

CBSE Class 11
Accountancy
Sample Paper 06 (2019-20)

Maximum Marks: 80

Time Allowed: 3 hours

General Instructions:

- i. All questions are compulsory.
 - ii. Marks are given alongwith each question.
 - iii. There is no overall choice, however internal choice is given in some questions.
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Section A

1. What is meant by 'window dressing' in accounting?
2. Which of the following can be considered as a business transaction?
 - a. Goods are purchased on credit
 - b. Death of a employee
 - c. Appointment of an efficient Manager
 - d. Personal assets sold by owner
3. Debtors and Bills Receivable are shown as _____
 - a. Trade Receivables
 - b. None of these
 - c. Trade Payables
 - d. Cheques in hand
4. Match the following:

(a) Stock-in-trade.	(i) Cost of goods sold.
(b) Person who can pay his debts.	(ii) Work-in-progress.
(c) Direct cost of goods or services sold.	(iii) Current Assets.

(d) Stock in the process of being finished.

(iv) Solvent.

5. Briefly explain intangible assets.

6. Match the following:

(a) Input unit	(i) RAM
(b) Processing Unit	(ii) Bar code reader
(c) Output unit	(iii) Central Processing Unit
(d) Primary Memory	(iv) Printer

7. Where would a second hand motor car purchased on credit from Mr Bhagwan be recorded?

8. Which of the following is not a secondary storage device.

- a. Offline storage media
- b. Impact storage media
- c. Online storage media
- d. Near line storage device

9. Calculate interest on loan of Rs. 2000 taken on 1st May 2010 at 18 % If account are closed on 31st December

- a. Rs.210
- b. Rs.250
- c. Rs.230
- d. Rs.240

10. The periodic total of purchases return journal is posted to which account?

11. Language syntax is checked by which software?

12. Which one of the following is not a current liability?

- a. Creditors
- b. Short term loan
- c. Debentures
- d. Bill payables

13. Fill in the blanks: A person to whom money is owed by a firm for purchase of goods is called a _____.
14. Fill in the blanks: Ind-As are _____ based accounting standards.

OR Fill in the blanks: According to Going Concern Concept, business is viewed as having an _____.

15. Fill in the blanks: Capital is _____ Liability.
16. The periodic total of sales return journal is posted to which account?
17. If cash is received against services rendered, indicate how accounting equation will be affected?

OR Briefly explain the accounting equation.

18. Accounting is helpful in replacing the _____
- a. Material
 - b. Money
 - c. Method
 - d. Memory

19. Match the following:

(a) C.R.M.	(i) Enterprise performance management
(b) E.R.P.	(ii) Management information system
(c) E.P.M.	(iii) Customer Relationship management
(d) M.I.S.	(iv) Enterprise Resource Planning

20. Decrease in ____ is debited

- a. Creditor
- b. Plant and machinery
- c. Debtor
- d. Goodwill

OR

The Basic accounting equation is

- a. Assets = Expenses + Capital
- b. Asset = Expense + Income
- c. Assets= Cash + Capital
- d. Assets = Capital + Liabilities

Section B

21. Calculate Closing Stock from the following details:

	Rs.		Rs.
Opening Stock	20,000	Purchases	70,000
Cash Sales	60,000	Credit sales	40,000

Rate of Gross Profit on cost $33\frac{1}{3}\%$.

OR

Calculate closing stock from the following details

Opening stock Rs. 20,000; cash sales Rs. 60,000; credit sales Rs. 40,000; purchases Rs. 70,000.

Rate of gross profit on cost $33\frac{1}{3}\%$.

22. Accounting information refers to the financial statements. The information provided by these statements can be categorised into various types. Briefly describe them.

OR

Explain any three points highlighting the utility of accounting standards.

Section C

23. The instructions that make a computer work is software. In the light of this statement,

define software and discuss any three types of software.

