

# Class XI Session 2025-26

## Subject - Accountancy

### Sample Question Paper - 5

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. The vouchers which are prepared for transactions not involving cash, i.e. non-cash transaction, are known as \_\_\_\_\_ vouchers. [1]  
a) Credit  
b) Unilateral  
c) Transfer  
d) Token
2. Debit mean [1]  
a) a decrease in asset  
b) an increase in liability  
c) an increase in the proprietor's equity  
d) an increase in asset
3. Calculate the amount of cash if: other assets( Except Cash) = Rs.10,000 liabilities= Rs.10,000 Total Capital= Rs.5000 [1]  
a) Rs.5000  
b) Rs.3000  
c) Rs.1000  
d) Rs.10000  
OR  
Total assets in a business are ₹ 8,00,000 and total liabilities are ₹ 5,00,000. The difference is called:  
a) expenses  
b) capital  
c) income  
d) goodwill
4. **Assertion (A):** The main objective of book-keeping is to ascertain the profit or loss and financial position of the business. [1]  
**Reason (R):** Book-keeping includes identifying, measuring and recording of financial transactions of the business.  
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.
5. Accounting starts with \_\_\_\_\_ financial transactions and ends with \_\_\_\_\_ accounting information. [1]
- a) identifying, analysing b) classifying, analysing  
c) recording, communicating d) identifying, communicating
- OR
- \_\_\_\_\_ users are the groups outside the business entity who uses the information to make decisions about the business entity.
- a) Interior b) External  
c) Both external and internal d) Internal
6. Which of this information is present on the invoice? [1]
- i. Party to whom goods are sold  
ii. Goods sold  
iii. Total sale amount
- a) All of these b) (i) and (ii)  
c) (i) and (iii) d) (ii) and (iii)
7. Profit on sale of fixed asset is used to create: [1]
- a) Reserve Capital b) Capital Reserve  
c) General Reserve d) Specific Reserve
8. Goodwill account is a: [1]
- a) representative personal account b) Personal Account  
c) Real Account d) Nominal Account
- OR
- Bank account is a:
- a) Real account b) Nominal account  
c) Revenue account d) Personal account
9. On which of these items, GST is not applicable? [1]
- a) Medicines b) Books  
c) Alcoholic liquor d) Sanitary pads
10. Capital Reserve is created: [1]
- a) Out of premium received on issue of shares b) All of these  
c) Out of profits on revaluation of fixed assets d) Out of profits on sale of fixed assets
11. Which one of the following is not a fictitious asset? [1]
- a) Deferred revenue expenditure b) Loss on issue of debentures  
c) Goodwill d) Discount on issue of shares
12. A trader made the following transactions. Total of Purchase Book on the basis of these transactions will be: [1]
- i. Goods purchased from Gopal ₹ 8,000



- ii. Goods purchased from Sumit for Cash ₹ 10,000
- iii. Goods purchased from Kunal on credit ₹ 25,000
- iv. Machinery purchased from Dhiraj on credit ₹ 40,000

- a) ₹ 25,000
- b) ₹ 33,000
- c) ₹ 83,000
- d) ₹ 73,000

13. There will be \_\_\_\_\_ by same amount, when a land is purchased by paying the amount from bank account. [1]

- a) Increase in asset, increase in liabilities
- b) Decrease in asset, decrease in liabilities
- c) Increase in asset, decrease in liabilities
- d) Decrease in one asset, increase in another asset

14. Any expenditure, the full benefit of which is received during one accounting period is termed as: [1]

- a) Current Liability
- b) Current Asset
- c) Capital Expenditure
- d) Revenue Expenditure

OR

Bank overdraft is \_\_\_\_\_.

- a) contingent liability
- b) long-term liability
- c) short term asset
- d) short-term liability

15. Recording is made in Journal Proper of: [1]

- a) Adjustment Entries
- b) Opening Entries
- c) All of these
- d) Closing Entries

16. Reserve created for maintaining a stable rate of dividend is termed as [1]

- a) General Reserves
- b) Specific Reserves
- c) Dividend equalization fund
- d) Capital Reserves

17. On which side of the Trial Balance, the following Ledger balance will appear:- [3]

- i. Purchases Return
- ii. Furniture
- iii. Bank Loan
- iv. Discount allowed
- v. Capital
- vi. Drawings
- vii. Return Inwards
- viii. Bills Receivable

OR

From the following list of balances, prepare a Trial Balance:

	₹
Capital A/c	2,00,000
Debtors A /c	45,000
Fixed Assets A/c	1,92,000



Sales A/c	1,10,000
Returns Outward A/c	1,000
Bank Overdraft A/c	11,000
Opening Stock A/c	15,000
Creditors A/c	38,000
Purchases A/c	70,000
Returns Inward A/c	2,000
Wages and Salaries A/c	30,000
Rent A/c	6,000

18. Name the accounting concept or convention associated with the following [3]
- Assets are recorded at cost, irrespective of the market price.
  - Life of a business should be divided into smaller periods.
  - Accounting transactions should be free from bias of accountants and others.

OR

Explain and illustrate the Industry practice.

19. What is the difference between trade discounts and cash discounts? [3]
20. Enumerate four advantages of Ledger. [3]
21. Enter the following transactions in a single Column Cash Book: [4]

2023		₹
May 1	Commenced business with Cash	25,000
3	Bought goods for Cash	10,000
3	Paid Carriage	200
4	Sold goods for Cash	6,000
10	Received from Pankaj	1,000
12	Paid to Bipin Yadav	2,600
15	Cash Sales	8,400
18	Purchased furniture for cash for office	5,000
20	Paid for Advertisement	500
20	Purchased goods from Manoj on credit	6,000
24	Paid to Manoj	4,000
25	Paid Wages	400
27	Received for Commission	1,500
28	Withdrew for personal use	2,200
31	Paid salary	700



22. Malhotra and Sons find that the bank balance shown by their Cash Book on December 31, 2023 is ₹ 40,500 (credit) but the Pass Book shows a difference due to the following reasons: [4]
- A cheque for ₹ 5,000 drawn in favour of Manoj has not yet been presented for payment.
  - A post-dated cheque for ₹ 900 has been debited in the bank column of the Cash Book but it could not have been presented in any case.
  - Cheques totaling ₹ 10,200 deposited with the Bank have not yet been collected and an another cheque for ₹ 4,000 deposited in the account has been dishonoured.
  - A bill payable for ₹ 10,000 was retired by the Bank under a rebate of ₹ 150 but the full amount of the bill was credited in the bank column of the Cash Book.

Prepare a Bank Reconciliation Statement and find out the balance as per Pass Book.

