

Class XI Session 2025-26
Subject - Accountancy
Sample Question Paper - 10

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. Cash Memo is a source of document prepared by the seller of the goods for [1]
a) credit b) cash and credit
c) cash d) debit

2. **Assertion (A):** Accounting information is sometimes based on estimations. [1]
Reason (R): The financial statements always reflects true position of the business.
a) Both A and R are true and R is the correct explanation of A. b) Both A and R are true but R is not the correct explanation of A.
c) A is true but R is false. d) A is false but R is true.

3. Balance of Capital Account is shown as: [1]
a) Capital Account b) Revenue Account
c) Asset account d) Liability Account

4. A business had net capital at 1 January and 31st December 2012 of Rs. 75,600 and Rs. 73,800 respectively. [1]
During the year, the proprietor introduced additional capital of Rs. 17,700 and withdrew cash and goods to the value of Rs. 16,300. What profit or loss was made by the business in 2012.
a) Rs.3200 Loss b) Rs.3000 Loss
c) Rs.3000 Profit d) Rs.3200 Profit
OR
Goods costing ₹ 20000 have sold for cash at 25 % profit. By what amount cash will increase
a) ₹ 15000 b) ₹ 15500
c) ₹ 20500 d) ₹ 25000

5. Credit Note is prepared: [1]

- a) when the debit is given to the account
- b) when transfer in the account
- c) when both credit and debit is given to the account
- d) when credit is given to the account

6. Radheshyam is a furniture dealer. Which one of the following will not be recorded in his books? [1]

- A. Purchase of Timber for Rs 50,000
- B. Sofa set worth Rs 40,000 taken to his home
- C. Sale of household furniture for Rs 5,000
- D. Dining table of Rs 30,000 given to his friend as a gift

- a) Only B
- b) Only A
- c) Only D
- d) Only C

OR

The basic function of financial accounting is to:

- a) interpret financial data
- b) checking error
- c) record all business transactions
- d) assist the management

7. If the amount of any known liability can be determined with accuracy: [1]

- a) a provision should be made
- b) a liability should be provided
- c) a reserve should be set aside
- d) a Provision should be set aside

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

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

OR

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. Following are the objectives of accounting standards except: [1]

- a) To prevent fraud and manipulations
- b) To help to audit
- c) To ascertain cash transactions
- d) To improves reliability

10. Secret Reserve is created by: [1]

- a) All of these
- b) Writing off excessive depreciation
- c) Charging capital expenditure to Profit & Loss Account
- d) Suppressing the sales

11. The nature of capital is [1]

- a) an expense
- b) an asset
- c) an income
- d) a liability



17. Explain the procedure of balancing personal accounts. [3]

18. Every transaction has debit and credit aspects. Explain. [3]

19. Define the following basic accounting terms with example: [3]

i. Drawings

ii. Liability

20. What are the objectives or functions of a trial balance? [3]

21. Rajat maintains a Columnar Petty Cash Book on the Imprest System. The imprest amount is ₹ 5,000. From the following information, show how his Petty Cash Book would appear for the week ended 12th September, 2023: [4]

2023		₹
Sept. 7	Balance in Hand	1,349
	Received cash reimbursement to make up the Imprest	
	Postage	123
	Stationery	321
Sept. 8	Travelling and conveyance	126
	Miscellaneous expends	11
	Entertainment	72
Sept. 9	Repairs	1,567
Sept. 10	Postage	174
	Travelling	673
Sept. 12	Miscellaneous expenses	201
	Postage	483
	Repairs	30

22. Prepare Bank Reconciliation Statement as on 30th September 2023 from the following particulars [4]

(i) Bank Balance as per Pass Book	₹ 10,000
(ii) Cheque deposited into bank but no entry was passed in Cash Book	₹ 500
(iii) Cheque received and entered in Cash book but not sent to Bank	₹ 1,200
(iv) Insurance premium paid directly by the Bank	₹ 800
(v) Bank charges entered twice in the Cash Book	₹ 20
(vi) Cheque received entered twice in Cash Book	₹ 1,000
(vii) Cheque dishonoured not recorded in the Cash Book	₹ 5,000

OR

The credit balance as per cash book is Rs 1,500. Cheques for Rs 400 were deposited but were not collected. The cheques issued but not presented were Rs 100, Rs 125 and Rs 50. Balance as per pass book will be.

23. Enter the following transactions in the Journal of Govind: [6]

2023		₹
June 1	Govind invested capital in cash	1,00,000
June 3	Purchased goods from Harsh	10,000



June 5	Purchased goods for cash	8,000
June 8	Purchased goods from Manoj for cash	7,000
June 10	Sold goods to Kunal on credit.	2,000
June 12	Sold goods to Neeraj for cash	1,500
June 14	Goods returned by Kunal	500
June 16	Goods returned to Harsh	360
June 18	Machinery purchased from Sonu	8,000
June 19	Paid to Harsh on account	5,000
June 25	Cash withdrawn for Personal use	5,000
June 30	Old newspapers sold	200
June 30	Received loan from Manish and deposited in bank	50,000

OR

Journalise the following transactions:

- Lakhan started business with cash Rs 50,000 and furniture Rs 10,000.
- Purchased goods from Deepak on credit Rs 20,000
- Draw cash from office for his personal use Rs 5,000
- Goods given as charity Rs 1,000
- Paid Rs 1,000 for life insurance premium of Lakhan
- Goods return to Deepak Rs 4,000.