24. P draws on Q three bills of exchange for Rs. 15,000, Rs. 12,000 and Rs. 9,000 respectively for goods sold to him on 1st February, 2013. These bills were for a month, 2 months and 3 months, respectively. The first bill was endorsed to his creditor R. The second bill was discounted with his bank on 4th February 2013 @12% per annum discount and the third bill was sent to his bank for collection on 30th April. On the due dates, all the bills were duly met by Q. The bank sent the collection advice for the third bill after deducting Rs. 75 as collection charges. Pass the journal entries in the books of P and Q.
25. Discuss the need of preparing a balance sheet.
26. Cash book is called a book of original entry? Do you agree?
27. Journalise the following transactions

2013		Amount (Rs)
Mar 3	Sold goods to Mohan	50,000
5	Received from Mohan in full settlement of his account	49,000
6	Sold goods to Chintamani	40,000
8	Chintamani returned goods	500
15	Received from Chintamani in full settlement of his account	39,100
16	Received cash from Shaurya	9,750
	and discount allowed	250
20	Paid cash to Swastik	2,350
	and discount received from him	150

25	Sold goods to Henery of the list price of Rs 12,500 at 20% trade discount.	
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Section D

28. Karori Mai does not keep his books properly. Following information is available from his books

Items	1st January, 2013(Rs.)	31st December 2013(Rs.)
Sundry creditors	45,000	93,000
Loan from Wife	66,000	57,000
Sundry debtors	22,500	-----
Land and building	89,600	90,000
Cash in hand	7,500	8,700
Bank overdraft	25,000	-----
Furniture	1,300	1,300
Stock	34,000	25,000

During the year, Karori Mai sold his private car for Rs 50,000 and invested this amount into business. He withdrew from the business Rs 1,500 per month upto 31st July, 2013 and thereafter Rs 4,500 per month as drawings.

You are required to prepare a statement of profit or loss and a statement of affairs as at 31st December, 2013.

29. **The following balances were extracted from the books of Siddarth**
31st December 2013.

Name of Account	Amt(Rs)	Name of Account	Amt(Rs)
Stock at the beginning	82,000	Purchases	4,40,000
Rent	19,200	Sales	5,60,000
Salary	40,000	Returns (debit)	12,000

Bad debts	800	Returns (credit)	4,000
Provision for doubtful debts	6,000	Carriage inward	7,000
Travelling expenses	2,800	Carriage outward	1,000
Insurance premium	3,600	Capital	3,50,000
Proprietor's withdrawals	8,000	Loan (credit)	40,000
Telephone charges	14,600	Sales tax collected	6,000
Printing and advertising	10,000	Debtors	80,000
Commission (Credit)	12,000	Creditors	48,000
Rent from sublet	9,600	Investment	10,000
Land and building	2,80,000	Interest on investments	1,200
Furniture	20,000		
Cash	5,800		

Prepare trading and profit and loss account for the year and a balance sheet as on 31st December 2013 after taking into account the following.

- i. The stock was valued at Rs 1,50,000 on 31st December 2013. You are informed that a fire occurred on 28th December 2013 in the godown and stock of the value of Rs 20,000 was destroyed. Insurance company admitted a claim of 75%.
- ii. One-third of the commission received is in respect of work to be done next year.
- iii. Create a provision of 5% for doubtful debts.
- iv. 50% of printing and advertising is to be carried forward as a charge in the following year.
- v. Rs 1,800 is due for interest on a loan.
- vi. Provide for managers commission at 10% on net profit before charging such commission.

OR

An extract of trial balance is given as

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	Amt(Rs)
Debtors	1,60,000
Bad debts	4,000
Provision for Bad debts	10,000

Additional Information

Bad debts Rs 1,000, provision on debtors @ 3%. Pass the necessary journal entries and show the effect on final accounts.

30. On comparing the cash book with pass book of Naman, it is found that on 31st March, 2014, bank balance of Rs 40,960 showed by the cash book differs from the bank balance with regard to the following
- Bank charges Rs 100 on 31st March, 2014, are not entered in the cash book.
 - On 21st March, 2014, a debtor paid Rs 2,000 into the company's bank in settlement of his account, but no entry was made in the cash book of the company in respect of this.
 - Cheques totalling Rs 12,980 were issued by the company and duly recorded in the cash book before 31st March, 2014 but had not been presented at the bank for payment until after that date.
 - A bill for Rs 6,900 discounted with the bank is entered in the cash book without recording the discount charge of Rs 800.
 - Rs 3,520 is entered in the cash book as paid into bank on 31st March, 2014 but not credited by the bank until the following day.
 - No entry has been made in the cash book to record the dishonour on 15th March, 2014 of a cheque for Rs 650 received from Bhanu.

