

CBSE Class 11 Accountancy
Sample Paper 04 (2020-21)

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.

Section A

1. Book-keeping is mainly concern with:
 - a. All of these
 - b. Recording financial data relating to business operations and classifying it.
 - c. Designing for system recording, classifying and summarizing.
 - d. Interpreting data for internal and external users.
2. Where _____ ends then _____ begins.
 - a. Accounting and Book keeping
 - b. Book keeping and Accounting
 - c. Book keeping and Finance
 - d. Finance and Accounting
3. If sale is Rs.21,000 and cost of goods sold is 15,000, what is the actual profit:
 - a. 6000
 - b. 12000
 - c. 7000
 - d. 5000
4. Which of the following is a capital expenditure?
 - a. Wages
 - b. Repair expenses of building
 - c. Advertisement Expenses
 - d. Wages paid for building construction

5. Which of the following is a liability?
- Rent Payable
 - Stock
 - Interest Received
 - Furniture
6. Which of the following is not a secondary storage device.
- Offline storage media
 - Impact storage media
 - Online storage media
 - Near line storage device
7. Paid to Jigyasa Rs 11,500 in full settlement of Rs 12,000. Posting will be made in Jigyasa's A/c:
- Rs 11,500 on Dr. side
 - Rs 12,000 on Cr. side
 - Rs 11,500 on Cr. side
 - Rs 12,000 on Dr. side
8. Which software developed for user in general
- Tailor made software
 - None of these
 - Readymade software
 - Customized Software
9. Fill in the blanks:
Accounting is a _____ function.
10. Goods taken away by the proprietor from the business for his personal use will be recorded in:
- Sales Book
 - Purchases Book
 - Purchases Return Book
 - Journal Proper
11. Connectivity as a _____ element of a computer system.
- Fourth
 - Second
 - Third

d. Sixth

12. Which of the following limitations of accounting states that accounts may be manipulated to conceal vital facts:
- A. Accounting is not fully exact
 - B. Accounting may lead to window dressing
 - C. Accounting ignores price level changes
 - D. Accounting ignores qualitative elements
- a. Only D
 - b. Only C
 - c. Only A
 - d. Only B
13. A firm earns a revenue of Rs. 5,000 and the expense to earn this revenue is Rs. 3,000. The income of the firm will be:
- a. 5,000
 - b. 2,000
 - c. 8,000
 - d. 3,000
14. According to Business Entity Concept
- a. All of these
 - b. Life insurance premium is treated as drawing
 - c. Owner is treated as creditors
 - d. Proprietor's private expenses are treated as drawing

OR

As per the Income Tax Act, the accounting period is:

- a. From 1st January to 31st December
 - b. From 1st July to 30th June
 - c. From Diwali to Diwali
 - d. From 1st April to 31st March
15. Cash Discount is:
- a. received at the time of making the payment
 - b. allowed at the time of sale of goods
 - c. received both at the time of making payment and purchase of goods

d. received at the time of purchase of goods

OR

Capital is:

- a. none of these
- b. internal as well as external liability
- c. internal liability
- d. external liability

16. Fill in the blanks:

Given the same rate per cent, assets depreciate faster by the _____ method as compared to the _____ method.

17. Which of the following is correct?

- a. Assets = Rs 8,20,000, Liabilities = Rs 2,80,000, Capital = Rs 11,00,000
- b. Assets = Rs 7,85,000, Liabilities = Rs 1,25,000, Capital = Rs 6,60,000
- c. Assets = Rs 5,42,000, Liabilities = Rs 6,54,000, Capital = Rs 1,12,000
- d. Assets = Rs 9,55,000, Liabilities = Rs 1,15,000, Capital = Rs 8,20,000

18. A firm earns revenue of Rs.20,000 and the expenses to earn this revenue are Rs. 25,000.

Calculate its Profit/Loss.

