

SAMPLE QUESTION PAPER - 1

Accountancy (055)

Class XI (2024-25)

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. Question 1 to 17 and 27 to 29 carries 1 mark each.
4. Questions 18 to 20 and 30 to 32 carries 3 marks each.
5. Questions from 21 to 23 carries 4 marks each.
6. Questions from 24 to 26, 33 and 34 carries 6 marks each.

Part A

1. The business documents which serves as the evidence of the business transactions are known as [1]

a) Notes	b) Source documents
c) First hand documents	d) Bills
2. **Assertion (A):** Accounting is an art as it involves recording, classifying, summarising business transactions with a view to ascertain the net profit. [1]
Reason (R): Accounting is a science since it is based on certain specified principles and accounting standards.

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. Sundry Creditors Account is a: [1]

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



4. Calculate the amount of cash if: other assets(Except Cash) = Rs.10,000 liabilities= [1]
Rs.10,000 Total Capital= Rs.5000

a)Rs.3000

b)Rs.1000

c)Rs.5000

d)Rs.10000

OR

When cash is withdrawn by proprietor, what is its impact on accounting equation?

a) Increase in assets, increase in capital

b) Decrease in assets, decrease in capital

c) Increase in assets, increase in liabilities

d) Decrease in assets, decrease in liabilities

5. Pay-in-slip is a [1]

a) Document drawn upon a specified banker and payable on demand

b) Both of these

c) Source document for having deposits made in the bank

d) Document containing account detail

6. Which stakeholder would be most interested in the earning capacity of a business firm? [1]

a) Government and other regulators

b) Customers

c) Investors

d) Suppliers

OR

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

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 A

b) Only D

c) Only B

d) Only C

7. Reserves can be meant for the purpose of: [1]

a) meeting a future contingency

b) strengthening the general financial position of the business

c) All of these

d) redeeming a long-term liability

8. Balance of Capital Account is shown as: [1]

a) Liability Account

b) Revenue Account

c) Asset account

d) Capital Account

OR

Goodwill account is a:

a) Nominal Account

b) Real Account

c) representative personal account

d) Personal Account

9. The accounting principle that conforms to the tendency of accountants to resolve uncertainty and doubt in favour of understanding assets and revenues and overstating liabilities and expenses is known as [1]

a) Consistency

b) Conservatism

c) Materiality

d) Industry practice

10. Under the Cash Basis of Accounting, expenses are recorded: [1]

a) on event

b) both payment and on being incurred

c) on being incurred

d) on payment

11. Which reserve are created for specific purpose [1]

a) Specific Reserve

b) Dividend equalization fund



c)Capital Reserves

d)Dividend fund

12. Which of the following is Revenue Expenditure? [1]
- a)Purchase of Investments b)Expenses on purchase of Machinery
- c)Building Construction Expenses d)Repair Expenses
13. The periodic total of sales return journal is posted to [1]
- a)Goods account b)Sales return account
- c)Purchases return account d)Sales account
14. Main elements of accounting equation are: [1]
- a)Bank balance, Investments and Bills Receivable b)Capital, Creditors and Bills Payable
- c)Assets, Liabilities and Capital d)Cash, Stock and Debtors
15. Out of the following assets which one is not an intangible asset? [1]
- a)Investments b)Patents
- c)Goodwill d)Trademark
- OR
- In a business **Purchases** refers to the:
- a)All of these b)Purchase of goods for resale.
- c)Purchase of an assets to be used in factory. d)Purchase of an article to be used in office.
16. The advantages of Sales Book are: [1]
- a)All of these b)Easiness in preparing Trading Account
- c)Price of goods sold to each party d)Knowledge of total price of goods sold on credit



17. Reserve created by undervaluation of closing stock is called: [1]
- a) Secret Reserve

b) Capital Reserve

c) General Reserve

d) Specific Reserve

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

OR

Ramesh purchased on credit goods for ₹ 5,00,000 Less 20% Trade Discount. As per the terms, he can deduct 4% Cash Discount if he pays the full amount within 15 days. What amount he will have to pay to avail the Cash Discount?

19. Anish of Gurugram, Haryana sold goods of ₹ 20,000 to Prakash of Noida, Uttar Pradesh. Rates of CGST and SGST are 6% each while that of IGST is 12%. Pass the Journal entry in the books of Prakash. [3]

OR

R & Co. paid professional fee to Ram, an advocate. If applicable rate of CGST and SGST is 6% each, pass the Journal entry for payment of CGST and SGST.

20. What is the difference between trade discounts and cash discounts? [3]
21. What are the objectives of preparing a trial balance? [4]
22. Mr. Goel maintains two bank accounts. Prepare his columnar cash book from the following particulars: [4]

2023		₹
May 1	Cash in hand	34,000
	Balance with PNB Bank	75,200
	Balance with SBI Bank	1,20,000
May 3	Cash drawn from SBI for office use	25,000
May 8	Sold goods to Pradhan for ₹ 80,000 and received from him ₹ 20,000 in cash and a cheque for the balance. The cheque is deposited in PNB on the 9 th and the bank credited the amount on the 15 th and debited ₹ 25 as its collection charges.	