Prepare a reconciliation statement as on 31st March, 2014.

OR

Kumar find that the bank balance shown by his cash book on 31st December, 2014 is Rs 90,600 (Credit) but the pass book shows a difference due to the following reason: A cheque (post dated) for Rs 1,000 has been debited in the bank column of the cash book but not presented for payment. Also, a cheque for Rs 8,000 drawn in favour of

Manohar has not yet been presented for payment. Cheques totalling Rs 1,500 deposited in the bank have not yet been collected and cheque for Rs 5,000 has been dishonoured.

Section E

31. Rectify the following errors assuming that suspense account was opened. Ascertain the difference in trial balance.

1. Furniture purchased for Rs.10,000 wrongly debited to purchase account as Rs.4,000.
2. Machinery purchased on credit from Raman for Rs.20,000 recorded through purchase book as Rs.6,000.
3. Repair on machinery Rs.1,400 debited to machinery account as Rs.2,400.
4. Repair on overhauling of secondhand machinery purchased Rs.2,000 was debited to repair account as Rs200.
5. Sale of old machinery at book value Rs.3,000 was credited to sales account as Rs.5,000.

OR

The cash book of Sharma showed a balance of Rs 26,900 on 31st December, 2012 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 Sharma with Rs 4,800 the annual premium on his life policy according to his standing instructions and with Rs 150 bank charges.
- ii. The bank has credited Sharma by Rs 7,000 the proceeds of a bill.
- iii. Sharma paid in cheques totalling Rs 10,500 on 26th December, of which those for Rs 7,800 were collected in December and one for Rs 750 was returned as dishonoured, the information of which was received by Sharma on 2nd January, 2013. The rest were collected and credited in January, 2013.
- iv. The cash collection on 31st December, 2010 totalling Rs 3,050 entered in the cash book in the bank column on the same day but it was banked on the 2nd January, 2013.
- v. In December, 2012 Sharma issued cheques totalling Rs 14,350 of which those of Rs

4,250 have not been presented by 31st December, 2012.

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.

32. Astha Engineering Works purchased a machine on 1st July 2015 for Rs.1,80,000 and spent Rs.20,000 on its installation.

On 1st April 2016. it purchased another machine for Rs.2,40,000. On 1st October 2017, the machine purchased on 1st July 2015 was sold for Rs.1,45,000. On 1st January 2018, another machine was purchased for Rs.4,00,000 plus IGST @ 12%.

Prepare the machine account for years ended 31st March 2016 to 2018 after charging Depreciation @ 10% p.a. by Diminishing Balance Method.

Account is closed on 31st March every year.

OR

On 10th July, 2017, A sold goods to B for Rs.35,000 plus IGST @ 18%. He drew on him a 3 months bill for Rs.35,000 and received cheque for the balance amount. B accepted the bill. After 10 days, A endorsed the bill to his creditor C. On due date, acceptance is duly met. Show entries in the books of A, B and C.

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Solution

Section A

1. The term window dressing refers to practice of manipulation in the book of accounts so as to present the financial statements of business in a way to show better position of the business than the actual position. For example, assets of the business may be overstated and liabilities may be understated.
2. (a) Goods are purchased on credit
Explanation: since it is related to business and it is monetary transactions so it is business transaction.
3. (a) Trade Receivables
Explanation: trade receivables include both debtors and bill receivables.
4. (a) - (iii), (b) - (iv), (c) - (i), (d) - (ii)
5. An intangible asset is an asset that is not physical in nature. Goodwill, brand recognition and intellectual property, such as patents, trademarks and copyrights, are all intangible assets.
6. (a) - (ii), (b) - (iii), (c) - (iv), (d) - (i)
7. Journal proper is book of original entry (simple journal) in which miscellaneous credit transactions which do not fit in any other books are recorded. It is also called miscellaneous journal.
8. (b) Impact storage media
Explanation: Impact storage media is an internal storage device not a secondary storage device.
9. (d) Rs.240
Explanation: interest = 18% of loan amount for 8 months
10. The periodic purchase returns will be recorded in purchase return account.

11. Language processor is a software which is used as an interpreter or translator to convert a program language into machine language

12. (c) Debentures

Explanation: debentures are trust deed. These are long term liabilities.

