

# Class XI Session 2025-26

## Subject - Accountancy

### Sample Question Paper - 7

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. **Assertion (A):** Management uses accounting information for short-term and long-term planning. [1]  
**Reason (R):** Accounting provide comprehensive information financial status of the company.  
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.
2. Cash memo is prepared when goods are sold [1]  
a) On transfer      b) both on credit and cash  
c) on cash      d) on credit
3. Real account (which include cash and all other assets) will usually show: [1]  
a) Both debit and credit balance      b) Credit Balance  
c) Negative balance      d) Debit Balance
4. Which equation is incorrect out of the following: [1]  
a) Liabilities = Assets - Capital      b) Assets = Liabilities - Capital  
c) Capital = Assets - Liabilities      d) Assets = Liabilities + Capital  
OR  
For which of the following transactions, capital account will be increased and decreased by the same amount?  
a) Bad debts on the insolvency of a debtor      b) Income received in advance  
c) Interest on drawings provided      d) Outstanding expenses paid
5. Source of documents are [1]  
a) Cash Memo      b) Both Cash Memo and Invoice



- c) Neither Cash Memo Nor Invoice  
d) Invoice

6. Creditors of the business want to know: [1]

a) Profitability of the Business  
b) Employment Opportunities  
c) Creditworthiness of the business  
d) Capability of the business to pay higher salaries

OR

Accounting Starts:

a) After preparing final accounts  
b) Where books are not maintained at all  
c) Where book-keeping ends  
d) Where book-keeping begins

7. Creation of provision is: [1]

a) Unnecessary  
b) Illegal  
c) Voluntary  
d) Necessary

8. Drawings Account is a [1]

a) Personal Account  
b) Real Account  
c) Artificial personal account  
d) Nominal Account

OR

The data is classified for creating groups of accounts in the heads of :

a) Assets, Liabilities and Capital  
b) Assets, Owners' equity, Revenue and Expenses  
c) Assets, Capital, Liabilities, Revenue and Expenses  
d) Capital, Revenue and Expenses

9. \_\_\_\_\_ is levied in the course of interstate supply of goods and services. [1]

a) Integrated GST  
b) Union Territory GST  
c) State GST  
d) Central GST

10. To whom do the reserves belong to: [1]

a) Proprietor  
b) Debtor  
c) Creditors  
d) Seller

11. Current assets do not include: [1]

a) Debtors  
b) Motor Car  
c) Prepaid expenses  
d) Bank Balance

12. What will be the amount reflected in the sales return book of ZXC Ltd if 2 table fans @ ₹5,000 by QWE Ltd.? [1]  
There was a trade discount of 15%. CGST and SGST are at 6% each.

a) ₹9,520  
b) ₹10,000  
c) ₹8,500  
d) 7,500

13. For which of the following transactions, assets and capital will decrease by same amount? [1]

a) Depreciation provided on fixed assets  
b) Goods sold for cash at a profit

The data is classified for creating groups of accounts in the heads of :

- c) Goods sold for cash  
14. Intangible Assets do not include: [1]  
a) Trade Marks  
b) Prepaid Expenses  
c) Stock  
d) Patents  
OR  
Tangible Asset is:  
a) Patents  
b) Goodwill  
c) Prepaid Expenses  
d) Stock
15. The source document for recording entries in the sales return book is generally the \_\_\_\_\_. [1]  
a) trial balance  
b) Transfer voucher  
c) credit note  
d) debit note
16. \_\_\_\_\_ are created in business for rainy day [1]  
a) Capital Reserves  
b) Dividend equalization fund  
c) General Reserve  
d) Dividend fund
17. Under which side of the Trial Balance the following ledger balances will appear: [3]  
i. Purchases  
ii. Capital  
iii. Trade Receivable  
iv. Drawings  
v. Discount Received  
vi. Buildings

OR

From the following information, prepare a Trial Balance of Girish for the year ended 31st March, 2023:

	₹		₹
Capital Accounts	2,25,000	Sales	1,54,500
Furniture and Fittings	6,400	Bank (Cr. Balance)	28,500
Motor Car	62,500	Purchases Return	1,250
Buildings	1,75,000	Commission (Cr.)	3,750
Total debtor	38,000	Sales Return	2,000
Total Creditors	25,000	Advertisement	2,500
Bad Debts	1,250	Interest Account (Dr.)	1,180
Stock (1st April, 2022)	34,600	Cash Balance	6,500
Purchases	54,750	Insurance and Taxes	12,500
Input IGST A/c	3,000	Salaries	40,820
Output CGST A/c	1,500	Output SGST Ac	1,500



18. Briefly explain your understanding of Ind-AS. [3]

OR

What are Accounting Concepts? Explain any two of them.

19. Determine, if the following are Assets, Liabilities, Capital, Revenue from Operations, Revenues, Expenses or none: [3]

- a. Machinery
- b. Purchases
- c. Stock
- d. Creditors
- e. Capital
- f. Salary paid to a clerk
- g. Sales
- h. Furniture
- i. Interest received and
- j. Rent paid

20. A ledger provides a number of utilities. List any three such utilities. [3]

21. Write up single-Column Cash Book for the month of April, 2023 of Mr. Deepak Chopra, from the following transactions: [4]

2023		₹
April 1	Balance from last month	2,50,000
April 2	Deposited into Bank	75,000
April 5	Purchased goods	40,000
April 6	Purchased goods from Rahul	30,000
April 10	Purchased furniture for Cash	25,000
April 11	Loan is given to Chandan	20,000
April 12	Paid to Rahul	28,500
	Discount Received	1,500
April 14	Issued cheque to a creditor	40,000
April 15	Sold goods to Vishal for Cash	36,000
April 16	Cash sales of ₹ 1,20,000 of which banked on 20 <sup>th</sup> April	1,00,000
April 22	Received from Mohit	19,600
	Discount allowed	400
April 24	Withdrew cash from bank	25,000
April 25	Purchased postal stamps	1,000
April 28	Salary paid to Accountant	12,000
April 29	Paid for furniture repair	1,500



22. A Bank Reconciliation Statement is prepared as on 31st March, 2023 starting with credit balance as per Cash Book. State whether the following transactions will be shown in the Bank Reconciliation Statement by adding or deducting these from the given balance giving reason: [4]

- Cheque of ₹ 10,000 deposited was dishonored.
- Cheque of ₹ 20,000 was recorded in Cash Book but was not deposited.
- Post-dated cheque of ₹ 20,000 discounted from Bank was dishonored.
- A cheque issued to Rahul for ₹ 5,500 was not recorded in Cash Book.
- Payments Side of the Cash Book was undercast by ₹ 4,000.

OR

Prepare Bank Reconciliation Statement from the following particulars as on 31st March, 2023, when Pass Book shows a debit balance of ₹ 25,000:

- Cheque issued for ₹ 50,000 but up to 31st March, 2023 only ₹ 30,000 could be cleared.
- Cheques issued for ₹ 10,000 but omitted to be recorded in the Cash Book.
- Out of Cheques deposited for ₹ 55,000, cheques for ₹ 5,000 were collected on 4th April, 2023.
- A discounted post-dated cheque of ₹ 10,000 was dishonoured.
- A cheque of ₹ 5,000 debited in Cash Book but omitted to be banked.
- Interest allowed by bank ₹ 2,000 but no entry was passed in the Cash Book.

