



**INDIAN SCHOOL AL WADI AL KABIR  
DEPARTMENT OF COMMERCE**

**SAMPLE PAPER 2 2023-2024**

**ACCOUNTANCY (055)**

**TIME: 3 Hours**

**MARKS: 80**

***General Instructions:***

- 1. All questions are compulsory.***
- 2. Read the questions carefully and attempt all the parts of the questions at one place.***
- 3. Q No. 1 to 20 are MCQ's & short answer questions. While answering the MCQ's questions write the selected option number along with the answer.***
- 4. Q No. 21 to 23 are for 3 marks.***
- 5. Q No. 24 & 25 are for 4 marks.***
- 6. Q No. 26 to 31 are for 6 marks.***
- 7. Q No. 27 is for 7 marks.***

| Q. No. | Questions  |
|--------|--|
| 1.     | If a firm believes that some of its debtors may 'default', it should act on this by making sure that all possible losses are recorded in the books. This is an example of the _____ concept.<br>a. Money measurement concept<br>b. Business Entity Concept<br>c. Prudence Concept<br>d. Consistency concept. |
| 2.     | The fact that a business is separate and distinguishable from its owner is best exemplified by the _____ concept.<br>a. Money measurement concept<br>b. Business Entity Concept<br>c. Prudence Concept<br>d. Consistency concept   |
| 3.     | The management of a firm is remarkably incompetent, but the firms accountants cannot take this into account while preparing book of accounts because of _____ concept<br>a. Money measurement concept<br>b. Business Entity Concept<br>c. Prudence Concept<br>d. Consistency concept                         |

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|-----|---|
| 4.  | <p>Which of the following is not a business transaction?</p> <p>a. Bought furniture of Rs.10,000 for business<br/> b. Paid for salaries of employees Rs.5,000<br/> c. Paid sons fees from her personal bank account Rs.20,000<br/> d. Paid sons fees from the business Rs.2,000</p> |
| 5.  | <p>Which qualitative characteristics of accounting information is reflected when accounting information is clearly presented?</p> <p>a. Understandability<br/> b. Relevance<br/> c. Comparability<br/> d. Reliability</p>   |
| 6.  | <p>Which of the following document will be used by a business when they are returning goods to the supplier as they were defective?</p> <p>a. Invoice<br/> b. Debit Note<br/> c. Credit Note<br/> d. Receipt.</p>   |
| 7.  | <p>Use of common unit of measurement and common format of reporting promotes;</p> <p>a. Comparability<br/> b. Understandability<br/> c. Relevance<br/> d. Reliability</p>   |
| 8.  | <p>Which of the following is documentary evidence that records the details of a transaction and is prepared in a specific format?</p> <p>a. Journal<br/> b. Ledger<br/> c. Voucher<br/> d. All of the above</p>   |
| 9.  | <p>Which of the following statements is not true about a source document?</p> <p>a. A petty cash voucher is a source document<br/> b. A voucher is a source document<br/> c. An invoice is a source document<br/> d. A credit note is a source document</p>                         |
| 10. | <p>Give an example of error of Commission.</p>  |
| 11. | <p>How is cash book both book of final entry &amp; book or original entry.</p>  |

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| 12. | <p>Provision is created by debiting _____.</p> <p>a. Profit and loss account</p> <p>b. Trading account</p> <p>c. Profit and loss appropriation account</p> <p>d. None of the above</p>   |
| 13. | <p>A machine which was purchased for Rs. 40,000 was installed by paying wages Rs. 10,000. It's scrap value at the end of its useful life of 10 years was Rs. 5,000. This machine was sold at the end of the 4<sup>th</sup> year for Rs. 30,000. The gain or loss on sale of machine would be</p> <p>a. Rs. 6,000 loss</p> <p>b. Rs. 6,000 profit</p> <p>c. Rs. 2,000 gain</p> <p>d. Rs. 2,000 loss</p> |
| 14. | <p>Which of the following is not a type of reserve</p> <p>a. Provision for bad debt</p> <p>b. General reserve</p> <p>c. Workmen compensation fund</p> <p>d. Retained earnings</p>  |
| 15. | <p>Dividend Equalisation Reserve is:</p> <p>a. Specific Reserve</p> <p>b. None of these</p> <p>c. Secret Reserve</p> <p>d. General Reserve</p>   |
| 16. | <p>If the insurance premium paid Rs. 1,000 and unexpired insurance Rs. 300. The amount of insurance premium shown in the profit and loss account will be _____.</p> <p>a. Rs. 1,300</p> <p>b. Rs. 1,000</p> <p>c. Rs. 300</p> <p>d. Rs. 700</p>  |
| 17. | <p>The following balances appeared in Trial Balance of Anil proprietorship</p> <p>Debtors 80,000 Bad debts 2,000 Provision for doubtful debts 5,000</p> <p>Adjustments:</p> <p>Bad debts Rs 500 Provision on debtors @ 3%.</p>   |

