

- 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) (iii), (i), (ii)

b) (iii), (ii), (i)

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

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

OR

Which equation is incorrect out of the following:

a) Liabilities = Assets - Capital

b) Assets = Liabilities - Capital

c) Assets = Liabilities + Capital

d) Capital = Assets - Liabilities

5. When a trader sells goods on credit, he prepares a sale _____ which contains the name of the party to whom goods are sold, the rate, quantity and the total amount of sale. [1]

a) both bill and invoice

b) bill

c) memo

d) invoice

6. Cost of Goods Manufactured is determined by: [1]

a) Cost Accounting

b) Human Resource Accounting

c) Financial Accounting

d) Management Accounting

OR

Book Keeping and Accounting:

- i. means the same and are used interchangeably.
- ii. does not mean the same and are not used interchangeably.
- iii. means both (i) and (ii).
- iv. None of these.

a) Statement (i) is correct

b) Statement (iv) is correct

- c) Both statement (i) and (ii) is correct
d) Statement (ii) is correct

7. Profit on sale of fixed asset is used to create: [1]
- a) Capital Reserve
b) Specific Reserve
c) Reserve Capital
d) General Reserve
8. Debit mean [1]
- a) a decrease in asset
b) an increase in the proprietor's equity
c) an increase in asset
d) an increase in liability
- OR
- Withdrawal of cash from the business by the proprietor is credited to:
- a) Drawing A/c
b) Profit and Loss A/c
c) Capital A/c
d) Cash A/c
9. Income is measured on the basis of: [1]
- a) Consistency Concept
b) Cost Concept
c) revenue recognition
d) Matching Concept
10. Recognition of cost in the same period as associated revenues is called _____. [1]
- a) Dual aspect principle
b) Cost principle
c) Matching principle
d) Full disclosure principle
11. Reserves are important because they help in: [1]
- A. meeting the future contingencies
B. strengthening the financial position of the business
C. redemption of liabilities like debenture
- a) (A)
b) All of these
c) (B)
d) (C)

18. What do you mean by posting? [3]

OR

Exe Co. has purchased 50 computers from HCL and is allowed a discount of ₹10,000 for purchase thereof. Is the discount allowed Trade Discount or a Cash Discount? How will you record it in the books of account?

19. Explain any three points highlighting the utility of accounting standards. [3]

OR

Give two advantages of GST.

20. Distinguish between expenses and expenditure. [3]

21. The following are the balances extracted from the books of Amit. Prepare a Trial Balance as on 31st March, 2023: [4]

	₹		₹
Cash	2,000	Sundry Creditors	40,000
Capital	80,000	Investment	8,000
Purchases	85,000	Plant and Machinery	15,000
Sales	1,08,400	Building	20,000
Purchases Return	6,000	Furniture	6,000
Sales Return	4,000	Electricity	700
Transportation	1,800	Postage	400
Discount Allowed	500	Drawings	8,000
Printing	5,000	Salaries	6,000
Sundry Debtors	70,000	Travelling Expenses	2,000
Input CGST A/c	2,500	Output CGST A/c	1,500
Input SGST A/c	2,500	Output SGST A/c	1,500
Input IGST A/c	4,000	Output IGST A/c	6,000

22. Enter the following transaction in a two column cash book [4]

2013		Amt (Rs.)
Feb 1	Cash in hand	75,000
Feb 5	Paid to Kartik	15,000

	Discount allowed by Kartik	500
Feb 8	Goods purchased	20,000
Feb 10	Received from Parth	49,000
	Discount allowed to Parth	1,000
Feb 16	Goods sold	20,000
Feb 21	Paid to Aroha	14,750
	Discount allowed by him	250
Feb 28	Paid wages for the month	25,000
	Paid in full settlement of Rs. 20,000 to Amit	19,500

23. The cash book shows a bank balance of ₹ 7,800. On comparing the cash book with the passbook the following discrepancies were noted: [4]

- i. Cheque deposited in bank but not credited ₹ 3,000
- ii. Cheque issued but not yet present for payment ₹ 1,500
- iii. An insurance premium paid by the bank ₹ 2,000
- iv. Bank interest credit by the bank ₹ 400
- v. Bank charges ₹ 100
- vi. Directly deposited by a customer ₹ 4,000

OR

Govind maintains his Current Account with HDFC Bank. On 31st March, 2023, the bank column of Cash Book showed an overdraft of ₹ 42,000 in his Current Account. From the following particulars, prepare Bank Reconciliation Statement as on 31st March, 2023:

- i. A cheque of ₹ 1,040 deposited was dishonoured and bank charges debited in the Pass Book were ₹ 110. It was not recorded in the Cash Book.
- ii. Out of the total cheques of ₹ 1,00,000 issued, cheques aggregating ₹ 30,000 were debited in March, cheques aggregating ₹ 40,000 were debited in April, and the rest have not yet been debited.
- iii. Payments side of the Cash Book is undercast by ₹ 3,000.
- iv. A cheque of ₹ 4,000 received from Om on 20th March, 2023 was recorded in the discount column of the Cash Book and was not banked.

v. ₹ 80 for bank charges were recorded two times in the Cash Book whereas bank levied annual charges of ₹ 70, which were not recorded in the Cash Book.

