

**CBSE**  
**Class XI Accountancy**

**Questions**

**Time: 3 hours**

**Max. Marks: 90**

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**General Instructions:**

1. All questions are **compulsory**.
  2. Show your working notes clearly.
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1. Why non-cash expenditure such as depreciation is not shown in the Receipts and Payments Account? [1]
2. Why are the rules for debit and credit same for both liabilities and capital? [1]
3. Dr. Khan, a retired army doctor running his own clinic has been advised by his accountant to follow accrual basis of accounting instead of currently followed cash basis of accounting. What will be your advice? [1]
4. Define revenue. [1]
5. Nikhil sold 500 yoga mats to Kalyan Sports @ 400 each less 25% Trade discount and 2% cash discount if Kalyan Sports pays the amount in 15 days. Kalyan Sports paid the amount on 10<sup>th</sup> day. What will be the amount with which sales account should be credited by Nikhil on the date of sale? [1]
6. Name any two source documents. [1]
7. In 2016-17, the subscriptions received were ₹42,000. These subscriptions include ₹600 for 2015-16 and ₹800 for 2017-18. On March 31, 2017, the subscriptions due but not received were ₹1,000. The corresponding amount on April 01, 2016 was ₹1, 200. What amount should be credited to the Income and Expenditure Account as subscriptions for the year 2015-17? [3]
8. Calculate amount of stationery to be recorded in income and expenditure A/c for the year ending 31.03.2017: [3]  
Stock on 01.04.2016 ₹8,400  
Creditors on 01.04.2016 ₹9,000  
Advance paid for stationery on 01.04.2016 ₹6,000  
Stock on 31.03.2017 ₹5,000  
Creditors on 31.03.2017 ₹3,600  
Advance paid for stationery on 31.03.2017 ₹5,600  
Amount paid for stationery during the year ₹37,000
9. On which side will the decrease in the following accounts be recorded? Also, mention the nature of the account. [3]  

(i) Adi (Proprietor)	(iv) Salary Outstanding A/c
(ii) Freight A/c	(v) Jay (Supplier)
(iii) Cartage A/c	(vi) Karan (Customer)
10. Give two Difference between Gross Profit and Net Profit. [3]
11. Journalise the following transaction in the books of Ajay: [3]

1. Received from Vijay ₹50,000 by cheque allowed him discount of ₹2,000.
  2. Purchased goods costing ₹30,000 against Cheque and availed discount of 3%.
  3. Sold goods of ₹21,000 against cash and availed discount of 3%.
12. A firm purchased a machinery for ₹6,60,000 on 1<sup>st</sup> April 2016 and ₹40,000 is spent on its installation. Its useful life is estimated to be of 10 years. Its estimated realisable or scrap value at the end of the period was estimated at ₹20,000. Find out the amount of annual Depreciation and rate of Depreciation. [3]
13. Pass the necessary journal entries to rectifying the following errors: [4]
- (i) A credit sale of ₹500 to Ramesh omitted to be recorded in the books
  - (ii) A credit sale of old furniture to Suresh for ₹500 omitted to be posted
  - (iii) Goods (Cost ₹1,000, Sale Price ₹1,100) taken away by the proprietor were not recorded anywhere
  - (iv) Goods (Cost ₹2,000, Sale Price ₹2,100) distributed as free samples among prospective customers were not recorded anywhere
14. From the following information, prepare Trading Account for the year ended 31<sup>st</sup> March, 2017:  
Adjusted Purchases ₹4,40,000; Sales ₹5,64,000; Closing Stock ₹45,600; Freight and Carriage Inwards ₹5,400; Wages ₹5,000; Freight and Cartage Outwards ₹4,000 [4]
15. Correct the following Trial Balance: [4]
- | Debit Balance    | ₹             | Credit Balance    | ₹             |
|------------------|---------------|-------------------|---------------|
| Opening Stock    | 10,260        | Debtors           | 4,500         |
| Returns Outward  | 4,800         | Carriage outwards | 1,500         |
| Salaries         | 3,600         | Capital           | 16,560        |
| Creditors        | 8,400         | Machinery         | 5,400         |
| Bank             | 13,500        | Returned Inward   | 900           |
| Carriage Inwards | 1,800         | Discount Received | 1,200         |
| Rent Received    | 900           | Trade Expenses    | 1,800         |
| Discount Allowed | 600           | Sales             | 42,000        |
| Purchases        | 30,000        | Building          | 6,000         |
| Bill Payable     | 6,000         |                   |               |
|                  | <b>79,860</b> |                   | <b>79,860</b> |
16. On 01.04.2016 the position of Rakesh was as under: [4]  
Loan from friend ₹20,000, Cash ₹24,000, Bank ₹50,000, Stock ₹8,000, Debtors ₹36,000, Furniture ₹16,000, Creditors ₹16,000.  
His position on 31.03.2017 was as under:  
Cash ₹5,000, Bank ₹9,600, Stock ₹15,000, Debtors ₹38,400, Furniture ₹19,200, Creditors ₹15,000.  
During the year he repaid 50% of his friend's Loan and withdrew ₹2,400 per quarter for domestic use. Find profit or Loss after providing 10% depreciation on furniture and write off ₹1,200 and create a provision of 5% on debtors.
17. Explain Money measurement concept in brief. Also mention two values considered by businessman by following this concept. [4]
18. For the mutual accommodation of Rushi and Shashi on 1<sup>st</sup> April 2017, Rushi draw a four months bill on Shashi for ₹4,000. Shashi returned the bill after acceptance of the same date. Rushi discounts the bill from his bankers @6% per annum and remit 50% of the proceed to Shashi. On due date Rushi is unable to send the amount due and therefore Shashi draws a bill for ₹7,000, which is duly accepted by Rushi. Shashi discounts the bill for ₹6,600 and sends ₹1,300 to Rushi. Before the bill is due for payment Rushi becomes insolvent. Later 25 paise in a rupee received from his estate.  
Pass the journal entries in the books of Rushi. [6]

