

CBSE Class 11
Accountancy
Sample Paper 04 (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 relationship between accountancy, accounting and book-keeping?
2. A company prepares statement of Profit and Loss in the form prescribed in the companies act
 - a. 1932
 - b. 1950
 - c. 1945
 - d. 2013
3. A firm earns a revenue of Rs. 5,000 and the expense to earn this revenue is Rs. 3,000. Income of the firm will be :
 - a. 5000
 - b. 2000
 - c. 8000
 - d. 3000
4. Match the following:

(a) Land and building.	(i) liability.
(b) Neither tangible nor intangible.	(ii) Tangible Assets.

(c) Amount owed by business.	(iii) Cash flow statement.
(d) Inflow & outflow of cash.	(iv) Fictitious Assets.

5. Give two examples of tangible assets.

6. Match the following:

(a) Advantages of computer	(i) Input unit
(b) Limitation of computer	(ii) Windows
(c) components of computer	(iii) Accuracy
(d) Operating software	(iv) disruption

7. Explain the meaning of posting of journal entries.

8. The _____ such as MS DOS, Windows 7 etc.- are a set of programs which control the operations & help processing.

- MIS
- Application software
- None
- System software

9. Adjustment entries are passed through :

- Cash Book
- Journal Proper
- Ledger
- Adjustment Book

10. Mention two transactions which are recorded in journal proper.

11. Name the device used for producing information as a hard copy i.e., in a printed form.

12. You are a senior accountant of Ram Enterprises Limited. you would take three steps to make your company's financial statements understandable and decision useful except

- a. Compatibility
- b. Understanding
- c. Inconsistency
- d. Reliability

13. Fill in the blanks:

Purchase refers to the buying of Good for _____.

14. Fill in the blanks:

IASB upon coming into existence has adopted all _____ and _____.

OR

Fill in the blanks:

_____ requires that the life of business be broken into smaller parts.

15. Fill in the blanks:

Stock is valued at Cost or Net Realisable Value (Market value), whichever is _____.

16. Is it correct to say, purchases book is a record prepared from the invoices received from suppliers?

17. State when is a capital account debited.

OR

If total assets of a business are Rs 2,60,000 and net worth is Rs 1,60,000. Calculate the creditors.

18. Which is the evidence of business transaction

- a. Journal
- b. Ledger

c. Balance sheet

d. Voucher

19. Match the following:

(a) Sub system of MIS	(i) Planning
(b) Features of computerised accounting system	(ii) Tally
(c) Stages of automation	(iii) Accounting information system
(d) Accounting software	(iv) Online input and storage of accounting data

20. Match the following options are as follows:

a. Personal account

b. Nominal Account

c. Real Account

i. Furniture Account

ii. ICICI Bank Account

iii. Salary paid

a. a(i), b(ii), c(iii)

b. a(ii), b(iii), c(i)

c. a(iii), b(i), c(ii)

d. a(ii), b(i), c(iii)

OR

Capital of a business decreases if there is an increase in

a. Income

b. Drawings

c. Fresh Capital

d. Gains

Section B

21. From the following information, prepare the Trading A/c for the year ended 31st March 2018:

	Rs.
Adjusted Purchases	6,60,000
Sales	7,44,000
Closing Stock	50,400
Freight and Carriage Inwards	3,600
Wages	6,000
Freight and Cartage outwards	2,000

OR

What is meant by grouping and marshalling of assets and liabilities? Explain the ways in which a balance sheet may be marshalled?

22. State the activities covered under book-keeping.

OR

Explain verifiable objective concept or objectivity principle.

Section C

23. Explain briefly management information system.
24. B owes A Rs.4,000 on 1st January 2018. B accepts a three month bill for Rs.3,900 being in full settlement of the claim. At its due date the bill is dishonoured. Noting charges Rs.50 are paid by A. Give the Journal Entries in the books of A and B.