24. 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

Following transactions of Ramesh for April, 2018 are given below. Journalise them.

2018		Rs.
Apr 1	Ramesh started business with cash	1,00,000
Apr 2	Paid into bank	20,000
Apr 3	Bought goods for cash	50,000
Apr 4	Drew cash from bank for office use	10,000
Apr 13	Sold goods in Krishna on credit	15,000
Apr 20	Bought goods from Shyan on credit	22,500
Apr 24	Received from Krishna	12,500
	Allowed him discount	500
Apr 28	Paid cash to Shyam	21,500

	Discount received	1,000
Apr 28	Krishna returned goods	2,000
Apr 30	Cash sales for the month	80,000
Apr 30	Paid rent	5,000
Apr 30	Paid salary	10,000

25. Rectify the following errors identified in the books of Goel. The Trial Balance did not match, ₹ 14,930 being excess credit. The difference was placed in Suspense Account: [6]

- i. An amount of ₹ 100 was received from Das on 31st March, 2023 but was entered in the Cash Book on 4th April, 2023.
- ii. Returns Inward Book for March was short casted by ₹ 1,000.
- iii. Purchase of an office table for ₹ 3,000 was passed through the Purchases Book.
- iv. ₹ 3,750 paid for wages to workmen for making showcases was charged to the Wages Account.
- v. Purchase of ₹ 670 was posted to Creditor's Account as ₹ 600.
- vi. A cheque for ₹ 200 received from Kuldeep was dishonoured and was debited to the 'Printing and Stationery Account'.
- vii. ₹ 10,000 paid for purchase of a motorcycle was debited to 'Miscellaneous Expenses Account'.
- viii. An amount of ₹ 10,000 owed by Danish was omitted from Sundry Debtors.
- ix. Daman paid ₹ 6,700 but her account was wrongly credited with ₹ 10,700.

OR

A Book-keeper finds that the totals of his trial balance disagree by ₹ 2,800. He temporarily debits a Suspense Account with this amount and closes the books. On an examination of the books, the following errors are discovered:

- i. The total of Purchase Return Book ₹ 710 was posted Twice.
- ii. Goods costing ₹ 800 were distributed as free samples but no entry was passed in the books.
- iii. Purchase of Machinery for ₹ 5,600 on credit was recorded in Purchase Book as ₹ 6,500.
- iv. Cash Sales to Roshan Gupta for ₹ 1,200 were recorded in Cash Book as well as in Sales Book and were posted from both.

- v. Closing Stock has been overvalued by ₹ 1,500.
- vi. Sales Return Book was untotaled, though personal accounts were posted ₹ 1,580.
- vii. No entries have been made in the Cash Book for the Insurance Premium directly paid by bank ₹ 700 and interest charged on overdraft ₹ 320.
- viii. A sum of ₹ 200 for Drawings on the Credit Side of Cash Book was not posted to the Drawings account.

Pass entries to rectify the above errors. Close the Suspense Account already opened.

26. On 1st July, 2020, X Ltd. purchased a machinery for ₹ 15,00,000. Depreciation is provided @ 20% p.a. on the original cost of the machinery and books are closed on 31st March each year. On 31st May, 2022, a part of this machine purchased on 1st July 2020 for ₹ 3,60,000 was sold for ₹ 2,40,000 and on the same date new machinery was purchased for ₹ 4,20,000. You are required to prepare: [6]
- a. Machinery Account,
 - b. Provision for Depreciation Account, and
 - c. Machinery Disposal Account

OR

On 1st October 2014, Bansal Pvt. Ltd. purchased machinery for Rs 12,00,000. On 31st May, 2016, a part of the machinery purchased on 1st October 2014 for Rs 1,60,000 was sold for Rs 60,000. On the same date, fresh machinery was purchased for Rs 3,00,000. Depreciation is provided at 20% per annum on the written down value method and the books are closed on 31st March each year. You are required to prepare (a) Machinery Account, (b) Provision for Depreciation Account, and (c) Machinery Disposal Account.

Part B

27. Single Entry System of book keeping is: [1]
- a) Inaccurate
 - b) Unscientific
 - c) Unsystematic
 - d) All of these

OR

Commission received in advance is to be shown in statement of affairs on

- a) Liabilities side
- b) Total assets
- c) Total liabilities
- d) Cash balance

ii. Accrued Interest

33. Mr. Muneesh maintains his books of accounts from incomplete records. His books provide the information: [6]

	April. 01, 2016 (₹)	March. 31, 2017 (₹)
Cash	1,200	1,600
Bills receivable	-	2,400
Debtors	16,800	27,200
Stock	22,400	24,400
Investment	-	8,000
Furniture	7,500	8,000
Creditors	14,000	15,200

He withdrew ₹ 300 per month for personal expenses. He sold his investment of ₹ 16,000 at 2% premium and introduced that amount into business.

OR

What is meant by single entry system of accounts and give any three salient features.

