

**Class 11 - Accountancy**  
**Sample Paper - 01 (2023-24)**

**Maximum Marks: 80**

**Time Allowed: : 3 hours**

**General Instructions:**

1. This question paper contains 34 questions. All questions are compulsory.
2. This question paper is divided into two parts, Part A and B.
3. Question 1 to 17 and 27 to 29 carries 1 mark each.
4. Questions 18 to 20 and 30 to 32 carries 3 marks each.
5. Questions from 21 to 23 carries 4 marks each.
6. Questions from 24 to 26, 33 and 34 carries 6 marks each.

**Part A**

1. \_\_\_\_\_ vouchers are written documents prepared on the basis of supporting vouchers for accounting and recording purpose by an accountant and countersigned by authorised person.
  - a) Secondary
  - b) Primary
  - c) Source
  - d) both secondary and source
2. **Assertion (A):** Accounting information is sometimes based on estimations.  
**Reason (R):** The financial statements always reflects true position of the business.
  - a) Both A and R are true and R is the correct explanation of A.
  - b) Both A and R are true but R is not the correct explanation of A.
  - c) A is true but R is false.
  - d) A is false but R is true.
3. Goods purchased on credit will increase the
  - a) Debtor
  - b) Capital
  - c) liability
  - d) Drawings
4. An increase in provision for bad debt will
  - a) Decrease liabilities
  - b) Increase Assets
  - c) Increase net income
  - d) Increase liabilities

**OR**

If the capital is Rs.300000, cash is Rs.200000, Machinery is 300000. What is the amount of liabilities

- a) Rs.200000
- b) Rs.800000
- c) Rs.500000

d) Rs.700000

5. Voucher is prepared for:

- a) Cash and Credit purchases
- b) Cash and Credit sales
- c) Cash received and paid
- d) All of these

6. Which of the following transactions is of a financial character and will be recorded in the business?

- A. Goods were taken from the business by the proprietor for her personal use
  - B. Interviewing the candidates for employment
  - C. Sale of Household furniture Rs 5,000
  - D. Received an order for sales of goods
- a) Only D is correct
  - b) Only A is correct
  - c) Only C is correct
  - d) Only B is correct

**OR**

Income statement include

- a) Profit and loss account only
- b) Trial Balance only
- c) Balance sheet only
- d) Statement of profit and loss

7. Which of the following is objective of provision?

- a) To meet unknown losses and liabilities
- b) To meet anticipated losses and liabilities
- c) To hoard funds
- d) None of these

8. Goods given as charity would be:

- a) Nominal A/c
- b) Personal A/c
- c) Drawings
- d) Real A/c

**OR**

Which of the following is not a type of personal account?

- a) Ram's A/c
- b) Investment A/c
- c) SBI Bank A/c
- d) Atul's Capital A/c

**Question No. 9 to 10 are based on the given text. Read the text carefully and answer the questions:**

The financial statements, comprising the Trading Ac, Profit & Loss Account Balance Sheet and Cash Flow Statement, that are prepared from the accounting information are published for use by different entities, persons, etc. It is therefore essential that the published information is based on defined principles, concrete concepts and conventions. Accounting principles are the basic guidelines that provide standards for accounting practices and procedures to be followed, so that

uniformity in accounting transactions is maintained. Accounting concepts are the assumptions on the basis of which financial statements are prepared. Accounting conventions emerge out of the accounting practices that have been followed by various organizations over a period of time. The generally accepted accounting principles are generally accepted accounting standards. The concepts on the basis of which the financial statements are prepared and are agreed upon by the accountants, acting as a foundation for accounting are called accounting concepts.

They are a uniform set of rules for uniformity and understandability of accounting information. They are derived from experience. They are not static. It needs to satisfy relevance, objectivity and feasibility. The going concern concept assumes that the enterprise has neither any intention nor any necessity to close the business and will last for a long time. It enables the firms to enter into long-term contracts. It enables for the charge or depreciation on assets which have fixed life. Due to this concept prepaid expenses are treated as assets. It helps in the classification of assets and liabilities. According to Consistency concept, the accounting principles and methods should be consistent. It should not vary every year. It enables to compare the financial stability of the business. There needs to be consistency in the valuation of stock, depreciation, and provisions, to enable better decision-making by the management. It doesn't mean that the accounting methods should not change, but the nature and effect and the reason for change should be stated.

9. Which of the following is not the purpose served by Accounting standards?
- To make the accounting very static and objective.
  - To bring uniformity and consistency in Accounting Process.
  - To see the performance and compare to other firms and years.
  - To make the accounting information meaningful to both internal and external users.
10. What are Accounting Principles also called?
- Globally Accepted Accounting Principles
  - Globally Accepted Accounting Policies
  - Generally Accepted Accounting Policies
  - Generally Accepted Accounting Principles
11. \_\_\_\_\_ are created in business for rainy day
- General Reserve
  - Dividend equalization fund
  - Dividend fund
  - Capital Reserves
12. Capital is:
- none of these
  - internal as well as external liability
  - internal liability
  - external liability
13. The weekly or monthly total of the Purchases Book is:
- posted to debit of the Purchases Account
  - posted to the debit of Suppliers' Accounts
  - posted to debit of the Sales Account
  - posted to credit of the Purchases Account
14. If the Owner's Equity is 20,000 and Creditors Equity is 40,000. What will be the assets of the firm?
- None of these
  - 60000
  - 40000
  - 20000
15. Current Liabilities do not include:
- Debentures, Creditors, Outstanding Expenses, Bill payables

- a) Creditors
- b) Outstanding Expenses
- c) Debentures
- d) Bill payables

**OR**

The thing which is purchased and sold in the business is called \_\_\_\_\_.

- a) goods
- b) creditor
- c) assets
- d) capital

16. Sale of business asset on credit is recorded in:

- a) Journal Proper
- b) Special Journal
- c) Sales Book
- d) None of these

17. To whom do the reserves belong to:

- a) Debtor
- b) Creditors
- c) Seller
- d) Proprietor

18. Prepare Journal entries of the following posting in the Ledger accounts:-

i.

**CASH ACCOUNT**

|          |       |  |     |
|----------|-------|--|-----|
| Dr.      |       |  | Cr. |
|          | ₹     |  | ₹   |
| To Sales | 5,000 |  |     |

ii.

**FURNITURE ACCOUNT**

|         |       |  |   |
|---------|-------|--|---|
|         | ₹     |  | ₹ |
| To Cash | 8,000 |  |   |

iii.

**PURCHASES ACCOUNT**

|           |        |  |     |
|-----------|--------|--|-----|
| Dr.       |        |  | Cr. |
|           | ₹      |  | ₹   |
| To Govind | 10,000 |  |     |

iv.

**MURARI**

|     |   |                  |        |
|-----|---|------------------|--------|
| Dr. |   |                  | Cr.    |
|     | ₹ |                  | ₹      |
|     |   | By Purchases A/c | 12,000 |

v.

**SALES ACCOUNT**

|     |   |          |     |
|-----|---|----------|-----|
| Dr. |   |          | Cr. |
|     | ₹ |          | ₹   |
|     |   | By Mohan | 500 |

vi.

**INTEREST ACCOUNT**

|     |   |             |        |
|-----|---|-------------|--------|
| Dr. |   |             | Cr.    |
|     | ₹ |             | ₹      |
|     |   | By Cash A/c | 15,000 |

**OR**

Journalise the following transactions of Sujeet Sharma Traders, timber merchants:

- i. Purchased timber from Saksham Kumar, for cash ₹ 2,000 and credit ₹ 10,000.
  - ii. Paid to Saksham Kumar in full settlement of his account ₹ 9,950.
  - iii. Paid rent in advance ₹ 10,000.
  - iv. Purchased machinery for ₹ 1,00,000 by cheque and carriage ₹ 2,000 and installation charges ₹ 1,000 paid in Cash.
  - v. Purchased goods for ₹ 50,000 from Kunal and sold it to Amit for ₹ 65,000.
19. During the financial year, Rajan had cash sales of Rs.4,50,000 and credit sales of Rs.3,00,000. Expenses incurred for the year were Rs.3,50,000 out of which Rs.1,50,000 are still to be paid. Find out Rajan's income following:
- i. Cash basis of accounting
  - ii. Accrual basis of accounting

**OR**

Explain the following briefly with an appropriate example:

- i. Revenue Recognition (Realisation) Concept
  - ii. Conservation or Prudence Concept
  - iii. Money Measurement Concept
20. Explain the following terms with examples:
- a. Capital Expenditure
  - b. Non-Current Assets
21. Prepare a trial balance form the following balances taken on 31st March, 2013

| Name of Accounts        | Amt (Rs.) | Name of Accounts                 | Amt (Rs.) |
|-------------------------|-----------|----------------------------------|-----------|
| Capital                 | 3,75,000  | Purchases                        | 3,22,950  |
| Drawings                | 36,000    | Sales                            | 5,70,000  |
| Debtors                 | 85,500    | Miscellaneous Expenses           | 12,300    |
| Creditors               | 42,750    | Miscellaneous Receipts           | 5,400     |
| Land and Building       | 2,70,000  | Bad debts                        | 10,650    |
| Plant                   | 1,80,000  | Bills debts                      | 7,500     |
| Stock on 1st April,2012 | 34,200    | Bills Receivable Loan from Naina | 30,000    |
| Factory Expenses        | 24,900    | Interest on Naina's Loan         | 4,500     |
| Office Expenses         | 11,550    | Cash in Hand                     | 12,600    |
| Purchases Return        | 9,000     | Goodwill                         | 15,000    |
| Stationery              | 750       |                                  |           |
| Freight                 | 3,750     |                                  |           |