25. Give four points of difference between trading account and profit and loss account.
26. Enter the following transaction in a cash book with cash and Bank columns

2013		Amt (Rs.)
Dec 1	Started business with cash	50,000
Dec 2	Pays into bank	29,000
Dec 3	Received cheque form Raja & Co	800
Dec 5	Withdrew cash form bank for private use	240
Dec 14	Received cheque from Kamla	395
	Discount allowed	15
Dec 16	amla's cheque endorsed to Bala in full settlement of her account of Rs. 425	
Dec 29	Paid Bills payable by cheque	1,000
Dec 30	Deposited into bank, balance of cash in excess of Rs. 450	

27. On 1st January, 2013 Gyan Singh opened a bank account by depositing Rs 24,000 in cash. All remittances are to be paid into bank on the same day on which they are received and all payments are made by cheques. Enter the following transactions in the journal.

2013	
Jan 2	Goods sold to Pritam for cash % 1000.
Jan 5	Settled Arjun account of % 800 at a discount of 5%.

Jan 7	Received from Vinay a cheque for %2,900. Discount allowed Rs 700.
Jan 10	Purchased a typewriter for Rs 800. Spend Rs 200 on its repairs.
Jan 12	Vinay's cheque was returned dishonoured.
Jan 15	Received a money order for Rs 100 from Arjun.
Jan 20	Vinay settled his account by means of a cheque for Rs 3,020, Rs 20 being for interest charged.
Jan 27	Purchased machinery from Sunil for Rs20,000 and paid him by means of a bank draft purchased from bank for % 20,020.

Section D

28. Gokul Das maintains incomplete records of his business. He wants to know the result of his business on 31st March, 2013 and for that following information are available

items	1st April, 2012 (Rs)	31st March, 2013(Rs)
Cash in hand	1,50,000	1,75,000
Bank balance	7,50,000	6,00,000
Furniture	1,00,000	1,00,000
Stock	5,00,000	4,50,000
Creditors	3,50,000	4,00,000
Debtors	2,50,000	3,00,000

Personal expenses of Gokul Das paid from business account amounted to Rs 4,80,000 and goods worth Rs 20,000 were withdrawn by him for personal use. He sold ornaments of his wife for Rs 3,50,000 and invested that amount into the business. Calculate his profit or loss.

29. From the following balances extracted from the book of M/s Manju Chawla on 31st

March, 2014. You are requested to prepare the trading and profit and a loss account and a balance sheet as on this date.

Name of Accounts	Debit Balance(Rs)	Credit balance(Rs)
Opening Stock	10,000	
Purchases and Sales	40,000	80,000
Returns	200	600
Wages	6,000	
Dock and Clearing Charges	4,000	
Lightning	500	
Miscellaneous income		6,000
Rent		2,000
Capital		40,000
Drawings	2,000	
Debtors and Creditors	6,000	7,000
Cash	3,000	
Investment	6,000	
Patent	4,000	
Land and Machinery	43,000	
Donations and Charity	600	
Sales tax collected		1,000
Furniture	11,300	
	1,36,600	1,36,600

Additional Information

Closing stock was Rs 2,000

- i. Interest on drawings @7% and interest on capital @ 5%.

- ii. Land and machinery is depreciated at 5%.
- iii. Interest on investment @ 6%.
- iv. Unexpired rent Rs 100.
- v. Charge 5% depreciation on furniture

OR

Extract of Trial Balance

as on 31st March, 2013

Name of Accounts	Debit Balance(Rs)	Credit Balance(Rs)
Sundry Debtors	32,000	
Bad Debts	2,000	
Provision for doubtful Debts		3,500

Additional Information

Write-off further bad debts Rs 1,000 and create a provision for doubtful debts @ 5% on debtors. You are required to pass the necessary journal entries and its effect on final account.

30. Prepare a bank reconciliation statement from the following particulars and show the balance as per cash book.
- i. Balance as per pass book on 31st December; 2014 overdrawn Rs 20,000.
 - ii. Interest on bank overdraft not entered in the cash book Rs 2,000.
 - iii. Rs 200 insurance premium paid by bank has not been entered in the cash book.
 - iv. Cheques drawn in the last week of December, 2014 but not cleared till date for Rs 3,000 and Rs 3,500.
 - v. Cheques deposited into bank on November, 2014 but yet to be credited on dated 31st December, 2014, Rs 6,000.
 - vi. Wrongly debited by bank Rs 500.