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|     | <p>How much is the amount to be shown in Profit and Loss Account</p> <p>a. Dr115<br/> b. Cr 115<br/> c. Dr 120<br/> d. None of these</p>   |
| 18. | <p>Rahul is the manager of Aruna stores. He is entitled to the commission @ 10% on net profit after charging such commission. The gross profit of the firm amounted to Rs. 60,000 and all indirect expenses amounted to Rs. 10,500. Calculate the amount of commission payable to Rahul.</p> <p>a. Rs. 5,455<br/> b. Rs. 6,000<br/> c. Rs. 4950<br/> d. Rs. 4500</p>   |
| 19. | <p>The liabilities which are to be paid only on happening of an event are referred to as,</p> <p>a. Current Liabilities<br/> b. Fixed liabilities<br/> c) Contingent liabilities<br/> d) All the above</p>   |
| 20. | <p>The favorable balance as per bank statement was Rs. 30,000. Cheques worth Rs. 10,000 were collected by bank but not entered in the ledger. The withdrawals side of bank statement was over casted by Rs. 2,000. The bank balance as per cash book will be</p> <p>a. Rs. 18,000<br/> b. Rs. 22,000<br/> c. Rs. 38,000<br/> d. Rs. 42,000</p>   |
| 21  | <p>Journalize the following transactions:</p> <p>Jan 5<sup>th</sup> Purchased Computer for office use from Computer Mart for Rs. 50,000 plus IGST @ 12%, paid Rs. 25,000 by cheque and balance to be paid after one month.</p> <p>Jan 12<sup>th</sup> Goods purchased paying IGST @ 12% costing Rs. 30,000 were destroyed by fire. These goods were insured and Insurance Company admitted a claim for Rs. 20,000.</p> <p>Jan 28<sup>th</sup> X sold goods to Y for Rs. 1,00,000. Cash discount to be allowed @ 2% and trade discount @10%. Half of the amount received by cheque.</p> |

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| 22 | <p>On 1/4/2019 Asha owed us Rs 42000. From the transactions given below prepare Asha's Ledger Account.</p> <p>2/4/2019: Sold goods of 50000 to Asha @ 20% trade discount and 5% cash discount.<br/> 7/4/2019: Cash sales to Asha amounted to 10000.<br/> 12/4/2019: Asha returned goods worth 4000.<br/> 18/4/2019: Received a cheque of 18000 from Asha after allowing a discount of 2000.<br/> 30/4/2019: Asha is declared insolvent and 80 paise in a rupee is recovered from her estate.</p>  |
| 23 | <p>Prepare a Trial Balance on 31.03.2023 from the following balances:</p> <p>Investment- 20,000; Bank overdraft-700; Return inward-1,000; Rent outstanding-4,000; Book Debts - 3,000; Bad debt Recovered-2000; Prepaid Insurance-3,500; Reserve Fund -3000; Carriage inward - 500; Loan Advanced- 2,000.</p>  |
| 24 | <p>Prepare analytical petty cash book for Jan 2021, Cash imprest being Rs.1000</p> <p>January 1 Cash in hand with petty cashier Rs.450<br/> 2 Paid for courier Rs.100<br/> 3 Paid for printing invitation cards Rs.150<br/> 5 Refreshment expenses Rs.50<br/> 12 Bus fare Rs.50<br/> 18 Lorry Charges Rs.100<br/> 19 Repairing locks/keys Rs.50<br/> 21 Stationery Rs.100</p>   |
| 25 | <p>A commenced business on 1st April, 2022 with a capital of ₹ 30,000. He immediately bought Furniture and Fixtures for ₹ 12,000. On 1st October, 2022, he borrowed ₹ 5,000 from his friend @ 12% p.a. (interest not yet paid) and introduced a further capital of his own amounting to ₹ 1,500. A drew @ ₹ 1,000 every quarter for household expenses.</p> <p>On 31st March, 2023 his position was as follows:<br/> Cash in Hand ₹ 2,800; Sundry Debtors ₹ 4,800; Stock ₹ 6,800; Bills Receivable ₹ 1,600; Sundry Creditors ₹ 500 and outstanding for Rent ₹ 150.<br/> Furniture and Fixtures to be depreciated by 10%. Debtor of ₹ 800 was irrecoverable.<br/> Ascertain the profit or loss made by A during 2022–23.</p> |
| 26 | <p>Enter the following transactions in the Purchase Book &amp; Purchase Returns Book and prepare Purchases account for the month of January, 2022.</p> <p>1 Purchased goods from Hem Traders Rs 16,000 at 10% td.<br/> 3 Purab enterprises invoiced goods to us Rs 17,000.<br/> 6 Sold goods to Vinita Stores Rs 19,000 at 5% trade discount.<br/> 9 Mitesh Associates invoiced goods to us Rs 17,000 at 10% trade discount.<br/> 12 Returned goods to Hem traders Rs 1,650 (Net).<br/> 15 Vinita Traders returned goods to us as they were damaged in transit Rs 4,000 (Gross).<br/> 18 Returned goods to Purab enterprises Rs 2,000</p>   |