13. Creditor

14. Principle

OR

Indefinite life

15. Internal

16. Sales return account. The seller records sales return as a debit to a Sales Returns account and a credit to the accounts receivable account; the total amount of sales returns in this account is a deduction from the reported amount of gross sales in a period, which yields a net sales figure.

17. Cash and capital increases. A service is an intangible product, and income derived from selling your services must be recorded in the accounting ledger.

OR

The accounting equation is considered to be the foundation of the double-entry accounting system. The total of all the assets of a business should be equal to the total of all its liabilities in the balance sheet, i.e., $\text{Assets} = \text{Liabilities} + \text{Capital}$.

18. (d) Memory

Explanation: since all the transactions are recorded in chronological order there is no need to remember the transactions.

19. (a) - (iii), (b) - (iv), (c) - (i), (d) - (ii)

20. (a) Creditor

Explanation: Liability are in the credit nature and creditors are also liability which increase from credit and decrease with debit. So when we paid them they will goes

down which means liability goes decrease by debiting them.

OR

(d) Assets = Capital + Liabilities

Explanation: This equation is the base of accounting. This shows that the assets of the business is always equal to liability and capital .

Section B

21. Total Sales = Cash Sales + Credit Sales

$$= \text{Rs.}[60,000 + 40,000] = \text{Rs.}1,00,000$$

Let cost of sales = x

$$\text{Gross Profit} = 33\frac{1}{3}\% \text{ of } x = x \times \frac{1}{3} = \frac{x}{3}$$

So, Sales = Cost + Gross Profit

$$x + \left(\frac{x}{3}\right) = 1,00,000$$

$$4\left(\frac{x}{3}\right) = 1,00,000$$

$$x = 1,00,000 \times (3/4)$$

cost of goods sold = Rs.75,000

Now Cost of goods sold = Opening Stock + Purchase - Closing Stock

So, [20,000 + 70,000 - Closing Stock] = Rs.75,000

$$\text{Closing Stock} = (20,000 + 70,000) - 75,000$$

$$= \text{Rs. } 15,000$$

Goods remaining unsold at the end of the year is called closing stock.

OR

Let cost = Rs. 100, Gross profit = 33(1/3) % on cost, Sales =(133×1/3)

$$\text{Gross Profit on Sales} = \frac{33\frac{1}{3}}{133\frac{1}{3}} = \frac{1}{4}$$

$$\text{Sales} = 60000 + 40000 = \text{Rs.}100000$$

$$\text{Gross Profit} = \text{Rs. } 1,00,000 \times 1/4 = \text{Rs. } 25,000$$

$$\text{Cost of goods sold} = \text{Sales} - \text{Gross profit} = 1,00,000 - 25,000 = \text{Rs. } 75,000$$

$$\text{Cost of Goods Sold} = \text{Opening Stock} + \text{Purchases} - \text{Closing Stock}$$

$75,000 = 20,000 + 70,000 - \text{Closing stock}$

$\text{Closing stock} = 20,000 + 70,000 - 75,000 = \text{Rs. } 15,000.$

22. Types of Accounting Information

Accounting information refers to the information provided in financial statements of the business, generated through the process of book keeping and summarising. By using the accounting information, the users are in a position to take the correct decision. The financial statements so generated are the income statement i.e., profit and loss account and the position statement i.e., balance sheet and a Cash Flow Statement.

The information made available by these statements can be categorised into the following categories:

- i. **Information Related to Profit or Loss during the year:** Information about the profit earned or loss incurred by the business during an accounting period is made available through the income statement of the business i.e., the profit and loss account. Trading account provides information about gross profit or gross loss whereas the profit and loss account provides information about the net profit or net loss during the year. It also gives details of all the expenses and incomes during the year.
- ii. **Information Related to Financial Position of the business :** Information about the financial position of the enterprise is determined through its position statement i.e., the balance sheet.
It provides information about the assets and liabilities of a business on a particular date. The difference between the two is represented by capital i.e., amount due to owners. In the case of not-for-profit organisation, difference between assets and liabilities is termed as general fund.
- iii. **Information about Cash Flow during the year :** Cash flow statement is a statement that shows inflow and outflow of cash during a specific period. It helps in making various decisions such as payment of liabilities, payment of dividend and expansion of business, etc., as all these are based on availability of cash. It gives a clear picture of the liquidity of the business.