24. Rectify the following errors:

[6]

- ₹ 500 paid for the purchases of Radio set for the proprietor debited to the General expenses account.
- Goods sold to Rehan for ₹ 300 have been entered in the purchase book. However, the account of Rehan stands correctly posted.
- An amount of ₹ 50 paid to Bajaj has been credited to the account of Kritika.
- A sum of ₹ 450 paid as rent has been debited to the Landlord's personal account.
- Wages paid for the month ₹ 300 was posted twice.
- Sales return book was undercast by ₹ 10
- Goods for ₹ 100 have been returned by a customer. These have been taken into stock but no entry in respect thereof has been made in the books.
- Repairs ₹ 500 debited to machinery account as ₹ 550

OR

Correct the following errors: (1) without Suspense Account and (2) with Suspense Account:

- Sales Book has been totalled ₹ 8,000 short.
- Goods of ₹ 1,500 returned by Shivam & Co., have not been recorded.
- Goods purchased of ₹ 2,500 was posted to debit of the supplier, Ram.
- Furniture purchased from Pink & Co., of ₹ 10,000 has been entered in Purchases Book.
- Cash received from Aniket ₹ 3,500 has not been posted in his account.

Also prepare Suspense Account.



25. Kapil Ltd. purchased a machinery on July 01, 2011 for ₹ 3,50,000. It purchased two additional machines, on April 01, 2012 costing ₹ 1,50,000 and on October 01, 2012 costing ₹ 1,00,000. Depreciation is provided @10% p.a. on straight line basis. On January 01, 2013, first machinery become useless due to technical changes. This machinery was sold for ₹ 1,00,000. prepare machinery account for 4 years on the basis of calendar year. [6]

OR

Ganga Ltd. purchased a machinery on January 01, 2014 for ₹ 5,50,000 and spent ₹ 50,000 on its installation. On September 01, 2014 it purchased another machine for ₹ 3,70,000. On May 01, 2015 it purchased another machine for ₹ 8,40,000 (including installation expenses). Depreciation was provided on machinery @10% p.a. on original cost method annually on December 31. Prepare:

- Machinery account and depreciation account for the years 2014, 2015, 2016 and 2017.
- If depreciation is accumulated in provision for Depreciation account then prepare machine account and provision for depreciation account for the years 2014, 2015, 2016 and 2017.

26. Prepare a Petty Cash Book on the Imprest System from the following: [6]

2023	
April 1	Received ₹ 10,000 for Petty Cash
3	Paid Cartage ₹ 800.
4	Paid Bus Fare ₹ 400; Speed Post ₹ 200.
6	Paid for Stationery ₹ 700.
7	Paid for Courier Services ₹ 300.
9	Paid for Taxi fare ₹ 800; Wages ₹ 300.
10	Paid for Wages ₹ 400; Charity ₹ 500.
11	Paid for Newspaper bill ₹ 600.
12	Paid for soap ₹ 320; Speed post charges ₹ 300.
13	Paid for Postage ₹ 780.
14	Paid for Repairs of Chairs ₹ 500.
15	Paid for Refreshment to customers ₹ 900.

OR

Prepare a Sales Book from the following transactions of Naveen Furniture House, Pune (Maharashtra) assuming CGST @ 6% and SGST @ 6%:-

2023	
May 1	Sold goods to Five Star Furniture Co., Thane (Maharashtra), on Credit:-
	150 Chairs @ ₹ 1,800 each
	36 Tables @ ₹ 5,000
	Discount 20%
15	Sold goods to Vinay Furniture House, Nashik (Maharashtra):-
	10 Almirahs @ ₹11,000 each



	5 Sofa sets @ ₹18,000 each
	Trade Discount 15%
20	Sold goods to Pankaj Furniture House, Gujarat:-
	100 Chairs @ ₹ 2,000 each
	Less: 5% Trade discount
25	Sold to Sunlight Furniture Co. for Cash:-
	50 Chairs @ ₹ 1,900 each
28	Sold on credit to Sumit Machinery Store:-
	2 Old Machineries @ ₹ 5,000 per Machine
	1 Old Computer for ₹ 1,200

Part B

27. Calculate profit if closing capital is Rs.14,250, additional capital is Rs.200, opening capital is Rs.11,300 and drawings @ Rs.100 per month [1]

a) Rs.1,950 b) Rs.3,950

c) Rs.5,950 d) Rs.6,950

OR

Profit is calculated by the formula

a) Capital at the end + Drawing - Fresh capital
- Opening capital

b) Capital at the end - Drawing - Fresh capital
- opening capital

c) Opening Capital + Drawing + Fresh Capital
- Ending capital

d) Capital at the end + Drawing + Fresh capital
+ opening capital

28. Purchases Rs.1, 00,000; opening stock Rs.12,000, closing stock, Rs. 8,000. Calculate adjusted purchases [1]

a) Rs.104000

b) Rs.94000

c) Rs.124000

d) Rs.112400

29. The Profit and Loss Account shows: [1]

a) Net Profit and Financial Position

b) Gross Profit

c) Financial Position of the Concern

d) Net Profit

30. Prepaid Expenses, if given in the Trial Balance is shown in [1]

a) Balance Sheet

b) Profit and Loss Account, as a deduction
from the expense and in the Balance Sheet,
as an asset.

c) Profit and Loss Account, as a deduction
from the expense

d) Trading Account, as a deduction from the
expense

OR

Calculate interest on loan of Rs. 2000 taken on 1st May 2010 at 18 % If account are closed on 31st December



a) Rs.230

b) Rs.250

c) Rs.240

d) Rs.210

31. From the following balances taken from the Trial Balance of a firm as on 31st March, 2023, prepare the Trading Account: [3]

		₹
Opening Stock:	Raw Material	40,000
	Finished Goods	70,000
Purchases		1,80,000
Sales		3,50,000
Returns:	Purchases	5,000
	Sales	3,000
Wages		65,000
Factory Expenses		45,000
Freight:	Inwards	10,000
	Outwards	15,000
At the end of the concerned period, the stocks at hand were:		
Raw Materials		35,000
Work-in-Process		10,000
Finished Goods		55,000

32. Raman's Trial Balance as on 31st March, 2023 gives the following information: [3]

Heads of Accounts	Debit (₹)	Credit (₹)
Investment (rate of interest 10% p.a)	5,00,000	—
Interest Received	—	45,000

Show how the above items would appear in the Profit and Loss Account and Balance Sheet.