34. The following Trial Balance has been extracted from the books of Shri Sanjay Kumar as at 31st March, 2023: [6]

	Dr. ₹	Cr. ₹
Plant and Machinery	1,00,000	
Furniture	12,000	
Capital Account		1,91,000
Household Expenses	16,000	
Sales		4,68,000
Loose Tools	20,000	
Goodwill	10,000	
Opening Stock (1-4-2022)	20,000	
Returns Outward		4,000
Discount		6,000
Purchases	2,12,000	

Returns Inwards	8,000	
Wages	1,00,000	
Salaries	60,000	
Outstanding Salaries		5,000
Investments at 10% p.a.	6,000	
Interest on Investments		300
Sundry Creditors		24,000
Miscellaneous Receipts		2,000
Carriage Inwards	12,000	
General Expenses and Insurance	39,000	
Advertisement Expenses	15,000	
Postage	4,000	
Sundry Debtors	56,000	
B. Bhuwan	2,000	
Cash Balance	14,000	
Bank		3,200
Suspense Account		2,500
	7,06,000	7,06,000

The following additional information is available:-

- i. Stock on 31st March, 2023 was ₹ 30,800.
- ii. Depreciation is to be charged on Plant and Machinery at 5% and Furniture at 6%. Loose Tools are revalued at ₹ 16,000.
- iii. Create a provision of 2% for Discount on Debtors.
- iv. Salary of ₹ 2,000 paid to Shri B. Bhuwan, a temporary employee, stands debited to his personal account and it is to be corrected.
- v. Write off $\frac{1}{5}$ th of advertisement expenses.

You are to prepare Trading and Profit & Loss Account for the year ended 31st March, 2023 and a Balance Sheet as at that date.

OR

From the following trial balance, prepare the trading and profit and loss account for the year ended 31st March, 2013 and the balance sheet as at that date.

Name of Accounts	Amt(Rs)	Name of Accounts	Amt(Rs)
Salaries	20,446	Sales	1,32,840
Bills receivable	12,754	Capital	1,00,000
Investments	80,000	Provision for doubtful debts	5,000
Furniture	24,000	10% Loan (1st October, 2012)	20,000
Opening stock	9,000	Discount received	800
Purchases	60,000	Sundry creditors	18,600
Sundry debtors	40,000	Bills payable	10,000
Interest on loan	800	Outstanding salaries	1,000
Insurance premium	1,800	Bad debts recovered	400
Wages	9,200	Interest on investments	4,000
Rent	3,040	Trading commission	14,000
Bad debts	2,400		
Carriage Outwards	1,200		
Cash at Bank	20,000		
Depreciation of furniture	5,000		
Accrued commission	2,000		
Advertisement	15,000		
	3,06,640		3,06,640

Additional Information

- i. Closing stock Rs 12,000.
- ii. Goods costing Rs 2,000 were distributed as free samples while goods costing Rs 1,000 were taken by the proprietor for personal use.
- iii. A credit sale of Rs 4,000 was not recorded in the sales book.
- iv. Closing stock included goods costing Rs 2,000 which were sold and recorded as sales but not delivered to the customer.
- v. Maintain provision for doubtful debts @ 5%.

Solution
SAMPLE QUESTION PAPER - 4
Accountancy (055)
Class XI (2024-25)

Part A

1.
(c) account holder
Explanation:
account holder
2.
(c) A is true but R is false.
Explanation:
Capital = Assets - Liabilities
 \therefore Net Worth (Capital) = (20,000 + 30,000 + 10,000) - 40,000
= ₹20,000
3.
(b) Discount Received
Explanation:
As per the Nominal accounting rules discount received is profit and has a credit balance.
4. (a) (iii), (i), (ii)
Explanation:
(iii), (i), (ii)

OR

(b) Assets = Liabilities - Capital

Explanation:

Assets = Liabilities - Capital

5. (a) both bill and invoice

Explanation:

both bill and invoice

6. (a) Cost Accounting

Explanation:

Cost of Goods Manufactured is determined by Cost Accounting. The cost of goods manufactured total is also a component of the cost of goods sold calculation.

OR

(d) Statement (ii) is correct

Explanation:

Book Keeping and Accounting does not mean the same and are not used interchangeably. At the same time, both these processes are inherently different and have their own sets of advantages.

7. (a) Capital Reserve

Explanation:

Profit on sale of fixed assets is Capital Reserve.

8.

(c) an increase in asset

Explanation:

A debit is an accounting entry that results in either an increase in assets or a decrease in liabilities.

OR

(d) Cash A/c

Explanation:

Withdrawal of cash from the business by the proprietor for his personal use is credited to Cash A/c.

9.

(d) Matching Concept

Explanation:

Income is measured on the basis of Matching Concept. The purpose of the matching concept is to avoid misstating earnings for a period.

10.

(c) Matching principle

Explanation:

Matching principle

11.

(b) All of these

Explanation:

Reserve:- Reserves out of profits are required for various purposes. Reserve are appropriation against profit. They help in meeting the unforeseen contingencies that may arise in the future, help in the expansion of the business. They may also be used to distribute dividends and pay off the liabilities like debentures.

12.

(b) Prepaid Insurance

Explanation:

Prepaid Insurance

13.

(d) Sales Book

Explanation:

Sale Book is prepared for recording credit sale transaction.

