

Class XI Session 2025-26

Subject - Accountancy

Sample Question Paper - 3

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 statements about source document is incorrect? [1]
 - i. They are required for audit and tax assessments.
 - ii. They do not serve as legal evidence in case of a dispute.
 - iii. These documents are written and authentic proof of the correctness of the recorded transaction.

a) only these documents are written and authentic proof of the correctness of the recorded transaction.	b) only they do not serve as legal evidence in case of a dispute
c) all of these	d) They do not serve as legal evidence in case of a dispute and these documents are written and authentic proof of the correctness of the recorded transaction.
2. **Assertion (A):** Prepaid expenses are a part of current assets. [1]
Reason (R): Current assets involves assets which can be converted into cash within one year as well as assets for which service or benefit will be available against these assets without further repayment.

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. Real account (which include cash and all other assets) will usually show: [1]

a) Both debit and credit balance	b) Credit Balance
c) Negative balance	d) Debit Balance
4. Sumit owns a company and purchase goods on credit from his personal funds and used the same for business purpose. What is the effect on assets [1]



- a) Reduce Bank
- c) Increase stock

- b) Reduce cash
- d) Increase cash

OR

Calculate total expenses if capital Rs.2,00,000, creditors Rs. 50,000, revenue Rs.5,00,000 and asset Rs. 5,00,000.

- a) Rs.5,50,000
- c) Rs.7,00,000

- b) Rs.3,50,000
- d) Rs.2,50,000

5. Accounting vouchers are prepared for [1]

- a) cash transactions
- b) non-cash transactions
- c) both cash and non-cash transactions
- d) Transfer

6. The main purpose of which branch of accounting is to record the business transactions in a systematic manner and to ascertain the profit or loss of the accounting period? [1]

- a) Profit and loss accounting
- b) Corporate accounting
- c) Cost accounting
- d) Financial accounting

OR

_____ function is routine and clerical in nature and is increasingly done by computers now-a-days.

- a) Bookkeeping
- b) Accounting
- c) Financing
- d) Accounting and bookkeeping

7. How secret reserve can be created [1]

- a) All of these
- b) Under valuating stock
- c) By making excessive provisions
- d) By charging capital expenditure to revenue

8. Sale of goods to Rahul for cash is debited to: [1]

- a) Stock account
- b) Sales A/c
- c) Rahul A/c
- d) Cash A/c

OR

Balance of Capital Account is shown as:

- a) Capital Account
- b) Revenue Account
- c) Asset account
- d) Liability Account

9. Accounting Standards are needed: [1]

- a) To bring clarity in accounting terminology
- b) To bring uniformity in the financial statements of different enterprises
- c) All of these
- d) To limit the area within which accountant has to function

10. Under what situations does a business invest the fund outside [1]

- A. Ready cash is required at a future date
- B. The funds cannot be profitably invested in the business itself

- a) Both (A) and (B)
- b) (B)

- c) (A) d) None of these
11. When purchased goods are returned to the suppliers, these returns are termed as: [1]
 a) Outward returns b) Inward returns
 c) Return inwards d) Return outwards
12. The periodic total of purchases return journal is posted to : [1]
 a) Profit and loss account b) Furniture account
 c) Purchase account d) Purchase returns account
13. As a result of the following transactions, the total of accounting equation will be _____. [1]
 i. Started business with cash ₹ 2,00,000.
 ii. Purchased furniture ₹ 25,000.
 iii. Purchased goods on credit ₹ 60,000.
 a) ₹ 2,85,000 b) ₹ 2,60,000
 c) ₹ 2,25,000 d) ₹ 2,35,000
14. The term fixed assets include: [1]
 a) Closing Stock b) Debtors
 c) Bills Receivable d) Furniture
 OR
- Cash Discount is:
 i. Which is received at the time of making the payment
 ii. Which is allowed at the time of sale of goods
 iii. Which is received at the time of purchase of goods
 iv. Which is received both at the time of making payment and purchase of goods
 a) Statement (b) is correct. b) Statement (d) is correct.
 c) Statement (c) is correct. d) Statement (a) is correct.
15. Total of these transactions is posted to Purchase Account: [1]
 a) Credit Purchase of furniture b) Purchases Return
 c) Credit Purchase of goods. d) Purchase of Stationery
16. Following are the disadvantages of secret reserves except [1]
 a) Absorbing the unforeseen losses b) Unfair presentation of financial statements
 c) Loss to shareholders d) Mis-use by management
17. State whether the balance of the following accounts should be placed in the debit (or) the credit columns of the Trial Balance: [3]
 i. Plant and Machinery
 ii. Discount Allowed
 iii. Bank Overdraft
 iv. Sales
 v. Interest Paid

vi. Bad Debts

OR

Define Trial Balance and name any three errors which are disclosed by the Trial Balance.

18. What are the advantages of the Accrual Basis of Accounting? [3]

OR

Explain the need for IFRS.

19. Distinguish between expenses and expenditure. [3]

20. What do you understand by balancing of account? [3]

21. Record the following transactions in a cash book with cash and bank columns: [4]

2023		₹
Jan. 1	Bank overdraft	12,000
	Cash in hand	2,300
Jan. 7	Cheque received from Laxman ₹ 4,000 and discount allowed ₹ 200	
Jan. 8	Deposited the above cheque into Bank	4,000
Jan. 12	Banked	200
Jan. 15	Received a money order from Ganesh	500
Jan. 16	Money is withdrawn from Bank for office use	300
Jan. 18	Bank Charges	20
Jan. 20	Interest on bank overdraft	1,000

22. On 30th June, 2023, the bank Column of Anuj's Cash Book showed a balance of ₹8,250. On examination of the Cash Book and bank statement you find that: [4]

- Out of total cheques amounting to ₹8,000 issued, cheques amounting to ₹5,800 have been presented for payment upto 30th June, 2023.
- Out of total cheques amounting to ₹6,000 sent to bank for collection, cheques of ₹4,100 were credited in Pass Book upto 30th June, 2023.
- On 28th June a customer deposited ₹3,500 direct in the bank account but it was entered only in the Pass Book.
- Debit side of Anuj's Cash Book (Bank Column) has been overcast by ₹ 100.
- No entry has been made in the Cash Book for the Rent of ₹800 paid by bankers according to Anuj's standing instructions.
- The Pass Book showed a credit of ₹320 for interest and a debit of ₹40 for bank charges, but these have not been entered in the Cash Book.

Prepare a Bank Reconciliation Statement as on 30th June, 2023.

OR

On 30th June 2014, the Cash Book of a trader shows a bank overdraft of ₹2,500. Following informations are available:

- Cheques amounting to ₹14,600 had been paid to the bank, but of these only ₹12,200 were credited in the Pass Book, up to 30th June, 2014.
- He had also issued cheques amounting to ₹10,000, but of which only Rs 3,600 had been presented for payment.