33. **EXTRACTS OF TRIAL BALANCE** [4]

as at 31st March, 2023

	Dr. (₹)	Cr. (₹)
Bad-Debts	3,600	
Provision for Bad & Doubtful Debts(1-4-2022)		7,500
Sundry Debtors	2,00,00	

Adjustments:

- Write off further Bad-debts ₹ 2,000.
- Provision for Doubtful Debts is to be maintained at 5% on Sundry Debtors.
- Create a provision for discount on Sundry Debtors at 3%.



Show effect on Profit & Loss Account and Balance Sheet.

OR

Show the treatment of the following items by an organisation to be done in final accounts:

- i. Interest on capital
- ii. Goods sold but omitted to be recorded
- iii. Sale of goods on approval basis
- iv. Goods distributed as free sample

34. Following are the balances extracted from the books of Govind on 31st March, 2023:

[6]

	₹		₹
Capital	1,90,000	Cash at Bank	26,000
Drawings	7,000	Salaries	8,000
Plant and Machinery	1,20,000	Repairs	1,900
Delivery Vehicle	26,000	Stock on 1 st April, 2022	16,000
Sundry Debtors	36,000	Rent	4,500
Sundry Creditors	49,500	Manufacturing Expenses	1,500
Purchases	20,000	Bad Debts	5,000
Sales	42,000	Carriage Inwards	1,600
Wages	8,000		

Prepare Trading and Profit & Loss Account and Balance Sheet as at 31st March, 2023 after following adjustments are made:

- i. Closing Stock was ₹ 16,000.
- ii. Depreciate Plant and Machinery @ 10% and Delivery Vehicle @ 15%.
- iii. Rent outstanding at the year end ₹ 500.

OR

The trial balance shows the following balances as on 31st March, 2013

Name of Account	Debit Amount (Rs.)	Name of Account	Credit Amount (Rs.)
Purchases	6,00,000	Capital Account	11,30,750
Sales Return	20,000	Sales	12,75,000
Plant and Machinery	9,00,000	Purchases Return	12,750
Opening Stock	4,00,000	Discount Received	8,000
Discount Allowed	3,500	Sundry Creditors	2,50,000
Bank Charges	1,000	Rent, Rates and Taxes	20,000
Sundry Debtors	4,50,000	Advertisements	20,000



Salaries	70,000	Cash at Bank	70,000
Wages	1,00,000		
Freight Inwards	10,000		
Freight Outwards	12,000		

Cost of closing stock Rs. 4,00,000 but its market value was Rs. 3,50,000.

You are required to prepare trading and profit and loss account for the year ended 31st March, 2013 and balance sheet as on that date.



Solution

Part A

1.

(c) cash

Explanation:

When a seller sell some goods on cash he provides a receipt of sale that receipt or source document on the basis of which we record transaction in accounts is called cash memo.

2.

(c) A is true but R is false.

Explanation:

A is true but R is false.

3. (a) Capital Account

Explanation:

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

4. (a) Rs.3200 Loss

Explanation:

Profit/ Loss = Closing Capital + Drawing - opening Capital - Additional capital

Profit/Loss = 73,800 + 16,300 - 75,600 - 17,700

Profit/Loss = 90,100 - 93,300

Profit/loss = -3,200

Loss = Rs. 3,200

OR

(d) ₹ 25000

Explanation:

Sale amount = Cost + Profit

Sale = 200000 + 25% of Cost

Sale = 200000 + 50000

Sale = 250000

All sale is in cash. So Cash Balance will increase by ₹ 250000.

5.

(d) when credit is given to the account

Explanation:

A credit note or credit memo is a commercial document issued by a seller to a buyer. Credit notes act as a source document for the sales return journal.

6.

(d) Only C

Explanation:

Sale of household (personal furniture) furniture for Rs. 5,000 will not be recorded in his book.

OR



(c) record all business transactions

Explanation:

The basic function of financial accounting is to record all business transactions which measure in term of money.

7.

(b) a liability should be provided

Explanation:

If the amount is certain then liability should be provided.

8.

(d) Cash A/c

Explanation:

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

OR

(c) Assets, Capital, Liabilities, Revenue and Expenses

Explanation:

Assets, Capital, Liabilities, Revenue and Expenses

9.

(c) To ascertain cash transactions

Explanation:

Accounting standards help the various users of the information to understand the financial statements of the business but it is not responsible for the cash transactions of the business. thus it is not the objective of the Accounting standard. hence it is false.

10. (a) All of these

Explanation:

All of these

11.

(d) a liability

Explanation:

The nature of capital is a liability. It is an internal liability.

12.

(b) sales return

Explanation:

Goods sold on credit will be recorded in sales book and credit return in sales return book

13.

(c) Decrease in assets, decrease in capital

Explanation:

As drawings are made by the proprietor, it will reduce the capital as well as cash (asset).

14.

(d) Purchase of goods for resale.

Explanation:

Purchase of goods for resale.

OR

(d) Investments

Explanation:

Investments is not an intangible assets.

15.

(b) All of these

Explanation:

A book maintained to record transactions. which do not find place in special journals, is known as journal proper.

