

CBSE Class 11
Accountancy
Sample Paper 05 (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 the primary reason for business students and others to study accounting discipline?
- 2. Which branch of accounting deals with information related to cost
 - a. Cost accounting
 - b. Financial accounting
 - c. Management accounting
 - d. All of these
- 3. Which of the following is not a business transaction ?
 - a. Purchased a gift of 2,000 for wife
 - b. Salary paid to manager 15,000
 - c. Paid rent for office 5,000
 - d. Purchased machinery for 50,000
- 4. Match the following:

(a) Rebate allowed for large quantities.	(i) Income statement.
(b) Debit and credit aspects.	(ii) Trade discount.
(c) Profit and loss of Firm.	(iii) Window dressing.
(d) Manipulation of accounts.	(iv) Double entry system.

5. What do you understand by the term 'outstanding expenses'?

6. Match the following:

(a) Payroll processing	(i) Balance sheet
(b) Transaction recording	(ii) Preparation of salary
(c) Ledger	(iii) require application software
(d) Financial statement	(iv) Groups of accounts

7. What is the purpose of posting JF numbers that are entered in the journal at the time entries are posted to the accounts?

8. Utility software are

- a. SQL
- b. None of these
- c. Disk defragments
- d. Data compression

9. Manish has paid salaries of Rs.150000 for the year ended 31st March,2012. The salaries include a sum of Rs.20000 paid in advance for the year ended 31st March 2013. Show how it would appear in the balance sheet

- a. Rs.150000 on asset side
- b. Rs.20000 on liabilities side
- c. Rs.150000 on liabilities side

d. Rs.20000 on asset side

10. Is it correct to say, sales book is a record prepared from invoices issued to customers?
11. Which character of a computer system is shown in the statement? 'Ability to perform various tasks, simple as well as complex'.
12. The person from whom goods are purchased on credit is known as ____
- a. Owner
 - b. Debtor
 - c. Creditor
 - d. Investors

13. Fill in the blanks:

The nature of accrued income is _____.

14. Fill in the blanks:

Valuation of stock at lower of cost or net realizable value is an example of _____.

OR

Fill in the blanks:

Assets (except Securities) may be valued under Ind-Ad on _____.

15. Fill in the blanks:

Purchase refers to the purchase of goods for _____.

16. Define the purpose of maintaining subsidiary books.

17. Calculate the total assets if

- i. Capital is Rs 40,000.
- ii. Creditors are Rs 25,000.

- iii. Revenue during the period is Rs 50,000.
- iv. Expenses during the period are Rs 40,000

OR

Goods costing Rs 20,000 have been sold for cash at 25% profit. How will you show the transaction in the accounting equation?

18. Identified and measured accounting events should be recorded in which order
- a. Any order
 - b. Horizontal
 - c. None of these
 - d. Chronological order

19. Match the following:

(a) Component of TPS	(i) Debtors report
(b) Example of TPS	(ii) Data Edit
(c) Element of computer	(iii) ATM
(d) Accounting report	(iv) Humanware

20. Which of the following statement is correct
- a. When assets decrease are debited
 - b. When assets increase are debited
 - c. When assets increase are debited and credited
 - d. When assets increase are credited

OR

Difference between assets and liabilities is

- a. Capital
- b. Drawings
- c. Cash
- d. Liabilities

Section B

21. Ascertain Gross Profit from the following :

	Rs.
Opening Stock	2,00,000
Closing Stock	1,80,000
Purchases	8,50,000
Carriage on Purchases	23,000
Carriage on Sales	30,000
Office Rent	58,000
Sales	14,07,000

OR

Explain the concept of cost of goods sold.

22. There are various number of functions performed by accounting. Describe any three such functions.

OR

Explain the features of accounting principles.

Section C

23. Inspite of possessing so many capabilities, computers suffer from various limitations. Discuss any three.

24. Journalise the following transactions in the books of V

- i. Our acceptance to U for Rs. 7,500 renewed for 3 months on the condition that Rs. 2,500 is paid in cash immediately and the remaining balance to carry interest @ 12% per annum.
- ii. X's promissory note for Rs. 6,000 endorsed in favour of Q, returned dishonoured W paid Rs. 150 as noting charges. V pays W by cheque and accepts from X another bill for the amount due along with interest Rs. 400.
- iii. A bill payable accepted in favour Z for Rs. 20,000 returned unpaid due to lack of instructions to the Bank, Z claims Rs. 20,250 (Rs. 250 as noting charges) which is paid by cheque.