19. Enter the following transactions in proper Subsidiary Books of Raja:

[6]

2017	Particulars	₹
Jan 1	Sold goods to Ravi	5,250
	Bought of Harish	7,800
Jan 2	Ravi returned goods	750
	Sold to Dina Nath	5,500
Jan 2	Purchased goods from Mangal	7,000
Jan 4	Returned goods to Mangal	1,000
Jan 4	Bought of Devi Dayal	3,250
Jan 4	Sold to Zakir Hussain	3,500
Jan 5	Zakir Hussain returned goods	450
Jan 6	Sold to Ram Saran	5,000
Jan 6	Sold to Ghanshyam	3,000
Jan 7	Ram Saran returned goods	5,00
Jan 7	Bought of Devi Dayal	7,000
Jan 8	Returned goods to Devi Dayal	750
Jan 9	Purchased goods from Raghu Nath subject to a trade discount of 10%	10,000
Jan 10	Sold to Raja Ram goods subject to trade discount of 5%	5,000

20. On comparing the Cash Book of Mr. Amar with the Bank Pass Book, the following discrepancies were noted: [6]

- Out of ₹20,500 paid in cash and by cheques into the bank on 27th March, cheque amounting to ₹7,500 were collected on 7th April.
- Cheque and cash amounting to ₹4,800 were deposited in bank on 26th March but credit was given for ₹3,800 only.
- Out of cheques amounting to ₹7,800 drawn on 26th March a cheque for ₹2,500 was encashed on 3rd April.
- Cheques issued to creditor amounting to ₹20,000 on 25th March of which cheques worth ₹3,000 were presented to bank up to 31st March.
- A cheque for ₹1,000 entered in Cash Book but omitted to be banked on 31st March.
- A cheque for ₹600 deposited into bank but omitted to be recorded in Cash Book and was collected by the bank on 30th March.
- A bill receivable for ₹520 previously discounted (Discount ₹20) with the bank had been dishonoured but advice was received on 1st April.
- A bill for ₹10,000 was retired/paid by the bank under a rebate of ₹150 but the full amount of the bill was credited in the bank column of the Cash Book.
- A cheque of ₹1,080 credited in the Pass Book on March 28 being dishonoured is debited again in the Pass Book on 1st April. There was no entry in the Cash Book about the dishonour of the cheque until 15th April.
- A cheque of ₹200 drawn on his Saving Deposit Account has been shown as drawn on Current Account in Cash Book.

