SAMPLE QUESTION PAPER - 5

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. Pick out a source voucher/document from the following: **[1]**

a) Transfer Voucher
b) Debit Voucher
c) Invoice
d) Credit Voucher

2. **Assertion (A):** Accounting records only the transactions of financial nature. **[1]**
Reason (R): Goods taken from the business by the proprietor for his personal use is not of financial nature and hence will not be recorded.

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

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

4. If the Owner's Equity is 20,000 and Creditors Equity is 40,000. What will be the assets of the firm? **[1]**

a) 80000
b) 60000
c) 40000
d) 20000

OR

Items owned by a business that have monetary value are ____

a) Assets
b) Capital
c) Debentures
d) Liabilities

5. Credit Note is prepared: **[1]**

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

6. ________ function is routine and clerical in nature and is increasingly done by computers now-a-days. **[1]**

a) Financing
b) Accounting
c) Accounting and bookkeeping
d) Bookkeeping

OR

Bills ________ is an accounting term for bills of exchange drawn on ________ received by way of endorsement from them.

a) payable, creditors
b) receivable, creditors
c) receivable, debtors
d) payable, debtors

7. Secret Reserve is shown in: **[1]**

a) Balance Sheet on the liabilities side
b) None of these

c) Balance Sheet on the assets side

d) Profit and Loss Account

8. The data is classified for creating groups of accounts in the heads of: **[1]**

a) Assets, Liabilities and Capital

b) Assets, Owners' equity, Revenue and Expenses

c) Assets, Capital, Liabilities, Revenue and Expenses

d) Capital, Revenue and Expenses

OR

Which account will be debited if proprietor pays ₹ 5,000 as life insurance premium from business cash?

a) Bank A/c

b) Drawings A/c

c) Cash A/c

d) Insurance A/c

9. In Accounting, bases of ascertaining profit or loss is: **[1]**

a) Cash Basis

b) Only cash basis

c) Either Cash or Accrual Basis

d) Accrual Basis

10. According to which concept the same accounting methods should be used each year: **[1]**

a) Full Disclosure

b) Prudence

c) Consistency

d) Materiality

11. Creation of reserves: **[1]**

a) Increases the profits

b) Decreases the divisible profits

c) Decreases the profits

d) Increases the divisible profits

12. Tangible Assets do not include: **[1]**

a) Furniture

b) Goodwill

c) Cash

d) Stock

13. Total of Sales Return Column in the Sales Return Book is posted to: **[1]**

a) Sales Return A/c - Cr.
b) Sales Return A/c - Dr.
c) Sales A/c - Dr.
d) Sales A/c - Cr.

14. Calculate total expenses if capital Rs.2,00,000, creditors Rs. 50,000, revenue Rs.5,00,000 and asset Rs. 5,00,000. **[1]**

a) Rs.5,50,000
b) Rs.7,00,000
c) Rs.2,50,000
d) Rs.3,50,000

15. Current Liabilities include: **[1]**
Debentures, Bills Payable, Long-term Loans, Capital

a) Bills Payable
b) Debentures
c) Capital
d) Long-term Loans

OR

The person, firm or institution who does not pay the price in cash for the goods purchased or the services received is called:

a) Proprietor
b) Debtor
c) Creditor
d) Solvent

16. Which of the following is/are not recorded in purchase book? **[1]**

i. Cash purchase of goods worth ₹5,000.
ii. Purchase of furniture on credit worth ₹75,000.
iii. Purchase of stationery of ₹3,000 on credit.

a) i, ii and iii
b) ii and iii
c) i and iii
d) only i

17. Good debts are **[1]**

a) who have good characters
b) those whose collection of credit is uncertain

c) those whose collection of credit is certain   d) who has paid the whole amount

18. Give any three points distinguishing between a journal and a ledger? **[3]**

OR

What is Trade Discount? Give an example.

19. International Financial Reporting Standards (IFRS) provides a number of benefits. Explain any three. **[3]**

OR

Mr. Abhinav Kumar, a homeopath doctor in practice has been advised by his Accountant to maintain his accounts on Accrual Basis instead of the presently followed Cash Basis of Accounting. Do you agree with the advice of the Accountant? Give reasons.

20. Classify the following into (i) Assets (ii) Liabilities (iii) Expenses and (iv) Revenues **[3]**
Sales, Bank balance, Debtors, Bank Overdraft, Creditors, Salary to the manager, Discount to debtors, Cost of goods sold

21. Prepare the trial balance of Mahesh as on 31st March, 2023. He has omitted to open a Capital Account: **[4]**

	₹		₹
Bank Overdraft	95,000	Purchases	4,45,000
Sales	8,10,000	Cash in Hand	8,500
Purchases Return	22,500	Creditors	2,15,000
Debtors	4,00,500	Sales Return	15,750
Wages	96,000	Equipment	25,000
Capital	?	Opening Stock	3,00,500

22. Explain the need for drawing up the special purpose books. **[4]**

23. i. On 31st March, 2023, the Bank Pass Book of Renu Enterprises showed a credit balance of ₹ 15,000. **[4]**
ii. Before that date, she had issued cheques amounting to ₹ 8,000 out of which cheques of ₹ 3,200 were presented for payment till 31st March, 2023.

iii. A cheque of ₹ 2,200 deposited by her into the bank on 28th March, 2023 is not yet credited in the Bank Pass Book.

iv. She had also received a cheque of ₹ 500 which although entered by her in the bank column of Cash Book, was omitted to be paid into the bank.

v. On 30th March, 2023, a cheque of₹ 1,570 received by her was paid into the bank but the same was omitted to be recorded in the Cash Book.

vi. There was a credit of ₹ 150 for interest on current account and a debit of ₹ 25 for bank charges.

vii. A wrong credit of ₹ 2,000 was given by bank on 27th March, 2023 and was reversed on 10th April, 2023.

Prepare Bank Reconciliation Statement as on 31st March, 2023.

OR

On 31st March 2018, the Cash Book of B.Babu showed an overdraft of Rs.18,000 with the Bank of India. This balance did not agree with the balances as shown by the Bank Pass Book. You find that Babu had paid into the Bank on 26th March, four cheques for Rs.10,000, Rs.12,000 Rs.6,000 and Rs.8,000. Of these, the cheques for Rs.6,000 was credited by the Bank in April 2018. Babu had issued on 24th March, three cheques for Rs.15,000, Rs.12,000 and Rs.7,000. The first two cheques were presented to the Bank for payment in March 2018 and third cheque in April 2018.