|        |   |      |  |       |  |       |  |       |  |       |  |       |                                   |        |                                     |        |                                 |        |                                  |        |  |
|--------|---|------|--|-------|--|-------|--|-------|--|-------|--|-------|-----------------------------------|--------|-------------------------------------|--------|---------------------------------|--------|----------------------------------|--------|--|
|        | <p>23 Placed an order with Nobita Stores for goods worth Rs 20,000.</p> <p>25 Nobita Stores supplied goods worth Rs 10,000 only</p> <p>26 Returned goods to Nobita Stores as they were not as per specification Rs 4,000.</p> <p>28 Sold goods to Deepika Rs 24,000 at 8% trade discount.</p> <p>30 Deepika returned goods of Rs 4,000 (Gross).</p>   |      |  |       |  |       |  |       |  |       |  |       |                                   |        |                                     |        |                                 |        |                                  |        |  |
| 27     | <p>Prepare Bank Column Cash Book for the month of January, 2022</p> <table border="1"> <tr> <td>2022</td> <td></td> </tr> <tr> <td>Jan 1</td> <td>Cash at office: Rs.2000. Bank Balance (Cr): Rs.400</td> </tr> <tr> <td>Jan 2</td> <td>Sold goods for Rs.8000 and deposited 60% amount in bank.</td> </tr> <tr> <td>Jan 5</td> <td>Received a cheque from Rahul Rs.5,600.</td> </tr> <tr> <td>Jan 7</td> <td>Bought raw materials for Rs.3,000 and paid half by cash and remaining by cheque.</td> </tr> <tr> <td>Jan10</td> <td>Interest debited by bank Rs. 200.</td> </tr> <tr> <td>Jan 12</td> <td>Honored our own acceptance Rs. 500.</td> </tr> <tr> <td>Jan 16</td> <td>Withdrew cash from bank Rs.100.</td> </tr> <tr> <td>Jan 18</td> <td>Interest allowed by bank Rs.400.</td> </tr> <tr> <td>Jan 19</td> <td>Deposited in excess of Rs.450 into bank.</td> </tr> </table> | 2022 |  | Jan 1 | Cash at office: Rs.2000. Bank Balance (Cr): Rs.400 | Jan 2 | Sold goods for Rs.8000 and deposited 60% amount in bank. | Jan 5 | Received a cheque from Rahul Rs.5,600. | Jan 7 | Bought raw materials for Rs.3,000 and paid half by cash and remaining by cheque. | Jan10 | Interest debited by bank Rs. 200. | Jan 12 | Honored our own acceptance Rs. 500. | Jan 16 | Withdrew cash from bank Rs.100. | Jan 18 | Interest allowed by bank Rs.400. | Jan 19 | Deposited in excess of Rs.450 into bank. |
| 2022   |   |      |  |       |  |       |  |       |  |       |  |       |                                   |        |                                     |        |                                 |        |                                  |        |  |
| Jan 1  | Cash at office: Rs.2000. Bank Balance (Cr): Rs.400  |      |  |       |  |       |  |       |  |       |  |       |                                   |        |                                     |        |                                 |        |                                  |        |  |
| Jan 2  | Sold goods for Rs.8000 and deposited 60% amount in bank.  |      |  |       |  |       |  |       |  |       |  |       |                                   |        |                                     |        |                                 |        |                                  |        |  |
| Jan 5  | Received a cheque from Rahul Rs.5,600.  |      |  |       |  |       |  |       |  |       |  |       |                                   |        |                                     |        |                                 |        |                                  |        |  |
| Jan 7  | Bought raw materials for Rs.3,000 and paid half by cash and remaining by cheque.  |      |  |       |  |       |  |       |  |       |  |       |                                   |        |                                     |        |                                 |        |                                  |        |  |
| Jan10  | Interest debited by bank Rs. 200.   |      |  |       |  |       |  |       |  |       |  |       |                                   |        |                                     |        |                                 |        |                                  |        |  |
| Jan 12 | Honored our own acceptance Rs. 500.   |      |  |       |  |       |  |       |  |       |  |       |                                   |        |                                     |        |                                 |        |                                  |        |  |
| Jan 16 | Withdrew cash from bank Rs.100.   |      |  |       |  |       |  |       |  |       |  |       |                                   |        |                                     |        |                                 |        |                                  |        |  |
| Jan 18 | Interest allowed by bank Rs.400.  |      |  |       |  |       |  |       |  |       |  |       |                                   |        |                                     |        |                                 |        |                                  |        |  |
| Jan 19 | Deposited in excess of Rs.450 into bank.  |      |  |       |  |       |  |       |  |       |  |       |                                   |        |                                     |        |                                 |        |                                  |        |  |
| 28     | <p>Prepare Bank Reconciliation Statement.</p> <ol style="list-style-type: none"> <li>Bank balance as per pass book is 15000.</li> <li>Cheques amounting to 4000 were drawn, but only 1500 were presented for payment.</li> <li>Bank charges of 100 were recorded twice in cash book.</li> <li>Withdrawals side of bank statement was over casted by 2000.</li> <li>A cheque of 1000 was erroneously charged to our account by bank.</li> <li>Interest allowed by bank 1000.</li> <li>Cheques issued 4500 but omitted to be entered in the cash book.</li> <li>Cheques of 9000 were sent to bank for collection of which 2000 were only collected by bank.</li> </ol>  |      |  |       |  |       |  |       |  |       |  |       |                                   |        |                                     |        |                                 |        |                                  |        |  |
| 29     | <p>The following balances were obtained from the books of Suraj Ltd as on 1<sup>st</sup> April 2022</p> <p>Machinery: ₹ 40,000.<br/> Provision for Depreciation: ₹ 12,000.</p> <p>On 30<sup>th</sup> September 2022, a machine was disposed for ₹4,400. Brokerage paid to sales agent ₹ 400. This machine was acquired for ₹ 10,000 on 1.7.2019.</p> <p>A new machine was installed on 1<sup>st</sup> December 2022 for ₹9,500 and paid customs duty ₹500. The company depreciates its machine @10% on its original cost and follows financial year as their accounting year.</p>   |      |  |       |  |       |  |       |  |       |  |       |                                   |        |                                     |        |                                 |        |                                  |        |  |