May 12	Purchased goods for ₹ 40,000 at 20% trade discount. 25% of the amount is paid in cash and issued a cheque on SBI for the balance amount.	
May 20	Paid Wages ₹ 36,000 and Salary ₹ 4,000.	
May 22	A cheque for ₹ 50,000 is drawn on SBI and it is deposited in PNB.	
May 23	Purchased land for ₹ 3,20,000 and a cheque is issued on PNB.	
May 24	A cheque for ₹ 10,000 which was received from Mukesh and was deposited in SBI on 25 th April is dishonoured and the bank debited ₹ 100 as bank charges on this cheque. The amount of dishonoured cheque and bank charges is received from Mukesh in cash on the 25 th .	
May 26	Deposited cash ₹ 30,000 in PNB.	
May 28	Sold old typewriter for ₹ 2,000 and old newspapers for ₹ 200 in cash.	
May 30	Interest charged by PNB Bank ₹ 400.	
May 31	Bank charges by SBI Bank ₹ 180 and PNB Bank ₹ 340.	

23. On 30th June, 2023, the bank Column of Anuj's Cash Book showed a balance of ₹8,250. On examination of the Cash Book and bank statement you find that: [4]
- Out of total cheques amounting to ₹8,000 issued, cheques amounting to ₹5,800 have been presented for payment upto 30th June, 2023.
 - Out of total cheques amounting to ₹6,000 sent to bank for collection, cheques of ₹4,100 were credited in Pass Book upto 30th June, 2023.
 - On 28th June a customer deposited ₹3,500 direct in the bank account but it was entered only in the Pass Book.
 - Debit side of Anuj's Cash Book (Bank Column) has been overcast by ₹ 100.
 - No entry has been made in the Cash Book for the Rent of ₹800 paid by bankers according to Anuj's standing instructions.



vi. The Pass Book showed a credit of ₹320 for interest and a debit of ₹40 for bank charges, but these have not been entered in the Cash Book.

Prepare a Bank Reconciliation Statement as on 30th June, 2023.

OR

On checking Ram's Cash Book with the Bank Statement of his overdraft current account for the month of November, 2013, you find the following :

- i. Cash Book showed an overdraft of ₹ 45,000.
- ii. The payment side of the Cash Book had been undercast by ₹ 1,500.
- iii. A cheque for ₹ 7,500 drawn on his saving account has been shown as drawn on current account.
- iv. Cheques amounting to ₹ 70,000 drawn and entered in the Cash Book had not yet been presented.
- v. Cheques amounting to ₹ 60,000 sent to the bank for collection, though entered in the Cash Book, had not been credited by the bank.
- vi. Bank charges of ₹ 750 as per Bank Statement had not been taken into the Cash Book.
- vii. Dividends of the amount of ₹ 25,000 had been paid directly into the bank and not entered in the Cash Book.

You are required to prepare a Bank Reconciliation Statement on 30th November, 2013.

24. What is a journal? Give a specimen of journal showing at least five entries. [6]

OR

Record necessary Journal entries assuming CGST @ 5% and SGST @ 5% and all transactions are occurred within Delhi)

- i. Shobit bought goods ₹ 1,00,000 on credit
 - ii. He sold them for ₹ 1,35,000 in the same state on credit
 - iii. He paid for Railway transport ₹ 8,000
 - iv. He bought computer printer for ₹ 10,000
 - v. Paid postal charges ₹ 2000
25. Correct the following errors: (1) without Suspense Account and (2) with Suspense Account: [6]
- i. Sales Book has been totalled ₹ 8,000 short.
 - ii. Goods of ₹ 1,500 returned by Shivam & Co., have not been recorded.



- iii. Goods purchased of ₹ 2,500 was posted to debit of the supplier, Ram.
 - iv. Furniture purchased from Pink & Co., of ₹ 10,000 has been entered in Purchases Book.
 - v. Cash received from Aniket ₹ 3,500 has not been posted in his account.
- Also prepare Suspense Account.

OR

An accountant, while balancing his books found that there was a difference of ₹ 270 in the trial balance. Being required to prepare the final accounts he placed the difference to a newly opened Suspense Account, which was carried forward to the next year when the following errors were discovered:

- i. Salary for the month of March was posted twice, ₹ 155
- ii. Interest on investments collected by the bankers, were posted directly in concerned accounts through the pass book, but no entry was made in the bank column of the cash book ₹ 75
- iii. Goods worth ₹ 700 were distributed as free samples but this fact has not been taken into Books.
- iv. Rent of ₹ 350 received from Abhi credited both to Rent Account and Abhi Account.
- v. A purchase of a chair from Walmart Furniture Mart for ₹ 65 has been entered in purchases book as ₹ 56
- vi. Old Machinery sold to the proprietor Keshav for ₹ 400 was entered in Sales Book as sale to Krishna.
- vii. Cash Purchases from Ajit ₹ 189 were recorded in Cash Book as well as in Purchases Book and posted from both.
- viii. Closing Stock has been undervalued by ₹ 300

Give necessary rectifying entries and prepare the Suspense Account.

26. The following balances appear in the books of Y Ltd.:

[6]

	₹
Machinery A/c as on 1-4-2022	8,00,000
Provision for Depreciation A/c as on 1-4-2022	3,10,000

On 1-7-2022, a machinery which was purchased on 1-4-2019 for ₹ 1,20,000 was sold for ₹ 50,000 and on the same date, another machinery was purchased for ₹ 3,20,000.

The firm has been charging depreciation at 15% p.a. on Original Cost Method and



closes its books on 31st March every year. Prepare the Machinery A/c and Provision for Depreciation A/c for the year ending 31st March 2023.

