

Class XI Session 2025-26
Subject - Accountancy
Sample Question Paper - 4

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 source documents is used for depositing cash or cheques into bank? [1]
 - a) Pay note
 - b) Counterfoil
 - c) Cash slip
 - d) Pay-in-slip
 2. **Assertion (A):** Accounting information must be reliable. Reliability implies that the information should be presented in such a simple and logical manner that they are understood easily by their users. [1]

Reason (R): Accounting is influenced by personal judgements.

 - 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. Consider the following statements with regard to the accounting treatment of various accounts: [1]
 - i. Increase in asset is debited and decrease in asset is credited.
 - ii. Increase in expenses/losses is debited and decrease in expenses/ losses is credited.
 - iii. Increase in liabilities is credited and decrease in liabilities is debited.
 - iv. Increase in capital is credited and decrease in capital is debited.

Identify the correct statement/statements:

 - a) i and ii
 - b) i, ii, iii and iv
 - c) i, iii and iv
 - d) ii and iii
 4. Source Documents of Accounting are: [1]
 - a) All of these
 - b) Invoice and Bills
 - c) Cash Memo
 - d) Cheque
- OR

The owner withdraws business assets for personal use.

- | | |
|--|---|
| a) Assets: Decrease, Liabilities: No Effect,
Equity: Decrease | b) Assets: No .Liabilities: Increase, Equity: No
Effect |
| c) Assets: Decrease, Liabilities: Decrease,
Equity: Decrease | d) Assets: Increase .Liabilities: Increase,
Equity: Increase |

5. Which of the following statements about original copy of invoice/bill is correct? [1]

- | | |
|--|--|
| a) It is made for cash transactions | b) It is sent to the purchaser |
| c) When goods are returned to a supplier | d) It is kept with seller for making records in
books of accounts |

6. What kind of business are required to perform the recording of transaction in terms of money? [1]

- | | |
|-----------------|-----------------|
| a) Small-sized | b) Large-sized |
| c) All of these | d) Medium-sized |

OR

Which of the following is not an internal user of financial statements?

- | | |
|--------------|-----------------------|
| a) Lenders | b) Managers |
| c) Employees | d) Board of Directors |

7. Which of the following is objective of provision? [1]

- | | |
|--------------------|---|
| a) To hold funds | b) To meet unknown losses and liabilities |
| c) Accumulate fund | d) To meet anticipated losses and liabilities |

8. Sundry Creditors Account is a: [1]

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

OR

Rule of Debit and Credit for Impersonal account is

- | | |
|--|--|
| a) Dr. all expenses and Cr. all gains & Dr. what
goes out and Cr. what comes in | b) Dr. the receiver and Cr. the giver |
| c) Dr. all expenses and Cr. all gains | d) Dr. what goes out and Cr. what comes in |

9. The business entities follow matching concept mainly to ascertain [1]

- | | |
|---|--|
| a) The changes in the selling power of the
money | b) True profit or loss during an accounting
period |
| c) Changes in owner's equity | d) The changes in the purchasing power of the
money |

10. When the purpose for which reserve is created is not specified, it is called _____. [1]

- | | |
|---------------------|---------------------|
| a) Revenue reserve | b) General reserve |
| c) Capital reserves | d) Specific reserve |

11. Which of these is not a part of current liabilities? [1]



- | | | | |
|-----|--|-------------------|------------|
| | a) Debentures | b) Bills payable | |
| | c) Bank overdraft | d) Creditors | |
| 12. | Purchase of furniture on credit should be recorded in: | | [1] |
| | a) Journal | b) Journal Proper | |
| | c) Cash Book | d) Purchase Book | |
| 13. | If assets = Rs. 60000 and liabilities = Rs.25000, What is the capital in the business? | | [1] |
| | a) Rs.25000 | b) Rs.35000 | |
| | c) Rs.95000 | d) Rs.85000 | |
| 14. | The nature of accrued income is: | | [1] |
| | a) revenue | b) asset | |
| | c) liability | d) expenses | |

OR

Stores are one of the accounting terms used to describe certain kinds of materials in the production process. Which of the following is an example of stores?

- | | | | |
|-----|--|------------------------------|-----|
| | a) Packing materials | b) Spare parts of machinery | |
| | c) Lubricants | d) All of these | |
| 15. | Purchases amount is recorded | | [1] |
| | a) After adding carriage charges etc. paid by the seller | b) After adding GST | |
| | c) After deducting Trade Discount | d) All of these | |
| 16. | Reserve is created: | | [1] |
| | a. To meet the known losses | | |
| | b. To meet the unforeseen losses | | |
| | c. To ascertain true profit or loss | | |
| | d. To ascertain true financial position | | |
| | a) Statement (d) is correct. | b) Statement (b) is correct. | |
| | c) Statement (c) is correct. | d) Statement (a) is correct. | |

OR

Pass journal entries for the following transactions:

- i. Bought goods from Raj of the list price of Rs 30,000 at 15% trade discount.
 - ii. Settled the account of Raj by paying cash, under a discount of 4%.
 - iii. Bought goods for cash of the list price of Rs 1,50,000 at 20% trade discount and 5% cash discount.
 - iv. Sold goods for cash of the list price of Rs 60,000 at 10% trade discount and 3% cash discount.
18. Explain briefly with an appropriate example of the Money measurement concept. [3]

OR

Explain any three points highlighting the utility of accounting standards.

19. What is meant by Window dressing? [3]
20. A trial balance is not an absolute proof of the books of accounts. Justify the statement. [3]
21. Enter the following transactions in a Cash Book with Cash and Bank Columns. Also, record necessary entries in Journal: [4]

2023	
May 1	Balance of Cash-in-Hand ₹ 15,600; Overdraft at Bank ₹ 7,400.
2	Further Capital introduced ₹ 30,000, out of which ₹ 25,000 deposited into Bank.
3	Purchased goods on credit from Mahesh of the list price of ₹ 15,000 plus CGST and SGST @ 6% each. He allowed us a trade discount of 20%.
6	Settled the account of Mahesh by paying cash ₹ 13,000.
8	An amount of ₹2,500 due from Gupta & Sons written off as bad- debts in the previous year, now recovered.
10	Cashed a cheque for ₹ 7,500. Drew from bank for household expenses ₹ 3,000 and for Income ₹ 800.
14	Sale of old chairs for ₹ 500 plus CGST and SGST @ 6% each, the payment received in Cash.
15	Received from X on behalf of Y ₹ 2,200. Discount allowed ₹ 100.
20	Received a cheque from Nakul ₹ 4,210 in full settlement of his account of ₹ 4,400
22	Cheque received from Nakul sent to the bank.
25	Ritesh Das, who owed us ₹ 10,000 became bankrupt and paid us 40 paise in a rupee.
26	Received repayment of a loan of ₹ 3,600 and deposited out of it ₹ 2,000 into the bank.
28	Cheque received from Nakul dishonoured, Bank debits ₹ 20 in respect of this cheque for Bank Charges.
31	Interest debited by bank ₹ 650. Deposited with the bank the entire balance after retaining ₹ 5,000 at office.

