SAMPLE QUESTION PAPER - 2

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. Which of the following source documents is used for depositing cash or cheques into bank? **[1]**

a) Pay note
b) Counterfoil
c) Cash slip
d) Pay-in-slip

2. **Assertion (A):** Accounting is merely concerned with recording of the financial events. **[1]**

Reason (R): Accounting also provides insightful information that helps businesses in their decision making process.

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. Bank account is a: **[1]**

a) Real account
b) Nominal account
c) Personal account
d) Revenue account

4. What will be the effect on the accounting equation for outstanding expenses? (Options are in the format of assets, liabilities, capital). **[1]**

a) No change, Increase, Decrease
b) Decrease, Increase, Decrease
c) Decrease, Decrease, No change
d) Decrease, No change, Decrease

OR

A mathematical expression, which shows that the ________ and ________ of a firm are equal, is known as accounting equation.

a) liabilities and capital
b) liabilities and assets
c) Transactional
d) assets and capital

5. Which of this information is present on the invoice? **[1]**

i. Party to whom goods are sold
ii. Goods sold
iii. Total sale amount

a) (ii) and (iii)
b) (i) and (ii)
c) (i) and (iii)
d) All of these

6. The supply of goods or services in exchange of money between two parties is known as: **[1]**

a) Service transactions
b) Goods transactions
c) Business transactions
d) Credit transactions

OR

Which of these are example(s) of short-term creditors?

a) Borrowing from banks
b) Suppliers of goods and services on credit
c) Both financial institutions and suppliers of goods and services on credit
d) Financial institutions

7. Features of reserves are: **[1]**

a) It is created out of divisible profits

b) Their creation is voluntary

c) All of these

d) They are available for distribution as dividends

8. Real account (which include cash and all other assets) will usually show: **[1]**

a) Debit Balance

b) Both debit and credit balance

c) Negative balance

d) Credit Balance

OR

Credit means:

a) an increase in liability

b) a decrease in liability

c) a decrease in proprietor's equity

d) an increase in asset

9. Cost concept means: **[1]**

a) Sale of goods at cost plus percentage of cost

b) Sale of goods at market price

c) Sale of goods at cost price

d) Recording of asset in the books at cost price

10. Accounting standards are formulated by **[1]**

a) By Companies Act

b) By Institute of Chartered Accountants of India

c) By Planning Commission

d) By Institute of Company Secretaries of India

11. Which reserve is created out of capital profits **[1]**

a) General Reserves

b) Specific Reserves

c) Capital Reserves

d) Revenue Reserves

12. Which one of the following is not a fictitious asset? **[1]**

a) Deferred revenue expenditure

b) Loss on issue of debentures

c) Goodwill

d) Discount on issue of shares

13. A ________ is prepared when a party is to be given a credit for reasons other than credit purchase. **[1]**

a) credit note

b) Account note

c) written note

d) debit note

14. Sumit owns a company and purchase goods on credit from his personal funds and used the same for business purpose. What is the effect on assets **[1]**

a) Increase stock

b) Reduce cash

c) Increase cash

d) Reduce Bank

15. Which of the following will be treated as drawings: **[1]**

A. Withdrawing money for payment of salary to employees

B. Withdrawing money for payment to creditors

C. Withdrawing money from the business for private expenses

D. Withdrawing money for the purchase of an asset

a) Only C is correct

b) Only B is correct

c) Only A is correct

d) Only D is correct

OR

Consider the following items:

i. Prepaid Salary

ii. Accrued Interest (Receivable)

iii. Loan (Short term)

iv. Bank Overdraft

Current Liability would include:

a) iii, iv

b) iv, iii, i

c) i, ii, iii, iv

d) ii, iii, iv

16. In the Purchases Book, transactions recorded are **[1]**

a) cash purchases of goods dealt in.

b) purchase of anything.

c) credit purchases of goods dealt in.

d) all purchases of goods dealt in.

17. Creation of provision is: **[1]**

a) Necessary

b) Voluntary

c) Unnecessary

d) Illegal

18. What do you understand by balancing of account? **[3]**

OR

Journalise the following transactions:

i. Goods destroyed by fire for Rs 4,500
ii. Paid Rs 1,500 in cash as wages on the installation of machinery
iii. Issue a cheque in favour of M/s. Parmatma Saran & Sons on accounts of purchase of goods Rs 7,500
iv. Goods sold costing Rs 6,000 of M/s. Kalu sons at an invoice price of 10% above cost less 5% Trade Discount.

19. **Cash Basis of Accounting** is not a better basis for depicting the correct financial position of an enterprise**.** Do you agree? Give reasons in support of your answer. **[3]**

OR

Explain the need for IFRS.

20. Distinguish between Capital Expenditure and Revenue Expenditure. **[3]**

21. From the following balances, taken from the books of M/s Dhruv Rathee & Sons as at 31st March 2023, prepare a Trial Balance in proper form: **[4]**

Name of Accounts	**(₹)**	**Name of Accounts**	**(₹)**
Cash in Hand	4,500	Machinery	24,000
Bank Overdraft	8,000	Land & Buildings	50,000
Opening Stock	20,000	Debtors	18,400
Purchases	80,000	Creditors	8,500
Purchases Returns	2,000	Bills Receivable	2,850

Sales	1,30,000	Bills Payable	1,650
Sales Returns	5,000	Capital	60,000
Travelling Expenses	1,800	Drawings	6,000
Discount Allowed	600	Rent	3,700
Discount Received	1,500	Salaries	3,600
		Loan (Cr.)	10,000
		Interest on Loan	1,200

