Class XI Session 2025-26
Subject - Accountancy
Sample Question Paper - 9

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. A cheque is considered as an order in writing drawn upon a bank to pay a specified sum to the bearer or the person named in it only if it is dated and signed by the ________. **[1]**

   a) Both drawee and drawer b) drawee

   c) drawer d) bearer

2. **Assertion (A):** Environmental protection groups are one of the multiple external users of accounting information. **[1]**

   Reason (R): Social responsibility groups want to know the impact of business on the environment and steps taken by an enterprise for the protection of the environment.

   a) Both A and R are true and R is the correct explanation of A. b) Both A and R are true but R is not the correct explanation of A.

   c) A is true but R is false. d) A is false but R is true.

3. Consider the following statements with regard to the accounting treatment of various accounts: **[1]**

   i. Increase in asset is debited and decrease in asset is credited.
   ii. Increase in expenses/losses is debited and decrease in expenses/ losses is credited.
   iii. Increase in liabilities is credited and decrease in liabilities is debited.
   iv. Increase in capital is credited and decrease in capital is debited.

   Identify the correct statement/statements:

   a) i and ii b) i, ii, iii and iv

   c) i, iii and iv d) ii and iii

4. If Cash= Rs.1000; inventories= Rs.4000 Debtors= Rs.5000; fixed assets=? Capital + Liabilities= Rs.18000. Find out the Amount of fixed assets? **[1]**

   a) Rs.10000 b) Rs.20000

c) Rs.8000 d) Rs.15000

OR

Following are the steps involved in developing an accounting equation (in particular order). Arrange the steps in correct sequence.

i. Find out the effect (in terms of increase or decrease) of a transaction on assets, capitals or liabilities.
ii. Show the effect on appropriate side of an equation and ensure that the total of right hand side is equal to the total of left hand side.
iii. Ascertain the variables (i.e. assets, liabilities or capital) involved in a transaction.

a) (i), (ii). (iii) b) (iii), (ii), (i)

c) (iii), (i), (ii) d) (ii), (iii), (i)

5. Which of the following details is usually provided on the source documents? **[1]**

a) Parties involved b) Date

c) Nature of transaction d) All of these

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

a) Debentures b) Bank Overdraft

c) Bills payable d) Creditors

OR

External users of accounting information are not:

a) Officers b) Employees

c) Public d) Lenders

7. The amount set aside for the purpose of providing any known liability, the amount of which cannot be ascertained with reasonable accuracy, is known as **[1]**

a) Reserve b) Secret reserve

c) Provision d) Contingency fund

8. Rule of Debit and Credit for Impersonal account is **[1]**

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

c) Dr. all expenses and Cr. all gains d) Dr. what goes out and Cr. what comes in

OR

Which of the following is not a type of personal account?

a) SBI Bank A/c b) Investment A/c

c) Ram's A/c d) Atul's Capital A/c

9. Accounting concepts are basic assumptions which are taken for any business and businesses are considered to be following them. From the given options, identify which of the following cannot be considered a fundamental accounting assumption? **[1]**

a) Consistency b) Going concern

c) Accrual | d) Materiality

10. Reserve is created: **[1]**

a) To meet the unforeseen liabilities and losses

b) To strengthen the financial position of the business

c) To equalise the rate of dividend

d) All of these

11. Expenditure on purchase of machinery is a **[1]**

a) Expense

b) Capital expenditure

c) Revenue expenditure

d) Deferred revenue expenditure

12. Purchase of asset on credit is recorded in: **[1]**

a) Purchases Return Book

b) Cash Book

c) Purchases Book

d) Journal Proper

13. Purchase of machine by cash means: **[1]**

a) Decrease in asset and decrease in liability.

b) increase in asset and decrease in liability

c) the decrease in asset and increase in capital

d) increase in asset and decrease in another asset

14. Which of the following is Revenue Expenditure? **[1]**

a) Expenses on purchase of Machinery

b) Purchase of Investments

c) Repair Expenses

d) Building Construction Expenses

OR

The unsold goods left at the end of the year is called:

a) Opening stock

b) Assets

c) Closing stock

d) Drawing

15. Assets sold on credit will be entered in ________. **[1]**

a) Purchase book

b) Journal proper

c) Sales book

d) Cash book

16. ________ is the reserve, which is created for some specific purpose and can be utilised only for that purpose. **[1]**

a) General reserve

b) Specific reserve

c) Revenue reserve

d) Capital reserve

17. When an account is said to have a debit balance and credit balance? **[3]**

OR

Journalise the following transactions of Sujeet Sharma Traders, timber merchants:

i. Purchased timber from Saksham Kumar, for cash ₹ 2,000 and credit ₹ 10,000.
ii. Paid to Saksham Kumar in full settlement of his account ₹ 9,950.
iii. Paid rent in advance ₹ 10,000.
iv. Purchased machinery for ₹ 1,00,000 by cheque and carriage ₹ 2,000 and installation charges ₹ 1,000 paid in Cash.
v. Purchased goods for ₹ 50,000 from Kunal and sold it to Amit for ₹ 65,000.

18. Why is the consistency principle important? **[3]**

OR

When should revenue be recognised? Are there exceptions to the general rule?

19. Give two characteristics of a business transaction. **[3]**

20. State whether the balances of the following accounts should be placed in the debit or the credit columns of the Trial Balance: **[3]**

i. Furniture
ii. Plant and Machinery
iii. Discount Allowed
iv. Salary
v. Bank Overdraft
vi. Cash in Hand
vii. Creditors
viii. Sundry Debtors
ix. Carriage Inwards
x. Carriage Outwards
xi. Sales
xii. Purchases
xiii. Discount Received
xiv. Interest Received
xv. Interest Paid
xvi. Bad Debts

21. Mr. Sharma, the petty cashier of M/s Balaji Traders received ₹ 10,000 on April 1, 2023 from the Head Cashier. Following were the petty expenses : **[4]**

2023		**₹**
April 2	Taxi fare	750
3	Refreshments	450
5	Registered postal charges	200
5	Wages	700
8	Auto fare	200
9	Courier charges	150
12	Postal Stamps	600
14	Eraser/Sharpeners/Pencils	400
17	Speed Post charges	200
20	Cartage	600
20	Computer Stationery	500
22	Wages	300
24	Bus fare	600

25	Office Sanitation	800
26	Refreshments	750
28	Loading Charges	300
30	Photostatting Charges	200
30	Wages	800

You are required to prepare a Petty Cash Book.