14.

(c) Decrease by Rs.5000

Explanation:

If liability decrease by 5000 this means there is a payment for any liability which means cash outflow . Cash is an assets which get decreases when we pay liability which means assets also decreases with same amount.

15. **(a)** asset

Explanation:

The nature of accrued income is an asset. It is a current asset.

OR

(b) a liability

Explanation:

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

16.

(b) credit note

Explanation:

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

17.

(b) Secret reserve

Explanation:

Secret reserve

18. **Posting or posting the Entries means:**

The process of transferring the information contained in a Journal to a Ledger is called Posting. The following procedure is followed for posting the debit and credit aspects of the transaction recorded in a Journal.

Posting of Account debited or credited in a Journal entry: The steps to be followed are:

- i. Identify in the Ledger the account to be debited or credited.
- ii. Enter the date of the transaction in the 'Date' column on the debit or credit side of the account.

- iii. Write the name of the account which has been credited or debited in the respective entry in the 'Particulars' column on the debit or credit side of the amount as 'To or by (name of account credited or debited)'.
- iv. Record the page number of the Journal where the entry exists in the Journal folio (J.F) column.
- v. Enter the relevant amount in the 'Amount' column on the debit or credit side.

OR

Discount allowed by HCL is a Trade Discount. It is not recorded separately in the books of account. Instead purchase is recorded at net value, i.e., Purchase Price less Trade Discount.

19. Accounting is often considered the language of business, as it communicates to others the financial position of the company. And like every language has certain syntax and grammar rules the same is true here. These rules in the case of accounting are the Accounting Standards (AS). They are the framework of rules and regulations for accounting and reporting in a country. Let us see the main objectives of forming these standards.

- i. The main aim is to improve the reliability of financial statements. Now because the financial statements have to be made following the standards the users can rely on them. They know that not conforming to these standards can have serious consequences for the companies.
- ii. Secondly it facilitates the comparability. Following these standards will allow for inter-firm and intra-firm comparisons. This allows us to check the progress of the firm and its position in the market.
- iii. It also looks to provide one set of accounting policies that include the necessary disclosure requirements and the valuation methods of various financial transactions.

OR

Two advantages of GST are: decrease the cost of goods and reduces tax invasion.

20. Expense is the cost incurred in producing and selling goods and services. Example: cost of goods sold and the amount paid for salaries, rent, commission, etc. On the other hand, expenditure is a wider term which includes expenses also. Expenditure is the amount spent on acquiring assets, goods and services.

21. **Trial Balance as on 31st March**

Heads of Account	L.F.	Dr. (₹)	Cr. (₹)
Cash		2,000	
Capital			80,000
Purchases		85,000	
Sales			1,08,400

Heads of Account	L.F.	Dr. (₹)	Cr. (₹)
Purchases Return			6,000
Sales Return		4,000	
Transportation		1,800	
Discount Allowed		500	
Printing		5,000	
Sundry Debtors		70,000	
Input CGST A/c		2,500	
Input SGST A/c		2,500	
Input IGST A/c		4,000	
Sundry Creditors			40,000
Investment		8,000	
Plant & Machinery A/c		15,000	
Building		20,000	
Furniture		6,000	
Electricity		700	
Postage		400	
Drawings		8,000	
Salaries		6,000	
Travelling Expenses		2,000	
Output CGST A/c			1,500
Output SGST A/c			1,500
Output IGST A/c			6,000
		2,43,400	2,43,400

22.

Cash Book

Date	Particulars	L/F	Discount Allowed (Rs.)	Cash (Rs.)	Date	Particulars	L/F	Discount Received (Rs.)	Cash (Rs.)
2013					2013				

Feb 1	To Balance b/d			75,000	Feb 5	By Kartik A/c		500	15,000
Feb 10	To Parth A/c		1,000	49,000	Feb 8	By Purchases A/c			20,000
Feb 16	To Sales A/c			20,000	Feb 21	By Aroha A/c		250	14,750
					Feb 28	By Wages A/c			25,000
					Feb 28	By Amit A/c		500	19,500
					Feb 28	By Balance c/d			49,750
			1,000	1,44,000				1,250	1,44,000
			=====	=====				=====	=====
Mar 1	To Balance b/d			49,750					

Discount column is used to record cash discounts: discount allowed column at the debit side, discount received column at the credit side. The discount columns are not accounts.

23.