22. Prepare Bank Reconciliation Statement as on 31st January, 2023, if Cash Book of Mr. Suraj showed a credit balance of ₹ 20,100. [4]
- The bank had paid fire insurance premium of ₹ 550 which does not appear in the Cash Book.
 - Cheques for ₹ 25,000 issued during January, but cheques for only ₹ 18,500 were presented for payment.
 - Interest collected by bank ₹ 740.
 - Cheques of ₹ 8,700 were deposited into bank, but cheques for ₹ 7,000 were cleared till 31st January, 2023.
 - A customer deposited ₹ 620 directly into bank without informing Mr. Suraj.

OR

Explain the process of preparing a bank reconciliation statement with an amended cash balance.

23. Give the journal entries of M/s Sumit Traders. [6]

2013		Amount (Rs)
Jan 1	Commenced business with cash	2,20,000



Jan 2	Opened bank account with SBI	1,00,000
Jan 3	Purchased furniture	40,000
Jan 7	Bought goods for cash from M/s Riya traders	60,000
Jan 8	Purchased goods from M/s Priya traders	84,000
Jan 10	Sold goods for cash	60,000
Jan 14	Sold goods on credit to M/s Sharma traders	24,000
Jan 16	Rent paid	8,000
Jan 18	Paid trade expenses	2,000
Jan 20	Received cash from Sharma traders	24,000
Jan 22	Goods return to Priya Traders	4,000
Jan 23	Cash paid to Priya Traders	80,000
Jan 25	Bought postage stamps	200
Jan 30	Paid salary to Karan	8,000

OR

Journalise the following:

- i. Received a V.P.P. from Ranvijay for ₹ 20,000. Sent a peon to collect it who paid ₹ 150 as cartage.
- ii. Paid ₹ 3,000 for subscribing to newspapers and magazines.
- iii. Received ₹ 500 from sale of old newspapers and magazines.
- iv. Received ₹ 10,000 from sale of old chairs, tables etc.
- v. Paid interest on loan ₹ 6,000.
- vi. Withdrawn goods for personal use ₹ 8,000.
- vii. Goods stolen - Cost Price ₹ 48,000.
- viii. Goods destroyed by fire - Cost Price ₹ 1,60,000.
- ix. Sold goods to X on credit ₹ 6,00,000.
- x. X returned $\frac{1}{6}$ th of the goods sold to him.
- xi. X settles his account after deducting 10% discount for prompt payment.
- xii. Salaries paid ₹ 80,000 and salaries owing (due) ₹ 20,000.
- xiii. Paid Income Tax ₹ 80,000 by cheque.

24. In taking out the Trial Balance, book-keeper finds that he is out ₹ 3,809 excess debit. Being desirous of closing his books he places the difference to a newly opened Suspense A/c which is carried forward. In the next period he discovered that :- [6]

- i. ₹ 17,715 received from X has not been posted to his account.
- ii. A sum of ₹ 9,500 written off as depreciation on fixtures has not been posted to the Depreciation A/c.
- iii. ₹ 1,50,000 paid for furniture purchased has been charged to Ordinary Purchases A/c.
- iv. A discount of ₹ 3,742 allowed to a customer has been credited to him as ₹ 3,648
- v. The total of the Inwards return has been added ₹ 900 short.
- vi. An item of Sale for ₹ 5,900 was posted as ₹ 9,500 in the Sales Account.

Give the rectifying entries and prepare the Suspense Account.



OR

Pass necessary Journal entries to rectify the following errors:

- i. A credit sale of ₹ 1,700 to Karan was posted to Kartik's Account.
- ii. A cash sale of ₹ 1,700 to Neema was posted to the credit of Neema.
- iii. A credit sale of old furniture to Prince for ₹ 1,700 was credited to the Sales Account.
- iv. A credit sale of old furniture to Ronak for ₹ 1,700 was posted as ₹ 7,100.
- v. A cheque for ₹ 640 received from Gautam was dishonoured and was posted to the debit of Sales Return Account.
- vi. An amount of ₹ 2,860 due from Rawat, written off as bad in previous year, was recovered and credited to his personal account.
- vii. ₹ 10,000 paid for the electricity bill of the proprietor's residence was debited to Electricity Expenses Account.
- viii. An amount of ₹ 7,500 withdrawn from bank by the proprietor for his personal use was debited to Purchases Account.
- ix. An amount of ₹ 15,000 withdrawn from bank by the proprietor for office use was debited to Drawings Account.
- x. ₹ 8,000 salary paid to Vikas, an employee, debited to his personal account.

25. M/s Lokesh Fabrics purchased a Textile Machine on April 01, 2011 for ₹ 1,00,000. On July 01, 2012 another machine costing ₹ 2,50,000 was purchased. The machine purchased on April 01, 2011 was sold for ₹ 25,000 on October 01, 2015. The company charges depreciation @15% p.a. on straight line method. Prepare machinery account and machinery disposal account for the year ended March 31, 2016. [6]

OR

On April 01, 2010, Bajrang Marbles purchased a Machine for ₹ 1,80,000 and spent ₹ 10,000 on its carriage and ₹ 10,000 on its installation. It is estimated that its working life is 10 years and after 10 years its scrap value will be ₹ 20,000.