23. Enter the following transactions in proper Subsidiary Books and post them into Ledger: [6]

2023	
March 2	Purchased from Navneet Traders for ₹ 8,300
3	Sold goods to Rohit for ₹ 3,200
5	Bought of Renuka Traders for ₹ 12,100
8	Rohit returns the goods for ₹ 600
10	Purchased goods from Bikaner Stores of the list price of ₹ 15,400 less 5% Trade Discount
12	Sold goods to Ankit Traders for ₹ 18,000 less 15% Trade Discount
12	Bought of Anshu Traders for ₹ 10,000
16	Purchased Machinery from Magnum Ltd. ₹ 20,000
18	Returned goods to Bikaner Stores for ₹ 800 less 5% Trade Discount
19	Ankit Traders returned goods for ₹ 3,000, less 15% Trade Discount
20	Sales to Kashish & Co. for ₹ 14,700
22	Purchased goods from Navneet Traders for ₹ 25,000
25	Returns outward to Navneet Traders for ₹ 1,200
26	Sales to Rani Traders for ₹ 10,000 less 10% Trade Discount
29	Returns inward from Kashish & Co. for ₹ 2,000

OR

Enter the following transactions in the Journal of Sonu, Haryana who trades in readymade garments:

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2023		₹
April 01	Sonu paid in bank as Capital	60,000
April 02	He bought goods and paid by cheque	24,000
April 03	Sold goods to Mukesh & Co., Haryana	6,700
April 04	Sold goods for cash	10,900
April 05	Paid sundry expenses in cash	3,000
April 08	Paid for office furniture and fittings by cheque	4,000
April 09	Bought goods from Rajesh & Bros	10,600
April 11	Returned goods to Rajesh & Bros	1,500
April 12	Issued cheque to Rajesh & Bros, in settlement	8,500
April 12	Goods costing ₹ 5,000 destroyed by fire	
April 20	Insurance Company paid claim	4,000
April 30	Bank charged interest	200
April 30	Borrowed from Riya @ 10% per annum interest	50,000
April 30	Received from Mukesh & Co. on account	3,000
April 30	Sold household furniture and paid the amount into business	10,000
April 30	Sold goods costing ₹ 5,000 to Anjali for cash at a profit of 20% on cost, less 20% trade discount	
April 30	Sold goods costing ₹ 20,000 to Sanjay at a profit of 20% on sale less 20% Trade Discount and paid cartage ₹ 150 (to be charged from customer).	

24. You are presented with a Trial Balance showing a difference which has been carried to Suspense Account, and [6]  
the following errors are revealed



- i. Rs.1,700 paid in cash for an office equipment was charged to the Office Expense Account.
- ii. A cash sale of Rs.5,000 to Black, correctly entered in the Cash Book was posted to the credit of Black's account in the ledger.
- iii. Goods amounting to Rs.800 returned by Blue were entered in the Sales Book and posted therefrom to the credit of Blue's A/c
- iv. Furniture purchased for Rs.8,100 was posted to furniture account as Rs.810.
- v. Goods amounting to Rs.10,000 sold to Red were correctly entered in Sales Book but posted to Red's A/c for Rs.18,000.
- vi. Sales Return Book was overcast by Rs.100.

You are required to pass necessary rectification entries in respect of above.

OR

Pass the rectification entries for the following transaction:

- i. An amount of ₹ 2,000 received from Manav on 1st April 2023 had been entered in the Cash Book as having been received on 31 March, 2023.
- ii. The balance in the account of Mr. Rahul ₹ 1,000 had been written off as bad, but no other account has been debited.
- iii. An addition in the Returns Inward Book had been cast ₹ 100 short.
- iv. A cheque for ₹ 200 drawn for Petty Cash Account has been posted in the account of Amir.
- v. Ram A/c was credited with ₹ 840 twice instead of once.

25. On 1<sup>st</sup> April, 2022, following balances appeared in the books of M/s Krishna Traders:

[6]

	₹
Furniture Account	50,000
Provision for Depreciation on Furniture Account	22,000

On 1<sup>st</sup> October, 2022 a part of Furniture purchased for ₹ 20,000 on 1<sup>st</sup> April, 2018 was sold for ₹ 5,000. On the same date a new furniture costing ₹ 25,000 was purchased. The depreciation was provided @10% p.a. on original cost of the asset and no depreciation was charged on the asset in the year of sale. Prepare Furniture Account and Provision for Depreciation Account for the year ending 31<sup>st</sup> March, 2023.

OR

Following balance appear in the books of Rama Bros:

1 <sup>st</sup> April, 2022 Machinery Account	₹ 80,000
Provision for depreciation A/c	₹ 36,000

On 1<sup>st</sup> April 2022, they sold a machine for ₹ 8,700. This machine was purchased for ₹ 16,000 in April 2018. You are required to prepare Provision for Depreciation A/c and Machinery A/c on 31<sup>st</sup> March, 2023, assuming the firm has been charging Depreciation at 10% p.a. on Straight Line Method.

26. Mr Yadav, the petty cashier of M/s Triputi Traders received Rs. 5,000 on 1st April, 2014 from the head cashier, following were the petty expenses [6]

2014		Amt (Rs.)
Apr 2	Taxi fare	440



Apr 3	Refreshments	180
Apr 5	Registered postal chargers	76
Apr 5	Telegram	70
Apr 8	Auto fare	100
Apr 9	Courier charges	130
Apr 12	Postal stamps	300
Apr 14	Eraser/Sharpener/Pencils	420
Apr 17	Speed post charges	180
Apr 20	Cartage	140
Apr 20	Computer stationery	400
Apr 22	STD call charges	90
Apr 24	Bus fare	20
Apr 25	Office sanitation	360
Apr 26	Refreshments	120
Apr 28	Loading charges	150
Apr 30	Photostatting charges	108
Apr 30	Fax charges	160

You are required to prepare a petty cash book.

OR

Enter the following transactions of Rawat Bros. in appropriate Subsidiary books:

<b>2023</b>	
Jan. 1	<b>Assets:</b> Cash in Hand ₹ 5,400; Due from Bhanu & Co. ₹ 7,000; Due from Mahesh ₹ 20,000; Stock ₹ 80,000; Furniture ₹ 25,000.
	<b>Liabilities:</b> Bank overdraft ₹ 36,200; Due to Suresh ₹ 9,200.
Jan. 3	Purchased from Ramesh & Sons 10 Chest of tea @ ₹720 each less 10% trade discount.
Jan. 5	Purchased from Gopal Das & Co. 20 tins of coffee @ ₹ 480 each, less 5% trade discount. Half the payment is made in cash and half by cheque.
Jan. 6	Purchased machinery for ₹ 10,000 from Pankaj & Co. on Credit.
Jan. 8	Received cash from Bhanu & Co. ₹ 6,800 in full settlement of their account.
Jan. 10	Deposited into bank ₹ 5,000.