- iii. A cheque of ₹500 which he had debited to the bank account was not sent to bank for collection by mistake.
- iv. There is a debit in the Pass Book of ₹10 for Bank Charges and ₹50 for interest.
- v. A customer directly paid into his bank ₹1,000, but it was not shown in the Cash Book.
- vi. Bank has paid insurance premium of ₹400 according to his instructions, but this is not recorded in the Cash Book.

Prepare a Bank Reconciliation Statement.

23. Suresh commenced business on 1st January, 2023 introducing capital in cash ₹ 1,00,000. His other transactions during the month were as follows: [6]

2023		₹
Jan 1	Started business with cash	1,00,000
Jan 2	Bought goods for cash	20,000
Jan 3	Sold goods for cash	7,000
Jan 15	Sold goods to Sanjay,	6,000
Jan 18	Bought goods on credit from Atul,	50,000
Jan 19	Goods returned to Atul	5,000
Jan 20	Sold goods for cash	30,000
Jan 22	Paid electricity bill	1,000
Jan 28	Paid for telephone bill	500
Jan 29	Paid rent	800
Jan 31	Paid wages	3000

Enter the above transactions in his books of account.

OR

Journalise the following transactions of Singh Enterprises, Delhi :

2017		Rs.
June 1	Started business with cash	50,000
June 2	Deposited cheque from Savings Account in firm's account	2,00,000
June 3	Received cash from Ram	50,000
June 4	Purchased goods for cash	15,000
June 11	Sold goods to M/s. Hari Sales, Delhi	12,000
June 13	Paid to Ramavtar	40,000
June 17	Received from M/s. Hari Sales	10,000
June 20	Bought furniture from S.R. Furniture against Cash (including CGST and SGST)	22,400
June 27	Paid rent	28,000
June 30	Paid Salary	50,000



CGST and SGST @ 6% each is levied on Intra-state sale and purchase.

24. Pass Journal entries to rectify the following errors:

[6]

- i. A purchase of goods from Ram amounting to ₹ 1,500 has been wrongly passed through the Sales Book.
- ii. A credit sale of goods of ₹ 1,200 to Ramesh has been wrongly passed through the Purchases Book.
- iii. An amount of ₹ 2,000 due from Mukul, which had been written off as Bad Debt in previous year, was unexpectedly recovered and has been posted to the personal account of Mukul.
- iv. A cheque for ₹ 5,000 received from Hariram was dishonoured and had been posted to the debit of the Sales Return Account.
- v. ₹ 10,000 paid on account of salary to the cashier Rao stands debited to his Personal Account.

OR

Rectify the following errors:

- i. An amount of ₹ 2,500 spent for the extension of machinery has been debited to Wages Account.
- ii. ₹ 100 paid as cartage for the newly purchased furniture, posted to Cartage A/c.
- iii. A builder's bill for ₹ 5,000 for the erection of a small cycle shed was debited to Repairs Account.
- iv. A cheque of ₹ 1,700 received from Girdhari Lal was dishonoured and had been posted to the debit side of Allowance A/c.
- v. ₹ 800 paid for the newly purchased Fan posted to Purchases Account.
- vi. ₹ 4,000 the amount of sale of old machinery has been credited to Sales Account.
- vii. ₹ 1,000 received from 'X' has been credited to Y's Account.

25. On 1st October, 2019, Mishra & Co. purchased machinery worth ₹ 40,000. On 1st October, 2021, it buys additional machinery worth ₹ 10,000. On 30th September, 2022, half of the machinery purchased on 1st Oct., 2019, is sold for ₹ 8,200. The company writes off 10 percent p.a. on the original cost. The accounts are closed every year on 31st March. Show the Machinery Account for four years.

[6]

OR

Sharma & Co. whose books are closed on 31st March, purchased machinery for ₹ 1,50,000 on 1st April, 2020, Additional machinery was acquired for ₹ 50,000 on 1st October, 2020. Certain machinery which was purchased for ₹ 50,000 on 1st October, 2020 was sold for ₹ 40,000 on 30th September, 2022.

Prepare the Machinery Account and Accumulated Depreciation Account for all the years up to the year ended 31st March, 2023. Depreciation is charged @ 10% p.a. on Straight Line Method. Also, show the Machinery Disposal Account.

26. Prepare a Cash Book with Cash and Bank Columns from the following particulars:

[6]

2023		₹
Feb. 1	Cash in hand ₹ 14,800; Bank Overdraft ₹ 32,700	
4	Sold goods, received the cheque (Deposited same day)	4,950
5	Sold goods to Nakul on Credit	10,000
8	Received from Nakul a cheque for ₹ 9,500 in settlement of his account.	
10	Sold goods to Munna on Credit	6,000



12	Cheque received from Nakul endorsed to Prakash in full settlement of his account	9,800
15	Received cheque from Raghu	12,800
	Allowed him discount	200
16	Paid into Bank (including Raghu's cheque)	15,000
18	Cheque from Raghu returned dishonoured and bank debits our account in respect of charges on this cheque ₹ 20. Discount not withdrawn.	
19	Received the amount of returned cheque and bank charges in cash from Raghu.	
20	Instructed the bank to issue a bank draft for ₹ 5,000 in favour of Suraj. Bank charged ₹ 40 for issuing the draft.	
22	Munna settled his account by means of a cheque for ₹ 6,200 including ₹ 200 as the interest charged from him. Lodged the cheque into bank.	
24	Paid ₹ 5,000 by cheque for cash purchases.	
25	Sushil who owed us ₹ 8,000 became bankrupt and paid us 50 paise per rupee.	
28	Paid salary to Mohan Das	3,000
28	Banked	20,000

OR

From the following particulars, prepare Sales Book of Jain & Co., Kolkata who deals in furniture

2023	
Jan. 5	Sold to Nanhe & Co., Kolkata:
	10 Tables @ ₹ 1,100 each
	20 Chairs @ ₹ 1,000 each
Jan. 10	Sold to M/s. Thakur & Co., Delhi:
	5 Almirahs @ ₹ 5,000 each
	5 Stools @ ₹ 1,000 each
Jan. 20	Sold old printer for ₹ 600 to Rajesh & Co., Kolkata
Jan. 25	Sold to M/s. Samson & Bros., Kolkata:
	5 Tables @ ₹ 2,500 each
	1 Revolving Chair @ ₹ 5,000

Show the Posting from Sales Book to Ledger Accounts.

Part B

27. Two methods for ascertaining profit and loss in case of single entry system:

[1]

a) Statement of balance and conversion

b) Statement of profits and Conversation

c) Statement of affairs and converter

d) Statement of affairs and conversion

OR



Which accounting principle is followed by a single entry system?