25. From the following information, prepare trading account for the year ended 31st March, 2013

Cash purchases Rs. 4,50,000; credit purchases Rs. 27,00,000; returns inward Rs. 60,000; cash sales Rs. 4,80,000; credit sales Rs. 33,00,000; returns outward Rs. 30,000; freight inwards Rs. 9,000; carriage inwards Rs. 9,000; wages and salaries Rs. 12,000; opening stock Rs. 4,50,000; closing stock Rs. 2,64,000 but its market value is Rs.2,52,000.

26. Enter the following transactions in the purchase journal (book) of M/s Gupta Traders of July, 2014

Jul 1	Bought from Rahul Trader as per invoice no 20041
	40 registers @ Rs.60 each
	80 gel pens @ Rs.15 each
	50 note books @ Rs.20 each
	Trade discount 10%
Jul 15	Bought from Global Stationers as per invoice no.1132
	40 ink pads @ 8 each
	50 files @ Rs.10 each
	20 colour books @ Rs.20 each

	Trade discount 5%
Jul 23	Purchased from Lamba Furniture as per invoice no.3201
	2 chairs @ Rs.600 per chair
	1 table @ 1,000 per table
Jul 25	Bought from Mumbai Trader as per invoice no.1111
	10 Paper rim @ Rs.100 per rim
	400 drawing sheets @ 3 each
	20 packet water colour @ 40 per packet.

27. Journalise the following transactions in the books of Shree Vishesh.

2013	
Jan 4	Opened bank account with PNB Rs.1 0,000
Jan 9	Purchased furniture worth Rs.20,000 and tools worth Rs.4,000
Jan 10	Cash sent to bank Rs.50,000
Jan 12	Bought shares in 'Birla Ltd' for Rs.5,000 and brokerage paid @ 2%. The payment is made by cheque
Jan 15	Paid to Nishek out of business funds for repair of Vishesh's house Rs.8,000
Jan 19	Supplied goods costing Rs.12,000 to Peter, issued invoice at 10% above cost less 5% trade discount

Section D

28. Radheshyam does not keep proper records of his business. Following information is available from records kept by him

Items		
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	1st April 2012(Rs.)	31st March 2013(Rs.)
Cash	20000	18,000
Bank	30,000	33,000
Debtors	17,000	25,000
Stock	40,000	60,000
Fixed assets	29,000	29,000
Creditors	52,000	32,000
Loan	10,000	25,000

Radheshyam withdrew from the business Rs 3,000 per month upto 30th September, 2012 and thereafter Rs 4,000 per month as drawings Rs 50,000 realised by the proprietor as maturity value of national saving certificates was invested in the business.

Prepare a statement showing net profit (or net loss) for the year.

29. From the following trial balance of Monika Textiles as at 31st March, 2013. Prepare adjustment entries, trading and profit and loss account and balance sheet.

Name of Accounts	Debit Amount (Rs)	Credit Amount (Rs)
Stock at commencement	15,00,000	
Purchases and sales	1,09,00,000	1,80,00,000
Manufacturing wages	8,00,000	
Fuel, Power and lighting	12,00,000	
Salaries	11,00,000	
Income tax	5,50,000	
Loan to X at 10% per annum	5,00,000	
Interest on X's Loan		30,000

Apprentice premium		4,50,000
Rent	4,00,000	
Rent owing		60,000
Furniture (includes furniture of 1,00,000 purchased on 1 st October, 2011)	5,00,000	
Bills receivable and bills payable	6,00,000	1,60,000
Plant	72,00,000	
Debtors and creditors	28,00,000	13,00,000
Capital		1,00,00,000
Cash	19,50,000	
	3,00,00,000 =====	3,00,00,000 =====

Additional Information

- i. Closing stock was valued at Rs 30,00,000.
- ii. Goods worth Rs 5,00,000 were sold and despatched on 28th March, 2013 but no entry was passed to this effect.
- iii. Goods costing Rs 7,00,000 were purchased and included into stock but no entry was passed to record the purchases.
- iv. Create a provision of 2% for discount on debtors.
- v. Apprentice premium received on 1st April, 2012 was for 3 years.
- vi. Depreciate furniture by 10% per annum
- vii. Salaries for the month of March, 2013 are still outstanding.