22. Prepare a Bank Reconciliation Statement of Riya Ltd. as on 31st March, 2023 from the following information: **[4]**

i. Credit Balance (Overdraft) as per Cash Book ₹25,000
ii. Cheques paid into bank for collection ₹60,000 but cheques of ₹24,000 could only be collected in March, 2023
iii. A Cheque of ₹3,500 issued to a Creditor, was entered by mistake in the Cash Column.
iv. A Cheque of ₹10,000 issued on 22nd March was not presented for payment whereas it was recorded twice in the Cash Book.
v. A bill receivable for ₹8,000 previously discounted with the bank had been dishonoured and bank charges debited in the Pass Book amount to ₹ 125.
vi. In the Cash Book, a bank charge of ₹ 150 was recorded twice while another bank charge of ₹40 was not recorded at all.

OR

From the following particular, prepare the bank reconciliation statement of Shri Krishan as on 31st March, 2017

i. Balance as per pass book is ₹ 10,000.
ii. Bank collected a cheque of ₹ 500 behalf of Shri Kishan but wrongly credited it to Shri Kishan's account.
iii. Bank recorded a cash deposit of ₹ 1,589 as ₹ 1,598.
iv. Withdrawal column of the passbook undercast by ₹ 100.
v. The credit balance of ₹ 1,500 as on the passbook was recorded in the debit balance.
vi. The payment of a cheque of ₹ 350 was recorded twice in the passbook.
vii. The passbook showed a credit balance for a cheque of ₹ 1000 deposited by Shri Kishan.

23. Raja Ram started a real estate agency business with a cash investment of Rs 42,000. The following business transactions have been recorded **[6]**

i. Paid 3 months advance rent for office accommodation Rs 2,520.
ii. Bought car for office Rs 25,200.
iii. Purchased office furniture Rs 8,400.
iv. Bought office typewriter from Comprehensive Company 73,600.
v. Sold extra office furniture at cost to Amar for Rs 1200. Amar paid Rs 720 in cash and accepted a bill at 3 months for the balance.
vi. Veer paid the amount of the bill at maturity and Amar paid half the amount he owed to Comprehensive Company.
vii. Collected Rs 7,200 as commission.
viii. Paid telephone bill amounting to Rs 180.

OR

Analyse the following transactions, state the nature of accounts and the account that will be debited and credited as per the Traditional Classification of Accounts:

i. Deepak started business introducing capital of ₹ 1,50,000 in cash.
ii. Opened a Bank Account by depositing ₹ 1,00,000 in cash.
iii. Received Loan of ₹ 1,00,000 from Naveen by cheque.
iv. Purchased furniture for ₹ 20,000 in cash from Raj Furniture House.
v. Purchased furniture from U.P. Safe for ₹ 40,000.
vi. Purchased goods for cash ₹ 15,000.
vii. Purchased goods from Manoj ₹ 30,000.
viii. Sold goods to Kamal for cash ₹ 25,000.
ix. Sold goods to Sumit on credit ₹ 30,000.
x. Cash received from Sumit ₹ 20,000.
xi. Cash paid to Manoj ₹ 10,000.

24. The accountant of a firm found that his Trial Balance was out (excess credit) by ₹ 742. He placed the amount in a Suspense Account and subsequently found the following errors: **[6]**

i. A discount of ₹ 178 was allowed to Ramesh but in his account, only ₹ 100 is recorded.
ii. The total of the Purchases Book was ₹ 1,000 short.
iii. A sale of ₹ 375 to Guruji was entered in the Sales Book as ₹ 735.
iv. From the Purchases Book, Bose's Account was debited with ₹ 175.
v. Cash ₹ 250 received from Mahi against debt previously written off was credited to his account.
vi. Purchase of office furniture worth ₹ 750 on credit from Delhi Furnitures was entered in the Purchases Book.
vii. While carrying forward the total of the Sales Book from one page to another the amount of ₹ 11,358 was written as ₹ 11,538.
viii. The proprietor took goods of the value of ₹ 150 for his domestic consumption. No record of it has been made in the books.
ix. Repairs bill of ₹ 410 for the proprietor's personal car, has been paid by the firm and debited to the Repairs Account.
x. A sale to Karan of ₹ 700 has been entered in the Purchases Book.

Rectify the errors by means of suitable Journal entries and show the Suspense Account.

OR

Trial balance of Mridul did not agree and he put the difference to the suspense account. He discovered the following errors.

a. Sales return book overcast by ₹ 800.
b. Purchase return to Shivam ₹ 2,000 were not posted to his account.
c. Goods purchased on credit from Rao ₹ 4,000 though taken into stock, but no entry was passed in the books.
d. Installation charges on new machinery purchased ₹ 500 were debited to sundry expenses account as ₹ 50.
e. Rent paid for residential accommodation of Mridul (the proprietor) ₹ 1,400 was debited to rent account as ₹ 1,000.

Rectify the errors and prepare a suspense account to ascertain the difference in the trial balance.

25. Chetna Ltd. purchased a second-hand machine for ₹ 8,000 plus CGST and SGST @6% each on 1st July, 2020. They spent ₹ 3,500 on its overhaul and installation. Depreciation is written off 10% p.a. on the original cost. On 30th September, 2023, the machine was found to be unsuitable and sold for ₹ 6,500. Prepare the Machinery A/c **[6]**

for four years assuming that accounts are closed on 31st March.

Note: There will be no effect of CGST and SGST on Machine A/c.

OR

The cost of the Machinery in use with Pramod & Co. on 1st April 2013 was Rs 3,00,000 against which the depreciation provision stood at Rs 1,00,000 on that date. The firm provided depreciation at 10% on the diminishing value.