Prepare a Bank Reconciliation Statement as at 31st March if the Balance as per Cash Book on 31st March was ₹39,570.

21. Following information is supplied to you by a shopkeeper:

[6]

	1st April, 2016 (₹)	31st March, 2017 (₹)
Cash	6,000	7,000
Sundry Debtors	68,000	64,000
Stock	59,000	87,000
Furniture	15,000	13,500

Sundry Creditors	20,000	18,000
Bills Payable	15,000	11,000

During the year the shopkeeper withdrew ₹2,500 per month for domestic purposes. He also borrowed from a friend at 9% a sum of ₹20,000 on 1st October, 2016. He has not yet paid the interest. A provision of 5% on debtors for doubtful debts is to be made.

Ascertain the profit or loss made by him during the period.

22. On 1<sup>st</sup> April, 2011, X Ltd purchased a machinery for ₹58,000 and spent ₹2,000 on its erection. On 1<sup>st</sup> Oct. 2011 an additional machinery costing ₹20,000 was purchased. On 1<sup>st</sup> Oct. 2013 the machine purchased on 1<sup>st</sup> April 2011 was sold for ₹28,600 and on the same date, a new machine was purchased at a cost of ₹40,000.

Show the Machinery Account for the first four years ending 31<sup>st</sup> March as per Written Down Value Method taking the rate of depreciation at 10% p.a. [6]

23. Following is the Trial Balance of Aaditya Ltd. as on 31st March, 2017. You are required to prepare Final Accounts: [8]

	Dr. ₹	Cr. ₹
Sundry creditors		63,000
Sundry debtors	1,45,000	
Capital		7,10,000
Drawings	52,450	
Insurance	6,000	
General expenses	30,000	
Salaries	1,50,000	
Patents	75,000	
Machinery	2,00,000	
Freehold land	1,00,000	
Building	3,00,000	
Stock on 1.4.2016	57,600	
Carriage on purchases	20,400	
Carriage on sales	32,000	
Fuel and power	47,300	
Wages	1,04,800	
Returns outwards		5,000
Return inwards	6,800	
Sales		9,87,800
Purchases	4,06,750	
Cash at bank	26,300	
Cash in hand	5,400	
	17,65,800	17,65,800

Following adjustments are to be made:

1. Stock on 31st March, 2017 was valued at ₹68,000.
2. A Provision for Doubtful Debts is to be created to the extent of 5% on Debtors.
3. Depreciate Machinery by 10%. Patents by 20%.
4. Wages include a sum of ₹20,000 spent on the erection of a cycle shed for employees and customers.
5. Salaries for the month of March 2017, amounted to ₹15,000 were unpaid.
6. Insurance includes a premium of ₹1,700 on a policy expiring on 30<sup>th</sup> September, 2017.

24. Given below is the Receipts and Payments Account of a Sakshi club for the year ended 31<sup>st</sup> March, 2017:[8]

**Receipts And Payments Account**

Dr.			Cr.
Receipts	₹	Payments	₹
To Balance b/d	1,02,500	By Salaries	60,000
To Subscription:		By Expenses	7,500
2015-16                      4,000		By Drama Expenses	45,000
2016-17                      2,05,000		By Newspapers	15,000
2017-18                      6,000	2,15,000	By Municipal Taxes	4,000
To Donations	54,000	By Charity	35,000
To Proceeds of Drama			
Tickets	95,000	By Investments	2,00,000
To Sale of Waste Paper	4,500	By Electricity Charges	14,500
		By Balance c/d	90,000
	4,71,000		4,71,000

Prepare club's Income and Expenditure Account for the year ended 31<sup>st</sup> March, 2017 and Balance Sheet as at that date after taking the following information into account:

- (i) There are 5,000 members, each paying an annual subscription of ₹50, ₹5,000 are still in arrears for the year 2015-16.
- (ii) Municipal Taxes amounted to ₹4,000 per year have been paid up to 30<sup>th</sup> June and ₹5,000 are outstanding of salaries.
- (iii) Building stands in the books at ₹5,00,000.
- (iv) 6% interest has accrued on investments for five months.