22. Enter the following transactions in a Cash Book with Cash and Bank Columns. Also, record necessary entries in Journal:

|  |  |
|--|--|
|  |  |
|--|--|

|       |  |
|-------|--|
| 2023  |  |
| May 1 | Balance of Cash-in-Hand ₹ 15,600; Overdraft at Bank ₹ 7,400.   |
| 2     | Further Capital introduced ₹ 30,000, out of which ₹ 25,000 deposited into Bank.  |
| 3     | Purchased goods on credit from Mahesh of the list price of ₹ 15,000 plus CGST and SGST @ 6% each. He allowed us a trade discount of 20%. |
| 6     | Settled the account of Mahesh by paying cash ₹ 13,000.   |
| 8     | An amount of ₹ 2,500 due from Gupta & Sons written off as bad- debts in the previous year, now recovered.                                |
| 10    | Cashed a cheque for ₹ 7,500. Drew from bank for household expenses ₹ 3,000 and for Income ₹ 800.   |
| 14    | Sale of old chairs for ₹ 500 plus CGST and SGST @ 6% each, the payment received in Cash.   |
| 15    | Received from X on behalf of Y ₹ 2,200. Discount allowed ₹ 100.  |
| 20    | Received a cheque from Nakul ₹ 4,210 in full settlement of his account of ₹ 4,400  |
| 22    | Cheque received from Nakul sent to the bank.   |
| 25    | Ritesh Das, who owed us ₹ 10,000 became bankrupt and paid us 40 paise in a rupee.  |
| 26    | Received repayment of a loan of ₹ 3,600 and deposited out of it ₹ 2,000 into the bank.   |
| 28    | Cheque received from Nakul dishonoured, Bank debits ₹ 20 in respect of this cheque for Bank Charges.                                     |
| 31    | Interest debited by bank ₹ 650. Deposited with the bank the entire balance after retaining ₹ 5,000 at office.                            |

23. Prepare a Bank Reconciliation Statement from the following particulars on 31st March, 2023:

Bank Statement showed a favourable balance of ₹ 12,400.

- Cheques amounting to ₹ 45,000 were drawn on 27th March, 2023 of which cheques of ₹ 33,000 were encashed on 2nd April, 2023.
- Cheque issued returned on technical grounds ₹ 4,000.
- Bank recorded a Cash deposit of ₹ 3,210 as ₹ 3,120.
- Bill for collection not advised by the bank but credited to our account ₹ 8,000.
- A bill for ₹ 10,000 was retired by the Bank under a rebate of ₹ 200 but the full amount of the bill was credited in the bank column of the Cash Book.

**OR**

Prepare a bank reconciliation statement of Shri Bhandari as on March 31, 2017.

- The Payment of cheques for ₹ 550 was recorded twice in the passbook.
- Withdrawal column of the passbook undercast by ₹ 200.
- A Cheque of ₹ 200 has been debited in the bank column of the Cash Book but it was not sent to bank at all.
- A Cheque of ₹ 300 debited to Bank column of the cash book was not sent to the bank.
- ₹ 500 in respect of dishonoured cheque were entered in the passbook but not in the cash book.

Overdraft as per pass book is ₹ 20,000.

24. Journalise the following transactions:

|         |   |
|---------|---|
| 2023    |   |
| April 1 | Received an order for goods for ₹ 1,20,000 from M/s Ram & Sons. |
|         |   |

|          |   |
|----------|---|
| April 3  | Received order for goods from M/s Shekhar & Co. of ₹ 5,00,000 along with a cheque for ₹ 1,80,000 as advance.                                      |
| April 5  | Placed order for goods with M/s Gupta & Sons of ₹ 2,50,000; paid them ₹ 1,00,000 by cheque in advance.  |
| April 7  | Gupta & Sons supplied goods of ₹ 2,50,000.  |
| April 10 | Paid a cheque for 60% of the balance amount due to Gupta & Sons on the account.   |
| April 15 | Goods for ₹ 20,000 and furniture of the book value of 10,000 destroyed by fire.   |
| April 20 | Goods costing ₹ 50,000 were damaged in transit; a claim was made on railway authorities for the same.   |
| April 22 | Received from Salesman ₹ 60,000 for goods sold by him after deducting his travelling expenses ₹ 4,000.  |
| April 25 | Sold goods to Vishesh costing ₹ 40,000 at a profit of 25% and allowed him 10% trade discount and paid for cartage ₹ 1,000 to be charged from him. |
| April 28 | Received a cheque of ₹ 40,000 from the railway authorities in full settlement of a claim for damages in transit.                                  |

**OR**

Journalise the following transactions of Singh Enterprises, Delhi :

| 2017    |   | Rs.      |
|---------|---|----------|
| June 1  | Started business with cash  | 50,000   |
| June 2  | Deposited cheque from Savings Account in firm's account                     | 2,00,000 |
| June 3  | Received cash from Ram  | 50,000   |
| June 4  | Purchased goods for cash  | 15,000   |
| June 11 | Sold goods to M/s. Hari Sales, Delhi  | 12,000   |
| June 13 | Paid to Ramavtar  | 40,000   |
| June 17 | Received from M/s. Hari Sales   | 10,000   |
| June 20 | Bought furniture from S.R. Furniture against Cash (including CGST and SGST) | 22,400   |
| June 27 | Paid rent   | 28,000   |
| June 30 | Paid Salary   | 50,000   |

CGST and SGST @ 6% each is levied on Intra-state sale and purchase.

25. Pass the journal entries to rectify the following errors detected during the preparation of the trial balance.

- Purchase book is undercast by ₹ 1,000.
- Wages paid for the construction of office debited to wages account ₹ 20,000.
- A credit sale of goods ₹ 1,200 to Rishi has been wrongly passed through the purchase book.

- iv. Goods purchased for ₹ 5,000 were posted as ₹ 500 to the purchases account.
- v. Credit purchase of ₹ 1,040 from Rishi was passed in the books as ₹ 1,400.
- vi. Goods (cost ₹ 5,000, sales price ₹ 6,000) distributed as free samples among prospective customers were not recorded anywhere.
- vii. Goods worth ₹ 1,500 returned by Green & Co have not been recorded anywhere.

**OR**

A Book-keeper finds the difference in the Trial Balance amounting to ₹ 210 and puts it in the suspense account. Later on he detects the following errors. Rectify these and prepare the Suspense Account:-

- i. Goods purchased from Roshan ₹ 700 was passed through sales book.
- ii. Returned goods to Shivank ₹ 1,500 was passed through returns inward book.
- iii. An Item of ₹ 450 relating to prepaid rent account was omitted to be brought forward.
- iv. An Item of ₹ 120 in respect of purchase returns, instead of being recorded in Returns outward book has been wrongly entered in the purchase book and posted therefrom to the debit of Personal A/c.
- v. Amount payable to Sahil for repairs done to radio ₹ 180 and a new radio supplied for ₹ 1,920, were entered in the Purchase book as ₹ 2,000.

Give full narrations for rectifying journal entries. Which of the above errors affected the agreement of Trial Balance?

26. In the following Machinery Account, determine the missing information, if depreciation is to be charged @10% on the Original Cost. On 1st October 2017, the machinery was sold for Rs 1,20,000.

**Machinery Account**

| <b>Dr.</b>      |                    |             |                    | <b>Cr.</b>       |   |             |                    |
|-----------------|--------------------|-------------|--------------------|------------------|---|-------------|--------------------|
| <b>Date</b>     | <b>Particulars</b> | <b>J.F.</b> | <b>Amount (Rs)</b> | <b>Date</b>      | <b>Particulars</b>                              | <b>J.F.</b> | <b>Amount (Rs)</b> |
| 2015<br>April 1 | To Bank A/c        |             | 2,00,000           | 2016<br>March 31 | By Depreciation A/c                             |             | ____(i)____        |
|                 |                    |             |                    | 2016<br>March 31 | By Balance c/d                                  |             | ____(ii)____       |
|                 |                    |             | <b>2,00,000</b>    |                  |   |             | <b>2,00,000</b>    |
| 2016<br>April 1 | To Balance b/d     |             | ____(iii)____      | 2017<br>March 31 | By Depreciation A/c                             |             | ____(iv)____       |
|                 |                    |             |                    | 2017<br>March 31 | By Balance c/d                                  |             | ____(v)____        |
|                 |                    |             |                    |                  |   |             |                    |
| 2017<br>April 1 | To Balance b/d     |             | ____(vi)____       | 2017 Oct.<br>1   | By Bank A/c                                     |             | ____(vii)____      |
|                 |                    |             |                    | 2017 Oct.<br>1   | By Depreciation A/c                             |             | ____(viii)____     |
|                 |                    |             |                    | 2017 Oct.<br>1   | By Profit and Loss A/c (Loss on Sale Machinery) |             | ____(ix)____       |
|                 |                    |             | ____(x)____        |                  |   |             | ____(xi)____       |



**OR**

The cost of the Machinery in use with Pramod & Co. on 1st April 2013 was Rs 3,00,000 against which the depreciation provision stood at Rs 1,00,000 on that date. The firm provided depreciation at 10% on the diminishing value.