On 1st October 2013, a machine costing Rs 40,000 purchased on 1st April 2011 was sold for Rs 32,000 and on the same date, another machine was purchased for 50,000. Show the following accounts in the books of Pramod & Co. for the year 2013-14:

i. Machinery Account
ii. Provision for Depreciation Account
iii. Machinery Disposal Account

26. Enter the following in Shri Shateen's cash book and show the balance **[6]**

2013	
Mar 1	Balance of cash in hand Rs. 1,500
Mar 8	Purchases goods for cash from X for Rs. 3,20
Mar 15	Sold good for Rs. 4,80 to Y
Mar 20	Received commission Rs. 65
Mar 20	Paid commission Rs. 55
Mar 28	Paid to Ashish on account Rs. 7,15
Mar 31	Paid salary to the office clerks 100 and office rent Rs. 60

OR

(Closing Entries). Give the necessary entries in the Journal Proper of Ram on 31st March 2023 to close their books: Freehold Premises ₹ 30,000; Plant and Machinery ₹ 20,000; Sundry Debtors ₹ 25,000; Purchases ₹ 37,500; Sales ₹ 95,000; Discount (Dr.) ₹ 150; Discount (Cr.) ₹ 175; Sundry Creditors ₹ 12,500; Carriage Inwards ₹ 375; Carriage Outwards ₹ 600; Furniture and Fixtures ₹ 2,500; Wages ₹ 5,000; Bad Debts ₹ 750; Salaries ₹ 3,600; Commission (Cr.) ₹ 2,125; Capital Account- ₹ 32,500; Trade Expenses ₹ 2,550; Opening Stock ₹ 22,075; Closing Stock ₹ 10,000; Ram's Loan Account ₹ 20,000; Cash in Hand ₹ 9,075; Cash at Bank ₹ 3,125.

Part B

27. Capital in the beginning - Rs.24,000, profit made during the year - Rs.4,000, drawings - Rs.8,000, Capital introduced during the year- Rs.12,000.Calculate capital at the end **[1]**

a) Rs.20,000
b) Rs.28,000
c) Rs.35,000
d) Rs.32,000

OR

Two adjustments should be made to ascertain the profit

a) Capital introduced and drawing
b) Capital introduced and purchase
c) Purchase and drawing
d) Capital introduced and sale

28. A new firm commenced business on 1st January 2011 and purchased goods costing ₹ 90000 during the year. A **[1]**

sum of ₹ 6000 was spent on freight inward. At the end of the year the cost of goods still unsold was ₹ 15000 (market value ₹ 10000). Sales during the year were ₹ 120000. What is the gross profit earned by the firm

a) ₹ 34000
b) ₹ 30000
c) ₹ 39000
d) ₹ 42000

29. Trading and Profit and Loss Account is prepared: **[1]**

a) for the some part of year
b) for a particular period
c) on a particular date
d) for the whole year

30. Net profit of a firm before charging the manager's commission is ₹ 21,000. If the manager is entitled to 5% commission after charging such commission, how much manager will get as commission? **[1]**

a) ₹ 2,100
b) ₹ 1,050
c) ₹ 2,000
d) ₹ 1,000

OR

A machine was purchased in U.P. During transit, the machine was damaged and the cost of repairs incurred is ₹ 20,000. This expense is treated as:

a) Revenue expense
b) cost
c) Deferred Revenue expense
d) Capital expense

31. What are financial statements? What information do they provide. **[3]**

32. Give any two examples of Capital Expenditure. **[3]**

33. Mention any four important adjustments that are made for the preparation of trading and profit and loss account. **[4]**

OR

Extract of Trial Balance

as on 31st March, 2013

Name of Accounts	Debit Balance(Rs)	Credit Balance(Rs)
Bad Debts	2,400	
Sundry Debtors	60,000	

Additional Information

Write-off further bad debts Rs 3,000.

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

34. From the following Trial Balance of Manoj Stores, prepare Trading and Profit & Loss Account for the year ending 31st March, 2023 and a Balance Sheet as on that date: **[6]**

Heads of Accounts	L.F.	Dr. (₹)	Cr. (₹)
Cash in Hand		1,080	____
Cash at Bank		45,260	____
Purchases		81,350	____
Returns Outward		____	1,000
Sales Account		____	1,97,560

Returns Inward		1,360	____
Wages		30,420	____
Carriage Inwards		4,080	____
Opening Stock		16,520	____
Building		80,000	____
Machinery		40,000	____
Salaries		30,000	____
Patents		15,000	____
General Expenses		6,000	____
Insurance		1,200	____
Capital		____	1,62,000
Drawings		10,490	____
Sundry Debtors		29,000	____
Carriage Outwards		6,400	____
Sundry Creditors		____	37,600
Total		**3,98,160**	**3,98,160**

Adjustments:

i. Stock in hand on 31st March, 2023 is ₹ 13,600.

ii. Machinery is to be depreciated @ 10% and patents be amortised @ 20%.

iii. Salaries for the month of March, 2023 amounting to ₹ 3,000 were unpaid.

iv. Allow interest on capital @ 5%.

v. Provision for Doubtful Debts is to be created to the extent of 5% on Sundry Debtors.

vi. Stock costing ₹ 4,000 was taken by the owner for his personal use, for which entry has not been passed in the books of account.

vii. Goods costing ₹ 3,000 were distributed to the employees as staff welfare but entry has not been passed in the books of account.

viii. A theft occurred on 25th March, 2023 and goods costing ₹ 5,000 were stolen. These goods were fully insured and insurance company admitted the claim in full.

OR

The following were the balances extracted from the books of Yogita as on 31st March, 2017:

Debit Balances	Amount (₹)	Credit Balances	Amount (₹)
Cash in hand	540	Sales	98,780
Cash at bank	2,630	Returns outward	500
Purchases	40,675	Capital account	62,000
Returns inward	680	Sundry creditors	6,300

Wages	8,480	Rent	9,000
Fuel and power	4,730		
Carriage on sales	3,200		
Carriage on purchases	2,040		
Opening stock	5,760		
Building	32,000		
Freehold land	10,000		
Machinery	20,000		
Salaries	15,000		
Patents	7,500		
General expenses	3,000		
Insurance	600		
Drawings	5,245		
Sundry debtors	14,500		

Taking into account the following adjusments, prepare the trading and profit and loss account and balance sheet as at 31st March, 2017.

i. Stock in hand on 31st March, 2017 was ₹ 6,800.
ii. Machinery is to be depreciated at the rate of 10% and patents @ 20%.
iii. Salaries for the month of March, 2017 amounting to ₹ 1,500 were outstanding.
iv. Insurance includes a premium of ₹ 170 on a policy expiring on 30th September, 2017.
v. Further bad debts are ₹ 725. Create a provision of @ 5% on debtors.
vi. Rent receivable ₹ 1,000.

Solution

Part A

1.
   (c) drawer
   Explanation:
   drawer

2. **(a)** Both A and R are true and R is the correct explanation of A.
   Explanation:
   Both A and R are true and R is the correct explanation of A.