₹90,000. The value of profit earned during the period will be:

- a) ₹30,000
- b) ₹20,000
- c) ₹40,000
- d) ₹25,000

28. Financial Statements consist of: [1]

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

29. Purchase of machinery for production is: [1]

- a) Revenue Expenditure
- b) Capital Expenditure
- c) Cash Expenditure
- d) Deferred Revenue Expenditure

30. Adjustments given are recorded once in Trading and Profit and Loss Account and again in the Balance Sheet. It is so because of: [1]

- a) Matching Principle
- b) Accrual Concept
- c) Materiality Principle
- d) Dual Aspect Principle

OR

Closing stock is shown in Financial Statements at:

- a) Cost price or Reliasable Value whichever is greater
- b) Realisable Value
- c) Cost price
- d) Cost price or Reliasable Value whichever is less

31. Ascertain Gross Profit from the following information : [3]

	(₹)
Opening Stock	3,00,000
Closing Stock	2,80,000
Purchases	8,50,000
Carriage on Purchases	23,000
Carriage on Sales	30,000
Office Rent	58,000
Sales	14,07,000

32. Manoj has paid salaries of ₹ 1,50,000 for the year ended 31<sup>st</sup> March, 2023. Salaries include ₹ 20,000 paid in advance for the year ending 31<sup>st</sup> March, 2024. Show how it will be shown in the Profit and Loss Account and the Balance Sheet. [3]

33. Give journal entries for the following adjustments in final accounts charging CGST and SGST @ 6% each. [4]

(i)	Closing Stock ₹ 80,000.
(ii)	Outstanding Rent ₹ 20,000.



(iii)	Insurance premium amounting to ₹ 15,000 is paid in advance.
(iv)	₹ 9,000 received for rent related to the next accounting period.
(v)	Commission accrued but not received during the accounting year ₹ 5,000.
(vi)	Write off ₹ 500 as further bad debts.
(vii)	Goods costing ₹ 8,000 destroyed by fire and insurance company admitted a claim for ₹ 5,000 only.
(viii)	Goods costing ₹ 10,000 (Market value ₹ 11,000) were taken by proprietor for personal use.

OR

Explain the rationale of making adjustments at the time of preparing the final accounts.

34. From the following balances taken from the books of Ram & Sons and adjustments, prepare Trading and Profit & Loss Account for the year ending 31<sup>st</sup> March, 2023 and Balance Sheet as at that date: [6]

Particulars	₹	Particulars	₹
Opening Stock	15,000	Rent	4,000
Purchases	1,09,000	Rent Outstanding	600
Sales	1,80,000	Provision for Doubtful Debts	1,000
Wages	8,000	Furniture (Purchased on 1 <sup>st</sup> october, 2022 for ₹ 1,000)	5,000
Power and Electricity	12,000	Machinery	72,000
Salaries	11,000	Sundry Debtors	28,000
Bad Debs	500	Sundry creditors	14,600
Income Tax	5,500	Capital	1,00,000
Loan to Pankaj at 10% p.a. (1 <sup>st</sup> April, 2022)	5,000		
Interest on Loan to Pankaj	300		
Commission Received	4,500		
Cash in Hand	26,000		

**Adjustments:**

- Closing Stock at cost was ₹ 35,000. Its net realisable value (market value) was ₹ 30,000.
- Write off further ₹ 500 as bad debt. Also, maintain a Provision for Doubtful Debts @ 5% on Sundry Debtors.
- Create a provision of 2% for discount on debtors.
- Commission received includes ₹ 3,000 received in advance.
- Depreciate furniture by 10% p.a.
- Salaries for the month of March, 2023 were outstanding.

OR

From the following ledger balances of Mr Charan Singh, prepare the trading and profit and loss account for the year ended 31st March, 2013 and the balance sheet as at that date after making the necessary adjustments.

Particulars	Amt(Rs)	Particulars	Amt(Rs)



Trade expenses	800	Purchases	82,000
Freight and duty	2,000	Stock (1st April, 2010)	15,000
Carriage outwards	500	Plant and machinery (1st April, 2012)	20,000
Sundry debtors	20,600	Plant and machinery (additions on 1st October, 2012)	5,000
Furniture and fixtures	5,000		
Return inwards	2,000	Drawings	6,000
Printing and stationery	400	Capital	80,000
Rent, rates and taxes	4,600	Provision for doubtful debts	800
Sundry creditors	10,000	Rent for premises sublet	1,600
Sales	1,20,000	Insurance Charges	700
Return outwards	1,000	Salaries and wages	21,300
Postage and telegraphs	800	Cash in hand	6,200
		Cash at bank	20,500

#### Additional Information

- i. Stock on 31st March, 2013 was Rs 14,000
- ii. Written-off Rs 600 as bad debts,
- iii. Provision for doubtful debts is to be maintained @ 5%.
- iv. Provision for depreciation on furniture and fixtures at 5% per annum and on plant and machinery at 20% per annum.
- v. Insurance prepaid was Rs 100.
- vi. A fire occurred in the godown and stock of the value of Rs 5,000 was destroyed. It was insured and the insurance company admitted full claim.

# Solution

## Part A

1. (a) Both A and R are true and R is the correct explanation of A.

**Explanation:**

Both A and R are true and R is the correct explanation of A.

2.

(c) on cash

**Explanation:**

Cash Memo is equivalent to Invoice copy and a legal document. It is used for knowing the cash sales of the business, to pay tax, for reconciliation and analysis, Inventory planning, Cash flow position, etc. A cash memo is prepared when goods are sold for cash.

3.

(d) Debit Balance

**Explanation:**

Real accounts are the assets of the firm and will always have a debit balance except for sales account and purchase returns accounts which will show a credit balance. Real Account includes only Assets account only.

4.

(b)  $\text{Assets} = \text{Liabilities} - \text{Capital}$

**Explanation:**

$\text{Assets} = \text{Liabilities} - \text{Capital}$

OR

(c) Interest on drawings provided

**Explanation:**

Interest on drawings is an income for the firm (so increase in capital) and is an expense for the proprietor (so decrease in capital).

5.

(b) Both Cash Memo and Invoice

**Explanation:**

yes. Cash memo are prepared on cash sale or cash purchase and Invoices are on credit transaction of sale and purchase. these both are source documents, on the basis of which we record transaction.

6.

(c) Creditworthiness of the business

**Explanation:**

Creditworthiness of the business

OR

(c) Where book-keeping ends

**Explanation:**

Where book-keeping ends



7. **(d) Necessary**  
**Explanation:**  
 Necessary
8. **(a) Personal Account**  
**Explanation:**  
 Drawings Account is a Personal Account because it is based on a person.
- OR
- (c) Assets, Capital, Liabilities, Revenue and Expenses**  
**Explanation:**  
 Assets, Capital, Liabilities, Revenue and Expenses
9. **(a) Integrated GST**  
**Explanation:**  
 Integrated GST
10. **(a) Proprietor**  
**Explanation:**  
 Reserves are created out of the profits of the business. Hence the profits belong to the proprietor the accumulation of the profits in the form of reserves belong to the owner of the business.
11. **(b) Motor Car**  
**Explanation:**  
 Motor car is not a current asset. But Debtor, Prepaid expenses and bank Balance are current assets.