On 1st October 2013, a machine costing Rs 40,000 purchased on 1st April 2011 was sold for Rs 32,000 and on the same date, another machine was purchased for 50,000. Show the following accounts in the books of Pramod & Co. for the year 2013-14:

- i. Machinery Account
- ii. Provision for Depreciation Account
- iii. Machinery Disposal Account

**Part B**

27. Single Entry System is not recognized by:

- a) Creditors
- b) Income Tax authorities
- c) Small firms
- d) Debtors

**OR**

A limited company cannot maintain its accounts under Single entry system because of

- a) accrual basis of accounts
- b) legal restrictions and follow accrual basis of accounts
- c) None of these
- d) legal restrictions

28. Stock as on 01.04.2010 Rs.10,000; Sales Rs.2, 00,000; Purchases Rs.1, 45,000; carriage inwards Rs.4,000; clearing charges Rs.5,000; sales returns Rs.1,500; purchases return Rs.2, 000; carriage outward Rs. 2,500; stock as on 31.03.2011 Rs. 15,000. Calculate cost of goods sold

- a) Rs.50000
- b) Rs.157000
- c) Rs.51000
- d) Rs.147000

29. On which side of the Balance sheet the prepaid expenses shows

- a) Liabilities side
- b) Outside the balance sheet
- c) Assets side
- d) None of these

**OR**

Insurance Premium paid during the year is ₹ 10,000 and Opening Prepaid Insurance is ₹ 3,000. Insurance Expenses shown in the Profit and Loss Account will be:

- a) ₹ 10,000
- b) ₹ 13,000
- c) ₹ 7,000
- d) ₹ 3,000

30. Classify the following into Capital, Revenue and Deferred Revenue expenditure, stating reasons in each case:

- i. ₹ 50,000 paid for the installation of a new machine.
- ii. Payment of annual taxes ₹ 20,000 and annual insurance premium of ₹ 10,000.

- iii. Wages paid to workers for converting raw material into finished goods.  
 iv. A sum of ₹ 40,000 was spent in overhauling its entire plant which resulted in adding five years to its working life.  
 v. ₹ 10 Lac spent on the construction of railway sidings.
31. Calculate Cost of Goods Sold and Closing Stock from the following information:  
 Sales ₹ 5,40,000; Sales Returns ₹ 16,000; Gross Profit ₹ 1,20,000;  
 Opening Stock ₹ 20,000; Purchases ₹ 4,00,000; Purchase Returns ₹ 4,000;  
 Carriage Inward ₹ 15,000.
32. Following balances are taken from the Trial Balance of a trader as at 31st March, 2019:

**TRIAL BALANCE**  
**as at 31st March, 2019**

| Heads of Accounts                 | Dr. (₹)  | Cr. (₹) |
|-----------------------------------|----------|---------|
| Sundry Debtors                    | 1,00,000 | -       |
| Bad Debts                         | 2,000    | -       |
| Discount Allowed                  | 1,500    | -       |
| Provision for Discount on Debtors | -        | 1,000   |
| Provision for Doubtful Debts      | -        | 6,000   |

You are required to show extracts of Profit and Loss Account for the year ending 31st March, 2019 and from the Balance Sheet as on that date after taking into consideration the following:

- Make a Provision for Doubtful Debts @ 3% of the Sundry Debtors.
  - Make a Provision for Discount on Debtors @ 2%.
33. X, a retailer, has not maintained proper books of account, but it has been possible to obtain the following details:

|                  | Last Year (Rs.) | This Year (Rs.) |
|------------------|-----------------|-----------------|
| Trade Creditors  | 6,270           | 5,890           |
| Loan from Naresh | 5,000           | 5,000           |
| Stock            | 12,350          | 11,980          |
| Cash in hand     | 570             | 650             |
| Shop Fittings    | 7,250           | 7,800           |
| Trade Debtors    | 5,280           | 4,560           |
| Bank Balance     | 3,990           | 4,130           |

Calculate the net profit for this year and draft the Statement of Affairs at the end of the year after noting that

- Shop Fittings are to be depreciated by Rs.780.
- X has drawn Rs.100 per week for his own use.
- Included in the Trade Debtors is an irrecoverable balance of Rs.270.
- Interest at 5% p.a. is due on the loan from Naresh, but has not been paid for the year.

**OR**

Following incomplete information is available from records maintained by Mr. A:

|  | 1-4-2016 ₹ | 31-3-2017 ₹ |
|--|------------|-------------|
|--|------------|-------------|

|           |        |        |
|-----------|--------|--------|
| Cash      | 1,000  | 1,500  |
| Bank      | 8,000  | 10,000 |
| Debtors   | 10,000 | 12,000 |
| Stock     | 7,000  | 6,000  |
| Machinery | 20,000 | 20,000 |
| Creditors | 11,000 | 10,000 |
| Bank Loan | 12,000 | 12,000 |

During the year Mr. X introduced in the business the amount realised on sale of ₹ 10,000 investments at the premium of 5%. Personal expenses of Mr. X paid from the business account amounted to ₹ 1,250 per month. Prepare a statement to calculate Profit (or Loss) during the year.

34. From the following balances extracted from the book of M/s Manju Chawla on 31st March, 2017. You are requested to prepare the trading and profit and a loss account and a balance sheet as on this date.

| Account Title             | Amount (₹ ) | Amount (₹ ) |
|---------------------------|-------------|-------------|
| 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       |             |
| Plant 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 ₹ 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 ₹ 100.
- v. Charge 5% depreciation on furniture.

**OR**

From the following trial balance, prepare the trading and profit and loss account for the year ended 31st March, 2013 and the balance sheet as at that date.

| Name of Accounts          | Amt(Rs)  | Name of Accounts             | Amt(Rs)  |
|---------------------------|----------|------------------------------|----------|
| Salaries                  | 20,446   | Sales                        | 1,32,840 |
| Bills receivable          | 12,754   | Capital                      | 1,00,000 |
| Investments               | 80,000   | Provision for doubtful debts | 5,000    |
| Furniture                 | 24,000   | 10% Loan (1st October, 2012) | 20,000   |
| Opening stock             | 9,000    | Discount received            | 800      |
| Purchases                 | 60,000   | Sundry creditors             | 18,600   |
| Sundry debtors            | 40,000   | Bills payable                | 10,000   |
| Interest on loan          | 800      | Outstanding salaries         | 1,000    |
| Insurance premium         | 1,800    | Bad debts recovered          | 400      |
| Wages                     | 9,200    | Interest on investments      | 4,000    |
| Rent                      | 3,040    | Trading commission           | 14,000   |
| Bad debts                 | 2,400    |                              |          |
| Carriage Outwards         | 1,200    |                              |          |
| Cash at Bank              | 20,000   |                              |          |
| Depreciation of furniture | 5,000    |                              |          |
| Accrued commission        | 2,000    |                              |          |
| Advertisement             | 15,000   |                              |          |
|                           | 3,06,640 |                              | 3,06,640 |

#### **Additional Information**

- i. Closing stock Rs 12,000.
- ii. Goods costing Rs 2,000 were distributed as free samples while goods costing Rs 1,000 were taken by the proprietor for personal use.
- iii. A credit sale of Rs 4,000 was not recorded in the sales book.
- iv. Closing stock included goods costing Rs 2,000 which were sold and recorded as sales but not delivered to the customer.
- v. Maintain provision for doubtful debts @ 5%.

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**Class 11 - Accountancy**  
**Sample Paper - 01 (2023-24)**

**Part A**

1. (a) Secondary

**Explanation:** Secondary

2. (c) A is true but R is false.

**Explanation:** A is true but R is false.

3. (c) liability

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

4. (d) Increase liabilities

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

**OR**

- (a) Rs.200000

**Explanation:** Total assets = Cash + Machinery

Total assets= 200000+300000

Total Assets= 500000

Now basic accounting equation ;

Assets = Capital + liabilities

500000=300000+ Liabilities

Liabilities= 500000-300000

Liabilities= 200000

5. (d) All of these

**Explanation:** A voucher is prepared every time the company makes a payment. The company's vouchers serve as a key source of evidence when an audit is performed. Hence, vouchers are prepared for other disbursement transactions like cash purchases, payment of payroll, replenishment of petty cash and other funds, payment of debts and other obligations, and even payment of dividends.