OR

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

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

Section C

23. Software

It is the set of instructions that makes the computer work. Software is held on the computer's hard disk, CD-ROM, DVD or on a diskette (floppy disk) and is loaded from the disk into the computer's RAM (Random Access Memory), as and when required. It is the hypothetical or imaginary part of computer, which is used with hardware to make computer perform operations. Software cannot be touched.

The types of software are as follows :

- i. **Utility Software** : It is a set of computer programs which are used to perform certain supporting operations in a computer. Most utility softwares are highly specialised and designed to perform only a single task or a small range of tasks.
- ii. **Application Software** : A user oriented program which is designed for performing certain jobs, such as accounting, word processing, recreation etc is known as application software. Ex: Tally etc.

- iii. **Language Processors** : This is a software which is used as an interpreter or translator to convert a program language to machine language, i.e. a language that a computer can understand. Ex : C, C++ etc.

24.

P's JOURNAL

Date	Particulars		L/F	Debit Amount (Rs)	Credit Amount (Rs)
2015					
Feb 1	Q's A/c To Sales A/c (Being goods sold on credit)	Dr		36,000	36,000
Feb 1	Bills Receivable (No. 1) A/c Bills Receivable (No. 2) A/c Bills Receivable (No. 3) A/c To Q's A/c (Being the acceptances received)	Dr Dr Dr		15,000 12,000 9,000	36,000
Feb 1	R's A/c To Bills Receivable (No. 1) A/c (Being the bill endorsed in favour of creditor, R)	Dr		15,000	15,000
Feb 4	Bank A/c Discounting Charges A/c To Bills Receivable (No. 2) A/c (Being the bill discounted with the bank)	Dr Dr		11,760 240	12,000
Apr 30	Bills Sent for Collection A/c To Bill Receivable (No. 3) A/c (Being the bill sent to the bank for collection)	Dr		9,000	9,000
May	Bank A/c Bank Charges A/c To Bills Sent for Collection A/c	Dr		8,925	9,000

4	(Being the bill collected by the bank and collection charges deducted)	Dr		75	
	Total			1,17,000 =====	1,17,000 =====

Working Note Calculation of Discount = $12,000 \times \frac{12}{100} \times \frac{2}{12} = 240$

Q's JOURNAL

Date	Particulars		L/F	Debit Amount (Rs)	Credit Amount (Rs)
2015					
Feb 1	Purchases A/c To P's A/c (Being the goods purchased on credit)	Dr		36,000	36,000
Feb 1	P's A/c To Bills Payable (No. 1) A/c To Bills Payable (No. 2) A/c To Bills Payable (No. 3) A/c (Being the acceptances given)	Dr		36,000	15,000 12,000 9,000
Mar 4	Bills Payable (No. 1) A/c To Cash A/c (Being the bill met on maturity)	Dr		15,000	15,000
Apr 4	Bills Payable (No 2) A/c To Cash A/c (Being the bill met on maturity)	Dr		12,000	12,000
May 4	Bills Payable (No. 3) A/c To Cash A/c (Being the bill met on maturity)	Dr		9,000	9,000
				1,08,000	1,08,000

	Total			=====	=====
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25. **Balance Sheet is the position statement of a business, showing the details of various assets & liabilities acquired by the business on a particular date.**

Therefore, the purposes of preparing a balance sheet are as follows :

- i. The main or primary purpose of preparing a balance sheet is to ascertain the true financial position of the business at a particular date or point of time.
- ii. It shows the nature and cost of various assets acquired by the business such as the closing stock, debtors, amount of fictitious assets, etc.
- iii. It helps in determining the nature and amount of various liabilities of the business.
- iv. It shows the amount of Capital invested by the owners.
- v. It helps in finding out whether the firm is solvent or not. The firm is solvent if the assets exceed the external liabilities. It would be insolvent if opposite is the case.
- vi. It helps in preparing the opening entries at the beginning of the next year.

26. Yes, since books of original entry refers to the accounting journals in which business transactions are initially recorded. The information in these books is then summarized and posted into a general ledger, from which financial statements are produced. Each accounting journal contains detailed records for the types of accounting transactions pertaining to a specific area.