|                    | You are required to prepare Machinery A/c and Provision for Depreciation A/c for the year 2017-18.  |                              |                 |                 |     |         |          |                  |          |           |          |               |       |               |        |                              |        |         |          |         |          |                  |        |       |          |                    |        |                 |       |      |       |          |       |      |        |                    |       |          |        |                    |       |           |          |  |  |                |        |  |  |                  |       |  |  |                   |       |  |  |      |       |  |  |           |       |  |  |                 |        |  |  |          |       |  |  |           |       |  |  |                  |       |  |  |  |                 |  |                 |
|--------------------|---|------------------------------|-----------------|-----------------|-----|---------|----------|------------------|----------|-----------|----------|---------------|-------|---------------|--------|------------------------------|--------|---------|----------|---------|----------|------------------|--------|-------|----------|--------------------|--------|-----------------|-------|------|-------|----------|-------|------|--------|--------------------|-------|----------|--------|--------------------|-------|-----------|----------|--|--|----------------|--------|--|--|------------------|-------|--|--|-------------------|-------|--|--|------|-------|--|--|-----------|-------|--|--|-----------------|--------|--|--|----------|-------|--|--|-----------|-------|--|--|------------------|-------|--|--|--|-----------------|--|-----------------|
| 30                 | <p><b>Trial balance of Ram did not agree. It showed an excess debit of 16,000. He put the difference to suspense account. Subsequently the following errors were located:</b></p> <p>(i) Cash received from Mohan 4,000 was posted to Mahesh as 1,000.<br/> (ii) Cheque for 9,800 received from Rocky in full settlement of his account of 10,000, was dishonored. No entry was passed in the books on dishonor of the cheque.<br/> (iii) 800 received from Khan, whose account had previously been written off as bad, was credited to his account.<br/> (iv) Credit sales to Mannat for 5,000 was recorded through the purchases book as 3,000.<br/> (v) Purchases book undercast by 1,000.<br/> (vi) Repairs on second hand machinery 1,600 wrongly debited to Repairs account as 1,000.</p>   |                              |                 |                 |     |         |          |                  |          |           |          |               |       |               |        |                              |        |         |          |         |          |                  |        |       |          |                    |        |                 |       |      |       |          |       |      |        |                    |       |          |        |                    |       |           |          |  |  |                |        |  |  |                  |       |  |  |                   |       |  |  |      |       |  |  |           |       |  |  |                 |        |  |  |          |       |  |  |           |       |  |  |                  |       |  |  |  |                 |  |                 |
| 31                 | <p><b>The following is the Trial Balance of Mr. Aman on 31/3/2023</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 35%;">Debit Balances</th> <th style="width: 15%;">Rs.</th> <th style="width: 35%;">Credit Balances</th> <th style="width: 15%;">Rs.</th> </tr> </thead> <tbody> <tr> <td>Machine</td> <td style="text-align: right;">2,00,000</td> <td>Accounts payable</td> <td style="text-align: right;">1,00,000</td> </tr> <tr> <td>Furniture</td> <td style="text-align: right;">1,00,000</td> <td>Bills payable</td> <td style="text-align: right;">5,000</td> </tr> <tr> <td>Opening stock</td> <td style="text-align: right;">75,000</td> <td>10% Loan (taken on 1/7/2022)</td> <td style="text-align: right;">50,000</td> </tr> <tr> <td>Debtors</td> <td style="text-align: right;">2,05,000</td> <td>Capital</td> <td style="text-align: right;">4,55,000</td> </tr> <tr> <td>Bills receivable</td> <td style="text-align: right;">10,000</td> <td>Sales</td> <td style="text-align: right;">2,30,000</td> </tr> <tr> <td>Shares of Reliance</td> <td style="text-align: right;">50,000</td> <td>Returns outward</td> <td style="text-align: right;">5,000</td> </tr> <tr> <td>Cash</td> <td style="text-align: right;">5,000</td> <td>Discount</td> <td style="text-align: right;">1,000</td> </tr> <tr> <td>Bank</td> <td style="text-align: right;">10,000</td> <td>Bad debt recovered</td> <td style="text-align: right;">2,500</td> </tr> <tr> <td>Drawings</td> <td style="text-align: right;">10,000</td> <td>Apprentice premium</td> <td style="text-align: right;">3,000</td> </tr> <tr> <td>Purchases</td> <td style="text-align: right;">1,25,000</td> <td></td> <td></td> </tr> <tr> <td>Returns inward</td> <td style="text-align: right;">10,000</td> <td></td> <td></td> </tr> <tr> <td>Carriage inwards</td> <td style="text-align: right;">5,000</td> <td></td> <td></td> </tr> <tr> <td>Carriage on sales</td> <td style="text-align: right;">1,000</td> <td></td> <td></td> </tr> <tr> <td>Rent</td> <td style="text-align: right;">3,000</td> <td></td> <td></td> </tr> <tr> <td>Insurance</td> <td style="text-align: right;">3,000</td> <td></td> <td></td> </tr> <tr> <td>Office expenses</td> <td style="text-align: right;">30,000</td> <td></td> <td></td> </tr> <tr> <td>Discount</td> <td style="text-align: right;">2,000</td> <td></td> <td></td> </tr> <tr> <td>Bad debts</td> <td style="text-align: right;">5,000</td> <td></td> <td></td> </tr> <tr> <td>Interest on loan</td> <td style="text-align: right;">2,500</td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;"><b>8,51,500</b></td> <td></td> <td style="text-align: right;"><b>8,51,500</b></td> </tr> </tbody> </table> <p>Additional Information:</p> <ol style="list-style-type: none"> <li>1. Closing stock was 40,000(Cost price 45,000)</li> <li>2. Rent is 300 per month.</li> <li>3. A customer who owed 5,000 was declared insolvent.</li> <li>4. Provision for doubtful debt to be created @ 10%.</li> </ol> | Debit Balances               | Rs.             | Credit Balances | Rs. | Machine | 2,00,000 | Accounts payable | 1,00,000 | Furniture | 1,00,000 | Bills payable | 5,000 | Opening stock | 75,000 | 10% Loan (taken on 1/7/2022) | 50,000 | Debtors | 2,05,000 | Capital | 4,55,000 | Bills receivable | 10,000 | Sales | 2,30,000 | Shares of Reliance | 50,000 | Returns outward | 5,000 | Cash | 5,000 | Discount | 1,000 | Bank | 10,000 | Bad debt recovered | 2,500 | Drawings | 10,000 | Apprentice premium | 3,000 | Purchases | 1,25,000 |  |  | Returns inward | 10,000 |  |  | Carriage inwards | 5,000 |  |  | Carriage on sales | 1,000 |  |  | Rent | 3,000 |  |  | Insurance | 3,000 |  |  | Office expenses | 30,000 |  |  | Discount | 2,000 |  |  | Bad debts | 5,000 |  |  | Interest on loan | 2,500 |  |  |  | <b>8,51,500</b> |  | <b>8,51,500</b> |