12. **(a) ₹9,520**  
**Explanation:**  
 The question asks about the total amount reflected in sales return book i.e. in total column  
 The amount to be shown in the sales return book. is calculated as follows:

2 Table Fans @ ₹5,000 each	10,000
(-) Trade Discount @15%	(1,500)
	<b>8,500</b>
(+) CGST @6%	510
SGST @6	510
	<b>9,520</b>

13. **(a) Depreciation provided on fixed assets**  
**Explanation:**  
 Value of fixed asset will reduce due to depreciation and capital will decrease due to expenses.
14. **(c) Stock**  
**Explanation:**  
 Stock

OR

- (d) Stock**  
**Explanation:**



Stock

15.

(c) credit note

**Explanation:**

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

16.

(c) General Reserve

**Explanation:**

General reserve is the amount set aside of the revenue profits for no specific purpose. They can be utilised for any future contingencies of the business.

17. i. Purchases - Debit (Expenses)

ii. Capital - Credit (Equity)

iii. Trade Receivable - Debit (Assets)

iv. Drawings - Debit (Expenses)

v. Discount Received - Credit

vi. Buildings - Debit (Assets)

OR

**Trial Balance**

S. no	Particulars	L.F.	Amount (Dr.)	Amount (Cr.)
	Capital Account			2,25,000
	furniture & fitting		6,400	
	Motor Car		62,500	
	Building		1,75,000	
	Total Debtor		38,000	
	Total Creditor			25,000
	Bad debt		1,250	
	Stock		34,600	
	Purchase		54,750	
	Input IGST A/c		3,000	
	Output CGST A/c			1,500
	Sale			1,54,500
	Bank (Cr. Balance)			28,500
	Purchase return			1,250
	Commission (Cr.)			3,750
	Sales return		2,000	
	Advertisement		2,500	
	Interest Account (Dr.)		1,180	
	Cash		6,500	
	Insurance and taxes		12,500	
	Salaries		40,820	



	Output SGST A/c			1,500
	<b>Total</b>		<b>4,41,000</b>	<b>4,41,000</b>

18. Ind-AS are the accounting standards issued by the Ministry of Corporate Affairs, Government of India, and notified under the Companies Act, 2013 prescribed to be used by the enterprises to prepare financial statements. They are principle based accounting standards in comparison to rule based Accounting Standards. Ind-AS also incorporate the concept of fair valuation.

OR

Accounting concept refers to the basic assumptions and rules and principles which work as the basis of recording of business transactions and preparing accounts. This concept assumes that, for accounting purposes, the business enterprise and its owners are two separate independent entities.

- i. **Going Concern Assumption:** Going Concern Assumption prescribes that transactions should be recorded and reported on the basis that business shall continue for a foreseeable period and there is no intention to close the business or scale down its operations significantly.
  - ii. According to the **Consistency Assumption**, accounting practices once selected and adopted, should be applied consistently year after year.
19. a. Asset  
b. Expense  
c. Asset  
d. Liability  
e. Capital  
f. Expense  
g. Revenue from Operations  
h. Asset  
i. Revenue  
j. Expenses
20. i. Ledger is prepared from journal.  
ii. Trial balance are prepared from ledger accounts.  
iii. Financial statements i.e, trading and profit and loss account and balance sheet are also prepared from ledger accounts.
21. **In the books of Deepak Chopra**

#### CASH BOOK

Dr.					Cr.				
Date	Particulars (Receipts)	V. No.	L.F.	Amount	Date	Particulars (Payments)	V. No.	L.F.	Amount
2023				₹	2023				₹
April 1	To Balance b/d			2,50,000	April 2	By Bank A/c			75,000
April 15	To Sales A/c			36,000	April 5	By Purchases A/c			40,000
April 16	To Sales A/c			1,20,000					
April 22	To Mohit			19,600	April 10	By Furniture A/c			25,000
April 24	To Bank A/c			25,000	April 11	By Chandan (Loan)			20,000
					April 12	By Rahul			28,500
					April 20	By Bank A/c			1,00,000
					April 25	By Postage A/c			1,000
					April 28	By Salary A/c			12,000
					April 29	By Repairs A/c			1,500
					April 30	By Balance c/d			1,47,600
				4,50,600					4,50,600
May 1	To Balance b/d			1,47,600					





**Working Notes:**

- i. On April 6, Purchased goods from Rahul is credit purchase. It will not be recorded in Cash Book.
- ii. Entries for discount received and discount allowed will be passed in Journal Proper. In the above illustration entry for the discount will be:
- |          |                                                            |     |       |       |
|----------|------------------------------------------------------------|-----|-------|-------|
| April 12 | Rahul                                                      | Dr. | 1,500 |       |
|          | To Discount Received A/c<br>(Discount received from Rahul) |     |       | 1,500 |
| April 16 | Discount Allowed A/c                                       | Dr. | 400   |       |
|          | To Mohit<br>(Discount allowed to Mohit)                    |     |       | 400   |
- iii. On April 14, Cheque issued to a Creditor ₹ 40,000 is not recorded in a Single-Column Cash Book.
- iv. On April 20, Cash is deposited into bank.
22. i. Added, recorded in Pass Book but not in Cash Book.
- ii. Added, Not recorded in Pass Book which effect cash book.
- iii. Added, Cheque dishonoured effect the Pass Book.
- iv. Added, Cheque Issued to Rahul reduces the Pass Book Balance but not Cash Book.
- v. Added, Increase the balance of Cash book but no effect on Pass Book.

OR

**Bank Reconciliation Statement as on 31<sup>st</sup> March**

Particulars		Plus item (₹)	Minus item (₹)
Overdraft as per Pass Book	Dr.		25,000
Cheque issued but not cleared			20,000
Cheque issued omitted in Cash Book		10,000	
Cheque deposited but not collected		5,000	
A discounted post dated cheque dishonoured		10,000	
Cheque entered in cash book omitted to be banked		5,000	
Interest Allowed by Bank			2,000
Overdraft as per Cash Book (47,000 - 30,000]	Cr.	17,000	
		<b>47,000</b>	<b>47,000</b>

23.

**PURCHASE BOOK**

Date	Particulars	L.F.	Details (₹)	Amount (₹)
<b>2023</b>				
Mar. 02	Navneet Traders			8,300
Mar. 05	Renuka Traders			12,100
Mar. 10	Bikaner Stores		15,400	
	Less: 5% Trade Discount		(770)	14,630
Mar. 12	Anshu Traders			10,000
Mar. 22	Navneet Traders			25,000
Mar. 31	Purchases A/c	Dr.		<b>70,030</b>

**SALES BOOK**

Date	Particulars	L.F.	Details (₹)	Amount (₹)
<b>2023</b>				



Mar. 03	Rohit			3,200
Mar. 12	Ankit Traders		18,000	
	Less: 15% Trade Discount		(2,700)	15,300
Mar. 20	Kashish & Co.			14,700
Mar. 26	Rani Traders		10,000	
	Less: 10% Trade Discount		(1,000)	9,000
Mar. 31	Sales A/c	Cr.		42,200