6. (b) Only A is correct

**Explanation:** Goods were taken from the business by the proprietor for her personal use is a financial character and recorded in the business (books of account).

**OR**

- (d) Statement of profit and loss

**Explanation:** The other name of Profit and loss account is the income statement.

7. (b) To meet anticipated losses and liabilities

**Explanation:** provision are made for anticipated losses due to convention of prudence

8. (a) Nominal A/c

**Explanation:** Charity is the expenses though may be repeated or not repeated in future. So it will be classified under the nominal account. All losses or expenses are nominal in nature.

**OR**

(b) Investment A/c

**Explanation:** Personal account is an account for use by individual for that person's own need. These account are in the name of person. Like Ram ,Shyam, SBI Bank Account.

Hence Assets are having real account ,so Investment Account is a Real Account not a personal account.

9. (a) To make the accounting very static and objective.

**Explanation:** To make the accounting very static and objective.

10. (d) Generally Accepted Accounting Principles

**Explanation:** Generally Accepted Accounting Principles

11. (a) General Reserve

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

12. (c) internal liability

**Explanation:** Capital :- Capital is an internal liability.

13. (a) posted to debit of the Purchases Account

**Explanation:** The total purchase book is posted on the debit side of Purchases A/c. A Purchases Book is a subsidiary book or a sub-division of Journal. Thus, all the entries related to credit purchases of goods are first recorded in Purchases book and then the posting is made to the respective ledger accounts.

14. (b) 60000

**Explanation:** Total Assets= Onwers equity + Creditors Equity

Total assets= 20000+40000

Total assets= 60000

15. (c) Debentures

**Explanation:** Debentures are trust deed. These are long term liabilities (Non-Current Liabilities).

**OR**

(a) goods

**Explanation:** The thing which is purchased and sold in the business is called goods.

16. (a) Journal Proper

**Explanation:** Other than subsidiary book transactions we record in Journal Proper

17. (d) Proprietor

**Explanation:** Reserves are created out of the profits of the business. Hence the profits belong to the proprietor the accumulation of the profits in the form of reserves belong to the owner of the business.

18. **JOURNAL ENTRIES**

| S.R.No. | Particulars                    |     | L.F. | Amount<br>Dr. | Amount<br>Cr. |
|---------|--------------------------------|-----|------|---------------|---------------|
|         |                                |     |      | ₹             | ₹             |
| (i)     | Cash A/c                       | Dr. |      | 5,000         |               |
|         | To Sales A/c                   |     |      |               | 5,000         |
|         | (Goods sold for Cash)          |     |      |               |               |
| (ii)    | Furniture A/c                  | Dr. |      | 8,000         |               |
|         | To Cash A/c                    |     |      |               | 8,000         |
|         | (Furniture purchased for Cash) |     |      |               |               |

|       |   |     |  |        |        |
|-------|---|-----|--|--------|--------|
| (iii) | Purchases A/c                           | Dr. |  | 10,000 |        |
|       | To Govind A/c                           |     |  |        | 10,000 |
|       | (Goods purchased on credit from Govind) |     |  |        |        |
| (iv)  | Purchases A/c                           | Dr. |  | 12,000 |        |
|       | To Murari A/c                           |     |  |        | 12,000 |
|       | (Goods purchased on credit from Murari) |     |  |        |        |
| (v)   | Mohan A/c                               | Dr. |  | 15,000 |        |
|       | To Sales A/c                            |     |  |        | 15,000 |
|       | (Goods sold on credit to Mohan)         |     |  |        |        |
| (vi)  | Cash A/c                                | Dr. |  | 500    |        |
|       | To Interest A/c                         |     |  |        | 500    |
|       | (Interest received in cash)             |     |  |        |        |

**OR**

**Journal Books of Sujeet Sharma**

| S.no. | Particulars   |     | L.F. | Debit (₹) | Credit (₹) |
|-------|---|-----|------|-----------|------------|
| 1     | Purchases A/c   | Dr. |      | 12,000    |            |
|       | To Cash A/c   |     |      |           | 2,000      |
|       | To Saksham Kumar's A/c  |     |      |           | 10,000     |
|       | (Goods purchased for cash and credit)                             |     |      |           |            |
| 2     | Saksham Kumar's A/c   | Dr. |      | 10,000    |            |
|       | To Cash A/c   |     |      |           | 9,950      |
|       | To Discount Received A/c (10,000-9,950)                           |     |      |           | 50         |
|       | (Cash paid to Saksham Kumar in full settlement)                   |     |      |           |            |
| 3     | Prepaid Rent A/c  | Dr. |      | 10,000    |            |
|       | To Cash A/c   |     |      |           | 10,000     |
|       | (Rent Paid in advance through cash)                               |     |      |           |            |
| 4     | Machinery A/c   | Dr. |      | 1,03,000  |            |
|       | To Bank A/c   |     |      |           | 1,00,000   |
|       | To Cash A/c   |     |      |           | 3,000      |
|       | (Machinery purchased through bank and expenses paid through cash) |     |      |           |            |
| 5     | Purchases A/c   | Dr. |      | 50,000    |            |

|  |  |     |  |                 |                 |
|--|--|-----|--|-----------------|-----------------|
|  | To Kunal's A/c<br>(Goods purchased from Kunal) |     |  |                 | 50,000          |
|  |  |     |  |                 |                 |
|  | Amit A/c                                       | Dr. |  | 65,000          |                 |
|  | To Sales A/c<br>(Goods sold to Amit)           |     |  |                 | 65,000          |
|  | <b>Total</b>                                   |     |  | <b>2,50,000</b> | <b>2,50,000</b> |

19. Cash basis refers to a major accounting method that recognizes revenues and expenses at the time cash is received or paid out. This contrasts accrual accounting, which recognizes income at the time the revenue is earned and records expenses when liabilities are incurred regardless of when cash is received or paid.

Cash Basis of Accounting = 4,50,000 - 2,00,000

= Rs. 2,50,000

Under the *accrual* basis of accounting (or accrual method of accounting), revenues are reported on the income statement when they are earned. When the revenues are earned but cash is not received, the asset accounts receivable will be recorded.

Accrual Basis of Accounting = 4,50,000 + 3,00,000 - 3,50,000

= Rs. 4,00,000

**OR**

- i. **Revenue Recognition (Realisation) Concept:** According to this concept revenue is considered to have been realised when a transaction has been entered into and the obligation to receive the amount has been established. For Example, an organisation sells goods in March 2016 and receives the amount in April, 2016. Revenue of these sales should be recognised in March, 2016 or when the goods are sold as the legal obligation has been established upon sales in March 2016.
  - ii. **Conservation or Prudence Principle** is described using the phrase "Do not anticipate a profit, but provide for all possible losses." In other words, it takes into consideration all prospective losses but not the prospective profits. Conservatism does not record anticipated revenue but provides all anticipated expenses and losses, thus it may overstate liabilities. For example, closing stock is valued at lower of cost or net realisable value.
  - iii. **Money Measurement Concept:** is the principle in which transaction and events that can be measured in money terms are recorded in the books of account of the enterprise.  
The value of money is considered to have static value as the transactions are recorded at the value on the transaction date. This is the one factor which makes it difficult to compare the monetary value of one year with the monetary value of another year. For example purchases of two trucks cannot be recorded but the money value paid for this will be recorded in the books of accounts.
20. a. **Capital expenditure:** refers to the expenditure on an asset that is expected to provide utility to a business for more than one reporting period. Examples of capital expenditures are as follows: Buildings (including extended part), Computer equipment (including installation charges).
- b. **Non-current assets:** are a company's long-term investments for which the full value will not be realized within the accounting year. Examples of non-current assets include investments in other companies, intellectual property (e.g. patents), and property, plant and equipment.
21. Trial balance as on 31st March 2013:

| Debit Amount (Rs.) | Amt (Rs.) | Credit Amount (Rs.) | Amt (Rs.) |
|--------------------|-----------|---------------------|-----------|
| Drawings           | 36,000    | Capital             | 3,75,000  |
| Debtors            | 85,500    | Creditors           | 42,750    |



|                          |           |                        |           |
|--------------------------|-----------|------------------------|-----------|
| Land and Building        | 2,70,000  | Purchase Returns       | 9,000     |
| Plant                    | 1,80,000  | Sales                  | 5,70,000  |
| Stock on 1st April,2012  | 34,200    | Miscellaneous Receipts | 5,400     |
| Factory Expenses         | 24,900    | Loan form Naina        | 30,000    |
| Office Expenses          | 11,550    |                        |           |
| Stationery               | 750       |                        |           |
| Freight                  | 3,750     |                        |           |
| Bad Debts                | 10,650    |                        |           |
| Purchase                 | 3,22,950  |                        |           |
| Miscellaneous Expenses   | 12,300    |                        |           |
| Interest on Naina's Loan | 4,500     |                        |           |
| Cash in Hand             | 12,600    |                        |           |
| Goodwill                 | 15,000    |                        |           |
| Bills Receivable         | 7,500     |                        |           |
|                          | 10,32,150 |                        | 10,32,150 |

22.