OR

From the following balances, as on 31st March, 2013, prepare trading and profit and loss account and the balance sheet

Plant and Machinery	20,000	Rent	2,000
Sundry Debtors	12,000	Sales	82,000

Sundry Creditors	6,000	Manufacturing Expenses	4,000
Drawings	6,000	Trade Expenses	3,500
Purchases	52,500	Bad Debts	1,000
Wages	25,000	Carriage	750
Bank	5,000	Bills Payable	3,500
Repairs	250	Returns Inward	2,000
Stock (1st April, 2012)	10,000	Return Outward	2,500
Capital	50,000		

Closing Stock (31st March 2013) was valued at Rs. 7,250.

30. On 30th June, 2013, the cash book of Galaxy Ltd, showed a balance of Rs 400 at bank. They had sent cheques amounting to Rs 2,000 to the bank before 30th June but it appears from the pass book that cheques worth only Rs 800 had been credited before that date. Similarly, out of cheques of Rs 1,000 issued during the month of June, cheques for Rs 50 were presented and paid in July. The passbook also showed the following payments

- i. Rs 64 as premium on the life policy according to standing instructions.
- ii. Rs 400 against a pro-note, as per instructions.

The pass book showed that the bank had collected Rs 120 as interest on government securities.

The bank had charged interest Rs 10 and bank charges Rs.4.

There was no entry in the cash book for the payments, interest, etc.

Prepare the bank reconciliation statement as on 30th June, 2013.

OR

On 31st January, 2013 the pass book of Shri ML Gupta shows a debit balance of Rs 41,000. Prepare a bank reconciliation statement from the following particulars

- i. Cheques amounting to Rs 15,600 were drawn on 27th January, 2013. Out of which

cheques for Rs 11,000 were encashed upto 31st January, 2013.

- ii. A wrong debit of Rs 800 has been given by the bank in the pass book.
- iii. A cheque for Rs 200 was credited in the pass book but was not recorded in the cash book.
- iv. Cheques amounting to Rs 21,000 were deposited for collection. But out of these, cheques for Rs 7,400 have been credited in the pass book on 5th February, 2013.
- v. A cheque for Rs 1,000 was returned dishonoured by the bank and was debited in the pass book only.
- vi. Interest on overdraft and bank charges amounted to Rs 100 were not entered in the cash book.
- vii. A cheque of Rs 500 debited in the cash book was omitted to be banked.

Section E

31. The Trial Balance of S. Sen did not agree and the difference in books was carried to a Suspense Account. Pass the entries required to rectify the following errors which accounted for the difference. Also, prepare the Suspense Account.
- i. A Sales Invoice for Rs.1,000 for goods sold on credit to B. Basu was entered in the Purchase Book, but in the Ledger, the amount was correctly debited to the account of B. Basu.
 - ii. Goods bought on credit from Ram Lai for Rs.1,500 were wrongly debited to his account as Rs.5,100.
 - iii. An amount of Rs.275 was posted as Rs.325 to the debit side of Commission A/c.
 - iv. The Sales Book for the month of April was under cast by Rs.100.
 - v. Rs.460 paid for repairs to building was debited to Building Account as Rs. 640.

OR

The cash Book of Mr. Sharma showed a balance, of 3,560 as on 31st Dec. 2013 at the bank whereas Pass Book showed a balance of Rs. 4,230. Comparison of the Cash Book and Pass Book revealed the following:

- i. The Bank has debited Mr. Sharma With Rs. 460, the annual premium of his life Policy according to his standing instructions and Rs. 20 as Bank charges.
- ii. Mr. Sharma paid into the Bank cheques totaling Rs. 3,100 on Dec. 26, 2013 of

which those for Rs. 2,500 were collected in December. One cheque for Rs. 200 was returned dishonored on 2nd Jan. 2014.

- iii. The Bank has credited Mr. Sharma by Rs. 1,600, the proceeds of a bill.
- iv. Cash collected, on 31st Dec. 2013 totalling Rs. 850 was entered in the Cash Book in the Bank column on the same date but banked on 2.1.2014.
- v. Mr. Sharma issued cheques totaling Rs. 2,300 in the month of Dec. out of which cheques for Rs. 1,000 have not been presented for payment for payment till 31st Dec.

32. 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.

OR

A bill for Rs.1,000 is drawn by A on B and accepted by the latter payable at the New Bank of India. Show what entries should be passed in the books of A under each of the following circumstances

- i. If A retained the bill till the due date and then realised it on maturity.
- ii. If A discounted it with his banker for Rs.950.
- iii. If A endorsed it to his creditor C in full settlement of his debt.
- iv. If A sent it to his banker for collection.