OR

Prepare Bank Reconciliation Statement from the following particulars on 31<sup>st</sup> July 2023:

- Balance as per the Passbook ₹ 50,000
  - Three cheques for ₹ 6,000, ₹ 3,937 and ₹ 1,525 issued in last week July 2023 were presented for payment to the bank in August 2023.
  - Two cheques of ₹ 500 and ₹ 650 sent to the bank for collection were not entered in the Pass Book by July 31, 2023.
  - The bank charged ₹ 460 for its commission and allowed interest ₹ 100 which were not mentioned in the Bank Column of the Cash Book.
23. Record the following transactions of M/s Anand Bros. in Proper Subsidiary Books, post them into the Ledger and take out a Trial Balance 2023. [6]

2023	
Jan. 1	Commenced business with Cash ₹ 2,00,000.
2	Deposited into U.T.I. Bank ₹ 1,75,000.
4	Purchased goods from Dheeraj for ₹ 40,000. Trade Discount 20%.
6	Gave a cheque to Dheeraj for ₹16,800 and a discount allowed by him ₹ 200.
8	Goods bought from Nakul for Cash ₹ 14,000.
10	Accepted a bill at 2 months for ₹15,000 drawn by Dheeraj.
11	Bought goods from Sunil ₹ 75,000.
13	Paid to Sunil a Cheque of ₹ 58,800 after receiving a discount of 2%.
15	Cash sales made to Jagjeet Kumar ₹ 8,000.
16	Sold goods to Manish for ₹ 20,000.
17	Goods returned by Manish for ₹ 1,500.
18	Received from Manish ₹ 7,900 after allowing a discount of 1.25%.
20	Goods sold to Bhanu ₹ 50,000.
21	Deposited into Bank ₹ 20,000.
25	Goods taken for personal use ₹ 2,000.



25	Purchased furniture ₹ 40,000 and Typewriter ₹ 10,000 for office use.
	Payment for both the items is made by Cheque.
25	Sold goods to Anil ₹ 30,000.
27	Goods returned by Anil ₹ 5,000.
27	Received full payment from Bhanu by cheque, sent it to Bank, Discount allowed 2%.
28	Acceptance received from Anil at 30 days for the amount due from him.
28	Paid for stationery ₹ 400 and for Postage ₹ 200.
31	Rent of proprietor's house paid by Cheque ₹ 2,500.

OR

Pass Journal entries for the following transactions:

- i. Monika started business with Cash ₹ 3,00,000, Stock ₹ 5,00,000 and building ₹ 25,00,000.
- ii. Construction of power-back room ₹ 1,00,000.
- iii. Paid insurance premium for stock ₹ 15,000 and self ₹ 7,000.
- iv. Goods destroyed by fire ₹ 80,000, Insurance Claim lodged.
- v. Commission received ₹ 25,000, 20% being received in advance.
- vi. Insurance company paid 80% in full and final settlement.
- vii. Salaries paid ₹ 48,000 and due ₹ 22,000.
- viii. Provide Depreciation on Building @ 10% per annum.

24. Rectify the following errors assuming that a suspense account was opened. Ascertain the difference in trial balance. [6]

- a. Credit sales to Aman ₹ 7,000 were posted to Kartik as ₹ 5,000.
- b. Credit purchase from Rohit ₹ 9,000 were posted to the debit of Girish as ₹ 10,000.
- c. Goods returned to Ranjeet ₹ 4,000 were posted to the credit of Nishant as ₹ 3,000.
- d. Goods returned from Mangal ₹ 1,000 were posted to the debit of Mohit as ₹ 2,000.
- e. Cash sales ₹ 2,000 were posted to commission account as ₹ 200.

OR

Rectify the following errors assuming that suspense account was opened. Ascertain the difference in trial balance.

- a. Credit sales to Maadhav ₹ 7,000 were recorded in purchase book. However, Maadhav's account was correctly debited.
- b. Credit purchase from Ronak ₹ 9,000 were recorded in sales book. However, Ronak's account was correctly credited.
- c. Goods returned to Rahil ₹ 4,000 were recorded in sales return book. However, Rahil's account was correctly debited.
- d. Goods returned from Manoj ₹ 1,000 were recorded through purchase return book. However, Manoj's account was correctly credited.
- e. Goods returned to Nitin ₹ 2,000 were recorded through purchase book. However, Nitin's account was correctly debited.

25. A firm purchased on 1<sup>st</sup> April, 2019, a second-hand Machinery for ₹ 36,000 and spent ₹ 4,000 on its installation. [6]  
On 1<sup>st</sup> Oct. in the same year another Machinery costing ₹ 20,000 was purchased. On 1<sup>st</sup> Oct., 2021, the



Machinery bought on 1<sup>st</sup> April, 2019 was sold off for ₹ 12,000 and on the same date a fresh Machine was purchased for ₹ 64,000. Depreciation is provided annually on 31<sup>st</sup> March, @ 10% p.a. on the Written Down Value Method. Show the Machine A/c from 1<sup>st</sup> April, 2019 to 31<sup>st</sup> March, 2023.

OR

Following balance appear in the books of M/s Anandi as on 1<sup>st</sup> April 2022:

	₹
Machinery Account	60,000
Provision for depreciation A/c	36,000

On 1<sup>st</sup> April 2022, they decided to dispose off machinery for ₹ 8,400, which was purchased on 1<sup>st</sup> April 2018 for ₹ 16,000.

You are required to prepare Machinery Account, Provision for Depreciation Account and Machinery Disposal A/c for the 2022-23. Depreciation was charged at 10% p.a. on original cost method.

26. Vishal commenced business on 1st April, 2013 with Rs 8,00,000 as capital. He made following transactions in the first fortnight of April month. You are required to enter the transactions in his cash book [6]

2013		Amount (Rs)
Apr 1	Purchased furniture and paid cash	1,00,000
	Paid to computer and printer	1,20,000
	Purchased goods	
Apr 4	Sold goods for cash	60,000
Apr 5	Purchased goods	80,000
	Paid to Raj	2,24,000
	Received discount from him	4,000
Apr 6	Received cash from Akash & Co	2,40,000
	Allowed them discount	80,000
Apr 7	Paid for petty expenses	6,000
Apr 8	Cash purchases	60,000
Apr 9	Cash sales	80,000
Apr 11	Received from Nikunj Bros	24,000
Apr 15	Paid for telephone	10,000
Apr 15	Paid to Jatin & Co	16,000
	Discount allowed by them	320
Apr 15	Purchased goods from Jatin & Co	60,000

OR

Post the following into the Ledger:

**Returns Outward Book**

Date 2013	Particulars		L.F.	Details (Rs)	Amount (Rs)
Nov. 20	<b>M/s Rajindra Prakash &amp; Sons:</b>				
	One 36" Usha Ceiling Fan 1,200.0			1,200	
	Less: Trade Discount @ 10%			120	1,080
Nov. 30	<b>M/s Modern Electric Company</b>				
	Goods returned being faulty			100	100
Nov. 30	Returns Outward A/c	Cr.			1,180

### Part B

27. When closing capital is greater than opening capital it means: [1]

- a) Profit if fresh capital is not introduced
- b) Profit
- c) Loss
- d) No profit, no Loss

OR

Single Entry System can be adopted by:

- a) Co-operative Societies
- b) Small firms
- c) Partnership firm
- d) Joint Stock Companies

28. Computers owned by the enterprise are: [1]

- a) Current Assets
- b) Tangible Assets
- c) Liquid Assets
- d) Intangible Assets

29. Balance Sheet is prepared with the balances of which of the following: [1]

- a) all balances in the ledger
- b) balances of real accounts
- c) balances of personal accounts
- d) balances of personal and real accounts

30. Adjustment entries are those which are passed [1]

- a) In the middle of the year
- b) For adjustment of prepaid and outstanding Expenses/Income
- c) At the beginning of the year
- d) For increasing profit

OR

Types of Account shown in Balance Sheet are \_\_\_\_\_.