Bank Reconciliation Statement

S. No.	Particulars	Plus ₹	Minus ₹
	Balance as per the Cash Book	7,800	
(a)	Cheque deposited but not credited in the Pass Book		3,000
(b)	Cheque issued but not yet presented for payment	1,500	
(c)	An insurance premium paid by bank		2,000
(d)	Bank allowed interest	400	
(e)	Bank debited charges		100
(f)	Amount directly deposited by the customer	4,000	
	Balance as per the Pass Book		8,600
		13,700	13,700

OR

BANK RECONCILIATION STATEMENT

as on 31st March, 2023

Particulars	Amount Details (₹)	Amount ₹
Overdraft Balance as per Cash Book (Cr.)		42,000
Add: Cheque deposited dishonoured	1,040	
Bank charges for dishonoured cheque	110	
Payments side of Cash Book is undercast (WN 1)	3,000	
Annual charges not recorded in Cash Book	<u>70</u>	<u>4,220</u>
		46,220
Less: Cheques issued but not presented for payment (₹ 1,00,000 - ₹ 30,000)	70,000	
Bank charges recorded twice in Cash Book	<u>80</u>	<u>70,080</u>
Balance as per Bank Pass Book (Cr.)		23,860

Working Notes:

- Cash Book balance is undercast by ₹ 3,000, therefore to arrive at the Bank Pass Book balance, this amount will be shown on the addition side.
- Cheque received from Om was recorded in the discount column of Bank Column of the Cash Book. Besides, this cheque was not recorded in the Bank Pass Book as it was not banked. Since this cheque has not been recorded anywhere, it will not effect the Bank Reconciliation Statement.

24.

In the Books of Govind

Journal Entries

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
2023				
June 01	Cash A/c To Capital A/c (Commenced business with cash)	Dr.	1,00,000	1,00,000
June 03	Purchases A/c To Harsh's A/c (goods purchases by Harsh)	Dr.	10,000	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

Date	Particulars		L.F.	Dr.	Cr.
2018				Rs.	Rs.
April 1	Cash Account	Dr.		1,00,000	
	To Capital Account				1,00,000
	(Being business started with cash Rs.1,00,000)				
2	Bank Account	Dr.		20,000	
	To Cash Account				20,000
	(Being deposited into Bank Rs .20,000)				
3	Purchases Account	Dr.		50,000	
	To Cash Account				50,000
	(Being purchased goods for cash)				
4	Cash Account	Dr.		10,000	
	To Bank Account				10,000
	(Being Drew cash Rs.10,000 from bank for office use)				
13	Krishna Account	Dr.		15,000	
	To Sales Account				15,000
	(Being goods sold for Rs.15,000)				
20	Purchases Account	Dr.		22,500	
	To Shyam's Account				22,500
	(Being goods purchased Rs.22,500)				
24	Cash Account	Dr.		12,500	

	Discount A/c	Dr.	500	
	To Krishna Account			13,000
	(Being Cash Received from Krishna & Allowed discount)			
28	Shyam Account	Dr.	22,500	
	To Cash Account			21,500
	To Discount A/c			1,000
	(Being Cash Paid Shyam in Cash and discount Received)			
28	Sales Return A/c	Dr.	2,000	
	To Krishna's A/c			2,000
	(Being goods returned by Krishna)			
30	Cash Account	Dr.	80,000	
	To Sales Account			80,000
	(Being Cash sales recorded in the books)			
30	Rent Account	Dr.	5,000	
	Salary Account	Dr.	10,000	
	To Cash Account			15,000
	(Being rent of Rs.5000 and salary of Rs.10,000 paid)			

25. Following entries should be passed on 31st March, 2023:

RECTIFYING JOURNAL ENTRIES

Date	Particulars		L.F.	Dr.(₹)	Cr.(₹)
(i)	Bank A/c	...Dr.		100	
	To Das (Note)				100
	(the amount received)				
(ii)	Returns Inward A/c	...Dr.		1,000	
	To Suspense A/c				1,000
	(mistake in totalling the Returns Inward Book corrected)				
(iii)	Furniture A/c	...Dr.		3,000	
	To Purchases A/c				3,000

	(rectification of mistake by which purchase of furniture was entered in Purchases Book)				
(iv)	Furniture A/c	...Dr.	3,750		
	To Wages A/c				3,750
	(wages paid to workmen for making showcases which should be capitalised and not charged to the Wages Account)				
(v)	Suspense A/c	...Dr.	70		
	To Creditor's A/c				70
	(mistake in crediting the Creditor's Account less by ₹ 70, now corrected)				
(vi)	Kuldeep	...Dr.	200		
	To Printing and Stationery A/c				200
	(cheque of Kuldeep dishonoured previously debited to the Printing and Stationery Account)				
(vii)	Drawings A/c		10,000		
	To miscellaneous Expenses A/c				10,000
	(motorcycle purchased for Goel debited to his Drawings Account instead of the Miscellaneous Expenses Account as previously done by mistake)				
(viii)	Sundry Debtors A/c	...Dr.	10,000		
	To Suspense A/c				10,000
	(rectification of Sundry Debtors list)				
(ix)	Daman	...Dr.	4,000		
	To Suspense A/c				4,000
	(payment of ₹ 6,700 by Daman wrongly credited to her account as ₹ 10,700, now rectified)				

SUSPENSE ACCOUNT

Dr.					Cr.
Date	Particulars	₹	Date	Particulars	₹

2023			2023		
March 31	To Difference in Trial Balance	14,930	March 31	By Returns Inward A/c	1,000
	(Given)		March 31	By Sundry Debtors A/c	10,000
March 31	To Creditor's A/c	70	March 31	By Daman	4,000
		15,000			15,000