- a) Revenue Recognition Principle
- b) Full Disclosure Principle
- c) Double Entry or Dual Aspect Principle
- d) Money measurement principle

28. Accounting treatment of Deferred Revenue Expenditure is based on which principle [1]

- a) Cost concept
- b) Money Measurement
- c) Going concern concept
- d) Matching Principle

29. Which of the following will not be included in Trading account [1]

- a) Factory expenses
- b) Postage and telegram expense
- c) Manufacturing Wages
- d) Carriage on purchase

30. Income tax in case of sole trader is treated as [1]

- a) Business expenses
- b) Owner expense
- c) Debtors expenses
- d) Personal expenses

OR

Closing Stock, if given outside the Trial Balance, is shown in

- a) Balance Sheet
- b) Trading Account and Balance Sheet
- c) Profit and Loss Account
- d) Profit and Loss Account and Balance Sheet

31. Explain the objects of preparing Profit and Loss Account. [3]

32. Goods costing ₹ 26,000 were sent to a customer at 20% profit on sale on sale or return basis. Customer returned goods of the selling price of ₹ 7,000. At what amount the remaining goods with the customer will be shown in the Balance Sheet? [3]

33. Prepare Trading and Profit and Loss Account and Balance Sheet from the following balances, relating to the year ending 31st March, 2023: [4]

	₹		₹
Capital	1,00,000	Bank	10,000
Creditors	17,000	Repairs	500
Returns Outward	5,000	Stock on 1 st April, 2022	20,000
Sales	1,64,000	Rent	4,000
Plant and Machinery	40,000	Manufacturing Expenses	8,000
Sundry Debtors	24,000	General Expenses	7,000
Drawings	10,000	Bad Debts	2,000
Purchases	1,05,000	Carriage Inwards	1,500
Returns Inward	3,000	Electricity Expenses (Factory)	1,000
Wages	50,000		

Additional Information:

- i. Closing Stock was valued at ₹ 14,500.



- ii. Depreciate Plant and Machinery by ₹ 4,000.
- iii. Write off Bad Debts ₹ 5,000.
- iv. ₹ 400 is due for repairs.

OR

Give Journal Entries for the following adjustments in final accounts:

- i. Extract of Trial Balance as on 31st March, 2023

Particulars	Debit (₹)	Credit (₹)
Sundry debtors	4,13,000	
Bad debts	7,000	
Provision for doubtful debts		45,000

Additional Information:

- a. Additional Bad Debts ₹ 13,000.
- b. Maintain the provision for doubtful debts @ 5% on debtors.
- ii. On 31st March, 2023 stock worth ₹ 25,000 was destroyed by fire. These goods were purchased paying IGST @ 12%. The stock was insured and the insurance company admitted a claim of ₹ 21,000 only.
- iii. Insurance prepaid ₹ 1,500. IGST is charged @ 12%.
- iv. Goods costing ₹ 10,000 having market value of ₹ 15,000 were taken over by the owner for personal use. These goods were purchased paying IGST @ 12%.
- v. Rent received in advance was ₹ 3,500.

- 34. Trial Balance of a business as at 31st March, 2023 is given below:

[6]

Particulars	Dr. (₹)	Particulars	Cr. (₹)
Stock on 1 st April, 2022	25,000	Sales	2,27,800
Furniture	8,000	Commission	500
Plant and Machinery	1,50,000	Returns Outward	1,000
Debtors	30,000	Creditors	40,000
Wages	12,000	Capital	1,50,000
Salaries	20,000		
Bad Debts	1,000		
Purchases	1,20,000		
Electricity Charges	1,200		
Telephone Charges	2,400		
General Expenses	3,000		
Postage Expenses	1,800		
Returns Inward	900		
Insurance Premium	1,500		



Cash in Hand	2,500		
Cash at Bank	40,000		
	4,19,300		4,19,300

Prepare Trading and Profit & Loss Account for the year ended 31st March, 2023 and Balance Sheet as at that date after taking into account the following adjustments:

- Closing Stock was valued at ₹ 7,000.
- Outstanding liabilities for wages were ₹ 600 and salaries ₹ 1,400.
- Depreciation is to be provided @ 5% p.a. on all fixed assets.
- Plant and Machinery includes a machine purchased for ₹ 10,000 on 1st October, 2022.
- Insurance premium paid in advance ₹ 200.

OR

Suresh started business on 1st April, 2013 with a capital of Rs 30,000. The following trial balance was drawn up from his books at the end of the year.

Name of Accounts	Amt(Rs)	Name of Accounts	Amt(Rs)
Drawings	4,500	Capital	40,000
Plant and fixtures	8,000	Sales	1,60,000
Purchases	1,16,000	Creditors	12,000
Carriage inward	2,000	Bills payable	9,000
Wages	8,000		
Return inward	4,000		
Salaries	10,000		
Printing	800		
Advertisement	1,200		
Trade Charges	600		
Rent	1,400		
Debtors	25,000		
Bills Receivable	5,000		
Investments	15,000		
Discount	500		
Cash at bank	16,000		
Cash in hand	3,000		
	2,21,000		2,21,000

The value of stock as at 31st March, 2014 was Rs 26,000. You are required to prepare his trading and profit and loss account for the year ended 31st March, 2014 and a balance sheet as on the date after taking the following facts into account.



- i. Interest on capital is to be provided at 6% per annum.
- ii. An additional capital of Rs 10,000 was introduced by Suresh on 1st October, 2013.
- iii. Plant and fixtures are to be depreciated by 10% per annum.
- iv. Salaries outstanding on 31st March, 2014 amounted to Rs 500.
- v. Accrued interest on investment amounted to Rs 750.
- vi. Rs 500 are bad debts and provision for doubtful debts is to be created at 5% on the balance of debtors.



Solution

Part A

1.
(b) only they do not serve as legal evidence in case of a dispute
Explanation:
These documents serve as legal evidence in case of dispute.
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.
(d) Debit Balance
Explanation:
Real accounts are the assets of the firm and will always have a debit balance except for sales account and purchase returns accounts which will show a credit balance. Real Account includes only Assets account only.
4.
(c) Increase stock
Explanation:
when sumit will introduce stock in business out of his personal funds then it will increase the stock column in assets and also the capital get increases.

OR

(d) Rs.2,50,000

Explanation:

As per Accounting Equation:-

Assets = Capital + Liabilities

5,00,000 = Capital + 50,000

Therefore capital should be = 5,00,000 - 50,000 = Rs 4,50,000

Closing capital = opening capital + revenue - expenses

4,50,000 = 2,00,000 + 5,00,000 - Expenses

Expenses = 7,00,000 - 4,50,000 = Rs 2,50,000

5.
(c) both cash and non-cash transactions
Explanation:
both cash and non-cash transactions

6.
(d) Financial accounting
Explanation:
Financial accounting

OR

(a) Bookkeeping

Explanation:



Bookkeeping

7. (a) All of these

Explanation:

Secret Reserve :- A secret reserve is one whose existence is not disclosed in the balance sheet. It can be created by all the methods mentioned above by suppressing sales, by charging over depreciation etc. It is created without showing to public.