16.

(b) A provision should be made

Explanation:

As Per Prudence concept:- Only anticipated losses are recorded and anticipated incomes are not recorded. A revenue transaction or an asset when it is certain, and record an expense transaction or liability when it is probable. Hence Liability should be created in form of provision.

17. The procedure of balancing personal accounts is as below:

An Account is balanced like we have to add the bigger side either debit or credit whichever may be and write down the bigger ones in the parallel column. The debit column is bigger than the credit column. The difference is written on the credit side as 'By Balance c/d'. The totals are then entered in the two columns opposite one another and then on the debit side, the balance is written as To Balance b/d' to show the debit balance in hand in the beginning of the next period or vice versa for the credit balance.

OR

Journal Entry

Date	Particular	L.F.	Amount (Dr.)	Amount (Cr.)
Jan. 05	Purchase A/c Dr.		1,000	
	Carriage A/c Dr.		200	
	To Cash			10,200
	(Good Purchase in Cash)			
Jan.10	Machinery A/c Dr.		50,500	
	To Cash			50,500
	(Machinery Purchase on Cash)			
Jan.15	Building A/c Dr.		3,50,000	
	To Bank A/c			3,50,000
	(Building construction)			
Jan. 17	Machinery A/c Dr.		22,500	
	To Cash			22,500
	(Machinery Purchase in Cash)			
Jan. 20	Repair A/c Dr.		4,000	
	To Cash A/c			4,000
	(Repair Expense Paid)			

18. A debit is the portion of the transaction that accounts for the increase in assets and expenses, and the decrease in liabilities, equity, and income. Every transaction is recorded twice on both the debit and credit sides depending on the nature of the transaction.



OR

IGST means GST Charged on sale and purchase of goods from outside the state. for example good purchase from outside the state of 10,000 then on these purchase IGST is levied.

19. i. **Drawings:** Drawings may be defined as cash or goods withdrawn by the owner from the business for his personal use. For example, Gaurav, a shopkeeper dealing in stationery items, takes away stationery items of Rs. 500 for his daughter. Drawings reduce the capital of the owners. hence it is not shown as expenses of a business.
- ii. **Liability:** Liability means an obligation or debt that an enterprise has to pay within a specified period. For example, if Mohit purchases goods on credit from Rohit, Mohit has a liability payable to Rohit.
20. A trial balance is a bookkeeping worksheet in which the balances of all ledgers are compiled into debit and credit account column totals that are equal. A company prepares a trial balance periodically, usually at the end of every reporting period. The general purpose of producing a trial balance is to ensure the entries in a company's bookkeeping system are mathematically correct. The following are the objectives or functions of a Trial Balance:
- i. **Ascertain the Arithmetical Accuracy of the Ledger Accounts:** The trial balance ensures the arithmetical accuracy of the ledger accounts. When the debit and credit balances in the trial balance are equal, it is assumed that the posting and balancing of accounts is arithmetically correct i.e., all debits and corresponding credit have been properly recorded in the ledger.
- ii. **Helps in Locating Errors:** A trial balance helps in the detection or location of errors. However, all the errors are not disclosed, but only arithmetical errors.
- iii. **Summary of the Ledger Accounts:** Trial balance offers a summary of the ledger. It enables to know the assets, liabilities, expenses, incomes, etc.
- iv. **Helps in the Preparation of Final Accounts:** Trial balance is considered as the connecting link between accounting records and the preparation of financial statements.
- As trial balance is a list of summary of all ledger accounts, it provides a basis for further processing of accounting data i.e., preparation of final accounts (profit and loss account and balance sheet).

21. **Analytical Petty Cash Book**

Dr.						Cr.				
Receipts	Date	V.No.	Particulars	Total Payments	Postage Telegram	Stationery	Entertainment	Travelling Conveyance	Misc. expenses	Repair
	2023									
1,349	Sept. 7		To Balance b/d							
3,651	Sept. 7		To Cash A/c							
	Sept. 7		By Postage A/c	123	123					
	Sept. 7		By Stationery A/c	321		321				
	Sept. 8		By Travelling A/c	126				126		
	Sept. 8		By Misc. A/c	126					126	
	Sept. 8		By Entertainment A/c	72			72			
	Sept. 9		By Repairs A/c	1,567						1,567
	Sept. 10		By Postage A/c	174	174					
	Sept.		By Travelling	673				673		



	10		A/c							
	Sept. 12		By Misc. A/c	201					201	
	Sept. 12		By Postage A/c	483	483					
	Sept. 12		By Repairs A/c	30						30
				3,781	780	321	72	799	212	
	Sept. 12		By Balance c/d	1,219						
				5,000						
1,219	Sept. 13		To Balance b/d							
3,781	Sept. 13		To Cash A/c							

22.

**Bank Reconciliation Statement
as on 30th Sep., 2023**

Particulars	(+)	(-)
Balance as per Pass Book (Cr.)	10,000	
Cheque deposited but no entry passed in Cash Book		500
Cheque omitted to be Bank	1,200	
Insurance premium paid	800	
Bank charges entered twice in the Cash Book		20
Cheque received entered twice in the Cash Book	1,000	
Bill dishonoured	5,000	
Balance as per Cash Book (Dr.) (Balancing figure)		17,480
	18,000	18,000

OR

BANK RECONCILIATION STATEMENT

Particulars	Debit (Rs.)	Credit (Rs.)
Overdraft balance as per Cash Book		1,500
Add: Cheques issued but not yet presented (100 + 125 + 50)	275	
Less: Cheques deposited but not yet cleared		400
Overdraft balance as per Pass Book	1,625	
TOTAL	<u>1,900</u>	<u>1,900</u>

23.