**In the Books of \_\_\_\_\_**  
**TWO COLUMN CASH BOOK**

| Dr.   |                            |        |      |        |        | Cr.   |                        |        |      |        |       |
|-------|----------------------------|--------|------|--------|--------|-------|------------------------|--------|------|--------|-------|
| Date  | Particulars (Receipts)     | V. No. | L.F. | Cash   | Bank   | Date  | Particulars (Payments) | V. No. | L.F. | Cash   | Bank  |
| 2023  |                            |        |      | ₹      | ₹      | 2023  |                        |        |      | ₹      | ₹     |
| May 1 | To Balance b/d             |        |      | 15,600 |        | May 1 | By Balance b/d         |        |      |        | 7,400 |
| 2     | To Capital A/c             |        |      | 5,000  | 25,000 | 6     | By Mahesh A/c          |        |      | 13,000 |       |
| 8     | To Bad-Debts Recovered A/c |        |      | 2,500  |        | 10    | By Cash A/c            |        | C    |        | 7,500 |
| 10    | To Bank A/c                |        | C    | 7,500  |        | 10    | By Drawings A/c        |        |      |        | 3,800 |
| 14    | To Furniture A/c           |        |      | 500    |        | 28    | By Nakul A/c           |        |      |        | 4,230 |
| 14    | To Output CGST A/c         |        |      | 30     |        | 31    | By Interest A/c        |        |      |        | 650   |
| 14    | To Output SGST A/c         |        |      | 30     |        | 31    | By Bank A/c            |        | C    | 20,960 |       |
| 15    | To Y A/c                   |        |      | 2,200  |        |       |                        |        |      |        |       |
| 22    | To Cheques in Hand A/c     |        |      |        | 4,210  |       |                        |        |      |        |       |
| 25    | To Ritesh Das A/c          |        |      | 4,000  |        |       |                        |        |      |        |       |

|        |                |  |   |                      |                      |    |                |  |  |                      |                      |
|--------|----------------|--|---|----------------------|----------------------|----|----------------|--|--|----------------------|----------------------|
| 26     | To Loan A/c    |  |   | 1,600                | 2,000                |    |                |  |  |                      |                      |
| 31     | To Cash A/c    |  | C |                      | <u>20,960</u>        |    |                |  |  |                      |                      |
|        | Total Receipts |  |   | <u>38,960</u>        | <u>52,170</u>        |    | Total Payments |  |  | 33,960               | 23,580               |
|        |                |  |   |                      |                      | 31 | By Balance c/d |  |  | <u>5,000</u>         | <u>28,590</u>        |
|        |                |  |   | <b><u>38,960</u></b> | <b><u>52,170</u></b> |    |                |  |  | <b><u>38,960</u></b> | <b><u>52,170</u></b> |
| June 1 | To Balance b/d |  |   | <u>5,000</u>         | <u>28,590</u>        |    |                |  |  |                      |                      |

**Working Note:**

- May 10:-** Income tax is the personal expense of the proprietor, as such, it will be treated as drawings.
- May 31:-** Bank has debited ₹ 650 for interest. It indicates that the bank has charged interest from us. As such, it will be recorded on the credit side in the Bank Column.
- May 31:-** Cash balance is ₹ 38,960 - ₹ 13,000 = ₹ 25,960. Out of this amount, after retaining ₹ 5,000 at office, the balance of ₹ 20,960 will be deposited into the bank.

**JOURNAL**

| Date        | Particulars  | L.F. | Dr. ₹  | Cr. ₹  |
|-------------|--|------|--------|--------|
| <b>2023</b> |  |      | ₹      | ₹      |
| May 3       | Purchases A/c Dr.  |      | 12,000 |        |
|             | Input CGST A/c Dr.   |      | 720    |        |
|             | Input CGST A/c Dr.   |      | 720    |        |
|             | To Mahesh<br>(Goods of ₹ 15,000 Purchased at trade discount of 20%)                              |      |        | 13,440 |
| May 6       | Mahesh Dr.   |      | 440    |        |
|             | To Discount Received A/c<br>(Discount received)  |      |        | 440    |
| May 15      | Discount Allowed A/c Dr.   |      | 100    |        |
|             | To Y<br>(Discount allowed)   |      |        | 100    |
| May 20      | Cheques in Hand A/c Dr.  |      | 4,210  |        |
|             | Discount Allowed A/c Dr.   |      | 190    |        |
|             | To Nakul<br>(Cheque received from Nakul and allowed him discount. Cheque received not deposited) |      |        | 4,400  |

|        |   |     |       |       |
|--------|---|-----|-------|-------|
|        | the same day)   |     |       |       |
|        |   |     |       |       |
| May 25 | Bad Debts A/c   | Dr. | 6,000 |       |
|        | To Ritesh Das<br>(Bad debts due to the insolvency of Ritesh Das who owed us ₹ 10,000)       |     |       | 6,000 |
|        |   |     |       |       |
| May 28 | Nakul   | Dr. | 190   |       |
|        | To Discount Allowed A/c<br>(Discount allowed to Nakul withdrawn on dishonour of his cheque) |     |       | 190   |

23. **BANK RECONCILIATION STATEMENT**  
as on 31st March, 2023

|       | Particulars   | Plus Items    | Minus Items   |
|-------|---|---------------|---------------|
|       |   | ₹             | ₹             |
|       | Balance as per Pass Book (Cr.) Favourable                   | 12,400        |               |
| (i)   | Cheques drawn but not encashed upto 31st March, 2023        |               | 33,000        |
| (ii)  | Cheque issued returned on technical grounds                 |               | 4,000         |
| (iii) | Short Credit for Cash deposit                               | 90            |               |
| (iv)  | Bill for Collection credited by bank                        |               | 8,000         |
| (v)   | Rebate on payment of bill by bank not recorded in Cash Book |               | 200           |
|       |   | <b>12,490</b> | <b>45,200</b> |
|       | Overdraft (Cr.) balance as per Cash Book                    |               | 32,710        |

Since balance as per pass book is given, errors can be rectified in pass book only.

**OR**

**BANK RECONCILIATION STATEMENT**  
as on 31st December, 2017

|       | Particulars  | Plus Items | Minus Items |
|-------|--|------------|-------------|
|       |  | ₹          | ₹           |
|       | Overdraft as per Pass Book   |            | 20,000      |
| (i)   | Payment of cheques recorded twice in the passbook                              | 550        |             |
| (ii)  | Debit column of the passbook undercast   |            | 200         |
| (iii) | Cheque recorded in the cash book but omitted to be sent to bank for collection | 200        |             |
| (iv)  | Cheque debited in the passbook but omitted to be recorded in cash book         | 300        |             |
| (v)   | Cheque Dishonoured by the Bank   | 500        |             |

|                            |       |        |
|----------------------------|-------|--------|
|                            | 1,550 | 20,200 |
| Overdraft as per Cash Book |       | 18,650 |

Balance as per pass book is given so any error can be rectified in pass book.

24.

### JOURNAL

| Date     | Particulars   | L.F. | Amount Dr. | Amount Cr. |
|----------|---|------|------------|------------|
| 2023     |   |      | ₹          | ₹          |
| April 1  | No Entry as order received only   |      |            |            |
| April 3  | Bank A/c Dr.  |      | 1,80,000   |            |
|          | To Shekhar & Co. A/c (Advance)<br>(Advance received against an order of ₹ 5,00,000) |      |            | 1,80,000   |
| April 5  | Gupta & Sons A/c(Advance) Dr.   |      | 1,00,000   |            |
|          | To Bank A/c<br>(Paid Rs.1,00,000 advance against an order of ₹ 2,50,000)            |      |            | 1,00,000   |
| April 7  | Purchases A/c Dr.   |      | 2,50,000   |            |
|          | To Gupta & Sons A/c<br>(Goods purchased)  |      |            | 2,50,000   |
| April 10 | Gupta & Sons A/c (1,50,000 × 60%) Dr.   |      | 90,000     |            |
|          | To Bank A/c<br>(60 % of ₹ 1,50,000 paid on account)                                 |      |            | 90,000     |
| April 15 | Loss by fire A/c (20,000+10,000) Dr.  |      | 30,000     |            |
|          | To Purchases A/c  |      |            | 20,000     |
|          | To Furniture A/c<br>(Goods and furniture destroyed by fire)                         |      |            | 10,000     |
| April 20 | Railway claim A/c Dr.   |      | 50,000     |            |
|          | To purchases A/c<br>(Claim made from railways for goods damaged in transit)         |      |            | 50,000     |

|          |  |     |  |                 |                 |
|----------|--|-----|--|-----------------|-----------------|
| April 22 | Cash A/c   | Dr. |  | 60,000          |                 |
|          | Travelling Expenses A/c  | Dr. |  | 4,000           |                 |
|          | To Sales A/c (60,000+4,000)<br>(Cash received from salesman after deducting his travelling expenses) |     |  |                 | 64,000          |
|          |  |     |  |                 |                 |
| April 25 | Vishesh A/c (Note 1) (45,000+1,000)  | Dr. |  | 46,000          |                 |
|          | To Sales A/c (40,000 × 90% × 125%)   |     |  |                 | 45,000          |
|          | To Cash A/c<br>(Goods sold on credit and paid for cartage ₹ 1,000 to be charged from him)            |     |  |                 | 1,000           |
|          |  |     |  |                 |                 |
| April 28 | Bank A/c   | Dr. |  | 40,000          |                 |
|          | Profit & Loss A/c (50,000-40,000)  | Dr. |  | 10,000          |                 |
|          | To Railway Claim A/c<br>(Money received from Railway authorities against the claim)                  |     |  |                 | 50,000          |
|          | <b>Total ₹</b>   |     |  | <b>8,60,000</b> | <b>8,60,000</b> |