- i. Prepare Machine account and Depreciation account for the first four years by providing depreciation on the straight-line method. Accounts are closed on March 31st every year.
 - ii. Prepare Machine account, Depreciation account, and Provision for depreciation account (or accumulated depreciation account) for the first four years by providing depreciation using straight-line method accounts are closed on March 31 every year.
26. Enter the following transactions in the Cash Book with Cash and Bank Columns: [6]

2023		₹
June 1	Cash in hand	800
	Bank Overdraft	5,700
June 7	Received a cheque from Babli	3,250
June 9	Deposited the above cheque into bank	
June 12	Paid to Beena by cheque	2,425
June 15	Babli's cheque returned dishonoured	
June 20	Withdrew from bank for office use	250
June 25	Cheque received from Mohan Das and endorsed it in favour of Kishor on 28 th June	1,200
June 30	Income Tax paid by cheque	150



Doubtful Debts @ 10% on sundry debtors. Pass necessary Journal entries.

33. State the meaning of

[4]

- i. Outstanding Expenses
- ii. Prepaid Expenses
- iii. Income received in advance
- iv. Accrued Income

OR

Extract of Trial Balance

as on 31st March, 2013

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

Additional Information

Rent received but not earned Rs 1,200.

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

34. From the following balances, prepare Trading and Profit and Loss A/c for the year ended 31st March 2023 and a Balance Sheet as at that date: [6]

Particulars	₹	Particulars	₹
Life Insurance: Premium (self)	500	Capital	40,000
Opening Stock	7,500	Plant and Machinery	12,500
Returns Inward	1,000	Purchases	36,000
Furniture	4,600	Sundry Debtors	10,500
Freehold Property	10,000	Coal, Gas and Water	1,000
Carriage Inwards	400	Carriage outwards	100
Advertising	200	Sales	60,000
Sundry Creditors	4,850	Discount (Dr.)	400
Returns outwards	500	Rent for Premises Sublet	500
Commission (Cr.)	600	Trade Expenses	8,650
Lighting	250	Stationery	2,000
Loan from bank	5,000	Interest Charged by Bank	450
Wages & Salaries	7,500	Cash	2,900
		Input IGST	5,000

Adjustments:-

- i. Stock on 31st March, 2023 was ₹ 10,000 and stationery unused at the end was ₹ 400.
- ii. Rent of Premises Sublet received in advance ₹ 100.
- iii. Provision for Doubtful Debts is to be created @ 10% on Debtors.
- iv. Provision for discount on Debtors is to be created @ 2%.



- v. Stock of the Value of ₹ 4,000 was destroyed by fire on 25th March, 2023. Stock was purchased paying IGST @ 12%. A Claim of ₹ 3,000 has been admitted by Insurance Co.
- vi. Bank Loan has been taken at 12% p.a. interest.

OR

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

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

Additional Information

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



Solution

Part A

1.
(d) Pay-in-slip
Explanation:
Pay-in-slip
 2.
(d) A is false but R is true.
Explanation:
A is false but R is true.
Accounting information must be reliable means the information recorded must be with the accounting concept and accounting standard. Reliability doesn't mean that the information should be presented in such a simple and logical manner that they are understood easily by their users.
 3.
(b) i, ii, iii and iv
Explanation:
i, ii, iii and iv
 4. **(a)** All of these
Explanation:
All of these
- OR
- (a)** Assets: Decrease, Liabilities: No Effect, Equity: Decrease
Explanation:
when owner withdrew business assets for personal use it is called Drawing. It will affect the Asset and Equity. Drawing made out of business will decrease business assets and Equity but it will not affect liabilities of business.
 5.
(b) It is sent to the purchaser
Explanation:
It is sent to the purchaser
 6.
(c) All of these
Explanation:
All of these
- OR
- (c)** Employees
Explanation:
Employees
 7.
(d) To meet anticipated losses and liabilities
Explanation:



provision are made for anticipated losses due to convention of prudence

8.

(b) Liability Account

Explanation:

Sundry Creditors are the trade payables who come under the current liability.

OR

(c) Dr. all expenses and Cr. all gains

Explanation:

Dr. all expenses and Cr. all gains

9.

(b) True profit or loss during an accounting period

Explanation:

Matching Concept:- The matching concept states that earnings and expenses shown in an income statement must both refer to the same goods transferred or services rendered during the accounting period. so that the true profit or loss during an accounting period can be ascertained.

10.

(b) General reserve

Explanation:

General reserve

11. **(a) Debentures**

Explanation:

Debentures

12.

(b) Journal Proper

Explanation:

The purchase of furniture on credit should be recorded in Journal Proper because in journal proper we don't record any assets entry if it firm is not deal with regular furniture purchase deal on credit basis.

13.

(b) Rs.35000

Explanation:

The basic accounting equation says:-

Assets = Liabilities + capital

60000 = 25000 + Capital

Capital = 60000 - 25000

Capital = Rs. 35000

14.

(b) asset

Explanation:

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

OR

(d) All of these

Explanation:

All of these

15.

(d) All of these

Explanation:

All of these

16.

(b) Statement (b) is correct.

Explanation:

To meet the unforeseen losses

17. An account is a classified record of all business transactions that have taken place with the particular person or things specified. For example, all the transactions relating to Shyam will be recorded in Shyam's account and all the transactions relating to wages will be recorded in wages account. The accounting book, in which accounts are maintained, is known as 'Ledger'. Accounts are prepared with the help of books of original entry, like Journal, Cash Book, Purchases Book, Sales Book, etc. Balances of all accounts are transferred to Trial Balance. It is a summary of transactions of a particular individual.

OR

**In the books of ...
Journal**

S.No.	Particulars		L.F.	Debit Amount (Rs)	Credit Amount (Rs)
1	Purchase Account	Dr		25,500	
	To Raj's Account (Being goods purchased from Raj of the list price of Rs 30,000 at 15% trade discount)				25,500
2	Raj's Account	Dr		25,500	
	To Discount Allowed Account				1,020
	To Cash Account (Being Raj account settled by paying cash at 4% Cash discount)				24,480
3	Purchase Account	Dr		1,20,000	
	To Cash Account				1,14,000
	To Discount Received Account (Being goods purchased for cash of the list price of Rs 1,50,000 at 20% trade discount and 5% cash discount)				6,000
4	Cash Account	Dr		52,380	
	Discount Allowed Account			1,620	
	To Sales Account (Being goods sold for cash of the list price of Rs 60,000 at 10% trade discount and 3% cash discount)				54,000
	Total			2,25,000	2,25,000

18. **Money Measurement Concept:** Monetary unit assumption (also known as money measurement concept) states that all accounting records should be made in terms of monetary units. All transactions are measured in monetary units and recorded in the books of accounts in terms of money. It means that transactions and facts, which cannot be expressed in terms of money, will not be recorded. For example, the general health condition of the managing director, working conditions, sales policy, industrial relations, quality of the products, etc. are very useful facts of the business but are not shown in the books of accounts because



these cannot be expressed in terms of money. This concept restricts the scope of accounting to the information which can be expressed in terms of money. In this way, the scope of personal judgment and bias is restricted. Further, this concept makes accounting data homogenous and helps in understanding the affairs of the business.