- a) Real and Nominal
- b) Real, Nominal and Personal
- c) Nominal and Personal
- d) Real and Personal

31. Calculate Gross Profit and Cost of Goods Sold from the following information: [3]

Net Sales ₹ 1,00,000

Gross Profit  $33\frac{1}{3}\%$  on Cost.

32. What is meant by provision for doubtful debts? How are the relevant accounts prepared and what journal entries are recorded in final accounts? How is the amount for provision for doubtful debts calculated? [3]

33. From the following information, prepare Provision for Doubtful Debts Account and show them in the Profit and Loss Account and the Balance Sheet: [4]





**TRIAL BALANCE (EXTRACT)**as at 31<sup>st</sup> March, 2023

Heads of accounts	Dr. (₹)	Cr. (₹)
Sundry Debtors	1,00,000	—
Bad Debts	6,000	—
Provision for Doubtful Debts	—	7,000

**Additional Information:**

Sundry Debtors include ₹ 10,000 receivable from a customer, who has become insolvent. Official Receiver has declared a dividend of 50 paise in a rupee. Maintain a provision for doubtful debts @ 5% on sundry debtors.

OR

**Extract of Trial Balance**

as on 31st March, 2013

Name of Accounts	Debit Balance(Rs)	Credit Balance(Rs)
Machinery	1,00,000	
Furniture	16,000	

**Additional Information**

Machinery is to be depreciated @ 10% per annum and furniture @20% per annum.

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

34. The following is the Trial Balance of Shweta Ghosh as at 31<sup>st</sup> March, 2023:

[6]

Particulars	Dr. (₹)	Cr. (₹)
Capital		3,20,000
Building	4,00,000	
Motorbike	40,000	
Returns Inward and Outward	30,000	20,000
Stock on 1st April 2022	80,000	
Purchases and Sales	3,50,000	6,10,000
Bad Debts	3,000	
Bad Debts Provision		7,000
Carriage Inward	7,000	
Bank Loan		50,000
Interest on Bank Loan	3,000	
Commission		9,000
Motorbike expenses	4,000	
Salaries	44,000	
Cash in hand	29,200	



Debtors and Creditors	30,000	20,000
Income Tax	12,000	
Income Tax paid in advance	4,000	
Interest on advance payment of income tax		200
	<b>10,36,200</b>	<b>10,36,200</b>

You are required to prepare the final accounts for the year ending 31<sup>st</sup> March, 2023 taking into account the following adjustments:-

- Closing Stock on 31<sup>st</sup> March, 2023 was valued at ₹ 1,20,000.
- Commission include ₹ 3,000 being Commission received in advance.
- Salaries have been paid for 11 months.
- Bank Loan has been taken at 10% p.a. interest.
- Depreciate building by 5% and Motorbike by 15%.
- Write off ₹ 2,000 as further bad debts and maintain bad debts provision at 5% on debtors.

OR

From the following balances of M/s Nilu Sarees as on 31st March, 2017. Prepare trading and profit and loss account and balance sheet as on date.

Account Title	Debit Amount (₹)	Account Title	Credit Amount (₹)
Opening stock	10,000	Sales	2,28,000
Purchases	78,000	Capital	70,000
Carriage inwards	2,500	Interest	7,000
Salaries	30,000	Commission	8,000
Commission	10,000	Creditors	28,000
Wages	11,000	Bills Payable	23,700
Rent and taxes	2,800		
Repeir	5,000		
Telephone expenses	1,400		
Legal charges	1,500		
Sundry expenses	2,500		
Cash in hand	12,000		
Debtors	30,000		
Machinery	60,000		
Investments	90,000		
Drawings	18,000		

Closing stock as on 31st March, 2017 ₹ 22,000.



# Solution

## Part A

1.  
(c) Transfer  
**Explanation:**  
Transfer
2.  
(d) an increase in asset  
**Explanation:**  
A debit is an accounting entry that results in either an increase in assets or a decrease in liabilities.
3. (a) Rs.5000  
**Explanation:**  
Total Assets = Capital + liabilities  
Total Assets = 5000+ 10000  
Total Assets = Rs. 15000  
Total Assets = Other Assets + Cash  
15000 = 10,000 + Cash  
Cash= 15000- 10000  
Cash =Rs. 5000  
  
OR  
  
(b) capital  
**Explanation:**  
Total assets in a business are ₹ 8,00,000 and total liabilities are ₹ 5,00,000. The difference is called capital.  
Capital = Total Assets - Total Liabilities
4.  
(d) A is false but R is true.  
**Explanation:**  
A is false but R is true.  
Assertion is false because the main objective of book-keeping is to maintain and record day to day transaction in the books of account. book keeping is primary stage in the process of accounting.
5.  
(d) identifying, communicating  
**Explanation:**  
identifying, communicating  
  
OR  
  
(b) External  
**Explanation:**  
The various external users are banks, financial institution, government, creditors, Banks, Investors, customers etc.



6. **(a)** All of these

**Explanation:**

All of these

7.

**(b)** Capital Reserve

**Explanation:**

Profit on sale of fixed assets is Capital Reserve.

8.

**(c)** Real Account

**Explanation:**

Goodwill account is a Real Account, goodwill is an intangible asset and all assets are real.

OR

**(d)** Personal account

**Explanation:**

Accounts recording transactions with a person or group of persons are known as personal accounts.

9.

**(c)** Alcoholic liquor

**Explanation:**

Alcoholic liquor

10.

**(b)** All of these

**Explanation:**

All of these

11.

**(c)** Goodwill

**Explanation:**

Goodwill is fixed intangible asset. It is not Fictitious Assets.

12.

**(b)** ₹ 33,000

**Explanation:**

₹ 33,000

13.

**(d)** Decrease in one asset, increase in another asset

**Explanation:**

Due to this transaction, land (asset) will increase and cash (asset) will decrease.

14.

**(d)** Revenue Expenditure

**Explanation:**

Revenue Expenditure

OR

(d) short-term liability

**Explanation:**

Bank overdraft is a short-term liability. It is a type of loan.

15.

(c) All of these

**Explanation:**

The recording is made in Journal Proper of opening entries, adjustment entries, and closing entries.

16.

(c) Dividend equalization fund

**Explanation:**

**Dividend equalization fund :-** Dividends are issued by a company when they earn profits. In a year when the company incurs a loss and is not able to pay out dividends to its shareholders or when the profits are not sufficient enough to pay the same rate of dividend, then dividend equalisation reserve helps in maintaining the same rate of dividend.