Also give the necessary entries in each of the cases if the bill is dishonoured.

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Solution

Section A

1. As accounting information is presented and communicated in the form of financial statements, reports, graphs, charts, etc. to various interested parties. Therefore, the primary reason for business students and others to study accounting discipline is to acquire that knowledge, which is helpful in understanding and using this accounting information. In other words, to study the financial statements and to derive results from them, it is essential to study Accounting discipline.
2. (a) Cost accounting
Explanation: cost accounting is related to all the cost incurred for producing and selling of the goods.
3. (a) Purchased a gift of 2,000 for wife
Explanation: purchasing gift for wife is personal transaction of owner it will not be counted as business transactions
4. (a) - (ii), (b) - (iv), (c) - (i), (d) - (iii)
5. Expenses which have been incurred by the enterprise during the current financial year but are not paid are known as outstanding expenses.
6. (a) - (ii), (b) - (iii), (c) - (iv), (d) - (i)
7. Journal folio is a term used in ledgers as a part of ledger statement and is shown as a column on both the debit and credit sides. It's the number at which your transaction is recorded in the journal. It shows where your transactions have been recorded in the books of the ledger.
8. (b) None of these
Explanation: Disk defragments, Data compression and SQL are not utility software.
9. (d) Rs.20000 on asset side
Explanation: prepaid salaries are current asset so asset side of balance sheet.

10. **Yes**, as the source documents for recording entries in the sales book are invoices

11. Versatility of computer is shown in the statement.

12. (c) Creditor

Explanation: when we purchase the good liability is created called creditor

13. Asset

14. Conservation Convention

OR

Historical Cost

15. Resale

16. When the number of transactions is large, it is difficult to record all the transactions through one journal, this is the reason why subsidiary books are maintained.

17. Total Assets = Capital + Revenue - Expenditure + Creditors

= Rs. 40,000 + Rs. 50,000 - Rs. 40,000 + Rs. 25,000

= Rs. 75,000

OR

Increase cash by Rs 25,000 decrease stock by Rs 20,000 and increase capital by Rs 5,000. Based on the double-entry system, the accounting equation ensures that the balance sheet remains “balanced,” and each entry made on the debit side should have a corresponding entry

18. (d) Chronological order

Explanation: it is recorded according to the sequence of occurrence i.e. date wise

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

20. (b) When assets increase are debited

Explanation: Assets are business property and have a debit balance. So when assets increases, it becomes debited in the books.

OR

(a) Capital

Explanation: The genral equation in accountancy is Capital = Assets - Liabilities.

Total Liabilities are sum total of Capital or other Liabilities.

Section B

21. **TRADING ACCOUNT**

Dr.			Cr.
Particulars	Rs.	Particulars	Rs.
To Opening Stock	2,00,000	By Sales	14,07,000
To Purchases	8,50,000	By Closing Stock	1,80,000
To Carriage on Purchase	23,000		
To Gross Profit (Bal. Fig.)	5,14,000		
Total	15,87,000	Total	15,87,000

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

OR

Cost of goods sold is the cost incurred in the manufacturing of the goods intended to be sold. Cost of goods sold is ascertained as follows

Cost of Goods Sold = Opening Stock + Net Purchases - Closing Stock + Direct Labour/Expenses.

Cost of goods sold = Net sales - Gross profit

22. **The main functions of accounting are as follows :**

- i. **Maintaining Systematic Records :** The primary or the main function of accounting is to maintain the systematic and complete records of business transactions, post them to the ledger and to prepare the final accounts.

- ii. **Communicating the Financial Results to various users :** Accounting is used to communicate the financial information to its various interested users for rational decision-making.
- iii. **Meeting Government Regulation :** The accounting system should comply with legal requirements. The various governing laws such as Companies Act, Income Tax and Sales Tax Act requires the submission of statements or returns i.e. annual accounts, income tax return, sales tax returns, etc. So accounting performs this function by providing proper information to the government agencies.
- iv. **Protecting the Business Assets :** Accounting helps the management to exercise proper control over the assets of the business by maintaining proper records of various assets such as Cash, bank balance, inventory etc.
- v. **Assistance to Management :** Accounting assists the management in the task of planning, controlling and coordination of business activities.
- vi. **Stewardship or Trusteeship :** The management is entrusted with the resources of the enterprise, in case of companies. The management is expected to act as the trustee of the company's funds and accounting helps to achieve the same.