**In the Books of Govind
Journal Entries**

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
2023				
June 01	Cash A/c	Dr.	1,00,000	
	To Capital A/c (Commenced business with cash)			1,00,000



June 03	Purchases A/c	Dr.	10,000	
	To Harsh's A/c (goods purchases by Harsh)			10,000
June 05	Purchases A/c	Dr.	8,000	
	To Cash A/c (goods Purchased in cash)			8,000
June 08	Purchases A/c	Dr.	7,000	
	To Cash A/c (goods purchased by Manoj in cash)			7,000
June 10	Kunal's A/c	Dr.	2,000	
	To Sales A/c (goods sold to Kunal)			2,000
June 12	Cash A/c	Dr.	1,500	
	To Sale A/c (goods sold to Neeraj)			1,500
June 14	Sales Return A/c	Dr.	500	
	To Kunal's A/c (goods returned by Kunal)			500
June 16	Harsh's A/c	Dr.	360	
	To Purchases Return A/c (goods returned to Harsh)			360
June 18	Machinery A/c	Dr.	8,000	
	To Sonu's A/c (machinery purchased from Sonu)			8,000
June 19	Harsh's A/c	Dr.	5,000	
	To Cash A/c (amount paid to Harsh)			5,000
June 25	Drawings A/c	Dr.	5,000	
	To Cash A/c (cash withdrawn for personal use)			5,000
June 30	Cash A/c	Dr.	200	
	To Newspaper A/c (old newspaper sold)			200
June 30	Bank A/c	Dr.	50,000	
	To Manish loan's A/c (Manish's Loan amount deposited into bank)			50,000

OR

Journal Entries

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Date	Particulars		L.F.	Debit (Rs)	Credit (Rs)
(i)	Cash Account	Dr.		50,000	
	Furniture Account	Dr.		10,000	
	To Capital Account				60,000
	(Being cash and furniture brought as capital)				
(ii)	Purchases Account	Dr.		20,000	
	To Deepak's Account				20,000
	(Being goods purchased from deepak)				
(iii)	Drawings Account	Dr.		5,000	
	To Cash Account				5,000
	(Being cash withdrawn for personal use)				
(iv)	Charity Account	Dr.		1,000	
	To Purchases Account				1,000
	(Being goods given as charity)				
(v)	Drawings Account	Dr.		1,000	
	To Cash Account				1,000
	(Being personal insurance premium of the proprietor paid)				
(vi)	Deepak's Account	Dr.		4,000	
	To Purchase Return Account				4,000
	(Being goods returned to Deepak)				

24.

Rectifying Journal Entries

S. No.	Particulars		L.F.	Debit Amount (₹)	Credit Amount (₹)
(i)	Drawings A/c	Dr.		500	
	To General Expenses A/c				500
	(Amount paid for the purchase of radio for proprietor debited to General Expenses Account now rectified)				
(ii)	Suspense A/c	Dr.		600	
	To Sales A/c				300
	To Purchases A/c				300
	(Goods sold to Rehan entered in Purchases Book now rectified)				
(iii)	Bajaj's A/c	Dr.		50	
	Kritika's A/c	Dr.		50	
	To Suspense A/c				100
	(Amount paid to Bajaj credited to Kritika now rectified)				
(iv)	Rent A/c	Dr.		450	
	To Landlord's Personal A/c				450
	(Payment of rent debited to Landlord's Personal Account now rectified)				



(v)	Suspense A/c	Dr.		300	
	To Wages				300
	(Payment of wages posted twice now rectified)				
(vi)	Sales Return A/c	Dr.		10	
	To Suspense A/c				10
	(Undercasting of Sales Return Book now rectified)				
(vii)	Sales Return A/c	Dr.		100	
	To Customer's A/c				100
	(Goods returned by a customer omitted to be recorded now rectified)				
(viii)	Repairs A/c	Dr.		500	
	Suspense A/c	Dr.		50	
	To Machinery A/c				550
	(Repairs debited to Machinery Account now rectified)				

OR

I. Without Suspense Account:

- Since Sales Book has been casted (totalled) short by ₹ 8,000, Sales Account has been credited short by ₹ 8,000. The correcting entry is to credit the Sales Account by ₹ 8,000 as "By wrong totalling of the Sales Book ... ₹ 8,000"
- To rectify the omission, Returns Inward Account has to be debited and the account of Shivam & Co. credited. The entry:

Returns Inward A/c	...Dr.	₹ 1,500	
To Shivam & Co.			₹ 1,500
(goods returned by the firm, previously omitted from the Returns Inward Book)			

- Ram has been debited ₹ 2,500 instead of being credited. His account should now be credited by ₹ 5,000 to remove the wrong debit and to give the correct credit. The entry will be on the credit side "By error in posting ... ₹ 5,000".
- By this error, Purchases Account has been debited by ₹ 10,000 whereas the debit should have been to the Furniture Account. The rectifying entry will be:

Furniture A/c	...Dr.	₹ 10,000	
To Purchases A/c			₹ 10,000
(correction of the mistake by which Purchases Account was debited instead of the Furniture Account)			

- Cash received from Aniket of ₹ 3,500 has not been credited to his account. For the rectification of this error, Aniket's Account should be credited as follows:

Aniket's ACCOUNT

Dr.							Cr.
Date	Particulars	J.F.	₹	Date	Particulars	J.F.	₹
					By Omission of Posting		3,500

II. With Suspense Account:

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
(i)	Suspense A/c	...Dr.		8,000	



	To Sales A/c (correction arising from undercasting of Sales Book)				8,000
(ii)	Returns Inward A/c	...Dr.		1,500	
	To Shivam & Co. (recording of goods returned by Shivam & Co., a customer)				1,500
(iii)	Suspense A/c	...Dr.		5,000	
	To Ram (correction of the error by which Ram were debited instead of being credited by ₹ 2,500)				5,000
(iv)	Furniture A/c	...Dr.		10,000	
	To Purchases A/c (correction of recording purchase of furniture as ordinary purchases)				10,000
(v)	Suspense A/c	...Dr.		3,500	
	To Aniket (cash received from Aniket, now posted to his account)				3,500

SUSPENSE ACCOUNT

III.