OR

Rectifying Journal Entries

S.No.	Particulars		L.F.	Debit Amount (₹)	Credit Amount (₹)
(i)	Purchases Return A/c	Dr.		710	
	To Suspense A/c				710
	(Total of purchases return book posted twice now rectified)				
(ii)	Advertisement Expenses (free samples distribution) A/c	Dr.		800	
	To Purchases A/c				800
	(Goods distributed as free samples omitted to be recorded now rectified)				
(iii)	Creditors A/c	Dr.		900	
	Machinery A/c	Dr.		5,600	
	To Purchases A/c				6,500
	(Purchase of machinery for ₹ 5,600 recorded in Purchases Account as ₹ 6,500 now rectified)				
(iv)	Sales A/c	Dr.		1,200	
	To Roshan Gupta's A/c				1,200
	(Cash sales wrongly entered in Sales Book now rectified)				
(v)	Trading A/c	Dr.		1,500	

	To Closing Stock A/c			1,500
	(Closing stock overvalued now rectified)			
(vi)	Sales Return A/c	Dr.	1,580	
	To Suspense A/c			1,580
	(Omitted totaling of Sales Return Book now rectified)			
(vii)	Insurance Premium A/c	Dr.	700	
	Interest on Overdraft A/c	Dr.	320	
	To Bank A/c			1,020
	(Recording is made for payment of insurance premium and interest charged on overdraft now rectified)			
(viii)	Drawings A/c	Dr.	200	
	To Suspense A/c			200
	(An amount of ₹ 200 omitted to be posted to Drawings Account now rectified)			

Suspense Account

Dr.		Cr.	
Particulars	Amount (₹)	Particulars	Amount (₹)
To Difference as per Trial Balance	2,800	By Purchases Return A/c	710
		By Sales Return A/c	1,580
		By Drawings A/c	200
		By Balance b/d	310
	2,800		2,800

26.

MACHINERY ACCOUNT

Dr.			Cr.		
Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
2020			2021		

July 1	To Bank A/c (11,40,000 + 3,60,000)	15,00,000	Mar. 31	By Balance c/d	15,00,000
		15,00,000			15,00,000
2021			2022		
Apr. 1	To Balance b/d	15,00,000	Mar. 31	By Balance c/d	15,00,000
		15,00,000			15,00,000
2022			2022		
Apr. 1	To Balance b/d	15,00,000	May 31	By Depreciation Disposal A/c	3,60,000
May 31	To Bank A/c	4,20,000	2023		
			Mar. 31	By Balance c/d	15,60,000
		19,20,000			19,20,000

MACHINERY DISPOSAL ACCOUNT

Dr.			Cr.		
Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
2022			2022		
May 31	To Machinery A/c	3,60,000	May 31	By Provision for Depreciation A/c	1,38,000
May 31	To Profit and Loss A/c (Profit on Sale)	18,000	May 31	By Bank A/c (Sale)	2,40,000
		3,78,000			3,78,000

PROVISION FOR DEPRECIATION ACCOUNT

Dr.			Cr.		
Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
2021			2021		
Mar.31	To Balance c/d	2,25,000	Mar.31	By Balance b/d (for 9 months)	2,25,000

		2,25,000			2,25,000
2022			2021		
Mar.31	To Balance c/d	5,25,000	Apr.1	By Balance b/d	2,25,000
			2022		
			Mar.31	By Depreciation A/c	3,00,000
		5,25,000			5,25,000
2022			2022		
May 31	To Machine Disposal A/c (54,000 + 72,000 + 12,000)	1,38,000	Apr.1	By Balance b/d	5,25,000
			May 31	By Depreciation A/c (3,60,000 × $\frac{2}{12}$ × $\frac{20}{100}$)	12,000
2023			2023		
Mar.31	Balance c/d	6,97,000	Mar.31	By Depreciation A/c I. (15,00,000-3,60,000) × $\frac{20}{100}$ = 2,28,000 + II. (4,20,000 × $\frac{20}{100}$ × $\frac{10}{12}$ = 70,000)	2,98,000
		8,35,000			8,35,000

Working Note:-

Calculation of Profit and Loss on Sale of Machinery:-

Particular	Amount (₹)
Value of Machinery on July 1, 2020	3,60,000
Less: Depreciation for 9 months	54,000
Value of Machinery on Apr.1, 2021	3,06,000
Less: Depreciation	72,000
Value of Machinery on Apr.1, 2022	2,34,000
Less: Depreciation for 2 months	12,000
Value of Machinery on May 31,2022	2,22,000
Less: Sale Value	2,40,000

Profit on Sale	18,000
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OR

Machinery Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount (Rs)	Date	Particulars	J.F.	Amount (Rs)
1-10-14	To Bank Account		12,00,000	31-03-15	By Balance c/d		12,00,000
			12,00,000				12,00,000
1-04-15	To Balance b/d		12,00,000	31-03-16	By Balance c/d		12,00,000
			12,00,000				12,00,000
1-04-16	To Balance b/d		12,00,000	31-05-16	By Mach. Disposal Account		1,60,000
31-05-16	To Bank Account		3,00,000	31-03-17	By Balance c/d		13,40,000
			15,00,000				15,00,000