| Debit Balances     | Rs.   | Credit Balances              | Rs.             |                 |     |         |          |                  |          |           |          |               |       |               |        |                              |        |         |          |         |          |                  |        |       |          |                    |        |                 |       |      |       |          |       |      |        |                    |       |          |        |                    |       |           |          |  |  |                |        |  |  |                  |       |  |  |                   |       |  |  |      |       |  |  |           |       |  |  |                 |        |  |  |          |       |  |  |           |       |  |  |                  |       |  |  |  |                 |  |                 |
| Machine            | 2,00,000  | Accounts payable             | 1,00,000        |                 |     |         |          |                  |          |           |          |               |       |               |        |                              |        |         |          |         |          |                  |        |       |          |                    |        |                 |       |      |       |          |       |      |        |                    |       |          |        |                    |       |           |          |  |  |                |        |  |  |                  |       |  |  |                   |       |  |  |      |       |  |  |           |       |  |  |                 |        |  |  |          |       |  |  |           |       |  |  |                  |       |  |  |  |                 |  |                 |
| Furniture          | 1,00,000  | Bills payable                | 5,000           |                 |     |         |          |                  |          |           |          |               |       |               |        |                              |        |         |          |         |          |                  |        |       |          |                    |        |                 |       |      |       |          |       |      |        |                    |       |          |        |                    |       |           |          |  |  |                |        |  |  |                  |       |  |  |                   |       |  |  |      |       |  |  |           |       |  |  |                 |        |  |  |          |       |  |  |           |       |  |  |                  |       |  |  |  |                 |  |                 |
| Opening stock      | 75,000  | 10% Loan (taken on 1/7/2022) | 50,000          |                 |     |         |          |                  |          |           |          |               |       |               |        |                              |        |         |          |         |          |                  |        |       |          |                    |        |                 |       |      |       |          |       |      |        |                    |       |          |        |                    |       |           |          |  |  |                |        |  |  |                  |       |  |  |                   |       |  |  |      |       |  |  |           |       |  |  |                 |        |  |  |          |       |  |  |           |       |  |  |                  |       |  |  |  |                 |  |                 |
| Debtors            | 2,05,000  | Capital                      | 4,55,000        |                 |     |         |          |                  |          |           |          |               |       |               |        |                              |        |         |          |         |          |                  |        |       |          |                    |        |                 |       |      |       |          |       |      |        |                    |       |          |        |                    |       |           |          |  |  |                |        |  |  |                  |       |  |  |                   |       |  |  |      |       |  |  |           |       |  |  |                 |        |  |  |          |       |  |  |           |       |  |  |                  |       |  |  |  |                 |  |                 |
| Bills receivable   | 10,000  | Sales                        | 2,30,000        |                 |     |         |          |                  |          |           |          |               |       |               |        |                              |        |         |          |         |          |                  |        |       |          |                    |        |                 |       |      |       |          |       |      |        |                    |       |          |        |                    |       |           |          |  |  |                |        |  |  |                  |       |  |  |                   |       |  |  |      |       |  |  |           |       |  |  |                 |        |  |  |          |       |  |  |           |       |  |  |                  |       |  |  |  |                 |  |                 |