Dr.							Cr.
Date	Particulars	J.F.	₹	Date	Particulars	J.F.	₹
	To Sales A/c		8,000		By Difference in		16,500
	To Ram		5,000		Trial Balance		
	To Aniket		3,500		(Balancing Figure)		
			16,500				16,500

Notes:

- One should note that the opening balance in the Suspense Account will be equal to the difference in the Trial Balance.
- If the question is silent as to whether a Suspense Account has been opened or not, the student should make his assumption, state it and then proceed.

25.

In the Books of Kapil Ltd. Machinery Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2011				2011			
Jul.01	Bank (i)		3,50,000	Dec.31	Depreciation (6 months)		17,500
				Dec.31	Balance c/d		3,32,500
			3,50,000				3,50,000
2012				2012			
Jan.01	Balance c/d		3,32,500	Dec.31	Depreciation		
Apr.01	Bank (ii)		1,50,000		(i) 35,000 (ii) 11,250 (9 months),		
Oct.01	Bank (iii)		1,00,000		(iii) 2,500 (3 months)		48,750
				Dec.31	Balance c/d		
					(i) 2,97,500 (ii) 1,38,750		
					(iii) 97,500		5,33,750



			5,82,500				5,82,500
2013				2013			
Jan.01	(i) 2,97,500 (ii) 1,38,750			Jan.01	Bank (i)		1,00,000
	(iii) 97,500		5,33,750	Jan.01	Profit and Loss (Loss)		1,97,500
				Dec.31	Depreciation		
					(ii) 15,000 (iii) 10,000		25,000
				Dec.31	Balance c/d		
					(ii) 1,23,750 (iii) 87,500		2,11,250
			5,33,750				5,33,750
2014				2014			
Jan.01	Balance c/d		2,11,250	Dec.31	Depreciation		
	(ii) 1,23,750 (iii) 87,500			Dec.31	(ii) 15,000 (iii) 10,000		25,000
					Balance c/d		
					(ii) 1,08,750 (iii) 77,500		1,86,250
			2,11,250				2,11,250
2015							
Jan.01	Balance b/d		1,86,250				

Hence, balance of machine account is ₹ 186,250 and loss on sale of machine is ₹ 1,97,500

OR

Books of Ganga Ltd.

Machinery Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2014				2014			
Jan.01	Bank (i)		6,00,000	Dec.31	Depreciation (i) 60,000 (ii) 12,333		72,333
	(5,50,000 + 50,000)			Dec.31	Balance c/d		
Sep.01	Bank (ii)		3,70,000		(i) 5,40,000, (ii) 3,57,667		8,97,667
			9,70,000				9,70,000
2015				2015			
Jan.01	Balance b/d			Dec.31	Depreciation		
	(i) 5,40,000, (ii) 3,57,667		8,97,667		(i) 60,000, (ii) 37,000,		
May.01	Bank (iii)		8,40,000		(iii) 56,000		1,53,000
				Dec.31	Balance c/d		
					(i) 4,80,000 (ii) 3,20,667,		
					(iii) 7,84,000		15,84,667
			17,37,667				17,37,667
2016				2016			
Jan.01	Balance b/d			Dec.31	Depreciation		

	(i) 4,80,000, (ii) 3,20,667				(i) 60,000, (ii) 37,000,		
	(iii) 7,84,000		15,84,667	Dec.31	(iii) 84,000		1,81,000
					Balance c/d		
					(i) 4,20,000, (ii) 2,83,667,		
					(iii) 7,00,000		14,03,667
			15,84,667				15,84,667
2017				2017			
Jan.01	Balance b/d			Dec.31	Depreciation		
	(i) 4,20,000, (ii) 2,83,667,				(i) 60,000, (ii) 37,000,		
	(iii) 7,00,000		14,03,667		(iii) 84,000		1,81,000
				Dec.31	Balance c/d		
					(i) 3,60,000, (ii) 2,46,667,		
					(iii) 6,16,000		12,22,667
			14,03,667				14,03,667

The balance of machine account is ₹.12, 22,667.

Depreciation Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2014				2014			
Dec.31	Machinery		72,333	Dec.31	Profit and Loss		72,333
			72,333				72,333
2015				2015			
Dec.31	Machinery		1,53,000	Dec.31	Profit and Loss		1,53,000
			1,53,000				1,53,000
2016				2016			
Dec.31	Machinery		1,81,000	Dec.31	Profit and Loss		1,81,000
			1,81,000				1,81,000
2017				2017			
Dec.31	Machinery		1,81,000	Dec.31	Profit and Loss		1,81,000
			1,81,000				1,81,000

(b)

Machinery Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2014				2014			
Jan.01	Bank (i)		6,00,000				
	(5,50,000 + 50,000)			Dec.31	Balance c/d		
Sep.01	Bank (ii)		3,70,000				9,70,000
			9,70,000				9,70,000