You also find that on 31st March 2018 the Bank had debited Babu's account with Rs.500 for interest, Rs.20 as charges, but Babu had not recorded these amounts in his Books.

Prepare Bank Reconciliation Statement as on 31st March 2018 and ascertain the balance as per the Bank Pass Book.

24. Pass Journal Entries for the following: **[6]**

2023 March 2 Purchased an Iron Safe for business for ₹ 1,00,000 and payment made by cheque.

2023 March 3 Purchased filing cabinet for office use ₹ 40,000 and paid ₹ 200 as cartage on it.

2023 March 4 Purchased a Computer from Shyam & Co. for ₹ 80,000 on credit.

2023 March 5 Purchased an electric fan for ₹ 20,000.

2023 March 6 Purchased a **Horse** for business for ₹ 1,50,000 and payment made by cheque.

2023 March 7 Purchased Post Cards for ₹ 250; Envelopes for ₹ 500 and Stamps for ₹ 1,000.

2023 March 8 Purchased office stationery for ₹ 4,000.

2023 March 15 Gave as Charity - Cash ₹ 2,000 and Goods ₹ 4,000.

2023 March 20 The horse bought on March 6 died, its carcass was sold for ₹ 10,000.

2023 March 25 Sold household furniture for ₹ 1,00,000 and paid the money into the business.

2023 March 31 Paid to the landlord by cheque ₹ 1,20,000 for rent. One-third of the building is occupied by the proprietor for residential use.

OR

Pass Journal entries for the following transactions:

i. Pawan started business with cash ₹ 2,00,000 and Bank ₹ 8,00,000.
ii. Bought a machinery for ₹ 25,00,000 by making a down-payment of 10%.
iii. Paid ₹ 48,000 as wages for installation of machine.
iv. Bought goods from Kumar Bros. ₹ 3,00,000.
v. Withdrawn from bank ₹ 50,000.
vi. Repaid bank loan ₹ 35,000 including interest of ₹ 3,000.
vii. Sold goods to Suresh ₹ 40,000.
viii. Received from Suresh ₹ 39,750, discount allowed ₹ 250.
ix. Paid rent of ₹ 37,500 by cheque.
x. Provide depreciation on machinery at 15% per annum.

25. While trying to close his books for the year ended 31st March, 2023, Mandeep found that the trial balance did not agree. He traced the following errors: **[6]**

i. The Purchases Book was undercast by ₹ 500.
ii. The Sales Book was overcast by ₹ 100.
iii. ₹ 620 received from Manoj were posted to the debit of his A/c.
iv. The total of the credit of Bhanu's A/c has been over added by ₹ 800.
v. A discount of ₹ 282 allowed to a customer has been credited to his account as ₹ 228.
vi. Goods for ₹ 1,200 returned to Kartik Sharma, though entered in the Return Book has not been posted to his account.

Rectify the above errors, assuming:

A. that no suspense account has been opened with the difference in the trial balance,

B. that such a suspense account has been opened.

OR

Rectify the following errors which are detected before preparation of the Trial Balance:

i. Sale to Prakash ₹ 50,000 posted to his account as ₹ 5,000.

ii. Sale to Prakash ₹ 30,000 debited to his account as ₹ 3,000.

iii. Sale to Prakash ₹ 20,000 credited to his account as ₹ 2,000.

iv. Sale to Ravi ₹ 5,600 posted to his account as ₹ 6,500.

v. Purchases of ₹ 8,755 from Nitin posted to his account as ₹ 5,578.

vi. Purchases of ₹ 6,580 from Nitin posted to his account as ₹ 8,560.

vii. Cash sale to Abhi of ₹ 30,000 posted as ₹ 3,000.

viii. Debit balance of ₹ 5,000 was carried forward as a credit balance in Ritesh's Account.

ix. Credit purchase of furniture ₹ 30,000 from Rohit was posted as ₹ 3,000.

26. Berlia Ltd. Purchased a second-hand machine for ₹ 56,000 on July 01, 2015, and spent ₹ 24,000 on its repair and installation and ₹ 5,000 for its carriage. On September 01, 2016, it purchased another machine for ₹ 2,50,000 and spent ₹ 10,000 on its installation. **[6]**

i. Depreciation is provided on machinery @ 10% p.a on original cost method annually on December 31. Prepare machinery account and depreciation account from the year 2015 to 2018.

ii. Prepare machinery account and depreciation account from the year 2011 to 2018, if depreciation is provided on machinery @10% p.a. on written down value method annually on December 31.

OR

On April 01, 2010, Bajrang Marbles purchased a Machine for ₹ 1,80,000 and spent ₹ 10,000 on its carriage and ₹ 10,000 on its installation. It is estimated that its working life is 10 years and after 10 years its scrap value will be ₹ 20,000.

i. Prepare Machine account and Depreciation account for the first four years by providing depreciation on the straight-line method. Accounts are closed on March 31st every year.

ii. Prepare Machine account, Depreciation account, and Provision for depreciation account (or accumulated depreciation account) for the first four years by providing depreciation using straight-line method accounts are closed on March 31 every year.

Part B

27. Two methods for ascertaining profit and loss in case of single entry system: **[1]**

a) Statement of balance and conversion
b) Statement of affairs and converter
c) Statement of affairs and conversion
d) Statement of profits and Conversation

OR

Single entry system records

a) Two sided effect
b) One sided effect
c) Three sided effect
d) Four sided effect

28. Payment of Income Tax is considered as: **[1]**

a) Administrative expense
b) Direct Expenses
c) Operating Expenses
d) Indirect Expenses

29. Wages paid for the installation of the machine is added to the cost of machine because of **[1]**

a) Cost Principle
b) Accrual Concept
c) Materiality Principle
d) Matching Principle

OR

Following particulars are given in Trial Balance:
Purchases ₹ 1,10,000; Sales ₹ 2,00,000; Wages ₹ 30,000; Closing Stock was ₹ 8,000 more than the Opening Stock. Two-third of the Wages was charged to the Cost of goods sold in Trading Account. Gross Profit was:

a) ₹ 78,000
b) ₹ 88,000
c) ₹ 62,000
d) ₹ 68,000

30. From the following information, prepare trading account for the year ended 31st March, 2013 **[3]**

	Amt (Rs.)

