By Closing Stock		50,000
To Carriage on Purchases		4,400			
To Fuel and Power		15,500			
To Wages and Salaries		6,000			
To Gross Profit c/d		1,19,600			
		<b>3,94,000</b>			<b>3,94,000</b>
To Carriage on Sales		2,100	By Gross Profit b/d		1,19,600
To Wages & Salaries		12,000	By Interest on Investments		2,000
To Repairs		1,520	By Miscellaneous Receipts		120
To General Expenses	10,600				



Less: Prepaid Insurance	<u>300</u>	10,300			
To Bad-Debts	6,200				
Add: Further Bad-Debts	2,000				
Add: New Provision for Doubtful Debts	<u>4,000</u>				
	<b>12,200</b>				
Less: Old Provision	<u>(2,500)</u>	9,700			
To Outstanding Interest <sup>(1)</sup>		1,200			
To Net Profit transferred to Capital A/c		84,900			
		<b>1,21,720</b>			<b>1,21,720</b>

**BALANCE SHEET as at 31<sup>st</sup> March, 2023**

Liabilities		Amount ₹	Assets		Amount ₹
Bills Payable		5,200	Cash in hand		2,000
Creditors		30,000	Cash at Bank		18,000
X's Loan	10,000		Debtors	82,000	
Add: Outstanding Interest	<u>1,200</u>	11,200	Less: Bad Debts	<u>(2,000)</u>	
Capital	2,17,000			<b>80,000</b>	
Add: Net Profit	<u>84,900</u>		Less: Provision for doubtful debts	<u>(4,000)</u>	76,000
	<b>3,01,900</b>		Closing Stock		50,000
Less: Drawings (Stationery used)	<u>(2,000)</u>	2,99,900	Prepaid Insurance		300
			Investments		20,000
			Land & Buildings		1,80,000
		<b>3,46,300</b>			<b>3,46,300</b>

**Note:- (1)** Interest on Loan will be calculated for eight months.

OR

The Trading and Profit and Loss account & Balance Sheet of MMN will be prepared in the following manner :

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

Dr					Cr
Particulars		Amt(Rs)	Particulars		Amt(Rs)
To Opening Stock		26,420	By Sales	91,230	
To purchases	42,160		Less : Sales Return	(1,760)	89,470
Less : Purchases Return	(8,460)	33,700	By Closing Stock		29,390
To Wages		21,470			
To Carriage Inwards		4,370			
To Coal, Gas and Water		720			
To Gross Profit transferred to Profit & Loss A/c		32,180			
		1,18,860			1,18,860
To Salaries		4,670	By Gross Profit b/d		32,180



To Bank Charges		140	By Discount		120
To Rates and Taxes	840		By Apprentice Premium(note 1)	500	
(-)Prepaid rates & taxes	(240)	600	(-)Unexpired Premium	(400)	100
To Trade Expenses		1,990	By Old Provision for Doubtful Debts		2,470
To Fire Insurance	490				
(-)Prepaid insurance	(125)	365			
To Provision for Doubtful Debts					
To Depreciation on					
Land and Building	625				
Plant and Machinery	1,427				
Furniture and fixtures	125	2,177			
To Net Profit Transferred to Capital A/c		23,038			
		34,870			34,870

### Balance Sheet

as at 31st December,2013

Liabilities		Amt(Rs)	Assets		Amt(Rs)
Sundry Creditors		12,170	Land and Building	25,000	
Apprentice Premium Received in Advance		400	(-)Depreciation	(625)	24,375
Capital	90,000		Plant and Machinery	14,270	
(+)Net Profit	23,038		(-)Depreciation	(1,427)	12,843
	1,13,038		Furniture and Fixtures	1,250	
(-)Drawings	6,480	1,06,558	(-)Depreciation	(125)	1,125
Opening Balance	10,000		Debtors	37,800	
(-)Drawings	4,452		(-)Provision for Doubtful Debts	(1,890)	25,910
	5,548		Bills Receivable		1,270
(+)Net Profit gtransferred from Profit & Loss A/c	37,666	43,214	Closing Stock		29,390
			Cash at Bank		13,000
			Cash in Hand		850
			Prepaid fire insurance		125
			Prepaid Rates and Taxes		240
		1,19,128			1,19,128

Note :

1. Apprenticeship premium is a revenue income of the business. Unearned premium means, premium received in advance. Thus, it has been deducted from the income received. The amount of unearned premium will be shown in liability side of Balance sheet.