| Shares of Reliance | 50,000  | Returns outward              | 5,000           |                 |     |         |          |                  |          |           |          |               |       |               |        |                              |        |         |          |         |          |                  |        |       |          |                    |        |                 |       |      |       |          |       |      |        |                    |       |          |        |                    |       |           |          |  |  |                |        |  |  |                  |       |  |  |                   |       |  |  |      |       |  |  |           |       |  |  |                 |        |  |  |          |       |  |  |           |       |  |  |                  |       |  |  |  |                 |  |                 |
| Cash               | 5,000   | Discount                     | 1,000           |                 |     |         |          |                  |          |           |          |               |       |               |        |                              |        |         |          |         |          |                  |        |       |          |                    |        |                 |       |      |       |          |       |      |        |                    |       |          |        |                    |       |           |          |  |  |                |        |  |  |                  |       |  |  |                   |       |  |  |      |       |  |  |           |       |  |  |                 |        |  |  |          |       |  |  |           |       |  |  |                  |       |  |  |  |                 |  |                 |
| Bank               | 10,000  | Bad debt recovered           | 2,500           |                 |     |         |          |                  |          |           |          |               |       |               |        |                              |        |         |          |         |          |                  |        |       |          |                    |        |                 |       |      |       |          |       |      |        |                    |       |          |        |                    |       |           |          |  |  |                |        |  |  |                  |       |  |  |                   |       |  |  |      |       |  |  |           |       |  |  |                 |        |  |  |          |       |  |  |           |       |  |  |                  |       |  |  |  |                 |  |                 |
| Drawings           | 10,000  | Apprentice premium           | 3,000           |                 |     |         |          |                  |          |           |          |               |       |               |        |                              |        |         |          |         |          |                  |        |       |          |                    |        |                 |       |      |       |          |       |      |        |                    |       |          |        |                    |       |           |          |  |  |                |        |  |  |                  |       |  |  |                   |       |  |  |      |       |  |  |           |       |  |  |                 |        |  |  |          |       |  |  |           |       |  |  |                  |       |  |  |  |                 |  |                 |
| Purchases          | 1,25,000  |                              |                 |                 |     |         |          |                  |          |           |          |               |       |               |        |                              |        |         |          |         |          |                  |        |       |          |                    |        |                 |       |      |       |          |       |      |        |                    |       |          |        |                    |       |           |          |  |  |                |        |  |  |                  |       |  |  |                   |       |  |  |      |       |  |  |           |       |  |  |                 |        |  |  |          |       |  |  |           |       |  |  |                  |       |  |  |  |                 |  |                 |
| Returns inward     | 10,000  |                              |                 |                 |     |         |          |                  |          |           |          |               |       |               |        |                              |        |         |          |         |          |                  |        |       |          |                    |        |                 |       |      |       |          |       |      |        |                    |       |          |        |                    |       |           |          |  |  |                |        |  |  |                  |       |  |  |                   |       |  |  |      |       |  |  |           |       |  |  |                 |        |  |  |          |       |  |  |           |       |  |  |                  |       |  |  |  |                 |  |                 |
| Carriage inwards   | 5,000   |                              |                 |                 |     |         |          |                  |          |           |          |               |       |               |        |                              |        |         |          |         |          |                  |        |       |          |                    |        |                 |       |      |       |          |       |      |        |                    |       |          |        |                    |       |           |          |  |  |                |        |  |  |                  |       |  |  |                   |       |  |  |      |       |  |  |           |       |  |  |                 |        |  |  |          |       |  |  |           |       |  |  |                  |       |  |  |  |                 |  |                 |
| Carriage on sales  | 1,000   |                              |                 |                 |     |         |          |                  |          |           |          |               |       |               |        |                              |        |         |          |         |          |                  |        |       |          |                    |        |                 |       |      |       |          |       |      |        |                    |       |          |        |                    |       |           |          |  |  |                |        |  |  |                  |       |  |  |                   |       |  |  |      |       |  |  |           |       |  |  |                 |        |  |  |          |       |  |  |           |       |  |  |                  |       |  |  |  |                 |  |                 |
