

**CBSE Class 11 Accountancy**  
**Sample Paper 03 (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. Which of the following can be considered as a business transaction?
  - a. Goods are purchased on credit
  - b. Death of a employee
  - c. Appointment of an efficient Manager
  - d. Personal assets sold by owner
2. Which of the following is not an internal user of financial statements?
  - a. Board of Directors
  - b. Lenders
  - c. Employees
  - d. Managers
3. Computer of a firm should be classified as
  - a. Current assets
  - b. Liquid assets
  - c. Fictitious
  - d. Fixed assets
4. Bank overdraft is \_\_\_\_\_.
  - a. none of these
  - b. contingent liability
  - c. long-term liability
  - d. short-term liability

5. Arrange the following sequence of the process of recording the transaction
  - A. Identification of financial transactions
  - B. Application of the rule of debit and credit
  - C. Analysis of transactions
  - D. Recording the Journal
  - a. A, C, B, D
  - b. A, B, C, D
  - c. C, A, B, D
  - d. A, C, D, B
6. Which procedure provides details about the components and their methods of operations?
  - a. Software oriented
  - b. Internal procedure
  - c. Hardware oriented
  - d. None
7. Balancing of account means:
  - a. None of these
  - b. Total of credit side
  - c. Difference in total of debit & credit
  - d. Total of debit side
8. Which of the following is not the feature of computer
  - a. Versatility
  - b. Accuracy
  - c. Unreliable
  - d. High speed
9. Fill in the blanks:  
Internal users of accounting information are \_\_\_\_\_. (management/government)
10. Which of the following is not an advantage of a subsidiary book?
  - a. Division of work
  - b. Leads to specialization
  - c. Quick availability of required information
  - d. Difficult to maintain
11. Following are the advantages of Double entry system except

- a. Compare study
  - b. Minimize fraud
  - c. Can not prepare trail balance
  - d. Check on accuracy
12. Which of the following is not a sub-field of accounting?
- a. Book Keeping
  - b. Management accounting
  - c. Financial accounting
  - d. Cost Accounting
13. Current Liabilities do not include:
- a. Creditors
  - b. Outstanding Expenses
  - c. Debentures
  - d. Bill payables
14. Only those transactions are recorded in the books of accounts which can be expressed in monetary terms. According to:
- a. Business Entity Concept
  - b. Dual Aspect Concept
  - c. Money Measurement Concept
  - d. Cost Concept

OR

According to the Money Measurement Concept:

- A. all transactions and events are recorded.
  - B. all transactions and events which can be estimated in money terms are recorded in the books of account.
  - C. all transactions and events which can be measured in money terms are recorded in the books of account.
- a. Only C is correct
  - b. Only B is correct
  - c. Only A is correct
  - d. None of these
15. Stock is valued at:

- a. cost or market value, whichever is lower
- b. market value
- c. cost or market value, whichever is higher
- d. cost

OR

Posting of entries in the ledger is done from \_\_\_\_\_.

- a. Vouchers
- b. None of these
- c. Balance sheet
- d. Journal

16. Fill in the blanks:

Depreciation represents a \_\_\_\_\_ in the value of fixed assets.

17. 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

18. Identified and measured accounting events should be recorded in which order:

- a. Any order
- b. Horizontal
- c. None of these
- d. Chronological order

19. Printer in which the head of the printer touches the paper during printing are known as

- a. Impact printers
- b. Both
- c. Non impact printers
- d. None

20. Credit means:

- a. an increase in liability
- b. a decrease in liability
- c. a decrease in proprietor's equity



d. an increase in asset

### Section B

21. Operating profit earned by M/s Arora & Sachdeva in 2013-14 was Rs. 17,00,000. Its non-operating incomes were Rs. 1,50,000 and non-operating expenses were Rs. 3,75,000. Calculate the amount of net profit earned by the firm.

OR

What are the objectives of preparing financial statements?

22. Explain accounting as a source of information.

OR

Only financial transactions are recorded in Accounting. Explain.