OR

Prepare a bank reconciliation statement from the following particulars on 31st March,

2013.

S.no.		Amt(Rs)
(i)	Debit balance as per bank column of the cash book	3,72,000
(ii)	Cheques issued to creditors but not yet presented to the bank for payment	72,000
(iii)	Dividend received by the bank but not entered in the cash book	5,000
(iv)	Interest allowed by the bank	1,250
(v)	Cheques deposited into bank for collection but not collected by bank upto this date	15,400
(vi)	Bank charges	200
(vii)	A cheque deposited into bank was dishonoured but no intimation received	320
(viii)	Bank paid house tax on our behalf but no information received from bank in this connection	350

Section E

31. On going through the trial balance of Vardhman Ltd you find that the debit is in excess by Rs 150. This was credited to suspense account. On a close scrutiny of the books the following mistakes were noticed.
- The total of debit side of 'expenses account' have been cast in excess by Rs 50.
 - The 'sales account' has been totalled in short by Rs 100.
 - One item of purchase of Rs 25 has been posted from the day book to ledger as Rs 250.
 - The sale return of Rs 100 from a party has not been posted to that account though the party's account has been credited.
 - A cheque of Rs 500 issued to the suppliers' account (shown under sundry creditors) towards his dues has been wrongly debited to the purchases.
 - A credit sale of Rs 50 has been credited to the sales and also to the sundry debtors account.

- a. Pass necessary journal entries for correcting the above.
- b. Prepare the 'suspense account' as it would appear in the ledger.

OR

From the following particulars, ascertain the Bank Balance as per Pass Book as on 31st March 2018 (a) without correcting the Cash Book balance and (b) after correcting the Cash Book balance

- i. The bank Balance as per Cash Book on 31st March 2018 Rs.40,000
- ii. Cheques issued but not encashed up to 31st March 2018 amounted to Rs.10,000
- iii. Cheques paid into the bank but not cleared up to 31st March 2018 amounted to Rs.15,000
- iv. Interest on Investments collected by the bank but not entered in the Cash Book Rs.500
- v. Cheques deposited in the bank but not entered in Cash Book Rs.12,500
- vi. Bank charges debited in Pass book but not entered in Cash Book Rs.100

32. Following balance appear in the book of X Ltd as on 1st April 2017:

Machinery Account	Rs.5,00,000
Provision for depreciation	Rs.2,25,000

The machinery is depredated @ 10% p.a. on the Fixed Instalment method. The accounting year being April - March. On 1st October 2017, machinery which was purchased on 1st July 2014 for Rs.1,00,000 was sold for Rs.42,000 plus CGST and SGST @ 6% each and on the same date a new machine was purchased for Rs.2,00,000 paying IGST @ 12%. Prepare Machinery account and provision for depreciation account for the year ended 31st March 2018.

OR

On 1st January, 2013, B accepted a 3 months bill for 40,000 drawn on him by A for latter's benefit A discounted the bill on 4th January 20% per annum and on the due date sent B a cheque for Rs. 40,000 in order to enable him to honour the bill. B duly honoured his acceptance. Pass the journal entries in the books of A and B.

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Solution

Section A

1. Book-keeping is a part of accounting and accounting is a part of accountancy. Accountancy is the whole body of theory and practice of Accounting and book keeping is only a part of Accounting.

2. (d) 2013

Explanation: schedule 6 of companies act 2013 prescribes the format of profit and loss account.

3. (b) 2000

Explanation: income is revenue -expense. $5000-3000=2000$

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

5. Land and buildings, furniture and fixtures are examples of tangible assets.

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

7. Posting is the process of transferring entries from the journal to the ledger.

8. (d) System software

Explanation: System software is a type of computer program that is designed to run a computer's hardware and application **programs**. If we think of the computer **system** as a layered model, the **system software** is the interface between the hardware and user applications. Computer works on a set of programs which control the operations & help processing called system software as WIN 7 or MS DOS etc.

9. (b) Journal Proper

Explanation: all the adjustment entries are passed in journal proper i.e simple journal

10. 1. Opening entry
2. Recording of Depreciation

11. Printer is used to get information in hard copy or in printed form.

12. (c) Inconsistency

Explanation: the accounts should be consistent with the previous years i.e. same method of accounts should be followed so that it is easy to compare.