OR

The basic features of accounting principles are:

- i. **Usefulness:** An accounting principle should be useful i.e., an accounting rule which does not increase the utility of the records is not accepted as an accounting principle.
- ii. **Objectivity:** Accounting principle should be objective in nature. It should not be influenced by personal bias.
- iii. **Feasibility:** Accounting principle should be practicable and feasible.

Section C

23. Although a computer is far better in performance than a human being, it fails in certain ways as follows:

- i. **Computers can't Think:** Computers cannot think and they can't do any job unless they are first programmed with specific instructions for same. They work as per stored instructions. Algorithms are designed by humans to make a computer

perform a special task. This is also called artificial intelligence.

- ii. **Computers can't Decide:** Computers are incapable of decision making as they do not possess the essential elements necessary to take a decision i.e. knowledge, information, wisdom, intelligence and the ability to judge.
- iii. **Computers can't Express their Ideas:** In any type of research ideas plays a vital role. In this context, computers can't express their ideas.
- iv. **Computers can't Implement:** Though computers are helpful in storage of data and can contain the contents of encyclopedias even, but only humans can decide and implement the policies.
- v. **No IQ :** Although the trend today is to make computers intelligent by inducing artificial intelligence (AI) in them, they still do not have any decision-making abilities of their own. Thus, their IQ level is zero. they need guidance to perform various tasks.

24.

V's JOURNAL

Date	Particulars		L/F	Debit Amount (Rs)	Credit Amount (Rs)
(i)	Bills Payable A/c Interest A/c To U's A/c (Being the original bills payable cancelled and interest charged for renewal of the same)	Dr Dr		7,500 150	7,650
	U's A/c To Cash A/c To Bills Payable A/c (Being U paid off partly in cash and partly through fresh acceptance)	Dr		7,650	2,500 5,150
(ii)	X's A/c To W's A/c (Being the endorsed bills dishonoured)	Dr		6,150	6,150
	W's A/c				

	To Bank A/c (Being W paid off)	Dr		6,150	6,150
	X's A/c To Interest A/c (Being the interest charged from X)	Dr		400	400
	Bills Receivable A/c To X's A/c (Being the fresh acceptance received from X for the net amount due)	Dr		6,550	6,550
(iii)	Bills Payable A/c Noting Charges A/c To Z's A/c (Being the acceptance given to Z dishonoured, noting charges being paid by him)	Dr Dr		20,000 250	20,250
	Z's A/c To Bank A/c (Being the Z paid off by cheque)	Dr		20,250	20,250
	Total			75,050	75,050

25.

Trading Account
for the year ended 31st March, 2013

Dr					Cr
Particulars		Amt (₹)	Particulars		Amt (₹)
To Opening Stock		4,50,000	By Sales		
To Purchases:			Cash Sales	4,80,000	
Cash Purchases	4,50,000		Credit Sales	<u>33,00,000</u>	
Add :Credit Purchases	<u>27,00,000</u>			37,80,000	
			Less :		

	31,50,000		Returns Inward	(60,000)	37,20,000
Less :Returns Outward	<u>(30,0000</u>	31,20,000	By Closing Stock(note 1)		2,52,000
To Freight Inwards		9,000			
To Carriage Inwards		9,000			
To Wages and Salaries		12,000			
To Gross Profit Transferred to Profit and Loss A/c		3,72,000			
		<u>39,72,000</u>			<u>39,72,000</u>

Note :

1. Closing Stock will be shown in the books at market price or book value price, whichever is less.

26. In the books of M/S Gupta Traders

Purchase Book

Date	Particulars		Invoice No.	L/F	Detail	Amount (Rs.)	Total Amount (Rs.)
2014							
Jul 1	Rahul Traders		20041				
	40 Register @ 60 each					2,400	
	80 Gel pen @ 15 each					1,200	
	50 Note Books @						

	Rs.20 each					1,000	
						4,600	
	(-) Trade Discount 10%					460	4,140
Jul 15	Global Stationers		1132				
	40 Ink Pads @ Rs.8 each					320	
	50 Files @ Rs. 10 Each					500	
	20 Colour Books @ Rs. 20 Each					400	
						1,220	
						61	1,159
Jul 25	Mumbai Traders		1111				
	10 Paper Rim @ 100 per rim					1,000	
	400 Drawing Sheets @ 3 each					1,200	
	20 Packet Water Colour @ 40 per Packet					800	3,000
	Purchases A/c	Cr					8,299

Purchase book also known as a Purchase journal, Invoice book or Purchase day book. Purchase book is a special purpose subsidiary book prepared by a business to record all credit purchases.