Cost of goods sold	45,00,000
Sales	72,00,000
Closing Stock	2,40,000

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

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

32. Illustrate with example the principle for valuation of stock or inventory. **[3]**

33. Siya maintains her books of account from Incomplete Records. Her books provide the following information: **[6]**

Particulars	**1st April 2022 (₹)**	**31st March 2023 (₹)**
Cash	1,200	4,000
Debtors	16,800	27,200
Stock	22,400	24,400
Investments	____	8,000
Furniture	7,500	8,000
Creditors	14,900	11,600

She withdraws ₹ 500 per month for personal expenses. She sold her Investments ₹ 16,000 at 5% premium and introduced the amount into a business.

You are required to prepare a Statement of Profit or Loss for the year ending 31st March 2023.

OR

Govind keeps incomplete records. On 1st April, 2022, his position was as follows:

STATEMENT OF AFFAIRS

Liabilities	Amount (₹)	Assets	Amount (₹)
Bank Overdraft	7,500	Cash	6,400
Sundry Creditors	15,000	Stock	52,000
Capital	1,64,500	Sundry Debtors	28,000
		Fixed Assets	1,00,000
		Prepaid Expenses	600
	1,87,000		**1,87,000**

His position on 31st March, 2023 was as follows :

Cash in hand ₹ 3,000; Cash at Bank ₹ 5,000; Stock ₹ 44,000; Debtors ₹ 21,000; Fixed Assets ₹ 80,000; Creditors ₹ 22,000.

You are informed that Govind has taken stocks worth ₹ 4,500 for his private use and that he has been regularly transferring ₹ 2,000 per month from his business banking account by way of drawings. Out of his drawings, he spent ₹ 15,000 for purchasing a Scooter for the business on 1st October, 2022.

You are requested to find out his profit or loss and to prepare the Statement of Affairs after considering the following:

i. Depreciate Fixed Assets and Scooter by 10% p.a.

ii. Write off Bad-Debts ₹ 1,000 and provide 5% for doubtful debts on Sundry Debtors.

iii. Commission earned but not received by him was ₹ 2,500.

34. Give Journal Entries for the following adjustments in final accounts: **[6]**

i. Extract of Trial Balance as on 31st March, 2023

Particulars	Debit (₹)	Credit (₹)
Sundry debtors	6,60,000	
Bad debts	15,000	
Provision for doubtful debts		40,000

Additional Information:

a. Additional Bad Debts ₹ 20,000.

b. Maintain the provision for doubtful debts @ 5% on debtors.

ii. Goods costing ₹ 20,000 were distributed among staff members as free of cost. These goods were purchased paying IGST @ 12%.

iii. Two month's rent @ 15,000 per month is outstanding. Rent is subject to levy of 12% IGST.

iv. Included in general expenses is annual Insurance Premium of ₹ 10,000 paid for the year ending 30th June, 2023. IGST is levied @ 12%.

v. Accrued commission ₹ 5,000. IGST is levied @ 12%.

OR

From the following trial balance of M/s Amit & Sons as at 31st, March, 2023 prepare trading and profit and loss account for the year ended 31st March, 2023 And Balance Sheet as at that date:

Name of Accounts	L.F.	Debit Balance (₹)	Credit Balance (₹)
Capital		____	80,000
Drawings		18,000	____
Sales		____	1,55,000
Purchases		82,600	____
Stock (1st April, 2022)		42,000	____
Returns Outward		____	1,600
Carriage inward		1,200	____
Wages		4,000	____
Power		6,000	____
Machinery		50,000	____
Furniture		14,000	____
Rent		22,000	____
Salary		15,000	____
Insurance		3,600	____
8% Bank Loan		____	25,000
Debtors		20,600	____
Creditors		____	18,900
Cash in hand		1,500	____
Total		**2,80,500**	**2,80,500**

Adjustments:

i. Closing Stock ₹ 64,000.

ii. Wages outstanding ₹ 2,400.

iii. Bad debts ₹ 600.

iv. Provision for Doubtful debts to be 5%.

v. Rent is paid for 11 months.

vi. Loan from the bank was taken on 1st Oct. 2022.

vii. Provide depreciation on machinery @ 10% p.a.

viii. Provide Manager's commission at 10% on net profit after charging such commission.

Solution

SAMPLE QUESTION PAPER - 5

Accountancy (055)

Class XI (2024-25)

Part A

1.

(c) Invoice

Explanation:

Invoice

2.

(c) A is true but R is false.

Explanation:

A is true but R is false.

Goods taken by proprietor for his personal use are also recorded as drawing in the books of account. they are of financial in nature, amount is spent by the organisation on the purchase of that goods in the business.

3.

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

Explanation:

Dr. all expenses and Cr. all gains

4.

(b) 60000

Explanation:

Total Assets= Onwers equity + Creditors Equity

Total assets= 20000+40000

Total assets= 60000

OR

(a) Assets

Explanation:

Assets are the property owned by business having monetary value. Assets can be in tangible assets or intangible assets.

Example:- Cash, Bank, Stock, Debtors, Goodwill Etc.

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) Bookkeeping

Explanation:

Bookkeeping

OR

(c) receivable, debtors

Explanation:

receivable, debtors

7.

(b) None of these

Explanation:

None of these

8.

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

Explanation:

Assets, Capital, Liabilities, Revenue and Expenses

OR

(b) Drawings A/c

Explanation:

Drawings A/c

9.

(c) Either Cash or Accrual Basis

Explanation:

Either Cash or Accrual Basis

10.

(c) Consistency

Explanation:

According to Consistency Concept, the same accounting methods should be used each and every year.

11.

(b) Decreases the divisible profits

Explanation:

Decreases the divisible profits

12.

(b) Goodwill

Explanation:

Goodwill is considered as an intangible (or non-current) asset because it is not a physical asset like buildings or equipment. Hence it is not tangible assets.

13.

(b) Sales Return A/c - Dr.

Explanation:

When a customer returns goods it has bought from a business a credit note is issued by the business and details are recorded in the sales return daybook.

14.

(c) Rs.2,50,000

Explanation:

<u>As per Accounting Equation:-</u>

Assets = Capital + Liabilities

5,00,000 = Capital + 50,000

Therefore capital should be = 5,00,000 - 50,000 = Rs 4,50,000

Closing capital = opening capital + revenue - expenses

4,50,000 = 2,00,000 + 5,00,000 - Expenses

Expenses = 7,00,000 - 4,50,000 = Rs 2,50,000

15. **(a)** Bills Payable

Explanation:

Bills Payable

OR

(b) Debtor

Explanation:

The person, firm or institution who does not pay the price in cash for the goods purchased or the services received is called debtor.