22. Enter the following transactions in a single column Cash Book: **[4]**

2023		**₹**
March 1	Commenced business with Cash	20,000
March 2	Bought goods for Cash	5,000
March 5	Sold goods for Cash	4,000
March 10	Goods purchased from Rajesh on Credit	10,000
March 13	Paid to Rajesh	7,000
March 15	Cash Sales	8,000
March 18	Purchased furniture for Cash	6,000
March 20	Paid Wages	380
March 24	Paid Rent	400
March 26	Received Commission	600
March 28	Withdrew for personal expenses	1,000
March 31	Paid Salary	900

23. Malhotra and Sons find that the bank balance shown by their Cash Book on December 31, 2023 is ₹ 40,500 (credit) but the Pass Book shows a difference due to the following reasons: **[4]**

i. A cheque for ₹ 5,000 drawn in favour of Manoj has not yet been presented for payment.

ii. A post-dated cheque for ₹ 900 has been debited in the bank column of the Cash Book but it could not have been presented in any case.

iii. Cheques totaling ₹ 10,200 deposited with the Bank have not yet been collected and an another cheque for ₹ 4,000 deposited in the account has been dishonoured.

iv. A bill payable for ₹ 10,000 was retired by the Bank under a rebate of ₹ 150 but the full amount of the bill was credited in the bank column of the Cash Book.

Prepare a Bank Reconciliation Statement and find out the balance as per Pass Book.

OR

On 31st March, 2023, Bank Statement of Gopal shows credit balance of ₹ 33,570 whereas Cash Book showed debit balance of ₹ 53,000.
It was observed that the differences were because of the following:

i. Cheques and drafts sent to the bank but not collected and credited, amounted to ₹ 7,900 while cheque for ₹ 2,000 was received unpaid.

ii. Three cheques drawn for ₹ 3,000; ₹ 1,500 and ₹ 2,000 respectively were not presented for payment till 30th April, 2023.

iii. Bank has paid a cheque of ₹ 10,000 but it has not been entered in the Cash Book and a cheque of ₹ 5,000 which was discounted with the bank was dishonoured by the drawee on the due date.

iv. Bank has charged ₹ 130 as its commission for collecting outstation cheques and had credited an interest of ₹ 100 in the account.

v. A wrong debit of ₹ 5,000 was made by the bank, which was reversed on 4th April, 2023. Prepare Bank Reconciliation Statement as on 31st March, 2023.

24. Journalise the following transactions: **[6]**

2023	
April 1	Received an order for goods for ₹ 1,20,000 from M/s Ram & Sons.
April 3	Received order for goods from M/s Shekhar & Co. of ₹ 5,00,000 along with a cheque for ₹ 1,80,000 as advance.
April 5	Placed order for goods with M/s Gupta & Sons of ₹ 2,50,000; paid them ₹ 1,00,000 by cheque in advance.
April 7	Gupta & Sons supplied goods of ₹ 2,50,000.
April 10	Paid a cheque for 60% of the balance amount due to Gupta & Sons on the account.

April 15	Goods for ₹ 20,000 and furniture of the book value of 10,000 destroyed by fire.
April 20	Goods costing ₹ 50,000 were damaged in transit; a claim was made on railway authorities for the same.
April 22	Received from Salesman ₹ 60,000 for goods sold by him after deducting his travelling expenses ₹ 4,000.
April 25	Sold goods to Vishesh costing ₹ 40,000 at a profit of 25% and allowed him 10% trade discount and paid for cartage ₹ 1,000 to be charged from him.
April 28	Received a cheque of ₹ 40,000 from the railway authorities in full settlement of a claim for damages in transit.

OR

Pass Journal entries for the following adjustment on 31st March, 2023:

i. Interest due but not received ₹ 10,000.

ii. Salaries due to staff ₹ 50,000.

iii. Out of the rent paid this year, ₹ 5,000 is for the next year.

iv. Provide 10% depreciation on Furniture costing ₹ 1,00,000

v. Goods used in making Furniture (Sales Price ₹ 5,000; Cost ₹ 4,000).

vi. Received commission of ₹ 20,000 by cheque, half of which is in advance.

vii. Allow interest on capital ₹ 8,000

viii. Charge interest on drawings ₹ 1,500.

25. Pass Journal Entries to rectify the following errors: **[6]**

These errors are located after the preparation of Trial Balance.

i. ₹ 17,000 paid in cash for purchase of a Typewriter was charged to office expenses account.

ii. Credit sale to Abhishek ₹ 5,000 were posted to the Credit of his account.

iii. Cash sales ₹ 20,000 were posted to commission received Account ₹ 200.

iv. Wages Paid for the construction of office ₹ 9,090 were debited to building Account.

v. Salary payable to Amar ₹ 12,000 was not recorded in the books.

OR

Rectify the following errors:

i. Sold old furniture of A for ₹ 11,500 was passed through the Sales Book.

ii. Credit purchases of ₹ 12,000 from Ashely omitted to be recorded in the books.

iii. Repair made were debited to Building Account ₹ 7,000.

iv. Credit Sale of ₹ 1,800 to Anshika was recorded as ₹ 8,100.

v. ₹ 6,000 paid for office furniture was debited to the office expense account.

vi. A credit sale of goods ₹ 15,000 to Rajesh has been wrongly passed through the Purchases Book.

26. Sumit Bros, purchased a plant on 1st April, 2021 for ₹ 7,00,000. Depreciation is charged @ 10% p.a. on the original cost. On 1st January, 2023, the plant was found unsuitable and sold for ₹ 4,20,000. Prepare the Plant Account, Depreciation Account and Plant Disposal Account if depreciation is charged to Plant Account. The accounts are closed on 31st March every year. **[6]**

OR

A firm purchased on 1st April 2015 certain machinery for Rs.5,82,000 and spent Rs.18,000 on its installation. On 1st October 2015, additional machinery costing Rs.2,00,000 was purchased. On 1st October 2017, the machinery purchased on 1st April 2015 was auctioned for Rs.2,86,000 plus CGST and SGST @ 6% each and new machinery for Rs.4,00,000, plus IGST @ 12% was purchased on the same date. Depreciation was provided annually on 31st March at the rate of 10% on the Written Down Value Method. Prepare the Machinery Account for the three years ended 31st March 2018.