OR

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

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

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

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

Part B

27. If the Opening capital is ₹60,000, drawings ₹5,000, capital introduced during the period ₹10,000, closing capital ₹90,000. The value of profit earned during the period will be: [1]
- a) ₹30,000

b) ₹20,000

c) ₹25,000

d) ₹40,000

OR

Single entry system is also known as

- a) Accounts for Real and Nominal nature

b) Accounts from Auditors

c) Accounts from complete records

d) Accounts from incomplete records
28. Revenue Expenditure means [1]
- a) Both

b) None

c) The expenditure which is incurred for the day to day running of the business

d) The amount which is incurred in acquiring or improving the value of fixed assets

29. A new firm commenced business on 1st January 2022 and purchased goods costing ₹ 90,000 during the year. A sum of ₹ 6,000 was spent on freight inward. At the end of the year (on 31st March, 2023) the cost of goods still unsold was ₹ 15,000 (Realisable value 12,000). Sales during the year was ₹ 1,20,000. What is the gross profit earned by the firm? [1]

a) ₹ 39,000

b) ₹ 36,000

c) ₹ 30,000

d) ₹ 42,000

OR

Calculate provision for doubtful debt. If debtor closing balance is Rs.3,400 and provision for the reserve of doubtful debts at 10% on sundry debtors

a) Rs.2,060

b) Rs.3,400

c) Rs.340

d) Rs.3,060

30. The following Expenses relate to a motor lorry, purchased by a limited company for its business: [3]

i. Bought an old lorry for ₹ 1,20,000 in an auction and paid ₹ 1,500 as freight and cartage.

ii. Its overhauling charges amounted to ₹ 30,000.

iii. Other Accessories were purchased for ₹ 18,000.

iv. Lorry was badly damaged in an accident and its repair cost was ₹ 42,600.

v. Compensation was paid to the person involved in accident ₹ 14,500.

vi. Lorry was sold for ₹ 1,25,000.

vii. Driver's Salary, Petrol Expenses etc. were ₹ 34,720.

Pass the necessary Journal Entries of the above and Prepare a Lorry A/c.

31. State by giving reasons whether the following items of expenditure are Capital or Revenue: [3]

i. Expenditure incurred for raising loans.

ii. Expenditure of registration of a trade mark.

iii. Carriage paid on goods purchased.

iv. Commission paid on net profit of the company to manager.

v. Travelling expenses of a director for trip abroad for purchasing capital goods.



vi. Damages on account of contract.

vii. Compensation paid to a retrenched employee.

32. Ajay started business with capital of ₹ 5,00,000 on 1st April, 2022. He introduced additional capital of ₹ 3,00,000 on 1st October, 2022. He charged interest on capital @ 10% p.a. Calculate the amount of interest on capital and show it in the final accounts. [3]

33. X who keeps incomplete records gives you the following information: [6]

ASSETS AND LIABILITIES

	1st April, 2022 (₹)	31st March, 2023 (₹)
Stock in hand	18,700	20,400
Debtors	12,000	14,000
Creditors	9,000	1,500
Bills Receivable	4,000	5,000
Bills Payable	1,000	200
Furniture	600	600
Building	12,000	12,000
Bank Balance	4,350	3,350 (Overdraft)

You are also given the following information:

- A provision of ₹ 1,450 is required for bad and doubtful debts.
- Depreciation @ 5% is to be written off on Building and furniture.
- Wages outstanding ₹ 3,000; salaries outstanding ₹ 1,200.
- Insurance has been prepaid to the extent of ₹ 250.
- Legal Expenses outstanding ₹ 700.
- Drawings of Mr. X during the year were ₹ 7,520.

Prepare a statement of Profit as on 31st March, 2023, and a final statement of affairs as at that date.

OR

A retailer had not kept proper books of account. From the details given, you are required to ascertain the Profit or Loss for the year ended 31st March, 2023 and also to prepare his Statement of Affairs as at that date:



	1 st April, 2022 (₹)	31 st March, 2023 (₹)
Stock-in-Trade	16,700	18,100
Sundry Creditors	15,400	19,200
Sundry Debtors	27,200	15,600
Cash in Hand	250	1,400
Bank Overdraft	19,200	Nil
Fixtures and Fittings	1,500	1,500
Motor Van	1,900	Nil
Bank Balance	Nil	2,900

Drawings during the year amounted to ₹ 2,400. Depreciate Fixtures and Fittings by 10%. ₹ 600 is irrecoverable from Debtors. Provide ₹ 700 for Doubtful Debts.

34. Prepare Trading and Profit and Loss Account for the year ended 31st March, 2023 and Balance Sheet as at that date from the given Trial Balance after the following adjustments: [6]

- i. Stock on 31st March, 2023 was valued at ₹ 14,000. Closing Stock includes goods costing ₹ 10,000 which were sold and recorded as sales but not delivered to the customer.
- ii. Plant and Machinery includes a machine purchased for ₹ 20,000 on 1st October, 2022.
- iii. Outstanding liabilities for Wages ₹ 1,200 and Salaries ₹ 2,800.
- iv. Depreciation @ 5% p.a. on is to be provided on all fixed assets.
- v. Write off bad debts ₹ 1,500.
- vi. Insurance premium paid in advance ₹ 400.
- vii. 80% of the commission earned was received and credited to Commission Account during the year.