16. **(a)** i, ii and iii

Explanation:

Purchase book records only credit purchase of goods. All credit purchases of goods are recorded in the purchases journal whereas cash purchases are recorded in the cash book. Other purchases such as purchases of office equipment, furniture, building, are recorded in the journal proper if purchased on credit, or in the cash book if purchased for cash.

17.

(c) those whose collection of credit is certain

Explanation:

The debtors are sold goods on credit. If the money is sure to be collected from the debtors in other words if the collection of the debt is certain then those debts are known as good debts.

18. The journal and the ledger are the most important books of the double entry mechanism of accounting and are indispensable for an accounting system. The following points of comparison are worth noting

Basis	**Journal**	**Ledger**
Nature of Book	The journal is the book of first entry (original entry).	The ledger is a book of secondary or final entry.
Chronological/Analytical Record	The journal is the book for chronological record.	The ledger is the book for analytical record.
Process of Recording	Process of recording in the journal is called journalising.	The process of recording in the ledger is known as posting.
Basis of classification	Transaction is the basis of classification of data within the journal.	Account is the basis of classification of data within the ledger.
Format	A journal has five columns- Date, particulars, ledger folio, debit amount, credit amount.	Ledger has four identical columns on debit and credit side-Date, particulars, journal folio, amount.

OR

When discount ia allowed by seller to its customers at a fixed percentage on the list price of the goods it is called trade discount. It is not recorded in the books of accounts as it is deducted in the invoice itself from the gross value of goods.

Example: If a trader sells goods of the list price of ₹ 15000 at 20% trade discount to Ram. The following entry will be made:

Journal Entry

Date	**Particulars**	**L.F.**	**Dr. (₹)**	**Cr. (₹)**
	Ram Dr.		12000	
	To Sales A/c			12000
	(goods sold to Ram less trade discount @ 20%)			

19. i. **Comparability**: It is the level of standardization of accounting information that allows the financial statements of multiple organizations to be compared to each other. This is a fundamental requirement of financial reporting that is needed by the users of financial statements.

Financial statements are more comparable when the same accounting policies and standards are applied across multiple reporting periods, as well as across multiple entities within an industry. For example, if a number of oil and gas firms consistently apply the same industry-specific accounting standards to their financial statements, then there should be a high level of comparability within that industry.

ii. **Flexibility**: using a philosophy that is based on the principles, instead of the rules, this set of standards will have the goal of arriving at a reasonable valuation with various ways to accomplish a task. Financial statements are more easy to reads and to use.

iii. **Beneficial to small and new investors**: IFRS can help new and small investors by making, reporting standards to have better quality and become simpler, putting these investors in a similar position with professional investors, which was not feasible with previous standards.

OR

No, I do not agree. Cash Basis of Accounting is more appropriate for Mr. Abhinav Kumar because a medical practitioner receives his fee immediately after giving consultancy.

20. Classification is as follows:-

i. Assets: Bank balance, Debtors

ii. Liabilities: Bank overdraft, creditors

iii. Expenses: Salary to Manager, Discount to debtors, cost of goods sold

iv. Revenues: Sales

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

Head of Account	**Dr. (₹)**	**Cr. (₹)**
Bank Overdraft A/c		95,000
Sales A/c		8,10,000
Purchase Return A/c		22,500
Debtors A/c	4,00,500	
Wages A/c	96,000	
Purchases A/c	4,45,000	
Cash in Hand A/c	8,500	
Creditors A/c		2,15,000

Head of Account	Dr. (₹)	Cr. (₹)
Sales Return A/c	15,750	
Equipment A/c	25,000	
Opening Stock A/c	3,00,500	
Capital A/c (Balancing figure)		1,48,750
	12,91,250	**12,91,250**

22. Special purpose books are beneficial in:
    i. **Accuracy:** As each journal is managed by a different accountant having specific expertise, it improves accuracy and reduces defects.
    ii. **Efficiency:** Increases efficiency by dividing the workload.
    iii. **Concise Descriptions:** The journal describes the purpose of recording. For example, a record in the purchase journal will be understood by default that it is a purchase-related transaction.
    iv. **Minimal Posting:** Reduces the volume of posting as totals can be done periodically.
    v. **Fraud Prevention:** As the recording of different journals are assigned to a different individual, fraud prevention is prevented.
    vi. **Faster process:** As multiple books are handled by multiple accountants, the recording work moves faster.

23. **BANK RECONCILIATION STATEMENT**

as on 31st March, 2023

Particulars	Amount Details (₹)	Amount (₹)
Balance as per Bank Pass Book (Cr.)		15,000
Add: Cheque deposited but not yet cleared	2,200	
Cheque recorded in Cash Book but not deposited	500	
Bank charges debited by Bank	25	2,725
		17,725
Less: Cheques issued but not yet presented for Payment	4,800	
Cheque deposited into Bank but not recorded in Cash Book	1,570	
Interest credited by Bank	150	
Wrong credit by Bank (Note)	2,000	8,520
Balance as per Cash Book (Dr.)		**9,205**

Note: Bank has wrongly credited the Pass Book by ₹ 2,000. It means, Pass Book Balance is higher by ₹ 2,000. To arrive at the Cash Book balance, ₹ 2,000 will be deducted.

OR

BANK RECONCILIATION STATEMENT
as on March 31, 2018

Particulars	(+)	(-)
Unfavourable balance as per Cash Book (Cr.)		18,000
Cheque not yet collected		6,000
Cheques not yet presented	7,000	
Interest on Overdraft		500
Bank charges		20
Unfavourable balance as per Pass Book (Dr.) (Balancing figure)	17,520	
	24,520	24,520

24. **JOURNAL**

Date	Particulars		L.F.	Amount Dr.	Amount Cr.
2023					
March 2	Office Equipment A/c	Dr.		1,00,000	
	To Bank A/c (Iron-safe purchased)				1,00,000
March 3	Office Equipment A/c (40,000+200)	Dr.		40,200	
	To Cash A/c (Filing cabinet purchased for ₹ 40,000 and cartage paid on it ₹ 200 should be capitalised)				40,200
March 4	Office Equipment A/c	Dr.		80,000	