OR

Accounting is often considered the language of business, as it communicates to others the financial position of the company. And like every language has certain syntax and grammar rules the same is true here. These rules in the case of accounting are the Accounting Standards (AS). They are the framework of rules and regulations for accounting and reporting in a country. Let us see the main objectives of forming these standards.

- i. The main aim is to improve the reliability of financial statements. Now because the financial statements have to be made following the standards the users can rely on them. They know that not conforming to these standards can have serious consequences for the companies.
 - ii. Secondly it facilitates the comparability. Following these standards will allow for inter-firm and intra-firm comparisons. This allows us to check the progress of the firm and its position in the market.
 - iii. It also looks to provide one set of accounting policies that include the necessary disclosure requirements and the valuation methods of various financial transactions.
19. Window dressing is an accounting practice of manipulating the business results, usually to show a respectable figure of profits more than the real profits. The practice may be followed by loss-making companies to show the profit. For this purpose, companies may not show some expenses or the expenses may be shown less. On the other hand, income may be more than the actual. Firms may show inventories at a higher value (overvaluation of stock) and may hide bad debts written off during the year. Simply we can say manipulations of books of Accounts.
20. A trial balance is not absolute proof of the accuracy of the books of accounts because there are certain errors which are not disclosed by the trial balance. It can remain unaffected even if the balance of the trial balance statement is in agreement. A tallied trial balance does not indicate that all the transactions are recorded and posted correctly in the books. Error like compensating error took place.
- 21.

In the Books of _____
TWO COLUMN CASH BOOK

Dr.						Cr.					
Date	Particulars (Receipts)	V. No.	L.F.	Cash	Bank	Date	Particulars (Payments)	V. No.	L.F.	Cash	Bank
2023				₹	₹	2023				₹	₹
May 1	To Balance b/d			15,600		May 1	By Balance b/d				7,400
2	To Capital A/c			5,000	25,000	6	By Mahesh A/c			13,000	
8	To Bad-Debts Recovered A/c			2,500		10	By Cash A/c		C		7,500
10	To Bank A/c		C	7,500		10	By Drawings A/c				3,800
14	To Furniture A/c			500		28	By Nakul A/c				4,230
14	To Output CGST A/c			30		31	By Interest A/c				650
14	To Output SGST A/c			30		31	By Bank A/c		C	20,960	
15	To Y A/c			2,200							
22	To Cheques in Hand A/c				4,210						
25	To Ritesh Das A/c			4,000							
26	To Loan A/c			1,600	2,000						
31	To Cash A/c		C		20,960						
	Total Receipts			38,960	52,170		Total Payments			33,960	23,580
						31	By Balance c/d			5,000	28,590

				<u>38,960</u>	<u>52,170</u>					<u>38,960</u>	<u>52,170</u>
June 1	To Balance b/d			<u>5,000</u>	<u>28,590</u>						

Working Note:

- May 10:-** Income tax is the personal expense of the proprietor, as such, it will be treated as drawings.
- May 31:-** Bank has debited ₹ 650 for interest. It indicates that the bank has charged interest from us. As such, it will be recorded on the credit side in the Bank Column.
- May 31:-** Cash balance is ₹ 38,960 - ₹ 13,000 = ₹ 25,960. Out of this amount, after retaining ₹ 5,000 at office, the balance of ₹ 20,960 will be deposited into the bank.

JOURNAL

Date	Particulars	L.F.	Dr. ₹	Cr. ₹
2023			₹	₹
May 3	Purchases A/c	Dr.	12,000	
	Input CGST A/c	Dr.	720	
	Input CGST A/c	Dr.	720	
	To Mahesh (Goods of ₹ 15,000 Purchased at trade discount of 20%)			13,440
May 6	Mahesh	Dr.	440	
	To Discount Received A/c (Discount received)			440
May 15	Discount Allowed A/c	Dr.	100	
	To Y (Discount allowed)			100
May 20	Cheques in Hand A/c	Dr.	4,210	
	Discount Allowed A/c	Dr.	190	
	To Nakul (Cheque received from Nakul and allowed him discount. Cheque received not deposited the same day)			4,400
May 25	Bad Debts A/c	Dr.	6,000	
	To Ritesh Das (Bad debts due to the insolvency of Ritesh Das who owed us ₹ 10,000)			6,000
May 28	Nakul	Dr.	190	
	To Discount Allowed A/c (Discount allowed to Nakul withdrawn on dishonour of his cheque)			190

22.

**Bank Reconciliation Statement
as on 31st January, 2023**

S. No.	Particulars	Addition (₹)	Subtract (₹)
	Overdraft as per the Cash Book (Cr.)		20,100



(i)	Fire insurance not debited		550
(ii)	Cheques not presented for payment	6,500	
(iii)	Interest collected by bank not recorded	740	
(iv)	Cheques not cleared by bank		1,700
(v)	Deposited directly into bank	620	
	TOTAL	7,860	22,350
	Balance as per Pass Book (Dr.)	14,490	

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 can be rectified only in pass book.

OR

Difference between cash book and pass book can arise due to some transactions that are recorded in the passbook not being present in the cash book. This can be rectified by recording those transactions in the cash book. The balance thus obtained is called an adjusted balance or amended balance. The following steps describe this process.

- Note bank balance as per cash book.
- Make corrections for errors committed in the cash book.
- Transactions present only on the passbook's credit side must be updated in debit side of the cashbook.
- Transactions present only on the passbook's debit side must be updated in debit side of the cashbook.
- Calculate the new cash book balance and use it to prepare a Bank Reconciliation Statement.

23.