8.

(d) Cash A/c

Explanation:

Sale of goods to Rahul for cash is debited to Cash A/c, Cash is collected when the sale is made.

OR

(a) Capital Account

Explanation:

The balance of Capital Account is shown as Capital Account. In accounting, the capital account shows the net worth of a business at a specific point in time. It is also known as owner's equity for a sole proprietorship or shareholders' equity.

9.

(c) All of these

Explanation:

All of these

10. (a) Both (A) and (B)

Explanation:

When a company invests its reserve amount outside it is known as a reserve fund. The company will invest outside when ready cash is required at a certain date and when it is not sure about the profitable investment of the reserve in its business itself.

11.

(d) Return outwards

Explanation:

Return outwards

12.

(d) Purchase returns account

Explanation:

Purchase return book is prepared to record all credit returns of purchases. So the balance of purchase return book is transferred to purchase book on periodical basis.

13.

(b) ₹ 2,60,000

Explanation:

₹ 2,60,000

14.

(d) Furniture

Explanation:

Furniture

OR

(d) Statement (a) is correct.

Explanation:

Which is received at the time of making the payment

15.

(c) Credit Purchase of goods.

Explanation:

The total of these transactions is posted in Purchase Account.

16. (a) Absorbing the unforeseen losses

Explanation:

Secret Reserve :- Heavy unforeseen Losses of extraordinary nature can be met without disclosing them in the financial statements without affecting the normal business profit. This is not a limitation.

17.	Debit Balance	Credit Balance
	(i) Plant and Machinery	(iii) Bank Overdraft
	(ii) Discount Allowed	(iv) Sales
	(v) Interest Paid	
	(iv) Bad Debts	

OR

A trial balance is a statement in which the balance of all ledgers are compiled into debit and credit account column and totals of Debit & Credit Column are equal. A company prepares a trial balance periodically, usually at the end of every reporting period. Following errors are disclosed by Trial Balance:

- i. Errors in balancing the accounts
- ii. Errors in casting (overcast or undercast)
- iii. Errors in carrying the balance

18. Advantages of Accrual Basis of Accounting are:

- i. It gives a true and fair view of profit or loss and the financial position.
- ii. It shows a complete picture of financial transactions as it accounts for prepaid and outstanding expenses, earned and unearned incomes.

OR

IFRS stands for international financial reporting standards. It's a set of accounting rules and standards that determine how accounting events should be reported in your business's financial statements. Issued by the International Accounting Standards Board (IASB), IFRS aims to make financial statements consistent, comparable, and transparent across the world. Due to increasing globalization, there is an increasing cross-border flow of goods, services, capital, and technology and the role of multinational corporations is increasing.

As a result of this, financial statements produced in one country are used in other countries more and more frequently.

19. 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.
20. The accounts in the ledger are balanced at periodic intervals of daily, weekly, fortnightly, monthly, quarterly or any other pre-defined periodic intervals. The goal of balancing is to determine the net position of each amount. The following steps are involved in the balance of the accounts:
- i. The debit and credit side are totalled.
 - ii. The total on the side which is higher is written on the corresponding side.
 - iii. The difference between both sides is recorded on the shorter side. This makes the total on both sides equal.
 - iv. In case the debit side exceeds the credit side, the difference is written on the credit side. This is called Debit Balance.
 - v. If the credit side exceeds the debit side, the difference is written on the debit side. This is called Credit Balance.
 - vi. The words balance c/d are written against the amount of the difference between the two sides. Balance c/d stands for balance carried down.
 - vii. The amount of balance is brought down (b/d) in the next accounting period. It is denoted with Balance b/d. This indicates that it is a continuing account, till finally settled or closed. Here Balance b/d stands for Balance Brought Down.
 - viii. The accounts of expenses losses and gains/revenues are not balanced. Instead, these are transferred to trading and profit and loss accounts.



21.

CASH BOOK

Dr.					Cr.				
Date	Particulars	L.F.	Cash (₹)	Bank (₹)	Date	Particulars	L.F.	Cash (₹)	Bank (₹)
2023					2023				
Jan. 1	To Balance b/d		2,300		Jan. 1	By Balance b/d			12,000
8	To Cheques-in-Hand A/c			4,000	12	By Bank A/c	C	200	
12	To Cash A/c	C		200	16	By Cash A/c	C		300
15	To Ganesh's A/c		500		18	By Bank Charges A/c			20
16	To Bank A/c	C	300		20	By Interest on bank Overdraft			1,000
31	To Balance c/d		—	9,120	31	By Balance c/d		2,900	—
			3,100	13,320				3,100	13,320
Feb. 1	To Balance b/d		2,900		Feb. 1	By Balance b/d			9,120

JOURNAL ENTRY

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
2023				
Feb 8	Cheques-in-hand A/c	Dr.	4,000	
	Discount allowed A/c	Dr.	200	
	To Laxman's A/c (cheque received from Laxman)			4,200

22.

BANK RECONCILIATION STATEMENT

as on 30th June 2023

Particulars	Plus Items	Minus Items
	₹	₹
Balance as per Cash Book (Dr.)	8,250	
Add : (i) Cheques issued but not presented for payment upto 30th June, 2023 (₹8,000 - ₹5,800)	2,200	
(ii) Direct deposit by a customer in the bank	3,500	
(iii) Interest credited by bank	320	
Less : (i) Cheques sent for collection but not credited by the bank upto 30th June 2023 (₹6,000 - ₹4,100)		1,900
(ii) Debit side of the Cash Book overcast		100
(iii) Rent paid by bank according to standing instructions		800
(iv) Bank Charges		40
	14,270	2,840
Balance as per Pass Book. (Cr.)	11,430	

In the above illustration, it has not been clearly stated whether the Cash Book balance given at the start is a debit or credit balance. Hence, it will be treated as debit balance.

When opening balance of cash book is given all the rectification is done only in cash book not pass book.

OR

Bank Reconciliation Statement

S.No.	Particulars	Addition(₹)	Subtract(₹)



	Credit Balance (Overdraft) as per Cash Book		2,500
	Add:		
	Cheques issued but not presented (10,000 - 3,600)	6,400	
	Amount directly deposited by customer	1,000	
	Less:		
	Cheque paid into bank but not credited(14,600 - 12,200)		2,400
	Bank charges		10
	Bank interest		50
	Cheque not sent to bank for collection		500
	Insurance premium paid by bank as per standing instructions		400
	Credit Balance as per Pass Book		1,540
		7,400	7,400

Working Note:-

Cheques issued but not presented = ₹10,000 - ₹3,600 = ₹6,400

Cheque paid into bank but not credited ₹14,600 - ₹12,200 = ₹2,400

Point of Knowledge:-

A bank reconciliation statement locates the error or omissions that may have been committed either on the part of the bank. The error so detected can be rectified accordingly.