Date	Particulars		L.F.	Amount Dr.	Amount Cr.
2023					
	To Shyam & Co. (Computer purchased on credit)				80,000
March 5	Fixtures A/c	Dr.		20,000	
	To Cash A/c (Electric fan purchase for cash)				20,000
March 6	Live Stock A/c	Dr.		1,50,000	
	To Bank A/c (horse purchase for business)				1,50,000
March 7	Postage A/c (250+500+1,000)	Dr.		1,750	
	To Cash A/c (Post Cards, envelopes and stamps purchased)				1,750
March 8	Stationery A/c	Dr.		4,000	
	To Cash A/c (Stationery purchased for office use)				4,000
March 15	Charity A/c (2,000+4,000)	Dr.		6,000	
	To Cash A/c				2,000
	To Purchases A/c (Cash and goods are given as Charity)				4,000
March 20	Cash A/c	Dr.		10,000	
	Profit & Loss A/c (1,50,000-10,000)	Dr.		1,40,000	
	To Live Stock A/c (Cash received for the sale of the carcass of dead				1,50,000

Date	Particulars		L.F.	Amount Dr.	Amount Cr.
2023					
	horse)				
March 25	Cash A/c	Dr.		1,00,000	
	To Capital A/c (Sale proceeds of house furniture paid into the business)				1,00,000
March 31	Rent A/c (2/3rd of ₹ 1,20,000)	Dr.		80,000	
	Drawings A/c (1/3 × 1,20,000)	Dr.		40,000	
	To Bank A/c (Rent paid to the landlord, 1/3rd of the building is occupied by the proprietor for residential use)				1,20,000
	Total ₹			**7,71,950**	**7,71,950**

OR

Journal

S. No.	Particulars		L.F.	Dr. (₹)	Cr. (₹)
(i)	Cash A/c	Dr.		2,00,000	
	Bank A/c	Dr.		8,00,000	
	To Capital A/c (Business started by Pawan with 2,00,000 cash & 8,00,000 cheque)				10,00,000
(ii)	Machinery A/c	Dr.		25,00,000	
	To Bank A/c				2,50,000
	To Vendor A/c (Machinery Purchased by making 10% Down Payment)				22,50,000
(iii)	Machinery A/c	Dr.		48,000	

	To Cash A/c (Paid wages for installation of machinery)				48,000
(iv)	Purchase A/c	Dr.		3,00,000	
	To Kumar Bros. (Bought goods from Kumar Bros. on credit)				3,00,000
(v)	Cash A/c	Dr.		50,000	
	To Bank A/c (Cash withdrawn from Bank)				50,000
(vi)	Bank Loan A/c	Dr.		32,000	
	Interest on Bank Loan A/c	Dr.		3,000	
	To Bank A/c (Paid Bank loan with interest)				35,000
(vii)	Suresh	Dr.		40,000	
	To Sales A/c (Goods sold to Suresh on Credit)				40,000
(viii)	Cash A/c	Dr.		39,750	
	Discount Allowed A/c	Dr.		250	
	To Suresh (received cash from Suresh Discount allowed)				40,000
(ix)	Rent A/c	Dr.		37,500	
	To Bank A/c (Paid rent by cheque)				37,500
(x)	Depreciation A/c (25,00,000 × 15%)	Dr.		3,75,000	
	To Machinery A/c (Depreciation @ 15% on Machinery charged)				3,75,000

25. A. When no suspense account has been opened:

If the accountant finds time before preparing trial balance to recheck the entries made in the journal, postings in the ledger accounts, amounts carried forward and balancing of ledger accounts with the intention of ensuring their correctness, he/she will be able to locate and rectify the errors at that stage itself by posting in respective accounts.

i. Purchases A/c will be debited as “To undercasting of Purchases Book ... ₹ 500”.

ii. Sales A/c will be debited as “To overcasting of Sales Book ... ₹ 100”.
iii. Manoj’s A/c will be credited as “By error in the posting to the wrong side ... ₹ 1,240".
iv. Bhanu’s A/c will be debited as “To excess amount on the credit side of Bhanu’s A/c... ₹ 800”.
v. Customer’s A/c will be credited as "By Lesser amount posted to the Credit side ... ₹ 54”.
vi. Kartik Sharma’s A/c will be debited as “To Omission of posting on Dr. Side ....₹ 1,200”.

B. When suspense account has been opened:

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
2023					
March 31	Purchases A/c	Dr.		500	
(i)	To Suspense A/c				500
	(Undercasting of purchases book now rectified)				
(ii)	Sales A/c	Dr.		100	
	To Suspense A/c				100
	(Overcasting of Sales Book now rectified)				
(iii)	Suspense A/c	Dr.		1,240	
	To Manoj A/c				1,240
	(Cash received from Manoj wrongly debited to his account instead of being credited now rectified)				
(iv)	Bhanu A/c	Dr.		800	
	To Suspense A/c				800
	(Overcasting of the credit side of Bhanu’s A/c now corrected)				
(v)	Suspense A/c	Dr.		54	
	To Customer A/c				54
	(The lesser amount credited to Customer’s A/c now rectified)				

(vi)	Kartik Sharma A/c	Dr.		1,200	
	To Suspense A/c				1,200
	(The amount of purchases returns now posted to Kartik Sharma's A/c now rectified)				

OR

i. Prakash's A/c is debited by ₹ 5,000 against ₹ 50,000, hence a further debit of ₹ 45,000 is required. It will be rectified by giving a note on the debit side of Prakash's A/c as under: "To short debit for sales (error rectified)... ₹ 45,000".
   Note: In this case since posted word is used, it will stand for the correct side. In this case, it stands for the debit side.
ii. Prakash's A/c is short debited by ₹ 27,000. This error will be rectified by giving a note on the debit side of Prakash's A/c:
   "To short debit for sales (error rectified) ... ₹ 27,000".
iii. It is a sales transaction and Prakash's A/c should be debited. But instead of a debit, a credit of ₹ 2,000 has been given. Therefore,
   a. Wrong credit has to be cancelled. For this, debit his account by ₹ 2,000.
   b. Debit has to be given of ₹ 20,000.
      Hence, Prakash's A/c has to be debited by ₹ 22,000 (i.e., ₹ 2,000 + ₹ 20,000) by giving the following note:
      "To error rectified for credit sales ... ₹ 22,000".
iv. Excess debit is made in Ravi's A/c by ₹ 900. ₹ 900 (i.e., ₹ 6,500 - ₹ 5,600) will be written on the credit side by giving a note:
   "By excess debit on account of sales (now rectified) ... ₹ 900".
v. Less credit by ₹ 3,177 (i.e.,₹ 8,755 - ₹ 5,578) is given to Nitin's A/c on account of credit purchases from him. ₹ 3,177 will be written on the credit side of Nitin's A/c:
   "By less credit for purchases (now rectified) ... ₹ 3,177".
vi. ₹ 8,560 is credited to Nitin's A/c instead of ₹ 6,580, i.e., excess credit by ₹ 1,980 (i.e., ₹ 8,560 - ₹ 6,580) is granted. Rectification will be made by following note on the debit side of Nitin's A/c:
   "To excess credit for purchases (now rectified) ... ₹ 1,980".
vii. Cash sale is recorded in the Cash Book with the amount. However, posting is short by ₹ 27,000. Since the sale is against cash, 'Sales A/c' will be credited.
viii. Ritesh's A/c has been affected by ₹ 10,000 (₹ 5,000 a debit balance not recorded and ₹ 5,000 wrongly credited). Therefore, his account will be debited by ₹ 10,000 as:
   "To a debit balance wrongly carried as credit, now rectified ... ₹ 10,000".