17. Dr. Balances - II, IV, VI, VII, VIII

Cr. Balances - I, III, V

OR

**TRIAL BALANCE OF**

as on ...

Heads of Accounts	L.F.	Dr. Balance (₹)	Cr. Balance (₹)
Capital A/c		-	2,00,000
Debtors A /c		45,000	-
Fixed Assets A/c		1,92,000	-
Sales A/c		-	1,10,000
Returns Outward A/c		-	1,000
Bank Overdraft A/c		-	11,000
Opening Stock A/c		15,000	-
Creditors A/c		-	38,000
Purchases A/c		70,000	-
Returns Inward A/c		2,000	-
Wages and Salaries A/c		30,000	-
Rent A/c		6,000	-
<b>Total</b>		<b><u>3,60,000</u></b>	<b><u>3,60,000</u></b>

Tally of trial balance leads to the accuracy of books.

18. Accounting concepts are a number of conceptual issues that one must understand in order to develop a firm foundation of how accounting works.

- Historical cost concept
- Accounting period concept
- Verifiable objective concept

OR

Accounting data must be comparable. Financial analysts have to analyze and compare the performance and financial position of the various companies in the same industry. To make them comparable, it is necessary that all the companies of industry must follow the common accounting policies and practices. Some of the industries may follow different accounting policies which may not be in accordance with the accepted accounting principles explained above. Following are a few examples of industry practice:



- i. In the agricultural industry, crops are often reported at market value because it is difficult to develop accurate cost figures on individual crops.
- ii. Banks and insurance companies in some countries report certain investment securities at market price (rather than cost or market price whichever is less) as these securities are traded frequently.

19. **Difference between Trade and Cash Discount**

Basis of Difference	Trade Discount	Cash Discount
Meaning	It is allowed when goods are purchased or sold.	It is allowed at the time of payment.
Recording in books	It is recorded in invoice/bill but not in the books of accounts	It is recorded in the Journal Proper book and not in Cash Book.
Purpose	It is allowed to increase sale of business.	It is allowed for earlier payment from customer or party.
Deduction	It is deducted from the price-list of the goods.	It is not deducted from the price-list of the goods.

20. Advantages of Ledger are as follows:

- i. All accounts are opened on separate pages in this book. Hence, all the transactions pertaining to an account are collected at one place in the ledger.
- ii. A trial balance can be prepared with the help of ledger balances which helps in ascertaining the arithmetical accuracy of the accounts.
- iii. Trading and profit and loss account can only be prepared with the help of ledger balances.
- iv. A balance sheet can also be prepared with the help of ledger balances which depict the true financial position of the business.

21. **Cash Book**

Dr.				Cr.			
Date	Particulars	L.F.	Cash (₹)	Date	Particulars	L.F.	Cash (₹)
2023				2023			
May 1	To Capital A/c		25,000	May 3	By Purchases A/c		10,000
May 4	To Sales A/c		6,000	May 3	By Carriage A/c		200
May 10	To Pankaj		1,000	May 12	By Bipin Yadav		2,600
May 15	To Sales A/c		8,400	May 18	By Furniture A/c		5,000
May 27	To Commission A/c		1,500	Mar 20	By Advertisement A/c		500
				May 24	By Manoj		4,000
				May 25	By Wages A/c		400
				May 28	By Drawings A/c		2,200
				May 31	By Salary A/c		700
				May 31	By Balance c/d		16,300
			<b>41,900</b>				<b>41,900</b>
June 1	To Balance b/d		<b>16,300</b>				

22. **BANK RECONCILIATION STATEMENT**  
as on December 31, 2023

Particulars	(+)	(-)
Unfavourable balance as per Cash Book (Cr.)		40,500
Cheques issued not yet presented	5,000	
Post dated Cheque received but it could not have been presented in any case		900
Cheques not yet credited		10,200



Cheques dishonoured		4,000
Bill retiring Under the Rebate.	150	
Unfavourable balance as per Pass Book (Dr.) (Balancing figure)	50,450	
	<b>55,600</b>	<b>55,600</b>

OR

**Bank Reconciliation Statement**

Particulars	Plus	Minus
Balance as per Pass Book (Cr.)	50,000	
Cheques not presented (6,000 + 3,937 + 1,525)		11,462
Cheques not collected (500 + 650)	1,150	
Interest credited		100
Bank charges	460	
Balance as per Cash Book (Dr.) (Balancing figure)		40,048
	<b>51,610</b>	<b>51,610</b>

23.

**CASH BOOK**

Dr.					Cr.				
Date	Particulars	L.F.	Cash (₹)	Bank (₹)	Date	Particulars	L.F.	Cash (₹)	Bank (₹)
2023					2023				
Jan. 01	Capital A/c		2,00,000	_____	Jan. 02	Bank A/c	C	1,75,000	_____
Jan. 02	Cash A/c	C	_____	1,75,000	Jan. 06	Dheeraj's A/c		_____	16,800
Jan. 15	Sales A/c		8,000	_____	Jan. 08	Purchases A/c		14,000	_____
Jan. 18	Manish's A/c		7,900	_____	Jan. 13	Sunil's A/c		_____	58,800
Jan. 21	Cash A/c	C	_____	20,000	Jan. 21	Bank A/c	C	20,000	_____
Jan. 27	Bhanu's A/c		_____	49,000	Jan. 25	Furniture A/c		_____	40,000
					Jan. 25	Typewriter A/c		_____	10,000
					Jan. 28	Stationery A/c		400	_____
					Jan. 28	Postage A/c		200	_____
					Jan. 31	Drawings A/c		_____	2,500
					Jan. 31	Balance c/d		6,300	1,15,900
			<b>2,15,900</b>	<b>2,44,000</b>				<b>2,15,900</b>	<b>2,44,000</b>
Feb. 01	Balance b/d		<u>6,300</u>	<u>1,15,900</u>					

**PURCHASE BOOK**

Date	Particulars	L.F.	Details (₹)	Amount (₹)
2023				
Jan. 04	Dheeraj		40,000	
	Less: 20% Trade Discount		8,000	32,000
Jan. 11	Sunil			75,000
Jan. 31	Purchases A/c	Dr.		<b>1,07,000</b>

**SALES BOOK**

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Date	Particulars	L.F.	Details (₹)	Amount (₹)
2023				
Jan. 16	Manish			20,000
Jan. 20	Bhanu			50,000
Jan. 25	Anil			<u>30,000</u>
Jan. 31	Sales A/c	Cr.		<b>1,00,000</b>

#### SALES RETURN BOOK

Date	Particulars	Credit Note No.	L.F.	Details (₹)	Amount (₹)
2023					
Jan. 17	Manish				1,500
Jan. 27	Anil				<u>5,000</u>
Jan. 31	Sales Return A/c	Dr.			<b>6,500</b>