#### PURCHASE RETURN BOOK

Date	Particulars	L.F.	Details (₹)	Amount (₹)
2023				
Mar. 18	Bikaner Stores		800	
	Less: 5% Trade Discount		(40)	760
Mar. 25	Navneet Traders			1,200
Mar. 31	Purchase Return A/c	Cr.		1,960

#### SALES RETURN BOOK

Date	Particulars	L.F.	Details (₹)	Amount (₹)
2023				
Mar. 08	Rohit			600
Mar. 19	Ankit Traders		3,000	
	Less: 15% Trade Discount		(450)	2,550
Mar. 29	Kashish & Co.			2,000
Mar. 31	Sales Return A/c	Dr.		5,150

#### PURCHASES ACCOUNT

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2023							
Mar. 31	To Sundries as per Purchases Book		70,030				

#### NAVNEET TRADERS ACCOUNT

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2023				2023			
Mar. 25	To Purchases Return A/c		1,200	Mar. 02	By Purchases A/c		8,300
				Mar. 22	By Purchases A/c		25,000

#### RENUKA TRADERS ACCOUNT

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
				2023			
				Mar. 05	By Purchases A/c		12,100

#### ANSHU TRADERS ACCOUNT

--	--	--	--	--	--	--	--



Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
				2023			
				Mar. 12	By Purchases A/c		10,000

#### BIKANER STORES ACCOUNT

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2023				2023			
Mar. 18	To Purchase Return A/c		760	Mar. 10	By Purchases A/c		14,630

#### SALES ACCOUNT

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
				2023			
				Mar. 31	By Sundries as per Sales Book		42,200

#### ROHIT'S ACCOUNT

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2023				2023			
Mar. 03	To Sales A/c		3,200	Mar. 08	By Sales Return A/c		600

#### ANKIT'S TRADERS ACCOUNT

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2023				2023			
Mar. 12	To Sales A/c		15,300	Mar. 19	By Sales Return A/c		2,550

#### KASHISH & CO. ACCOUNT

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2023				2023			
Mar. 20	To Sales A/c		14,700	Mar. 29	By Sales Return A/c		2,000

#### RANI TRADERS ACCOUNT

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2023							
Mar. 26	To Sales A/c		9,000				

#### PURCHASE RETURN ACCOUNT

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
				2023			
				Mar. 31	By Sundries as per Purchases Return Book		1,960

#### SALES RETURN ACCOUNT

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2023							
Mar. 31	To Sundries as per Sales Return Book		5,150				

In Purchase book, sales book, purchase return book, sales return book, transactions of credit nature are recorded only. Also transactions of business items i.e., goods in dealing are only recorded. Cash transactions are recorded in the cash book and remaining in journal proper.

OR

Date	Particulars	L.F.	Dr.	Cr.
2023				
April 1	Bank A/c	Dr.	60,000	
	To Capital A/c (business started with cash)			60,000
April 2	Purchases A/c	Dr.	24,000	
	To Bank A/c (good purchased for cheque)			24,000
April 3	Mukesh & Co.	Dr.	6,700	
	To Sales A/c (good sold on credit to Mukesh & Co.)			6,700
April 4	Cash A/c	Dr.	10,900	
	To Sales A/c (Good sold for cash)			10,900
April 5	Sundry Expenses A/c	Dr.	3,000	
	To Cash A/c (Sundry Expenses paid in cash)			3,000
April 8	Furniture & Fittings A/c	Dr.	4,000	
	To Bank A/c (Furniture & Fittings Purchased by cheque)			4,000
April 9	Purchases A/c	Dr.	10,600	
	To Rajesh & Bros (good purchased from Rajesh & Bros on credit)			10,600
April 11	Rajesh & Bros A/c	Dr.	1,500	
	To Purchases Return A/c (good returned to Rajesh & Bros)			1,500
April 12	Rajesh & Bros A/c	Dr.	9,100	
	To Bank A/c			8,500
	To Discount Received A/c (final payment made to Rajesh & Bros)			600



April 12	Loss by fire A/c	Dr.	5,000	
	To Purchases A/c (goods loss by fire)			5,000
April 20	Bank A/c	Dr.	4,000	
	To Insurance Co. (Insurance Co. paid claim)			4,000
April 30	Bank Interest A/c	Dr.	200	
	To Bank A/c (bank interest charged by bank)			200
April 30	Cash A/c	Dr.	50,000	
	To Loan from Riya A/c (loan taken from Riya @ 10% P.a. Interest)			50,000
April 30	Cash A/c	Dr.	3,000	
	To Mukesh & Co. (Cash received from Mukesh & Co.)			3,000
April 30	Cash A/c	Dr.	10,000	
	To Capital A/c (household furniture sold & money introduced in business as capital)			10,000
April 30	Cash A/c <sup>(1)</sup>	Dr.	4,800	
	To Sales A/c (goods sold for cash at a profit 20% on cost less 20% Trade Discount)			4,800
April 30	Sanjay <sup>(2)</sup>	Dr.	20,150	
	To Sales A/c			20,000
	To Cartage A/c (goods sold to Sanjay @ 20% on sales, 20% Trade Discount & Cartage paid but charged from Sanjay)			150

#### Working Notes (1):-

Cost = 5,000

Add: 20% Profit = 1,000

= **6,000 (5,000 + 1,000)**

Less: 20% Trade Discount = 1,200

Sales Price = 4,800 (6,000 - 1,200)

#### Working Notes (2):-

Cost = 20,000

Let the List price be x

List price = Cost + Profit



$$x = 20,000 + \frac{20}{100}x$$

$$x - \frac{20}{100}x = 20,000$$

$$\frac{80}{100}x = 20,000$$

$$x(\text{List price}) = \frac{20,000 \times 100}{80}$$

$$= ₹ 25,000$$

Less 20% Trade Discount - 5,000

Sales Price = 20,000 (25,000 - 5,000)

24.

#### RECTIFYING JOURNAL ENTRIES

Date	Particulars		L/F	Dr. (Rs.)	Cr.(Rs.)
(i)	Office Equipment A/c	Dr.		1,700	
	To Office Expenses A/c				1,700
	(Being office equipment posted to office expense wrongly, now rectified.)				
(ii)	Black	Dr.		5,000	
	To Suspense A/c				5,000
	(Being cash sale wrongly entered in Black, now rectified.)				
(iii)	Sales Return A/c	Dr.		800	
	Sales A/c	Dr.		800	
	To Suspense A/c				1,600
	(Being sales return wrongly entered in sales book, now rectified.)				
(iv)	Furniture A/c	Dr.		7,290	
	To Suspense A/c				7,290
	(Being Furniture omitted to be recorded, now rectified.)				
(v)	Suspense A/c	Dr.		8,000	
	To Red's A/c (18,000 - 10,000)				8,000
	(Being overcasting of Red's rectified.)				
(vi)	Suspense A/c	Dr.		100	
	To Sales Returns A/c				100
	(Being overcasting of Sales Return rectified.)				