**Working Notes:**

|    |                                       |               |
|----|---------------------------------------|---------------|
| i. | Cost of Goods                         | 40,000        |
|    | Add: Profit: 25% of ₹ 40,000          | 10,000        |
|    |                                       | <b>50,000</b> |
|    | Less: Trade Discount: 10% of ₹ 50,000 | 5,000         |
|    |                                       | <b>45,000</b> |
|    | Add: Cartage                          | 1,000         |
|    |                                       | <b>46,000</b> |

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

**OR**

**In the books of Singh Enterprises, Delhi**  
**Journal**

| Date   | Particulars                              |     | L.F. | Dr.    | Cr.    |
|--------|--|-----|------|--------|--------|
| 2017   |  |     |      | Rs.    | Rs.    |
| June 1 | Cash A/c                                 | Dr. |      | 50,000 |        |
|        | To Capital A/c                           |     |      |        | 50,000 |
|        | (Being business started with Rs. 50,000) |     |      |        |        |

|         |  |     |  |          |          |
|---------|--|-----|--|----------|----------|
| June 2  | Bank A/c                                     | Dr. |  | 2,00,000 |          |
|         | To Capital A/c                               |     |  |          | 2,00,000 |
|         | (Being Cheque deposit from saving account)   |     |  |          |          |
| June 3  | Cash A/c                                     | Dr. |  | 50,000   |          |
|         | To Ram                                       |     |  |          | 50,000   |
|         | (Being Cash received from Ram)               |     |  |          |          |
| June 4  | Purchase A/c                                 | Dr. |  | 15,000   |          |
|         | Input CGST A/c                               | Dr. |  | 900      |          |
|         | Input SGST A/c                               | Dr. |  | 900      |          |
|         | To Cash A/c                                  |     |  |          | 16,800   |
|         | (Being goods purchased)                      |     |  |          |          |
| June 11 | M/s Hari Sales                               | Dr. |  | 13,440   |          |
|         | To Sales A/c                                 |     |  |          | 12,000   |
|         | To Output CGST A/c                           |     |  |          | 720      |
|         | To Output SGST A/c                           |     |  |          | 720      |
|         | (Being goods sold)                           |     |  |          |          |
| June 13 | Ramavtar                                     | Dr. |  | 40,000   |          |
|         | To Cash A/c                                  |     |  |          | 40,000   |
|         | (Being paid to Ramavtar)                     |     |  |          |          |
| June 17 | Cash A/c                                     | Dr. |  | 10,000   |          |
|         | To M/s Hari Sales                            |     |  |          | 10,000   |
|         | (Being Cash received from M/s Hari Sales)    |     |  |          |          |
| June 20 | Furniture A/c                                | Dr. |  | 20,000   |          |
|         | Input CGST A/c                               | Dr. |  | 1,200    |          |
|         | Input SGST A/c                               | Dr. |  | 1,200    |          |
|         | To Cash A/c                                  |     |  |          | 22,400   |
|         | (Being Furniture purchase and paid with GST) |     |  |          |          |
| June 27 | Rent A/c                                     | Dr. |  | 28,000   |          |
|         | To Cash                                      |     |  |          | 28,000   |
|         | (Being rent paid)                            |     |  |          |          |
| June 30 | Salary A/c                                   | Dr. |  | 50,000   |          |
|         | To Cash A/c                                  |     |  |          | 50,000   |
|         | (Being Salary paid)                          |     |  |          |          |

W.N. 1 CGST and SGST is not levied because it is not given in question to charge GTS on Rent and Salary.

25.

**RECTIFYING JOURNAL ENTRIES**

| Date   | Particulars  |     | L.F. | Dr. (₹) | Cr. (₹) |
|--------|--|-----|------|---------|---------|
| (i)    | Purchases A/c  | Dr. |      | 1,000   |         |
|        | To Suspense Account<br>(Being the rectification entry made for under casting of purchases book)                                |     |      |         | 1,000   |
|        |  |     |      |         |         |
| (ii)   | Building A/c   | Dr. |      | 20,000  |         |
|        | To Wages A/c<br>(Being the wages for construction of building were wrongly debited to wages account, now rectified entry made) |     |      |         | 20,000  |
|        |  |     |      |         |         |
| (iii)  | Rishi  | Dr. |      | 2,400   |         |
|        | To Sales A/c   |     |      |         | 1,200   |
|        | To Purchase A/c<br>(Being the rectification entry for recording sales to Rishi in purchase book is made)                       |     |      |         | 1,200   |
|        |  |     |      |         |         |
| (iv)   | Purchases A/c  | Dr. |      | 4,500   |         |
|        | To Suspense A/c<br>(Being the rectification entry for under casting of purchase book is made)                                  |     |      |         | 4,500   |
|        |  |     |      |         |         |
| (v)    | Rishi  | Dr. |      | 360     |         |
|        | To Purchase A/c<br>(Being the credit purchases of ₹ 1,040 was passed in the books as ₹ 1,400, now rectified)                   |     |      |         | 360     |
|        |  |     |      |         |         |
| (vi)   | Sample or Advertising A/c  | Dr. |      | 5,000   |         |
|        | To Purchase A/c<br>(Being the distribution of sample goods recorded in the books)  |     |      |         | 5,000   |
|        |  |     |      |         |         |
| (viii) | Sales Return A/c   | Dr. |      | 1,500   |         |
|        | To Green & Co<br>(Being the sales return recorded)   |     |      |         | 1,500   |

**OR**

**Journal**

| Date | Particulars |  | L.F. | Debit Amount (₹) | Credit Amount (₹) |
|------|-------------|--|------|------------------|-------------------|
|      |             |  |      |                  |                   |

|       |  |     |       |       |
|-------|--|-----|-------|-------|
| (i)   | Purchases A/c  | Dr. | 700   |       |
|       | Sales A/c  | Dr. | 700   |       |
|       | To Roshan's A/c  |     |       | 1,400 |
|       | (Goods purchased from Roshan passed through Sales Book now rectified)                            |     |       |       |
|       |  |     |       |       |
| (ii)  | Shivank's A/c  | Dr. | 3,000 |       |
|       | To Purchases Return A/c  |     |       | 1,500 |
|       | To Sales Return A/c  |     |       | 1,500 |
|       | (Goods returned to Shivank passed through Returns Inward Book now rectified)                     |     |       |       |
|       |  |     |       |       |
| (iii) | Prepaid Rent A/c   | Dr. | 450   |       |
|       | To Suspense A/c  |     |       | 450   |
|       | (Prepaid rent omitted to be brought forward now rectified)                                       |     |       |       |
|       |  |     |       |       |
| (iv)  | Suspense A/c   | Dr. | 240   |       |
|       | To Purchases Return A/c  |     |       | 120   |
|       | To Purchases A/c   |     |       | 120   |
|       | (Purchases return recorded in Purchases Book now rectified)                                      |     |       |       |
|       |  |     |       |       |
| (v)   | Repairs A/c  | Dr. | 180   |       |
|       | Radio A/c  | Dr. | 1,920 |       |
|       | To Purchases A/c   |     |       | 2,000 |
|       | To Sahil's A/c   |     |       | 100   |
|       | (Amount paid for purchase of radio and repairs on radio entered in Purchases Book now rectified) |     |       |       |

### Suspense Account

| Dr.   |            | Cr.                 |            |
|---|------------|---------------------|------------|
| Particulars                                       | Amount (₹) | Particulars         | Amount (₹) |
| To Difference in Trial Balance (Balancing Figure) | 210        | By Prepaid Rent A/c | 450        |
| To Purchase Return A/c                            | 120        |                     |            |
| To Purchase A/c                                   | 120        |                     |            |
|   | <b>450</b> |                     | <b>450</b> |

**Note:-** Item number 3 & 4 affected the agreement of Trial Balance.



26. Following are the solutions of fill in the blanks.

- i. Rs 20,000
- ii. Rs 1,80,000
- iii. Rs 1,80,000
- iv. Rs 20,000
- v. Rs 1,60,000
- vi. Rs 1,60,000
- vii. Rs 1,20,000
- viii. Rs 10,000
- ix. Rs 30,000
- x. Rs 1,60,000
- xi. Rs 1,60,000