2015				2015			
Jan.01	Balance b/d						
	(i) 6,00,000 (ii) 3,70,000		9,70,000				
May.01	Bank (iii)		8,40,000	Dec.31	Balance c/d		18,10,000
			18,10,000				18,10,000
2016				2016			
Jan.01	Balance b/d			Dec.31	Balance c/d		18,10,000
	(i) 6,00,000 (ii) 3,70,000						
	(iii) 8,40,000		18,10,000				
			18,10,000				18,10,000
2017				2017			
Jan.01	Balance b/d			Dec.31	Balance c/d		18,10,000
	(i) 6,00,000 (ii) 3,70,000						
	(iii) 8,40,000		18,10,000				
			18,10,000				18,10,000

Provision for Depreciation Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2014				2014			
Dec.31	Balance c/d		72,333	Dec.31	Depreciation		72,333
			72,333				72,333
				2015			
2015				Jan.01	Balance b/d		72,333
Dec.31	Balance c/d		2,25,333	Dec.31	Depreciation		1,53,000
			2,25,333				2,25,333
				2016			
2016				Jan.01	Balance b/d		2,25,333
Dec.31	Balance c/d		4,06,333	Dec.31	Depreciation		1,81,000
			4,06,333				4,06,333
				2017			
2017				Jan.01	Balance b/d		4,06,333
Dec.31	Balance c/d		5,87,333	Dec.31	Depreciation		1,81,000
			5,87,333				5,87,333

26.

PETTY CASH BOOK

Amount Received	C.B. Folio	Date	Particulars	V. No.	Total Payments	Conveyance	Printing & Stationery	Postage	Wages	Cartage	Miscellaneous Expenses
₹		2020			₹	₹	₹	₹	₹	₹	₹
10,000		Apr.	Cash A/c								



		1								
		3	Cartage A/c		800				800	
		4	Bus Fare A/c		400	400				
		4	Postage A/c		200		200			
		6	Stationery A/c		700		700			
		7	Courier charges A/c		300		300			
		9	Conveyance A/c		800	800				
		9	Wages A/c		300			300		
		10	Wages A/c		400			400		
		10	Charity A/c		500					500
		11	NewsPaper A/c		600					600
		12	Soap A/c		320					320
		12	Postage A/c		300		300			
		13	Postage A/c		780		780			
		14	Repairs A/c		500					500
		15	Refreshment A/c		<u>900</u>					900
			Total Payments		<u>7,800</u>	<u>1,200</u>	<u>700</u>	<u>1,580</u>	<u>700</u>	<u>800</u>
		15	By Balance c/d		<u>2,200</u>					
10,000					10,000					
2,200		Apr. 16	Balance b/d							
7,800		Apr. 16	Cash A/c							

OR

Naveen Furniture House, Pune

SALES BOOK

Date	Particulars (Name of the Customer) (Account to be Debited)	Invoice No.	L.F.	Details	Sale	Output CGST	Output SGST	Output IGST	Total Amount
2023				₹	₹	₹	₹	₹	₹
May 1	Five Star Furniture Co., Thane								
	150 Chairs @ ₹ 1,800 each			2,70,000					
	36 Tables @ ₹ 5,000 each			<u>1,80,000</u>					
				4,50,000					
	Less: Trade Discount @ 20%			<u>(90,000)</u>					



				3,60,000					
	Add: CGST @ 6%			21,600					
	SGST @ 6%			<u>21,600</u>					
				4,03,200	3,60,000	21,600	21,600	—	4,03,200
May 15	Vinay Furniture House, Nashik								
	10 Almirahs @ ₹11,000 each			1,10,000					
	5 Sofa Sets @ ₹18,000 each			90,000					
				2,00,000					
	Less: Trade Discount @ 15%			<u>(30,000)</u>					
				1,70,000					
	Add: CGST @ 6%			10,200					
	SGST @ 6%			<u>10,200</u>					
				1,90,400	1,70,000	10,200	10,200		1,90,400
May 20	Pankaj Furniture House, Gujarat								
	100 Chairs @ ₹ 2,000 each			2,00,000					
	Less: Trade Discount @ 5%			<u>10,000</u>					
				1,90,000					
	Add: IGST @ 12%			<u>22,800</u>	1,90,000	—	—	22,800	2,12,800
May 31	Total				7,20,000	31,800	31,800	22,800	8,06,400

Notes:

- i. Only credit sales are recorded in this book, as such the cash sales on 25th May have been omitted from being recorded.
Similarly, as only the sales of goods are recorded in this book, the sales of old machinery and Computer on 28th May have been omitted from being recorded.

Part B

27.

(b) Rs.3,950

Explanation:

Calculation of profit:

closing capital	14,250
less: additional capital	200
less: opening capital	11,300
add: drawings	1,200
profit during the year	3,950

OR

(a) Capital at the end + Drawing - Fresh capital - Opening capital

Explanation:

Calculation of profit/(loss) during the year:

capital at the end of the year	***
--------------------------------	-----



Add: drawing during the year	***

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

28. (a) Rs.104000

Explanation:

adjusted purchases = opening stock + purchases- closing stock
=12000+100000-8000
=104000

29.

(d) Net Profit

Explanation:

The Profit and Loss Account shows the net profit of the company.

30. (a) Balance Sheet

Explanation:

In the final accounts, prepaid expenses are: deducted from the expense amount of the trial balance before listing it in the Income Statement. Shown as a current asset in the year-end balance sheet. only shown in the balance sheet.

OR

(c) Rs.240

Explanation:

interest = 18%of loan amount for 8 months

31.