OR

#### RECTIFYING JOURNAL ENTRIES

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
(i)	Manav	Dr.		2,000	
	To Cash A/c				2,000
	(wrong date entry, now rectified.)				
(ii)	Bad Debts A/c	Dr.		1,000	
	To Suspense A/c				1,000
	(bad debts omitted to be posted, now rectified.)				
(iii)	Sales Return A/c	Dr.		100	
	To Suspense A/c				100



	(undercasting of Sales Return, now rectified.)				
(iv)	Petty Cash A/c	Dr.		200	
	To Amir				200
	(wrong posting to petty cash, now rectified.)				
(vi)	Ram	Dr.		840	
	To Suspense A/c				840
	(wrongly credited, now rectified.)				

25.

#### FURNITURE ACCOUNT

Dr.			Cr.		
Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
2022			2022		
Apr. 01	To Balance b/d (30,000 + 20,000)	50,000	Oct. 01	By Prov. for Depreciation A/c	8,000
Oct. 01	To Bank A/c	25,000	Oct. 01	By Bank A/c (Sale)	5,000
			Oct. 01	By Profit and Loss A/c (Loss on Sale)	7,000
			2023		
			Mar. 31	By Balance c/d	<u>55,000</u>
		<u>75,000</u>			<u>75,000</u>

#### PROVISION FOR DEPRECIATION ACCOUNT

Dr.			Cr.		
Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
2022			2022		
Oct. 01	To Furniture A/c	8,000	Apr. 01	By Balance b/d	22,000
2023 Mar. 31	To Balance c/d	18,250	Mar. 31	By Depreciation A/c (WN2)	4,250
		<u>26,250</u>			<u>26,250</u>

#### Working Note:-

Value of Machinery = ₹ 30,000 + ₹ 20,000 = ₹ 50,000

#### Calculation of Profit and Loss on Sale of Machinery:-

Particulars	Amount (₹)
Value of Furniture on Apr. 01, 2018	20,000
Less: Depreciation for 4 Years @ 10%	<u>(8,000)</u>
Value of Furniture on Oct. 01, 2022	12,000
Less: Sale Value	<u>(5,000)</u>
<b>Loss on Sale</b>	<b>7,000</b>

Depreciation by straight line method is calculated on original cost of asset. Same amount of depreciation is charged each year.

OR

#### MACHINERY ACCOUNT

Dr.				Cr.			
Date	Particulars	J.F.	₹	Date	Particulars	J.F.	₹

01.04.22	To Balance b/d		80,000	01.04.22	By Prov. For Dep. A/c		6,400
				"	By Bank A/c (Sale)		8,700
				"	By P & L A/c (Loss)		900
				31.03.23	By Balance c/d		64,000
			<b>80,000</b>				<b>80,000</b>
01.04.23	To Balance b/d		64,000				

#### PROVISION FOR DEPRECIATION ACCOUNT

Dr.							Cr.
Date	Particulars	J.F.	₹	Date	Particulars	J.F.	₹
01.04.22	To Machine A/c (W.N.)		6,400	01.04.22	By Balance b/d		36,000
31.03.23	To Balance c/d		36,000	31.03.23	By Depreciation A/c		6,400
			<b>42,400</b>				<b>42,400</b>
				01.04.23	By Balance b/d		36,000

**Working Note:** Calculation of Depreciation of Machine sold:

16,000	01-04-18	Cost of machine
<u>1,600</u>	31-03-19	Dep for the year 2018-19
14,400	01-04-19	Written Down Value
<u>1,600</u>	31-03-20	Dep for the year 2019-20
12,800	01-04-20	Written Down Value
<u>1,600</u>	31-03-21	Dep for the year 2020-21
11,200	01-04-21	Written Down Value
<u>1,600</u>	31-03-22	Dep for the year 2021-22
<u>9,600</u>	01-04-22	Written Down Value

Total Depreciation provided on machine till the date of sale =  $1,600 \times 4 = 6,400$

Depreciation is provided on fixed installment method of depreciation so it is same every year and calculated on cost of the machine.

26. **Petty cash** is a system that funds and tracks small purchases such as parking meter fees that aren't suitable for check or credit card payments. A **petty cash book** is a ledger kept with the **petty cash** fund to record amounts that are added to or subtracted from its balance. The main **advantages** are: Reduction in numbers of transactions: Many expenses of small nature recorded in **petty cash book**, the number of transactions is reduced in the **cash**. Reduction of errors: As head cashier check the accounts of previous month and gives advance for the coming month, does, errors if any are reduced.

Petty Cash Balance Rs. 1556; Postage & Courier Rs. 756; Conveyance Rs. 560; Cartage Rs. 140; Stationery Rs. 820, Miscellaneous Expenses Rs. 1,168.

#### Petty Cash Book

Dr.				Cr.					
Amt. Received (Rs)	Cash Book Folio	Date	Particulars	Total Payments (Rs)	Postage & Courier (Rs)	Conveyance (Rs)	Cartage (Rs)	Stationery (Rs)	Miscellaneous Exp. (Rs)
5,000		2014 April 1	To Balance b/d						
		April 2	By taxi fare	440		440			
		April 3	By refreshments	180					180





		April 5	By postal charges	76	76				
		April 5	By telegram	70	70				
		April 8	By Auto fare	100		100			
		April 9	By Courier Charges	130	130				
		April,12	By Postal Stamps	300	300				
		April,14	By Eraser/Sharpner/Pencils	420				420	
		April,17	By speed post charges	180	180				
		April,20	By Cartage	140			140		
		April,20	By Computer Stationery	400				400	
		April,22	By STD Call charges	90					90
		April,24	By bus fare	20		20			
		April,25	By office sanitation	360					360
		April,26	By refreshments	120					120
		April,28	By loading charges	150					150
		April,30	By photo stating charges	108					108
		April,30	By fax charges	160					160
			<b>Total Payments</b>	<b><u>3,444</u></b>	<b><u>756</u></b>	<b><u>560</u></b>	<b><u>140</u></b>	<b><u>820</u></b>	<b><u>1,168</u></b>
			By balance c/d	1,556					
				<b><u>5,000</u></b>					
		May, 1	To Balance b/d	1,556					
		May, 1	To cash A/c	3,444					
<b><u>5,000</u></b>									

OR

Dr.	CASH BOOK								Cr.
Date	Receipts	L.F.	Cash	Bank	Date	Payments	L.F.	Cash	Bank
2023			₹	₹	2023			₹	₹
Jan. 1	To Balance b/d		5,400		Jan. 1	By Balance b/d			36,200
Jan. 8	To Bhanu & Co.		6,800		Jan. 5	By Purchases A/c		4,560	4,560
Jan. 10	To Cash A/c	C		5,000	Jan. 10	By Bank A/c	C	5,000	
Jan. 20	To Sam & Co.			10,000	Jan. 18	By Wages A/c		500	
Jan. 28	To Bank A/c	C	6,000		Jan. 18	By Stationery A/c		200	
					Jan. 28	By Drawings A/c			4,000
					Jan. 28	By Cash A/c	C		6,000



					Jan. 30	By Rent A/c			4,000
			<b>18,200</b>	<b>15,000</b>				<b>10,260</b>	<b>54,760</b>
Jan. 31	To Balance c/d			39,760	Jan. 31	By Balance c/d		7,940	
			<b>18,200</b>	<b>54,760</b>				<b>18,200</b>	<b>54,760</b>
Feb. 1	To Balance b/d		7,940		Feb. 1	By Balance b/d			39,760