**OR**

**In the Books of Pramod & Co.  
Machinery Account**

| Dr.     |                |      |                 | Cr.     |                           |      |                 |
|---------|----------------|------|-----------------|---------|---------------------------|------|-----------------|
| Date    | Particulars    | J.F. | Amount (Rs)     | Date    | Particulars               | J.F. | Amount (Rs)     |
| 1.4.13  | To Balance b/d |      | 3,00,000        | 1.10.13 | By Machinery Disposal A/c |      | 40,000          |
| 1.10.13 | To Bank A/c    |      | 50,000          | 31.3.14 | By Balance c/d            |      | 3,10,000        |
|         |                |      | <b>3,50,000</b> |         |                           |      | <b>3,50,000</b> |
| 1.4.14  | To Balance b/d |      | 3,10,000        |         |                           |      |                 |

**Provision For Depreciation Account**

| Dr.     |                           |      |                 | Cr.     |                     |      |                 |
|---------|---------------------------|------|-----------------|---------|---------------------|------|-----------------|
| Date    | Particulars               | J.F. | Amount (Rs)     | Date    | Particulars         | J.F. | Amount (Rs)     |
| 1.10.13 | To Machinery Disposal A/c |      | 9,220           | 1.04.13 | By Balance B/d      |      | 1,00,000        |
| 31.3.14 | To Balance c/d            |      | 1,11,660        | 1.10.13 | By Depreciation A/c |      | 1,620           |
|         |                           |      |                 | 31.3.14 | By Depreciation A/c |      | 19,260          |
|         |                           |      | <b>1,20,880</b> |         |                     |      | <b>1,20,880</b> |
|         |                           |      |                 | 31.3.14 | By Balance b/d      |      | 1,11,660        |

**Machinery Disposal Account**

| Dr.     |                              |      |             | Cr.     |                               |      |             |
|---------|------------------------------|------|-------------|---------|-------------------------------|------|-------------|
| Date    | Particulars                  | J.F. | Amount (Rs) | Date    | Particulars                   | J.F. | Amount (Rs) |
| 1.10.13 | To Machinery A/c             |      | 40,000      | 1.10.13 | By Provision for Dep. A/c (1) |      | 9,220       |
| 1.10.13 | To Profit & Loss A/c (Profit |      | 1,220       | 1.10.13 | By Bank A/c                   |      | 32,000      |

|  |                  |  |               |  |  |  |               |
|--|------------------|--|---------------|--|--|--|---------------|
|  | transferred (3)) |  |               |  |  |  |               |
|  |                  |  | <b>41,220</b> |  |  |  | <b>41,220</b> |

**Working Notes:**

i. Calculation of Depreciation provided for the machine disposed off on 1.10.2013:

| Particulars                                      | Amount (Rs)   | Depreciation Provided (Rs) |
|--|---------------|----------------------------|
| Value of Machine on 1.4.2011                     | 40,000        |                            |
| Less: Depreciation for 11-12 @ 10%               | 4,000         | 4,000                      |
|  | <b>36,000</b> |                            |
| Less: Depreciation for 12-13 @ 10% on Rs 36,000  | 3,600         | 3,600                      |
|  | <b>32,400</b> |                            |
| Less: Depreciation for 6 months on Rs 32,400     | 1,620         | 1,620                      |
| Net Book Value of machinery / Total Depreciation | <b>30,780</b> | <b>9,220</b>               |

ii. Calculation of Depreciation on the Machinery in use:

| Particulars               | Amount (Rs)     | Depreciation Provided (Rs) |
|---------------------------|-----------------|----------------------------|
| On 1.4.2012               | 3,00,000        |                            |
| Less: Value of asset sold | 40,000          | 7,600                      |
|                           | <b>2,60,000</b> | <b>92,400</b>              |

**Working Notes: Calculation of Profit or Loss on the sale of machine**

| S. No. | Particular  | Amount (Rs)   |
|--------|---|---------------|
| 1.     | Depreciation at 10% on Rs 1,67,600 (Rs 2,60,000 - Rs 92,400) =                  | 16,760        |
|        | Add: Depreciation for 6 months on Rs 50,000 (Addition)                          | 2,500         |
|        |   | <b>19,260</b> |
|        | 4,000 (2011-12) + Rs 3,600 (2012-13) = Rs 7,600                                 |               |
| 2.     | Profit on Sale of Machine = Rs 32,000 (Sale Price) - Rs 30,780 (Net Book Value) | <b>1,220</b>  |

**Part B**

27. (b) Income Tax authorities

**Explanation:** The single entry system is not recognised by tax authorities because income tax Act 1961, imposes a legal restriction on the preparation of accounting books based on a single entry system. Tax authorities follows double entry system of book keeping.

**OR**

(d) legal restrictions

**Explanation:** A limited company, because of legal restriction, cannot maintain accounting books on the single entry system.

28. (d) Rs.147000

**Explanation:** cost of goods sold= opening stock +net purchases( purchase- purchase return)+direct expenses-closing stock

$$=10,000+(145000-2000)+4000+5000-15000$$

$$162000-15000$$

$$=1,47,000$$

29. (c) Assets side

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

**OR**

(b) ₹ 13,000

**Explanation:** Insurance premium charged for current year = 10,000 + 3,000  
= Rs 13,000

30. Classification is as follows:

- Cost of installing the machine is a Capital Expenditure because it is spent before the asset is ready to use.
- Annual taxes and insurance premiums are Revenue Expenditure because their benefit will be exhausted within the year.
- It is Revenue Expenditure since it is incurred in the ordinary course of business.
- It is capital expenditure since it has resulted in increase of the working life of the asset.
- It is capital expenditure since an asset is created which will be used for a number of years.

31. Net Sales = Sales-Sales Returns

$$= ₹ 5,40,000 - ₹ 16,000$$

$$= ₹ 5,24,000$$

Cost of Goods Sold = Net Sales - Gross Profit

$$= ₹ 5,24,000 - ₹ 1,20,000$$

$$= ₹ 4,04,000$$

Cost of Goods Sold = Opening Stock + Purchases - Purchase Returns + Carriage Inward - Closing Stock

$$= ₹ 4,04,000 = ₹ 20,000 + ₹ 4,00,000 - ₹ 4,000 + ₹ 15,000 - \text{Closing Stock}$$

$$\text{Closing Stock} = ₹ 4,31,000 - ₹ 4,04,000 = ₹ 27,000$$

32.

**TRADING AND PROFIT AND LOSS ACCOUNT**  
**for the year ended 31st March, 2019**

| Dr.   |       |       |   | Cr.   |       |
|---|-------|-------|---|-------|-------|
| Particulars   | ₹     |       | Particulars   | ₹     |       |
| To Provision for Discount on Debtors:                           |       |       | By Provision for Doubtful Debts:                                  |       |       |
| Required Provision<br>[ $\frac{2}{100}$ (₹ 1,00,000 - ₹ 3,000)] | 1,940 |       | Opening Balance   | 6,000 |       |
| Add: Discount Allowed   | 1,500 |       | Less: Required Provision<br>( $\frac{3}{100} \times ₹ 1,00,000$ ) | 3,000 |       |
|   | 3,440 |       |   | 3,000 |       |
| Less: Existing Provision  | 1,000 | 2,440 | Less: Bad Debts (Note 2)  | 2,000 | 1,000 |

**BALANCE SHEET OF SANJIV**  
**as at 31st March, 2019**

| Liabilities | ₹ | Assets | ₹ |
|-------------|---|--------|---|
|             |   |        |   |

| Liabilities |  | Assets                                  |          |        |
|-------------|--|---|----------|--------|
|             |  | Sundry Creditors                        | 1,00,000 |        |
|             |  | Less: Provision for Doubtful Debts      | 3,000    |        |
|             |  |   | 97,000   |        |
|             |  | Less: Provision for Discount on Debtors | 1,940    | 95,060 |

**Notes:**

- i. Closing (New) Provision for Doubtful Debts is less than the opening (old) provision for doubtful debts after adjustment of bad debts, the difference, i.e., ₹ 1,000 is credited to Profit and Loss Account.

