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SELF-LEARNING BOOK

ELEMENTS OF ACCOUNTS

(Part 2)

Standard 11



PLEDGE

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All Indians are my brothers and sisters.

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Price : ₹ 44.00



Gujarat State Board of School Textbooks
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PREFACE

In accordance with the new national syllabi of the N.C.E.R.T., New Delhi, Gujarat Secondary and Higher Secondary Education Board, Gandhinagar has prepared the syllabi for different subjects for the students of Gujarat studying in standards 9 to 12, which are approved by the Government of Gujarat. The textbooks based on the new syllabi are prepared by Gujarat State Board of School Textbooks. Accordingly, the new textbooks, for standards 9 and 11 from June 2016, for standards 10 and 12 from June 2017 and published and implemented in all the secondary and higher secondary schools of the state.

In order to help the students reinforce the content of the syllabi through self-learning and comprehend it thoroughly the Secondary and Higher Secondary Education Board, Gandhinagar, Suggested to publish self-learning books for six major subjects of standard 11. (i) Elements of Accounts (ii) Statistics (iii) Organisation of Commerce and Management (iv) Economics (v) Gujarati (First Language) (vi) English (Second Language). In the light of this resolution Gujarat State Board of School Textbooks, Gandhinagar, prepared the manuscripts of the self-learning books for the said six subjects; inviting eminent experts, textbook writers, method masters from B.Ed. Colleges and Secondary and Higher Secondary Teachers teaching the concerned subjects. It is a matter of great pleasure for the Board to publish these self-learning books for the students of standard 11. Exercises of the self-learning books are prepared considering the objectives of knowledge, comprehension, use and skills.

The question-paper format of each of the said subjects prepared by Secondary and Higher Secondary Education Board, Gandhinagar, had also been kept in mind while preparing the manuscripts of the self-learning books. Hence the exercises given in these books will be very useful to the students in the preparation for the public examination.

Each self-learning book is prepared keeping in view the syllabus and textbook of the subject concerned. If the students study the textbooks thoroughly and do the exercises given in the textbooks under their teachers' guidance and thereafter do the exercises given in the self-learning books on their own, they will gain confidence that they have mastered the main subjects and are thoroughly prepared for the public examination. The students may take help of their subject teacher whenever necessary and the teachers are expected to guide them individually as well as collectively.

The Board is thankful to all the experts who have extended their services in the preparation of the self-learning books.

The Board has taken enough care to make these self-learning books interesting, useful and error-free. However, suggestion from academicians, parents, teacher and students are welcome.

P. Bharathi (IAS)

Director

Date : 6-8-2019

Executive President

Gandhinagar

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FUNDAMENTAL DUTIES

It shall be the duty of every citizen of India :

- (a) to abide by the Constitution and respect its ideals and institutions, the National Flag and the National Anthem;
- (b) to cherish and follow the noble ideals which inspired our national struggle for freedom;
- (c) to uphold and protect the sovereignty, unity and integrity of India;
- (d) to defend the country and render national service when called upon to do so;
- (e) to promote harmony and the spirit of common brotherhood amongst all the people of India transcending religious, linguistic and regional or sectional diversities; to renounce practices derogatory to the dignity of women;
- (f) to value and preserve the rich heritage of our composite culture;
- (g) to protect and improve the natural environment including forests, lakes, rivers and wild life, and to have compassion for living creatures;
- (h) to develop the scientific temper, humanism and the spirit of inquiry and reform;
- (i) to safeguard public property and to abjure violence;
- (j) to strive towards excellence in all spheres of individual and collective activity so that the nation constantly rises to higher levels of endeavour and achievement;
- (k) who is a parent or guardian to provide opportunities for education to his child or, as the case may be, ward between the age of six and fourteen years.

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About Self-Learning Book...

It is novel experiment to study through Exercise Book. This new approach by the Gujarat State Board of School Textbook will prove to be advantageous to the students. Eklavya is the best example of self-study which must have been known to everyone. He adopted the mode of self-study to learn archery. Eklavya proved to be more talented than Arjuna, the son of Pandava. History is witness to the fact that students can achieve the highest degree of excellence through Self-Study.

A student can attain excellence under the guidance of a teacher and in the accompaniment of Exercises for Self-Learning. Having read the whole lesson with concentration the student starts writing all the questions of the Exercises for Self-Learning. It is beginning of the self-study. The Exercises for Self-Learning leads to development of mental and intellectual ability of the student. He develops the insight to attempt even a complicated question. There is an increase in his courage, faith and self-confidence and is never afraid of a question paper. He develops a habit of preparing for the ensuing examination.

There is an end to all difficulties as the student practises attempting the questions of the Exercises for Self-Learning in the presence of the teacher in the class-room. The reason is that the student gets constant guidance from the teacher. The self-confidence to study is doubled. Alongwith that all the skills related to study like grasping, analysis, co-ordination etc. improve to a great extent. In the developed Nation the experiment of self-learning through assignment book has proved to be most profitable. For the geographical school environment this ambitious experiment would be very congenial where a genius, brilliant, mediocre, ordinary student will have an opportunity to make progress at a proper a pace.