Since balance as per cash book is given all the errors are rectified only in cash book.

23.

**IN THE BOOKS OF SURESH
JOURNAL ENTRIES**

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2023				
Jan 01	Cash A/c	Dr.	1,00,000	
	To Capital A/c			1,00,000
	(Started business with cash as capital)			
Jan 02	Purchases A/c	Dr.	20,000	
	To Cash A/c			20,000
	(Goods purchased on cash)			
Jan 03	Cash A/c	Dr.	7,000	
	To Sales A/c			7,000
	(Goods sold on cash)			
Jan 15	Sanjay A/c	Dr.	6,000	
	To Sales A/c			6,000
	(Goods sold on credit)			
Jan 18	Purchases A/c	Dr.	50,000	
	To Atul A/c			50,000
	(Goods purchased on credit)			
Jan 19	Atul A/c	Dr.	5,000	



	To Purchases Return A/c				5,000
	(Goods returned purchase earlier)				
Jan 20	Cash A/c	Dr.		30,000	
	To Sales A/c				30,000
	(Goods sold on cash)				
Jan 22	Electricity Expenses A/c	Dr.		1,000	
	To Cash A/c				1,000
	(Paid electricity bill in cash)				
Jan 28	Telephone Expenses A/c	Dr.		500	
	To Cash A/c				500
	(Paid telephone bill in cash)				
Jan 29	Rent A/c	Dr.		800	
	To Cash A/c				800
	(Paid rent in cash)				
Jan 31	Wages A/c	Dr.		3,000	
	To Cash A/c				3,000
	(Paid wages in cash)				

LEDGER ACCOUNT IN THE BOOKS OF SURESH

CASH ACCOUNT

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2023				2023			
Jan 01	To Capital A/c		1,00,000	Jan 02	By Purchases A/c		20,000
Jan 03	To Sales A/c		7,000	Jan 22	By Electricity Expenses A/c		1,000
Jan 20	To Sales A/c		30,000	Jan 28	By Telephone Expenses A/c		500
				Jan 29	By Rent A/c		800
				Jan 31	By Wages A/c		3,000
				Jan 31	By Balance c/d		<u>1,11,700</u>
			<u>1,37,000</u>				<u>1,37,000</u>

CAPITAL ACCOUNT

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2023				2023			
Jan 31	To Balance c/d		<u>1,00,000</u>	Jan 1	By Cash A/c		<u>1,00,000</u>
			<u>1,00,000</u>				<u>1,00,000</u>

PURCHASE ACCOUNT

Dr.				Cr.			



Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
Jan 02	To Cash A/c		20,000	Jan 31	By Balance c/d		70,000
Jan 18	To Atul A/c		50,000				
			<u>70,000</u>				<u>70,000</u>

SALES ACCOUNT

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
Jan 31	To Balance c/d		43,000	Jan 03	By Cash A/c		7,000
				Jan 15	By Sanjay A/c		6,000
				Jan 20	By Cash A/c		<u>30,000</u>
			<u>43,000</u>				<u>43,000</u>

SANJAY ACCOUNT

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
Jan 15	To Sales A/c		6,000	Jan 31	By Balance c/d		6,000
			<u>6,000</u>				<u>6,000</u>

ATUL ACCOUNT

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
Jan 19	To Purchases Return A/c		5,000	Jan 18	By Purchases A/c		50,000
Jan 31	To Balance c/d		<u>45,000</u>				
			<u>50,000</u>				<u>50,000</u>

PURCHASE RETURN ACCOUNT

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2023				2023			
Jan 31	To Balance c/d		<u>5,000</u>	Jan 19	By Atul A/c		<u>5,000</u>
			<u>5,000</u>				<u>5,000</u>

ELECTRICITY EXPENSE ACCOUNT

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2023				2023			
Jan 22	To Cash A/c		<u>1,000</u>	Jan 31	By Balance c/d		<u>1,000</u>
			<u>1,000</u>				<u>1,000</u>

TELEPHONE EXPENSE ACCOUNT

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2023				2023			
Jan 28	To Cash A/c		<u>500</u>	Jan 31	By Balance c/d		<u>500</u>



			<u>500</u>			<u>500</u>
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RENT ACCOUNT

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
Jan 29	To Cash A/c		<u>800</u>	Jan 31	By Balance c/d		<u>800</u>
			<u>800</u>				<u>800</u>

WAGES ACCOUNT

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
Jan 31	To Cash A/c		<u>3,000</u>	Jan 31	By Balance c/d		<u>3,000</u>
			<u>3,000</u>				<u>3,000</u>

OR

In the books of Singh Enterprises, Delhi

Journal

Date	Particulars		L.F.	Dr.	Cr.
2017				Rs.	Rs.
June 1	Cash A/c	Dr.		50,000	
	To Capital A/c				50,000
	(Being business started with Rs. 50,000)				
June 2	Bank A/c	Dr.		2,00,000	
	To Capital A/c				2,00,000
	(Being Cheque deposit from saving account)				
June 3	Cash A/c	Dr.		50,000	
	To Ram				50,000
	(Being Cash received from Ram)				
June 4	Purchase A/c	Dr.		15,000	
	Input CGST A/c	Dr.		900	
	Input SGST A/c	Dr.		900	
	To Cash A/c				16,800
	(Being goods purchased)				
June 11	M/s Hari Sales	Dr.		13,440	
	To Sales A/c				12,000
	To Output CGST A/c				720
	To Output SGST A/c				720
	(Being goods sold)				
June 13	Ramavtar	Dr.		40,000	
	To Cash A/c				40,000
	(Being paid to Ramavtar)				



June 17	Cash A/c	Dr.		10,000	
	To M/s Hari Sales				10,000
	(Being Cash received from M/s Hari Sales)				
June 20	Furniture A/c	Dr.		20,000	
	Input CGST A/c	Dr.		1,200	
	Input SGST A/c	Dr.		1,200	
	To Cash A/c				22,400
	(Being Furniture purchase and paid with GST)				
June 27	Rent A/c	Dr.		28,000	
	To Cash				28,000
	(Being rent paid)				
June 30	Salary A/c	Dr.		50,000	
	To Cash A/c				50,000
	(Being Salary paid)				

W.N. 1 CGST and SGST is not levied because it is not given in question to charge GTS on Rent and Salary.

24.