Debit Balances	₹	Credit Balances	₹
Stock on 1 st April, 2022	50,000	Capital	3,20,000
Furniture	16,000	Creditors	80,000
Building	1,60,000	Purchases Return	2,000
Debtors	60,000	Commission	6,000
Drawings	20,000	Sales	4,65,600

Plant and Machinery	1,40,000	Bad Debts Recovered	1,400
Wages	24,000		
Salaries	40,000		
Bad Debts	2,000		
Purchases	2,40,000		
Electricity Charges	12,000		
Telephone Charges	4,800		
Sales Return	1,800		
Insurance Premium	3,000		
Cash in Hand	6,400		
Cash at Bank	95,000		
	8,75,000		8,75,000

OR

The following balances were extracted from the books of Garim Aggarwal on 31st March, 2013

Capital	98,000	Loan	31,520
Drawings	8,000	Sales	2,61,440
General expenses	10,000	Purchases	1,88,000
Building	44,000	Motor car	8,000
Machinery	37,360	Reserve fund	3,600
Stock	64,800	Commission (Credit)	5,280
Power	8,960	Car expenses	7,200
Taxes and insurance	5,260	Bills payable	15,400
Wages	28,800	Cash	320
Debtors	25,120	Bank overdraft	13,200
Creditors	10,000	Charity	420
Bad debts	2,200		

Stock on 31st March 2013 was valued at Rs. 23,500. Prepare the final accounts for the year ended 31st March 2013.

Solution
SAMPLE QUESTION PAPER - 1
Accountancy (055)
Class XI (2024-25)

Part A

1.
(b) Source documents
Explanation:
Source documents
2.
(b) Both A and R are true but R is not the correct explanation of A.
Explanation:
Art is the technique of achieving some pre-determined objectives and accounting is also done with some pre-determined objectives.
3. (a) Liability Account
Explanation:
Sundry Creditors are the trade payables who come under the current liability.
4.
(c) Rs.5000
Explanation:
Total Assets = Capital + liabilities
Total Assets = 5000+ 10000
Total Assets = Rs. 15000
Total Assets = Other Assets + Cash
15000 = 10,000 + Cash
Cash= 15000- 10000
Cash =Rs. 5000

OR

(b) Decrease in assets, decrease in capital
Explanation:
As drawings are made by the proprietor, it will reduce the capital as well as cash (asset).
5.
(c) Source document for having deposits made in the bank
Explanation:
When a person wants to deposit cash or cheques in his bank account he customarily fills out a slip to show the number of his account, the date, and the details of the deposit. This works as a source document for the entity.
6.
(c) Investors

Explanation:

Investors invest money in the business so they are interested in the return of the business so that they can invest money into business.

OR

(d) Only C

Explanation:

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

7.

(c) All of these

Explanation:

All of these

8.

(d) 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.

OR

(b) Real Account

Explanation:

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

9.

(b) Conservatism

Explanation:

Conservatism Principle:- According to conservatism principle accountant follows the policy of playing safe, So it removes uncertainty and doubts in favour of understating assets and overstating liabilities and expenses like, maintain provisions for doubtful debts; showing depreciation but not appreciation ignoring the provision of discount on creditors.

10.

(d) on payment

Explanation:

Under the Cash Basis of Accounting, expenses are recorded on the payment side of cash account.

11. (a) Specific Reserve

Explanation:

Specific reserves are created to meet specific purposes and contingencies. They can be utilised only for that purpose. Example: Dividend equalisation reserve, Capital redemption reserve .

12.

(d) Repair Expenses



Explanation:

Repair Expenses

13.

(b) Sales return account

Explanation:

Sales return account

14.

(c) Assets, Liabilities and Capital

Explanation:

Assets, Liabilities and Capital

15. **(a)** Investments

Explanation:

Investments is not an intangible assets.

OR

(b) Purchase of goods for resale.

Explanation:

Purchase of goods for resale.

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

Explanation:

All of these

17. **(a)** Secret Reserve

Explanation:

Secret Reserve

18. 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

	₹
Purchase Amount	5,00,000
Less: Trade Discount @ 20%	1,00,000
Net purchase	4,00,000
Less: Cash Discount @ 4% on ₹ 4,00,000	(16,000)
Amount to be paid	3,84,000

Cash discount is shown in books and is availed if condition fulfills.

19.	Particulars		Dr. (₹)	Cr. (₹)
	Purchase A/c	Dr.	20,000	
	Input IGST A/c	Dr.	2,400	

To Anish's A/c (Goods purchased from Anish on credit)		22,400
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OR

Particulars		Dr.(₹)	Cr.(₹)
Legal fee A/c	Dr.		
Input CGST A/c	Dr.		
Input SGST A/c	Dr.		
To Cash A/c			

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

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

21. Objectives of preparing a trial balance are as follows:

- i. Ascertain the arithmetical accuracy of ledger accounts: The trial balance helps to ascertain whether all the debits and credits are properly recorded in the ledger. If the debit and the credit balances are equal, it is said that the posting and the balancing of the accounts are arithmetically correct. However, the tallying of the trial balance cannot be considered as conclusive proof of the accuracy of the books since some errors remain sometimes.
- ii. Helps in identifying errors: Trial balance helps in identifying the errors in bookkeeping work. The error may occur at any one of the stages of an accounting process such as totalling of the subsidiary books, posting of journal entries in the ledger, calculating account balances, carrying account balances to the trial balance and totalling the trial balance columns.
- iii. Assists in the preparation of the financial statements: A trial balance is a statement with the record of debit and credit balances of all ledger accounts which helps in the preparation of the financial statements. Hence, it is considered as a connecting link between the accounting records and the preparation of financial statements. Trial balance is useful for further processing.