Part B

27. Calculate the profit from the following information: Opening capital: Rs.1,20,000, closing capital - Rs.1,80,000, Drawings - Rs.10,000, capital added during the year- Rs.20,000. **[1]**

a) Rs.60,000

b) Rs.40,000

c) Rs.50,000

d) Rs.45,000

OR

Generally, incomplete records are maintained by:

a) Society

b) Company

c) Government

d) Trader

28. Carriage Outward is shown in: **[1]**

a) Trading Account
b) Profit and Loss Account
c) Any of Trading Account or Profit & Loss Account.
d) Balance Sheet

29. Insurance paid Rs. 4000(including premium of Rs.3000 per annum) paid up to 30th June by what amount insurance prepaid amount should be debited **[1]**

a) Rs.750
b) Rs.1000
c) Rs.4000
d) Rs.3000

OR

Unearned income means

a) Income due but not received
b) Income of the firm in the year of receipt
c) Income earned but not received
d) Income received in advance

30. Operating profit earned by M/s Arora & Sachdeva in 2016-17 was ₹ 17,00,000. Its non-operating incomes were ₹ 1,50,000 and non-operating expenses were ₹ 3,75,000. Calculate the amount of net profit earned by the firm. **[3]**

31. Prepare Trading Account as on 31st March, 2023 from the following balances: **[3]**

	₹
Stock on 1st April, 2022	10,000
Sales Return	5,000
Sales	2,00,000
Wages	11,000
Purchases	2,00,000
Purchases Return	2,500
Carriage Inwards	1,500
Carriage Outwards	3,000
Freight Inwards	2,500

The Closing Stock of goods as on 31st March, 2023 is ₹ 20,000.

32. **Extracts of Trial Balance** **[3]**

as on 31st March, 2013

Name of Accounts	Debit Balance(Rs)	Credit Balance(Rs)
Commission Received		9,000

Additional Information

Commission earned but not received Rs 1,800.

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

33. From the following information supplied by Ms. Sudha, calculate the amount of 'Net Sales' **[6]**

	₹
Debtors on April 01, 2016	65,000
Debtors on March 31, 2017	50,000
Opening balance of bills receivable as on April 01, 2016	23,000
Closing balance of bills receivable as on March 31, 2017	29,000
Cash received from debtors	3,02,000
Discount allowed	8,000
Cash received against bills receivable	21,000
Bad debts	14,000
Bill receivables (dishonoured)	20,000
Cash sales	2,25,000
Sales return	17,000

OR

Ram Prashad maintains his books on Single Entry System, and from them and the particulars supplied, the following figures were gathered together on 31st March 2023: Books Debts, ₹ 10,000, Cash in Hand, ₹ 510, Stock in Trade (Estimated) ₹ 6,000, Furniture and Fittings, ₹ 1,200, Trade Creditors, ₹ 4,000, Bank Overdraft, ₹ 1,000. Ram Prashad stated that he started business on 1st April, 2022 with Cash ₹ 6,000 paid into bank but stocks valued at ₹ 4,000. During the year he estimated his drawings to be ₹ 2,400. You are required to prepare the statement, showing the profit for the year, after writing off 10% for depreciation on furniture and fittings.

34. From the following balances, prepare Trading, Profit and Loss A/c and a Balance Sheet as at 31st March 2023:- **[6]**

Particulars	**₹**	**Particulars**	**₹**
Opening Stock	20,000	Goodwill	16,000
Purchases	2,92,000	Furniture and Fittings	58,000
Fuel and Power	34,000	Repair Charges	2,900
Capital	1,60,000	Bank	18,000
Sales	5,90,000	Salaries	1,10,000
Rent	10,000	General Expenses	18,000
Returns Inwards	16,000	Debtors	2,30,000
Cash Discount allowed	15,000	Creditors	1,35,000
Cash Discount received	19,000	Output CGST	5,000
Drawings	58,100	Output SGST	5,000
		Input CGST	8,000
		Input SGST	8,000

Take the following adjustments into account:

i. General expenses include ₹ 5,000 chargeable to Furniture purchased on 1st October 2022.

ii. Create a provision of 5% on debtors for Bad and Doubtful Debts after treating ₹ 30,000 as a Bad-debt.

iii. Depreciation on furniture and Fittings for the year is to be at the rate of 10% per annum.

iv. Closing Stock was ₹ 40,000, but there was a loss by fire on 20th March to the extent of ₹ 8,000. Insurance Company admitted the claim in full.

v. a. Goods costing ₹ 2,500 were used by the proprietor.

b. Goods costing ₹ 1,500 were distributed as free samples.
Goods were purchased paying CGST and SGST @ 6% each.

OR

From the following balances of the year ended 31st December, 2013 and additional information, prepare the trading and profit and loss account and the balance sheet M/s Ram Lai & Sons.