#### JOURNAL

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
2023				
Jan. 06	Dheeraj	Dr.	200	
	To Discount Received A/c			200
	(Discount of ₹ 200 received from Dheeraj)			
Jan. 10	Dheeraj's A/c	Dr.	15,000	
	To Bills Payable A/c			15,000
	(Acceptance given to the bill drawn by Dheeraj)			
Jan. 13	Sunil	Dr.	1,200	
	To Discount Received A/c			1,200*
	(Discount of 2% received from Sunil)			
Jan. 18	Discount Allowed A/c	Dr.	100	
	To Manish			100**
	(Discount of 1.25% allowed to Manish)			
Jan. 25	Drawings A/c	Dr.	2,000	
	To Purchases A/c			2,000
	(Goods taken for personal use)			
Jan. 27	Discount Allowed A/c	Dr.	1,000	
	To Bhanu			1,000
	(Discount of 2% allowed to Bhanu)			
Jan. 28	Bills Receivable A/c	Dr.	25,000	
	To Anil's A/c			25,000
	(Acceptance received from Anil)			





	TOTAL		44,500	44,500
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\*Amount paid to Sunil (98% value) = ₹ 58,800

Amount of Discount Received (2% value)  $\frac{58,800}{98} \times 2\% = ₹ 1,200$

\*\*Amount received from Manish (98.75% value) = ₹ 7,900

Amount of Discount Allowed (1.25% value)  $\frac{7,900}{98.75} \times 1.25 = ₹ 100$

#### SALES ACCOUNT

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2023				2023			
Jan. 31	Balance c/d		1,08,000	Jan. 15	Cash A/c		8,000
				Jan. 31	Sundries as per Sales Book		1,00,000
			1,08,000				1,08,000
				2023			
				Feb. 01	Balance b/d		1,08,000

#### CAPITAL ACCOUNT

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2023				2023			
Jan. 31	Balance c/d		2,00,000	Jan. 01	Cash A/c		2,00,000
			2,00,000				2,00,000
				2023			
				Feb. 01	Balance b/d		2,00,000

#### PURCHASE ACCOUNT

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2023				2023			
Jan. 08	Cash A/c		14,000	Jan. 25	Drawings A/c		2,000
Jan. 31	Sundries as per Purchases Book		1,07,000	Jan. 31	Balance c/d		1,19,000
			1,21,000				1,21,000
2023							
Feb. 01	Balance b/d		1,19,000				

#### MANISH'S ACCOUNT

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2023				2023			
Jan. 16	Sales A/c		20,000	Jan. 18	Cash A/c		7,900
				Jan. 18	Discount Allowed A/c		100
				Jan. 17	Sales Return A/c		1,500
				Jan. 31	Balance c/d		10,500
			20,000				20,000

2023							
Feb. 01	Balance b/d		10,500				

#### BHANU'S ACCOUNT

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2023				2023			
Jan. 20	Sales A/c		50,000	Jan. 27	Bank A/c		49,000
				Jan. 27	Discount Allowed A/c		1,000
			50,000				50,000

#### DHEERAJ'S ACCOUNT

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2023				2023			
Jan. 06	Bank A/c		16,800	Jan. 04	Purchases A/c		32,000
Jan. 06	Discount Received A/c		200				
Jan. 10	Bills Payable A/c		15,000				
			32,000				32,000

#### SUNIL'S ACCOUNT

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2023				2023			
Jan. 13	Bank A/c		58,800	Jan. 11	Purchases A/c		75,000
Jan. 13	Discount Received A/c		1,200				
Jan. 31	Balance c/d		15,000				
			75,000				75,000
				2023			
				Feb. 01	Balance b/d		15,000

#### FURNITURE ACCOUNT

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2023				2023			
Jan. 25	Bank A/c		40,000	Jan. 31	Balance c/d		40,000
			40,000				40,000
2023							
Feb. 01	Balance b/d		40,000				

#### STATIONARY ACCOUNT

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2023				2023			



Jan. 28	Cash A/c		400	Jan. 31	Balance c/d		400
			<b>400</b>				<b>400</b>
2023							
Feb. 01	Balance b/d		400				

#### DRAWING ACCOUNT

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2023				2023			
Jan. 25	Purchases A/c		2,000	Jan. 31	Balance c/d		4,500
Jan. 31	Bank A/c		2,500				
			<b>4,500</b>				<b>4,500</b>
2023							
Feb. 01	Balance b/d		4,500				

#### TYPEWRITER ACCOUNT

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2023				2023			
Jan. 25	Bank A/c		10,000	Jan. 31	Balance c/d		10,000
			<b>10,000</b>				<b>10,000</b>
2023							
Feb. 01	Balance b/d		10,000				

#### POSTAGE ACCOUNT

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2023				2023			
Jan. 28	Cash A/c		200	Jan. 31	Balance c/d		200
			<b>200</b>				<b>200</b>
2023							
Feb. 01	Balance b/d		200				

#### ANIL'S ACCOUNT

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2023				2023			
Jan. 25	Sales A/c		30,000	Jan. 27	Sales Return A/c		5,000
				Jan. 28	Bills Receivable A/c		25,000
			<b>30,000</b>				<b>30,000</b>

#### BILLS PAYABLE ACCOUNT

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

2023				2023			
Jan. 31	Balance c/d		15,000	Jan. 10	Dheeraj's A/c		15,000
			<b>15,000</b>				<b>15,000</b>
				2023			
				Feb. 01	Balance b/d		15,000

#### BILLS RECEIVABLE ACCOUNT

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2023				2023			
Jan. 28	Anil's A/c		25,000	Jan. 31	Balance c/d		25,000
			<b>25,000</b>				<b>25,000</b>
2023							
Feb. 01	Balance b/d		25,000				

#### DISCOUNT ALLOWED ACCOUNT

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2023				2023			
Jan. 18	Manish's A/c		100	Jan. 31	Balance c/d		1,100
Jan. 27	Bhanu's A/c		1,000				
			<b>1,100</b>				<b>1,100</b>
2023							
Feb. 01	Balance b/d		1,100				

#### SALES RETURN ACCOUNT

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2023				2023			
Jan. 31	Sundries as per Sales Return Book		6,500	Jan. 31	Balance c/d		6,500
			<b>6,500</b>				<b>6,500</b>
2023							
Feb. 01	Balance b/d		6,500				

#### DISCOUNT RECEIVED ACCOUNT

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2023				2023			
Jan. 31	Balance c/d		1,400	Jan. 06	Dheeraj's A/c		200
				Jan. 13	Sunil's A/c		1,200
			<b>1,400</b>				<b>1,400</b>
				2023			
				Feb. 01	Balance b/d		1,400



# TRIAL BALANCE

as on Jan. 31, 2023

Name of Accounts	L.F.	Debit Balances (₹)	Credit Balances (₹)
Cash A/c		6,300	_____
Bank A/c		1,15,900	_____
Capital A/c		_____	2,00,000
Sales A/c		_____	1,08,000
Purchases A/c		1,19,000	_____
Manish's A/c		10,500	_____
Sunil's A/c		_____	15,000
Furniture A/c		40,000	_____
Typewriter A/c		10,000	_____
Stationery A/c		400	_____
Postage A/c		200	_____
Drawings A/c		4,500	_____
Bills Payable A/c		_____	15,000
Bills Receivable A/c		25,000	_____
Sales Return A/c		6,500	_____
Discount Allowed A/c		1,100	_____
Discount Received A/c		_____	1,400
		<b>3,39,400</b>	<b>3,39,400</b>