13. Resale

14. IAS, SIC

OR

Accounting Period Principle

15. Lower

16. Yes, as the source documents for recording entries in the purchase book are invoices or bills received from the suppliers of goods. This is a source document that supports the issuance of a cash, check, or electronic payment to a supplier.

17. A capital account is debited when there is a loss and when the owner makes drawings.

OR

Total Assets = Net worth - Creditors

Creditors = Total Assets - Net worth

Creditors = 2,60,000 - 1,60,000

Creditors = Rs. 1,00,000

18. (d) Voucher

Explanation: these are the recorded evidence of different business transactions.

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

20. (b) a(ii), b(iii), c(i)

Explanation: Nominal account are for expenses and incomes which means salary paid is related to nominal account.

Real account are related to assets which means furniture is related to real account.

Personal account are in the name of person which means ICICIC bank is related to personal account.

OR

(b) Drawings

Explanation: Drawing is amount withdrawn out of business for personal purpose which ultimately affects capital balance. As much as Drawing increases then capital Decreases.

Section B

21.

TRADING ACCOUNT for the year ended March 31 2018

Dr.			Cr.
Particulars	Rs.	Particulars	Rs.
To Adjusted Purchases	6,60,000	By Sales	7,44,000
To Freight and carriage inward	3,600		
To Wages	6,000		
To Gross Profit (Bal. Fig.)	74,400		
	7,44,000		7,44,000

It is noted that closing stock has not been shown on the credit side of Trading Account because it has already been adjusted while calculating adjusted purchases.

Freight and cartage outward is an indirect expense and hence not debited to Trading Account.

OR

Grouping and Marshalling of Assets and Liabilities

A major concern of accounting is about preparing and presenting the financial statements. The information so provided should be useful by the users for decision-

making. Therefore, it becomes necessary that the items appearing in the balance sheet should be properly grouped and presented in a particular order.

- **Grouping of Assets and Liabilities:** The term grouping means putting together items of similar nature under a common heading. The various items appearing in the balance sheet can also be properly grouped e.g., the balance of accounts of cash, bank, debtors, etc., can be grouped and shown under the heading of 'current assets'. Similarly, all the assets having a life span of more than a year like Building, Furniture, Machinery, etc. should be grouped together under the head 'Fixed Assets'.

Marshalling of Assets and Liabilities: The arrangement of assets and liabilities on the balance sheet in proper order is called Marshalling. The assets, liabilities, and capital on a balance sheet must be properly marshalled and shown in a logical order. There are 2 common ways of Marshalling:

- i. **By Liquidity:** Assets are arranged in order of liquidity i.e. they can be converted to cash easily. Most liquid assets, such as cash, will come first and least liquid assets, such as building, will come last. Liabilities are arranged in the order they are to be discharged.
- ii. **By Permanence:** Assets are arranged in order of permanency i.e. with the most permanent on the top and the most liquid on the bottom. Liabilities which have to be discharged last are shown first and those which have to be discharged first are shown last.
- iii. Both, Grouping and Marshalling of Assets and Liabilities make the information conveyed by the Balance Sheet more comprehensive and authentic.

22. Book-keeping is a part of accounting. It is mainly concerned with the record keeping or maintenance of books of accounts. This function is of routine and clerical in nature.

Major Activities covered under book-keeping are as follows :

- a. **Identifying** the transactions and events of financial nature.
- b. **Measuring** the identified transactions and events in a common measuring unit i.e. money.

- c. **Recording** the identified and measured transactions and events in proper books of accounts i.e., the books of original entry.
- d. **Classifying** the recorded transactions and events into ledger.

OR

The objectivity principle states that accounting information and financial reporting should be independent and supported with unbiased evidence. This means that accounting information must be based on research and facts, not merely a preparer's opinion. The objectivity principle is aimed at making financial statements more relevant and reliable.

The concept of relevance implies that financial statements can have predictive value and feedback value. This means the financial statements are accurate and can be used to predict future company performance.

The concept of reliability implies that financial information can be verified by many sources with evidence and that all financial information is presented. In other words, the favorable and unfavorable financial information is presented in the financial statements.