22. **CASH BOOK**

Dr.						Cr.					
Date	Particulars	L.F.	Cash (₹)	PNB Bank (₹)	SBI Bank (₹)	Date	Particulars	L.F.	Cash (₹)	PNB Bank (₹)	SBI Bank (₹)

2023						2023					
May 1	To Balance b/d		34,000	75,200	1,20,000	May 3	By Cash A/c	C			25,000
3	To Bank A/c	C	25,000			12	By Purchases A/c		8,000		24,000
8	To Sales A/c		20,000			15	By Collection Charges A/c			25	
9	To Cheques-in-hand A/c	C		60,000		20	By Wages A/c		36,000		
22	To SBI Bank A/c			50,000		20	By Salary A/c		4,000		
25	To Mukesh A/c		10,100			22	By PNB Bank A/c				50,000
26	To Cash A/c	C		30,000		23	By Land A/c			3,20,000	
28	To Office Equipments A/c		2,000			24	By Mukesh A/c				10,100
28	To Sundry Income A/c		200			26	By PNB Bank A/c	C	30,000		
31	To Balance c/d			1,05,565		30	By Interest A/c			400	
						30	By Bank Charges A/c			340	180
			_____	_____	_____	31	By Balance c/d		<u>13,300</u>		<u>10,720</u>
			91,300	3,20,765	1,20,000				91,300	3,20,765	1,20,000
June 1	To Balance b/d		13,300		10,720	June 1	By Balance b/d			1,05,565	

Working Note:

JOURNAL ENTRY

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
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2023				
May 8	Cheques-in-hand A/c	Dr.	60,000	
	To Pradhan's A/c (cheque received from Pradhan)			60,000

Only cash and bank transactions are recorded in the respective column of the cash book.

23.

BANK RECONCILIATION STATEMENT

as on 30th June 2023

Particulars	Plus Items	Minus Items
	₹	₹
Balance as per Cash Book (Dr.)	8,250	
Add : (i) Cheques issued but not presented for payment upto 30th June, 2023 (₹8,000 - ₹5,800)	2,200	
(ii) Direct deposit by a customer in the bank	3,500	
(iii) Interest credited by bank	320	
Less : (i) Cheques sent for collection but not credited by the bank upto 30th June 2023 (₹6,000 - ₹4,100)		1,900
(ii) Debit side of the Cash Book overcast		100
(iii) Rent paid by bank according to standing instructions		800
(iv) Bank Charges		40
	14,270	2,840
Balance as per Pass Book. (Cr.)	11,430	

In the above illustration, it has not been clearly stated whether the Cash Book balance given at the start is a debit or credit balance. Hence, it will be treated as debit balance.

When opening balance of cash book is given all the rectification is done only in cash book not pass book.

OR

Bank Reconciliation Statement

as on 30th November 2013

Particulars	Plus Items (₹)	Minus Items (₹)
Bank Overdraft Balance as per Cash Book		45,000
Payment side of Cash Book is undercast		1,500
Cheque is drawn on saving account wrongly shown on the current account	7,500	
Cheques issued but not yet presented for payment	70,000	
Cheques paid into bank but not yet credited		60,000

Bank Charges debited by the bank		750
Direct payment of dividend into a bank account	25,000	
	1,02,500	1,07,250
Bank Overdraft Balance as per Pass Book (₹ 1,07,250 - ₹ 1,02,500)		4,750

24. A journal is a book of original entries that records transactions as they take place, such an entry into the journal must contain a source document. Maintaining a journal ensures all transactions are recorded and in one place and debit and credit for each transaction are linked properly. A journal consists of the following sections:

- Business started with cash ₹ 10,000
- Goods purchased from Ramesh for ₹ 2,000
- Stationary purchased for cash for ₹ 200
- Opened a bank account for ₹ 3,000
- Goods sold to Sakshi for ₹ 1,000
- Received a cheque of ₹ 1,000 from Suresh

Journal Entry

Date	Particulars	L.F	Debit (₹)	Credit (₹)
	Cash A/c Dr.		10,000	
	To Capital A/c			10,000
	(Business started with cash)			
	Purchases A/c Dr.		2,000	
	To Ramesh A/c			2,000
	(Goods purchased on credit)			
	Stationary A/c Dr.		2,00	
	To Cash A/c			2,00
	(Purchase of Stationary for cash)			
	Bank A/c Dr.		3,000	
	To Cash A/c			3,000
	(Opened a bank account)			
	Sakshi A/c Dr.		1,000	
	To Sales A/c			1,000
	(Goods sold to Suresh on credit)			
	Bank A/c Dr.		1,000	
	To Suresh A/c			1,000
	(Cheque received from Suresh)			
	Total c/f		17,200	17,200

OR
Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(i)	Purchases A/c	Dr.	1,00,000	
	Input CGST A/c	Dr.	5,000	
	Input SGST A/c	Dr.	5,000	
	To Creditors A/c			1,10,000
	(Goods bought on credit)			
(ii)	Debtors A/c	Dr.	1,48,500	
	To Sales A/c			1,35,000
	To Output CGST A/c			6,750
	To Output SGST A/c			6,750
	(Goods sold on credit)			
(iii)	Transport Charges A/c	Dr.	8,000	
	Input CGST A/c	Dr.	400	
	Input SGST A/c	Dr.	400	
	To Bank A/c			8,800
	(transport charges paid)			
(iv)	Computer printer A/c	Dr.	10,000	
	Input CGST A/c	Dr.	500	
	Input SGST A/c	Dr.	500	
	To Bank A/c			11,000
	(Computer-Printer bought)			
(v)	Postal charges A/c	Dr.	2,000	
	Input CGST A/c	Dr.	100	
	Input SGST A/c	Dr.	100	
	To Bank A/c			2,200
	(Paid for Portage)			
(vi)	Output CGST A/c	Dr.	6,750 ³	
	Output SGST A/c	Dr.	6,750 ⁴	
	To Input CGST A/c			6,000 ¹
	To Input SGST A/c			6,000 ²
	To Electronic Cash Ledger A/c			1,500