TRADING ACCOUNT
for the year ended 31st March, 2023

Dr.				Cr.
Particulars	Amount (₹)	Particulars	Amount (₹)	
To Opening Stock		By Sales	3,50,000	
Raw Materials	40,000	Less: Sales Return	<u>3,000</u>	3,47,000
Finished Goods	70,000	By Closing Stock:		
To Purchases:	1,80,000	Raw Materials		35,000
Less: Purchases Return	<u>5,000</u>	Work-in-Process		10,000
	1,75,000	Finished Goods		55,000
To wages	65,000			
To Factory Expenses	45,000			
To Freight Inwards	10,000			
To Gross Profit c/d (Transferred to Profit and Loss A/c)	42,000			
	<u>4,47,000</u>			<u>4,47,000</u>

Note: Freight outwards, being an indirect expense, is shown in debit of Profit and Loss Account and not trading account.

32.

In the Books of Raman
Profit and Loss Account

for the year ended 31st March, 2023

Particulars	Amount (₹)	Particulars	Amount (₹)
		Interest Received	45,000
		Add: Accrued Interest	5,000
			50,000

Balance Sheet of Raman

as at 31st March, 2023

Liabilities	Amount (₹)	Assets	Amount (₹)
		Investment A/c	5,00,000
		Add: Accrued Interest	5,000
			5,05,000

33.

PROFIT & LOSS A/c

for the year ended 31st March, 2023

Dr.				Cr.
Particulars		₹	Particulars	₹
To Bad Debts	3,600			
Add: Further Bad Debts	<u>2,000</u>			
	5,600			
Add: New Provision (5% on ₹ 1,98,000 i.e. 2,00,000 - 2,000)	<u>9,900</u>			
	15,500			
Less: Old Provision	<u>(7,500)</u>	8,000		
To Provision for Discount (3% on ₹ 1,88,100 i.e., 1,98,000 - 9,900)		5,643		

BALANCE SHEET

as at 31st March, 2023

Liabilities	Amount ₹	Assets	Amount ₹
		Sundry Debtors	2,00,000
		Less: Further Bad Debts	<u>(2,000)</u>
			1,98,000
		Less: New Provision for Doubtful Debts (5% on 1,98,000)	<u>(9,900)</u>
			1,88,100
		Less: Provision for Discount (3% on 1,88,100)	<u>(5,643)</u>
			1,82,457

OR

The profit and loss (P&L) statement is a financial statement that summarizes the revenues, costs and expenses incurred during a specified period, usually a fiscal quarter or year. The P&L statement is synonymous with the income statement. These records provide information about a company's ability or inability to generate profit by increasing revenue, reducing costs or both.

- Interest on capital is shown on the debit side of the Profit & loss account and added to the capital on the liability side.
- Goods sold but omitted to be recorded is added to the sales on the credit side of the Profit & Loss account and Added to the debtors on the asset side.
- Sale of goods on approval basis is deducted from sales and added to the closing stock on the credit side of the Trading Account and deducted from debtors and added to the closing stock on the asset side.
- Goods distributed as a free sample is deducted from purchase on the debit side of the trading account and shown on the debit side of the Profit & Loss account.



In the Books of Govind
Trading and Profit & Loss Account for the year ended March 31, 2023

Dr.					Cr.
Particulars		Amount (₹)		Particulars	Amount (₹)
To Opening Stock		16,000		By Sales	42,000
To Purchases		20,000		By Closing Stock	16,000
To Wages		8,000			
To Manufacturing Expenses		1,500			
To Carriage		1,600			
To Gross Profit (B/F)		10,900			
		58,000			58,000
To Salaries		8,000		By Gross Profit	10,900
To Repairs		1,900		By Net Loss (B/F)	24,900
To Rent	4,500				
Add: Unpaid Rent	500	5,000			
To Bad Debts		5,000			
To Depreciation on:					
Plant and machinery	12,000				
Delivery Vehicle	3,900	15,900			
		35,800			35,800

Balance Sheet of Govind
as on March 31, 2023

Liabilities		Amount (₹)	Assets		Amount (₹)
Current Liabilities			Current Assets		
Sundry Creditors		49,500	Closing Stock		16,000
			Sundry Debtors		36,000
Unpaid Rent		500	Cash at Bank		26,000
Long term Liabilities and Capital			Fixed Assets		
Capital	1,90,000		Plant and Machinery	1,20,000	
Less: Drawings	(7,000)		Less: Depreciation	(12,000)	1,08,000
Less: Net Loss	(24,900)	1,58,100	Delivery Vehicle	26,000	
			Less: Depreciation	(3,900)	22,100
		2,08,100			2,08,100

OR

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

Particulars		Amount (Rs.)	Particulars		Amount (Rs.)
To Opening Stock		4,00,000	By Sales	12,75,000	
To Purchases	6,00,000		Less Returns	20,000	12,55,000

Less Returns	12,750	5,87,250	By Closing Stock		3,50,000
To Wages		1,00,000	(valued at cost or Market Value whichever is lower)		
To Freight Inwards		10,000			
To Gross Profit c/d		5,07,750			
		16,05,000 =====			16,05,000 =====
To Discount Allowed		3,500	By Gross Profit b/d		5,07,750
To Bank Charges		1,000	By Discount Received		8,000
To Salaries		70,000			
To Freight outwards		12,000			
To Rent, Rates and Taxes		20,000			
To Advertisement		20,000			
To Net Profit Transferred to Capital A/c		3,89,250			
		5,15,750 =====			5,15,750 =====

Balance Sheet

as at 31st March, 2013

Liabilities		Amount (Rs.)	Assets	Amount (Rs.)
Sundry Creditors		2,50,000	Cash at Bank	70,000
Capital			Sundry Debtors	4,50,000
Opening Balance	11,30,750		Closing Stock	3,50,000
Add Net Profit	3,89,250	15,20,000	Plant and Machinery	9,00,000
		17,70,000 =====		17,70,000 =====

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.