In the books of M/S Sumit Traders

Journal

Date	Particulars		L.F.	Debit Amount (Rs)	Credit Amount (Rs)
Jan 1, 2013	Cash A/c To Capital A/c (Being business started with cash)	Dr		2,20,000	2,20,000
Jan 2, 2013	Bank A/c To Cash A/c (Being account opened with SBI)	Dr		1,00,000	1,00,000
Jan 3, 2013	Furniture A/c To Cash A/c (Being furniture purchased)	Dr		40,000	40,000
Jan 7, 2013	Purchase A/c To Cash A/c (Being goods purchased for cash from M/s Riya traders)	Dr		60,000	60,000
Jan 8, 2013	Purchase A/c To M/s Priya Traders A/c (Being goods purchased from M/s Priya traders)	Dr		84,000	84,000
Jan 10, 2013	Cash A/c To Sales A/c (Being goods sold for cash)	Dr		60,000	60,000
Jan 14, 2013	M/s Sharma Traders A/c To Sales A/c (Being goods sold on credit to M/s Sharma traders)	Dr		24,000	24,000



Jan 16, 2013	Rent A/c To Cash A/c (Being rent paid)	Dr		8,000	8,000
Jan 18, 2013	Trade expenses A/c To Cash A/c (Being trade expenses paid)	Dr		2,000	2,000
Jan 20, 2013	Cash A/c To Sharma Traders A/c (Being cash received from Sharma traders)	Dr		24,000	24,000
Jan 22, 2013	Priya Traders A/c To Purchase Return A/c (Being goods returned to Priya Traders)	Dr		4,000	4,000
Jan 23, 2013	Priya Traders A/c To Cash A/c (Being cash paid to Priya Traders)	Dr		80,000	80,000
Jan 25, 2013	Postage Stamps A/c To cash A/c (Being postage stamps purchased)	Dr		200	200
Jan 30, 2013	Salary A/c To Cash A/c (Being salary paid to Karan)	Dr		8,000	8,000
	Total			7,14,200 =====	7,14,200 =====

OR

JOURNAL ENTRIES

Date	Particulars	L.F.	Amount Dr.	Amount Cr.
S.No			₹	₹
(i)	Purchase A/c Dr.		20,000	
	Cartage A/c Dr.		150	
	To Cash A/c (20,000+150) (V.P.P.* received and cartage paid)			20,150
(ii)	Miscellaneous Expenditure A/c Dr.		3,000	
	To Cash A/c (Amount paid for newspapers and magazines)			3,000
(iii)	Cash A/c Dr.		500	
	To Miscellaneous Income A/c (Amount received from sales of old newspapers and magazines)			500
(iv)	Cash A/c Dr.		10,000	
	To Furniture A/c (Amount received from sales of old chairs, tables etc.)			10,000
(v)	Interest on Loan A/c Dr.		6,000	
	To Cash A/c (Payment of interest on loan)			6,000



(vi)	Drawings A/c	Dr.	8,000	
	To purchases A/c (Goods costing ₹ 8,000 taken by the proprietor for personal use)			8,000
(vii)	Loss by theft A/c	Dr.	48,000	
	To Purchases A/c (Goods costing ₹ 48,000 stolen)			48,000
(viii)	Loss by Fire A/c	Dr.	1,60,000	
	To Purchases A/c (Goods costing ₹ 1,60,000 destroyed by fire)			1,60,000
(ix)	X A/c	Dr.	6,00,000	
	To Sales A/c (Goods sold to X on credit)			6,00,000
(x)	Sales Return A/c (6,00,000x1/6)	Dr.	1,00,000	
	To X A/c (Goods returned by X)			1,00,000
(xi)	Cash A/c (5,00,000-50,000)	Dr.	4,50,000	
	Discount Allowed A/c (5,00,000x10%)	Dr.	50,000	
	To X A/c (6,00,000-1,00,000) (Amount received from X)			5,00,000
(xii)	Salaries A/c (80,000+20,000)	Dr.	1,00,000	
	To Cash A/c			80,000
	To Salaries Outstanding A/c (Recording of salaries paid and outstanding)			20,000
(xiii)	Drawings A/c	Dr.	80,000	
	To Bank A/c (The payment of income tax)			80,000
	Total ₹		16,35,650	16,35,650

*V.P.P. (Value Payable Post): Under this system, the seller sends the goods through Post Office. Buyer pays the value of goods to the Post Office and gets the delivery of goods from the Post Office.

Payment of income tax is treated as expense of proprietor and so treated as drawings.

24.

Journal

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
(i)	Suspense A/c	Dr.	17,715	
	To X's A/c			17,715
	(Amount received from X not posted to his account now rectified)			
(ii)	Depreciation A/c	Dr.	9,500	
	To Suspense A/c			9,500
	(Amount written-off as depreciation not posted to Depreciation Account now rectified)			



(ii)	Furniture A/c	Dr.	1,50,000	
	To Purchases A/c			1,50,000
	(Amount paid for purchase of furniture debited to Purchases Account now rectified)			
(iv)	Suspense A/c	Dr.	94	
	To Customer's A/c			94
	(Discount allowed credited with less amount in Customer's Account now rectified)			
(v)	Sales Return A/c	Dr.	900	
	To Suspense A/c			900
	(Shortfall in return inward book now rectified)			
(vi)	Sales A/c	Dr.	3,600	
	To Suspense A/c			3,600
	(An item of sale of ₹ 5,900 posted as ₹ 9,500 in Sales Account now rectified)			

Suspense Account

Dr.			Cr.
Particulars	Amount (₹)	Particulars	Amount (₹)
To X's A/c	17,715	By Difference in Trial Balance	3,809
To Customer's A/c	94	By Depreciation A/c	9,500
		By Sales Return A/c	900
		By Sales A/c	3,600
	17,809		17,809

OR

RECTIFYING JOURNAL ENTRIES

Date	Particulars		L.F.	Dr. (₹)	Dr. (₹)
(i)	Karan A/c	...Dr.		1,700	
	To Kartik A/c (credit sale to Karan was posted to Kartik's Account, now rectified)				1,700
(ii)	Neema A/c	...Dr.		1,700	
	To Sales A/c (cash sale posted to credit of Neema's Account, now rectified)				1,700
(iii)	Sales A/c	...Dr.		1,700	
	To Furniture A/c (credit sale of old furniture credited to Sales Account, now rectified)				1,700
(iv)	Furniture A/c	...Dr.		5,400	
	To Ronak A/c (credit sale of old furniture to Ronak for ₹ 1,700 posted as ₹ 7,100, now rectified)				5,400



