

SAMPLE QUESTION PAPER - 3

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 voucher is prepared for the payment of salary, purchase of goods, payment made to any creditor etc. [1]
a) Creditor voucher b) Accounting voucher
c) Debit voucher d) Both
2. **Assertion (A):** Accounting has a wider scope than book-keeping. [1]
Reason (R): Book-keeping involves recording, classifying, summarizing and analysing the financial transactions.
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. Goods purchased on credit will increase the [1]
a) Debtor b) Capital
c) liability d) Drawings
4. Which equation is correct out of the following: [1]
i. Liabilities = Assets + Capital

ii. $\text{Assets} = \text{Liabilities} - \text{Capital}$

iii. $\text{Capital} = \text{Assets} + \text{Liabilities}$

iv. $\text{Capital} = \text{Assets} - \text{Liabilities}$

a) Statement (ii) is Correct.

b) Statement (iv) is Correct.

c) Statement (i) is Correct.

d) Statement (iii) is Correct.

OR

Source Documents of Accounting are:

a) Cheque

b) All of these

c) Cash Memo

d) Invoice and Bills

5. Cash memo is prepared when goods are sold [1]

a) both on credit and cash

b) on credit

c) On transfer

d) on cash

6. Which of the following is an advantage of accounting? [1]

a) Based on Historical Costs

b) Omission of Qualitative Information

c) Detection of Errors

d) Incomplete information

OR

Which is the last step of accounting as a process of information:

a) Recording the transaction

b) Preparation of financial transaction

c) Analysis of information

d) Communication of information

7. _____ reserve may or may not involve any receipts of cash. [1]

a) Revenue

b) Specific

c) General

d) Capital

8. Drawings Account is a [1]

c) Opening stock

d) Assets

13. If XYZ Electronics Ltd. purchases 20 TV @ ₹2,000 per piece and 15 tape recorders @ ₹12,500 per piece. There was a trade discount of 20%. What will be the amount recorded in the purchase book? [1]

a) ₹2,27,500

b) ₹1,87,500

c) ₹40,000

d) ₹1,82,000

14. An increase in provision for bad debt will [1]

a) Decrease liabilities

b) Increase Assets

c) Increase net income

d) Increase liabilities

15. Stock is valued at: [1]

a) cost or market value, whichever is lower

b) market value

c) cost or market value, whichever is higher

d) cost

OR

The things or properties which help in the smooth functioning of the business and which are owned by the business are called _____ of the business.

a) Assets

b) Stock

c) Liabilities

d) Capital

16. A note sent by the buyer on the return of goods is: [1]

a) Credit Note

b) Debit Note

c) Return Note

d) Sales Return

17. _____ are created in business for rainy day [1]

a) General Reserve

b) Dividend equalization fund

c) Dividend fund

d) Capital Reserves

18. After balancing of accounts, these always show **Debit Balance**. Is it Correct? [3]

OR

Journalise the following transactions:

- i. Goods for ₹ 50,000 were destroyed by fire.
 - ii. Goods worth ₹ 18,000 were distributed as free samples and ₹ 20,000 were given away as a charity in cash.
 - iii. Goods worth ₹ 25,000 and cash ₹ 40,000 were taken away by the proprietor for his personal use.
 - iv. Goods worth ₹ 20,000 and cash ₹ 5,000 were given away as charity.
 - v. Cash ₹ 1,00,000 were stolen from the Iron Safe of the trader.
19. What is meant by the cash basis of accounting? Why is the cash basis of accounting not popular as a system of accounting? [3]

OR

Why is the accrual basis of accounting better than the cash basis of accounting?

20. Determine, if the following are Assets, Liabilities, Capital, Revenue from Operations, Revenues, Expenses or none: [3]

- a. Machinery
- b. Purchases
- c. Stock
- d. Creditors
- e. Capital
- f. Salary paid to a clerk
- g. Sales
- h. Furniture
- i. Interest received and
- j. Rent paid

21. Following balances were extracted from the books of Rajesh Associates as at 31st March, 2023: [4]

	(₹)		(₹)
Sundry Debtors	4,10,000	Stock (April 1, 2022)	2,30,000

Sundry Creditors	80,000	Premises	12,00,000
Rent and Taxes	48,000	Fixtures & Fittings	3,10,000
Purchases	34,00,000	Bad Debts written off	8,000
Sales	56,00,000	Rent received from sub-let of part of premises	30,000
Trade Expenses	12,000	Loan from Rahul	1,50,000
Returns Outwards	80,000	Interest on Rahul's Loan	15,000
Returns Inwards	1,20,000	Drawings	40,000
Expenses	4,000	Cash in hand	75,000
Motor Vehicles	6,50,000	Stock on 31st March, 2023	
Electricity	25,000	(not adjusted)	3,80,000

You are required to prepare the trial balance treating the difference as his capital.

22. Mr. Jain operates two bank accounts both of which are maintained in the columnar cash book itself. You are required to prepare a proforma of the cash book, record the following transactions therein and draw the closing balances as on 30th June, 2023: [4]

2023		₹
June 20	Opening Balance of Cash	1,180
	Progressive Bank	19,040
	Goodwill Bank (Overdraft)	6,460
20	Received a cheque for ₹ 1,800 from a debtor Mr. X and deposited in Goodwill Bank. The Bank credited the amount on 23 rd June and debited ₹ 4 as its collection charges.	
21	Purchased goods for ₹ 18,210 and a cheque issued on Progressive Bank.	
22	Paid office expenses ₹ 410 and ₹ 80 for stationery in cash.	
23	Deposited a cheque for ₹ 21,090 being sale proceeds of goods in Progressive Bank. The Bank credited the amount on the same day and debited ₹ 21 as cheque discounting charges.	

23	A cheque for ₹ 8,000 drawn by Mr. Jain himself on Progressive Bank was deposited in his account with Goodwill Bank.	
25	Cash drew from the account with Progressive Bank ₹ 600 for office use.	
25	A cheque for ₹ 1,100 received from Mr. A and earlier deposited in Goodwill Bank (on 14 th June) was returned unpaid and Bank debited ₹ 10 towards its charges. Mr. Jain received the amount of returned cheque and Bank charges in cash from Mr. A.	
28	Deposited cash ₹ 1,500 in the account with Goodwill Bank.	
29	Purchased postal stamps for ₹ 200 and paid in cash.	