OR

## Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(i)	Cash A/c Dr.		3,00,000	
	Stock A/c Dr.		5,00,000	
	Building A/c Dr.		25,00,000	
	To Capital A/c (Business started by Monika)			33,00,000
(ii)	Power-back Room A/c Dr.		1,00,000	
	To Cash A/c (Power back room constructed)			1,00,000
(iii)	Drawing A/c Dr.		7,000	
	Insurance (Stock) A/c Dr.		15,000	
	To Cash A/c (Insurance Premium paid for stocks & self)			22,000
(iv)	Insurance Co. A/c Dr.		80,000	
	To purchase A/c (Goods destroyed by fire Insurance Claim lodged)			80,000



(v)	Cash A/c	Dr.	25,000	
	To Commission A/c			20,000
	To Commission Received in advance A/c (Commission Received 20% in advance)			5,000
(vi)	Bank A/c	Dr.	64,000	
	Loss by fire A/c	Dr.	16,000	
	To Insurance Co. A/c (80% claim accepted by insurance co.)			80,000
(vii)	Salary A/c	Dr.	70,000	
	To Cash A/c			48,000
	To Outstanding Salary A/c (Salaries paid ₹ 48,000 & Outstanding ₹ 22,000)			22,000
(viii)	Depreciation A/c (25,00,000 × 10%)	Dr.	2,50,000	
	To Building A/c (Depreciation charged on Building)			2,50,000

24. The following entries will be passed for the rectification of the above errors:

**Journal**

Date	Particulars		L.F.	Dr.(₹)	Cr.(₹)
(a)	Aman	Dr.		7,000	
	To Kartik				5,000
	To Suspense A/c (goods Rectification entry made )				2,000
(b)	Suspense A/c	Dr.		19,000	
	To Rohit				9,000
	To Girish				10,000
	(goods sold to Rohit for ₹ 9,000, wrongly posted to the debit side of Girish's account as ₹ 10,000, now rectified)				
(c)	Ranjeet	Dr.		4,000	
	Nishant	Dr.		3,000	
	To Suspense A/c				7,000
	(goods returned to Ranjeet ₹ 4,000, posted wrongly to Nishant's account ₹ 3,000, now rectified)				
(d)	Suspense A/c	Dr.		3,000	
	To Mangal				1,000
	To Mohit				2,000
	(goods returned by Mangal ₹ 1,000, wrongly posted to Mohit account ₹ 2,000, now rectified)				
(e)	Commission A/c	Dr.		200	
	Suspense A/c	Dr.		1,800	
	To Sales A/c				2,000



	(cash sales for ₹ 2,000, wrongly posted to the commission account ₹ 200, now rectified)				
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#### Suspense Account

Dr.				Cr.		
Particulars	J.F.	Amt (₹)	Date	Particulars	J.F.	Amt (₹)
To Rohit		9,000		By Aman		2,000
To Girish		10,000		By Ranjeet		4,000
To Mangal		1,000		By Nishant		3,000
To Mohit		2,000		By Balance c/d (Difference as per trial balance)		14,800
To Sales A/c		1,800				
Total		23,800				23,800

Difference in Suspense A/c is ₹ 23,800

OR

#### Journal

Date	Particulars		LF	Dr. (₹)	Cr. (₹)
a	Suspense A/c	Dr		14,000	
	To Sales A/c				7,000
	To Purchases A/c (rectification entry of goods sold to Maadhav but recorded in the purchase book)				7,000
b	Purchases A/c	Dr		9,000	
	Sales A/c	Dr		9,000	
	To Suspense A/c (rectification entry for goods purchased from Ronak wrongly recorded in sales account)				18,000
c	Suspense A/c	Dr		8,000	
	To Purchase return A/c				4,000
	To Sales Returns A/c				4,000
	(purchase return from Rahil were wrongly entered through sales return book, and now rectified)				
d	Sales Returns A/c	Dr		1,000	
	Purchases Return A/c	Dr		1,000	
	To Suspense A/c				2,000
	(sales return from Manoj, wrongly entered through sales return book now rectified)				
e	Suspense A/c	Dr		4,000	
	To Purchase Return A/c				2,000
	To Purchases A/c				2,000
	(rectification entry for recording purchase return as purchases)				

#### Suspense Account

Dr.				Cr.			
Date	Particulars	JF	Amt(₹)	Date	Particulars	JF	Amt(₹)
	To Sales A/c		7,000		By Purchases A/c		9,000

	To Purchases A/c		7,000		By Sales A/c		9,000
	To Purchases Return A/c		4,000		By Sales Returns A/c		1,000
	To Sales Return A/c		4,000		By Purchases Return A/c		1,000
	To Purchases Return A/c		2,000		By Balance c/d (difference in Trial Balance)		6,000
	To Purchases A/c		2,000				
			<b>26,000</b>				<b>26,000</b>

25.

#### MACHINERY ACCOUNT

Dr.			Cr.		
Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
2019			2020		
Apr. 1	To Bank A/c <sup>(M1)</sup> (36,000 + 4,000)	40,000	Mar. 31	By Depreciation A/c	
Oct. 1	To Bank A/c <sup>(M2)</sup>	20,000		Machinery 1	4,000
				Machinery 2 (For 6 months)	<u>1,000</u>
					5,000
			Mar. 31	By Balance c/d	
				Machinery 1	36,000
				Machinery 2	<u>19,000</u>
		<b>60,000</b>			<b>60,000</b>
2020			2021		
Apr. 1	To Balance b/d		Mar. 31	By Depreciation A/c	
	Machine 1	36,000		Machine 1	3,600
	Machine 2	<u>19,000</u>		Machine 2	<u>1,900</u>
		55,000			5,500
			Mar. 31	By Balance c/d	
				Machine 1	32,400
				Machine 2	<u>17,100</u>
		<b>55,000</b>			<b>55,000</b>
2021			2021		
Apr. 1	To Balance b/d		Oct. 1	By Depreciation A/c <sup>(M1)</sup>	1,620
	Machine 1	32,400	Oct. 1	By Bank A/c (Sale of Machine 1)	12,000
	Machine 2	<u>17,100</u>	Oct. 1	By Profit and Loss A/c (Loss on Sale of Machine 1)	18,780
		49,500			
Oct. 1	To Bank A/c <sup>(M3)</sup>	64,000	2022		
			Mar. 31	By Depreciation A/c	