(v)	Gautam A/c	...Dr.	640	
	To Sales Return A/c (dishonour of Gautam's cheque debited to Sales Return Account, now rectified)			640
(vi)	Rawat A/c	...Dr.	2,860	
	To Bad Debts Recovered A/c (bad debts recovered credited to personal account of Rawat, now rectified)			2,860
(vii)	Drawings A/c	...Dr.	10,000	
	To Electricity Expenses A/c (payment of electricity bill of proprietor's residence wrongly debited to Electricity Expenses Account, now rectified)			10,000
(viii)	Drawings A/c	...Dr.	7,500	
	To Purchases A/c (₹ 7,500 withdrawn from bank for personal use wrongly charged to Purchases Account, now rectified)			7,500
(ix)	Cash A/c	...Dr.	15,000	
	To Drawings A/c (cash withdrawn from bank for office use debited to Drawings Account, now rectified)			15,000
(x)	Salary A/c	...Dr.	8,000	
	To Vikas A/c (salary paid to Vikas debited to his account, now rectified)			8,000

25.

Dr		Machinery Account						Cr	
Date	Particulars		J.F.	Amt (₹)	Date	Particulars		J.F.	Amt (₹)
2011					2012				
Apr 1	To Bank A/c (M1)			1,00,000	Mar 31	By Depreciation A/c (M1)			15,000
					Mar 31	By Balance c/d (M1)			85,000
				1,00,000					1,00,000
2012					2013				
Apr 1	To Balance b/d (M1)			85,000	Mar 31	By Depreciation A/c			
Jul 1	To Bank A/c (M2)			2,50,000			M1 =15,000		
							M2 = 28,125(W.N.1)		43,125
					Mar 31	By Balance c/d			
							M1 =70,000		
							M2 =2,21,875		2,91,875
				3,35,000					3,35,000
2013					2014				



Apr 1	To Balance b/d				Mar 31	By Depreciation A/c			
		M1=70,000					M1=15,000		
		M2=2,21,875		2,91,875			M2=37,500		52,500
					Mar 31	By Balance c/d			
							M1=55,000		
							M2=1,84,375		2,39,375
				2,91,875					2,91,875
2014					2015				
Apr 1	To Balance b/d				Mar 31	By Depreciation A/c			
		M1=55,000					M1=15,000		
		M2=1,84,375		2,39,375			M2=37,500		52,500
					Mar 31	By Balance c/d			
							M1=40,000		
							M2=1,46,875		1,86,875
				2,39,375					2,39,375
2015					2015				
Apr 1	To Balance c/d				Oct 1	By Depreciation A/c (M1) [W.N.2]			7,500
		M1=40,000			Oct 1	By Machinery Disposal A/c (M1) [W.N.3]			32,500
		M2=1,46,875		1,86,875					
					2016				
					Mar 31	By Depreciation A/c (M2)			37,500
					Mar 31	By Balance c/d (M2)			1,09,375
				1,86,875					1,86,875

Dr				Machinery Disposal Account				Cr	
Date	Particulars	J.F.	Amt (₹)	Date	Particulars	J.F.	Amt (₹)		
2015				2015					
Oct 1	To Machinery A/c (M1)		32,500	Oct 1	By Bank A/c (M1)		25,000		
				Oct 1	By Profit and Loss A/c (M1) [Balancing Figure]		7,500		
			32,500				32,500		

Working Notes :-



1. Calculation of Depreciation on Machine 2 on March 31, 2016 = $(2,50,000 \times 15\%) \times 9/12 = 28,125$
2. Calculation of Depreciation on Machine 1 on Oct 1, 2015 = $(1,00,000 \times 15\%) \times 6/12 = 7,500$
3. Amount of Machine Disposal = $40,000 - 7500 = 32,500$
4. Depreciation is calculated as per straight line method so it is computed on cost.

OR

Books of Bajrang Marbles
Machinery Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2010 Apr. 01	Bank		2,00,000	2011 Mar. 31	Depreciation		18,000
					Balance c/d		1,82,000
			2,00,000				2,00,000
2011 Apr. 01	Balance b/d		1,82,000	2012 Mar. 31	Depreciation		18,000
				2012 Mar. 31	Balance c/d		1,64,000
			1,82,000				1,82,000
2012 Apr. 01	Balance b/d		1,64,000	2013 Mar. 31	Depreciation		18,000
				2013 Mar. 31	Balance c/d		1,46,000
			1,64,000				1,64,000
2013 Apr. 01	Balance b/d		1,46,000	2014 Mar. 31	Depreciation		18,000
				2014 Mar. 31	Balance c/d		1,28,000
			1,46,000				1,46,000

Hence, the closing balance of machinery account after 4 years is ₹. 1, 28,000.

Working notes: Calculation of annual depreciation

Cost of Asset = $1,80,000 + 10,000 + 10,000 = 2,00,000$

Depreciation (p.a.)	=	(Original cost – Scrap Value)
		Estimated Life of Asset (years)
		$(1,80,000 + 10,000 + 10,000 - 20,000)$
		10
	=	₹ 18,000/annum

The depreciation account is calculated as:

Depreciation Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2011 Mar. 31	Machinery		18,000	2011 Mar. 31	Profit and Loss		18,000
			18,000				18,000
2012 Mar. 31	Machinery		18,000	2012 Mar. 31	Profit and Loss		18,000
			18,000				18,000
2013 Mar. 31	Machinery		18,000	2013 Mar. 31	Profit and Loss		18,000
			18,000				18,000
2014 Mar. 31	Machinery		18,000	2014 Mar. 31	Profit and Loss		18,000
			18,000				18,000

(b)

Machinery Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2010				2011			
Apr. 01	Bank		2,00,000	Mar. 31	Balance c/d		2,00,000
			2,00,000				2,00,000
2011				2012			
Apr. 01	Balance b/d		2,00,000	Mar. 31	Balance c/d		2,00,000
			2,00,000				2,00,000
2012				2013			
Apr. 01	Balance b/d		2,00,000	Mar. 31	Balance c/d		2,00,000
			2,00,000				2,00,000
2013				2014			
Apr. 01	Balance b/d		2,00,000	Mar. 31	Balance c/d		2,00,000
			2,00,000				2,00,000