3.
   (b) i, ii, iii and iv
   Explanation:
   i, ii, iii and iv

4.
   (c) Rs.8000
   Explanation:
   Total assets = capital + Liability
   Total assets = Rs. 18000
   Now,
   Current assets = Cash + inventories+ Debtors
   Current assets = 1000+4000+5000
   Current assets = 10000
   Total Assets = current Assets + Fixed Assets
   18000= 10000+ Fixed Assets
   Fixed Assets = 18000 -10000
   Fixed Assets = Rs. 8000

   OR

   (c) (iii), (i), (ii)
   Explanation:
   (iii), (i), (ii)

5.
   (d) All of these
   Explanation:
   All of these

6. **(a)** Debentures
   Explanation:
   Debentures are non-current liabilities because their payment falls due after more than one year.

   OR

   (a) Officers
   Explanation:
   Officers are not external users of accounting information because he is not part of external users.

7.

(c) Provision

Explanation:

Provision are made for anticipated future losses

8.

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

Explanation:

Dr. all expenses and Cr. all gains

OR

(b) Investment A/c

Explanation:

Personal account is an account for use by individual for that person's own need. These account are in the name of person. Like Ram ,Shyam, SBI Bank Account.

Hence Assets are having real account ,so Investment Account is a Real Account not a personal account.

9.

(d) Materiality

Explanation:

Materiality is a principle.

10.

(d) All of these

Explanation:

All of these

11.

(b) Capital expenditure

Explanation:

It is capital expenditure as it increases the assets it is capitalized in the value of assets.

12.

(d) Journal Proper

Explanation:

Journal Proper

13.

(d) increase in asset and decrease in another asset

Explanation:

Purchase of machine by cash means an increase in asset and decrease in the asset. For example Machinery purchase at Rs. 10,000 so Machinery increase and Rs. 10,000 Cash decrease.

14.

(c) Repair Expenses

Explanation:

Repair Expenses

OR

(c) Closing stock

Explanation:

The unsold goods left at the end of the year is called closing stock.

15.

(b) Journal proper

Explanation:

Journal proper

16.

(b) Specific reserve

Explanation:

Specific reserve

17. The difference between the sum of the two sides of an account is called the balance. This is the most important part of an account as it shows value or position of asset, liability, capital, income or expenses of which the account is a record. If the total of the debit side exceeds the total of credit side then this would be represented by a debit balance and opposite is true for a credit balance.

OR

Journal Books of Sujeet Sharma

S.no.	**Particulars**		**L.F.**	**Debit (₹)**	**Credit (₹)**
1	Purchases A/c	Dr.		12,000	
	To Cash A/c				2,000
	To Saksham Kumar's A/c (Goods purchased for cash and credit)				10,000
2	Saksham Kumar's A/c	Dr.		10,000	
	To Cash A/c				9,950
	To Discount Received A/c (10,000-9,950) (Cash paid to Saksham Kumar in full settlement)				50
3	Prepaid Rent A/c	Dr.		10,000	
	To Cash A/c (Rent Paid in advance through cash)				10,000
4	Machinery A/c	Dr.		1,03,000	
	To Bank A/c				1,00,000
	To Cash A/c (Machinery purchased through bank and expenses paid through cash)				3,000
5	Purchases A/c	Dr.		50,000	
	To Kunal's A/c (Goods purchased from Kunal)				50,000
	Amit A/c	Dr.		65,000	
	To Sales A/c (Goods sold to Amit)				65,000
	Total			**2,50,000**	**2,50,000**

18. It is assumed that accounting policies are consistent from one period to another. The consistency principle states that companies should use the same accounting treatment for similar events and transactions over time. In other words, companies shouldn't use one accounting method today, use another tomorrow, and switch back the day after that. Similar transactions should be accounted for using the same accounting method over time. This creates consistency in the financial information given to creditors and investors.

The realization concept states that no revenue should be recognized unless it has been realized. The prudence principle puts a further brake on it. It is not prudent to record unrealized gain but it is desirable to guard against all possible losses. Conservatism can be a useful tool in situations of uncertainty and doubt, but the abuse of this principle can definitely lead to misleading and incorrect financial statements.

OR

The revenue recognition principle states that revenue should be recognized and recorded when it is realized or realizable and when it is earned. In other words, companies shouldn't wait until revenue is actually collected to record it in their books. Revenue should be recorded when the business has earned the revenue. This is a key concept in the accrual basis of accounting because revenue can be recorded without actually being received.

Revenues are realized or realizable when a company exchanges goods or services for cash or other assets. So if a company enters into a transaction to sell inventory to a customer, the revenue is realizable. A specific amount of cash is identified in the transaction. The revenue is not recorded, however, until it is earned. In this case, the retailer would not earn the revenue until it transfers the ownership of the inventory to the customer.

19. Characteristics of a business transaction are-

i. It results in a change in the financial position of the firm, i.e. a change in the values of some of the assets, liabilities or capital.
ii. The change must be capable of being expressed in terms of money.

20. **Classification of accounts at the appropriate side is as follows:-**

S. No.	Heads of Accounts	Logic	Debit Balance	Credit Balance
1.	Furniture A/c	Asset	✓	
2.	Plant and Machinery A/c	Asset	✓	
3.	Discount Allowed A/c	Expense	✓	
4.	Salary A/c	Expense	✓	
5.	Bank Overdraft A/c	Liability		✓
6.	Cash in Hand A/c	Asset	✓	
7.	Creditors A/c	Liability		✓
8.	Sundry Debtors A/c	Asset	✓	
9.	Carriage Outwards A/c	Expense	✓	
10.	Carriage Inwards A/c	Expense	✓	
11.	Sales A/c	Income		✓
12.	Purchases A/c	Expense	✓	
13.	Discount Received A/c	Income		✓
14.	Interest Received A/c	Income		✓
15.	Interest Paid A/c	Expense	✓	
16.	Bad Debts A/c	Loss	✓	

21. **Petty cash book**

Amount Received	C.B. Folio	Date	Particulars	V. No.	Total Payments	Conveyance	Printing & Stationery	Postage	Wages	Cartage	Miscellaneous Expenses
₹		2023			₹	₹	₹	₹	₹	₹	₹
10,000		Apr.	Cash A/c								