Name of Accounts	Amt(Rs)	Name of Accounts	Amt(Rs)
Capital	80,000	Insurance	600
Purchases	82,000	Salaries	12,500
Sales	1,10,000	Bad Debts	200
Return Outwards	1,000	Carriage on purchases	200
Building	45,000	Commission (credit)	1,500
Opening Stock	15,000	Cash in hand	5,000
Debtors	20,100	Cash at Bank	25,000
Creditors	28,000	Sales tax paid	5,000
Furniture	7,000	Sales tax collected	3,500
Wages	1,800	Interest on investment	500
Rent	5,100		

Additional Information

i. Closing stock was valued at Rs 20,000.
ii. Provide depreciation on building @ 5% and on furniture @10%.
iii. Outstanding salaries Rs 1,000.
iv. Unexpired insurance Rs 50.
v. Accrued commission Rs 300.
vi. Provide for manager's commission at 5% on net profit after charging such commission.

Solution

SAMPLE QUESTION PAPER - 2

Accountancy (055)

Class XI (2024-25)

Part A

1.

(d) Pay-in-slip

Explanation:

Pay-in-slip

2.

(d) A is false but R is true.

Explanation:

A is false but R is true.

3.

(c) Personal account

Explanation:

Accounts recording transactions with a person or group of persons are known as personal accounts.

4. **(a)** No change, Increase, Decrease

Explanation:

Outstanding expenses will be treated as a liability because these are expenses that are due to be paid but are not yet paid.

OR

(b) liabilities and assets

Explanation:

liabilities and assets

5.

(d) All of these

Explanation:

All of these

6.

(c) Business transactions

Explanation:

The supply of goods or services in exchange for money between two parties is known as business transactions.

OR

(b) Suppliers of goods and services on credit

Explanation:

Suppliers of goods and services on credit

7.

(c) All of these

Explanation:

All of these

8. **(a)** Debit Balance

Explanation:

Real accounts are the assets of the firm and will always have a debit balance except for sales account and purchase returns accounts which will show a credit balance. Real Account includes only Assets account only.

OR

(a) an increase in liability

Explanation:

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

9.

(d) Recording of asset in the books at cost price

Explanation:

Recording of asset in the books at cost price

10.

(b) By Institute of Chartered Accountants of India

Explanation:

By Institute of Chartered Accountants of India

11.

(c) Capital Reserves

Explanation:

Capital Reserves :- Capital reserves are those reserves which are created out of the capital profits which are not available for distribution as dividend.

12.

(c) Goodwill

Explanation:

Goodwill is fixed intangible asset. It is not Fictitious Assets.

13. **(a)** credit note

Explanation:

credit note is issued by seller of goods to purchaser of goods informing that his account has been credited to the extent of goods received back.

14. **(a)** Increase stock

    Explanation:

    when sumit will intoduce stock in business out of his personal funds then it will increase the stock columm in assets and also the capital get increases.

15. **(a)** Only C is correct

    Explanation:

    Withdrawing money from the business for private expenses will be treated as drawings. Hence it is Debited.

    OR

    (a) iii, iv

    Explanation:

    iii, iv

16.

    (c) credit purchases of goods dealt in.

    Explanation:

    credit purchases of goods dealt in.

17. **(a)** Necessary

    Explanation:

    Necessary

18. The accounts in the ledger are balanced at periodic intervals of daily, weekly, fortnightly, monthly, quarterly or any other pre-defined periodic intervals. The goal of balancing is to determine the net position of each amount. The following steps are involved in the balance of the accounts:

    i. The debit and credit side are totalled.
    ii. The total on the side which is higher is written on the corresponding side.
    iii. The difference between both sides is recorded on the shorter side. This makes the total on both sides equal.
    iv. In case the debit side exceeds the credit side, the difference is written on the credit side. This is called Debit Balance.
    v. If the credit side exceeds the debit sided, the difference is written on the debit side. This is called Credit Balance.
    vi. The words balance c/d are written against the amount of the difference between the two sides. Balance c/d stands for balance carried down.
    vii. The amount of balance is brought down (b/d) in the next accounting period. It is denoted with Balance b/d. This indicates that it is a continuing account, till finally

settled or closed. Here Balance b/d stands for Balance Brought Down.

viii. The accounts of expenses losses and gains/revenues are not balanced. Instead, these are transferred to trading and profit and loss accounts.

OR

Journal Entries

Date	Particular		L.F.	Amount Dr. (Rs)	Amount Cr. (Rs)
(i)	Loss by Fire Account	Dr.		4,500	
	To Purchase Account				4,500
	(Being goods destroyed by fire)				
(ii)	Machinery Account	Dr.		1,500	
	To cash Account				1,500
	(Being wages paid for installation Machinery)				
(iii)	Purchase Account	Dr.		7,500	
	To Bank Account				7,500
	(Being goods purchased by cheque)				
(iv)	M/s Kalu Sons	Dr.		6,270	
	To Sales Account				6,270
	(Being goods sold costing Rs 6,000 at on invoice above cost less 5% trade discount)				

19. 'Cash Basis of Accounting' is not a better basis for depicting the correct financial position of an enterprise because it does not give a true and fair view of the or loss and the financial position of an enterprise because it ignores outstanding and prepaid expense and accrual income and income received in advance adjustments.

OR

IFRS stands for international financial reporting standards. It’s a set of accounting rules and standards that determine how accounting events should be reported in your business’s financial statements. Issued by the International Accounting Standards Board (IASB), IFRS aims to make financial statements consistent, comparable, and transparent across the world. Due to increasing globalization, there is an increasing cross-border flow of goods, services, capital, and technology and the role of multinational corporations is increasing. As a result of this, financial statements produced in one country are used in other countries more and more frequently.