ix. In this case, both the accounts are incorrect. Furniture A/c and Rohit's A/c are short by ₹ 27,000 each. Rectification will be made by passing the following Journal entry:

		₹	₹
Furniture A/c	Dr.	27,000	
To Rohit			27,000

Note: The error was committed while posting both the sides of the entry since credit purchase of furniture will be recorded in General Journal. Both the sides of the entry are posted with individual amounts.

26. **(a)**

Books of Berlia Ltd.

Machinery Account (Using Original Cost Method)

Date	**Particulars**	**J.F.**	**Amount ₹**	**Date**	**Particulars**	**J.F.**	**Amount ₹**
2015				2015			
Jul.01	To Bank (i)		85,000	Dec.31	By Depreciation		4,250
	(5,600 + 24,000 + 5,000)			Dec.31	By Balance c/d		80,750
			85,000				**85,000**
2016				2016			
Jan.01	To Balance b/d (i)		80,750	Dec.31	By Depreciation		
Sep.01	To Bank (ii)		2,60,000		(i) 8,500, (ii) 8,667		17,167
	(2,50,000 + 10,000)			Dec.31	By Balance c/d		3,23,583
					(i) 72,250, (ii) 2,51,333		
			3,40,750				**3,40,750**
2017				2017			
Jan.01	To Balance b/d		3,23,583	Dec.31	By Depreciation		
	(i) 72,250, (ii) 2,51,333				(i) 8,500, (ii) 26,000		34,500
				Dec.31	By Balance c/d		
					(i) 63,750, (ii) 2,25,333		2,89,083

			3,23,583				**3,23,583**
2018	To Balance b/d			2018			
Jan.01	(i) 63,750, (ii) 2,25,333		2,89,083	Dec.31	By Depreciation		
					(i) 8,500, (ii) 26,000		34,500
				Dec.31	By Balance c/d		
					(i) 55,250, (ii) 1,99,333		2,54,583
			2,89,083				**2,89,083**

Hence, the balance on the machine account as on 1st Jan 2019 is ₹. 2, 54,583

Depreciation Account

Dr.							**Cr.**
Date	**Particulars**	**J.F.**	**Amount ₹**	**Date**	**Particulars**	**J.F.**	**Amount ₹**
2015				2015			
Dec.31	To Machinery		4,250	Dec.31	By Profit and Loss		4,250
			4,250				**4,250**
2016				2016			
Dec.31	To Machinery			Dec.31	By Profit and Loss		17,167
	(i) 8,500 (ii) 8,667		17,167				
			17,167				**17,167**
2017				2017			
Dec.31	To Machinery			Dec.31	By Profit and Loss		34,500
	(i) 8,500 (ii) 26,000		34,500				
			34,500				**34,500**
2018				2018			
Dec.31	To Machinery		34,500	Dec.31	By Profit and Loss		34,500
	(i) 8,500 (ii) 26,000		**34,500**				**34,500**

Working notes: Calculation of depreciation per annum

(i) Depreciation on Machinery Purchased on July 01, 2015

$= (56{,}000 + 24{,}000 + 5{,}000) \times \frac{10}{100}$

= ₹ 8,500 pa

(ii) Depreciation on Machinery purchased on September 01, 2016.

= (2,50,000 + 10,000) $\times \frac{10}{100}$

= ₹ 26,000 pa

(b)

Machinery Account (Written Down Value method)

Dr.							**Cr.**
Date	**Particulars**	**J.F.**	**Amount ₹**	**Date**	**Particulars**	**J.F.**	**Amount ₹**
2015				2015			
Jul.01	To Bank (i)		85,000	Dec.31	By Depreciation		4,250
	(5,600 + 24,000 + 5,000)			Dec.31	By Balance c/d		80,750
			85,000				**85,000**
2016				2016			
Jan.01	To Balance b/d (i)		80,750	Dec.31	By Depreciation		
Sep.01	To Bank (ii)		2,60,000		(i) 8,075, (ii) 8,667		16,742
	(2,50,000 + 10,000)			Dec.31	By Balance c/d		
					(i) 72,675, (ii) 2,51,333		3,24,008
			3,40,750				**3,40,750**
2017				2017			
Jan.01	To Balance b/d		3,24,008	Dec.31	By Depreciation		
	(i) 72,675, (ii) 2,51,333				(i) 7,268, (ii) 25,133		32,401
				Dec.31	By Balance c/d		
					(i) 65,407, (ii) 2,26,200		2,91,607
			3,24,008				**3,24,008**
2018	To Balance b/d			2018			
Jan.01	(i) 65,407, (ii) 2,26,200		2,91,607	Dec.31	By Depreciation		

					(i) 6,540, (ii) 22,620		29,160
				Dec.31	By Balance c/d		
					(i) 58,867, (ii) 2,03,580		2,62,447
			2,91,607				**2,91,607**

Hence, balance on machine account as on 1st Jan 2019 is ₹2,62,447

Depreciation Account

Dr.							**Cr.**
Date	**Particulars**	**J.F.**	**Amount ₹**	**Date**	**Particulars**	**J.F.**	**Amount ₹**
2015				2015			
Dec.31	To Machinery		4,250	Dec.31	By Profit and Loss		4,250
			4,250				**4,250**
2016				2016			
Dec.31	To Machinery			Dec.31	By Profit and Loss		16,742
	(i) 8,075, (ii) 8,667		16,742				
			16,742				**16,742**
2017				2017			
Dec.31	To Machinery			Dec.31	By Profit and Loss		32,401
	(i) 7,268, (ii) 25,133		32,401				
			32,401				**32,401**
2018				2018			
Dec.31	To Machinery			Dec.31	By Profit and Loss		29,160
	(i) 6,540, (ii) 22,620		29,160				
			29,160				**29,160**