### Section C

23. In spite of possessing so many capabilities, computers suffer from various limitations. Discuss any three.
24. P draws on Q three bills of exchange for Rs. 15,000, Rs. 12,000 and Rs. 9,000 respectively for goods sold to him on 1st February, 2013. These bills were for a month, 2 months and 3 months, respectively. The first bill was endorsed to his creditor R. The second bill was discounted with his bank on 4th February 2013 @12% per annum discount and the third bill was sent to his bank for collection on 30th April. On the due dates, all the bills were duly met by Q. The bank sent the collection advice for the third bill after deducting Rs. 75 as collection charges. Pass the journal entries in the books of P and Q.
25. From the following information, prepare trading account for the year ended 31st March, 2013

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

26. Cash book is called a book of original entry? Do you agree?
27. Journalise the following transactions

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2013		Amount (Rs)
Jan 1	Paid into bank for opening a current account	10,000
Jan 2	Withdrawn cash for private expenses	500
Jan 3	Withdrawn from bank	1,500
Jan 4	Withdrawn from bank for private use	1,000
Jan 5	Placed in fixed deposit account at bank by transfer from current account	2,500
Jan 10	Goods purchased for Rs.1,250 and amount paid by cheque	

#### Section D

28. 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.

29. From the following information, draw up a trial balance in the books of Shri Parminder Singh as on 31 st March, 2013.

Capital Rs.56,000; purchases Rs.14,400; discount allowed Rs.480; carriage inwards Rs.3,480; carriage outwards Rs.920; sales Rs.24,000; return inwards Rs.120; returns outwards Rs.280; rent and taxes Rs.480; plant and machinery Rs.32,280; stock on 1st April 2012 Rs6,200; sundry debtors Rs.8,080; sundry creditors Rs.4,800; investments Rs.1,440; commission received Rs.720; cash in hand Rs.40; cash at bank Rs4,040; motor cycle Rs.13,840 and stock on 31st March, 2012 (not adjusted) Rs.8,200.

30. The following are the balances as at 31st March 2018 extracted from the books of Dass:

	Rs.
Sales	9,20,000
Postage and Courier	6,200
Purchases	6,83,000
Miscellaneous Expenses	9,000
Returns Inward	13,000
Bad Debts	4,000
Returns Outward	22,000
Debtors	2,20,000
Stock on 1st April, 2017	1,76,000
Creditors	1,28,000
Carriage Inwards	24,000
Loan from Sahil	50,000
Rent	22,000
Capital	5,25,000
Discount	37,500
Drawings	19,100
Printing	7,200



Business Premises	3,90,000
Insurance	5,000
Travelling Expenses	14,000
Office Furniture	15,0000

The Stock on 31st March 2018 was Rs.2,40,000

You are required to prepare the Trading A/c, Profit and Loss A/c and Balance Sheet, as at 31st March 2018.

OR

Following are the extracts from the trial balance of a firm as at 31st March, 2013

Name of Accounts	Debit Balance(Rs)	Credit Balance(Rs)
Sundry Debtors	2,05,000	
Bad debts	3,000	
Discount	1,000	

#### **Additional Information**

- Create a provision for doubtful debts @10% on debtors.
- Create a provision for discount on debtors @ 2% on debtors.
- Additional discount given to the debtors Rs 5,000.

Show the effect of these transactions in Final Accounts of the company and also prepare a Balance Sheet as on 31st March,2013.

#### **Section E**

- On going through the trial balance of Vardhman Ltd you find that the debit is in excess by Rs 150. This was credited to suspense account. On a close scrutiny of the books the following mistakes were noticed.
  - The total of debit side of 'expenses account' have been cast in excess by Rs 50.
  - The 'sales account' has been totalled in short by Rs 100.
  - One item of purchase of Rs 25 has been posted from the day book to ledger as Rs 250.



- iv. The sale return of Rs 100 from a party has not been posted to that account though the party's account has been credited.
- v. A cheque of Rs 500 issued to the suppliers' account (shown under sundry creditors) towards his dues has been wrongly debited to the purchases.
- vi. A credit sale of Rs 50 has been credited to the sales and also to the sundry debtors account.
  - a. Pass necessary journal entries for correcting the above.
  - b. Prepare the 'suspense account' as it would appear in the ledger.

OR

A purchases goods worth Rs.6,200 from B and gives him his acceptance for Rs.6,000 in full satisfaction. B purchases goods worth Rs.10,000 from C and endorses the bill to him, paying the balance by cheque. On maturity the bill is dishonoured, noting charges amounted to Rs.100. Give the Journal Entries in the books of A, B and C.

32. A Company purchased on 1st July 2015 machinery costing Rs.30,000. It further purchased machinery on 1st January 2016 costing Rs.20,000 and on 1st October 2016 costing Rs.10,000.