27. **In the books of -----**

Journal

Date	Particulars		L/F	Debit Amount (Rs)	Credit Amount (Rs)
03, March,	Mohan's A/c To Sales A/c	Dr		50,000	50,000

2013	(Being goods sold to Mohan)				
3, March, 2013	Cash A/c Discount Allowed A/c To Mohan's A/c (Being cash received from mohan in full settlement of his account)	Dr Dr		49,000	49,000
6, March, 2013	Chintamani's A/c To Sales A/c (Being goods sold to Chintamani)	Dr		40,000	40,000
08, March, 2013	Sales Return A/c To Chintamani's A/c (Being goods return by Chintamani)	Dr		500	500
15, March, 2013	Cash A/c Discount Allowed A/c To Chintamani's A/c (Being cash received from chintamani in full settlement of his A/c)	Dr Dr		39,100 400	39,500
16, March, 2013	Cash A/c Discount Allowed A/c To Shaurya's A/c (Being cash received from shaurya in full settlement)	Dr Dr		9,750 250	10,000
20, March, 2013	Swastik's A/c To Discount Received A/c To Cash A/c (Being cash paid to Swastik & discount received)	Dr		2,500	2,350 150
25, March,	Henery A/c To Sales A/c	Dr		10,000	10,000

2013	(Being goods sold of Rs 12,500 at 20% trade discount				
	Total			2,01,500 =====	2,01,500 =====

Section D

28.

STATEMENT OF PROFIT OR LOSS

As at Dec 31,2013

Particulars	Rs.	Rs.
Closing Capital		(25,000)
Add: Drawing(1,500 x 7) + (4,500 x 5)		33,000
		8,000
Less: Opening Capital	(18,900)	
Less: Additional Capital	(50,000)	(68,900)
Loss during the year		60,900

STATEMENT OF AFFAIRS

as at 1st January 2013

Liabilities	Rs.	Assets	Rs.
Creditors	45,000	Debtors	22,500
Loan from Wife	66,000	Land and Building	89,600
Bank overdraft	25,000	Cash	7,500
Capital	18,900	Furniture	1,300
(balancing figure)		Stock	34,000
	1,54,900		1,54,900

STATEMENT OF AFFAIRS

as at 31st December 2013

Liabilities	Rs.	Assets	Rs.
Creditors	93,000	Land and Building	90,000
Loan from Wife	57,000	Cash	8,700
		Furniture	1,300
		Stock	25,000
		Capital	25,000
		(balancing figure)	
	1,50,000		1,50,000

Notes :

- Above method is Net Worth Method or statement of affairs method of ascertaining Profit or Loss during the period adopted by the entity preparing accounts as per single entry system.
- At the end of the year Balance of capital is at asset side that means debit balance of the capital account.
- If capital at the end of the year is less than the capital in the beginning the result is loss and vice versa.

29.

Trading And Profit & Loss A/c
For the year ended-----

Particulars		Amount (Rs)	Particulars		Amount (Rs)
To Opening Stock		82,000	By Sales	5,60,000	
To Purchase	4,40,000		Less Returns	12,000	5,48,000
Less Returns	4,000		By Closing Stock		1,50,000

Less Loss by fire	20,000	4,16,000			
To Carriage In		7,000			
To Gross Profit c/d		1,93,000			
		6,98,000 =====			6,98,000 =====
To Carriage Out		1,000	By Gross Profit b/d		1,93,000
To Insurance Premium		3,600	By Provision for Bad Debts		6,000
To Telephone charges		14,600	By Commission	12,000	
To Interest on Investment		1,200	Less Unaccrued	4,000	8,000
To Rent		19,200	By Rent		9,600
To Salary		40,000			
To Bad Debts		800			
To Printing	10,000				
Less Prepaid	5,000	5,000			
To Loss by fire		5,000			
To Provision for bad debts		4,000			
To O/s Interest on Loan		1,800			
To Manager's Commission		12,040			
To Net profit		1,08,360			

		2,16,600 =====			2,16,600 =====

Balance Sheet
As on -----

Liabilities		Amount (Rs)	Assets	Amount (Rs)
Capital	3,50,000		Debtors 80,000	
Less Drawings	8,000		Less Provision for Bad Debts 4,000	76,000
Add Net Profit	1,08,360	4,50,360	Investment	10,000
Loan	40,000		Land & Building	2,80,000
Add O/S Interest	1,800	41,800	Furniture	20,000
Creditors		48,000	Cash	5,800
Sales Tax Collected		6,000	Prepaid Printing	5,000
Manager's Commission		12,040	Insurance Claim	15,000
Unaccrued Commission		4,000	Stock	1,50,000
		5,61,800 =====		5,61,800 =====

The trading account is the top part of the trading profit and loss account and is used to determine the gross profit. The profit and loss account is the lower part of the trading profit and loss account and is used to determine the net profit of the business.