RECTIFYING JOURNAL ENTRIES

Date	Particulars		L.F.	Dr.(₹)	Cr.(₹)
(i)	Purchases A/c	...Dr.		1,500	
	Sales A/c	...Dr.		1,500	
	To Ram A/c (1,500 + 1,500) (purchases wrongly passed through Sales Book, now rectified)				3,000
(ii)	Ramesh ...Dr. (1,200 + 1,200)			2,400	
	To Purchases A/c				1,200
	To Sales A/c (credit sales wrongly passed through Purchases Book, now rectified)				1,200
(iii)	Mukul A/c	...Dr.		2,000	
	To Bad Debts Recovered A/c				2,000
	(correction of wrong credit to Personal Account in respect of recovery of previously written off bad debts now rectified)				
(iv)	Hariram A/c	...Dr.		5,000	
	To Sales Return A/c				5,000
	(correction of wrong debit to Sales Return A/c for dishonour of cheque received from Hariram now rectified)				
(v)	Sales A/c	...Dr.		10,000	
	To Rao A/c				10,000
	(salaries paid debited to the Personal Account of Rao, now rectified)				

OR

RECTIFYING JOURNAL ENTRIES

Date	Particulars		L.F.	Dr.	Cr.
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				(₹)	(₹)
i.	Machinery A/c	Dr.		2,500	
	To Wages A/c				2,500
	(Amount wrongly debited to Wages A/c, now rectified)				
ii.	Furniture A/c	Dr.		100	
	To Cartage A/c				100
	(Amount wrongly debited to Cartage A/c, now rectified)				
iii.	Buildings A/c	Dr.		5,000	
	To Repairs A/c				5,000
	(Extension to building wrongly debited to Repairs A/c, now rectified)				
iv.	Girdhari Lal A/c	Dr.		1,700	
	To Allowance A/c				1,700
	(Dishonour of cheque received from Girdhari Lal wrongly debited to Allowance A/c now rectified)				
v.	Fixtures (fan) A/c	Dr.		800	
	To Purchases A/c				800
	(Purchase of fan wrongly posted to Purchases A/c now rectified)				
vi.	Sales A/c	Dr.		4,000	
	To Machinery A/c				4,000
	(Machinery sold wrongly credited to Sales A/c now rectified)				
vii.	Y A/c	Dr.		1,000	
	To X A/c				1,000
	(Amount wrongly credited to Y instead of X, now rectified)				

Note:- If a cheque is dishonoured, the account of the party from whom the cheque was received must be debited. As such, in entry No. 4 the Account of Girdhari Lal has been debited.

25.

MACHINERY ACCOUNT

Dr.			Cr.		
Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
2019 Oct. 01	To Bank A/c		2020 Mar. 31	By Depreciation A/c	
	M1 20,000			M1 (for 6 months) 1,000	
	M2 <u>20,000</u>	<u>40,000</u>		M2 (for 6 months) <u>1,000</u>	<u>2,000</u>
				By Balance c/d	
				M1 19,000	
				M2 <u>19,000</u>	<u>38,000</u>
		<u>40,000</u>			<u>40,000</u>
2020 Apr. 01	To Balance b/d		2021 Mar. 31	By Depreciation A/c	
	M1 19,000			M1 2,000	

	M2	<u>19,000</u>	<u>38,000</u>		M2	<u>2,000</u>	<u>4,000</u>
					By Balance c/d		
					M1	17,000	
					M2	<u>17,000</u>	<u>34,000</u>
		<u>38,000</u>					<u>38,000</u>
2021 Apr. 01	To Balance b/d			2022 Mar. 31	By Depreciation A/c		
	M1	17,000			M1	2,000	
	M2	<u>17,000</u>	34,000		M2	2,000	
Oct. 01	To Bank A/c ^(M3)	10,000			M3 (for 6 months)	<u>500</u>	<u>4,500</u>
				Mar. 31	By Balance c/d		
					M1	15,000	
					M2	15,000	
					M3	<u>9,500</u>	<u>39,500</u>
		<u>44,000</u>					<u>44,000</u>
2022 Apr. 01	To Balance b/d			2022 Sept. 30	By Depreciation A/c ^(M1)		1,000
	M1	15,000		30 Sept.	By Bank A/c (Sale of M1)		8,200
	M2	15,000		30 Sept.	By Profit and Loss A/c (Loss on Sale of M1)		5,800
	M3	<u>9,500</u>	<u>39,500</u>	2023 Mar. 31	By Depreciation A/c		
					M2	2,000	
					M3	<u>1,000</u>	<u>3,000</u>
					By Balance c/d		
					M2	13,000	
					M3	<u>8,500</u>	<u>21,500</u>
		<u>39,500</u>					<u>39,500</u>

Working Note:-

Calculation of Profit and Loss on sale of Machinery 1st:

Particulars	Amount
Value of Machinery on Apr. 01, 2022	15,000
Less: Depreciation for 6 months	(1,000)
Value of Machinery Sept. 30, 2022	14,000
Less: Sale Value	(8,200)
Loss on Sale	<u>5,800</u>

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. it is capitalised in value of asset.

OR

In The Books of Sharma & Co.

Machinery Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)



2020 Apr. 01	To Bank (I)		1,50,000	2021 Mar. 31	By Balance c/d		2,00,000
Oct 01	To Bank (II)		50,000				
			2,00,000				2,00,000
2021 Apr. 01	To Balance b/d		2,00,000	2022 Mar.31	By Balance c/d		2,00,000
			2,00,000				2,00,000
2022 Apr. 01	To Balance b/d		2,00,000	2022 Sep 30	By Machinery Disposal A/c		50,000
				Mar. 31, 2023	By Balance c/d		1,50,000
			2,00,000				2,00,000

Accumulated Depreciation Account

Dr.					Cr.				
Date	Particulars		J.F.	Amount (₹)	Date	Particulars		J.F.	Amount (₹)
2021 Mar. 31	To Balance c/d				2021 Mar. 31	By Depreciation			
	I	15,000				I	15,000		
	II	<u>2,500</u>		17,500		II (for 6 months)	<u>2,500</u>		17,500
				17,500					17,500
2022 Mar. 31	To Balance c/d				2021 Apr. 01	By Balance b/d			
	I	30,000				I	15,000		
	II	<u>7,500</u>		37,500		II	2,500		17,500
					2022 Mar. 31	By Depreciation			
						I	15,000		
						II	<u>5,000</u>		20,000
				37,500					37,500
2022 Sep 30	To Machinery disposal (II)			10,000	2022 Apr. 01	By Balance b/d			
Mar. 31, 2023	To Balance c/d (I)			45,000		I	30,000		
						II	<u>7,500</u>		37,500
					Sep. 30	By Depreciation (II)			2,500
					Mar. 31, 2023	By Depreciation (I)			15,000
				55,000					55,000

Machinery Disposal Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)



2022 Sep. 30	To Machinery A/c		50,000	2022 Sep. 30	By Accumulated Depreciation A/c		10,000
				Sep. 30	By Bank A/c		40,000
			50,000				50,000

W.N.:

Calculation of Profit or Loss on sale of Machine II:

Particulars	Amount (₹)
Original Cost Oct. 01, 2020	50,000
Less: Accumulated Depreciation	(10,000)
Book Value on Sept. 30, 2022	40,000
Less: Sale Value	(40,000)
Profit/Loss	NIL

Depreciation is charged through the straight-line method so the same amount of depreciation is charged each year on the original cost of the asset.