20. **Difference between Capital Expenditure and Revenue Expenditure**

Basis of Difference	Capital Expenditure	Revenue Expenditure
(i) Timings	It is charged as expense gradually via depreciation over a long period of time.	It is charged to expense in the current period, or shortly thereafter.
(ii) Consumption	It is assumed to be consumed over the useful life of the related fixed asset.	It is assumed to be consumed within a very short period of time. (i.e one year)
(iii) Size	It tends to involve larger monetary amounts than revenue expenditures. This is because expenditure is only classified as a capital expenditure if it exceeds a certain threshold value; if not, it is automatically designated as revenue expenditure.	Quite large expenditures can still be classified as revenue expenditures, as long they are directly associated with sale transactions or are period costs.
(iv) Nature	This is of Capital nature hence shown on Assets sides of balance sheet.	This is of Revenue nature hence shown as Expenditure in P&L A/c.

21. **Books of M/s Dhruv Rathee & Sons**

Trial Balance

as on March 31, 2023

Name of Accounts	**L.F.**	**Debit Balance (₹)**	**Credit Balance (₹)**
Cash in Hand		4,500	
Overdraft			8,000
Opening Stock		20,000	
Purchases		80,000	
Purchases Return			2,000
Sales			1,30,000
Sales Return		5,000	
Travelling Expenses		1,800	
Discount Allowed		600	
Discount Received			1,500
Machinery		24,000	

Land & Building		50,000	
Debtors		18,400	
Creditors			8,500
Bills Receivable		2,850	
Bills Payable			1,650
Capital			60,000
Drawings		6,000	
Rent		3,700	
Salary		3,600	
Loan			10,000
Interest on Loan		1,200	–
Total		**2,21,650**	**2,21,650**

Since trial balance debit and credit total match then all statements prepared are accurate.

22. **In the books of ________**

CASH BOOK

Dr.									**Cr.**
Date	**Particulars (Receipts)**	**V. No.**	**L.F.**	**Amount**	**Date**	**Particulars (Payments)**	**V. No.**	**L.F.**	**Amount**
2023				₹	**2023**				₹
March 1	To Capital A/c			20,000	March 2	By Purchases A/c			5,000
5	To Sales A/c			4,000	13	By Rajesh			7,000
15	To Sales A/c			8,000	18	By Furniture A/c			6,000
26	To Commission A/c			600	20	By Wages A/c			380
					24	By Rent A/c			400
					28	By Drawings A/c			1,000
					31	By Salary A/c			900

	Total Receipts			32,600		Total Payments			20,680
					31	By Balance c/d			11,920
				32,600					32,600
April 1	To Balance b/d			**11,920**					

Hint: Cashbook never records credit transactions only cash transactions are recorded in cash book. Hence no record will be made in the cash book of the credit purchase of goods from Rajesh on March 10th.

23. **BANK RECONCILIATION STATEMENT**

as on December 31, 2023

Particulars	(+)	(-)
Unfavourable balance as per Cash Book (Cr.)		40,500
Cheques issued not yet presented	5,000	
Post dated Cheque received but it could not have been presented in any case		900
Cheques not yet credited		10,200
Cheques dishonoured		4,000
Bill retiring Under the Rebate.	150	
Unfavourable balance as per Pass Book (Dr.) (Balancing figure)	50,450	
	55,600	**55,600**

OR

BANK RECONCILIATION STATEMENT

as on 31st March, 2023

Particulars	**Plus Items (₹)**	**Minus Items (₹)**
Balance as per Bank Statement (Cr.)	**33,570**	
Cheques and drafts deposited but not yet collected and credited	7,900	
Cheque deposited returned unpaid (Dishonoued)		2,000
Cheques issued but not yet presented for payment		6,500

Particulars	Plus Items (₹)	Minus Items (₹)
Cheque paid by the bank but not entered in the Cash Book	10,000	
Cheque discounted dishonoured	5,000	
Bank Commission not recorded in Cash Book	130	
Interest credited by the bank but not recorded in Cash Book		100
Wrong Debit by Bank	5,000	
Balance as per Cash Book (Dr.) (₹ 61,600 - ₹ 8,600)		**53,000**
	61,600	**61,600**

24. **JOURNAL**

Date	Particulars		L.F.	Amount Dr.	Amount Cr.
2023				**₹**	**₹**
April 1	No Entry as order received only				
April 3	Bank A/c	Dr.		1,80,000	
	To Shekhar & Co. A/c (Advance) (Advance received against an order of ₹ 5,00,000)				1,80,000
April 5	Gupta & Sons A/c(Advance)	Dr.		1,00,000	
	To Bank A/c (Paid Rs.1,00,000 advance against an order of ₹ 2,50,000)				1,00,000
April 7	Purchases A/c	Dr.		2,50,000	
	To Gupta & Sons A/c (Goods purchased)				2,50,000

Date	Particulars		L.F.	Amount Dr.	Amount Cr.
2023				₹	₹
April 10	Gupta & Sons A/c (1,50,000 $\times$ 60%)	Dr.		90,000	
	To Bank A/c (60 % of ₹ 1,50,000 paid on account)				90,000
April 15	Loss by fire A/c (20,000+10,000)	Dr.		30,000	
	To Purchases A/c				20,000
	To Furniture A/c (Goods and furniture destroyed by fire)				10,000
April 20	Railway claim A/c	Dr.		50,000	
	To purchases A/c (Claim made from railways for goods damaged in transit)				50,000
April 22	Cash A/c	Dr.		60,000	
	Travelling Expenses A/c	Dr.		4,000	
	To Sales A/c (60,000+4,000) (Cash received from salesman after deducting his travelling expenses)				64,000
April 25	Vishesh A/c (Note 1) (45,000+1,000)	Dr.		46,000	
	To Sales A/c (40,000 $\times$ 90% $\times$ 125%)				45,000
	To Cash A/c (Goods sold on credit and paid for cartage ₹ 1,000 to be charged from him)				1,000
April 28	Bank A/c	Dr.		40,000	

Date	Particulars		L.F.	Amount Dr.	Amount Cr.
2023				**₹**	**₹**
	Profit & Loss A/c (50,000-40,000)	Dr.		10,000	
	To Railway Claim A/c (Money received from Railway authorities against the claim)				50,000
	Total ₹			**8,60,000**	**8,60,000**

Working Notes:

i.