23. State any six reasons when the balance as per Cash Book will be higher than the balance as per Bank Pass Book or Bank Statement. [4]

OR

The Cash book of Sh. Shokeen showed a balance of ₹ 20,000 on 31st December, 2023 at the bank. The figure did not agree with the bank Pass Book. A comparison of the two revealed the following :

- i. The bank has debited Sh. Shokeen with ₹ 6,000, the annual premium on his life policy according to his standing instructions and with ₹ 150 as bank charges.
- ii. The bank has credited Sh. Shokeen by ₹ 15,000, the proceeds of a bill.
- iii. Sh. Shokeen sent for collection cheques amounting ₹ 60,000 out of which cheques for ₹ 48,000 have been credited by bank till 31st December.
- iv. The cash collection on 31st December, 2023 totalling ₹ 25,000 was entered in the Cash Book in the bank column on the same day but it was banked on the 2nd January, 2024.
- v. Sh. Shokeen issued cheques totalling ₹ 1,00,000 of which those of ₹ 36,000 have not been presented by 31st December, 2023.

Show the corrections to be made in the Cash Book so as to ascertain the balance to be shown in the Balance Sheet and then prepare the Bank Reconciliation Statement.

24. The following balances appeared in the books of Sumit Stores on 1st April, 2023: [6]
 Assets: Cash ₹ 15,000; Bank balance ₹ 5,000; Stock ₹ 40,000; Furniture ₹ 3,600; Debtors ₹ 24,000 (X ₹ 6,000; Y ₹ 8,000 and Z ₹ 10,000).
 Liabilities Bank Loan ₹ 10,000; Creditors ₹ 12,500 (Ajit ₹ 5,000, Vinay ₹ 7,500).
 Following transactions took place during April 2023:

April 2	Bought goods from Karim for ₹ 20,000 at a trade discount of 10% and cash discount of 2%. Paid 60% amount immediately
April 4	Sold goods to X for ₹ 9,000.
April 5	Received ₹ 14,800 from X in full settlement of his account.
April 6	Cash deposited into bank ₹10,000.
April 8	Cheque received from Y for ₹ 7,850 in full settlement of his account. This cheque was immediately deposited into bank.
April 10	Received a cheque from Z ₹2,000.
April 12	Cheque received from Z deposited into bank.
April 15	Cheque received from Y dishonoured.
April 16	Cash sales ₹ 15,000; Out of this amount ₹ 12,000 deposited into bank.
April 16	Amount due to Ajit paid by Cheque.
April 18	Old newspapers sold ₹ 50.
April 18	Old furniture sold ₹ 750.
April 20	Z became insolvent and 40 paise in a rupee could be received from his estate by cheque which is deposited into bank.
April 22	Purchased goods from Govind and paid by cheque ₹ 8,000.
April 24	Sold half of the above goods to Chandu at a profit of 30% on cost.
April 25	Proprietor withdrew for private use ₹ 2,000 from office and ₹ 3,000 from the bank.

April 30	Paid salary to Moti by Cheque ₹ 2,000.
April 30	Paid Rent by cheque ₹ 1,500.
April 30	Paid trade expenses ₹ 500.

OR

Journalise the following transactions of Ram, Delhi :

2018		Rs.
Jan 1	Ram commenced business with cash	30,000
Jan 2	Opened a bank account with Union Bank by cheque from savings account	21,000
Jan 3	Purchased goods from Rahul in Cash	10,000
Jan 7	Withdrew cash from bank for office use	3,000
Jan 10	Sold goods to Hari, Delhi on credit	5,000
Jan 15	Purchased goods from Shyam, Meerut (UP)	15,000
Jan 20	Cash sales	3,000
Jan 25	Paid to Shyam	14,750
	Discount Received	250
Jan 31	Paid Salaries	10,000

CGST and SGST is levied @ 6% each on intra-state sale and purchase. IGST is levied @ 12% on inter-state sale and purchase.

25. During the course of an accounting year, an Accountant found a difference in the trial balance. He puts this difference in a newly opened suspense account. Subsequently, he located the following errors in his books of account: [6]
- Goods purchased from Satyam for ₹ 10,000, but entered in the sales book.
 - Received a bill receivable for ₹ 18,000 from Gopal, but recorded in bills payable book.
 - An item of ₹ 4,000 in respect of purchases returns, wrongly debited to purchases account.

- iv. An item of ₹ 2,000 relating to the pre-paid salary account omitted to be brought forward.
- v. Paid ₹ 1,000 on account of repair of furniture, but wrongly debited to furniture account.

Pass journal entries to rectify the above-mentioned errors and prepare suspense account assuming that no error remained undetected.

OR

Rectify the following errors:

- i. Goods for ₹ 5,500 were purchased from Royal Traders on credit, but no entry has yet been passed.
- ii. Purchase Return for ₹ 1,500 not recorded in the books.
- iii. Goods for ₹ 2,000 sold to Sita Traders on Credit were entered in the sales book as ₹ 200 only.
- iv. Goods of the value of ₹ 1,800 returned by Suraj & Co. were included in stock, but no entry was passed in the books.
- v. Goods purchased for ₹ 900, entered in the purchases book as ₹ 9,000
- vi. An invoice for goods sold to X was overcast by ₹ 100

26. On 1st January 2011, Hari Om purchased 6 machines @ Rs 15,000 each. His accounting year ends on 31st December. Depreciation at the rate of 10% on the original cost was to be charged. [6]

On 1st January 2012, one machine was sold for Rs 12,500 and on 1st January 2013, a second machine was sold for Rs 12,500. An improved model which cost Rs 28,000 was purchase on 1st July 2012. Show Machine account till 2013.

OR

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

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

2016 and 2017.