	(GST set off and balance paid)				
--	--------------------------------	--	--	--	--

Working Notes :-

Total Input CGST = ₹ 5,000 + ₹ 400 + ₹ 500 + ₹ 100 = ₹ 6,000¹

Total Input SGST = ₹ 5,000 + ₹ 400 + ₹ 500 + ₹ 100 = ₹ 6,000²

Total Output CGST = ₹ 6,750³

Total Output SGST = ₹ 6,750⁴

Net CGST Payable = ₹ 6,750 - ₹ 6,000 = ₹ 750

Net SGST Payable = ₹ 6,750 - ₹ 6,000 = ₹ 750

25. I. Without Suspense Account:

- i. 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”
- ii. 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)			

- iii. 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”.
- iv. 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)			

- v. 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:

- i. One should note that the opening balance in the Suspense Account will be equal to the difference in the Trial Balance.
- ii. 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.

OR

RECTIFYING JOURNAL ENTRIES

S. No.	Particulars		L.F.	Dr. (₹)	Cr. (₹)
(i)	Suspense A/c	Dr.		155	

	To Salary A/c				155
	(Salary posted twice in the books now rectified)				
(ii)	Bank A/c	Dr.		75	
	To Suspense A/c				75
	(Interest collected by the bank not entered in Cash Book now rectified)				
(iii)	Advertisement or Free Samples A/c	Dr.		700	
	To Purchases A/c				700
	(Goods distributed as free samples not recorded in the books now rectified)				
(iv)	Abhi A/c	Dr.		350	
	To Suspense A/c				350
	(Rent received wrongly credited to Abhi Account now rectified)				
(v)	Furniture A/c	Dr.		65	
	To Purchases A/c				56
	To Wallmart Furniture Mart A/c				9
	(Furniture purchased wrongly entered in the purchase book with the wrong amount now rectified)				
(vi)	Drawings A/c	Dr.		400	
(a)	To Machine A/c				400
	(Old Machinery sold to Proprietor recorded)				
(vi)	Sales A/c	Dr.		400	
(b)	To Krishna A/c				400
	(Sale of machinery wrongly debited to Krishna's Account reversed)				
(vii)	No rectification entry to be passed since correct entry is entered				
(viii)	Closing Stock A/c	Dr.		300	
	To Trading A/c				300
	(Under-valuation of stock corrected)				

SUSPENSE ACCOUNT

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

To Difference in Trial Balance (Balancing Figure)		270	By Bank A/c		75
To Salary A/c		155	By Abhi		350
		425			425

26. **MACHINERY ACCOUNT**

Dr.			Cr.		
Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
2022			2022		
Apr. 01	Balance b/d (6,80,000 + 1,20,000)	8,00,000	July 01	Provision for Depreciation A/c	58,500
July 01	Bank A/c	3,20,000	July 01	Bank A/c (Sale)	50,000
			July 01	Profit and Loss A/c (Loss on Sale)	11,500
			2023		
			Mar. 31	Balance c/d	10,00,000
		<u>11,20,000</u>			<u>11,20,000</u>

PROVISION FOR DEPRECIATION ACCOUNT

Dr.			Cr.		
Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
2022			2022		
July 01	To Machinery		April 1	By Balance b/d	3,10,000
	(54,000 + 4,500)	58,500	2022		
			July 01	By Depreciation A/c ($1,20,000 \times \frac{15}{100} \times \frac{3}{12}$)	4,500
			2023		
			Mar. 31	By Depreciation A/c I. ($6,80,000 \times \frac{15}{100}$)	1,02,000
				II. ($3,20,000 \times \frac{15}{100} \times \frac{9}{12}$)	36,000
2023					
March 31	To Balance b/d	3,94,000			
		<u>4,52,500</u>			<u>4,52,500</u>

Working Note:-

Value of Machinery = ₹ 6,80,000 + ₹ 1,20,000 = ₹ 8,00,000

Calculation of Profit and Loss on Sale of machinery:

Particulars	Amount
Value of Machinery on Apr. 01, 2019	1,20,000
Less: Depreciation for 3 years 3 months	58,500
Value of Machinery July 01, 2022	61,500
Less: Sale Value	50,000
Loss on Sale	11,500

Calculation of Depreciation:-

₹ 6,80,000 × 15% = ₹ 1,02,000

₹ 1,20,000 × 15% × $\frac{3}{12}$ = ₹ 4,500

₹ 1,20,000 × 15% × 3 years = ₹ 54,000

₹ 3,20,000 × $\frac{15}{100}$ × $\frac{9}{12}$ = 36,000

OR

MACHINERY ACCOUNT

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

MACHINERY DISPOSAL ACCOUNT

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

PROVISION FOR DEPRECIATION ACCOUNT

Dr.	Cr.
-----	-----

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

Working Note:

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

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

Part B

27.

(c) ₹25,000

Explanation:

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

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

Profit = 25,000.

OR

(d) Accounts from incomplete records

Explanation:

every transaction in single entry system has only one effect. only personal and real account are there in single entry system. nominal account is not there.

28.

(c) The expenditure which is incurred for the day to day running of the business

Explanation:

revenue expenditure are the expenses incurred to match the revenue. these are the expenses which are done to run the day to day business.

29.

(b) ₹ 36,000

Explanation:

Gross Profit = Total Sales - (Cost of goods + Freight - Unsold goods)

Gross Profit = ₹ [1,20,000 - (90,000 + 6,000 - 12,000)]

= ₹ 36,000

OR

(c) Rs.340

Explanation:

Amount of Provision for doubtful debts = 10% of 3,400 = 340

30.