| Rent               | 3,000   |                              |                 |                 |     |         |          |                  |          |           |          |               |       |               |        |                              |        |         |          |         |          |                  |        |       |          |                    |        |                 |       |      |       |          |       |      |        |                    |       |          |        |                    |       |           |          |  |  |                |        |  |  |                  |       |  |  |                   |       |  |  |      |       |  |  |           |       |  |  |                 |        |  |  |          |       |  |  |           |       |  |  |                  |       |  |  |  |                 |  |                 |
| Insurance          | 3,000   |                              |                 |                 |     |         |          |                  |          |           |          |               |       |               |        |                              |        |         |          |         |          |                  |        |       |          |                    |        |                 |       |      |       |          |       |      |        |                    |       |          |        |                    |       |           |          |  |  |                |        |  |  |                  |       |  |  |                   |       |  |  |      |       |  |  |           |       |  |  |                 |        |  |  |          |       |  |  |           |       |  |  |                  |       |  |  |  |                 |  |                 |
| Office expenses    | 30,000  |                              |                 |                 |     |         |          |                  |          |           |          |               |       |               |        |                              |        |         |          |         |          |                  |        |       |          |                    |        |                 |       |      |       |          |       |      |        |                    |       |          |        |                    |       |           |          |  |  |                |        |  |  |                  |       |  |  |                   |       |  |  |      |       |  |  |           |       |  |  |                 |        |  |  |          |       |  |  |           |       |  |  |                  |       |  |  |  |                 |  |                 |
| Discount           | 2,000   |                              |                 |                 |     |         |          |                  |          |           |          |               |       |               |        |                              |        |         |          |         |          |                  |        |       |          |                    |        |                 |       |      |       |          |       |      |        |                    |       |          |        |                    |       |           |          |  |  |                |        |  |  |                  |       |  |  |                   |       |  |  |      |       |  |  |           |       |  |  |                 |        |  |  |          |       |  |  |           |       |  |  |                  |       |  |  |  |                 |  |                 |
| Bad debts          | 5,000   |                              |                 |                 |     |         |          |                  |          |           |          |               |       |               |        |                              |        |         |          |         |          |                  |        |       |          |                    |        |                 |       |      |       |          |       |      |        |                    |       |          |        |                    |       |           |          |  |  |                |        |  |  |                  |       |  |  |                   |       |  |  |      |       |  |  |           |       |  |  |                 |        |  |  |          |       |  |  |           |       |  |  |                  |       |  |  |  |                 |  |                 |
| Interest on loan   | 2,500   |                              |                 |                 |     |         |          |                  |          |           |          |               |       |               |        |                              |        |         |          |         |          |                  |        |       |          |                    |        |                 |       |      |       |          |       |      |        |                    |       |          |        |                    |       |           |          |  |  |                |        |  |  |                  |       |  |  |                   |       |  |  |      |       |  |  |           |       |  |  |                 |        |  |  |          |       |  |  |           |       |  |  |                  |       |  |  |  |                 |  |                 |
|                    | <b>8,51,500</b>   |                              | <b>8,51,500</b> |                 |     |         |          |                  |          |           |          |               |       |               |        |                              |        |         |          |         |          |                  |        |       |          |                    |        |                 |       |      |       |          |       |      |        |                    |       |          |        |                    |       |           |          |  |  |                |        |  |  |                  |       |  |  |                   |       |  |  |      |       |  |  |           |       |  |  |                 |        |  |  |          |       |  |  |           |       |  |  |                  |       |  |  |  |                 |  |                 |