				Machine 2	1,710	
				Machine 2 (for 6 months)	<u>3,200</u>	4,910
			Mar. 31	By Balance c/d		
				Machine 2	15,390	
				Machine 3	<u>60,800</u>	76,190
		<b>1,13,500</b>				<b>1,13,500</b>
2022			2023			
Apr. 1	To Balance b/d		Mar. 31	By Depreciation A/c		
	Machine 2	15,390		Machine 2	1,539	
	Machine 3	<u>60,800</u>	76,190	Machine 3	6,080	7,619
			Mar. 31	By Balance c/d		
				Machine 2	13,851	
				Machine 3	<u>54,720</u>	68,571
		<b>76,190</b>				<b>76,190</b>

OR

#### MACHINERY ACCOUNT

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
01.04.2022	To Balance b/d		60,000	01.04.2022	By Machinery Disposal A/c		16,000
				31.03.2023	By Balance c/d		44,000
			<u>60,000</u>				<u>60,000</u>

#### MACHINERY DISPOSAL ACCOUNT

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
01.04.2022	To Machinery A/c		16,000	01.04.2022	By Cash A/c - Sale		8,400
				"	By Provision For Depreciation A/c		6,400
				"	By Profit & Loss A/c - Loss		1,200
			<u>16,000</u>				<u>16,000</u>

#### PROVISION FOR DEPRECIATION ACCOUNT

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
01.04.2022	To Machinery Disposal A/c		6,400	01.04.2022	By Balance b/d		36,000
31.03.2023	To Balance c/d		34,000	31.03.2023	By Depreciation		4,400
			<u>40,400</u>				<u>40,400</u>
				01.04.2023	By Balance b/d		34,000

Working Note:

	₹
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Cost	16,000
Less: Depreciation for 2018-19 @ 10%	<u>-1,600</u>
W.D.V.	14,400
Less: Depreciation for 2019-20 @ 10%	<u>-1,600</u>
W.D.V.	12,800
Less: Depreciation for 2021-22 @ 10%	<u>-1,600</u>
W.D.V.	11,200
Less: Depreciation for 2022-2023 @ 10%	<u>-1,600</u>
W.D.V.	9,600
Less: Sale Value	<u>(8,400)</u>
Loss on sale	1,200

In fixed instalment method or straight line method of depreciation amount of depreciation remain the same year after year and always depreciation is calculated on the cost of the asset during the useful life of the asset. The value of asset tends to zero after the useful life of the asset i.e. asset completely written off in its life.

26. **Cash Book (Two Columns)**

Date	Particulars	L/F	Discount Allowed (Rs)	Cash (Rs)	Date	Particulars	L/F	Discount Received (Rs)	Cash (Rs)
2013					2013				
Apr 1	To Vishal's Capital A/c			8,00,000	Apr 1	By Furniture A/c			1,00,000
Apr 4	To Sales A/c			60,000		By Purchases A/c			1,20,000
Apr 6	To Aakash & Co.		8,000	2,40,000		By Computer and Printer A/c			1,20,000
Apr 9	To Sales A/c			80,000	Apr 5	By purchases A/c			80,000
Apr 11	To Nikunj Bros			24,000		By Raj		4,000	2,24,000
					Apr 7	By Petty Expenses A/c			6,000
					Apr 8	By Purchases A/c			60,000
					Apr 15	By Telephone Expenses A/c			10,000
						By Jatin & Co.		320	16,000
					Apr 15	By Balance c/d			4,68,000
			8,000 =====	12,04,000 =====				4,320 =====	12,04,000 =====
Apr 16	To Balance b/d			4,68,000					

The discount column on the debit side of the cash book will record discounts allowed and that on the credit side discounts received. Discount columns in both sides are not balanced only totaled.

OR

**In the Books of ...  
Ledger**



**M/S Rajindra Prakash & Sons Account**

Dr.				Cr.			
Date 2013	Particulars	L.F.	Amount (Rs)	Date 2013	Particulars	L.F.	Amount (Rs)
Nov 20	To Returns Outward Account		1,080				

**M/s Modern Electric Co. Account**

Dr.				Cr.			
Date 2013	Particulars	L.F.	Amount (Rs)	Date 2013	Particulars	L.F.	Amount (Rs)
Nov 30	To Returns Outward Account		100				

**Returns Outward Account**

Dr.				Cr.			
Date	Particulars	L.F.	Amount (Rs)	Date 2013	Particulars	L.F.	Amount (Rs)
				Nov 30	By Sundries Balance as per Return Outward Book ( Transfer from Return outward Book )		1,180

**Part B**

27. (a) Profit if fresh capital is not introduced

**Explanation:**

If the closing capital of a company is greater than the opening capital of it then it denotes that the company has some profit. If the opening capital of a company is greater than the closing capital of it or if the closing capital is less than the opening capital it means the company has suffered some loss. In this case, there is profit.

OR

- (b) Small firms

**Explanation:**

This system is adopted by small businessmen as they do not have enough capital and expertise to employ the standard double-entry system of accounting in their business. It is easy and simple to operate.

- 28.

- (b) Tangible Assets

**Explanation:**

Tangible Assets

- 29.

- (d) balances of personal and real accounts

**Explanation:**

Balance Sheet is prepared with the balances of personal and real accounts. Nominal Account balance is posted to Trading and P & L Account.

- 30.

- (b) For adjustment of prepaid and outstanding Expenses/Income

**Explanation:**

For adjustment of prepaid and outstanding Expenses/Income

OR

- (d) Real and Personal

**Explanation:**

Real and Personal



31. Net Sales = Cost of Goods Sold + Gross Profit

$$\text{Net Sales} = \text{Cost of Goods Sold} + \text{Cost of Goods Sold} \times 33\frac{1}{3}\%$$

$$\text{Net Sales} = X + X \times \frac{1}{3}$$

$$₹ 1,00,000 = X + X \times \frac{1}{3}$$

$$₹ 1,00,000 = \frac{3X+X}{3}$$

$$₹ 1,00,000 = \frac{4X}{3}$$

$$X = ₹ 1,00,000 \times \frac{3}{4}$$

$$\text{Cost of Goods Sold} = ₹ 75,000$$

$$\text{Gross Profit} = \text{Cost of Goods Sold} \times 33\frac{1}{3}\%$$

$$= ₹ 75,000 \times \frac{1}{3}$$

$$= ₹ 25,000$$

32. A firm may make provision at the end of the accounting year for likely bad debts which may happen during the course of the next year. This is for simple reason that if out of the credit sales made during the particular year, some sales are likely to be bad in next year. The correct accounting procedure is to make provision for likely bad debts every year. The entry for making provision is:

Provision for bad & doubtful debts A/c	Dr.
To Sundry Debtors A/c	
(Being the amount of provision for bad debts charged from debtors)	
Profit & Loss A/c	Dr
To Provision for bad & Doubtful debts A/c	
(Being the amount of provision for bad debts charged to profit & loss A/c)	

This debit to the Profit & Loss A/c will reduce years profit suitably for possible losses and amount shall be carried to next year.

Next year, when bad debts actually occur the amount of such Bad Debts shall be debited from the Provision for Bad Debts and not from Profit & Loss a/c.