**Note: (1)** Entry for discount allowed to Bhanu & Co. will be passed in Journal Proper.

#### PURCHASES BOOK

Date	Name of the Supplier (Account to be Credited)	Invoice No.	L.F.	Details	Total Amount
<b>2023</b>				<b>₹</b>	<b>₹</b>
Jan. 3	<b>Ramesh &amp; Sons</b>				
	10 Chests of Tea @ ₹ 720 each			7,200	
	Less: Trade Discount 10%			(720)	6,480
Jan. 21	<b>Vinay &amp; Co.</b>				
	20 Chests of Tea @ ₹ 800 each			16,000	
	5 Tins of coffee @ ₹ 500 each			<u>2,500</u>	18,500
Jan. 31	Purchase A/c	Dr.			24,980

#### SALES BOOK

Date	Name of the Supplier (Account to be Credited)	Invoice No.	L.F.	Details	Total Amount
<b>2023</b>				<b>₹</b>	<b>₹</b>
Jan. 12	<b>Sam &amp; Co.</b>				
	4 Chests of Tea @ ₹ 950 each			3,800	
	12 Tins of Coffee @ ₹ 700 each			<u>8,400</u>	12,200
Jan. 16	<b>Ravi</b>				
	20 Chests of Tea @ ₹ 1,000 each			20,000	
	Less: Trade Discount 5%			(1,000)	19,000
Jan. 31	Sales A/c	Cr.			31,200

#### PURCHASES RETURN BOOK

Date	Name of the Supplier (Account to be Debited)	Debit Note No.	L.F.	Details	Total Amount
<b>2023</b>				<b>₹</b>	<b>₹</b>
Jan. 15	<b>Ramesh &amp; Sons.</b>				
	1 Chest of Tea @ ₹ 720			720	
	Less: 10% Trade Discount			(72)	648
Jan. 24	<b>Vinay &amp; Co.</b>				
	2 Chests of Tea @ ₹ 800			1,600	
	1 Tin of Coffee @ ₹ 500			<u>500</u>	2,100
Jan. 31	Purchase Return A/c	Cr.			2,748

#### SALES RETURN BOOK

Date	Name of the Customer (Account to be Credited)	Credit Note No.	L.F.	Details	Total Amount



2023				₹	₹
Jan. 17	<b>Ravi</b>				
	1 Chest of Tea @ ₹1,000			1,000	
	Less: Trade Discount 5%			(50)	950
Jan. 31	Sales Return A/c	Dr.			950

### JOURNAL PROPER OR GENERAL JOURNAL

Date	Particulars		L.F.	Dr.	Cr.
2023				₹	₹
Jan. 1	Cash A/c	Dr.		5,400	
	Bhanu & Co.	Dr.		7,000	
	Mahesh A/c	Dr.		20,000	
	Stock A/c	Dr.		80,000	
	Furniture A/c	Dr.		25,000	
	To Bank Overdraft				36,200
	To Suresh A/c				9,200
	To Capital A/c (balancing figure)				92,000
	(Opening balances brought forward from previous year's book)				
Jan. 6	Machinery A/c	Dr.		10,000	
	To Pankaj & Co. A/c				10,000
	(Machinery purchased on credit)				
Jan. 8	Discount Allowed A/c	Dr.		200	
	To Bhanu & Co. A/c				200
	(Discount allowed to Bhanu & Co. in full settlement of their account)				
Jan. 18	Bills Receivable A/c	Dr.		18,050	
	To Ravi				18,050
	(Acceptance received for one month)				
Jan. 22	Drawings A/c	Dr.		1,400	
	To Purchases A/c				1,400
	(2 chests of tea costing ₹ 700 each taken for personal use)				
Jan. 25	Vinay & Co. A/c	Dr.		16,400	
	To Bills Payable A/c				16,400
	(Acceptance given for 2 months)				
Jan. 27	Bills Receivable A/c	Dr.		2,200	
	To Sam & Co. A/c				2,200
	<b>Total ₹</b>			<b>1,85,650</b>	<b>1,85,650</b>

Part B



27.

(b) Rs.8,700

**Explanation:**

Calculation of closing capital:-

Opening capital	8,000
Add: Profit during the year	900
Add: Fresh capital introduced	1,000
less: Amount Withdrawn	1,200
<b>Capital at the end</b>	<b>8,700</b>

OR

(d) ₹25,000

**Explanation:**

Profit = Closing capital + Drawings – (Additional capital + Opening capital)

Profit = 90,000 + 5,000 – (10,000 + 60,000)

Profit = 25,000.

28.

(d) Trading and Profit & Loss Account and Balance Sheet

**Explanation:**

Financial statements are prepared to know the profitability of the organization for a particular period and also to know the financial position of the business on a particular date.

Financial statements consist of- Trading Account, Profit and Loss Account, Balance Sheet.

29.

(b) Capital Expenditure

**Explanation:**

Purchase of machinery for production is Capital Expenditure.

30.

(d) Dual Aspect Principle

**Explanation:**

As per Dual Aspect Principle every transaction have double effects.

OR

(d) Cost price or Reliasable Value whichever is less

**Explanation:**

Cost price or Reliasable Value whichever is less

31.

#### TRADING ACCOUNT

Dr.		Cr.	
Particulars	Amount (₹)	Particulars	Amount (₹)
To Opening Stock	3,00,000	By Sales	14,07,000
To Purchases	8,50,000	By Closing Stock	2,80,000
To Carriage on Purchase	23,000		



To Gross Profit (Bal. Fig.)	5,14,000		
	<b>16,87,000</b>		<b>16,87,000</b>

Office and administration expenses and selling and distribution expenses are shown on the debit side of the Profit or Loss account.

32.

**In the Books of Manoj**

**Profit and Loss Account**

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

Particulars		Amount (₹)	Particulars	Amount (₹)
To Salaries	1,50,000			
Less: Salaries paid in Advance	20,000	1,30,000		

**Balance Sheet of Manoj**

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

Liabilities	Amount (₹)	Assets	Amount (₹)
		<b>Current Assets:</b>	
		Salaries paid in Advance	20,000

33.

**JOURNAL**

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
(i)	Closing stock A/c	Dr.		80,000	
	To Trading A/c (Closing Stock brought into books)				80,000
(ii)	Rent A/c	Dr.		20,000	
	Input CGST A/c	Dr.		1,200	
	Input SGST A/c	Dr.		1,200	
	To Outstanding Rent A/c (Outstanding rent accounted in the books)				22,400
(iii)	Prepaid Insurance Premium A/c	Dr.		15,000	
	To Insurance Premium A/c (Prepaid insurance accounted in the books)				15,000
(iv)	Rent Received A/c	Dr.		9,000	
	To Rent Received in Advance A/c (Rent received in advance accounted in the books)				9,000
(v)	Accrued Commission A/c	Dr.		5,600	
	To Commission A/c				5,000
	To Output CGST A/c				300
	To Output SGST A/c (Accrued commission accounted in the books)				300
(vi)	Bad-debts A/c	Dr.		500	
	To Sundry Debtors A/c (Further Bad-debts written off)				500
(vii)	Loss by Fire A/c	Dr.		8,960	
	To Purchase A/c				8,000



	To Input CGST A/c				480
	To input SGST A/c (Goods destroyed by fire)				480
	Insurance Co. (Claim) A/c	Dr.		5,000	
	Profit & Loss A/c	Dr.		3,960	
	To Loss by Fire A/c (Claim accepted by insurance co. and balance transferred to Profit & Loss A/c)				8,960
(viii)	Drawing A/c	Dr.		11,200	
	To Purchase A/c				10,000
	To Input CGST A/c				600
	To Input SGST A/c (Goods taken by proprietor for personal use)				600

**Working Notes:**

- GST is not to be calculated on adjustment of Prepaid Expenses.
- GST is not to be calculated on adjustment of Rent Received in Advance.