		1									
		2	Taxi Fare A/c		750	750					
		3	Refreshment A/c		450						450
		5	Postal Charges A/c		200			200			
		5	Wages A/c		700				700		
		8	Auto fare A/c		200	200					
		9	Courier A/c		150			150			
		12	Postage A/c		600			600			
		14	Stationery A/c		400		400				
		17	Postage A/c		200			200			
		20	Cartage A/c		600					600	
		20	Stationery A/c		500		500				
		22	Wages A/c		300				300		
		24	Bus Fare A/c		600	600					
		25	Office Expenses A/c		800						800
		26	Refreshment A/c		750						750
		28	Loading Charges A/c		300					300	
		30	Photostatting Charges A/c		200						200
		30	Wages A/c		800	____	____	____	800	____	____
			Total Payments		**8,500**	**1,550**	**900**	**1,150**	**1,800**	**900**	**2,200**
		30	By Balance c/d		**1,500**						
10,000					**10,000**						
1,500		May 1	Balance b/d								
8,500		May 1	Cash A/c								

22. **BANK RECONCILIATION STATEMENT**

as on 31st March, 2023

Particulars	Plus Items	Minus Items
	₹	₹

i. Credit Balance (Overdraft) as per Cash Book		25,000
ii. Cheques sent for collection but not yet collected by bank		36,000
iii. Cheque issued wrongly entered in Cash Column		3,500
iv. Cheque issued but not presented and recorded twice (₹10,000+ ₹10,000)	20,000	
v. Bills receivable dishonoured		8,000
Bank Charges debited in the Pass Book		125
vi. Bank Charge recorded twice in the Cash Book	150	
Bank Charge not recorded in the Cash Book		40
	20,150	**72,665**
Debit Balance (Overdraft) as per Pass Book		**52,515**

OR

Bank Reconciliation Statement as on March 31, 2017

	Particulars	(+) Amount ₹	(-) Amount ₹
1.	Credit balance as per passbook	10,000	
2.	Cheque wrongly credited to another customer account	500	
3.	Error in carrying forward	3,000	
4.	Cheque recorded twice	350	
5.	Excess credit for cash deposit		9
6.	Under casting of withdrawal column		100
7.	Wrong credit		1,000
8.	Debit balance as per cash book		12,741
		13,850	**13,850**

23. **In the books of Raja Ram**

Journal

Date	Particulars		L/F	Debit Amount Rs)	Credit Amount (Rs)
1	Cash A/c To Capital A/c (Being business started with cash)	Dr.		42,000	42,000
2	Prepaid Rent A/c To Rent A/c (Being rent paid in advance for 3 months of office)	Dr.		2,520	2,520
3	Car A/c To Cash A/c (Being car purchased for office use)	Dr.		25,200	25,200
4	Furniture A/c To Cash A/c (Being office furniture purchased)	Dr.		8,400	8,400
5	Typewriter A/c To Comprehensive Company A/c (Being typewriter purchased)	Dr.		73,600	73,600

6	Cash A/c Bills Receivable A/c To Furniture A/c (Being extra office furniture sold to Amar)	Dr. Dr.		720 1,280	2,000
7	Cash A/c To Veer's A/c (Being bill amount paid by Veer on maturity)	Dr.		1,280	1,280
8	Comprehensive company A/c To Amar's A/c (Being half amount of the typewriter's amount was paid by Amar)	Dr.		36,800	36,800
9	Cash A/c To Commission Received A/c (Being commission collected)	Dr.		7,200	7,200
10	Telephone Bill A/c To Cash A/c (Being telephone bill paid)	Dr.		180	180
	Total			**1,99,180** ======	**1,99,180** ======

OR

ANALYSIS OF TRANSACTIONS

	Transactions	**Accounts Involved**	**Nature of Account**	**How Affected**	**Debit (₹)**	**Credit (₹)**
i.	Deepak started business with cash ₹ 1,50,000.	Cash	Real	Cash is coming in.	1,50,000	
		Capital	Personal	Deepak is the giver.		1,50,000
ii.	Deposited ₹ 1,00,000 to open a Bank Account.	Bank	Personal	Bank is the receiver.	1,00,000	
		Cash	Real	Cash is going out.		1,00,000
iii.	Received Loan of ₹ 1,00,000 from Naveen by Cheque.	Bank	Personal	Bank is the receiver.	1,00,000	
		Loan from Naveen	Personal	Naveen is the giver.		1,00,000
iv.	Purchased furniture for ₹ 20,000 in cash.	Furniture	Real	Furniture is coming in.	20,000	
		Cash	Real	Cash is going out.		20,000
v.	Purchased furniture from U.P. Safe for ₹ 40,000.	Furniture	Real	Furniture is coming in.	40,000	
		U.P. Safe	Personal	U.P. Safe is giver.		40,000
vi.	Purchased goods for cash ₹ 15,000.	Purchases (Note 1)	Nominal	Goods come in. Purchase is an expense.	15,000	
		Cash (Note 2)	Real	Cash is going out.		15,000
vii.	Purchased goods from Manoj ₹ 30,000.	Purchases	Nominal	Goods come in. Purchase is an expense.	30,000	
		Manoj	Personal	Manoj is giver.		30,000
viii.	Sold goods to Kamal for cash ₹ 25,000.	Cash (Note 2)	Real	Cash is coming in.	25,000	
		Sales	Nominal	Sales is an income.		25,000
ix.	Sold goods to Sumit on credit ₹ 30,000.	Sumit	Personal	Sumit is the receiver.	30,000	
		Sales (Note 3)	Nominal	Sales is an income.		30,000

x.	Cash received from Sumit (Debtor) ₹ 20,000.	Cash	Real	Cash is coming in.	20,000	
		Sumit	Personal	Sumit is the giver.		20,000
xi.	Cash paid to Manoj ₹ 10,000.	Manoj	Personal	Manoj is the receiver.	10,000	
		Cash	Real	Cash is going out.		10,000

Notes:

1. Purchases Account is used for purchase of goods for resale and not for purchase of asset.
2. In cash purchases, the seller's name is not relevant. Hence, it is not considered. Similarly in cash sales, the purchaser's name is not relevant. Hence, it is not considered.
3. Sales means selling the goods. Sale of old assets is not 'sale' in the accounting.