27.

In the books of Shri. Vinesh

JOURNAL

Date	Particulars		L/F	Debit Amount (Rs)	Credit Amount (Rs)
2013					
Jan 4	Bank A/c To Cash A/c (Being amount deposited in PNB)	Dr		10,000	10,000
Jan 9	Furniture A/c Tools A/c To Cash A/c (Being Furniture and tools purchases for cash)	Dr Dr		20,000 4,000	24,000
Jan 10	Bank A/c To Cash A/c (Being amount deposited into bank)	Dr		50,000	50,000
Jan 12	Investment A/c To Bank (Being Investment in shares of Birla Ltd for Rs.5,000 and brokerage paid @ 2%)	Dr		5,100	5,100
Jan 15	Drawings A/c To Cash A/c (Being amount paid for repairs of proprietor's residential house)	Dr		8,000	8,000
Jan 19	Peter A/c To Sales A/c (Being goods sold to Peter at 10% above cost and allowed 5% discount)	Dr		12,540	12,540

	Total			1,09640 =====	1,09640 =====
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Section D

28.

STATEMENT OF PROFIT OR LOSS

Particulars	Rs.	Rs.
Closing Capital		1,08,000
Add: Drawings (3,000 + 4,000) x 6		<u>42,000</u>
		1,50,000
Less: Opening Capital	(74,000)	
Less: Additional capital	<u>(50,000)</u>	<u>(1,24,000)</u>
Profit during the year		26,000

STATEMENT OF AFFAIRS

as at 1st April, 2012

Liabilities	Rs.	Assets	Rs.
Creditors	52,000	Cash	20,000
Loan	10,000	Bank	30,000
Capital	74,000	Debtors	17,000
(balancing figure)		Stock	40,000
		Fixed Assets	29,000
	1,36,000		1,36,000

STATEMENT OF AFFAIRS

as at 31st March, 2013

Liabilities	Rs.	Assets	Rs.
Creditors	32,000	Cash	18,000

Loan	25,000	Bank	33,000
Capital	1,08,000	Debtors	25,000
(balancing figure)		Stock	60,000
		Fixed Assets	29,000
	1,65,000		1,65,000

Notes :

- Above method is Net Worth Method or Statement of Affairs method of ascertaining the profit or loss over a period of time.
- This method is applied only when accounts are prepared on single entry system.

29.

In the books of Monica Textiles

Adjustment Entries

Date	Particulars		L/F	Debit Amount (Rs)	Credit Amount (Rs)
	Closing Stock A/c To Trading A/c (Being closing stock transferred to trading account)	Dr		30,00,000	30,00,000
	Debtors A/c To Sales A/c (Being goods sold but omitted to be recorded)	Dr		5,00,000	5,00,000
	Purchase A/c To Creditors A/c (Being goods purchased but omitted to be recorded)	Dr		7,00,000	7,00,000
	Profit and Loss A/c				

	To Provision for Discount on Debtors A/c (Being provision for discount charged from profit and loss account)	Dr		66,000	66,000
	Apprentice Premium A/c To Apprentice Premium Received in Advance A/c (Being apprentice premium received in advance)	Dr		3,00,000	3,00,000
	Depreciation A/c To Furniture A/c (Being depreciation charged on furniture)	Dr		45,000	45,000
	Salary A/c To Salary Outstanding A/c (Being salary outstanding)	Dr		1,00,000	1,00,000
	Profit and Loss A/c To Capital A/c (Being net profit transferred to capital account)	Dr		48,89,000	48,89,000
	Total			96,00,000 =====	96,00,000 =====

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

Particulars		Amount (Rs)	Particulars		Amount (Rs)
To Opening Stock		15,00,000	By Sales	1,80,00,000	
To Purchases	1,09,00,000		(+)Debtors	5,00,000	1,85,00,000
(+Creditors	7,00,000	1,16,00,000	By Closing Stock		30,00,000
To Manufacturing					

wages		8,00,000			
To Fuel, Power and Lighting		12,00,000			
To Gross Profit c/d		64,00,000			
		2,15,00,000 =====			2,15,00,000 =====
To Rent		4,00,000	By Gross Profit b/d		64,00,000
To Provision for Discount			By Interest on X's Loan	30,000	
on Debtors		66,000	(+)Accrued Interest	20,000	50,000
To Depreciation on furniture(W.N)		45,000	By Apprentice Premium	4,50,000	
To Salaries	11,00,000		(-)Received in Advance	3,00,000	1,50,000
(+)Outstanding(W.N)	1,00,000	12,00,000			
To Net Profit Transferred to capital A/c		48,89,000			
		66,00,000 =====			66,00,000 =====