- a. Loss, Rs.5,000
- b. Profit, Rs.5,000
- c. Loss, Rs.2,500
- d. Profit, Rs. 2,000

19. AIS is that which processes financial transactions to provide

- a. Internal reporting to managers for use in planning
- b. External reporting to outside parties such as stockholders
- c. All of these
- d. It combine the study and practice of accounting with the design and monitoring of information systems

20. Bank account is a:

- a. Real account
- b. Nominal account
- c. Personal account
- d. None of these

Section B

21. Calculate the amount of gross profit and operating profit on the basis of the following balances extracted from the books of M/s Rajiv & Sons for the year ended 31 st March, 2014

	Amt (Rs.)
Opening stock	50,000
Net sales	11,00,000
Net purchase	6,00,000
Direct expenses	60,000
Administration expenses	45,000
Selling and distribution expenses	65,000
Loss due to fire	20,000
Closing stock	70,000

OR

Cash sales Rs. 29,000, credit sales Rs. 31,000, cost of goods sold Rs. 52,000, expenses on purchases Rs.3,000, expenses on sales Rs.6,700. Find out gross profit and net profit.

22. Accounting provides information about the profitability and financial soundness of a concern. In addition, it provides various other valuable information also. However, accounting has certain limitations. Explain any three of such limitations.

OR

What is Cost Accounting?

Section C

23. The instructions that make a computer work is software. In the light of this statement, define software and discuss any three types of software.
24. On 1st January, 2013 X drew a bill on Y for Rs. 15,000 payable after 3 months. Y accepted the bill and returned it to X. After 10 days, X endorsed the bill to his creditor, Z. On the due date, the bill was dishonoured and Z paid Rs. 300 as noting charges. Record the

transactions in the journals of X, Y and Z.

25. Following balances appeared in the trial balance of a firm as on 31 st March, 2013

		Amt (Rs.)
Opening stock	Raw material	80,000
	Finished goods	1,40,000
Purchases		3,60,000
Sales		7,00,000
Returns	Purchases	10,000
	Sales	6,000
Wages		1,30,000
Factory expenses		90,000
Freight	Inward	20,000
	Outwards	30,000

At the end of the concerned period, the stocks at hand were

Raw materials	70,000
Work-in-process	20,000
Finished goods	1,10,000

Prepare the trading account of the firm.

26. Prepare a two - column Cash Book with cash and bank column with following information:

Date	Particulars	Amount (Rs)
01 - Apr - 14	Cash-in-hand	50,000
	Bank Overdraft	35,000

2 - Apr - 14	Cash Sales	30,000
4 - Apr - 14	Paid Salaries	5,000
8 - Apr - 14	Cash deposited into bank	10,000
10 - Apr - 14	Goods purchased from Ram Lal	10,000
12 - Apr - 14	Payment made to Ram Lal in full settlement	9,750
14 - Apr - 14	Goods sold to Ram	20,000
20 - Apr - 14	Received cheque from Ram and allowed him discount of Rs 200	19,800
24 - Apr - 14	Cheque received from Ram deposited into Bank	
25 - Apr - 14	Withdrew cash from Bank for personal use	500
28 - Apr - 14	Paid rent by Cheque	5,000

27. Journalise the following transactions

2013		Amount (Rs)
Mar 1	Raju started business with cash	1,00,000
	Bought goods from Bobby for cash	80,000
13	Sold goods to Gudiya for cash	96,000
14	Bought goods from Rano	12,000
15	Sold goods to Guddu	14,400
26	Received from Guddu	14,000
	Allowed him discount	400

27	Paid Ram cash	11,400
	Discount allowed	600
28	Purchased furniture	20,000
30	Paid office expenses	2,000

Section D

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

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

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

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

29. From the following list of balances extracted from the books of Kumar prepare a trial balance as at 31st March, 2013. The amount required to balance should be entered as capital.