24. **In The Books Of Firm**

Journal Entries

S. No.	Particulars		L.F.	Debit Amount ₹	Credit Amount ₹
(i)	Suspense A/c (178 - 100)	Dr.		78	
	To Ramesh A/c (Discount allowed ₹ 178 to Ramesh was wrongly entered as ₹ 100 in his account, now rectified)				78
(ii)	Purchases A/c	Dr.		1,000	
	To Suspense A/c (Purchases Book was undercast, now rectified)				1,000
(iii)	Sales A/c (735 - 375)	Dr.		360	
	To Guruji A/c (Sale of Goods ₹375 was wrongly entered as ₹ 735 in Sales Book, now rectified)				360
(iv)	Suspense A/c (175 + 175)	Dr.		350	
	To Bose A/c (Purchases from Bose ₹175 was debited to his account, now rectified)				350
(v)	Mahi A/c	Dr.		250	
	To Bad Debt Recovered A/c (Cash Received from Mahi which had been previously written off as bad debt, was Credited to account, now rectified)				250
(vi)	Furniture A/c	Dr.		750	
	To Purchases A/c (Purchases of Office furniture was wrongly entered in the Purchases Book, now rectified)				750
(vii)	Sales A/c (11,538 - 11,358)	Dr.		180	
	To Suspense A/c (Total of Sales Book carry forward by excess amount, now rectified)				180
(viii)	Drawings A/c	Dr.		150	
	To Purchases A/c (Goods drawn by proprietor was not recorded, now rectified)				150
(ix)	Drawings A/c	Dr.		410	

	To Repair A/c (Repair of proprietor's personal Car was wrongly debited to Repairs Account, now rectified)				410
(x)	Karan A/c (700 + 700)	Dr.		1,400	
	To Sales A/c				700
	To Purchases A/c (Sale to Karan was wrongly entered in the Purchases Book, now rectified)				700

Suspense Account

Dr.					**Cr.**
Date	**Particulars**	**Amount ₹**	**Date**	**Particulars**	**Amount ₹**
	To Balance b/d	742	(ii)	By Purchases A/c	1,000
(i)	To Ramesh A/c	78	(vii)	By Sales A/c	180
(iv)	To Bose A/c	350			
	To Balance c/d	10			
		1,180			**1,180**

When errors are only one sided entry is passed by entering suspense account on other side.

OR

Journal

Date	**Particulars**		**L.F.**	**Amt (Dr.)**	**Amt (Cr.)**
	Suspense A/c	Dr		800	
	To Sales Return A/c				800
	(rectification entry made for overcasting of Sales return book by ₹ 800)				
	Shivam's A/c	Dr		2,000	
	To Suspense A/c				2,000
	(rectification entry made for purchase return to Shivam but not recorded in his personal account)				
	Purchases A/c	Dr		4,000	
	To Rao's A/c				4,000
	(goods purchased from Rao not recorded, now rectified				
	Machinery A/c	Dr		500	
	To Sundry Expenses A/c				50
	To Suspense A/c				450
	(installation charges on machinery ₹ 500, wrongly debited to machinery account ₹ 50, now rectified.)				
	Drawings A/c	Dr		1,400	
	To Rent A/c				1,000
	To Suspense A/c				400
	(rectification entry made for payment of proprietor's house rent ₹ 1,400 but debiting rent account by ₹ 1,000)				

Suspense Account

Dr.							Cr.
Date	**Particulars**	**J.F.**	**Amt (₹)**	**Date**	**Particulars**	**J.F.**	**Amt (₹)**
	To Sales Return A/c		800		By Shivam		2,000
	To Balance c/d (difference as per trial balance)		2,050		By Machinery A/c		450
					By Drawings A/c		400
			2,850				**2,850**

25. **MACHINERY ACCOUNT**

Dr.					Cr.
Date	**Particulars**	**Amount (₹)**	**Date**	**Particulars**	**Amount (₹)**
2020 July 01	To Bank A/c (8,000 + 3,500)	11,500	2021 Mar. 31	By Depreciation A/c (for 9 months)	863
			Mar. 31	By Balance c/d	10,637
		11,500			**11,500**
2021 Apr. 01	To Balance b/d	10,637	2022 Mar. 31	By Depreciation A/c	1,150
			Mar. 31	By Balance c/d	9,487
		10,637			**10,637**
2022 Apr. 01	To Balance b/d	9,487	2023 Mar. 31	By Depreciation A/c	1,150
			Mar. 31	By Balance c/d	8,337
		9,487			**9,487**
2023 Apr. 01	To Balance b/d	8,337	2023 Sept. 30	By Depreciation A/c	575
			Sept. 30	By Bank A/c (Sale)	6,500
			Sept. 30	By Profit and Loss A/c (Loss on Sale)	1,262
		8,337			**8,337**

Working Note:

Value of machinery = ₹ 8,000 + ₹ 3,500 = ₹ 11,500

Calculations of Profit and Loss:-

Particulars	**Amount (₹)**
Price of Machinery on dated Apr. 01, 2023	8,337
Less: Depreciation for 6 months $11,500 \times \frac{10}{100} \times \frac{6}{12}$	(575)
Value of Machinery on dated Sept. 30, 2023	7,762
Less: Sale Value	(6,500)
Loss on Sale of Machinery	1,262

OR

In the Books of Pramod & Co.

Machinery Account

Dr.							Cr.
Date	**Particulars**	**J.F.**	**Amount (Rs)**	**Date**	**Particulars**	**J.F.**	**Amount (Rs)**
1.4.13	To Balance b/d		3,00,000	1.10.13	By Machinery Disposal A/c		40,000

1.10.13	To Bank A/c		50,000	31.3.14	By Balance c/d		3,10,000
			3,50,000				**3,50,000**
1.4.14	To Balance b/d		3,10,000				

Provision For Depreciation Account

Dr.							Cr.
Date	**Particulars**	**J.F.**	**Amount (Rs)**	**Date**	**Particulars**	**J.F.**	**Amount (Rs)**
1.10.13	To Machinery Disposal A/c		9,220	1.04.13	By Balance B/d		1,00,000
31.3.14	To Balance c/d		1,11,660	1.10.13	By Depreciation A/c		1,620
				31.3.14	By Depreciation A/c		19,260
			1,20,880				**1,20,880**
				31.3.14	By Balance b/d		1,11,660

Machinery Disposal Account

Dr.							Cr.
Date	**Particulars**	**J.F.**	**Amount (Rs)**	**Date**	**Particulars**	**J.F.**	**Amount (Rs)**
1.10.13	To Machinery A/c		40,000	1.10.13	By Provision for Dep. A/c (1)		9,220
1.10.13	To Profit & Loss A/c (Profit transferred (3))		1,220	1.10.13	By Bank A/c		32,000
			41,220				**41,220**