OR

JOURNAL

Date	Particulars		LF	Amt(Dr)	Amt(Cr)
	To Bad Debts A/c	Dr		1,000	
	To Debtors A/c (Being further Bad debts)				1,000
	Provision for Doubtful Debts A/c	Dr		5,000	
	To bad Debts A/c (Being bad debts transferred to old provision)				5,000
	Provision for Doubtful Debts A/c	Dr		230	
	To Profit and Loss A/c (Being excess provision credited to profit and loss account)				230

Effects on Final Account

Profit and Loss Account

Dr				Cr
Particulars	Amt(Rs)	Particulars		Amt(Rs)
		To Provision for Doubtful Debts A/c		
		Old Provision	10,000	
		(-) Bad Debts(1,000 + 4,000)	5,000	
			5,000	
		(-) New Provision	4,770	230

30. **BANK RECONCILIATION STATEMENT**

Particulars	Plus (Rs.)	Minus (Rs.)
Balance as per Cash Book	40,960	

Add: Cash deposit by debtor directly in bank account	2,000	
Cheque issued but not yet presented	12,980	
Less: Bank charges		100
Discount charges recorded in bank		800
Cash deposited in bank but not credited		3,520
Cheque of Bhanu dishonoured		650
Balance as per Pass Book		50,870
	<u>55,940</u>	<u>55,940</u>

OR

Bank Reconciliation Statement

as on 31st March, 2014

Particulars	Amount (Rs)	Amount (Rs)
Overdraft/Credit/Unfavourable Balance as per Cash Book		90,600
Add: A cheque posted in debit column of cash book but not presented for payment.	1,000	
Cheque deposit in bank for collection but not collected	1,500	
Cheque dishonoured	5,000	7,500
Less: Cheque issued to Manohar not presented for payment	8,000	8,000
Overdraft/Debit/Unfavourable Balance as per Pass Book		90,100 =====

A bank reconciliation statement is the method used by individuals and entities to check the accuracy of their own transaction register against the records of their bank.

Section E

31. For the purpose of the rectification of the errors, following entries need to be passed:

Journal					
Date	Particulars		LF	Dr. (₹)	Cr.(₹)
	Furniture A/c	Dr.		10,000	
	To Purchases A/c				4,000
	To Suspense A/c				6,000
	(Being purchase of furniture for ₹10,000 entered wrongly in the purchase book as ₹4,000, now rectified)				
	Machinery A/c	Dr.		20,000	
	To Purchases A/c				6,000
	To Raman				14,000
	(Being purchase of machinery for ₹20,000 on credit from Raman , wrongly entered in the purchase book as ₹6,000, now rectified)				
	Repairs A/c	Dr.		1,400	
	Suspense A/c	Dr.		1,000	
	To Machinery A/c				2,400
	(Being payment for the repairs of a machinery for ₹1,400 were wrongly debited to machinery account as ₹2,400, now rectified)				
	Machinery A/c	Dr.		2,000	
	To Repairs A/c				200
	To Suspense A/c				1,800
	(Being payment for the overhauling of secondhand machinery for ₹2,000 at the time of purchase,				

	wrongly debited to repairs account as ₹ 200, now rectified)				
	Sales A/c	Dr.		5,000	
	To Machinery A/c				3,000
	To Suspense A/c				2,000
	(Being proceeds from sale of machinery for ₹3,000, wrongly credited to the sales account as ₹5,000, now rectified)				

Suspense Account

Particulars	Amt (₹)	Particulars	Amt (₹)
Difference as per Trial Balance (balancing figure)	8,800	By Furniture A/c	6,000
To Machinery A/c	1,000	By Machinery A/c	1,800
		By Sales A/c	2,000
	9,800		9,800