Name of Accounts	Amt (Rs.)	Name of Accounts	Amt (Rs.)
Purchases	3,64,000	Proprietor's Withdrawals	12,000
Stock on 1st April, 2012	70,000	Sundry Debtors	72,000

Sales	8,00,000	Sundry Creditors	24,000
Sundry Expenses	3,000	Bad Debts	2,000
Leasehold Premises	1,00,000	Investment @ 10%	40,000
Freehold Premises	3,60,000	Interest on Investment	4,000
Return Inwards	5,000	Long-term Borrowings	1,20,000
Furniture and Fixtures	58,000	Loan from SBI	1,60,000
Equipment	1,60,000	Interest on Loan	13,000
Repairs to Equipment	1,000	Petty Cash Account	50
Depreciation	16,000	Balance at Bank	6,920
		Stock on 31st March, 2013 (not adjusted)	92,000

30. The following were the balances extracted from the books of Kanta as on March 31, 2013.

Debit Balance	Amount (Rs.)	Credit Balance	Amount (Rs.)
Cash in hand	540	Sales	98,780
Cash at bank	2,630	Return Outwards	500
Purchases	40,675	Capital	62,000
Return inwards	680	Sundry Creditors	6,300
Wages	8,480	Rent	9,000
Fuel and Power	4,730		
Carriage on sales	3,200		
Carriage on purchases	2,040		
Opening stock	5,760		
Building	32,000		
Freehold land	10,000		
Machinery	20,000		
Salaries	15,000		

Patents	7,500		
General expenses	3,000		
Insurance	600		
Drawings	5,245		
Sundry Debtors	14,500		
	1,76,580 =====		1,76,580 =====

Taking into account the following adjustments, prepare Trading and Profit and loss account and Balance Sheet as on March 31, 2013:

- Stock in hand on March 31, 2013, was Rs. 6,800.
- Machinery is to be depreciated at the rate of 10% and patents @ 20%.
- Salaries for the month of March, 2013 amounting to Rs. 1,500 were outstanding.,
- Insurance includes a premium of Rs. 170 on a policy expiring on September 30, 2013.
- Rent receivable Rs. 1,000.

OR

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

Section E

31. Rectify the following errors assuming that suspense account was opened. Ascertain the difference in trial balance.
1. Furniture purchased for Rs.10,000 wrongly debited to purchase account as Rs.4,000.
 2. Machinery purchased on credit from Raman for Rs.20,000 recorded through purchase book as Rs.6,000.
 3. Repair on machinery Rs.1,400 debited to machinery account as Rs.2,400.
 4. Repair on overhauling of secondhand machinery purchased Rs.2,000 was debited to

repair account as Rs200.

5. Sale of old machinery at book value Rs.3,000 was credited to sales account as Rs.5,000.

OR

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

32. On 1.1.2011 Machinery was purchased for Rs 80,000. On 1.7.2012 additions were made to the account of Rs 40,000.

On 31.3.2013 machinery purchased on 1.7.2012 costing Rs 12,000 was sold for Rs 11,000 and on 30.6.2013 machinery purchased on 1.1.2011, costing Rs 32,000 was sold for Rs 26,700. On 1.10.2013 additions were made to the amount of Rs 20,000. Depreciation was provided at 10% p.a. on the Diminishing Balance Method.

Show the Machinery Account for three years from 2011 to 2013 (Year ended 31st December).

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Solution

Section A

1. (b) Recording financial data relating to business operations and classifying it.

Explanation: Book-keeping includes two steps of accounting that are recording and classifying of financial transactions.

2. (b) Book keeping and Accounting

Explanation: Bookkeeping involves only recording and classifying the transactions whereas accounting in addition to these involves summarising, interpreting and communication of end result to the users of accounting.

3. (a) 6000

Explanation: sale - cost will give us the profit i.e. $21000 - 15000 = 6000$

4. (d) Wages paid for building construction

Explanation: Wages paid for building construction is a capital expenditure and it will be added to building Account.

5. (a) Rent Payable

Explanation: Rent Payable is a liability. It is a current Liability.

6. (b) Impact storage media

Explanation: Impact storage media is an internal storage device not a secondary storage device.

7. (d) Rs 12,000 on Dr. side

Explanation:

Jigyasa A/c ... Dr. ... 12,000

To Cash A/c ... 11,500

To Discount Received A/c ... 500

(Amount paid to Jigyasa Rs 11,500 in full settlement of Rs 12,000)

8. (c) Readymade software

Explanation: Readymade softwares are the softwares that are developed not for any specific user but for the users in general. Since, the readymade softwares are for general user, it is not necessary that all the modules of such softwares are of use for every user.

9. Service

10. (d) Journal Proper

Explanation: Goods taken away by the proprietor from the business for his personal use will be recorded in Journal Proper because in the subsidiary book we record only credit nature of the transaction.