33. **Incomplete records** refer to a situation in which an organization is not using double-entry bookkeeping. Instead, it is using a more informal **accounting** system, such as a single-entry system, to maintain a reduced amount of information about its financial results. So, as per this, the question is to be solved as follows:-

**STATEMENT OF AFFAIRS OF X**

| Liabilities                | Last year     | This Year     | Assets        | Last Year     | This Year     |
|----------------------------|---------------|---------------|---------------|---------------|---------------|
| T. Creditors               | 6,270         | 5,890         | Stock         | 12,350        | 11,980        |
| Loan from Naresh           | 5,000         | 5,000         | T. Debtors    | 5,280         | 4,560         |
| Capital (Balancing Figure) | 18,170        | 18,230        | Shop Fittings | 7,250         | 7,800         |
|                            |               |               | Cash in Hand  | 570           | 650           |
|                            |               |               | Bank Balance  | 3,990         | 4,130         |
|                            | <b>29,440</b> | <b>29,120</b> |               | <b>29,440</b> | <b>29,120</b> |

**FINAL STATEMENT OF PROFIT OF X**

| Particulars                               | Amount (Rs.)        |
|---|---------------------|
| Closing Capital                           | 18,230              |
| Add: Drawings ( $100 \times 52$ )         | 5,200               |
| Total                                     | 23,430              |
| Less: Opening Capital                     | 18,170              |
| Gross Profit                              | 5,260               |
| Less: Bad Debts = 270                     |                     |
| Less: Depreciation = 780                  |                     |
| Less: Interest = $5,000 \times 5\% = 250$ | 1,300               |
| Net Profit                                | <b><u>3,960</u></b> |

**STATEMENT OF AFFAIRS OF X**

| Liabilities      |                 | Rs.   | Assets                     | Rs.    |
|------------------|-----------------|-------|----------------------------|--------|
| T. Creditors     |                 | 5,890 | Stock                      | 11,980 |
| Loan from Naresh | = $5,000 + 250$ | 5,250 | T. Debtors = $4,560 - 270$ | 4,290  |

|                |        |               |                             |               |
|----------------|--------|---------------|-----------------------------|---------------|
| Capital        | 18,170 |               | Shop Fittings = 7,800 - 780 | 7,020         |
| Less: Drawings | 5,200  |               | Cash in Hand                | 650           |
| Add: N/P       | 3,960  | 16,930        | Bank Balance                | 4,130         |
|                |        | <b>28,070</b> |                             | <b>28,070</b> |

**OR**

| Statement of Affairs<br>as on April 01, 2016 |               |           |               |
|--|---------------|-----------|---------------|
| Liabilities                                  | Amount (₹)    | Assets    | Amount (₹)    |
| Creditors                                    | 11,000        | Cash      | 1,000         |
| Bank Loan                                    | 12,000        | Bank      | 8,000         |
| Capital (B/F)                                | 23,000        | Debtors   | 10,000        |
|  |               | Stock     | 7,000         |
|  |               | Machinery | 20,000        |
|  | <b>46,000</b> |           | <b>46,000</b> |

**Statement of Affairs  
as on March 31, 2017**

| Liabilities   | Amount (₹)    | Assets    | Amount (₹)    |
|---------------|---------------|-----------|---------------|
| Creditors     | 10,000        | Cash      | 1,500         |
| Bank Loan     | 12,000        | Bank      | 10,000        |
| Capital (B/F) | 27,500        | Debtors   | 12,000        |
|               |               | Stock     | 6,000         |
|               |               | Machinery | 20,000        |
|               | <b>49,500</b> |           | <b>49,500</b> |

**Statement of Profit or Loss  
for the year ended March 31, 2017**

| Particulars   | Amount (₹) |
|---|------------|
| Capital at the end of the year                                      | 27,500     |
| Add: Drawings made during the year (1,250 × 12)                     | 15,000     |
| Less: Additional capital introduced during the year (10,000 × 105%) | 10,500     |
| Adjusted capital at the end of the year                             | 32,000     |
| Less: Capital at the beginning of the year                          | 23,000     |
| Profit made during the year   | 9,000      |

34.

**Trading and Profit and loss Account  
for the year ended 31st March, 2017**

| Dr                                    |        |               |                           |               | Cr            |
|---------------------------------------|--------|---------------|---------------------------|---------------|---------------|
| Particulars                           |        | Amount (₹ )   | Particulars               |               | Amount (₹ )   |
| 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        |                           |               |               |
|                                       |        | <b>81,800</b> |                           |               | <b>81,800</b> |
| 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         |
|                                       |        | <b>30,800</b> |                           | <b>30,800</b> |               |

**Balance Sheet  
as at 31st March, 2017**

| Liabilities             |        | Amount (₹ )   | Assets               |        | Amount (₹ )   |
|-------------------------|--------|---------------|----------------------|--------|---------------|
| Capital                 | 40,000 |               | Furniture            | 11,300 |               |
| (+)Interest on capital  | 2,000  |               | (-)Depreciation @ 5% | 565    | 10,735        |
|                         | 42,000 |               | Plant 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         |
|                         |        | <b>72,945</b> |                      |        | <b>72,945</b> |

**Working Notes**

**W.N.1. Calculation of Interest on Drawings**

Drawings = ₹ 2,000

Rate of interest = 7%

$$2,000 \times \frac{7}{100} = ₹ 140$$

**W.N.2. Calculation of Interest on capital**

Capital = ₹ 40,000

Rate of interest @ 5%

$$₹ 40,000 @ 5\% = ₹ 2000$$

**W.N.3. Calculation of Interest on investment**

Investment = ₹ 6,000

Rate of interest = 6%

$$6,000 @ 6\% = ₹ 360$$

**W.N.4. Value of Furniture = Rs. 11,300**

Rate of depreciation = 5% P.a.

$$\text{Depreciation} = 13,600 @ 5\% = 565$$

$$\text{Depreciation on Plant \& Machinery} = 43,000 \times 5\% = ₹ 2,150$$

**W.N.5.**

Rent = 2,000

Less unexpired rent = 100

$$= 2,000 - 100 = 1,900$$

**W.N.6**

**Sales Tax Collected is a liability hence shown in the balance sheet not in Trading & Profit & Loss A/c.**

**OR**

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

| Dr   |         |          |  |          | Cr       |
|--|---------|----------|--|----------|----------|
| Particulars                                      |         | Amt(₹)   | Particulars                                  |          | Amt(₹)   |
| To Opening Stock                                 |         | 9,000    | By Sales                                     | 1,32,840 |          |
| To purchases                                     | 60,000  |          | Add: Credit sales                            | 4,000    | 1,36,840 |
| Less: Goods given as Free Samples                | (2,000) |          | By Closing Stock                             | 12,000   |          |
|  | 58,000  |          | Less: Cost of Goods Sold but not delivered   | (2,000)  | 10,000   |
| Less: Drawings of Goods                          | (1,000) | 57,000   |  |          |          |
| To Wages   |         | 9,200    |  |          |          |
| To Gross Profit transferred to Profit & Loss A/c |         | 71,640   |  |          |          |
|  |         | 1,46,840 |  |          | 1,46,840 |
| To Rent  |         | 3040     |  |          |          |
| To Salaries                                      |         | 20,446   | By Gross Profit transferred from Trading A/c |          | 71,640   |
| To Interest on Loan                              | 800     |          | By Old Provision for Doubtful Debts          | 5,000    |          |
| Add: Outstanding Interest on loan(note           | 200     | 1000     | Less: Bad Debts                              | (2,400)  |          |

|  |  |               |                           |         |               |
|--|--|---------------|---------------------------|---------|---------------|
| 1)                                       |  |               |                           |         |               |
| To Insurance premium                     |  | 1800          |                           | 2,600   |               |
| To Carriage Outwards                     |  | 1,200         | Less: New Provision       | (2,200) | 400           |
| To Depreciation on Furniture             |  | 5,000         | By Discount Received      |         | 800           |
| To Advertisement                         |  | 15,000        | By Bad Debts recovered    |         | 400           |
| To Free Samples                          |  | 2,000         | By Interest on Investment |         | 4,000         |
| To Net Profit Transferred to Capital A/c |  | 41,754        | By Trading Commission     |         | 14,000        |
|  |  | <b>91,240</b> |                           |         | <b>91,240</b> |

**Balance Sheet**  
**as at 31st March, 2013**

| Liabilities  |          | Amt(₹)          | Assets                         |         | Amt(Rs)         |
|--|----------|-----------------|--------------------------------|---------|-----------------|
| Capital  | 1,00,000 |                 | Bills Receivable               |         | 12,754          |
| Add: Net Profit transferred from Profit & Loss A/c | 41,754   |                 | Investments                    |         | 80,000          |
|  | 1,41,754 |                 | Furniture                      |         | 24,000          |
| Less: Drawings                                     | ( 1,000) | 1,40,754        | Debtors                        | 40,000  |                 |
| 10% Loan   |          | 20,000          | Add: Credit Sales not Recorded | 4,000   |                 |
| Outstanding Interest on Loan                       |          | 200             |                                | 44,000  |                 |
| Creditors  |          | 18,600          | Less: New Provision @5%        | (2,200) | 41,800          |
| Bills Payable                                      |          | 10,000          | Accrued Commission             |         | 2,000           |
| Outstanding Salaries                               |          | 1,000           | Closing Stock(12,000 - 2,000)  |         | 10,000          |
|  |          |                 | Bank                           |         | 20,000          |
|  |          | <b>1,90,554</b> |                                |         | <b>1,90,554</b> |

**Note:**

- i. Loan was taken on 1st October, 2012 @ 10% p.a. Hence, total interest due for this year will be ₹1,000 (i.e. On 20,000 for 6 months @ 10%) . Out of it, ₹ 800 has been paid. Therefore, outstanding interest will 1,000-800 = ₹200 ,
- ii. Closing Stock will Exclude stock of Rs.2000 not Sent to Customer. Because it is included in stock.
- iii. Provision for Doubtful Debt will be calculated on  $(40000 + 4000) \times 5\% = 2200$

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