OR

Books of Bajrang Marbles

Machinery Account

Dr.							**Cr.**
Date	**Particulars**	**J.F.**	**Amount ₹**	**Date**	**Particulars**	**J.F.**	**Amount ₹**
2010 Apr. 01	Bank		2,00,000	2011 Mar. 31	Depreciation		18,000

					Balance c/d		1,82,000
			2,00,000				**2,00,000**
2011 Apr. 01	Balance b/d		1,82,000	2012 Mar. 31	Depreciation		18,000
				2012 Mar. 31	Balance c/d		1,64,000
			1,82,000				**1,82,000**
2012 Apr. 01	Balance b/d		1,64,000	2013 Mar. 31	Depreciation		18,000
				2013 Mar. 31	Balance c/d		1,46,000
			1,64,000				**1,64,000**
2013 Apr. 01	Balance b/d		1,46,000	2014 Mar. 31	Depreciation		18,000
				2014 Mar. 31	Balance c/d		1,28,000
			1,46,000				**1,46,000**

Hence, the closing balance of machinery account after 4 years is ₹. 1, 28,000.

Working notes: Calculation of annual depreciation

Cost of Asset = 1,80,000 + 10,000 + 10,000 = 2,00,000

Depreciation (p.a.)	=	(Original cost – Scrap Value)
		Estimated Life of Asset (years)
		(1,80,000 + 10,000 + 10,000 – 20,000)
		10
	=	₹ 18,000/annum

The depreciation account is calculated as:

Depreciation Account

Dr.							**Cr.**
Date	**Particulars**	**J.F.**	**Amount ₹**	**Date**	**Particulars**	**J.F.**	**Amount ₹**
2011 Mar. 31	Machinery		18,000	2011 Mar. 31	Profit and Loss		18,000
			18,000				**18,000**
2012 Mar. 31	Machinery		18,000	2012 Mar. 31	Profit and Loss		18,000
			18,000				**18,000**
2013 Mar. 31	Machinery		18,000	2013 Mar. 31	Profit and Loss		18,000
			18,000				**18,000**
2014 Mar. 31	Machinery		18,000	2014 Mar. 31	Profit and Loss		18,000

			18,000				**18,000**

(b)

Machinery Account

Dr.							**Cr.**
Date	**Particulars**	**J.F.**	**Amount ₹**	**Date**	**Particulars**	**J.F.**	**Amount ₹**
2010				2011			
Apr. 01	Bank		2,00,000	Mar. 31	Balance c/d		2,00,000
			2,00,000				**2,00,000**
2011				2012			
Apr. 01	Balance b/d		2,00,000	Mar. 31	Balance c/d		2,00,000
			2,00,000				**2,00,000**
2012				2013			
Apr. 01	Balance b/d		2,00,000	Mar. 31	Balance c/d		2,00,000
			2,00,000				**2,00,000**
2013				2014			
Apr. 01	Balance b/d		2,00,000	Mar. 31	Balance c/d		2,00,000
			2,00,000				**2,00,000**

Provision for Depreciation Account

Dr.							**Cr.**
Date	**Particulars**	**J.F.**	**Amount ₹**	**Date**	**Particulars**	**J.F.**	**Amount ₹**
2011				2011			
Mar. 31	Balance c/d		18,000	Mar. 31	Depreciation		18,000
			18,000				**18,000**
				2011 Apr. 01	Balance b/d		18,000
2012 Mar. 31	Balance c/d		36,000	2012 Mar. 31	Depreciation		18,000
			36,000				**36,000**
				2012 Apr. 01	Balance b/d		36,000
2013 Mar. 31	Balance c/d		54,000	2013 Mar. 31	Depreciation		18,000
			54,000				**54,000**
				2003 Apr. 01	Balance b/d		54,000

2014 Mar. 31	Balance c/d		72,000	2014 Mar. 31	Depreciation		18,000
			72,000				**72,000**

Hence, the provision for depreciation account at the end of 4th Year is ₹.72, 000

Depreciation Account

Dr.							**Cr.**
Date	**Particulars**	**J.F.**	**Amount ₹**	**Date**	**Particulars**	**J.F.**	**Amount ₹**
2011				2011			
Mar. 31	Provision for Depreciation		18,000	Mar. 31	Profit and Loss		18,000
			18,000				**18,000**
2012 Mar. 31	Provision for Depreciation		18,000	2012 Mar. 31	Profit and Loss		18,000
			18,000				**18,000**
2013 Mar. 31	Provision for Depreciation		18,000	2013 Mar. 31	Profit and Loss		18,000
			18,000				**18,000**
2014 Mar. 31	Provision for Depreciation		18,000	2014 Mar. 31	Profit and Loss		18,000
			18,000				**18,000**

Part B

27.

(c) Statement of affairs and conversion

Explanation:

The profit and loss of a firm in case of single entry system can be ascertained by the following two methods

i. statement of affairs method and

ii. conversion method

From these method profit is calculated only.

OR

(b) One sided effect

Explanation:

Sometimes for certain transactions, both aspects are recorded, for others one aspects are recorded and some transactions are not even recorded. that's why it is called as un-scientific system of accounting. This is incomplete system of accounting.

28.

(d) Indirect Expenses

Explanation:

Payment of Income Tax is considered an indirect expense for an enterprise.

29. **(a)** Cost Principle

Explanation:

As per Cost Principle. Wages paid for the installation of a machine is added to the cost of machine because of the cost principle.

OR

(a) ₹ 78,000

Explanation:

₹ 78,000

Gross profit = sales + closing stock - Purchase - Wages

= 2,00,000 + 8,000 - 1,10,000 - 20,000

= 78,000

30. **Trading Account**

Dr			Cr
Particulars	**Amt (Rs.)**	**Particulars**	**Amt (Rs.)**
To COGS	45,00,000	By sales	72,00,000
To Gross Profit T/f. to P&L A/c	27,00,000		
	72,00,000		72,00,000

31. **TRADING ACCOUNT**

Dr.			**Cr.**
Particulars	**Amount (₹)**	**Particulars**	**Amount (₹)**
To Opening Stock	3,00,000	By Sales	14,07,000
To Purchases	8,50,000	By Closing Stock	2,80,000
To Carriage on Purchase	23,000		
To Gross Profit (Bal. Fig.)	5,14,000		
	16,87,000		**16,87,000**

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

32. Closing Stock or Inventory is valued at cost or net realisable value (market value), whichever is lower. For example

Adjustment

1. stock at the end of the year cost of ₹ 10,000 which market value is ₹ 12,000.

first its shown in trading at Credit of ₹ 10,000 and after that present in balance sheet in asset side with ₹ 10,000.