**CBSE**  
**Class XI Accountancy**

**Solutions**

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**Answer 1**

Receipts and Payments Account prepared by Not for Profit Organisations is based upon Cash basis of accounting. Accordingly, non cash expenditure is not shown in Receipts and Payments Account.

**Answer 2**

The rules for debit and credit are same for both liabilities and capital because business and the owner both are considered as separate entities as per the business entity concept.

**Answer: 3**

Cash Basis of Accounting records a transaction based upon inflow and outflow of cash. And as far as business of Dr. Khan is concerned, he is in a profession where he receives his fees immediately after providing the consultation services. Accordingly, the currently followed cash basis of accounting is good to follow.

**Answer 4**

Revenue is an amount earned as a result of sale of goods or rendering of services. It is sum of cash and credit sales.

**Answer 5**

It would be recorded with Rs 1,50,000 (Gross Amount *less* Trade Discount)

The entry to record this sale would be:

- (i) On the date of Sale:
- |                   |     |          |          |
|-------------------|-----|----------|----------|
| Kalyan Sports A/c | Dr. | 1,50,000 |          |
| To Sales A/c      |     |          | 1,50,000 |
- (ii) On the date of receipt of amount
- |                      |     |          |          |
|----------------------|-----|----------|----------|
| Cash A/c             | Dr. | 1,47,000 |          |
| Discount Allowed A/c | Dr. | 3,000    |          |
| To Kalyan Sports A/c |     |          | 1,50,000 |

**Answer 6**

- (i) Cash Memo  
(ii) Invoice

**Answer 7**

Statement showing computation of amount of subscriptions to be credited to Income and Expenditure Account:

Particulars	₹
Subscriptions received during 2016-17	42,000
Add: Subscriptions due for year 2016-17	400
Less: Subscriptions for year 2015-16	600
Less: Received in Advance for 2017-18	800
Subscriptions for 2016-17 to be credited to the Income & Expenditure Account.	41,000

**Working Note:**

Subscription due but not received as at march 31, 2017: ₹1,000\*

\*includes subscriptions due not received for year 2015-16, i.e. ₹600 [1,200 (Due) – 600 (Received in 2015-16)].

Therefore, subscriptions due for year 2016-17 amounted to ₹400 (1,000 – 600).

### Answer 8

Amount to be recorded in Income & Expenditure A/c:

Particulars	Amount (₹)
Amount paid for stationery	37,000
Add: stock (31.03.16)	8,400
Less : stock(31.03.17)	5,000
Add: advance (31.03.16)	6,000
Less : advance(31.03.17)	5,600
Less : outstanding(31.03.16)	9,000
Add : outstanding(31.03.17)	3,600
Amount to be recorded in Income & Expenditure A/c	<b>35,400</b>

### Answer 9

Name of Accounts	Consequence of decrease	Nature of Account
(i) Adi (Proprietor)	Debit	Capital
(ii) Fright A/c	Credit	Expense
(iii) Cartage A/c	Credit	Expense
(iv) Salary Outstanding A/c	Debit	Liability
(v) Jay (Supplier)	Debit	Liability
(vi) Karan (Customer)	Credit	Asset

### Answer 10

Gross Profit	Net Profit
1. It does not include any income from other sources.	It may include any income from other sources.
2. Gross Profit = Sales – Cost Goods Sold	Net Profit = Gross Profit – All other Incomes – Indirect Expenses and Losses

### Answer 11

#### In the books of Ajay Journal

Sr. No.	Particulars	L.F.	Debit (₹)	Credit (₹)
1.	Bank A/c Dr. Discount Allowed A/c Dr. To Vijay A/c (Being the cheque received from Vijay and allowed discount)		48,000 2,000	50,000
2.	Purchased A/c Dr. To Bank A/c To Discount Received A/c (30,000 × 3%) (Being the goods purchased against cheque and discount availed.)		30,000	29,100 900
3.	Cash A/c Dr. Discount Allowed A/c (21,000 × 3%) Dr. To Sales A/c (Being the goods sold against cash allowing 3% discount.)		20,370 630	21,000