Part B

27. Incomplete records system suitable for which type of business: [1]

- a) Tea shop b) Washer man
c) All of these d) Flower shop

OR

If Capital at the end of the year is ₹ 40,000; Capital introduced during the year ₹ 30,000; drawings for the year ₹ 20,000 and loss for the year is ₹ 60,000, then Capital at the beginning of the year was:

- a) ₹ 90,000 b) ₹ 10,000
c) ₹ 70,000 d) ₹ 80,000

28. Opening stock Rs.2,00,000; purchases Rs. 3,50,000; closing stock Rs.1,20,000; Wages Rs.2,500; freight Rs.4,500; carriage outward Rs. 5,500; trade expenses Rs. 2,500. The percentage of gross profit on sales is 20%. Calculate gross profit [1]

- a) Rs.546350 b) Rs 109250
c) Rs.546520 d) Rs.348900

29. Sundry Debtors given in the Trial Balance are ₹ 20,000. Further bad debts amounted to ₹ 1,000 and it is desired to create a provision of 5% on debtors for doubtful debts and 2% for discount. Sundry Debtors will appear in the Balance Sheet at a figure of: [1]

- a) ₹ 17,689 b) ₹ 18,600
c) ₹ 17,670 d) ₹ 18,620

OR

On which side of the Balance sheet the prepaid expenses shows

- a) Liabilities side b) Outside the balance sheet
c) Assets side d) footnotes

30. Calculate Net Sales and G.P. from the following: Cost of Goods Sold ₹ 4,50,000, G.P. 25% on Sales. [3]

31. The Swati Industries removed their works to a more suitable premises: [3]

- i. A sum of ₹ 4,750 was spent on dismantling, removing and re-installing Plant, Machinery and Fixtures.
- ii. The removal of Stock from the old Works to the new one cost ₹ 500.
- iii. Plant and Machinery which stood in the books at ₹ 75,000 included a machine at a book value of ₹ 1,700. This being obsolete was sold off at ₹ 450 and was replaced by a new machine which cost ₹ 2,400.
- iv. The freight and cartage on the new machine amounted to ₹ 150 and the erection charges cost ₹ 275.
- v. The Fixtures and Furniture appeared in the books at ₹ 7,500. Of these, some portion of the book value of ₹ 1,500 was discarded and sold off for ₹ 1,600 and new Furniture of the value of ₹ 4,200 was acquired.
- vi. A sum of ₹ 1,100 was spent on painting the new factory; and ₹ 400 on next Diwali.

State which item of expenditure would be charged to capital and which to revenue.

32. Explain the following with examples: [3]

- i. Capital Expenditure
- ii. Revenue Expenditure
- iii. Deferred Revenue Expenditure

33. Karan, a trader, does not keep proper books of account. However, he furnishes you the following particulars: [6]

	31 st March, 2022 (₹)	31 st March, 2023 (₹)
Cash at Bank	4,500	3,000
Cash in Hand	300	4,000
Stock-in-Trade	40,000	45,000
Debtors	12,000	20,000
Office Equipment	5,000	5,000
Sundry Creditors	30,000	20,000
Furniture	4,000	4,000

During the year, Karan introduced ₹ 6,000 as further capital and withdrew ₹ 4,000 as drawings. Write off Depreciation on furniture at 10% and on office equipment at 5%. Prepare a statement showing the profit or loss made by him for the year ended on 31st March, 2023.

OR

How can the profit or loss of a trader be ascertained with the help of a statement of affairs?

34. From the following balances and adjustments taken from the books of Pankaj & Co., prepare Trading and Profit & Loss Account for the year ending 31st March, 2023 and the Balance Sheet as at that date:

[6]

Particulars	₹	Particulars	₹
Capital	65,000	Stock (1 st April, 2022)	32,000
Creditors	36,800	Debtors	12,500
Rent Received	600	Cash at Bank	22,560
Purchases Return	4,000	Drawings	5,000
Sales	2,89,600	Purchases	1,71,000
Provision for Doubtful Debts	600	Carriage Inwards	1,500
Advertisement Expenses	16,050	Wages	23,000
Goodwill	49,000	Power	9,000
Machinery	20,000	Insurance	22,000
Discounts Received	1,800	Salaries	46,390
General Expenses	8,600	Income Tax	5,000
Sales Return	600	Bank Loan	55,000
Discount Allowed	5,000	Interest on Bank Loan	1,500
Patents	2,700		

Adjustments:

- i. On 31st March, 2023, stock is valued at cost ₹ 23,000.
- ii. A furniture costing ₹ 45,000 was purchased on 1st July, 2022 but it was not recorded in the books as payment was not made for it. Wages ₹ 5,000 were paid for assembling which have been debited to Wages Account.

- iii. Provide depreciation on both Machinery and Furniture @ 10% p.a. and amortise patents by one-third.
- iv. Increase Provision for Doubtful Debts to ₹ 2,000.
- v. Carry forward $\frac{2}{3}$ rd Advertisement Expenses as unexpired.
- vi. Annual Insurance premium of ₹ 1,200 has been paid up to 30th June, 2023.
- vii. Manager is to get 10% commission on net profit before charging such commission.
- viii. A fire broke out on 25th March, 2023 destroying goods costing ₹ 20,000, which were not insured.

OR

Following is the Trial Balance of Vandana Vohra on 31st March 2013. Draw the final accounts from the balances therefrom.

Name of Account	Debit Amount (Rs.)	Credit Amount (Rs.)
Capital		3,00,000
Stock on 1 st April, 2012	60,000	
Cash at bank	20,000	
Cash in hand	10,000	
Machinery	2,00,000	
Furniture	26,000	
Purchases	4,00,000	
Wages	1,00,000	
Carriage inwards	66,000	
Salaries	1,40,000	
Discount allowed	8,000	
Discount received		10,000
Advertising	1,00,000	
Office expenses	80,000	
Sales		10,00,000

Name of Account	Debit Amount (Rs.)	Credit Amount (Rs.)
Sundry debtors	1,80,000	
Sundry creditors		80,000
	13,90,000 =====	13,90,000 =====

Value of closing stock as on 31st March, 2013 was Rs. 1,00,000.

Solution
SAMPLE QUESTION PAPER - 3
Accountancy (055)
Class XI (2024-25)

Part A

1.