Journal Entry

Date	Particulars	L.F.	Amount (Dr.)	Amount (Cr.)
	Lorry A/c Dr.		1,21,500	
	To Bank			1,21,500
	(Lorry Purchased)			
	Lorry A/c Dr.		30,000	
	To Bank			30,000
	(overhauling charged to Lorry)			
	Lorry A/c Dr.		18,000	
	To Bank			18,000
	(Related to Lorry)			
	Repair A/c Dr.		42,600	
	To Bank			42,600
	(due to accident)			
	Compensation A/c Dr.		14,500	
	To Bank			14,500

	(Compensation paid to person)			
	Bank A/c	Dr.	1,25,000	
	To Lorry			1,25,000
	(Lorry sold)			
	Expense A/c	Dr.	34,720	
	To Bank			34,720
	(expense paid related Driver etc.)			

Lorry A/c

Particulars	Amount (₹)	Particulars	Amount (₹)
To Bank	1,21,500		
To Bank	30,000		
To Bank	18,000	By Bank	1,25,000
		By Loss on sale of Lorry	<u>44,500</u>
	1,69,500		1,69,500

31.
- i. Capital expenditure, reason its benefit exhaust more than a accounting period.

ii. Capital expenditure, reason expense related to registration is added to cost of trade mark.

iii. Revenue expenditure, reason its a normal course of business activity.

iv. Revenue expenditure, reason Its a operating expense.

v. Capital expenditure, reason it's included in the cost of capital goods.

vi. Revenue expenditure, reason it's a normal course of business expense.

vii. Revenue expenditure, reason it's a operating expense.

32.

In the Books Ajay

Profit and Loss Account for the year ended 31st March

Particulars	Amount (₹)	Particulars	Amount (₹)
To Interest on Capital (50,000+15,000)	65,000		

Balance Sheet

Liabilities	Amount (₹)	Assets	Amount (₹)
Capital	8,00,000		
Add: Interest on Capital	<u>65,000</u>	8,65,000	

Working Note:-

Calculation of Interest on Capital:-

$\text{₹ } 5,00,000 \times \frac{10}{100} = \text{₹ } 50,000$

$\text{₹ } 3,00,000 \times \frac{10}{100} \times \frac{6}{12} = \text{₹ } 15,000$

Total Interest on Capital = ₹ 50,000 + ₹ 15,000

Total Interest on Capital = ₹ 65,000

STATEMENT OF AFFAIRS
as on 1 April, 2022

Dr.			Cr.
Liabilities	Amount (₹)	Assets	Amount (₹)
Bills Payable	1,000	Cash at Bank	4,350
Creditors	9,000	Stock	18,700
Capital (Balancing Figure)	41,650	Debtors	12,000
		Bills Receivable	4,000
		Furniture	600
		Building	12,000
	51,650		51,650

STATEMENT OF AFFAIRS
as on March 31, 2023

Liabilities	Amount (₹)	Assets	Amount (₹)
Bills Payable	200	Stock	20,400
Creditors	1,500	Debtors	14,000
Bank Overdraft	3,350	Bills Receivable	5,000
Capital (Balancing Figure)	46,950	Furniture	600
		Building	12,000
	52,000		52,000

Statement of Profit or Loss
for the year ended March 31, 2023

Particulars	Amount (₹)
Capital at the end of the year	46,950
Add: Drawings made during the year	<u>7,520</u>
Adjusted capital at the end of the year	54,470
Less: Capital in the beginning of the year	<u>41,650</u>
Profit Before Adjustment	12,820
Less: Depreciation on Furniture	30
Less: Depreciation on Building	600
Less: Provision for Doubtful Debts	1,450
Less: Outstanding Wages	3,000
Less: Outstanding Salaries	1,200
Less: Outstanding Legal Expenses	700

Add: Prepaid Insurance	250
Profit made during the year	6,090

Final Statement of Affairs
as on March 31, 2023

Liabilities		Amount (₹)	Assets		Amount (₹)
Creditors		1,500	Prepaid Insurance		250
Opening Capital	41,650		Bills Receivable		5,000
Add: Net Profit	6,090		Stock		20,400
Less: Drawings	7,520	40,220	Furniture	600	
Outstanding Wages		3,000	Less: Depreciation	30	570
Outstanding Salaries		1,200	Debtors	14,000	
Bills Payable		200	Less: Provision for Bad Debts	1,450	12,550
Bank Overdraft		3,350	Building	12,000	
Outstanding Legal Expenses		700	Less: Depreciation	600	11,400
		50,170			50,170

Statement of affairs is like balance sheet of company. It is prepared to know capital of business. It is prepared when books of accounts of business are incomplete and accountant wants to know full details.

OR
STATEMENT OF AFFAIRS
as at 1st April, 2022

Liabilities	₹	Assets	₹
Sundry Creditors	15,400	Cash in Hand	250
Bank Overdraft	19,200	Sundry Debtors	27,200
Capital (Balancing Figure)	12,950	Stock-in-Trade	16,700
		Fixtures and Fittings	1,500
		Motor Van	1,900
	47,550		47,550

STATEMENT OF AFFAIRS (BEFORE ADJUSTMENTS)
as at 31st March, 2023

Liabilities	₹	Assets	₹
Sundry Creditors	19,200	Cash in Hand	1,400
Capital (Balancing Figure)	20,300	Cash at Bank	2,900
		Sundry Debtors	15,600
		Stock-in-Trade	18,100

		Fixtures and Fittings	1,500
	39,500		39,500

STATEMENT OF PROFIT OR LOSS
for the year ended 31st March, 2023

Particulars	₹
Capital on 31 st March, 2023	20,300
Add: Drawings during the year	2,400
	22,700
Less: Capital on 1 st April, 2022	12,950
Gross Profit made during the year	9,750