**Answer 12****Calculation of the amount of Depreciation**

$$\begin{aligned}\text{Depreciation (Amount)} &= \frac{\text{cost of machinery} - \text{Scrap Value}}{\text{No. of years of expected useful life}} \\ &= \frac{(6,60,000 + 40,000) - 20,000}{10} \\ &= 68,000\end{aligned}$$

**Calculation of the Rate of Depreciation**

$$\begin{aligned}\text{Depreciation (Rate)} &= \frac{\text{Amount of Depreciation}}{\text{Cost of Machinery}} \times 100 \\ &= \frac{68,000}{7,00,000} \times 100 \\ &= 9.71\%\end{aligned}$$

**Answer 13****Journal**

Sr. No.	Particulars	L.F.	Debit (₹)	Credit (₹)
(i)	Ramesh's A/c Dr. To Sales A/c (Being a credit sale omitted to be recorded, now recorded)		500	500
(ii)	Suresh's A/c Dr. To Furniture A/c (Being a credit sale of furniture omitted to be posted, now posted)		500	500
(iii)	Drawings A/c Dr. To Purchases A/c (Being goods taken away by the proprietor omitted to be recorded, now recorded)		1,000	1,000
(iv)	Advertisement A/c Dr. To Purchases A/c (Being goods distributed as free samples omitted to be recorded, now recorded)		2,000	2,000

**Answer 14****Trading Account***For the year ended March 31, 2017***Dr.****Cr.**

Particulars	₹	Particulars	₹
To Purchases (Adjusted)	4,40,000	By Sales	5,64,000
To Freight and Carriage Inwards	5,400		
To Wages	5,000		
To Gross Profit c/d (Bal. Fig.)	1,13,600		
	<b>5,64,000</b>		<b>5,64,000</b>

**Note :**

- Freight and Carriage Outwards are not a Direct Expense. Thus, it is not recorded in the trading Account.



2. Adjusted Purchases = Opening Stock + Net Purchases – Closing Stock  
Therefore, Closing Stock (₹45,600) is not considered while preparing Trading Account.

### Answer 15

#### Corrected Trial Balance

Trial Balance			
Debit Balances	₹	Credit Balances	₹
Opening Stock	10,260	Creditors	8,400
Returns Inwards	900	Rent Received	900
Salaries	3,600	Bills Payable	6,000
Bank	13,500	Capital	16,560
Carriage Inward	1,800	Return Outwards	4,800
Discount Allowed	600	Discount Received	1,200
Purchases	30,000	Sales	42,000
Debtors	4,500		
Carriage Outwards	1,500		
Machinery	5,400		
Trade Expenses	1,800		
Building	6,000		
	<b>79,860</b>		<b>79,860</b>

### Answer 16

#### Statement of Affairs

as on 31.03.16

Liabilities	Amount (₹)	Assets	Amount (₹)
Loan from friend	20,000	Cash	24,000
Creditors	16,000	Bank	50,000
Capital ( <i>Balancing Figure</i> )	98,000	Debtors	36,000
		Furniture	16,000
		Stock	8,000
	<b>1,34,000</b>		<b>1,34,000</b>

#### Statement of Affairs

as on 31.03.17

Liabilities	Amount (₹)	Assets	Amount (₹)
Creditors	10,000	Cash	5,000
Loan	15,000	Bank	9,600
Capital ( <i>Balancing Figure</i> )	56,080	Debtors	34,200
		Furniture	17,280
		Stock	15,000
	<b>81,080</b>		<b>81,080</b>

#### Statement of Profit or Loss

for the half year ended 31.03.17

Particulars	Amount (₹)
Capital at the end of the year	56,080
Add: Drawings made during the year	9,600
Less: Additional capital introduced during the year	-
Adjusted capital at the end of the year	65,680
Less: Capital in the beginning of the year	98,000
<b>Net Loss</b>	<b>32,320</b>

**Answer 17**

Money measurement Concept: It states that in accountancy only those transactions would be recorded which have some monetary value. If a transaction has kept importance but cannot be expressed in terms of money, it cannot be recorded at all. For instance if manager of a company fell ill and due to his illness company suffered a loss, then his illness being an important factor will not be recorded because it cannot be expressed in terms of money but loss would be recorded.