(c) Debit voucher

Explanation:

A debit voucher helps in recording expenses or a liability and also helps in its payment. They are also called Source Documents as they help in identifying the source of a transaction. Examples include bill receipts, cash memos, pay-in-slips.

2.

(c) A is true but R is false.

Explanation:

A is true but R is false.

book keeping only involve recording part of accounting in the books of account. book keeping done by the junior staff in the organisation and classifying, summarizing and analysing are done by the senior staff.

3.

(c) liability

Explanation:

Purchaser have to pay the amount in future when goods are purchased on credit which increases the liability.

4.

(b) Statement (iv) is Correct.

Explanation:

Capital = Asset - Liabilities

OR

(b) All of these

Explanation:

All of these

5.

(d) on cash

Explanation:

Cash Memo is equivalent to Invoice copy and a legal document. It is used for knowing the cash sales of the business, to pay tax, for reconciliation and analysis, Inventory planning, Cash flow position, etc. A cash memo is prepared when goods are sold for cash.

6.

(c) Detection of Errors

Explanation:

Detection of Errors

OR

(d) Communication of information

Explanation:

The financial position or financial performance of the business is to be communicated to internal and external users.

7.

(d) Capital**Explanation:**

Capital Reserve :- Capital reserves are made out of capital profits. Capital profits may or may not involve cash receipts example: Premium on issue of shares or debentures involve cash receipts while profit on forfeiture of shares does not involve cash receipts.

8.

(b) Personal Account**Explanation:**

Drawings Account is a Personal Account because it is based on a person.

OR

(c) i, ii, iii and iv**Explanation:**

i, ii, iii and iv

9. **(a) Cash Basis****Explanation:**

Under the cash basis of accounting, incomes are not recorded unless they are received in cash. Expenses are only recorded when they are paid in the cash pf any year. No credit transactions are recorded.

10.

(c) 1973**Explanation:**

The International Accounting Standards Committee (IASC) was responsible for developing the international accounting standards and promoting the application of these standards worldwide so as to bring the international uniformity in the presentation and methods followed by the organisations. It was founded in June 1973 in London.

11. **(a) Capital Reserve****Explanation:**

Capital Reserve

12.

(b) Closing stock**Explanation:**

The unsold goods left at the end of the year is called closing stock.

13.

(d) ₹1,82,000**Explanation:**

Amount recorded in Purchase Book.

20 TV @ ₹2,000	40,000
(+) 15 Tape Recorders @ ₹12,500	1,87,500
	₹2,27,500

(-) Trade Discount @ 20%	(45,500)
	₹1,82,000

14.

(d) Increase liabilities

Explanation:

Provision for bad debt can deduct from debtors or can shown as a liability in the balance sheet. this will increase the liability balance or we can say reduces the assets balance.

15. (a) cost or market value, whichever is lower

Explanation:

Stock:- Stock is valued at cost or market value, whichever is lower.

OR

(a) Assets

Explanation:

The things or properties which help in the smooth functioning of the business and which are owned by the business are called assets of the business.

16.

(b) Debit Note

Explanation:

A note sent by the buyer on the return of goods is Debit Note. Goods returned to the supplier.

17. (a) General Reserve

Explanation:

General reserve is the amount set aside of the revenue profits for no specific purpose. They can be utilised for any future contingencies of the business.

18. No, it is not correct. The accounts may show either debit balance or credit balance. If the debit side total exceeds the credit side total, then the balance is called Debit Balance. If the credit side total exceeds the debit side total, then the balance is called Credit Balance.

OR

Journal Books

Sl no.	Particulars		L.F.	Debit ₹	Credit ₹
1	Loss by Fire A/c	Dr.		50,000	
	To Purchases A/c (Destroyed goods by fire)				50,000
2	Advertisement Expenses (free samples) A/c	Dr.		18,000	
	To Purchases A/c (Distributed goods as free samples)				18,000
	Charity A/c	Dr.		20,000	
	To Cash A/c (Cash gave for charity)				20,000
3	Drawings A/c (40,000 + 25,000)	Dr.		65,000	
	To Cash A/c				40,000

	To Purchases A/c (Cash and goods are withdrawn for personal use)				25,000
4	Charity A/c	Dr.		25,000	
	To Cash A/c				5,000
	To Purchases A/c (20,000 + 5,000) (Cash and goods given for charity)				20,000
5	Loss by Theft A/c	Dr.		1,00,000	
	To Cash A/c (Cash stolen from iron safe)				1,00,000
	Total			2,78,000	2,78,000

19. The cash basis of accounting is the system of accounting under which revenues and expenses are recorded when they are received or paid in cash. Cash basis of accounting is not popular due to the following reasons :

- i. It does not make a clear cut distinction between revenue items and capital items.
- ii. It is not recognized under the Companies Act.
- iii. It is not in line with matching principle because revenues and costs are recognized not on the basis of incurrence but on the basis of receipt and payment. As a result, incomes include unearned incomes and exclude accrued incomes. Similarly, expenses include expense, paid in advance but does not include outstanding expenses.

OR

Accrual basis of accounting is better than cash basis of accounting due to the following reasons:

- i. The accrual basis of accounting makes a clear-cut distinction between capital items and revenue items. It gives a correct picture of operating results and the financial position of the business.
- ii. Accrual basis is based on generally accepted accounting principles and is considered as systematic, scientific, and reliable.
- iii. Accrual basis of accounting ensures the recording of all revenues and expenses even if these are not received or paid. Thus, it gives a complete picture of the business.
- iv. Accrual basis is mandatory in the case of companies under the provisions of Companies Act.