Provision for Depreciation Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount (Rs)	Date	Particulars	J.F.	Amount (Rs)
31-3-2015	To Balance c/d		1,20,000	31-3-2015	By Depreciation Account		1,20,000
			1,20,000				1,20,000
31-3-2016	To Balance c/d		3,36,000	1-4-2015	By Balance b/d		1,20,000
				31-3-2016	By Depreciation Account		2,16,000
			3,36,000				3,36,000
31-5-2016	To Machinery Disposal Account		48,640	1-4-2016	By Balance b/d		3,36,000

				31-5-2016	By Depreciation Account		3,840
				31-3-2017	By Depreciation Account		
					Old Machine	1,49,760	
31-3-2017	To Balance c/d		4,90,960		New Machine	50,000	1,99,760
			5,39,600				5,39,600

Machinery Disposal Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount (Rs)	Date	Particulars	J.F.	Amount (Rs)
2016 May 31	To Machinery Account		1,60,000	2016 May 31	By Provision for Depreciation Account		48,640
				2016 May 31	By Bank Account		60,000
				2016 May 31	By Profit & Loss Account		51,360
			1,60,000				1,60,000

Part B

27.

(d) All of these

Explanation:

All of these

OR

(a) Liabilities side

Explanation:

The Commission received in advance is a liability for business hence it will be shown on the liability side of the statement of affairs during the year.

28. **(a)** Personal Account

Explanation:

drawing account is owner's account. so it is personal account.

29.

(c) 137

Explanation:

137

OR

(d) ₹ 450

Explanation:

Provision for Doubtful Debts credited to Profit & Loss Account will be = 1,250 - 300 -

(10,000 × 5%)

= ₹ 450

30.

TRADING ACCOUNT
for the period 1st April to 14th July, 2023

Dr.		Cr.	
Particulars	₹	Particulars	₹
To Opening Stock	60,000	By Sales	6,00,000
To Purchases	4,10,000	By Closing Stock (Balancing Figure)	50,000
To Gross Profit @ 30% on sales	1,80,000		
	6,50,000		6,50,000
			₹
Stock on 14th July, 2023, as calculated above			50,000
Less: Stock remaining after a burglary			<u>12,000</u>
Value of Stock stolen			38,000

31.

PROFIT & LOSS A/C

Particulars		Particulars	
	₹		₹
To Operating Expenses	1,20,000	By Gross Profit (B/f)	45,000
		By Net Loss	75,000
	1,20,000		1,20,000

32. Accounting treatment of items are as follows:-

	Adjustment Entry	Treatment in P &L A/c	Treatment in Balance Sheet
Outstanding Salaries	Salary A/c Dr.	Added in Salaries on the Debit side of Profit & Loss A/c	Shown on the Liabilities side.
	To Outstanding Salary		
Accrued Interest	Accrued Interest A/c Dr.	Added to Interest Received on the Credit side of Profit & Loss A/c	Shown on the Assets side.
	To Interest Received A/c		

33.

Statement of Affairs as on April 01, 2016

Liabilities	₹	Assets	₹
Creditors	14,000	Cash	1,200
		Debtors	16,800
		Stock	22,400
		Furniture	7,500
Capital (Balancing figure)	33,900		
	47,900		47,900

Statement of Affairs as on March 31, 2017

Liabilities	₹	Assets	₹
Creditors	15,200	Cash	1,600
		Bills Receivable	2,400
		Debtors	27,200
		Stock	24,400
Capital (Balancing figure)	56,400	Investment	8,000
		Furniture	8,000
	71,600		71,600

Statement of Profit and Loss as on March 31, 2017

Particulars	₹
Capital on March 31, 2017	56,400
Add: Drawing made during the year (₹ 300 × 12)	3,600

Less: Capital on April 01, 2016	(33,900)
Less: Additional Capital Introduced	(16,320)
Profit earned during the year 2017	9,780

Working Note:

$$\text{Additional Capital} = 16,000 \times \frac{102}{100}$$

$$= 16,320.$$

OR

Meaning of Single Entry System: A single entry system records a transaction with a single entry and only maintains one side of every transaction. It is the oldest method of recording financial transactions and is less popular than the double entry system and is mainly used for entries recorded in the income statement. This term is used to describe the problems associated with the accounts from an incomplete transaction and is popularly called as 'Preparation of accounts from incomplete records'

Three Salient features of Single Entry System :

- Under this method, only one Cash Book is maintained which mixes up both the private and business transaction.
- Under this system, Profit or Loss can be ascertained but not the financial position as a whole.
- Arithmetical accuracy of the account is not possible since Trial Balance can't be prepared.

34.