Honesty and respect for law are the values considered by a businessman while following Money measurement Concept.

**Answer 18**

**In the books of Rushi  
Journal**

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
April 1	Bills receivable A/c Dr. To Shashi A/c (Being acceptance received from Shashi for mutual accommodation)		4,000	4,000
April 1	Bank A/c Dr. Discount A/c (4,000×6%×4/12) Dr. To Bills receivable A/c (Being bill discounted for ₹3,920)		3,920 80	4,000
April 1	Shashi A/c Dr. To Cash A/c To Discount A/c (Being 50% of proceeds remitted to Shashi )		2,000	1,960 40
Aug 1	Shashi A/c Dr. To Bills payable A/c (Being acceptance given to Shashi , being unable to remit the due amount)		7,000	7,000
	Bank A/c Dr. Discount A/c [40× (2,000 + 1,300)/660] Dr. To Shashi A/c (Being amount received from Shashi and discount amount credited to him)		1,300 200	1,500
	Bills payable A/c Dr. To Shashi A/c (Being acceptance to Shashi dishonoured because of insolvency)		7,000	7,000
	Shashi A/c Dr. To Bank A/c (3,500 ×0.25) To Deficiency A/c (Being amount paid @25 paise in a rupee and balance credited to deficiency account as being unable to pay)		3,500	875 2,625

**Answer 19**

**Purchases Book**

Date	Name of Supplier (Account to be credited)	Invoice No.	L.F.	Details ₹	₹
2017					
Jan 01	Harish				7,800
Jan 02	Mangal				7,000
Jan 04	Devi Dayal				3,250
Jan 07	Devi Dayal				7,000
Jan 09	Raghu Nath				9,000
	<b>Purchases A/c</b>	<b>Dr.</b>			<b>34,050</b>

**Sales Book**

Date	Name of Customer (Account to be debited)	Invoice No.	L.F.	Details ₹	₹
2017					
Jan 01	Ravi				5,250
Jan 02	Dina Nath				5,500
Jan 04	Zakir Hussain				3,500
Jan 06	Ram Saran				5,000
Jan 06	Ghanshyam				3,000
Jan 10	Raja Ram				4,750
	<b>Sales A/c</b>	<b>Cr.</b>			<b>27,000</b>

**Purchases Return Book**

Date	Name of Supplier (Account to be debited)	Debit Note No.	L.F.	Details ₹	₹
2017					
Jan 04	Mangal				1,000
Jan 08	Devi Dayal				750
	<b>Purchases Return A/c</b>	<b>Cr.</b>			<b>1,750</b>

**Sales Return Book**

Date	Name of Customer (Account to be credited)	Credit Note No.	L.F.	Details ₹	₹
2017					
Jan 02	Ravi				750
Jan 05	Zakir Hussain				450
Jan 07	Ram Saran				500
	<b>Sales Return A/c</b>	<b>Dr.</b>			<b>1,700</b>

**Answer 20**

**Bank Reconciliation Statement**

*as on 31<sup>st</sup> March*

S. No.	Particulars	+	-
		(₹)	(₹)
	Debit Balance as per Cash Book	39,570	
(i)	Cheque deposited on 27 <sup>th</sup> March but not yet collected till 31 <sup>st</sup> March		7,500
(ii)	Cheques deposited on 26 <sup>th</sup> March but not yet collected till 31 <sup>st</sup> March		1,000
(iii)	Cheques issued on 26 <sup>th</sup> March but not yet presented for payment till 31 <sup>st</sup> March	2,500	
(v)	Cheque issued on 25 <sup>th</sup> March but not yet presented for payment till 31 <sup>st</sup> March	17,000	
(v)	A Cheque entered in Cash Book but not yet banked		1,000
(vi)	A Cheque deposited into bank but not yet entered in Cash Book	600	
(vii)	Discounted BIR dishonoured, not yet entered in Cash Book		520

(viii)	Rebate on bill not entered in cash book	150	
(x)	Cheque drawn on Saving Bank Account but recorded in current Account	200	
	Credit Balance (Overdraft) as per Cash Book (60,020 – 10,020)		50,000
		<b>60,020</b>	<b>60,020</b>

**Note:** (ix) A cheque of ₹1,080 credited in Pass book on March on March 28, later debited in Pass Book on 1<sup>st</sup> April has no effect on Bank Reconciliation Statement as at 31<sup>st</sup> March.