20. a. Asset
b. Expense
c. Asset
d. Liability
e. Capital
f. Expense
g. Revenue from Operations
h. Asset
i. Revenue
j. Expenses

21. **Books of Rajesh Associates**
Trial Balance
as on March 31, 2023

Name of Accounts	L.F.	Dr. (₹)	Cr. (₹)
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Sundry Debtors		4,10,000	
Sundry Creditors			80,000
Rent & Taxes		48,000	
Purchases		34,00,000	
Sales			56,00,000
Trade Expenses		12,000	
Return Outwards			80,000
Return Inwards		1,20,000	
Expenses		4,000	
Motor Vehicles		6,50,000	
Electricity		25,000	
Opening Stock (on April 01, 2023)		2,30,000	
Premises		12,00,000	
Fixture & Fittings		3,10,000	
Bad Debts written off		8,000	
Loan from Rahul			1,50,000
Interest on Rahul's Loan		15,000	
Drawings		40,000	
Cash in Hand		75,000	
Rent received from Sub-let of part of Premises			30,000
Capital (Balancing Figure)			6,07,000
Total		65,47,000	65,47,000

Note: Closing Stock of ₹ 3,80,000 will not appear in Trial Balance, it will be shown after trial balance. Balance remains in trial balance is recorded as capital according to question.

22.

CASH BOOK

Dr.						Cr.					
Date	Particulars	L.F.	Cash (₹)	Progressive Bank (₹)	Goodwill Bank (₹)	Date	Particulars	L.F.	Cash (₹)	Progressive Bank (₹)	Goodwill Bank (₹)
2023						2023					
June 20	To Balance b/d		1,180	19,040		June 20	By Balance b/d				6,460
20	To X				1,800	21	By Purchases A/c			18,210	
23	To Sales A/c			21,090		22	By Office Expenses A/c		410		

23	To Progressive Bank A/c	C			8,000	22	By Stationery A/c		80		
25	To Progressive Bank A/c	C	600			23	By Bank Charges A/c				4
25	To A		1,110			23	By Bank Charges A/c			21	
28	To Cash A/c	C	-		1,500	23	By Goodwill Bank A/c	C	8,000		
						25	By Cash A/c	C	600		
						25	By A				1,110
						28	By Goodwill Bank A/c	C	1,500		
						29	By Postage A/c		200		
						30	By Balance c/d		<u>700</u>	<u>13,299</u>	<u>3,726</u>
			<u>2,890</u>	<u>40,130</u>	<u>11,300</u>				<u>2,890</u>	<u>40,130</u>	<u>11,300</u>
July 1	To Balance b/d		700	13,299	3,726						

23. Balance as per Cash Book will be higher than the balance as per Bank Pass Book or Bank Statement in the following situations:

- Cheques deposited but not collected by the bank.
- Cheque recorded in the Cash Book but not deposited in Bank.
- Interest debited by bank but not recorded in the Cash Book.
- Bank Charges debited by bank but not recorded in the Cash Book.
- Payment by bank as per standing instructions, not recorded in Cash Book.
- Wrong debit by bank.

OR

ADJUSTED CASH BOOK (BANK COLUMN ONLY)

as on 31st December, 2023

Dr.				Cr.		
Receipts	L.F.	Amount	Payments	L.F.	Amount	
		₹			₹	
To Balance b/d		20,000	By Drawings (Life Insurance Premium)		6,000	

To B/R (Proceeds of a bill)		15,000	By Bank Charges		150
			By Balance c/d		28,850
		35,000			35,000
To Balance b/d		28,850			

BANK RECONCILIATION STATEMENT

as on 31st December, 2023

Particulars	Plus Items	Minus Items
	₹	₹
Balance as per Adjusted Cash Book (Dr.)	28,850	
Cheques issued but not presented for payment	36,000	
Cheques sent for collection but not credited (60,000 - 48,000)		12,000
Cash collection entered in the Cash Book in the bank column but banked on 2nd Jan, 2024		25,000
	64,850	37,000
Balance as per Pass Book (Cr.)	27,850	

Amended cash book is prepared to make cash book correct and rectification is made by preparing BRS.

24.

JOURNAL OF SUMIT STORES

Date	Particulars	L.F.	Amount Dr.	Amount Cr.
2023			₹	₹
April 1	Cash A/c	Dr.	15,000	
	Bank A/c	Dr.	5,000	
	Stock A/c	Dr.	40,000	
	Furniture A/c	Dr.	3,600	
	X	Dr.	6,000	
	Y	Dr.	8,000	
	Z	Dr.	10,000	
	To Loan from Bank			10,000
	To Ajit			5,000
	To Vinay			7,500
	To Capital (balancing figure) (Assets and liabilities brought forward)			65,100
April 2	Purchases A/c (20,000 × 90%)	Dr.	18,000	
	To Cash A/c (10,800-216)			10,584
	To Discount Received A/c (18,000x60% × 2%)			216

	To Karim (18,000 × 40%) (Goods purchased and discount received)			7,200
April 4	X A/c	Dr.	9,000	
	To Sales A/c (Goods sold on credit)			9,000
April 5	Cash A/c	Dr.	14,800	
	Discount Allowed A/c(15,000-14,800)	Dr.	200	
	To X (Cash received and discount allowed)			15,000
April 6	Bank A/c	Dr.	10,000	
	To Cash A/c (Cash deposited into Bank)			10,000
April 8	Bank A/c	Dr.	7,850	
	Discount Allowed A/c (8,000-7,850)		150	
	To Y (Cheque received and deposited into bank)			8,000
April 10	Cheques in Hand A/c	Dr.	2,000	
	To Z A/c (Cheque received)			2,000
April 12	Bank A/c	Dr.	2,000	
	To Cheques in Hand A/c (Cheque received from Z now deposited into Bank)			2,000
April 15	Y a/c	Dr.	8,000	
	To Bank A/c			7,850
	To Discount Allowed A/c (Cheque dishonoured, and discount withdrawn)			150
April 16	Cash A/c (15,000-12,000)	Dr.	3,000	
	Bank A/c	Dr.	12,000	
	To Sales A/c (Cash sales)			15,000
April 16	Ajit A/c	Dr.	5,000	
	To Bank A/c (Cheque given to Ajit)			5,000
April 18	Cahs A/c (50+750)	Dr.	800	
	To Miscellaneous Income A/c			50