11. (d) Sixth

Explanation: Connectivity is being acknowledged as a sixth element of the computer system. The manner in which a particular computer system is connected to others say through telephone lines, microwave transmission, satellite link, etc. is the element of connectivity.

12. (d) Only B

Explanation: Accounting may lead to window dressing.

13. (b) 2,000

Explanation: Income = revenue - expense

= Rs 5000 - Rs 3000

= Rs 2000

14. (a) All of these

Explanation: Business entity concept: According to the business entity concept the unit or entity so identified is treated different and distinct from its owner. And we record the transactions from the point of view of the business. So accordingly the owner is treated as creditors and any capital contributed by him is a liability for the business. Similarly, Proprietor's private expenses are treated as drawing, it is as good as withdrawal of capital and Life insurance premium is treated as drawing as it is on the personal life of the owner and business will not receive any benefit when the owner dies it will be received by the family of the owners. That is why all three options are correct.

OR

(d) From 1st April to 31st March

Explanation: As per the Income Tax Act, the accounting period is from 1st April to 31st March and also call a financial year or fiscal year.

15. (a) received at the time of making the payment

Explanation: A cash discount is received at the time of making the payment. It is allowed to get early payment.

OR

(c) internal liability

Explanation: Capital is an internal liability.

16. Straight Line, Diminishing Balance

17. (b) Assets = Rs 7,85,000, Liabilities = Rs 1,25,000, Capital = Rs 6,60,000

Explanation: Assets = Capital - Liabilities

Assets - Liabilities = Capital

7,85,000 - 1,25,000 = 6,60,000

18. (a) Loss, Rs.5,000

Explanation: Since expenses are more and income hence there is a loss of 5,000 (25,000 - 20,000)

19. (c) All of these

Explanation: AIS (Accounting information System) It helps in storage, processing, summarizing & reporting information about a organization.

20. (c) Personal account

Explanation: Accounts recording transactions with a person or group of persons are known as personal accounts.

Section B

21. **Trading A/c**

Dr		Cr	
Particulars	Amt (Rs.)	Particulars	Amt (Rs.)
To Opening Stock A/c	50,000	By Sales A/c	11,00,000
To Purchases A/c	6,00,000	By Closing Stock A/c	70,000
To Direct Expenses A/c	60,000		
To Gross Profit (Balancing Figure)	4,60,000		
	<u>11,70,000</u>		<u>11,70,000</u>

OR

Total sales = cash sales + credit sales

$$= 29000 + 31000 = 60000$$

Gross Profit = Total Sales - Cost of Goods Sold

$$= \text{Rs. } 60000 - \text{Rs. } 52,000$$

Gross profit for the year = Rs. 8,000

Net Profit = Gross Profit - Indirect Expenses

$$= \text{Rs. } 8,000 - \text{Rs. } 6,700$$

Net profit for the year = Rs. 1,300

22. i. This system fails to ascertain actual profits if there are errors of principle in the records;
- ii. A mistake committed at the time of journalizing or omission of a transaction from Journalising cannot be disclosed under this system;
- iii. It ignores price level changes as a change in price level makes analysis of financial statements of different accounting years invalid.

OR

Cost accounting is the branch of accounting that deals with recording costs with the objective of ascertaining, reducing, and controlling cost. The purpose of cost accounting is to analyse the expenditure, so as to ascertain the cost of various products manufactured by the firm and fix the prices. It includes the accounting procedures relating to the recording of all income and expenditure and preparing the periodical statement of costs and reports. The information provided by cost accounting is helpful in determining the prices of products and services, exercising control over the cost being incurred through estimating the standard cost in advance and comparing with actual costs.

Section C

23. **Software**

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

The types of software are as follows :

- i. **Utility Software** : It is a set of computer programs which are used to perform certain

supporting operations in a computer. Most utility softwares are highly specialised and designed to perform only a single task or a small range of tasks.

- ii. **Application Software** : A user oriented program which is designed for performing certain jobs, such as accounting, word processing, recreation etc is known as application software. Ex: Tally etc.
- iii. **Language Processors** : This is a software which is used as an interpreter or translator to convert a program language to machine language, i.e. a language that a computer can understand. Ex : C, C++ etc.