5. Depreciation on furniture and machine to be charged @ 10%p.a.

**Prepare trading and Profit & Loss account for the year ending 31/3/2023.**

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From the following Trial Balance of Mahesh, prepare Profit & Loss A/c and Balance sheet for the year ended 31st March, 2023:

| Heads of Accounts | Debit Balances<br>(₹) | Credit Balances<br>(₹) |
|-------------------|-----------------------|------------------------|
| Purchases         | 2,50,000              | ...                    |
| Sales             | ...                   | 5,00,000               |
| Returns I/W       | 12,000                | ...                    |
| Returns O/W       | ...                   | 10,000                 |
| Carriage          | 8,000                 | ...                    |
| Wages             | 60,000                | ...                    |
| Misc. Exp.        | 2,000                 | ...                    |
| Insurance         | 1,200                 | ...                    |
| Repairs           | 8,000                 | ...                    |
| Debtors           | 1,15,000              | ...                    |
| Creditors         | ...                   | 1,00,000               |
| Printing          | 6,000                 | ...                    |
| Advertising       | 15,000                | ...                    |
| B/R               | 4,000                 | ...                    |
| Bills Payable     | ...                   | 2,000                  |
| Op Stock          | 30,000                | ...                    |
| Cash in Hand      | 12,000                | ...                    |
| Int on Loan       | 2,800                 | ...                    |
| Machinery         | 2,80,000              | ...                    |
| Furniture         | 34,000                | ...                    |
| Drawings          | 20,000                | ...                    |
| Commission        | ...                   | 1,000                  |
| 12% Loan          | ...                   | 30,000                 |
| Capital           | ...                   | 2,40,000               |
| Rent              | ...                   | 5,000                  |
| Cash at Bank      | 28,000                | ...                    |
| <b>Total</b>      | <b>8,88,000</b>       | <b>8,88,000</b>        |

*Additional Information:*

- (i) Closing Stock on 31st March, 2023 was ₹ 22,000.
- (ii) Rent of ₹ 1,000 has been received for the next year.
- (iii) Outstanding liability for Miscellaneous expenses ₹ 10,000.
- (iv) Commission earned during the year but not received was ₹ 2,000.
- (v) Goods costing ₹ 2,000 were taken by the proprietor for his personal use but entry was not passed in the books of account.
- (vi) Gross profit was ₹ 1,74,000



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