Provision for Depreciation Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2011				2011			
Mar. 31	Balance c/d		18,000	Mar. 31	Depreciation		18,000
			18,000				18,000
				2011 Apr. 01	Balance b/d		18,000
2012 Mar. 31	Balance c/d		36,000	2012 Mar. 31	Depreciation		18,000
			36,000				36,000
				2012 Apr. 01	Balance b/d		36,000
2013 Mar. 31	Balance c/d		54,000	2013 Mar. 31	Depreciation		18,000
			54,000				54,000
				2013 Apr. 01	Balance b/d		54,000
2014 Mar. 31	Balance c/d		72,000	2014 Mar. 31	Depreciation		18,000
			72,000				72,000

Hence, the provision for depreciation account at the end of 4th Year is ₹.72, 000

Depreciation Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2011				2011			
Mar. 31	Provision for Depreciation		18,000	Mar. 31	Profit and Loss		18,000
			18,000				18,000
2012 Mar. 31	Provision for Depreciation		18,000	2012 Mar. 31	Profit and Loss		18,000



			18,000				18,000
2013 Mar. 31	Provision for Depreciation		18,000	2013 Mar. 31	Profit and Loss		18,000
			18,000				18,000
2014 Mar. 31	Provision for Depreciation		18,000	2014 Mar. 31	Profit and Loss		18,000
			18,000				18,000

26.

Cash Book

Dr.					Cr.				
Date	Particulars	L.F.	Cash (₹)	Bank (₹)	Date	Particulars	L.F.	Cash (₹)	Bank (₹)
2023					2023				
June 1	To Balance b/d		800		June 1	By Balance b/d			5,700
9	To cheques-in-hand A/c			3,250	12	By Beena's A/c			2,425
20	To Bank A/c	C	250		15	By Babli's A/c			3,250
30	To Balance c/d			8,550	20	By Cash A/c	C		250
					30	By Drawings A/c			150
					30	By Bank Charges A/c			25
					30	By Balance c/d		1,050	
			<u>1,050</u>	<u>11,800</u>				<u>1,050</u>	<u>11,800</u>
July 1	To Balance b/d		1,050		July 1	By Balance b/d			8,550

Journal Proper

Date 2023	Particulars	L.F.	Debit (₹)	Credit (₹)
June 7	Cheques-in-Hand A/c Dr.		3,250	
	To Babli's A/c (Cheque received from Babli)			3,250
June 25	Cheques-in-Hand A/c Dr.		1,200	
	To Mohan Das's A/c (cheque received from Mohan Das)			1,200
June 28	Kishor's A/c Dr.		1,200	
	To Cheques-in-Hand A/c (Cheque received from Mohan Das, endorsed in favour of Kishor)			1,200

OR

In the books of Shri. Tarun Thalpade

Journal Proper

Date	Particulars	LF	Debit Amount (Rs)	Credit Amount (Rs)
2013				
Feb 5	Rajesh A/c To Machinery A/c (Being old machinery sold on credit)	Dr	20,000	20,000
Feb 8	Bad Debts A/c	Dr	30,000	30,000



	To Anil A/c (Being bad debts written off on Anil's Insolvency)				
Feb 10	Loss by Fire A/c To Purchases A/c (Being goods destroyed by fire)	Dr		80,000	80,000
Feb 14	Insurance Company A/c To Loss by Fire A/c (Being insurance claim admitted by insurance company)	Dr		50,000	50,000
Feb 18	Drawings A/c To Purchases A/c (Being goods withdrawn for personal use)	Dr		8,000	8,000
	Total			1,88,000 =====	1,88,000 =====

Part B

27.

(d) Rs.2,500

Explanation:

Calculation of profit:

Opening capital	5,000
less: Closing capital	7,000
less: Withdrawn	1,000
Add: Fresh capital	500
Profit during the year	2,500

OR

(c) Loss and drawing

Explanation:

Loss and drawing should be added in closing capital for calculating opening capital.

28.

(b) ₹ 1,30,000

Explanation:

Cost of goods sold = opening stock + Net purchase - closing stock

1,50,000 = Net purchase + 60,000 - 40,000

1,50,000 = Net purchase + 20,000

Net purchase = 1,50,000 - 20,000

Net purchase = 1,30,000

29.

(b) Deferred revenue expenditure

Explanation:

deferred revenue expenditure is the expenditure which is done once and benefits of it can be derived for a number of years

example - advertisement expenditure.

30.

(d) Foot notes

Explanation:

OR

(b) Cost or Net Realisable Value, whichever is less

Explanation:

Cost or Net Realisable Value, whichever is less

31. Revenue receipts refer to funds generated by an organization through its regular operational activities. These earnings do not affect the entity's capital structure and are recurring in nature. Two common examples are:

- i. **Sales Revenue:** Money earned from selling products or services, such as a retail store's income from selling merchandise.
- ii. **Service Fees:** Revenue generated by providing services, like consulting fees charged by a professional advisory firm. These receipts contribute to day-to-day operational income and are vital for sustaining a business.

32.

JOURNAL

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(i)	Bad Debts A/c Dr.		5,000	
	To Sundry Debtors A/c (bad debts written off)			5,000
(ii)	Profit and Loss A/c (Note 1) Dr.		5,000	
	To Bad Debts A/c (Bad debts transferred to Profit and Loss Account)			5,000
(iii)	Profit and Loss A/c (Note 2) Dr.		69,500	
	To Provision for Doubtful Debts A/c (Provision made for doubtful debts @ 10% on Sundry Debtors)			69,500

Notes:

- i. Bad Debts Account is transferred to Profit and Loss Account because there is no existing balance of Provision for Doubtful Debts. Provision now created is meant for meeting bad debts to be written off in future.
 - ii. Provision is made on ₹ 6,95,000 (i.e., ₹ 7,00,000 - ₹ 5,000, bad debts written off).
Thus, Provision for Doubtful Debts = 10% of ₹ 6,95,000 = ₹ 69,500
33. i. **Outstanding Expenses** When expenses of an accounting period remain unpaid at the end of accounting period, they are termed as outstanding expenses. For example, if Salaries are paid for 11 months only, then the salaries for the 12th month will be called Outstanding Salaries.
- ii. **Prepaid Expenses** Those expenses which have been paid during the current accounting period but the benefit of which will accrue in the subsequent accounting period or periods are known as prepaid expenses. For example, rent paid in advance for 3 months.
- iii. **Income Received in Advance** Sometimes, a certain income is received but the whole amount of it does not belong to the current period. The portion of the income which belongs to the next accounting period is termed as income received in advance. For example, if the commission is received for one year in June month and books are closed on 31st March, then 3 months' commission will be Commission received in Advance.
- iv. **Accrued Income** It refers to the income which has been earned but not received during the current accounting period e.g. interest on investment due but not yet received, commission receivable, rent receivable, etc.