**Trading Account of Shri Sanjay Kumar
for the year ended March 31, 2023**

Dr.			Cr.		
Particulars		Amount (₹)	Particulars		Amount (₹)
To Opening Stock		20,000	By Sales	4,68,000	
To Purchases	2,12,000		Less: Return Inwards	(8,000)	4,60,000
Less: Return Outwards	(4,000)	2,08,000	By Closing Stock		30,800
To Carriage Inwards		12,000			
To Wages		1,00,000			
To Gross Profit (balancing Figure)		1,50,800			
		4,90,800			4,90,800

Profit and Loss Account of Shri Sanjay Kumar
for the year ended March 31, 2023

Dr.			Cr.		
Particulars		Amount (₹)	Particulars		Amount (₹)
To Depreciation:			By Gross Profit		1,50,800
Plant & Machinery	5,000		By Discount		6,000
Furniture	720		By Miscellaneous Receipts		2,000
Loose Tools	<u>4,000</u>	9,720	By Interest on Investment	300	
To Salaries	60,000		Add: Accrued	<u>300</u>	600
Add: Salary to B. Bhuwan	<u>2,000</u>	62,000			
To Advertisement Expenses written-off		3,000			
To Provision for Discount on Debtors		1,120			
To General Expenses & Insurance		39,000			
To Postage & Telegram		4,000			
To Net Profit (Balancing Figure)		40,560			
		1,59,400			1,59,400

Balance Sheet of Shri Sanjay Kumar
as at March 31, 2023

Liabilities		Amount (₹)	Assets		Amount (₹)
Capital	1,91,000		Fixed Assets		
Add: Net Profit	40,560		Plant & Machinery	1,00,000	
Less: Drawings	<u>(16,000)</u>	2,15,560	Less: Depreciation	<u>(5,000)</u>	95,000
Current Liabilities			Furniture	12,000	
Creditors		24,000	Less: Depreciation	<u>(720)</u>	11,280

Bank Overdraft		3,200	Loose tools	20,000	
Outstanding Salaries		5,000	Less: Depreciation	(4,000)	16,000
Suspense Account		2,500	10% Investment		6,000
			Current Assets		
			Goodwill		10,000
			Closing Stock		30,800
			Advertisement Expenditure		12,000
			Accrued Interest on Investments		300
			Cash in Hand		14,000
			Debtors	56,000	
			Less: Prov. for Discount on Debtors	(1,120)	54,880
		2,50,260			2,50,260

Working Note:-

Calculation of Depreciation:-

Depreciation of Machinery = ₹ 1,00,000 × 5% = ₹ 5,000

Depreciation of Furniture = ₹ 12,000 × 6% = ₹ 720

Depreciation of Loose tool = ₹ 20,000 - ₹ 16,000 = ₹ 4,000

Calculation of Provision for Discount on Debtors:-

Provision for doubtful debts = Sundry Debtors × Rate

Provision for doubtful debts = ₹ 56,000 × 2%

Provision for doubtful debts = ₹ 1,120

When adjustments are given in trial balance all the adjustments will be taken in the balance sheet only. Adjustments that are given after trial balance will be shown both in trading and profit and loss account and balance sheet.

OR

**Trading and Profit and loss Account
for the year ended 31st March, 2013**

Dr					Cr
Particulars		Amt(₹)	Particulars		Amt(₹)
To Opening Stock		9,000	By Sales	1,32,840	

To purchases	60,000		Add: Credit sales	4,000	1,36,840
Less: Goods given as Free Samples	(2,000)		By Closing Stock	12,000	
	58,000		Less: Cost of Goods Sold but not delivered	(2,000)	10,000
Less: Drawings of Goods	(1,000)	57,000			
To Wages		9,200			
To Gross Profit transferred to Profit & Loss A/c		71,640			
		1,46,840			1,46,840
To Rent		3040			
To Salaries		20,446	By Gross Profit transferred from Trading A/c		71,640
To Interest on Loan	800		By Old Provision for Doubtful Debts	5,000	
Add: Outstanding Interest on loan(note 1)	200	1000	Less: Bad Debts	(2,400)	
To Insurance premium		1800		2,600	
To Carriage Outwards		1,200	Less: New Provision	(2,200)	400
To Depreciation on Furniture		5,000	By Discount Received		800
To Advertisement		15,000	By Bad Debts recovered		400
To Free Samples		2,000	By Interest on Investment		4,000
To Net Profit Transferred to Capital A/c		41,754	By Trading Commission		14,000
		91,240			91,240

Balance Sheet
as at 31st March,2013

Liabilities	Amt(₹)	Assets	Amt(Rs)
Capital	1,00,000	Bills Receivable	12,754

Add: Net Profit transferred from Profit & Loss A/c	41,754		Investments		80,000
	1,41,754		Furniture		24,000
Less: Drawings	(1,000)	1,40,754	Debtors	40,000	
10% Loan		20,000	Add: Credit Sales not Recorded	4,000	
Outstanding Interest on Loan		200		44,000	
Creditors		18,600	Less: New Provision @5%	(2,200)	41,800
Bills Payable		10,000	Accrued Commission		2,000
Outstanding Salaries		1,000	Closing Stock(12,000 - 2,000)		10,000
			Bank		20,000
		1,90,554			1,90,554

Note:

- i. Loan was taken on 1st October, 2012 @ 10% p.a. Hence, total interest due for this year will be ₹1,000 (i.e. On 20,000 for 6 months @ 10%) . Out of it, ₹ 800 has been paid. Therefore, outstanding interest will $1,000 - 800 = ₹200$,
- ii. Closing Stock will Exclude stock of Rs.2000 not Sent to Customer. Because it is included in stock.
- iii. Provision for Doubtful Debt will be calculated on $(40000 + 4000) \times 5\% = 2200$