	To Furniture A/c (Old newspapers and old furniture sold)			750
April 20	Bank A/c (8,000 × 0.40)	Dr.	3,200	
	Bad Debts A/c (8,000-3,200)	Dr.	4,800	
	To Z a/c Amount received and bad-debts written off)			8,000
April 22	Purchases A/c	Dr.	8,000	
	To Bank A/c (Goods purchased by cheque)			8,000
April 24	Chandu	Dr.	5,200	
	To Sales A/c (8,000 × 50% × 130%) (Goods sold on credit)			5,200
April 25	Drawings A/c (2,000+3,000)	Dr.	5,000	
	To Cash A/c			2,000
	To Bank A/c (Amount withdrawn for private use)			3,000
April 30	Salary A/c	Dr.	2,000	
	Rent A/c	Dr.	1,500	
	To Bank A/c (1,500+2,000) (Expenses paid by cheque)			3,500
April 30	Trade Expenses A/c	Dr.	500	
	To Cash A/c (Expenses paid in cash)			500
	Total ₹		2,10,600	2,10,600

Note: (1)

	₹
Total Amount	20,000
Less: 10% Trade Discount	2,000
	18,000
Cash Purchase: 60% of ₹ 18,000	10,800
Less: Cash Discount (2% of 10,800)	216
Amount paid	10,584
Credit Purchase: 40% of ₹ 18,000	7,200

OR

In the Books of Ram, Delhi

Journal

Date	Particulars		L/F	Dr. (Rs)	Cr. (Rs.)
2018				Rs.	Rs.
Jan. 1	Cash A/c	Dr.		30,000	
	To Capital A/c				30,000
	(Being business started)				
Jan. 2	Bank A/c (UBI)	Dr.		21,000	
	To Capital A/c				21,000
	(Being bank account opened through savings A/c)				
Jan. 3	Purchased A/c	Dr.		10,000	
	Input CGST A/c	Dr.		600	
	Input SGST A/c	Dr.		600	
	To Cash A/c				11,200
	(Being goods purchase)				
Jan. 7	Cash A/c	Dr.		3,000	
	To Bank A/c				3,000
	(Being Cash withdraw)				
Jan. 10	Hari	Dr.		5,600	
	To Sales A/c				5,000
	To Output CGST A/c				300
	To output SGST A/c				300
	(Being goods sold)				
Jan. 15	Purchased A/c	Dr.		15,000	
	Input IGST A/c	Dr.		1,800	
	To Shyam				16,800
	(Being goods purchased)				
Jan. 20	Cash A/c	Dr.		3,360	
	To Sales A/c				3,000
	To Output CGST A/c				180
	To Output SGST A/c				180
	(Being goods sold)				
Jan. 25	Shyam	Dr.		15,000	
	To Cash A/c				14,750
	To Discount Received A/c				250
	(Being cash paid to Shyam)				

Jan. 31	Salaries A/c	Dr.		10,000	
	To Cash A/c				10,000
	(Being salaries paid in cash)				

25.

Rectifying Journal Entries

S.No.	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
(i)	Purchases A/c	Dr.	10,000	
	Sales A/c	Dr.	10,000	
	To Satyam A/c (Purchases from Satyam entered in Sales Book now rectified)			20,000
(ii)	Bills Receivable A/c	Dr.	18,000	
	Bills Payable A/c	Dr.	18,000	
	To Gopal A/c (Bills receivable recorded as bills payable now rectified)			36,000
(iii)	Suspense A/c	Dr.	8,000	
	To Purchases A/c			4,000
	To Purchases Returns A/c			4,000
	(Purchases return wrongly debited to Purchases Account now rectified)			
(iv)	Prepaid Salaries A/c	Dr.	2,000	
	To Suspense A/c			2,000
	(Prepaid salary omitted to be brought forward now rectified)			
(v)	Repairs A/c	Dr.	1,000	
	To Furniture A/c			1,000
	(Repair of furniture debited to Furniture Account now rectified)			

Suspense Account

Dr.		Cr.	
Particulars	Amount (₹)	Particulars	Amount (₹)
To Purchases A/c	4,000	By Difference as per Trial Balance (Balancing Figure)	6,000
To Purchases Return A/c	4,000	By Prepaid Salaries A/c	2,000
	8,000		8,000

OR
Journal

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
(i)	Purchases A/c	Dr.	5,500	
	To Royal Traders A/c			5,500
	(Credit purchases from Royal Traders were omitted to be recorded now rectified)			
(ii)	Creditors A/c	Dr.	1,500	
	To Purchases Return A/c			1,500
	(Purchases return of ₹ 1,500 was not recorded now rectified)			
(iii)	Sita Traders A/c	Dr.	1,800	
	To Sales A/c			1,800
	(Goods sold to Sita Traders were recorded as ₹ 200 instead of ₹ 2,000 now rectified)			
(iv)	Sales Return A/c	Dr.	1,800	
	To Suraj & Co. A/c			1,800
	(Goods return by Suraj & Co. were omitted to be recorded now rectified)			
(v)	Creditors A/c	Dr.	8,100	
	To Purchases A/c			8,100
	(Goods purchases for ₹ 900 were recorded as ₹ 9,000 now rectified)			
(vi)	Sales A/c	Dr.	100	
	To X A/c			100
	(Invoice for goods sold was overcast by ₹ 100 now rectified)			

26.

**In the Books of ...
Machinery Account**

Dr.				Cr.			
Date	Particulars	J.F.	Amount (Rs)	Date	Particulars	J.F.	Amount (Rs)
2011 Jan 1	To Bank A/c		90,000	2011 Dec 31	By Depreciation A/c		9,000
				2011 Dec 31	By Balance c/d		81,000
			90,000				90,000

2012 Jan 1	To Balance b/d	81,000	2012 Jan 1	By Bank A/c (Sales)	12,500
1 July 2012	To Bank A/c	28,000	2012 Jan 1	By Profit & Loss A/c (Loss)	1,000
			2012 Dec 31	By Depreciation A/c	8,900
			2012 Dec 31	By Balance c/d	86,600
		1,09,000			1,09,000
2013 Jan 1	To Balance b/d	86,600	2013 Jan 1	By Bank A/c (Sales)	12,500
2013 Jan 1	To Profit & Loss A/c (Profit)	500	2013 Dec 31	By Depreciation A/c	8,800
			2013 Dec 31	By Balance c/d	65,800
		87,100			87,100