26.

DOUBLE COULUMN CASH BOOK

Dr.					Cr.				
Date	Particulars	L.F.	Cash (₹)	Bank (₹)	Date	Particulars	L.F.	Cash (₹)	Bank (₹)
2023					2023				
Feb. 1	To Balance b/d		14,800		Feb. 1	By Balance b/d			32,700
4	To Sales A/c			4,950	16	By Bank A/c	C	2,200	
16	To Cheques-in-hand A/c			12,800	18	By Raghu A/c			12,800
16	To Cash A/c	C		2,200	20	By Suraj A/c			5,000
19	To Raghu A/c		12,820	—	20	By Bank Charges A/c			40
22	To Munna A/c			6,200	24	By Purchases A/c			5,000
25	To Sushil A/c		4,000	—	28	By Salary A/c		3,000	
28	To Cash A/c	C		20,000	28	By Bank A/c	C	20,000	
28	To Balance c/d		—	<u>9,410</u>	28	By Balance c/d		<u>6,420</u>	—
			31,620	55,540				31,620	55,540
Mar. 1	To Balance b/d		6,420		Mar. 1	By Balance b/d			9,410

Working Note:

JOURNAL ENTRY

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
2023				
Feb. 8	Cheques-in-hand A/c	Dr.	9,500	
	Discount Allowed A/c	Dr.	500	
	To Nakul's A/c (cheque received from Nakul)			10,000
12	Prakash's A/c	Dr.	9,800	
	To Cheques-in-hand A/c			9,500
	To Discount Received A/c			300



	(cheque endorsed to Prakash)				
22	Cheques-in-hand A/c	Dr.		12,800	
	Discount Allowed A/c	Dr.		200	
	To Raghu A/c				13,000
	(received from Raghu)				

Calculation of Cash Deposit into Bank:

Cash deposit into bank = Balance of cash column of Debit side - Total of Cash Column of Credit side + Cash Balance

$$= 42,650 - 22,250 + 5,000$$

$$= 42,650 - 27,250$$

$$= 15,400$$

Transactions which does not include cash or bank transaction are not included in the double column cash book.

OR

IN THE BOOKS OF JAIN & CO. KOLKATA

SALES BOOK

Date	Particulars	L.F.	Details (₹)	Sale Value (₹)	Amount (₹)
2023					
Jan. 05	Nanhe & Co., Kolkata				
	10 Chairs @ ₹ 1,100 each		11,000		
	20 Chairs @ ₹ 1,000 each		20,000		
			<u>31,000</u>	31,000	31,000
Jan. 10	M/s. Thakur & Co., Delhi				
	5 Almirahs @ ₹ 5,000 per almirah		25,000		
	5 Stools @ ₹ 1,000 per Stool		5,000		
			<u>30,000</u>	30,000	30,000
Jan. 25	M/s. Samson & Brothers, Kolkata				
	5 Tables @ ₹ 2,500 per table		12,500		
	1 Revolving Chair @ ₹ 5,000 each		<u>5,000</u>	<u>17,500</u>	<u>17,500</u>
Jan 31	Total			<u>78,500</u>	<u>78,500</u>

SALES ACCOUNT

Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2023				2023			
Jan 31	To Balance c/d		78,500	Jan 31	To Sundries Sales as per the Sales Book		78,500
			<u>78,500</u>				<u>78,500</u>
				Feb 01	By Balance b/d		78,500

NANHE & CO.'S ACCOUNT

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2023				2023			
Jan 05	To Sales A/c		31,000	Jan 31	By Balance c/d		31,000
			<u>31,000</u>				<u>31,000</u>



Feb 01	To balance b/d		31,000				
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M/S THAKUR & CO.'S ACCOUNT

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2023				2023			
Jan 10	To Sales A/c		30,000	Jan 31	By Balance c/d		30,000
			<u>30,000</u>				<u>30,000</u>
Feb 01	To Balance b/d		30,000				

M/S SAMSON & BRO'S ACCOUNT

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2023				2023			
Jan 25	To Sales A/c		17,500	Jan 31	By Balance c/d		17,500
			<u>17,500</u>				<u>17,500</u>
Feb 01	To Balance b/d		17,500				

**IN THE BOOKS OF JAIN & CO. KOLKATA
JOURNAL**

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2023				
Jul 31	Nanhe & Co. A/c	Dr.	31,000	
	M/s Thakur & Co. A/c	Dr.	30,000	
	M/s Samson & Bros. A/c	Dr.	17,500	
	To Sales A/c			78,500
	(goods sold for the month of Jan. on credit)			

Part B

27.

(d) Statement of affairs and conversion

Explanation:

The profit and loss of a firm in case of single entry system can be ascertained by the following two methods

- statement of affairs method and
- conversion method

From these method profit is calculated only.

OR

(d) Money measurement principle

Explanation:

Money Measurement Principle: As per the money measurement principle, only those transactions and events shall be recorded that can be measured in monetary terms.

28.

(d) Matching Principle

Explanation:



deferred revenue expenditure is if of revenue in nature then its treatment is done according to matching principle i.e expenses of current year will be matched with the income of current year.

29.

(b) Postage and telegram expense

Explanation:

postage and telegram are indirect expenses. They are not shown in trading account they are shown in debit side of profit and loss account

30.

(d) Personal expenses

Explanation:

Personal expenses

OR

(b) Trading Account and Balance Sheet

Explanation:

Closing stock will be shown in the Trading Account and Balance Sheet if given outside the Trial balance.

31. objects of preparing Profit and Loss Account :-

- This account is prepared on the last day of an account year in order to determine the net result of the business.
- It is second stage of the final accounts.
- Only indirect expenses and indirect revenues are shown in this account.
- It starts with the closing balance of the trading account i.e. gross profit or gross loss.
- All items of revenue concerning current year- whether received in cash or not - and all items of expenses - whether paid in cash or not - are considered in this account. But no item relating to past or next year is included in it.

32.

	₹
Total Cost of Goods sent on Sale or Return basis	26,000
Less: Cost of Goods returned: (7,000 Less: 20%)	(5,600)
Stock still with the customer to be shown in the Balance Sheet	20,400

33.