24.

X's JOURNAL

Date	Particulars		L/F	Debit Amount (Rs)	Credit Amount (Rs)
2013					
Jan 1	Bills Receivable A/c To Y's A/c (Being the acceptance received)	Dr		15,000	15,000
Jan 11	Z's A/c To Bills Receivable A/c (Being the bill endorsed to Z)	Dr		15,000	15,000
Apr 4	Y's A/c To Z's A/c (Being the bill dishonoured and noting charges paid by Z)	Dr		15,300	15,300
	Total			45,300 =====	45,300 =====

Y's JOURNAL

Date	Particulars		L/F	Debit Amount (Rs)	Credit Amount (Rs)
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2013					
Jan 1	X's A/c To Bills Receivable A/c (Being the bill endorsed to Z)	Dr		15,000	15,000
Apr 4	Bills Payable A/c Noting Charges A/c To X's A/c (Being the bill dishonoured and noting charges paid)	Dr Dr		15,000 300	15,300
	Total			30,300 =====	30,300 =====

Z' JOURNAL

Date	Particulars		L/F	Debit Amount (Rs)	Credit Amount (Rs)
2013					
Jan 11	Bills Receivable A/c To X's A/c (Being a bill received from X)	Dr		15,000	15,000
Apr 4	X's A/c To Bills Receivable A/c To Cash A/c (Being the bill dishonoured and noting charges paid)	Dr		15,300	15,000 300
	Total			30,300 =====	30,300 =====

25.

Trading Account for the year ended 31st March, 2013

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02-Apr-14	To Sales A/c		30,000	_____	04-Apr-14	By Salaries A/c		5,000	_____
08-Apr-14	To Cash A/c	C	_____	10,000	08-Apr-14	By Bank A/c	C	10,000	_____
24-Apr-14	To Cheque in Hand A/c		_____	19,800	12-Apr-14	By Ram Lal's A/c		9,750	_____
					25-Apr-14	By Drawings		_____	500
					28-Apr-14	By Rent		_____	5,000
30-Apr-14	By Balance c/d			10,700	30-Apr-14	By Balance c/d		55,250	
			80,000	40,500				80,000	40,500

27.

**In the books of _____
Journal**

Date	Particulars		J.F.	Debit Amount (Rs)	Credit Amount (Rs)
01, March, 2013	Cash A/c To Capital A/c (Being business started with cash)	Dr		1,00,000	1,00,000
01, March,	Purchase A/c To cash A/c	Dr		80,000	80,000

2013	(Being goods bought in cash)				
13, March, 2013	Cash A/c To Sales A/c (Being goods sold for cash)	Dr		96,000	96,000
14, March, 2013	Purchase A/c To Rano's A/c (Being goods purchased from Rano)	Dr		12,000	12,000
15, March, 2013	Guudu's A/c To Sales A/c (Being goods sold to Guddu)	Dr		14,400	14,400
26, March, 2013	Cash A/c Discount Allowed A/c To Guddu's A/c (Being cash received from Guddu and discount allowed)	Dr Dr		14,000 400	14,400
27, March, 2013	Ram's A/c To Cash A/c To Discount received A/c (Being cash paid to ram and discount received from him)	Dr		12,000	11,400 600
28, March, 2013	Furniture A/c To Cash A/c (Being furniture purchased)	Dr		20,000	20,000
30, March, 2013	Office Expenses A/c To Cash A/c (Being office expenses paid)	Dr		2,000	2,000
	Total			3,50,800 =====	3,50,800 =====

Section D

28.