#### Calculation of provision for Doubtful Debts:

Provision for Doubtful Debts is calculated at a certain rate from the sundry Debtors. For example, if Provision is to be calculated @ 5% on Debtors of Rs. 1,00,000, then the amount of Provision will be 5% of Rs.1,00,000 i.e., Rs.5,000.

33. **PROVISION FOR DOUBTFUL DEBTS ACCOUNT**

Dr.							Cr.
Date	Particulars	J.F.	₹	Date	Particulars	J.F.	₹
2023				2022			
March 31	To Bad Debts A/c (₹ 6,000 + ₹ 5,000)		11,000	April 1	By Balance b/d		7,000
				2023			
March 31	To Balance c/d [5% (₹ 1,00,000 - ₹ 10,000)]		4,500	March 31	By Profit and Loss A/c (Balancing Figure)		8,500
			15,500				15,500

#### PROFIT AND LOSS ACCOUNT

for the year ended 31<sup>st</sup> March, 2023

Dr.				Cr.
Particulars		₹	Particulars	₹
To Provision for Doubtful Debts (New Provision)	4,500			
Add: Bad Debts (₹ 6,000 + ₹ 5,000)	11,000			
	15,500			



Less: Provision for Doubtful Debts (Old Provision)	<u>7,000</u>	8,500		
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**BALANCE SHEET**  
as at 31<sup>st</sup> March, 2023

Liabilities	₹	Assets	₹
		Sundry Debtors	1,00,000
		Less: Further Bad Debts (50% of ₹ 10,000)	<u>5,000</u>
			95,000
		Less: Provision for Doubtful Debts (5% of ₹ 90,000)	<u>4,500</u>
			90,500

**Note:** Provision for doubtful debts is neither made on the bad debts nor on good debts. Out of ₹ 10,000, ₹ 5,000 are bad debts and ₹ 5,000 are good debts. Therefore, provision for doubtful debts has been calculated on ₹ 90,000.

OR  
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Particulars		Amt(₹)	Amt(₹)
Depreciation A/c	Dr	13,200	
To Machinery A/c			10,000
To Furniture A/c			3,200
(Being Depreciation charged on Furniture @ 20% & Machinery @ 10%)			

Effect of depreciation on financial statements is shown below:

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

Dr			Cr
Particulars	Amt(₹)	Particulars	Amt(₹)
To Depreciation :			
Machinery	10,000		
Furniture	3,200		

**Extract of Balance Sheet**  
as at 31st March, 2013

Liabilities	Amt(₹)	Assets	Amt(₹)
		Machinery	1,00,000
		Less :Depreciation	(10,000)
		Furniture	16,000
		Less :Depreciation	(3,200)
			12,800

34.

**TRADING AND PROFIT & LOSS A/C**  
for the year ending 31<sup>st</sup> March, 2023

Dr.					Cr.
Particulars		Amount (₹)	Particulars		Amount (₹)
To Opening Stock		80,000	By Sales	6,10,000	
To Purchases	3,50,000		Less: Return Inward	30,000	5,80,000
Less: Return outward	20,000	3,30,000	By Closing Stock		1,20,000

To Carriage Inward		7,000			
To Gross Profit c/d		2,83,000			
		<b>7,00,000</b>			<b>7,00,000</b>
To Interest on Bank Loan	3,000		By Gross Profit b/d		2,83,000
Add: Outstanding Interest <sup>(2)</sup>	2,000	5,000	By Provision for Bad Debts <sup>(1)</sup>		
To Motorbike Expenses		4,000	Old Provision	7,000	
To Salaries	44,000		Less: Bad-Debts (₹ 3,000 + ₹ 2,000)	5,000	
Add: Outstanding Salaries (₹ 44,000 × $\frac{1}{11}$ )	4,000	48,000		<b>2,000</b>	
To Depreciation:			Less: New Provision	1,400	600
Building	20,000		By Commission	9,000	
Motorbike	6,000	26,000	Less: Commission Received in Advance	3,000	6,000
To Net Profit		2,06,600			
		<b>2,89,600</b>			<b>2,89,600</b>

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

Liabilities		Amount (₹)	Assets		Amount (₹)
Bank Loan	50,000		Cash in Hand		29,200
Add: Outstanding Interest	2,000	52,000	Debtors	30,000	
Creditors		20,000	Less: Further Bad Debts	2,000	
Outstanding Salaries		4,000		<b>28,000</b>	
Commission Received in Advance		3,000	Less: Provision for Bad Debts	1,400	26,600
Capital	3,20,000		Closing Stock		1,20,000
Add: Net Profit	2,06,600		Motorbike	40,000	
	<b>5,26,600</b>		Less: Depreciation	6,000	34,000
Less: Drawings <sup>(3)</sup>	15,800	5,10,800	Building	4,00,000	
			Less: Depreciation	20,000	3,89,800
		<b>5,89,800</b>			<b>5,89,800</b>

**Notes:**

- i. When the Old Provision exceeds the total of Bad Debts and New Provision, the difference is shown on the Credit side of P & L A/c.
- ii. Interest on Bank Loan of ₹ 50,000 at 10% p.a. amounts to ₹ 5,000, whereas the Trial Balance shows that interest of ₹ 3,000 has been paid. It follows, therefore, that interest of ₹ 2,000 is still outstanding.

iii.		₹
	<b>Drawings:</b>	
	Income Tax	12,000
	Add: Income Tax paid in advance	4,000
		<b>16,000</b>
	Less: Interest received on advance payment of Income-tax	200
		<b>15,800</b>



OR

The financial statements of M/s Nilu Sarees will be prepared in the following manner:

**1. Preparation of Trading and Profit & Loss Account:**

**Trading and Profit and Loss Account**

for the year ended 31 March, 2017

Dr			Cr
Particulars	Amt (₹)	Particulars	Amt (₹)
To Opening Stock	10,000	By Sales	2,28,000
To Purchases	78,000	By Closing Stock	22,000
To Carriage Inward	2,500		
To Wages	11,000		
To Gross Profit transferred to Profit & Loss A/c	1,48,500		
	<u>2,50,000</u>		<u>2,50,000</u>
To Salaries	30,000	By Gross Profit b/d	1,48,500
To Commission	10,000	By Interest	7,000
To Rent and Taxes	2,800	By Commission	8,000
To Repair	5,000		
To Telephone Expenses	1,400		
To Legal Charges	1,500		
To Sundry Expenses	2,500		
To Net Profit	1,10,300		
	<u>1,63,500</u>		<u>1,63,500</u>

**2. Preparation of Balance Sheet:**

**Balance Sheet**

as at 31st March, 2017

Liabilities		Amt (₹)	Assets	Amt (₹)
Capital	70,000		Machinery	60,000
Add : Net Profit (transferred from Profit & Loss A/c)	<u>1,10,300</u>		Investment	90,000
	1,80,300		Debtors	30,000
Less: Drawings	<u>(18,000)</u>	1,62,300	Cash in Hand	12,000
Creditors		28,000	Closing Stock	22,000
Bills Payable		23,700		
		<u>2,14,000</u>		<u>2,14,000</u>