33. **Opening Statement of Affairs**

as at April 1, 2022

Liabilities	(₹)	Assets	(₹)
Creditors	14,900	Cash	1,200
Opening Capital (Bal. Fig.)	33,000	Debtors	16,800
		Stock	22,400
		Furniture	7,500
Total	**47,900**	**Total**	**47,900**

Closing Statement of Affairs

as at March 31, 2023

Liabilities	(₹)	Assets	(₹)
Creditors	11,600	Cash	4,000
Closing Capital (Bal. Fig.)	60,000	Debtors	27,200
		Stock	24,400
		Investments	8,000
		Furniture	8,000
Total	**71,600**	**Total**	**71,600**

Statement of Profit

as at March 31, 2023

Particulars	Details	(₹)
Closing Capital on March 31, 2023		60,000
Add: Drawings: [500 × 12]		6,000
		66,000
Less: Opening Capital as on April 1, 2022	33,000	

Additional Capital: [₹16,000 + 5%(16,000)]	16,800	49,800
Net Profit for the year		**16,200**

OR

STATEMENT OF AFFAIRS OF Govind

as on March 31, 2023

Dr.			**Cr.**
Liabilities	**Amount (₹)**	**Assets**	**Amount (₹)**
Creditors	22,000	Cash at Bank	5,000
Capital (Balancing Figure)	1,46,000	Cash in hand	3,000
		Stock	44,000
		Debtors	21,000
		Fixed Assets	80,000
		Scooter	15,000
	1,68,000		**1,68,000**

Statement of Profit or Loss of Govind

for the year ended March 31, 2023

Particulars	**Amount (₹)**
Capital at the end of the year	1,46,000
Add: Drawings made during the year (24,000 + 4,500 - 15,000)	13,500
Adjusted capital at the end of the year	1,59,500
Less: Capital in the beginning of the year	1,64,500
Loss Before Adjustment	(5,000)
Less: Depreciation on Fixed Assets	8,000
Less: Outstanding on Scooter	750
Less: Bad Debts	1,000
Less: Provision for Doubtful Debts	1,000
Add: Accrued Commission	2,500
Loss Incurred during the year	(13,250)

Final Statement of Affairs of Govind

as on March 31, 2023

Liabilities		Amount (₹)	Assets		Amount (₹)
Creditors		22,000	Cash in hand		3,000
Opening Capital	1,64,500		Cash at Bank		5,000
Less: Net Loss	13,250		Stock		44,000
Less: Drawings	13,500	1,37,750	Debtors	21,000	
			Less: Bad Debts	1,000	
			Less: provision for Bad Debts	1,000	19,000
			Fixed Assets	80,000	
			Less: Depreciation	8,000	72,000
			Scooter	15,000	
			Less: Depreciation	750	14,250
			Accrued Commission		2,500
		1,59,750			**1,59,750**

Balance sheet records transaction of capital nature and profit and loss records expenses and income of revenue nature.

34.

Date	Particulars		L.F.	Amount (Dr.)	Amount (Cr.)
	Bad debts A/c	Dr.		20,000	
	To Debtors A/c (Further bad debts)				20,000
	Provision for Bad debts A/c	Dr.		35,000	
	To Bad debts A/c (Bad debts adjusted)				35,000
	Profit and Loss A/c	Dr.		27,000	
	To Provision for Bad debts A/c (Net amount charged to Profit & Loss A/c)				27,000
	Staff welfare expenses A/c	Dr.		22,400	
	To Purchases A/c				20,000

	To Input IGST A/c (goods distributed to staff)				2,400
	Rent A/c	Dr.		30,000	
	Input IGST A/c	Dr.		3,600	
	To Outstanding rent A/c				33,600
	(Rent outstanding for two months)				
	Insurance expense A/c	Dr.		10,000	
	Input IGST A/c	Dr.		1,200	
	To Cash A/c				11,200
	(Insurance expense paid)				
	Prepaid Insurance A/c	Dr.		2,500	
	To Insurance expense A/c				2,500
	(Prepaid insurance expense paid)				
	Accrued commission A/c	Dr.		5,600	
	To Commission A/c				5,000
	To Output IGST A/c				600
	(accrued commission adjusted)				

OR

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

Dr				**Cr**
Particulars		**Amt (₹)**	**Particulars**	**Amt(₹)**
To Opening Stock		42,000	By Sales	1,55,000
To Purchases	82,600		By Closing Stock	64,000
Less: Returns Outwards	1,600	81,000		
To Carriage Inward		1,200		
To Wages	4,000			
Add: Outstanding	2,400	6,400		
To Power		6,000		

To Gross Profit c/d		82,400		
		2,19,000		**2,19,000**
To Rent	22,000		By Gross Profit b/d	82,400
Add: Outstanding Rent (₹ 22,000 × $\frac{1}{11}$)	2,000	24,000		
To Salary		15,000		
To Insurance		3,600		
To Outstanding Interest on Bank Loan[1]		1,000		
To Bad Debts	600			
Add: New Provision	1,000	1,600		
To Depreciation on Machinery		5,000		
To Balance (being profit before Charging Manager's Commission) c/d		32,200		
		82,400		**82,400**
To Manager's Commission Outstanding $\left(32,200 \times \frac{10}{110}\right)$		2,927	By Balance b/d	32,200
To Net Profit Transferred to Capital A/c		29,273		
		32,200		**32,200**

BALANCE SHEET
as at 31st March, 2023

Liabilities		Amt. (₹)	Assets		Amt. (₹)
8% Bank Loan	25,000		Cash in hand		1,500
Add: Outstanding Interest	1,000	26,000	Debtors	20,600	
Creditors		18,900	Less: Further Bad Debts	600	
Outstanding wages		2,400		**20,000**	
Outstanding Rent		2,000	Less: Provision for Doubtful Debts	1,000	19,000
Outstanding Manager's Commission		2,927	Closing Stock		64,000

Capital	80,000		Furniture		14,000
Add: Net Profit	29,273		Machinery	50,000	
	1,09,273		Less: Depreciation	5,000	45,000
Less: Drawings	(18,000)	91,273			
		1,43,500			**1,43,500**

Note (1): Interest on Bank Loan will be calculated for six months.