On 1st April, 2017 one third of the machinery installed on 1st July 2015 became obsolete and was sold for Rs.3,000.

The company follows a financial year as the accounting year.

Show how the Machinery Account would appear in the books of company if depreciation is charged 10% p.a. on Written Down Value Method.

**CBSE Class 11 Accountancy**  
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**Solution**

**Section A**

1. (a) Goods are purchased on credit

**Explanation:** Since it is related to business and it is monetary transactions so it is a business transaction and recorded in the books of account.

2. (b) Lenders

**Explanation:** Lenders are not an internal user of financial statements it is an external user.

3. (d) Fixed assets

**Explanation:** fixed assets are those which take a period of more than one year to convert it in to cash so computer will be classified as fixed asset.

4. (d) short-term liability

**Explanation:** Bank overdraft is a short-term liability. It is a type of loan.

5. (a) A, C, B, D

**Explanation:** The procedure for recording of a transaction is first to identify the financial transaction, and then analysis of the transactions which accounts are involved and the rules of debit and credit will be applied and then the journal entry will be passed. Process will be A,C,B & D

6. (c) Hardware oriented

**Explanation:** Hardware oriented procedure provides details about the components and their methods of operations. Several indexing methods are based on bit-matrix representations of clauses in a procedure. They are field encoding, superimposed coding with embedded position and variables, and superimposed coding with external variables.

7. (c) Difference in total of debit & credit

**Explanation:** The balance between the total of debit side and credit side in an account is called "balance". Balancing ascertains the net position of the ledger account. Balancing may be debit or credit.

8. (c) Unreliable

**Explanation:** Computer has some features which are high speed, reliability and accuracy

etc. computer never be unreliable.

9. 1. Management

10. (d) Difficult to maintain

**Explanation:** As different subsidiary books are maintained it becomes convenient in handling and maintaining the books. and thus the above option is not the advantage of the subsidiary book. petty cash book is very simple to maintain.

11. (c) Can not prepare trail balance

**Explanation:** in double entry system trial balance can be made easily.

12. (a) Book Keeping

**Explanation:** Book Keeping is not a subfield of accounting.

13. (c) Debentures

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

14. (c) Money Measurement Concept

**Explanation:** Money Measurement Concept :- According to the money measurement concept, only events and transactions which can be measured in terms of money can be recorded in the books. For example, the manager appointed though important event cannot be recorded in the books of accounts, though salary paid to the manager will be recorded as it can be measured in the books of accounts.

OR

(a) Only C is correct

**Explanation:** According to the Money Measurement Concept, all transactions and events are recorded in the books of account which can be measured in money terms.

15. (a) cost or market value, whichever is lower

**Explanation:** Stock:- Stock is valued at cost or market value, whichever is lower.

OR

(d) Journal

**Explanation:** The first step in accounting is to record the transaction in the journal than from the journal it is posted to the ledger.

16. 1. Fall

2. Diminution



3. Reduction

4. Decrease

17. (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

18. (d) Chronological order

**Explanation:** It is recorded according to the sequence of occurrence i.e., date wise.  
(Chronological order)

19. (a) Impact printers

**Explanation:** Printer in which the head of the printer touches the paper during printing are known as Impact printers. Impact printer refers to a class of printers that work by banging a head or needle against an ink ribbon to make a mark on the paper. This includes dot-matrix printers, daisy-wheel printers, and line printers.

20. (a) an increase in liability

**Explanation:** A credit is an accounting entry that results in either a decrease in assets or an increase in liabilities.

### Section B

21. Operating Profit = Net Profit + Non-operating Expenses - Non-operating Income

Operating profit (Given) = 17,00,000

Non-operating income = 1,50,000

Non-operating expenses = 3,75,000

Hence, Net profit = 17,00,000 + 1,50,000 - 3,75,000 = Rs. 14,75,000.

OR

The basic objectives of preparing financial statements are:

- i. To present a true and fair view of the financial performance of the business.
- ii. To present a true and fair view of the financial position of the business.

- iii. To enable the stakeholders of the business to get a fair view of the business.
22. Accounting is regarded as the language of business. It is used as a means of communication between a business organization and its shareholders. The accounting process is a source of information, it uses business data and processes it to generate relevant information.

A proper record is maintained of all assets and liabilities to show the value of the firm's possessions and the amount the firm is owing to others at the end of the particular period. With the help of systematic record, the accountant prepares the balance sheet of the firm which provides necessary information about the financial position. The owners came to know about the earnings, expenses, profit and loss, raw material, other goods etc.