TRADING AND PROFIT AND LOSS ACCOUNT

for the year ended 31st March, 2023

Dr.				Cr.
Particulars	₹	Particulars	₹	
To Opening Stock	20,000	By Sales	1,64,000	
To Purchases	1,05,000	Less: Return Inward	3,000	1,61,000
Less: Return Outward	5,000	By Closing Stock		14,500
To Wages	50,000	By gross loss c/d (b/f)		5,000
To Manufacturing Expenses	8,000			
To Carriage inwards	1,500			
To Electricity Expenses (Factory)	1,000			
	1,80,500			1,80,500
To Gross Loss b/d	5,000	By Net Loss Transferred to Capital A/c		27,900
To Repairs	500			

Add: outstanding	400	900		
To Rent		4,000		
To General Expenses		7,000		
To Bad Debts		2,000		
To further bad debt		5,000		
To Depreciation on Plant and Machinery		4,000		
		27,900		27,900

BALANCE SHEET
as at 31st March, 2023

Liabilities		₹	Assets		₹
Current Liabilities			Current Assets		
Creditors	17,000		Bank	10,000	
			Sundry Debtors (24,000 - 5,000)	19,000	
Outstanding Repairs	400	17,400	Stock-in-Trade	14,500	43,500
Capital			Fixed Assets		
Opening Balance	1,00,000		Plant and Machinery	40,000	
Less: Net Loss	<u>27,900</u>		Less: Depreciation	4,000	36,000
	77,100				
Less: Drawings	<u>10,000</u>	62,100			
		79,500			79,500

OR
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	Date	Particulars		L.F.	Debit (₹)	Credit (₹)
(i)	2023 March 31	Bad-debts A/c	Dr.		13,000	
		To Sundry Debtors A/c (Further Bad-debts)				13,000
	March 31	Provision for Doubtful Debts A/c	Dr.		20,000	
		To Bad Debts A/c (Bad debts adjusted against the provision)				20,000
	March 31	Provision for Doubtful Debts A/c ⁽¹⁾	Dr.		5,000	
		To Profit & Loss A/c (Excess provision credited to P & L A/c)				5,000
(ii)	2023 March 31	Loss by Fire A/c	Dr.		28,000	
		To Purchases A/c				25,000
		To Input IGST A/c (Goods destroyed by fire)				3,000
	March 31	Insurance Claim or Insurance Co. A/c	Dr.		21,000	



		Profit & Loss A/c	Dr.		7,000	
		To Loss by Fire A/c (Claim accepted by Insurance Co.)				28,000
(iii)	2023 March 31	Prepaid Insurance A/c ⁽²⁾	Dr.		1,500	
		To Insurance Premium A/c (Insurance premium paid in advance)				1,500
(iv)	March 31	Drawings A/c	Dr.		11,200	
		To Purchases A/c				10,000
		To Input IGST A/c (Goods taken for personal use)				1,200
(v)	March 31	Rent Received A/c ⁽³⁾	Dr.		3,500	
		To Rent Received in Advance A/c (Rent received in advance)				3,500

Note:

i.	Excess amount Credited to P & L A/c:-	₹
	Bad-Debts (₹ 7,000 + ₹ 13,000)	20,000
	Add: New Provision: 5% on (₹ 4,13,000 - ₹ 13,000)	<u>20,000</u>
		40,000
	Less: Old Provision	<u>(45,000)</u>
		5,000

ii. IGST is not to be adjusted in case of prepaid expenses.

iii. IGST is not to be adjusted in case of rent received in advance.

34. **Trading and Profit & Loss Account for the year ended March 31, 2023**

Dr.			Cr.		
Particulars		Amount (₹)	Particulars		Amount (₹)
To Opening Stock		25,000	By Sales	2,27,800	
To Purchases	1,20,000		Less: Returns	900	2,26,900
Less: Returns	1,000	1,19,000	By Closing Stock		7,000
To Wages	12,000				
Add: Outstanding Wages	600	12,600			
To Gross Profit		77,300			
		2,33,900			2,33,900
To Bad Debts		1,000	By Gross Profit		77,300
To Insurance Premium	1,500		By Commission		500
Less: Prepaid	200	1,300			
To Salaries	20,000				
Add: Outstanding Salaries	1,400	21,400			
To Electricity Charges		1,200			

To General Expenses		3,000		
To Postage Expenses		1,800		
To Telephone Charges		2,400		
To Furniture	400			
To Plant & Machinery	7,250	7,650		
To Net Profit		38,050		
		77,800		77,800

Balance Sheet
as on March 31, 2023

Liabilities		Amount (₹)	Assets		Amount (₹)
Creditors		40,000	Furniture	8,000	
Outstanding Wages		600	Less: Depreciation	400	7,600
Outstanding Salaries		1,400	Plant & Machinery	1,50,000	
Capital	1,50,000		Less: Depreciation	7,250	1,42,750
Add: Net Profit	38,050	1,88,050	Cash at Bank		40,000
			Cash in Hand		2,500
			Closing Stock		7,000
			Debtors		30,000
			Prepaid Insurance		200
		2,30,050			2,30,050

OR

Trading and Profit and loss Account
for the year ended 31st March, 2014

Dr					Cr
Particulars		Amt(Rs)	Particulars		Amt(Rs)
To Purchases		1,16,000	By Sales	1,60,000	
To Wages		8,000	Less : Returns Inward	(4,000)	1,56,000
To Carriage Inward		2,000	By Closing Stock		26,000
To Gross Profit transferred to Profit & Loss A/c		56,000			
		1,82,000			1,82,000
To Salaries	10,000		By Gross Profit transferred from trading A/c		56,000
Add : Outstanding Salaries	500	10,500	By Accrued Interest on Investment		750
To Printing		800			
To Advertisement		1,200			
To Trade Charges		600			
To Rent		1,400			
To Interest on Capital(W.N)(1,200 + 900)		2,100			
To Depreciation on plant & fixtures		800			



To Bad Debts	500			
Add : New Provision	1,225	1,725		
To Net Profit Transferred to Capital A/c		37,125		
		56,750		56,750

Balance Sheet

as at 31st March,2014

Liabilities		Amt(Rs)	Assets		Amt(Rs)
Bills Payable		9,000	Cash in hand		3,000
Creditors		12,000	Cash at bank		16,000
Salaries Outstanding		500	Bills Receivable		5,000
Capital(30,000 + 10,000)	40,000		Debtors	25,000	
Add :Interest on Capital	2,100		Less : Bad Debts	(500)	
Profit transferred from Profit & Loss A/c	37,125			24,500	
	79,225		Less :Provision for Bad Debts(5% on ₹ 24,500)	(1,225)	23,375
(-)Drawings	(4,500)	74,725	Closing Stock		26,000
			Investments	15,000	
			(+)Accrued Interest	750	15,750
			Plants and fixtures	8,000	
			(-)Depreciation	(800)	7,200
		96,225			96,225

Note :

Calculation of Interest on Capital:

On ₹ 30,000 @ 6% p.a. for 6 months (from April to September) = ₹900

On ₹40,000 @ 6% p.a. for 6 months (from October to March) = ₹1,200

Total interest = 1200+900=₹2100