The two concepts of relevance and reliability encompass the objectivity principle. By making financial statements more relevant and reliable, the objectivity principle makes the financial information more usable for investors and creditors.

Section C

23. Management Information System (M.I.S.)

It is the most commonly used form of information system. M.I.S. is a system that provides the necessary information required for managing an organisation effectively and in taking various decisions. M.I.S. is viewed and used by management at many levels such as operational, tactical and strategic. M.I.S. is supportive of the institution's long-term strategic goals and objectives. In a corporate setting, the ultimate goal of the use of a management information system is to increase the value and profits of the business.

Management information system is basically concerned with processing data into

information which is then communicated to various departments in an organisation for appropriate decision-making so that the organisation can run smoothly and problem can be solved easily that occurred in the business.

Data → Information → Communication → Decision

The purpose of management information system is to provide the right and regular information to the right person at the right place at the right time in the right form and at the right cost.

24.

BOOKS OF A JOURNAL ENTRIES

Date	Particulars		L/F	(Rs.)	(Rs.)
1.1.18	B/R A/c	Dr.		3,900	
	Discount Allowed A/c	Dr.		100	
	To B (Being a bill drawn.)				4,000
4.4.18	B	Dr.		4,050	
	To B/R A/c				3,900
	To Discount Allowed A/c				100
	To Cash A/c (Being bill dishonour & nothing charges paid)				50

BOOKS OF B JOURNAL ENTRIES

Date	Particulars		L/F	(Rs.)	(Rs.)
1.1.18	A	Dr.		4,000	
	To B/P A/c				3,900
	To Discount Received A/c (Being bill accepted.)				100

Dec 01, 2013	To Capital		50,000		Dec 02, 2013	By Bank	C	29,000	
Dec 02, 2013	To Cash	C		29,000	Dec 05, 2013	By Drawing			240
Dec 03, 2013	To Raja & Co			800	Dec 16, 2013	By Bala			395
Dec 14, 2013	To Kamala			395	Dec 29, 2013	By Bills Payable			1,000
Dec 30, 2013	To Cash	C		20,550	Dec 30, 2013	By Bank		20,550	
					Dec 30, 2013	By Balance c/d		450	49,110
			50,000 =====	30,195 =====				50,000 =====	30,195 =====
Jan 01, 2014	To Balance b/d		450	49,110					

27.

In the books of Gyan Singh
JOURNAL

Date	Particulars		L/F	Debit Amount (Rs)	Credit Amount (Rs)

2013					
Jan 1	Bank A/c To Cash A/c (Being the cash deposited into bank and current account opened)	Dr		24,000	24,000
Jan 2	Cash A/c To Sales A/c (Being the goods sold for cash)	Dr		1,000	1,000
Jan 2	Bank A/c To Cash A/c (Being the cash deposited into bank)	Dr		1,000	1,000
Jan 5	Arjun's A/c To Bank A/c To Discount Received A/c (Being Arjun's account settled at a discount of Rs 40)	Dr		800	760 40
Jan 7	Bank A/c Discount Allowed A/c To Vinay's A/c (Being Vinay's account settled and discount of Rs 100 allowed)	Dr Dr		2,900 100	3,000
Jan 10	Typewriter A/c To Bank A/c (Being a typewriter purchased for Rs 800 and spend Rs200 on its repairs)	Dr		1,000	1,000
Jan 12	Vinay's A/c To Bank A/c To Discount Allowed A/c (Being Vinay's cheque returned dishonored)	Dr		3,000	2,900 100
	Cash A/c				

Jan 15	To Arjun's A/c (Being a money order of Rs 100 received from Arjun)	Dr		100	100
Jan 15	Bank A/c To Cash A/c (Being the cash deposited into bank)	Dr		100	100
Jan 20	Bank A/c To Vinay's A/c To Interest A/c (Being Vinay account settled and Rs 20 interest charged)	Dr		3,020	3,000 20
Jan 27	Machinery A/c Draft Commission A/c To Bank A/c (Being a machinery purchased by means of a bank draft and draft commission being paid)	Dr Dr		20,000 20	20,020
	Total			57,040 =====	57,040 =====

Mr. Goyal makes all transactions through bank. So in almost all accounts bank account is mentioned.