STATEMENT OF PROFIT OR LOSS

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

STATEMENT OF AFFAIRS**as at 1st April, 2012**

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

STATEMENT OF AFFAIRS**as at 31st March, 2013**

Liabilities	Rs.	Assets	Rs.
Creditors	32,000	Cash	18,000
Loan	25,000	Bank	33,000
Capital	1,08,000	Debtors	25,000
(balancing figure)		Stock	60,000

		Fixed Assets	29,000
	1,65,000		1,65,000

Notes :

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

29. The Trial Balance of Kumar will be prepared in the following manner:

Trial Balance of Kumar

as on 31st March, 2013

Name of Accounts	LF	Dr. Balance (Rs.)	Cr. Balance (Rs.)
Purchases		3,64,000	
Opening Stock (on 1st April,2012)		70,000	
Sales			8,00,000
Sundry Expenses		3,000	
Leasehold Premises		1,00,000	
Freehold Premises		3,60,000	
Return Inwards		5,000	
Furniture and Fixtures		58,000	
Equipment		1,60,000	
Repairs to Equipment		1,000	
Depreciation		16,000	
Proprietor's Withdrawals (Drawings)		12,000	
Sundry Debtors		72,000	
Sundry Creditors			24,000

Bad Debts		2,000	
Investment @10%		40,000	
Interest on Investments			4,000
Long-terms Borrowings			1,20,000
Loan form SBI			1,60,000
Interest on Loan		13,000	
Petty Cash Account		80	
Balance at Bank		6,920	
Capital (Balancing Figure)			1,75,000
Total		12,83,000	12,83,000

The value of Closing Stock is Rs.92,000

Note: The Closing Stock is shown outside the Trial Balance because it has not been adjusted from Purchases.

30.

Books of Kanta
Trading and Profit and Loss Account
for the year ended March 31, 2013

Particulars		Amount (Rs)	Particulars		Amount (Rs)
Opening Stock		5,760	Sales	98,780	
Purchases	40,675		Less Return Inwards	680	98,100
Less Return outwards	(500)	40,175	Closing Stock		6,800
Wages		8,480			
Fuel and Power		4,730			
Carriage on purchase		2,040			
Gross profit c/d		43,715			

		1,04,900 =====			1,04,900 =====
Salaries	15,000		Gross Profit b/d		43,715
Add Outstanding	1,500	16,500	Rent	9,000	
Carriage		3,200	Add Accrued Rent	1,000	10,000
General Expenses		3,000			
Insurance	600				
Less Prepaid	85	515			
Depreciation: Machinery	2,000				
Patent	1,500	3,500			
Net Profit		27,000			
		53,715 =====			53,715 =====

Balance Sheet
as on March 31, 2013

Liabilities		Amount Rs.	Assets		Amount Rs
Sundry creditors		6,300	Cash in Hand		540
Salary Outstanding		1,500	Cash at Bank		2,630
Capital	62,000		Sundry Debtors		14,500
Add Net Profit	27,000		Insurance Prepaid		85
	89,000		Stock		6,800
Less Drawings	5,245	83,755	Rent Accrued		1,000
			Freehold Land		10,000
			Building		32,000

			Machinery	20,000	
			Less Depreciation	2,000	18,000
			Patents	7,500	
			Less Depreciation	1,500	6,000
		91,555 =====			91,555 =====

OR

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	

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% = 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

Section E

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

Journal					
Date	Particulars		LF	Dr. (₹)	Cr.(₹)
	Furniture A/c	Dr.		10,000	
	To Purchases A/c				4,000
	To Suspense A/c				6,000
	(Being purchase of furniture for ₹10,000 entered wrongly in the purchase book as ₹4,000, now rectified)				
	Machinery A/c	Dr.		20,000	
	To Purchases A/c				6,000
	To Raman				14,000
	(Being purchase of machinery for ₹20,000 on credit from Raman , wrongly entered in the purchase book as ₹6,000, now rectified)				

Repairs A/c	Dr.	1,400	
Suspense A/c	Dr.	1,000	
To Machinery A/c			2,400
(Being payment for the repairs of a machinery for ₹1,400 were wrongly debited to machinery account as ₹2,400, now rectified)			
Machinery A/c	Dr.	2,000	
To Repairs A/c			200
To Suspense A/c			1,800
(Being payment for the overhauling of secondhand machinery for ₹2,000 at the time of purchase, wrongly debited to repairs account as ₹ 200, now rectified)			
Sales A/c	Dr.	5,000	
To Machinery A/c			3,000
To Suspense A/c			2,000
(Being proceeds from sale of machinery for ₹3,000, wrongly credited to the sales account as ₹5,000, now rectified)			