Working Notes:

S. No.	Particular	Amount (Rs)
1.	Loss on Sale of 1st Machine:	
	Cost of machine	15,000
	Less: Depreciation	1,500
	Book value	13,500
	Less: Sale price of Goods	12,500
	Loss on sale of machinery	1,000
2.	Profit on Sale of 2nd Machine	
	Cost	15,000
	Less: Depreciation (1500+1500)	3,000
	Book value	12,000
	Sale of machinery	12,500
	Profit on sale of machinery	500
3.	Depreciation for the year 2012	
	Depreciation on old machines (Rs 75,000 × 10%)	7,500
	Depreciation for new machine $28,000 \times 10\% \times \frac{6}{12}$	1,400
		8,900
4.	Depreciation for the year 2013	
	Depreciation for old machines (Rs 60,000 × 10%)	6,000
	Depreciation for the new machine (Rs 28,000 × 10%)	2,800

8,800

OR

Books of Ganga Ltd.**Machinery Account**

Dr.				Cr.			
Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2014				2014			
Jan.01	Bank (i)		6,00,000	Dec.31	Depreciation (i) 60,000 (ii) 12,333		72,333
	(5,50,000 + 50,000)			Dec.31	Balance c/d		
Sep.01	Bank (ii)		3,70,000		(i) 5,40,000, (ii) 3,57,667		8,97,667
			9,70,000				9,70,000
2015				2015			
Jan.01	Balance b/d			Dec.31	Depreciation		
	(i) 5,40,000, (ii) 3,57,667		8,97,667		(i) 60,000, (ii) 37,000,		
May.01	Bank (iii)		8,40,000		(iii) 56,000		1,53,000
				Dec.31	Balance c/d		
					(i) 4,80,000 (ii) 3,20,667,		
					(iii) 7,84,000		15,84,667
			17,37,667				17,37,667
2016				2016			
Jan.01	Balance b/d			Dec.31	Depreciation		
	(i) 4,80,000, (ii) 3,20,667				(i) 60,000, (ii) 37,000,		
	(iii) 7,84,000		15,84,667	Dec.31	(iii) 84,000		1,81,000
					Balance c/d		
					(i) 4,20,000, (ii) 2,83,667,		
					(iii) 7,00,000		14,03,667
			15,84,667				15,84,667
2017				2017			
Jan.01	Balance b/d			Dec.31	Depreciation		
	(i) 4,20,000, (ii) 2,83,667,				(i) 60,000, (ii) 37,000,		
	(iii) 7,00,000		14,03,667		(iii) 84,000		1,81,000
				Dec.31	Balance c/d		
					(i) 3,60,000, (ii) 2,46,667,		
					(iii) 6,16,000		12,22,667
			14,03,667				14,03,667

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

Depreciation Account

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

(b)

Machinery Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2014				2014			
Jan.01	Bank (i)		6,00,000				
	(5,50,000 + 50,000)			Dec.31	Balance c/d		
Sep.01	Bank (ii)		3,70,000				9,70,000
			9,70,000				9,70,000
2015				2015			
Jan.01	Balance b/d						
	(i) 6,00,000 (ii) 3,70,000		9,70,000				
May.01	Bank (iii)		8,40,000	Dec.31	Balance c/d		18,10,000
			18,10,000				18,10,000
2016				2016			
Jan.01	Balance b/d			Dec.31	Balance c/d		18,10,000
	(i) 6,00,000 (ii) 3,70,000						
	(iii) 8,40,000		18,10,000				
			18,10,000				18,10,000
2017				2017			

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

Provision for Depreciation Account

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

Part B

27.

(c) All of these

Explanation:

The single entry system is suitable for small businesses because Double entry is costly.

OR

(a) ₹ 90,000

Explanation:

Capital at the beginning = Capital at the end + Drawing + Loss - Capital Introduced

= ₹ 40,000 + ₹ 20,000 + ₹ 60,000 - ₹ 30,000

= ₹ 90,000

28.

(b) Rs 109250

Explanation:

Cost of goods sold = Opening stock + Purchases - Closing stock + Wages + Freight

= 200000 + 350000 - 120000 + 2500 + 4500

= 437000

Let sales be 'x'

$$\text{Profit} = \frac{20}{100} \times x = \frac{x}{5}$$

Sales-Profit=Cost

$$x - \frac{x}{5} = 437000$$

on solving this, we will get x=546250

$$\text{So, profit} = \frac{546250}{5} = 109250$$

29. (a) ₹ 17,689

Explanation:

₹ 17,689

OR

(c) Assets side

Explanation:

it is current asset so it will be shown on the asset side of balance sheet.

30. Gross Profit = 25% on sales

$$\frac{1}{4} \text{th on sales} = \frac{1}{3} \text{th on Cost}$$

Calculation of Gross Profit:

$$= ₹ 4,50,000 \times \frac{1}{3}$$

Gross Profit = ₹ 1,50,000

Calculation of Sales:

cost of goods sold = Sales + Gross Profit

Sales = cost of goods sold + Gross Profit

$$\text{Sales} = ₹ 4,50,000 + ₹ 1,50,000 = ₹ 6,00,000$$

31. **Revenue Expenditure:-**

(a) Deferred Revenue expenditure.

(b) Deferred Revenue expenditure.

(f) ₹ 400 is Revenue expenditure.

Capital Expenditure:-

(c) ₹ 1,250 is Capital loss and ₹ 2,400 is capital expenditure.

(d) Capital expenditure.

(e) ₹ 100 is Capital profit and ₹ 4,200 is Capital expenditure.

(f) ₹ 1,100 is Capital expenditure.

32. i. **Capital Expenditure:** If benefit of expenditure is received for more than one year, it is called capital expenditure. Example: Purchase of Machinery.

ii. **Revenue Expenditure:** It is the amount spent to purchase goods and services that are used during an accounting period for normal operations of business is called revenue expenditure. For Example: Rent, interest, etc.

iii. **Deferred Revenue Expenditure:** There are certain expenditures which are revenue in nature but benefit of which is derived over number of years. For Example: Huge Advertisement Expenditure.