Section D

28.

Books of Gokul Das Statement of Affairs (as on 1st April, 2012)

Liabilities	Amt(Rs)	Assets	Amt(Rs)
Creditors	3,50,000	Cash in hand	1,50,000
Capital(Balancing figure)	14,00,000	Bank Balance	7,50,000
		Furniture	1,00,000

		Stock	5,00,000
		Debtors	2,50,000
	17,50,000		17,50,000

Statement of Affairs
(as on 31st March, 2013)

Liabilities	Amt(Rs)	Assets	Amt(Rs)
Creditors	4,00,000	Cash in hand	1,75,000
Capital(Balancing figure)	12,25,000	Bank Balance	6,00,000
		Furniture	1,00,000
		Stock	4,50,000
		Debtors	3,00,000
	16,25,000		16,25,000

Statement of Profit or Loss
(for the year ended 31st March, 2013)

Particulars		Amt(Rs)
Capital at the End of the year i.e, 31st March, 2013		12,25,000
(+) Drawings : In Cash	4,80,000	
In Goods	20,000	5,00,000
		17,25,000
(-) Further Capital Introduced (Wife's Ornaments)		3,50,000
Adjusted capital at the end		13,75,000
(-)Opening Capital as at 1st April, 2012		14,00,000
Loss During the year		(25,000)

Notes :

1. After selling wife's ornaments amount is invested in business so it is treated as additional capital.
2. Drawings may be in cash or in kind. Goods are taken for personal use so treated as Drawings.
3. Statement of Affairs is prepared to ascertain the closing and opening capital.

29.

Trading and Profit and loss Account
for the year ended 31st March, 2014

Dr			Cr		
Particulars		Amt(Rs)	Particulars		Amt(Rs)
To Opening Stock		10,000	By Sales	80,000	
To purchases	40,000		(-)Sales return	200	79,800
(-)Purchases return	600	39,400	By Closing Stock		2,000
To Wages		6,000			
To Dock and clearing Charges		4,000			
To Gross Profit c/d		22,400			
		81,800			81,800
To Donation and Charity		600	By Gross Profit b/d		22,400
To Interest on capital		2,000	By Interest on Drawings		140
To Depreciation on furniture		565	By Interest on investment		360
To Depreciation on Land and Machinery		2,150	By Miscellaneous Income		6,000
To Lighting		500	By Rent received	2,000	
To Net Profit		24,985	(-)Unexpired Rent	100	1,900

		30,800		30,800	
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Balance Sheet
as at 31st March, 2014

Liabilities		Amt(Rs)	Assets		Amt(Rs)
Capital	40,000		Furniture	11,300	
(+)Interest on capital	2,000		(-)Depreciation @ 5%	565	10,735
	42,000		Land and Machinery	43,000	
(+)Net Profit	24,985		(-)Depreciation @ 5%	2,150	40,850
	66,985		Investment	6,000	
(-)Drawings	2,000		(+)Interest on 6%	360	6,360
(-)Interest on Drawings	140	64,845	Debtors		6,000
Unexpired Rent		100	Cash		3,000
Sales tax Collected		1,000	Patents		4,000
Creditors		7,000	Closing Stock		2,000
		72,945			72,945

Working notes:

1. Calculation of Interest on Drawings

Drawings = 2000

Rate of interest = 7%

$2000 \times 7/100 = \text{Rs.}140$

2. Calculation of Interest on capital

Capital = 40000

Rate of interest # 5%

$40000 @ 5\% = \text{Rs.} 2000$

3. Calculation of Interest on investment

Investment = 6000

Rate of interest = 6%

6000@6% =Rs. 360

4. Value of Furniture = 13600

Rate of depreciation = 5%

13600 @5% = 565

5. Rent = 2000

Less unexpired rent 100

2000-100= 1900

OR

JOURNAL

Date	Particulars		LF	Amt(Dr)	Amt(Cr)
	Bad Debts A/c	Dr		1,000	
	To Sundry Debts A/c (Being further bad debts)				1,000
	Provision for Doubtful Debts A/c	Dr		3,000	
	To Bad Debts A/c (Being bad debts adjusted against the provision)				3,000
	Profit and Loss a/c	Dr		1,050	
	To Provision for Doubtful Debts A/c (Being amount charged from profit and loss account)				1,050