Potential investors came to know about the past and present performance of the concern revealed by the accounting statements. Creditors are interested in knowing whether an enterprise can settle its obligations on scheduled dates in time. The government has to collect sales tax, income tax and other taxes from the business. For this, it is necessary to prepare proper accounts.

Accounting information systems typically include the general journal and four types of special journals. These are the sales, cash receipts, cash disbursements, and purchases journals. Information systems also commonly include accounts receivable and accounts payable subsidiary ledgers.

In this way, accounting works as a source of information for owners, management, creditors, employees and government.

OR

Only financial transactions are to be recorded because it is due to Money Measurement Concept, which states that only those transactions are to be recorded in books of accounts which consist of cash. It means that events or transactions, which can be expressed in terms of money, are recorded in the books of accounts. Consequently, those events or transactions which cannot be expressed in terms of money, do not find a place in the books of accounts though they may be very useful for the business. For example, the general health condition of the chairman of the company, working conditions, sales policy, quality of products, labour-management relations, etc. cannot be expressed in monetary terms and, hence, are not recorded in the books. It makes accounting



information more meaningful as accounting entries are supported by facts. Accounting information is free from personal bias and whims of the accountant.

### Section C

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

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

24. **P's JOURNAL**

Date	Particulars		L/F	Debit Amount (Rs)	Credit Amount (Rs)
2015					
Feb 1	Q's A/c To Sales A/c (Being goods sold on credit)	Dr		36,000	36,000
	Bills Receivable (No. 1) A/c Bills Receivable (No. 2) A/c	Dr		15,000	



Feb 1	Bills Receivable (No. 3) A/c To Q's A/c (Being the acceptances received)	Dr Dr	12,000 9,000	36,000
Feb 1	R's A/c To Bills Receivable (No. 1) A/c (Being the bill endorsed in favour of creditor, R)	Dr	15,000	15,000
Feb 4	Bank A/c Discounting Charges A/c To Bills Receivable (No. 2) A/c (Being the bill discounted with the bank)	Dr Dr	11,760 240	12,000
Apr 30	Bills Sent for Collection A/c To Bill Receivable (No. 3) A/c (Being the bill sent to the bank for collection)	Dr	9,000	9,000
May 4	Bank A/c Bank Charges A/c To Bills Sent for Collection A/c (Being the bill collected by the bank and collection charges deducted)	Dr Dr	8,925 75	9,000
	<b>Total</b>		<b>1,17,000</b> =====	<b>1,17,000</b> =====

**Working Note** Calculation of Discount =  $12,000 \times \frac{12}{100} \times \frac{2}{12} = 240$

#### Q's JOURNAL

Date	Particulars	L/F	Debit Amount (Rs)	Credit Amount (Rs)
2015				
Feb 1	Purchases A/c To P's A/c	Dr	36,000	

	(Being the goods purchased on credit)				36,000
Feb 1	P's A/c To Bills Payable (No. 1) A/c To Bills Payable (No. 2) A/c To Bills Payable (No. 3) A/c (Being the acceptances given)	Dr		36,000	15,000 12,000 9,000
Mar 4	Bills Payable (No. 1) A/c To Cash A/c (Being the bill met on maturity)	Dr		15,000	15,000
Apr 4	Bills Payable (No 2) A/c To Cash A/c (Being the bill met on maturity)	Dr		12,000	12,000
May 4	Bills Payable (No. 3) A/c To Cash A/c (Being the bill met on maturity)	Dr		9,000	9,000
	<b>Total</b>			<b>1,08,000</b> =====	<b>1,08,000</b> =====

25.

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

Dr			Cr		
Particulars		Amt (₹)	Particulars		Amt (₹)
To Opening Stock		4,50,000	By Sales		
To Purchases:			Cash Sales	4,80,000	
Cash Purchases	4,50,000		Credit Sales	<u>33,00,000</u>	
Add :Credit Purchases	<u>27,00,000</u>			37,80,000	
	31,50,000		Less : Returns Inward	(60,000)	37,20,000

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

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

26. Yes, since books of original entry refers to the accounting journals in which business transactions are initially recorded. The information in these books is then summarized and posted into a general ledger, from which financial statements are produced. Each accounting journal contains detailed records for the types of accounting transactions pertaining to a specific area.