33.

Statement of Affairs
(as at 31st March, 2022)

Liabilities	(₹)	Assets	(₹)
Sundry Creditors	30,000	Cash at Bank	4,500

Capital (Balancing figure)	35,800	Cash in Hand	300
		Stock-in-Trade	40,000
		Debtors	12,000
		Office Equipment	5,000
		Furniture	4,000
	65,800		65,800

Statement of Affairs (AFTER ADJUSTMENTS)
(as at 31st March, 2023)

Liabilities	₹	Assets	₹
Sundry Creditors	20,000	Cash at Bank	3,000
Capital (Balancing figures)	60,350	Cash in hand	4,000
		Stock-in-Trade	45,000
		Debtors	20,000
		Office Equipment	5,000
		Less: Depreciation	<u>250</u>
			4,750
		Furniture	4,000
		Less: Depreciation	<u>400</u>
			3,600
	80,350		80,350

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

Particulars	₹
Capital at 31 st March, 2023	60,350
Add: Drawings During the year	<u>4,000</u>
	64,350
Less: Capital Introduced During the year	<u>6,000</u>
Adjusted capital at the end	58,350
Less: Capital in the beginning on 31 st March, 2022	35,800
Net Profit for the year	22,550

Working Notes:

- Calculation of Depreciation on Office Equipment = $5,000 \times 5\% = 250$
- Calculation of Depreciation on Furniture = $4000 \times 10\% = 400$
- Statement of Affair is made to ascertain the Opening and Closing Capital.
- Above is Net Worth Method of ascertaining the Profit/ Loss in Single Entry System.

OR

A statement of affairs is a financial statement similar to the balance sheet. It includes assets and liabilities. Just like the balance sheet, assets are on the right side and liabilities on the left. Even though we call it a statement of affairs, it is really TWO sets of data. One set is from the beginning of the year, and the other prepared at the end. This shows the changes in assets and liabilities over the course of the period.

So we calculate the profit or loss as follow :-

Particulars	Rs.
Closing Capital	xxxx
Add: Drawings	<u>xxxx</u>
	xxxx
Less: Opening Capital	(xxx)
Less: Additional Capital	<u>(xxx)</u>
Profit or Loss	xxx/(xxx)

34.

TRADING AND PROFIT & LOSS ACCOUNT

for the year ended 31st March, 2023

Dr.			Cr.		
Particulars		₹	Particulars		₹
To Opening Stock		32,000	By Sales	2,89,600	
To Purchases	1,71,000		Less: Sales Return	600	2,89,000
Less: Purchases Return	(4,000)		By Closing Stock		23,000
Loss of Stock	(20,000)	1,47,000			
To Wages	23,000				
Less: Wages on Assembly of Furniture	5,000	18,000			
To Power		9,000			
To Carriage Inwards		1,500			
To Gross Profit c/d		1,04,500			
		3,12,000			3,12,000
To Advertisement Expenses	16,050		By Gross Profit b/d		1,04,500
Less: Unexpired ($\frac{2}{3}$ of ₹ 16,050)	10,700	5,350	By Rent Received		600
To General Expenses		8,600	By Discount Received		1,800
To Discount Allowed		5,000	By Net Loss transferred to Capital A/c		9,690
To Insurance	22,000				
Less: Prepaid	300	21,700			
To Provision for Doubtful Debts		1,400			
To Salaries		46,390			
To Depredation on:					
Machinery	2,000				
Furniture (₹ 50,000 \times $\frac{10}{100}$ \times $\frac{9}{12}$)	3,750				
Patents	900	6,650			
To Interest on Bank Loan		1,500			
To Loss on Stock by Fire (Note 2)		20,000			

	1,16,590		1,16,590
--	----------	--	----------

BALANCE SHEET as at 31st March, 2023

Liabilities		₹	Assets		₹
Creditors		36,800	Cash at Bank		22,560
Supplier of Furniture		45,000	Debtors	12,500	
Bank Loan		55,000	Less: Provision for Doubtful Debts	2,000	10,500
Capital	65,000		Closing Stock		23,000
Less: Drawings	5,000		Advertisement Expenses (Unexpired)		10,700
Income Tax	5,000		Prepaid Insurance		300
Net Loss	9,690	19,690	Furniture	45,000	
			Add: Assembly of Furniture	5,000	
				50,000	
			Less: Depreciation ($\text{₹ } 50,000 \times \frac{10}{100} \times \frac{9}{12}$)	3,750	46,250
			Machinery	20,000	
			Less: Depreciation	2,000	18,000
			Patents ($\text{₹ } 2,700 - \text{₹ } 900$)		1,800
			Goodwill		49,000
		1,82,110			1,82,110

Notes:

1. Cost of goods destroyed is deducted from Purchases.
2. When the goods are not insured, firm has to bear total loss. Amount of such loss is shown in the debit side of Profit & Loss Account.
3. As there is Net Loss, no commission will be given to the manager.

OR

Trading And Profit & Loss Account

For the year ended -----

Particulars	Amount	Particulars	Amount
To Opening Stock	60,000	By Sales	10,00,000
To Purchase	4,00,000	By Closing Stock	1,00,000
To Wages	1,00,000		
To Carriage Inwards	66,000		
To Gross Profit c/d	4,74,000		
	11,00,000 =====		11,00,000 =====
To Salaries	1,40,000	By Gross Profit b/d	4,74,000
To Discount Allowed	8,000	By Discount Received	10,000
To Advertising	1,00,000		

Particulars	Amount	Particulars	Amount
To Office Expense	80,000		
To Net Profit	1,56,000		
	4,84,000 =====		4,84,000 =====

Balance Sheet

As on -----

Liabilities	Amount	Assets	Amount
Capital 3,00,000		Cash	10,000
Net Profit 1,56,000	4,56,000	Bank	20,000
Creditors	80,000	Closing Stock	1,00,000
		Machinery	2,00,000
		Furniture	26,000
		Debtors	1,80,000
	5,36,000 =====		5,36,000 =====

A trading, profit and loss account shows the business's financial performance over a given time period.