Effects on Final Account

Profit and Loss Account

for the year ended 31st March, 2005

Dr				Cr
Particulars		Amt(Rs)	Particulars	Amt(Rs)
To Provision for Doubtful Debts A/c				
Bad Debts	2,000			

(+) Further Bad Debts	1,000			
(+) New Provision	1,550			
	4,550			
(-) Old Provision	3,500	1,050		

Balance Sheet

as at 31st March, 2005

Liabilities	Amt(Rs)	Assets		Amt(Rs)
		Sundry Debtors	32,000	
		(-) Further Bad Debts	1,000	
		(-) Provision for Doubtful Debts	<u>1550</u>	29,450

Working notes:

1. Calculation of provision for doubtful debts

Debtors 32,000 less bad debts = 31,000

Rate of interest = 5%

Provision for Doubtful debts = $31,000 \times 5/100 = 1,550$

2. Bad debts 2000

Add: Further bad debts = 1000

Add: New provision = 1550

Less: Old provision = 3500

$2000 + 1000 + 1550 - 3500 = 1050$

30.

Bank Reconciliation Statement

as on 31st March, 2014

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Particulars	Amount (Rs)	Amount (Rs)
Overdraft Debit/Unfavourable Balance as per Pass Book		20,000
Add: Cheque issued but not presented for payment (3,000+ 3,500)	6,500	6,500
Less:Add: Interest on bank overdraft	2,000	
Insurance premium paid by bank	200	
Cheque sent to the bank for collection but not collected	6,000	
Among wrongly debited by bank	500	8,700
Overdraft/Credit/Unfavourable Balance as per Cash Book		17,800

In bookkeeping, a bank reconciliation statement is a process that explains the difference on a specified date between the bank balance shown in an organization's bank statement, as supplied by the bank, and the corresponding amount shown in the organization's own accounting records.

OR

BANK RECONCILIATION STATEMENT

Particulars	Plus (Rs.)	Minus (Rs.)
Balance as per Cash Book	3,72,000	
Add: Cheques issued but not presented	72,000	
Dividend received by the bank	5,000	
Interest allowed by the bank	1,250	
Less: Cheques deposited into bank but not yet collected		15,400
Bank charges not entered in the cash book		200
Cheque deposited into bank but dishonoured		320
Payment of house tax by bank on our behalf not entered in the		

cash book		350
Balance as per Pass Book		4,33,980
	<u>4,50,250</u>	<u>4,50,250</u>

Section E

31. The entries for the rectification of the errors are as follows:

Journal

Date	Particulars		LF	Dr. (₹)	Cr. (₹)
	Suspense A/c	Dr.		50	
	To Expenses A/c (Being rectification of overcasting of expenses account)				50
	Suspense A/c	Dr.		100	
	To Sales A/c (Being rectification of the under casting of the sales account)				100
	Creditors A/c	Dr.		225	
	To Suspense A/c (Being the mistake in posting from day book to ledger, now rectified)				225
	Sales Returns A/c	Dr.		100	
	To Suspense A/c (Being rectification of the omission of posting to sales return account)				100
	Sundry Creditors A/c	Dr.		500	
	To Purchases A/c (Being the payments made to supplier wrongly posted to				500

	purchases, now rectified)				
	Sundry Debtors A/c	Dr.		100	
	To Suspense A/c (Being the sales wrongly credited to customer's account, now rectified)				100

The Suspense Account will be prepared in the following manner:

Suspense Account

Dr							Cr
Date	Particulars	JF	Amt(₹)	Date	Particulars	JF	Amt((₹)
	To Expenses A/c		50		By Difference in Trial Balance		150
	To Sales A/c		100		By Sundry Creditors		225
	To Balance c/d		425		By Sales Returns A/c		100
					By Sundry Debtors		100
			575				575