Balance Sheet
as on 31st March,2013

Liabilities		Amount	Assets		Amount
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		(Rs)			(Rs)
Bills Payable		1,60,000	Cash		19,50,000
Creditors	13,00,000		Bills Receivable		6,00,000
(+)Purchases	7,00,000	20,00,000	Debtors	28,00,000	
Rent Owning		60,000	(+)Sales	5,00,000	
Apprentice Premium Received in Advance		3,00,000	(-)Provision for Discount	66,000	32,34,000
Salary Outstanding		1,00,000	Closing stock		30,00,000
Capital	1,00,00,000		Loan to X		5,00,000
(+)Net Profit	48,89,000		Accrued Interest on X Loan		20,000
	1,48,89,000		Furniture	5,00,000	
(-)Drawings(Income Tax)(W.N)	5,50,000	1,43,39,000	(-)Depreciation	45,000	4,55,000
			Plant		72,00,000
		1,69,59,000 =====			1,69,59,000 =====

Adjusting entries are accounting journal entries that convert a company's accounting records to the accrual basis of accounting. An adjusting journal entry is typically made just prior to issuing a company's financial statements. Adjusting entries almost always involve a

- Balance Sheet Account (Interest Payable, Prepaid Insurance, Accounts Receivable, etc.) and an
- Income Statement Account (Interest Expense, Insurance Expense, Service

Revenues, etc.)

OR

Trading & Profit and Loss A/c

Particulars		Amount (Rs)	Particulars		Amount (Rs)
To opening stock		10,000	By Sales	82,000	
To Purchase	52,500		Less Returns	2,000	80,000
Less Returns	2,500	50,000	By Closing Stock		7,250
To Wages		25,000	By Gross Loss c/d		2,500
To Manufacturing Expense		4,000			
To Carriage		750			
		89750 =====			89,750 =====
To Gross Loss b/d		2,500	By Net Loss (Bal. Fig.)		9,250
To Repairs		250			
To Rent		2,000			
To Trade Expense		3,500			
To Bad Debts		1,000			
		9,250 =====			9,250 =====

Balance Sheet

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Liabilities		Amount (Rs)	Assets	Amount (Rs)
Capital A/c	50,000		Plant and Machinery	20,000
Less Net Loss	9,250		Debtors	12,000
Less Drawings	6,000	34,750	Bank	5,000
Creditors		6,000	Stock	7,250
Bills Payable		3,500		
		44,250 =====		44,250 =====

The purpose of the two accounts is to separately identify the gross profit and net profit of the business.

30.

Bank Reconciliation Statement

as on 30th June, 2013

Particulars	Amount (Rs.)	Amount (Rs.)
Balance as per Cash Book		400
Add: Cheques issued but not presented for payment	50	
Interest collected by bank directly	120	170
Less: Charges directly paid by the bank:		
Life insurance premium	64	
Pro-note	400	
Bank charges and interest charged by bank directly	14	
Cheques deposited but not collected by the bank	1,200	1,678
Balance(Overdraft) as per Pass Book		1,108

OR

Bank Reconciliation Statement

as on 31st January, 2013

Particulars	Amount (Rs)	Amount (Rs)
Overdraft Debit/Unfavourable Balance as per Pass Book		41,000
Add: Wrong debit given by bank in the pass book	800	
Cheques deposited but not credited upto January, 2013	7,400	
Cheque deposited but dishonoured	1,000	
Interest on overdraft and bank charges charged by bank	100	
Cheque debited in the cash book but omitted to be banked	500	9,800
Less: Cheques drawn but not encashed upto 31 st January, 2013 (15,600 - 11,000)	4,600	
Cheque credited in the pass book but not recorded in the cash book	200	4,800
Overdraft Credit/Unfavourable Balance as per Cash Book		36,000

Bank reconciliations can help a company to verify that its bank account ending balance per the bank matches the balance on hand per the company' general ledger. The process of preparing a bank reconciliation involves making adjustments to the balances in both the bank statement and the company's records to confirm that the ending balances match and that every item is properly accounted for.