Cost of Goods	40,000
Add: Profit: 25% of ₹ 40,000	10,000
	50,000
Less: Trade Discount: 10% of ₹ 50,000	5,000
	45,000
Add: Cartage	1,000
	46,000

ii. It is assumed that the cheques received are deposited into the bank on the same day.

OR

Journal Entries

Date	Particulars		L.F.	Debit Amount (₹)	Credit Amount (₹)
(i)	Accrued Interest A/c	Dr.		4,000	
	To Interest A/c (interest due but not received)				4,000
(ii)	Salaries A/c	Dr.		50,000	
	To Outstanding Salaries A/c (salaries due to staff)				50,000
(iii)	Prepaid Rent A/c	Dr.		5,000	
	To Rent A/c (rent paid in advance)				5,000
(iv)	Depreciation A/c	Dr.		10,000	

	To Furniture A/c (Depreciation provided on furniture)				10,000
(v)	Furniture A/c	Dr.		4,000	
	To Purchases A/c (goods used for making office furniture)				4,000
(vi)	Bank A/c	Dr.		20,000	
	To Commission Received A/c (Commission Received)				20,000
	Commission Received A/c	Dr.		10,000	
	To Commission Received in Advance A/c (commission received in advance adjusted)				10,000
(vii)	Interest on Capital A/c	Dr.		8,000	
	To Capital A/c (interest allowed on capital)				8,000
(viii)	Capital A/c	Dr.		1,500	
	To Interest on Drawings A/c (interest on drawings charged)				1,500

25. **Journal Entry**

S. No.	Particulars		L.F.	Amount (Dr.)	Amount (Cr.)
(i)	Typewriter A/c	Dr.		17,000	
	To Office expense				17,000
	(wrongly charged to office expense)				
(ii)	Abhishek A/c	Dr.		5,000	
	Sales A/c	Dr.		5,000	
	To Suspense A/c				10,000
	(wrongly posted to credit side)				
(iii)	Commission Received A/c	Dr.		200	

	Suspense A/c	Dr.		19,800	
	To Sales A/c				20,000
	(wrong posted of ₹ 200 as commissioned Received)				
(iv)	Building A/c	Dr.		9,090	
	To Cash				9,090
	(Debited to building account)				
(v)	Salary A/c	Dr.		12,000	
	To Outstanding Salary				12,000
	(Outstanding Salary Rectified)				

OR

Rectifying Journal Entries

Date	Particulars		L.F.	Debit Amount (₹)	Credit Amount (₹)
(i)	Sales Account	Dr.		11,500	
	To furniture Account				11,500
	(Sold old furniture to A for ₹ 11,500 was passed through the Sales Book now rectified)				
(ii)	Purchases Account	Dr.		12,000	
	To Ashely's Account				12,000
	(rectification entry passed)				
(iii)	Repair Account	Dr.		7,000	
	To Building Account				7,000
	(rectifying entry passed)				
(iv)	Sales Account	Dr.		6,300	
	To Anshika's Account				6,300
	(rectifying entry passed)				
(v)	Office furniture Account	Dr.		6,000	
	To Office Expense Account				6,000

	(rectifying entry passed)				
(vi)	Rajesh's Account	Dr.		30,000	
	To Sales Account				15,000
	To Purchases Account				15,000
	(rectifying entry passed)				

26. **PLANT ACCOUNT**

Dr.					**Cr.**
Date	**Particulars**	**₹**	**Date**	**Particulars**	**₹**
2021			2022		
April 1	To Bank A/c	7,00,000	March 31	By Depreciation A/c (₹ 7,00,000 $\times \frac{10}{100}$)	70,000
			March 31	By Balance c/d	6,30,000
		7,00,000			**7,00,000**
2022			2023		
April 1	To Balance b/d	6,30,000	Jan. 1	By Depreciation A/c (WN 1) (₹ 7,00,000 $\times \frac{10}{100} \times \frac{9}{12}$)	52,500
			Jan. 1	By Plant Disposal A/c (Bal. Fig.)	5,77,500
		6,30,000			**6,30,000**

DEPRECIATION ACCOUNT

Dr.					**Cr.**
Date	**Particulars**	**₹**	**Date**	**Particulars**	**₹**
2022			2022		
March 31	To Plant A/c	70,000	March 31	By Profit & Loss A/c	70,000
		70,000			**70,000**
2023			2023		
Jan. 1	To Plant A/c	52,500	March 31	By Profit & Loss A/c	52,500
		52,500			**52,500**

PLANT DISPOSAL ACCOUNT

Dr.					**Cr.**
Date	**Particulars**	**₹**	**Date**	**Particulars**	**₹**

2023			2023		
Jan. 1	To Plant A/c	5,77,500	Jan. 1	By Bank A/c (Sale)	4,20,000
			Jan. 1	By Loss on Sale of Plant A/c (Profit & Loss A/c) (Bal. Fig.) (WN 2)	1,57,500
		5,77,500			**5,77,500**

Working Notes:

i. In the second year, depreciation will be charged for the nine months because the machinery is sold on 1st January, 2023, i.e., before closing the books on 31st March, 2023.

ii. Second year depreciation and loss on sale of plant will be transferred to Profit & Loss Account on 31st March, 2023.

iii. Book value of plant on the date of sale is transferred to Plant Disposal Account since depreciation is charged to Plant Account.