## Answer 21

### Statement of Affairs

As on April 01, 2016

Liabilities	₹	Assets	₹
Sundry Creditors	20,000	Cash	6,000
Bills Payable	15,000	Sundry Debtors	68,000
Capital (Balancing Fig.)	1,13,000	Stock	59,000
		Furniture	15,000
	<b>1,48,000</b>		<b>1,48,000</b>

### Statement of Affairs

As on March 31, 2017

Liabilities	₹	Assets	₹
Sundry Creditors	18,000	Cash	7,000
Bill Payable	11,000	Stock	87,000
9% Loan from Friend 20,000		Furniture	13,500
Add : Interest Outstanding (20,000×9%×6/12) 900	20,900	Sundry Debtors 64,000	
Capital (Balancing Fig.)	1,18,400	Less : 5% Provision for Doubtful Debts (3,200)	60,800
	<b>1,68,300</b>		<b>1,68,300</b>

### Statement of Profit or Loss

For the year end March 31, 2017

Particulars	₹
Capital as on March 31, 2017	1,18,400
Add: Drawings (₹2,500 × 12)	30,000
	1,48,400
Less: Capital as on April 01, 2016	(1,13,000)
<b>Profit made during the year 2016-2017</b>	<b>35,400</b>

## Answer 22

### Machinery Account

Dr.

Cr.

Date	Particulars	J.F.	₹	Date	Particulars	J.F.	₹
<b>2011</b>				<b>2012</b>			
1 April	To Bank A/c			31 Mar	By Depreciation A/c		
	Machinery I*		60,000		Machinery I		6,000
1 Oct	To Bank A/c				Machinery II		1,000
	Machinery II		20,000	31 Mar	By Balance c/d		
					Machinery I		54,000
					Machinery II		19,000

<b>2012</b>			<b>80,000</b>	<b>2013</b>		<b>80,000</b>
1 April	To Balance b/d Machinery I Machinery II		54,000 19,000	31 Mar	By Depreciation A/c Machinery I Machinery II	5,400 1,900
				31 Mar	By Balance c/d Machinery I Machinery II	48,600 17,100
			<b>73,000</b>			<b>73,000</b>
<b>2013</b>				<b>2013</b>		
1 April	To Balance b/d Machinery I Machinery II		48,600 17,100	1 Oct	By Bank A/c (Sale) Machinery I	28,600
				1 Oct	By Depreciation A/c Machinery I (6 months)	2,430
1 Oct	To Bank A/c Machinery III		40,000	1 Oct	By Profit & Loss A/c (loss)	17,570
				<b>2014</b>		
				31 Mar	By Depreciation A/c Machinery II Machinery III	1,710 2,000
				31 Mar	By Balance c/d Machinery II Machinery III	15,390 38,000
			<b>1,05,700</b>			<b>1,05,700</b>
<b>2014</b>				<b>2015</b>		
1 April	To Balance b/d Machinery II Machinery III		15,390 38,000	31 Mar	By Depreciation A/c Machinery II Machinery III	1,539 3,800
				31 Mar	By Balance c/d Machinery II Machinery III	13,851 34,200
			<b>53,390</b>			<b>53,390</b>

\*Machinery I Value = Machinery Value + Erection Charges = ₹58,000 + ₹2,000 = ₹60,000

### Working Note

1.

#### Calculation of Profit or Loss on sale of Machinery I:

Particulars	₹
A. Original cost	60,000
B. Less: Depreciation for first year	(6,000)
C. Book Value (A - B)	54,000
D. Less: Depreciation for Second year	(5,400)
E. Book Value (C - D)	48,600
F. Less: Depreciation up to date of Sale	(2,430)
G. Book Value as on date of Sale (E - F)	46,170
H. Less: Sale Proceeds	(28,600)
I. Loss on Sale (G - H)	17,570