Section E

31.

RECTIFYING JOURNAL ENTRIES

Date	Particulars		L.F.	Dr. (Rs.)	Cr. (Rs.)
(i)	Suspense A/c	Dr.		2,000	

	To Purchase A/c				1,000
	To Sales A/c (Being goods sold on credit was wrongly entered in purchase book, rectified)				1,000
(ii)	Suspense Account	Dr.		6,600	
	To Ram Lal (1,500+5,100) Being wrong amount debited in Ram Lal's Account, rectified)				6,600
(iii)	Suspense Account	Dr.		50	
	To Commission A/c (325-275) (Being wrong amount of commission rectified)				50
(iv)	Suspense A/c	Dr.		100	
	To Sales A/c (Being undercasting of sales book rectified)				100
(v)	Repairs Account	Dr.		460	
	Suspense Account (640-460)	Dr.		180	
	To Building A/c (Being amount of repairs of Rs 460 wrongly entered to building account as Rs 640, now rectified)				640

SUSPENSE ACCOUNT`

Dr.							Cr.
Date	Particulars	L.F.	(Rs.)	Date	Particulars	L.F.	(Rs.)
	To Purchase A/c		1,000		By Balance c/d		8,930
	To Sales A/c		1,000				
	To Ram Lal A/c		6,600				
	To Commission A/c		50				

	To Sales A/c		100				
	To Building A/c		180				
			8,930				8,930
	To Balance b/d		8,930				

Suspense account is used only for the purpose of reconciling a trial balance temporarily. It is used to rectify only those errors which effect the Trial Balance.

OR

Amended Cash Book (Bank Column only) as on 31st Dec. 2013

Receipt side Receipt side

Particulars	Rs.	Particulars	Rs.
Top Balance b/d	3,560	By Drawings	460
To B/R (Proceeds of a Bill)	1,600	By Bank Charges	20
		By Balance c/d/	4,680
	5,160		5,160

Bank reconciliation statement is a report which compares the bank balance as per company's accounting records with the balance stated in the bank statement.

It is normal for a company's bank balance as per accounting records to differ from the balance as per bank statement due to timing differences. Certain transactions are recorded by the entity that are updated in the bank's system after a certain time lag. Likewise, some transactions are accounted for in the bank's financial system before the company incorporates them into its own accounting system. Such timing differences appear as reconciling items in the Bank Reconciliation Statement.

The purpose of preparing a Bank Reconciliation Statement is to detect any discrepancies between the accounting records of the entity and the bank besides those due to normal timing differences. Such discrepancies might exist due to an error on the part of the company or the bank.

Bank Reconciliation Statement

PARTICULARS	+ ITEM	- ITEM
(1) Balance as per Adjusted Cash Book (Dr.)	4,680	-
(2) Cheques paid into the Bank but not Credited by Dec. 31, 2013 (3,100-2,500)	-	600
(3) Cash collected entered in the Cash Book but not banked	-	850
(4) Cheques issued but not presented till date	1,000	-
TOTAL	5,680	1,450
Balance as per pass Book (5,680-1,450)	4,230	-

32.

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.

OR

**BOOKS OF A
JOURNAL ENTRIES**

Date	Particulars		L/F	(Rs.)	(Rs.)
(i)	B/R A/c	Dr.		1,000	
	To B (Being a Bills Receivable drawn)				1,000
(ii)	Cash A/c	Dr.		1,000	
	To B/R A/c (Being the Bills Receivable met on its maturity)				1,000
(iii)	Bank A/c	Dr.		950	
	Discounting charges A/c	Dr.		50	
	To B/R A/c (Being the Bills Receivable discounted from bank)				1,000
(iv)	C	Dr.		1,000	
	To B/R A/c (Being Bills Receivable endorsed to C)				1,000
(v)	Bill sent for collection A/c	Dr.		1,000	
	To B/R A/c (Being Bills Receivable sent to bank for collection)				1,000
(vi)	Bank A/c	Dr.		1,000	
	To Bill sent for collection (Being amount collected on due date)				1,000

	<u>Dishonour Entries</u>			1,000	
(i)	B	Dr.			1,000
	To B/R A/c (Being Bills Receivable dishonoured)			1,000	
(ii)	B	Dr.			1,000
	To C (Being Bills Receivable dishonoured)				
(i)	B	Dr.		1,000	
	To Bill sent for collection A/c (Being Bills Receivable dishonoured)				1,000