OR

JOURNAL

Particulars		Amt(Rs.)	Amt(Rs.)
Rent A/c Dr.		1,200	
To Rent Received in Advance A/c			1,200
(Being rent received in advance adjusted)			



Profit and Loss Account
for the year ended 31st March, 2013

Dr				Cr
Particulars	Amt(Rs)	Particulars		Amt(Rs)
		By Rent	15,600	
		Less :Unearned Rent	1,200	14,400

Balance Sheet
as at 31st March, 2013

Liabilities	Amt(Rs)	Assets	Amt(Rs)
Unearned Rent	1,200		

Unearned rent or Rent received in advance will be shown as Current Liability.

34.

Trading Account
for the year ended March 31, 2023

Dr.			Cr.		
Particulars		Amount (₹)	Particulars		Amount (₹)
To Opening Stock		7,500	By Sales	60,000	
To Purchases	36,000		Less: Return Inwards	(1,000)	59,000
Less: Return Outwards	(500)		By Closing Stock		10,000
Less: Goods Destroyed by Fire	(4,000)	31,500			
To Carriage Inward		400			
To Wages & Salaries		7,500			
To Coal, Gas and Water		1,000			
To Gross Profit (Balancing Figure)		21,100			
		69,000			69,000

Profit and Loss Account
for the year ended March 31, 2023

Dr.			Cr.		
Particulars		Amount (₹)	Particulars		Amount (₹)
To Discount Allowed		400	By Gross Profit		21,100
To Stationery	2,000		By Rent for Premises	500	
Less: Closing Stock	(400)	1,600	Less: Rent received in advance	(100)	400
To Interest on bank loan	450		By Commission received		600
Add: Outstanding Interest	150	600			
To Provision for Doubtful Debts		1,050			
To Provision for Discount on Debtors		189			
To Loss by Fire	4,480				
Less: Insurance Claim admitted	(3,000)	1,480			
To Advertisement		200			



To Trade Expenses		8,650		
To Carriage Outwards		100		
To Lighting		250		
To Net Profit (Balancing Figure)		7,581		
		22,100		22,100

Balance Sheet
as at March 31, 2023

Liabilities		Amount (₹)	Assets		Amount (₹)
Capital	40,000		Fixed Assets		
Add: Net Profit	7,581		Furniture		4,600
Less: Drawings (LIC)	(500)	47,081	Freehold Property		10,000
Current Liabilities			Plant and Machinery		12,500
Creditors		4,850	Current Assets		
Bank Loan		5,000	Insurance Company		3,000
Rent received in advance		100	Stock of Stationery		400
Outstanding Interest on Bank Loan		150	Input IGST (5,000 - 480*)		4,520
			Closing stock		10,000
			Debtors	10,500	
			Less: Provision for Bad Debts	(1,050)	
			Less: Provision for Discount	(189)	9,261
			Cash in Hand		2,900
		57,181			57,181

Working Note:-

Calculation of Outstanding Interest On bank loan:-

Interest on Bank Loan = ₹ 5,000 × 12 % = ₹ 600

Interest charged by bank = ₹ 450

Outstanding Interest = ₹ 600 - ₹ 450 = ₹ 150

Calculation of Provision for Doubtful debts:-

Provision for doubtful debts = Sundry Debtors × Rate

Provision for doubtful debts = ₹ 10,500 × 10%

Provision for doubtful debts = ₹ 1,050

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

OR

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

Dr					Cr
Particulars		Amt(₹)	Particulars		Amt(₹)
To Opening Stock		9,000	By Sales	1,32,840	
To purchases	60,000		Add: Credit sales	4,000	1,36,840
Less: Goods given as Free Samples	(2,000)		By Closing Stock	12,000	
	58,000		Less: Cost of Goods Sold but not	(2,000)	10,000



			delivered		
Less: Drawings of Goods	(1,000)	57,000			
To Wages		9,200			
To Gross Profit transferred to Profit & Loss A/c		71,640			
		1,46,840			1,46,840
To Rent		3040			
To Salaries		20,446	By Gross Profit transferred from Trading A/c		71,640
To Interest on Loan	800		By Old Provision for Doubtful Debts	5,000	
Add: Outstanding Interest on loan(note 1)	200	1000	Less: Bad Debts	(2,400)	
To Insurance premium		1800		2,600	
To Carriage Outwards		1,200	Less: New Provision	(2,200)	400
To Depreciation on Furniture		5,000	By Discount Received		800
To Advertisement		15,000	By Bad Debts recovered		400
To Free Samples		2,000	By Interest on Investment		4,000
To Net Profit Transferred to Capital A/c		41,754	By Trading Commission		14,000
		91,240			91,240

Balance Sheet
as at 31st March,2013

Liabilities		Amt(₹)	Assets		Amt(Rs)
Capital	1,00,000		Bills Receivable		12,754
Add: Net Profit transferred from Profit & Loss A/c	41,754		Investments		80,000
	1,41,754		Furniture		24,000
Less:Drawings	(1,000)	1,40,754	Debtors	40,000	
10% Loan		20,000	Add: Credit Sales not Recorded	4,000	
Outstanding Interest on Loan		200		44,000	
Creditors		18,600	Less:New Provision @5%	(2,200)	41,800
Bills Payable		10,000	Accrued Commission		2,000
Outstanding Salaries		1,000	Closing Stock(12,000 - 2,000)		10,000
			Bank		20,000
		1,90,554			1,90,554

Note:

- i. Loan was taken on 1st October, 2012 @ 10% p.a. Hence, total interest due for this year will be ₹1,000 (i.e. On 20,000 for 6 months @ 10%) . Out of it, ₹ 800 has been paid. Therefore, outstanding interest will $1,000 - 800 = ₹200$,
- ii. Closing Stock will Exclude stock of Rs.2000 not Sent to Customer. Because it is included in stock.
- iii. Provision for Doubtful Debt will be calculated on $(40000 + 4000) \times 5\% = 2200$