Working Notes:

i. Calculation of Depreciation provided for the machine disposed off on 1.10.2013:

Particulars	**Amount (Rs)**	**Depreciation Provided (Rs)**
Value of Machine on 1.4.2011	40,000	
Less: Depreciation for 11-12 @ 10%	4,000	4,000
	36,000	
Less: Depreciation for 12-13 @ 10% on Rs 36,000	3,600	3,600
	32,400	
Less: Depreciation for 6 months on Rs 32,400	1,620	1,620
Net Book Value of machinery / Total Depreciation	**30,780**	**9,220**

ii. Calculation of Depreciation on the Machinery in use:

Particulars	**Amount (Rs)**	**Depreciation Provided (Rs)**
On 1.4.2012	3,00,000	
Less: Value of asset sold	40,000	7,600
	2,60,000	**92,400**

Working Notes:Calculation of Profit or Loss on the sale of machine

iii.

S. No.	**Particular**	**Amount (Rs)**
1.	Depreciation at 10% on Rs 1,67,600 (Rs 2,60,000 - Rs 92,400) =	16,760
	Add: Depreciation for 6 months on Rs 50,000 (Addition)	2,500

		19,260
	4,000 (2011-12) + Rs 3,600 (2012-13) = Rs 7,600	
2.	Profit on Sale of Machine = Rs 32,000 (Sale Price) - Rs 30,780 (Net Book Value)	**1,220**

26. **Cash Book**

Date	**Receipts**	**V.No.**	**Amount (Rs)**	**Date**	**Receipts**	**V.No.**	**Amount (Rs)**
01 March, 2018	To Balance b/d		1,500	08 March, 2018	By Purchase A/c		320
20 March, 2018	To Commission A/c		65	20 March, 2018	By Commission A/c		55
				28 March, 2018	By Ashish's A/c		715
				31 March, 2018	By Salary A/c		100
				31 March, 2018	By Rent A/c		60
				31 March, 2018	By Balance c/d		315
			1,565 ======				**1,565** ======
01 April, 2018	To Balance b/d		315				

OR

IN THE BOOKS OF RAM

JOURNAL

Date	**Particulars**		**L.F.**	**Dr. (₹)**	**Cr. (₹)**
2023					
March 31	Trading A/c	Dr.		42,875	
	To Purchases A/c				37,500
	To Carriage Inwards A/c				375
	To Wages A/c				5,000
	(debited to trading account for gross profit)				
March 31	Sales A/c	Dr.		95,000	
	To Trading A/c				95,000
	(Credited to Trading account for gross profit)				
March 31	Trading A/c	Dr.		52,125	
	To Profit & Loss A/c				52,125
	(Gross profit transferred to P&L A/c)				
March 31	Profit & Loss A/c	Dr.		7,650	
	To Discount A/c				150
	To Carriage Outward A/c				600
	To Bad Debits A/c				750
	To Salaries A/c				3,600
	To Trade Expenses A/c				2,550
	(expenses debited to P & L A/c for Net Profit)				

March 31	Discount A/c	Dr.		175	
	Commission A/c	Dr.		2,125	
	To Profit & Loss A/c				2,300
	(incomes credited to P & L A/c for Net profit)				
March 31	Profit & Loss A/c (52,125 - 7,650 + 2,300)	Dr.		46,775	
	To Capital A/c				46,775
	(net profit Transfer to Capital A/c)				

Part B

27.

(d) Rs.32,000

Explanation:

capital at the end of the year = opening capital + capital introduced + profit - drawing

= 24,000 + 12,000 + 4,000 - 8,000

= 32,000

OR

(a) Capital introduced and drawing

Explanation:

Calculation of profit/(loss) during the year:

capital at the end of year	***
Add: drawing during the year	***
	***
Less: capital introduced during the year	***
adjusted capital at the end	***
Less: capital at the beginning of year	***
profit\loss for the year	***

Hence, for the computation of profit drawing and further capital brought in should be adjusted in the opening and closing capital of the business.

28. **(a)** ₹ 34000

Explanation:

Trading A/C

Particulars	**₹**	**Particulars**	**₹**
Purchases Freight inwards Gross profit	90000 6000 34000	Sales Closing stock	120000 10000
	130000		130000

29.

(b) for a particular period

Explanation:

Trading and Profit and Loss Account is prepared for a particular period. It is prepared to calculate profit or loss of a business.

30.

(d) ₹ 1,000

Explanation:

If Net Profit is ₹ 100
then, Commission payable = ₹ 5
Thus Net profit after charging the commission = 100 + 5 = ₹ 105
Here, ₹ 21,000 is equal to 105%
Then, 5% = 21,000 $\times \frac{5}{105}$
= ₹ 1,000

OR

(d) Capital expense
Explanation:
This type of expense is treated as a capital expense. It is assumed that repair is incurred at the time of purchase.

31. **Financial statements** are the final products of an accounting process, which begins with the identification of accounting information and recording it in the books of primary entry.
A complete set of financial statements include:
    i. **Balance sheet (or position statement)** which shows the financial position of an enterprise at a particular point of time.
    ii. **Trading and profit and loss account (or income statement)** which shows the financial performance of business operations during an accounting period.
    iii. **Schedules and notes** to accounts forming part of the balance sheet and profit and loss account.

    While the Balance sheet provides the information of the position of the assets and liabilities of a business, the Income statement provides the information related to the incomes and expenses of the business and moreover the profits generated or losses incurred.
32. i. Purchase of Machinery
    ii. Expenditure on the installation of Machinery.
33. The trading profit and loss account is made up of two separate accounts within the general ledger.
    i. The trading account.
    ii. The profit and loss account.