**Answer 23**

**Financial statement of Aaditya Ltd.**  
**Trading Account**  
*For the year ended 31<sup>st</sup> March 2017*

Dr.				Cr.
Particular		₹	Particulars	₹
To Opening Stock		57,600	By Sales	9,87,800
To Purchase	4,06,750		Less: Return Inwards	(6,800)
Less: Return Outwards	(5,000)	4,01,750	By Closing Stock	68,000
To Carriage On Purchase		20,400		
To Fuel and Power		47,300		
To Wages	1,04,800			
Less: Building	(20,000)	84,800		
To Gross Profit c/d (Balancing Fig.)		4,37,150		
		<b>10,49,000</b>		<b>10,49,000</b>

**Profit and Loss Account**  
*For the year ended 31<sup>st</sup> March 2017*

Dr.				Cr.
Particulars		₹	Particulars	₹
To Carriage on Sales		32,000	By Gross Profit b/d	4,37,150
To Depreciation on Machinery		20,000		
To Amortization of Patents		15,000		
To Insurance	6,000			
Less: Prepaid Insurance (1,700×6/12)	(850)	5,150		
To General Expenses		30,000		
To Salaries	1,50,000			
Add: Outstanding Salaries	15,000	1,65,000		
To Provision For Doubtful Debts		7,250		
To Net Profit c/d (Balancing Fig.)		1,62,750		
		<b>4,37,150</b>		<b>4,37,150</b>

**Balance Sheet**  
*as on 31<sup>st</sup> March 2017*

Liabilities		₹	Assets	₹
Capital	7,10,000		Freehold Land	1,00,000
Add: Net profit	1,62,750		Machinery	2,00,000
Less: Drawings	(52,450)	8,20,300	Less: 10% Depreciation	(20,000)
			Patents	75,000
Sundry creditors		63,000	Less: 20% Amortization	(15,000)
Salaries outstanding		15,000		60,000
			Prepaid Insurance	850
			Closing stock	68,000
			Sundry debtors	1,45,000
			Less: provision for doubtful debts	(7,250)
			Building	3,00,000
			Add: Wages	20,000
			Cash in hand	5,400
			Cash at bank	26,300
		<b>8,98,300</b>		<b>8,98,300</b>

**Note:** adjustment no (iv) is Capital expenditure but include in wages. Therefore, ₹20,000 is reduced from Wages and added in Building.

**Answer 24**

**In the books of Sakshi Club**  
**Income and Expenditure Account**  
*for the year ended 31<sup>st</sup> March 2017*

Dr.				Cr.
Expenditure	₹		Income	₹
To Municipal Taxes	4,000		By Subscription (5,000 members × ₹50)	2,50,000
Add: Prepaid in 2015-16	1,000		By Interest Accrued on Investment	5,000
Less: Prepaid in 2016-17	(1,000)	4,000	(2,00,000 × 6/100 × 5/12 )	
To Salaries	60,000		By Profit from Drama: Proceeds	95,000
Add: Outstanding	5,000	65,000	Less: Drama Expenses	(45,000)
To Expenses		7,500	By Sale of Waste Paper	4,500
To Newspapers		15,000	By Donations	54,000
To Charity		35,000		
To Electricity Charges		14,500		
To Surplus (Balancing Fig.)		2,22,500		
		<b>3,63,500</b>		<b>3,63,500</b>

**Balance Sheet**  
*as on 01<sup>st</sup> April 2016*

Liabilities	₹	Assets	₹
Capital Fund (Balancing Fig.)	6,12,500	Subscription Outstanding (4,000+5,000)	9,000
		Municipal Taxes Prepaid	1,000
		Building	5,00,000
		Cash and Bank	1,02,500
	<b>6,12,500</b>		<b>6,12,500</b>

**Balance Sheet**  
*as on 31<sup>st</sup> March 2017*

Liabilities	₹	Assets	₹
Advance Subscriptions	6,000	Subscriptions Outstanding	
Salaries Outstanding	5,000	2016-17 (2,50,000-2,05,000)	45,000
Capital Fund	6,12,500	2015-16 (arrears)	5,000
Add: Surplus	2,22,500	Prepaid Municipal Taxes	1,000
		Building	5,00,000
		Investments	2,00,000
		Add: Accrued Interest	5,000
		Cash at Bank	90,000
	<b>8,46,000</b>		<b>8,46,000</b>