OR

MACHINERY ACCOUNT

Dr.							**Cr.**
Date	**Particulars**	**J.F.**	**Rs.**	**Date**	**Particulars**	**J.F.**	**Rs.**
01.04.15	To Bank A/c - cost (M_1)		6,00,000	31.03.16	By Depreciation A/c		70,000
01.10.15	To Bank A/c (M_2)		2,00,000		By Balance c/d		7,30,000
			8,00,000				**8,00,000**
01.04.16	To Balance b/d		7,30,000	31.03.17	By Deprecation A/c		73,000
					By Balance c/d		6,57,000
			7,30,000				**7,30,000**
01.04.17	To Balance b/d		6,57,000	01.10.17	By Cash A/c		2,86,000
01.10.17	To Bank A/c (M_3)		4,48,000		By Profit & Loss A/c		1,75,700
				31.03.18	By Depreciation A/c		63,800
					By Balance c/d		5,79,500

			11,05,000				**11,05,000**
01.04.18	To Balance b/d		5,79,500				

Working Notes:

Particulars	Machine I	Machine II	Machine III	Total
Cost (5,82,000+18,000)	6,00,000	2,00,000	4,48,000	
Less: Depreciation for 2015-16 @ 10%	-60,000	-10,000	0	70,000
W.D.V.	5,40,000	1,90,000	4,48,000	
Less: Depreciation for 2016-17 @ 10%	-54,000	-19,000	0	73,000
W.D.V.	4,86,000	1,71,000	4,48,000	
Less : Depreciation for 2017-18 @ 10%	-24,300	-17,100	-22,400	63,800
W.D.V.	4,61,700	1,53,900	4,25,600	
Less: Sale value	-2,86,000			
Loss on sale	1,75,700			

Depreciation is calculated by Diminishing value method so it is calculated on balance value of an asset or written down value of asset not on the cost of the asset.

GST paid on purchase of asset increase the cost of the asset.

Part B

27.

(c) Rs.50,000

Explanation:

Calculation of profit:

Opening capital:	1,20,000
less: closing capital	1,80,000
less: Drawings	10,000
add: capital added during the year	20,000
Profit	**50,000**

OR

(d) Trader

Explanation:

Generally, incomplete records are maintained by the trader. Incomplete records may be due to a partial recording of transactions, as is the case with small shopkeepers such as grocers and vendors.

28.

(b) Profit and Loss Account

Explanation:

Carriage Outward is an indirect expense hence it is shown in Profit and Loss Account.

29.

(b) Rs.1000

Explanation:

per annum premium is 3000 so 1000 is extra paid for next year so it is prepaid

OR

(d) Income received in advance

Explanation:

Income received in advance is called unearned income.

30. Operating Profit = Net Profit + Non-operating Expenses - Non-operating Income

Operating profit (Given) = 17,00,000

Non-operating income = 1,50,000

Non-operating expenses = 3,75,000

Hence, Net profit = 17,00,000 + 1,50,000 - 3,75,000 = ₹ 14,75,000.

31.

TRADING ACCOUNT

for the year ended 31st March, 2023

Dr.					**Cr.**
Particulars		**Amount (₹)**	**Particulars**		**Amount (₹)**
To Opening Stock		10,000	By Sales	2,00,000	
To Purchases	2,00,000		Less: Returns Inward	5,000	1,95,000
Less: Returns Outward	2,500	1,97,500	By Closing Stock		20,000
To Wages		11,000	By Gross Loss c/d (Transferred to Profit and Loss A/c)		7,500
To Carriage Inwards		1,500			
To Freight Inwards		2,500			
		2,22,500			**2,22,500**

Note: Carriage Outwards, being an indirect expense not debited to trading account and will be debited to Profit and Loss Account of entity.

32. **Adjustment Entries**

Date	Particulars		Debit	Credit
	Accured Commission	Dr	1,800	
	To Commission A/c			1,800

Effects on Final Account:

Profit and Loss Account

Dr						Cr
Date	Particulars	Amt(Rs)	Date	Particulars		Amt(Rs)
				By Commission	9,000	
				(+)Accured Commission	1,800	10,800

Extract of the Balance Sheet

Liabilities	Amt(Rs)	Assets	Amt(Rs)
		Accured Commission	1,800

33. **Total Bills Receivable Account**

Dr.							Cr.
Date	Particulars	J.F.	₹	Date	Particulars	J.F.	₹
	Opening balance		23,000		Cash (bills honoured)		21,000
	Debtors (Bills receivable) (balancing figure)		47,000		Bills receivable dishonoured		20,000
					Closing balance		29,000
			70,000				70,000

Total Debtors Account

Dr.							Cr.
Date	Particulars	J.F.	₹	Date	Particulars	J.F.	₹
2016							
Apr. 01	Opening balance		65,000		Cash received		3,02,000
	Bills receivable (dishonoured)		20,000		Discount allowed		8,000

	Sales (balancing figure)		3,53,000		Sales return		17,000
					Bad debts		14,000
					Bills receivable (transferred from bills receivable account)		47,000
				2017			
				Mar.31	Closing balance		50,000
			4,38,000				4,38,000

Working Notes

With the preparation of total debtors account and total bills receivable account, the net sales will be computed as follows:

Net Sales = Cash Sales + Credit Sales - Sales return

= ₹ 2,25,000 + ₹ 3,53,000 - ₹ 1,7000

= ₹ 5,61,000

OR

STATEMENT OF AFFAIRS OF RAM PRASHAD

Liabilities	April	March	Assets	April	March
Creditors		4,000	Cash	6,000	510
Bank overdraft		1,000	Book Debts		10,000
Capital	10,000	12,710	Stock	4,000	6,000
			Furniture		1,200
	10,000	**17,710**		**10,000**	**17,710**

STATEMENT SHOWING PROFIT OF LOSS OF RAM PRASHAD

Particulars	Amount (₹)
Closing Capital	12,710
Add: Drawings	2,400
Total	**15,110**
Less: Opening Capital	10,000
Gross Profit	**5,110**
Less: Depreciation on Furniture = $1{,}200 \times 10\%$	120
Net Profit	**4,990**

34.