Suspense Account

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

OR

In the books of "A"
Journal

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

In the books of "B"
Journal

Date	Particulars		L/F	(Rs.)	(Rs.)
10/07/18	Purchase A/c	Dr.		35,000	
	Input IGST A/c (8%)	Dr.		6,300	
	To A's A/c				41,300
	(Being goods purchased from A.)				
10/07/18	A's A/c	Dr.		41,300	
	To Bank A/c				35,000
	To B/P A/c				6,300
	(Being bill accepted and balance paid by cheque)				

13/10/18	B/P A/c	Dr.		35,000	
	To Cash/Bank a/c				35,000
	(Being bill paid on due date.)				

In the books of "C"
Journal

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

32.

In the Books of ...
Machinery Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount (Rs)	Date	Particulars	J.F.	Amount (Rs)
1.1.11	To Bank A/c (M1)		80,000	31.12.11	By Depreciation A/c (M1)		8,000
				31.12.11	By Balance c/d		72,000
			80,000				80,000
1.1.12	To Balance b/d		72,000	31.12.12	By Depreciation A/c		
1.7.12	To Bank A/c (M2)		40,000		(M1)	7,200	
					(M2)	2,000	9,200

				31.12.12	By Balance c/d		
					(M1)	64,800	
					(M2)	38,000	1,02,800
			1,12,000				1,12,000
1.1.13	To Balance b/d			31.3.13	By Depreciation A/c		285
	(M1)	64,800		31.3.13	By Bank A/c (Sales)		11,000
	(M2)	38,000	1,02,800	31.3.13	By Profit & Loss A/c (Loss on sale)		115
30.6.13	To Profit & Loss A/c (Profit on Sale)		2,076	30.6.13	By Depreciation A/c		1,296
1.10.13	To Bank A/c (M3)		20,000	30.6.13	By Bank A/c (Sale of machinery)		26,700
				31.12.13	By Depreciation A/c		
					(M1)	3,888	
					(M2)	2,660	
					(M3)	500	7,048
				31.12.13	By Balance c/d		78,432
			1,24,876				1,24,876
1.1.14	To Balance b/d		78,432				

Working Notes:

S. No.	Particular	Amount (Rs)

1.	Depreciation on Rs. 40,000 for 6 months = $40,000 \times \frac{10}{100} \times \frac{6}{12}$ =	2,000
2.	Cost of Machinery (1.7.2012)	12,000
	Less: Depreciation for 6 months (Value on 1.1.2013)	600
		11,400
	Depreciation for 3 months = $11,400 \times \frac{10}{100} \times \frac{3}{12}$ = Rs 285	
3.	Loss on Sale of Machinery cost on 1.1.2013 (12,000 - 600)	11,400
	Less: Depreciation (for 3 months)	285
	Net Value of assets on 1.3.2013	11,115
	Less: Sale Price of machinery	11,000
	Loss on Sale of machinery	115
4.	Cost of Machinery (1.1.2011)	32,000
	Less: Depreciation Cost on 1.4.2012	3,200
		28,800
	Less: Depreciation Cost on 1-4-2013	2,880
		25,920
	For 6 Months ($25,920 \times \frac{10}{100} \times \frac{6}{12}$)	(1,296)
	Value of machinery on 30.6.2013	24,624
5.	Sale Price of machinery	26,700
	Less: Cost Price of machinery as on 30.6.13	24,624
	Profit on Sale of machinery	2,076

6.	Depreciation on 1st Machinery: Cost (1.1.2013)	64,800
	(-) Cost of Machinery sold as on 1.1.2013	25,920
	Balance of machinery	38,880
	Depreciation = $38,880 \times \frac{10}{100} = \text{Rs } 3,888$	
7.	Depreciation on 2nd Machinery:	
	Cost of machinery on (1.1.2013)	38,000
	(-) Cost of Machinery sold	11,400
	Book value of machinery	26,600
	Depreciation = $26,600 \times \frac{10}{100} = \text{Rs } 2,660$	
8.	Depreciation on 3rd Machinery: $20,000 \times \frac{10}{100} \times \frac{3}{12} = \text{Rs } 500$	