    The purpose of the two accounts is to separately identify the gross profit and net profit of the business. The trading account is the top part of the trading profit and loss account and is used to determine the gross profit. The profit and loss account is the lower part of the trading profit and loss account and is used to determine the net profit of the business. The following are some adjustments:
    - **Outstanding Expense**: Added to the expense paid during the year on the debit side.
      Expense A/c Dr
      To Outstanding Expense A/c
    - **Prepaid Expense**: Deducted from the respective expenses on the debit side
      Prepaid Expense A/c Dr
      To Expense A/c
    - **Interest On Capital**: Shown on the debit side of the P/L A/c.
      Interest on capital A/c Dr
      To Capital A/c
    - **Interest on Drawings**: Shown on the credit side of the Profit & Loss A/c.
      Drawings A/c Dr
      To Interest on Drawings A/c

OR

JOURNAL

Bad Debts A/c	Dr	3,000	
To Sundry Debtors A/c (Being further bad Debts writtten-off)			3,000

Treatment of additional bad-debts in Financial Statements :

Further Bad debts of ₹3,000 given in adjustments will be added to the existing bad debts of ₹2,400 (appearing inside the Trial Balance), on the debit side of the profit and loss account. Furthermore, the amount of additional bad-debts of ₹3,000 will also be deducted from debtors on the assets side of Balance Sheet.

Extract of Profit and Loss Account

for the year ended 31st March, 2013

Dr				Cr
Particulars		**Amt(₹)**	**Particulars**	**Amt(₹)**
To Bad Debts	2,400			
Add: Further Bad Debts	3,000	5,400		

Extract of Balance Sheet

as at 31st March, 2013

Liabilities	**Amt(Rs)**	**Assets**		**Amt(Rs)**
		Sundry Debtors	60,000	
		Less : Bad Debts	3,000	57,000

34. **TRADING AND PROFIT & LOSS ACCOUNT**

for the year ended 31st March, 2023

Dr.					Cr.
Particulars		**₹**	**Particulars**		**₹**
To Opening Stock		16,520	By Sales	1,97,560	
To Purchases	81,350		Less: Returns Inward	1,360	1,96,200
Less: Goods distributed as			By Closing Stock		13,600
Staff Welfare	(3,000)				
Drawings (Goods)	(4,000)				
Returns Outward	(1,000)				
Loss of Stock	(5,000)	68,350			
To Wages		30,420			
To Carriage Inwards		4,080			
To Gross Profit transferred to Profit & Loss A/c		90,430			
		2,09,800			**2,09,800**
To Carriage Outwards		6,400	By Gross Profit transferred from Trading A/c		90,430
To Salaries	30,000				
Add: Outstanding Salaries	3,000	33,000			
To General Expenses		6,000			
To Insurance		1,200			
To Depreciation on:					
Machinery (₹ 40,000 × 10%)	4,000				
Patents (₹ 15,000 × 20%)	3,000	7,000			
To Provision for Doubtful Debts (₹ 29,000 × 5%)		1,450			
To Staff Welfare Expenses (WN 1)		3,000			
To Interest on Capital (₹ 1,62,000 × $\frac{5}{100}$)		8,100			

To Net Profit transferred to Capital A/c		24,280		
		90,430		**90,430**

BALANCE SHEET

as at 31st March, 2023

Liabilities		**₹**	**Assets**		**₹**
Capital	1,62,000		Building		80,000
Add: Net Profit	24,280		Machinery	40,000	
Interest on Capital	8,100		Less: Depreciation	4,000	36,000
	1,94,380		Patents	15,000	
Less: Drawings (₹ 10,490 + ₹ 4,000)	14,490	1,79,890	Less: Depreciation	3,000	12,000
Outstanding Salaries		3,000	Sundry Debtors	29,000	
Sundry Creditors		37,600	Less: Provision for Doubtful Debts	1,450	27,550
			Closing Stock		13,600
			Insurance Company (WN 3)		5,000
			Cash at Bank		45,260
			Cash in Hand		1,080
		2,20,490			**2,20,490**

Working Notes:

1.

Journal Entry for distribution of Goods among Employees for Staff Welfare:		**₹**	**₹**
Staff Welfare Expenses A/c	Dr.	3,000	
To Purchases A/c			3,000

2.

Journal Entry for Goods Withdrawn by Owner for Personal Use:		**₹**	**₹**
Drawings A/c	Dr.	4,000	
To Purchases A/c			4,000

3.

Following Journal entries will be passed to record Loss of Stock by Theft:		**₹**	**₹**
Loss of Stock (Theft) A/c	Dr.	5,000	
To Purchases A/c			5,000
Insurance Company	Dr.	5,000	
To Loss of Stock (Theft) A/c			5,000

OR

Trading and Profit and loss Account

for the year ended 31st March, 2017

Dr					**Cr**
Particulars		**Amt (₹)**	**Particulars**		**Amt (₹)**
To Opening Stock		5,760	By Sales	98,780	
To purchases	40,675		Less : sales return	(680)	98,100
less: purchase return	(500)	40,175	By Closing Stock		6,800
To Wages		8,480			
To Fuel and Power		4,730			

To Carriage on Purchases		2,040			
To Gross Profit transferred to Profit & loss A/c		43,175			
		1,04,900			1,04,900
To Carriage on Sales		3,200	By Gross Profit b/d		43,175
To Salaries	15,000		By Rent	9,000	
(+)Outstanding Salaries	1,500	16,500	(+)Receivable Rent	1,000	10,000
To General Expenses		3,000			
To Insurance	600				
(-)Unexpired Insurance (note)	(85)	515			
To Further Bad debts		725			
To Provision for Bad Debts(@ 5% on Rs.13,775)		689			
To Depreciation on Machinery		2,000			
To Depreciation on Patents		1,500			
To Net Profit Transferred to Capital A/c		25,586			
		53,715			53,715

Balance Sheet

as at 31st March,2017

Liabilities		Amt (₹)	Assets		Amt (₹)
Creditors		6,300	Cash in hand		540
Salaries Outstanding		1,500	Cash at bank		2,630
Capital	62,000		Closing Stock		6,800
(+)Net Profit transferred from Profit & Loss A/c	25,586		Sundry Debtors	14,500	
	87,586		(-)Further Bad Debts	(725)	
(-)Drawings	(5,245)	82,341		13,775	
			(-)Provision for Bad Debts (@ 5% on 13,775)	(689)	13,086
			Rent Receivable		1,000
			Insurance Prepaid		85
			Patents	7,500	
			(-)Depreciation	(1,500)	6,000
			Freehold Land		10,000
			Building		32,000
			Machinery	20,000	
			(-)Depreciation	(2,000)	18,000
		90,141			**90,141**

Note : Insurance Premium of ₹ 170 has been paid till 30th September, 2017. It means it has been paid in advance for 6 months. Therefore, it has been deducted from the total Insurance paid this year. The amount of prepaid insurance will be shown in the Asset side.