Trading Account
for the year ended March 31st, 2023

Dr.					Cr.
Particulars		**Amount (₹)**	**Particulars**		**Amount (₹)**
To Opening Stock		20,000	By Sales	5,90,000	
To Purchases	2,92,000		Less: Return Inwards	(16,000)	5,74,000
Less: Goods Destroyed by Fire	(8,000)		By Closing Stock		40,000
Less: Drawings	(2,500)				
Less: Advertisements	(1,500)	2,80,000			
To Fuel and Power		34,000			
To Gross Profit c/d (Balancing Figure)		2,80,000			
		6,14,000			**6,14,000**

Profit and Loss Account
for the year ended March 31st, 2023

Dr.				Cr.
Particulars		**Amount (₹)**	**Particulars**	**Amount (₹)**
To Depreciation on Furniture		6,050	By Gross Profit b/d	2,80,000
To General Expenses	18,000		By Discount Received	19,000
Less: Furniture	(5,000)	13,000		
To Rent		10,000		
To Further Bad Debts	30,000			
Add: New Provision	10,000	40,000		
To Discount Allowed		15,000		
To Repair Charges		2,900		
To Advertisement (Free Samples)		1,680		

To Salaries		1,10,000		
To Net Profit (Balancing Figure) (transfer to capital account)		1,00,370		
		2,99,000		**2,99,000**

Balance Sheet
as at March 31, 2023

Liabilities		**Amount (₹)**	**Assets**		**Amount (₹)**
Capital	1,60,000		**Fixed Assets**		
Add: Net Profit	1,00,370		Furniture & Fittings	58,000	
Less: Drawings	(60,900)	1,99,470	Add: Additions	5,000	
Current Liabilities			Less: Depreciation	(6,050)	56,950
Creditors		1,35,000	Goodwill		16,000
			Current Assets		
			Closing Stock		40,000
			Insurance company (8,000 + 12% GST)		8,960
			Input CGST (8,000 - 240 - 480) = 7,280		
			Less: Output CGST = 5,000		2,280
			Input CGST (8,000 - 240 - 480) = 7,280		
			Less: Output CGST = 5,000		2,280
			Cash at Bank		18,000
			Debtors	2,30,000	
			Less: Bad Debts	(30,000)	
			Less: Prov. for Bad Debts	(10,000)	1,90,000
		3,34,470			**3,34,470**

Working Note:-

Calculation of Drawings = ₹ 58,100 + ₹ 2,800 (2,500 + 300 (GST)) = ₹ 60,900

Calculation of Depreciation:

Depreciation on Furniture (i) = 58,000 $\times$ 10% = 5,800

Depreciation on Furniture (ii) = 5,000 $\times$ 10% $\times$ $\frac{6}{12}$ = 250

Total Depreciation = ₹ 5,800 + ₹ 250 = ₹ 6,050

Calculation of outstanding rent:

Outstanding Rent = 10,000 $\times$ $\frac{2}{10}$ = ₹ 2,000

Calculation of Provision for Doubtful debts:-

Provision for doubtful debts = Sundry Debtors - further Bad debts $\times$ Rate

Provision for doubtful debts = (₹ 2,30,000 - ₹ 30,000) $\times$ 5 %

Provision for doubtful debts = ₹ 10,000

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

In the books of M/S Ram Lai & Sons

Trading and Profit and loss Account

for the year ended 31st December, 2013

Particulars	**Amount (Rs)**	**Particulars**	**Amount (Rs)**
To Opening stock	15,000	By Sales	1,10,000
To Purchases 82,000		By Closing Stock	20,000
Less Return Outwards 1,000			
To Wages	1,800		
To Carriage on Purchases	200		
To Gross Profit c/d	32,000		
	1,30,000 ========		**1,30,000** =======
To Rent	5,100	By Gross Profit b/d	32,000
To Insurance 600		By Interest on Investment	500
Less Unexpired Insurance 50	550	By Commission 1,500	
To Salaries 12,500		Add Accrued Commission 300	1,800
Add Outstanding Salaries 1,000	13,500		
To Bad Debts	200		
To Depreciation on:			

Building 2,250			
Furniture 700	2,950		
To Net Profit before Manager's Commission	12,000		
	34,300 =======		**34,300** =======
To Manager's Commission(5/105 $\times$12,000)	571	By Net Profit Before Manager's Commission	12,000
To Net Profit after Manager's Commission	11,429		
	12,000 ======		**12,000** =======

Balance Sheet

as at 31st December,2013

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Creditors	28,000	Cash in hand	5,000
Outstanding Salaries	1,000	Cash at Bank	25,000
Manager's Commission Payable	571	Closing Stock	20,000
Capital 80,000		Debtors	20,100
Add Net Profit 11,429	91,429	Advance Sales Tax Paid	1,500
		Accrued Commission	300
		Prepaid Insurance	50
		Building 45,000	
		Less Depreciation 2,250	42,750
		Furniture 7,000	
		Less Depreciation 700	6,300
	1,21,000 =========		**1,21,000** ========

In addition to salaries, companies may offer a fixed percentage of their net profit to managers as commission. This is done to motivate and encourage them to generate more revenue for the company. Journal entry will be:

Profit and Loss A/C	Debit
To Manager's Commission A/C	Credit