OR

(a) BANK RECONCILIATION STATEMENT as on March 31, 2018 WITHOUT ADJUSTING CASH BOOK

Particulars	Plus (Dr.)	Minus (Cr.)
Balance as per Cash Book (Dr.)	40,000	
Cheques not encashed	10,000	
Cheques not cleared		15,000
Interest on Investments	500	
Cheques deposited, not		

recorded in Cash Book	12,500	
Bank charges		100
Balance as per Pass Book (Cr.)		47,900
	63,000	63,000

**(b) BANK RECONCILIATION STATEMENT ADJUSTING CASH BOOK
as on March 31, 2018**

Particulars	Plus (Dr.)	Minus (Cr.)
Balance as per Cash Book (see Amended cash book)	52,900	
Cheques not encashed	10,000	
Cheques not cleared		15,000
Balance as per Pass Book		47,900
	62,900	62,900

AMENDED CASH BOOK (BANK COLUMN ONLY)

Particulars	Rs.	Particulars	Rs.
To Balance b/d	40,000	By Bank charges	100
To Inter. on Invest.	500	By Balance c/d	52,000
To Cheque deposited	12,500		
	53,000		53,000

32.

MACHINERY ACCOUNT

Dr.							Cr.
Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.

01.04.17	To Balance b/d		5,00,000	01.10.17	By Provision for Dep A/c		32,500
01.10.17	To Bank A/c		2,00,000		By Bank A/c (Sale)		42,000
					By P & L A/c (Loss)		25,500
				31.03.18	By Balance c/d		6,00,000
			7,00,000				7,00,000
01.04.18	To Balance b/d		6,00,000				

PROVISION FOR DEPRECIATION ACCOUNT

Dr.							Cr.
Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.
01.10.17	To Mach. A/c (W.N.)		32,500	01.04.17	By Balance b/d		2,25,000
31.03.18	To Balance c/d		2,47,500	01.10.17	By Depreciation A/c		5,000
				31.03.18	By Depreciation A/c (40,000+10,000)		50,000
			2,80,000				2,80,000
				01.04.02	By Balance b/d		2,47,500

Working Note : Calculation of Depreciation of Machine sold:

1,00,000	01-07-14	Cost
7,500	31-03-15	Dep for 9 months
92,500	01-04--15	Written Down Value

10,000	31-03-16	Depreciation for full year
82,500	01-04-16	Written Down Value
10,000	31-03-17	Depreciation for the year
72,500	01-04-17	Written Down value

Total Depreciation = 7,500 + 10,000 + 10,000 = 27,500

Depreciation for 2017-18 = $1,00,000 \times \frac{10}{100} \times \frac{6}{12} = 5,000$

Total depreciation charged on the machine sold till the date of sale = 27,500+5000 = 32,500

Depreciation is charged by fixed instalment method so it is calculated on cost of the asset.

OR

In **accounting** and bookkeeping, a **journal** is a record of financial transactions in order by date. Traditionally, a **journal** has been defined as the book of original entry. These are the first formal books in which information regarding transaction is recorded. For the same reason they are also named as **books of prime entry** or **books of original entry** or **day books**. While making a record certain format is followed that only summarizes the information but also keep the value of information intact.

Journal Entries in the books of A

Date	Particulars	LF	Amount Dr.	Amount Cr.
01/01/2013	Bills Receivable A/c Dr.		40,000	
	To B's A/c			40,000
	(Being Acceptance received from B for 3 months)			
04/01/2013	Bank A/c Dr.		38,000	

	Discount A/c Dr.		2,000	
	To Bills Receivable A/c			40,000
	(Being B's acceptance discounted with the bank at 20% p.a.)			
04/04/2013	B's A/c Dr.		40,000	
	To Bank A/c			40,000
	(Being cheque issued to B for honouring the bill)			

Journal Entries in the books of B

Date	Particulars	LF	Amount Dr.	Amount Cr.
01/01/2013	A's A/c Dr.		40,000	
	To Bills Payable A/c			40,000
	(Being Acceptance accepted for 3 months)			
04/04/2013	Bank A/c Dr.		40,000	
	To A's A/c Dr.			40,000
	(Being Cheque received from A.)			
04/04/2013	Bills Payable A/c Dr.		40,000	
	To Cash A/c			40,000
	(Being acceptance honored)			