PROFIT AND LOSS ACCOUNT
for the year ended 31st March, 2023

Dr.			Cr.
Particulars	₹	Particulars	₹
To Depreciation on Fixtures and Fittings	150	By Gross Profit	9,750
To Bad Debts	600		
To Provision for Doubtful Debts	700		
To Net Profit transferred to Capital A/c	8,300		
	9,750		9,750

STATEMENT OF AFFAIRS (AFTER ADJUSTMENTS)
as at 31st March, 2023

Liabilities		₹	Assets		₹
Sundry Creditors		19,200	Cash in Hand		1,400
Capital	12,950		Cash at Bank		2,900
Add: Net Profit	<u>8,300</u>		Sundry Debtors	15,600	
	21,250		Less: Bad Debts	<u>600</u>	
Less: Drawings	<u>2,400</u>	18,850		15,000	
			Less: Provision for Doubtful Debts	<u>700</u>	14,300
			Stock-in-Trade		18,100
			Fixtures and Fittings	1,500	
			Less: Depreciation	<u>150</u>	1,350
		38,050			38,050

34.

TRADING AND PROFIT AND LOSS ACCOUNT
for the year ended 31st March, 2023

Dr.						Cr.
Particulars		₹	Particulars			₹
To Opening Stock		50,000	By Sales	4,65,600		
To Purchases	2,40,000		Less: Sales Return	<u>1,800</u>		4,63,800
Less: Purchases Return	<u>2,000</u>	2,38,000	By Closing Stock	14,000		
To Wages	24,000		Less: Goods sold but not delivered	<u>10,000</u>		4,000
Add: Outstanding Wages	<u>1,200</u>	25,200				
To Gross Profit c/d (Transferred to Profit and Loss A/c)		1,54,600				
		4,67,800				4,67,800
To Salaries	40,000		By Gross Profit b/d			1,54,600
Add: Outstanding Salaries	<u>2,800</u>	42,800	By Commission	6,000		
To Bad Debts	2,000		Add: Accrued Commission	1,500		7,500
Add: Further Bad Debts	<u>1,500</u>	3,500	By Bad Debts Recovered			1,400
To Electricity Charges		12,000				
To Telephone Charges		4,800				
To Insurance Premium	3,000					
Less: Prepaid Insurance	<u>400</u>	2,600				
To Depreciation on:						
Plant and Machinery*	6,500					
Furniture ($\text{₹ } 16,000 \times \frac{5}{100}$)	800					
Building ($\text{₹ } 1,60,000 \times \frac{5}{100}$)	<u>8,000</u>	15,300				
To Net Profit transferred to Capital A/c		82,500				
		1,63,500				1,63,500

*Depreciation on Plant and Machinery @ 5% p.a.:

On ₹ 1,20,000 ($\text{₹ } 1,20,000 \times \frac{5}{100}$) = 6,000

On ₹ 20,000 (for six months, i.e., $\text{₹ } 20,000 \times \frac{5}{100} \times \frac{6}{12}$) = 500
= **6,500**

BALANCE SHEET as at 31st March, 2023

Liabilities	₹	Assets	₹
Creditors	80,000	Cash in Hand	6,400
Wages Outstanding	1,200	Cash at Bank	95,000

Salaries Outstanding	2,800	Prepaid Insurance	400
Capital		Accrued Commission (Note)	1,500
Opening Balance	3,20,000	Debtors	60,000
Add: Net Profit	<u>82,500</u>	Less: Bad Debts	<u>1,500</u>
	4,02,500	Closing Stock	4,000
Less: Drawings	<u>20,000</u>	Plant and Machinery	1,40,000
	3,82,500	Less: Depreciation	<u>6,500</u>
		Furniture	16,000
		Less: Depreciation	<u>800</u>
		Building	1,60,000
		Less: Depreciation	<u>8,000</u>
	4,66,500		4,66,500

Note: 80% of Commission earned is received. It means 20% of commission earned has accrued but not received. it is calculated as follows:
 Let Total Commission Earned during the year be x. It means 80% of x = ₹ 6,000 or $x = ₹ 6,000 \times \frac{100}{80}$
 = ₹ 7,500.
 Accrued Commission = 20% of ₹ 7,500 = ₹ 1,500.

OR

In the books of Garrim Agarwal
Trading And Profit & Loss Account

Particulars	Amount (Rs)	Particulars	Amount (Rs)
To Opening Stock	64,800	By Sales	2,61,440
To Purchase	1,88,000	By Closing Stock	23,500
To Power	8,960	By Gross Loss	5,620
To Wages	28,800		
	2,90,560 =====		2,90,560 =====
To Gross Loss	5,620	By Commission	5,280
To General expense	10,000	By Net Loss	25,420
Taxes and insurance	5,260		
To Bad Debts	2,200		
To Car expense	7,200		
To Charity	420		
	30,700		30,700

Particulars	Amount (Rs)	Particulars	Amount (Rs)
	=====		=====

Balance Sheet

Liability	Amount (Rs)	Asset	Amount (Rs)
Capital 98,000		Closing Stock	23,500
Less Drawings 8,000		Building	44,000
Less Net Loss , 25,420	64,580	Machine	37,360
Creditors	10,000	Debtors	25,120
Reserve fund	3,600	Loan	31,520
Bills Payable	15,400	Motor Car	8,000
Bank Overdraft	13,200	Cash	320
	1,69,820 =====		1,69,820 =====