27. **Journal**

Date	Particulars		L/F	Debit Amount (Rs)	Credit Amount (Rs)
2013					
Jan 1	Bank A/c To Cash A/c (Being the cash deposited into the bank)	Dr		10,000	10,000
Jan 2	Drawings A/c To Cash A/c (Being the cash withdrawn for personal use)	Dr		500	500
	Cash A/c				



Jan 3	To Bank A/c (Being the cash withdrawn for office use)	Dr		1,500	1,500
Jan 4	Drawing A/c To Bank A/c (Being the cash withdrawn from bank for personal use)	Dr		1,000	1,000
Jan 5	Fixed Deposit A/c To Bank A/c (Being fixed deposits withdrawn)	Dr		2,500	2,500
Jan 10	Purchases A/c To Bank A/c (Being the goods purchased and payment made through cheque)	Dr		1,250	1,250
	<b>Total</b>			<b>16,750</b> =====	<b>16,750</b> =====

#### Section D

28. **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	<u>3,960</u>

### 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>

29. The Trial balance in books of shri Parminder Singh will be prepared in the following manner:

### Trial Balance as on 31st March, 2013

Name of Accounts	LF	Dr. Balance (Rs.)	Cr. Balance (Rs.)
Capital			56,000

Capital			50,000
Purchases		14,400	
Discount Allowed		480	
Carriage Inwards		3,480	
Carriage Outwards		920	
Sale			24,000
Return Inwards		120	
Return Outwards			280
Rent and Taxes		480	
Plant and Machinery		32,280	
Stock (1st April, 2012)		6,200	
Sundry Debtors		8,080	
Sundry Creditors			4,800
Investments		1,440	
Commission Received			720
Cash in Hand		40	
Cash at Bank		4,040	
Motor Cycle		13,840	
<b>Total</b>		<b>85,800</b>	<b>85,800</b>

Value of Closing stock is Rs. 82,00

**Note:** Since amount of closing stock is not adjusted from the purchases, it has been shown outside the trial balance.

30.

**TRADING AND PROFIT & LOSS A/C**  
**(for the period ended 31-03-2018)**

Particulars		Rs.	Particulars		Rs.



To Opening Stock		1,76,000	By Sales	9,20,000	
To Purchases	6,83,000		Less : Sale Return	<u>13,000</u>	9,07,000
Less : Purchase Return	<u>22,000</u>	6,61,000	By Closing Stock		2,40,000
To Carriage		24,000			
To Gross Profit		2,86,000			
		<u>11,47,000</u>			<u>11,47,000</u>
To Rent		22,000	By Gross Profit		2,86,000
To Discount Allowed		37,500			
To Printing		7,200			
To Travelling		14,000			
To Insurance		5,000			
To Postage		6,200			
To Miscellaneous Exp.		9,000			
To Bad Debts		4,000			
To Net Profit		1,81,100			
		<u>2,86,000</u>			<u>2,86,000</u>

**BALANCE SHEET**  
(As at 31st March, 2018)

<b>Liabilities</b>		<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Capital	5,25,000		Stock	2,40,000
(-) Drawings	19,100		Office Furniture	15,000
(+) Net Profit	<u>1,81,100</u>	6,87,000	Building	3,90,000

Sahil's Loan		50,000	Debtors	2,20,000
Creditors		1,28,000		
		<u>8,65,000</u>		<u>8,65,000</u>

OR

**Effects on Final Account  
Profit and Loss Account  
for the year ended 31st March, 2013**

<b>Dr</b>				<b>Cr</b>
<b>Particulars</b>		<b>Amt(Rs)</b>	<b>Particulars</b>	<b>Amt(Rs)</b>
To Bad Debts		3,000		
To Provision for Doubtful Debts		20,000		
To Discount	1,000			
(+)Additional Discount	5,000	6,000		
To Provision for Discount on Debtors		3,600		

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

<b>Liabilities</b>	<b>Amt(Rs)</b>	<b>Assets</b>		<b>Amt(Rs)</b>
		Debtors	2,05,000	
		(-)Additional Discount	5,000	
			2,00,000	
		(-)Provision for Doubtful Debts@ 10%	20,000	
			1,80,000	
		(-) Provision for Discount on Debtors @ 2%	3,600	1,76,400

Working notes:

Calculation of provision for doubtful debts

Debtors = 205000 less additional discount of 5000 = 200000

Provision @10%

200000 @ 10% = 20000

Calculation of provision on discount

180000 × 2% = 3600

### Section E

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

#### Journal

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



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

The Suspense Account will be prepared in the following manner:

### Suspense Account

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

OR

### IN THE BOOKS OF B (DRAWER)

### JOURNAL ENTRIES

Date	Particulars		L/F	(Rs.)	(Rs.)
(i)	A's Account	Dr.		6,200	
	To Sales A/c				6,200
	(Being goods sold.)				
(ii)	Bills Receivable A/c	Dr.		6,000	
	Discount Allowed A/c	Dr.		200	
	To A's A/c				6,200

	(Being bill drawn.)				
(iii)	Purchases A/c	Dr.		10,000	
	To C's A/c				10,000
	(Being goods purchased.)				
(iv)	C's Account	Dr.		10,000	
	To Bills Receivable A/c				6,000
	To Bank A/c				4,000
	(Being bill endorsed to C with a cheque of Rs. 4,000.)				
(v)	A's Account	Dr.		6,300	
	To C's A/c				6,100
	To Discount				200
	(Being endorsed bill dishonoured.)				

**IN THE BOOKS OF A  
JOURNAL ENTRIES**

Date	Particulars		L/F	(Rs.)	(Rs.)
(i)	Purchases A/c	Dr.		6,200	
	To B's Account				6,200
	(Being goods purchased.)				
(ii)	B's Account	Dr.		6,200	
	To Bills Payable A/c				6,000
	To Discount Received A/c				200
	(Being bill accepted.)				
(iii)	Bills Payable A/c	Dr.		6,000	
	Nothing Charges A/c	Dr.		100	
	Discount A/c	Dr.		200	

	To B's A/c				6,300
	(Being bill dishonoured.)				

**IN THE BOOKS OF C**  
**JOURNAL ENTRIES**

Date	Particulars		L/F	(Rs.)	(Rs.)
(i)	B's A/c	Dr.		10,000	
	To Sales A/c				10,000
	(Being bill received from B)				
(ii)	B/R A/c	Dr.		6,000	
	Bank A/c	Dr.		4,000	
	To B A/c				10,000
	(Being goods sold.)				
(iii)	B's Account	Dr.		6,100	
	To Bills Receivable A/c				6,000
	To Cash A/c				100
	(Being bill dishonoured and nothing charges paid)				

32.

**MACHINERY ACCOUNT**

Dr.				Cr.			
Date	Particulars	J.F.	Rs.	Date	Particulars	J.F.	Rs.
01.07.15	To Bank A/c		30,000	31.03.16	By Depreciation A/c (W.N.)		2,750
01.01.16	To Bank A/c		20,000		By Balance c/d		47,250
			<b>50,000</b>				<b>50,000</b>
01.04.16	To Balance		47,250	31.03.17	By Depreciation A/c		5,225



	b/d				(W.N.)		
01.10.16	To Bank A/c		10,000		By Balance c/d		52,025
			<b>57,250</b>				<b>57,250</b>
01.04.17	To Balance b/d		52,025	01.04.17	By Cash A/c - Sale		3,000
					By Profit & Loss A/c - Loss		5,325
				31.03.18	By Depreciation A/c (W.N.)		4,370
					By Balance c/d		39,330
			52,025				<b>52,025</b>
01.04.18	To Balance b/d		39,330				

**Working Notes :**

Particulars	Machine I (1/3)	Machine I (2/3)	Machine II	Machine III	Total
Cost	10,000	20,000	20,000	10,000	
Less : Depreciation for 2015-16 @ 10%	<u>-750</u>	<u>-1,500</u>	<u>-500</u>	0	2,750
W.D.V.	9,250	18,500	19,500	10,000	
Less : Depreciation for 2016-17 @ 10%	<u>-925</u>	<u>-1,850</u>	<u>-1,950</u>	<u>-500</u>	5,225
W.D.V.	8,325	16,650	17,550	9,500	
Less : Depreciation for 2017-18 @ 10%	<u>0</u>	<u>-1,665</u>	-1,755	<u>-950</u>	4,370
W.D.V.	8,325	<u>14,985</u>	<u>15,795</u>	<u>8,550</u>	
Less: Sale Value	<u>-3,000</u>				

Loss on sale	5,325				
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Depreciation is calculated by Diminishing value method so it is calculated on balance value of an asset or written down value of asset not on the cost of the asset.

On Machine, I depreciation is calculated for 9 months in the first year and on second machine for 3 months in first year.

On Machine III depreciation is calculated for 6 months in the year of purchase.