OR

ADJUSTED CASH BOOK

Receipt	Amt. (Rs.)	Payments	Amt. (Rs.)
To Balance b/d	26,900	By Drawings	4,800
To Bill Receivable	7,000	(Life insurance)	
(Proceeds of a bill)		by Bank Charges	150
		To Balance c/d	28,950
	<u>33,900</u>		<u>33,900</u>

BANK RECONCILIATION STATEMENT

as on 31st December, 2012

Particulars	Debit (Rs.)	Credit (Rs.)
Balance as per Adjusted Cash Book	28,950	
Add: Cheques issued but not yet presented for payment	4,250	
Less: Cheques paid into bank but not yet cleared (10,500 - 7,800)		2,700
Cash collection entered in the cash book in the bank column but banked on 2nd January, 2011		3,050
Balance as per Pass Book		27,450
	<u>30,200</u>	<u>30,200</u>

32.

MACHINERY ACCOUNT

Dr.							Cr.
Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.
01.07.15	To Bank A/c - cost		1,80,000	31.03.16	By Depreciation A/c (for 9 months)		15,000
	To Bank A/c - Exp		20,000		By Balance c/d		1,85,000
			2,00,000				2,00,000
01.04.16	To Balance b/d		1,85,000	31.03.17	By Depreciation A/c		42,500
01.04.16	To Bank A/c		2,40,000		By Balance c/d		3,82,500
			4,25,000				4,25,000
01.04.12	To Balance		3,82,500	01.10.17	By Cash A/c		1,45,000

	b/d						
31.03.13	To Bank A/c		4,00,000		By Profit & Loss A/c		13,175
				31.03.18	By Depreciation A/c		39,925
				31.03.18	By Balance c/d		5,84,400
			7,82,500				7,82,500
01.04.18	To Balance B/d		5,84,400				

Working Notes:

	Machine I	Machine II	Machine III	Total
Cost (1,80,000+20,000)	2,00,000	2,40,000	4,00,000	
Less: Depreciation for 2015-16 @ 10%	<u>-15,000</u>	<u>0</u>	<u>0</u>	<u>15,000</u>
W.D.V.	1,85,000	2,40,000	4,00,000	
Less : Depreciation for 2016-17 @ 10%	<u>-18,500</u>	<u>-24,000</u>	0	<u>42,500</u>
W.D.V.	1,66,500	2,16,000	4,00,000	
Less: Depreciation for 2017-18 @ 10%	<u>-8,325</u>	<u>-21,600</u>	<u>-10,000</u>	<u>39,925</u>
W.D.V.	1,58,175	1,94,400	3,90,000	
Less: Sale value	<u>-1,45,000</u>			
Loss on sale	<u>13,175</u>			

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 or on the book value of asset. Amount of depreciation goes on reduce year by year.

Depreciation is always calculated on a time basis.

OR

In the books of "A"

Journal

Date	Particulars		L/F	(Rs.)	(Rs.)
10/07/18	B's A/c	Dr.		41,300	
	To Sales A/c				35,000
	To Output IGST A/c				6,300
	(Being goods sold to B's and GST Collected)				
10/07/18	Bank A/c	Dr.		6,300	
	B/R A/c	Dr.		35,000	
	To B's A/c				41,300
	(Being bill drawn and balance receive by cheque.)				
20/07/18	C's A/c	Dr.		35,000	
	To B/R A/c				35,000
	(Being bill endrosed to C.)				

In the books of "B"

Journal

Date	Particulars		L/F	(Rs.)	(Rs.)

10/07/18	Purchase A/c	Dr.		35,000	
	Input IGST A/c (8%)	Dr.		6,300	
	To A's A/c				41,300
	(Being goods purchased from A.)				
10/07/18	A's A/c	Dr.		41,300	
	To Bank A/c				35,000
	To B/P A/c				6,300
	(Being bill accepted and balance paid by cheque)				
13/10/18	B/P A/c	Dr.		35,000	
	To Cash/Bank a/c				35,000
	(Being bill paid on due date.)				

In the books of "C"

Journal

Date	Particulars		L/F	(Rs.)	(Rs.)
10/07/18	B/R A/c	Dr.		35,000	
	To A's A/c				35,000
	(Being bill receive from A.)				
13/10/18	Cash/Bank A/c	Dr.		35,000	
	To B/R A/c				35,000
	(Being amount of bill receive on due date.)				