OR

If after preparing the Trial Balance, it is observed that some important transactions are not recorded at all or some errors are done while recording them, then these are given as additional information/adjustments while preparing the Financial Statements. The main purpose of these adjustments is to know the actual profit or loss during the accounting year and to view the true and fair view of the firm's financial position

34.

**TRADING AND PROFIT & LOSS ACCOUNT**

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

Particulars		₹	Particulars		₹
To Opening Stock		15,000	By Sales		1,80,000
To Purchases		1,09,000	By Closing Stock (WN 1)		30,000
To Wages		8,000			
To Power and Electricity		12,000			
To Gross Profit transferred to Profit & Loss A/c		66,000			
		<b>2,10,000</b>			<b>2,10,000</b>
To Rent		4,000	By Gross Profit transferred from Trading A/c		66,000
To Bad Debts	500		By Interest on Loan to Pankaj	300	
Add: Further Bad Debts	500		Add: Accrued Interest (WN 5)	200	500
Prov. for Doubtful Debts (New)	1,375		By Commission Received	4,500	
	<b>2,375</b>		Less: Received in Advance	3,000	1,500
Less: Prov. for Doubtful Debts (Old)	1,000	1,375			
To Provision for Discount on Debtors [ $\text{₹ } 28,000 - \text{₹ } 500 - \text{₹ } 1,375 \times \frac{2}{100}$ ]		522			
To Salaries	11,000				
Add: Outstanding Salaries (WN 3)	1,000	12,000			
To Depreciation on Furniture (WN 4)		450			

To Net Profit Transferred to Capital A/c	49,653	
	<b>68,000</b>	<b>68,000</b>

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

Liabilities		₹	Assets		₹
Capital	1,00,000		Machinery		72,000
Add: Net Profit	49,653		Furniture	5,000	
	<b>1,49,653</b>		Less: Depreciation (WN 5)	450	4,550
Less: Drawings - Income Tax	5,500	1,44,153	Loan to Pankaj		5,000
Sundry Creditors		14,600	Accrued Interest on Loan to Pankaj (WN 5)		200
Rent Outstanding (WN 6)		600	Sundry Debtors	28,000	
Commission Received in Advance		3,000	Less: Further Bad Debts	500	
Outstanding Salaries (WN 3)		1,000		<b>27,500</b>	
			Less: Provision for Doubtful Debts	1,375	
				<b>26,125</b>	
			Less: Provision for Discount on Debtors	522	25,603
			Closing Stock		30,000
			Cash in Hand		26,000
		<b>1,63,353</b>			<b>1,63,353</b>

**Working Notes:**

- According to the Convention of Conservatism or Prudence Concept, Closing Stock is valued at lower of cost or net realisable value (Market Value). Therefore, Closing Stock is taken at ₹ 30,000.

2. <b>Provision for Doubtful Debts:</b>	₹
Debtors	28,000
Less: Further Bad Debts	500
	<b>27,500</b>
Provision for Doubtful Debts 5% of ₹ 27,500	1,375

- Salaries paid for 11 months = ₹ 11,000. Therefore, outstanding salaries for the month of March, 2023 = ₹ 1,000.

4. <b>Depreciation on Furniture:</b>	₹
On Furniture of ₹ 4,000, for full year ( $₹ 4,000 \times \frac{10}{100}$ )	400
On Furniture of ₹ 1,000, for 6 months ( $₹ 1,000 \times \frac{10}{100} \times \frac{6}{12}$ )	50
<b>Total Depreciation</b>	<b>450</b>
5.	₹
Total Interest Due on Loan to Pankaj ( $₹ 5,000 \times \frac{10}{100}$ )	500
Less: Interest Received on Loan to Pankaj	300
<b>Accrued Interest on Loan to Pankaj</b>	<b>200</b>

- 'Rent Outstanding' is given in Trial Balance, it will be shown in the Liabilities side of the Balance Sheet.

OR

In the books of Charan Singh  
Trading and Profit and loss Account  
for the year ended 31st March, 2013

Particulars	Amount (Rs)	Particulars	Amount (Rs)
To Opening stock	15,000	By Sales 1,20,000	
To Purchases 82,000		Less Return Inwards 2,000	1,18,000
Less Return Outwards 1,000	81,000	By Loss of Stock by Fire A/c	5,000
To Freight and Duty	2,000	By Closing Stock	14,000
To Gross Profit c/d	39,000		
	<b>1,37,000</b> =====		<b>1,37,000</b> =====
To Trade Expenses	800	By Gross Profit b/d	39,000
To Carriage Outwards	500	By Rent for premises	1,600
To Depreciation on Furniture and fixtures	250		
To Depreciation on Plant and Machinery			
$20,000 \times 20/100$ 4,000			
$5,000 \times 20/100 \times 6/12$ 500	4,500		
To Printing and Stationery	400		
To Rent, Rate and Taxes	4,600		
To Insurance 700			
Less Prepaid 100	600		
To Salaries and wages	21,300		
To Postage and telegraphs	800		
To Provision for Doubtful Debts:			
Debts(Closing)( $2,000 \times 5/100$ ) 1,000			
Add Further Bad Debts 600			
1,600			
Less Provision for Doubtful Debts(Opening) 800	800		
To Net Profit Transferred to capital A/c	6,050		
	<b>40,600</b> =====		<b>40,600</b> =====

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

Liabilities	Amount (Rs)	Assets	Amount (Rs)
<b>Current Liabilities</b>		<b>Current Assets</b>	
Sundry Creditors	10,000	Cash in hand	6,200
<b>Capital</b>		Cash at Bank	20,500
Opening Balance 80,000		Sundry Debtors 20,600	
Add Net Profit 6,050		Less Further Bad Debts 600	
86,050		20,000	
Less Drawings 6,000	80,050	Less Provision for Doubtful Debts 1,000	19,000





		Closing Stock	14,000
		Insurance Claim	5,000
		Prepaid Insurance	100
		Fixed Assets 5,000	
		Less Depreciation 250	4,750
		Plant and Machinery 25,000	
		Less Depreciation 4,500	20,500
	<b>90,050</b> =====		<b>90,050</b> =====

Trading Account is an account that is prepared by the entities to know the profit earned or loss suffered from trading activities. On the other hand, Profit & Loss account is an account created to ascertain the net profit or loss for the period. Financial Statement is divided into two parts, income statement and position statement, wherein the former is further sub-classified into a trading account, and profit & loss account and the latter includes Balance Sheet.