The questions, in the Assignment Book have been framed keeping four objectives in mind i.e. Knowledge, understanding, usage and skill. If a student of XI standard undertake practice of this Exercises for Self-Learning with love and intense desire to obtain knowledge and at the

same time to reveal the dormant qualities than all his difficulties in learning will not come in his way. If one attempt these assignments with self-confidence, than he/she can attain decent knowledge of the subject.

Dear Students, the content of this subject can be understood through assignments. Many of the aspects of this subject are being studied at 11th standard. Hence the acquired knowledge will be strengthened with the use of Exercises for Self-Learning. Moreover, the terminology selected to this subject principles, examples, figures and graphs as well as images will be more clear and the pleasure for assignment will be increased beyond doubt.

With self-efforts and independent attempts, one shall climb higher staircase of the success. All have deep faith in your latent talents and skill.

We welcome yours suggestions regarding the Exercises for Self-Learning.

– Authors

Rectification of Errors

Section A

Select the correct option for each question from the given options :

1. Which error will affect trial balance? []
(a) Error of omission (b) Totalling error of subsidiary book
(c) Error of principle (d) Compensating error
2. Which error is not the error which affects trial balance? []
(a) Error of posting (b) Totalling error of subsidiary book
(c) Error of balancing the account (d) Error of writing in wrong account
3. Goods of ₹ 8000 sold to Kabir is left out to be recorded in main book of accounts. What is the type of this error? []
(a) Error or principle (b) Compensating error
(c) Error of omission (d) Casting error
4. When more than one errors are occurred in the books of accounts while recording transaction in the books of accounts in such a way that debit and credit effects are recorded by the same amount and trial balance gets tallied. What is the type of this error? []
(a) Compensating error (b) Error of Ommission
(c) Error or principle (d) Error occurred while writing main book
5. Balance of a debtor, Milin ₹ 9000 is recorded on credit side of his account. How much amount will be recorded on debit side of debtor Milin's account to rectify this error? []
(a) ₹ 9000 (b) ₹ 27,000 (c) ₹ 4500 (d) ₹ 18,000
6. Purchase book is undercast by ₹ 10,000. What will be the effect on profit if this error is rectified? []
(a) Profit will increase (b) Profit will decrease
(c) No effect (d) Profit is compensated
7. Salary paid ₹ 20,000 is recorded properly in cash book but recorded by ₹ 2000 on credit side of salary account. How much amount should be debited to salary account to rectify this error? []
(a) ₹ 20,000 (b) ₹ 18,000 (c) ₹ 2000 (d) ₹ 22,000
8. Goods returned by Nidhi ₹ 3500 is debited to her account. How much amount should be credited to Nidhi's account when the error is rectified with the help of suspense account? []
(a) ₹ 3500 (b) ₹ 10,500 (c) ₹ 350 (d) ₹ 7000

9. Purchase of machinery ₹ 80,000 is debited to purchase account by mistake. What is the type of this error? []
(a) Error of principle (b) Compensating error
(c) Error of omission (d) Error occurred while writing main book of account
10. Interest received ₹ 600 is debited to interest account. How much amount should be recorded on credit side of interest received account to rectify this error? []
(a) ₹ 600 (b) ₹ 1200 (c) ₹ 60 (d) ₹ 660

Section B

Answer the following questions in one sentence each :

1. How many types of accounting errors are there?

2. What are the main types of accounting errors?

3. What is error of omission?

4. What is error of principle?

5. What is compensating error?

6. What is the error of writing main book of account?

7. What are the various types of errors of posting?

8. What are the types of errors of balance of accounts?

9. What is suspense account?

10. When is the suspense account prepared?

Section C

Answer the following questions in short :

1. Pass rectification entries for the following transactions in the books of Shri Sihori Corporation :

- (1) Salary paid to Aaradhya ₹ 25,000 is debited to her personal account.
- (2) Cash paid to Milin ₹ 500 is recorded in Mosam's account.
- (3) Goods purchased on credit ₹ 50,000 from Kabir is recorded in sales book.
- (4) Office expenses for current year ₹ 1000 are unpaid, which are not recorded.

2. Pass rectification entries for the following transactions in the books of Shri Aaradhya H. Ltd. :

- (1) Goods of ₹ 5000 was distributed as free samples, which is not recorded in the books of accounts.
- (2) ₹ 10,000 paid for repairing of plant and machinery is debited to plant and machinery account.
- (3) Salary paid ₹ 250 is debited to salary account by ₹ 350 and sale of table for ₹ 300 is credited to table account as ₹ 400.
- (4) Purchase of furniture ₹ 8000 is debited to purchases account.

3. Pass rectification entries for the following transactions in the books of N. D. Corporation :

- (1) ₹ 10,000 paid to Khushboo is recorded in Ami's account by mistake.
- (2) Purchase made from Manish ₹ 50,000 is recorded in sales book by mistake.
- (3) Sales made to Nirav ₹ 4000 is recorded by ₹ 400 in sales book.
- (4) Machinery purchased from Chirag Brothers for ₹ 80,000 is recorded in sales book by mistake.

4. Following is the journal of Shri Kabir C. Brothers. Pass necessary rectification entry for the error if any :

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
1	Chirag's A/c Dr To cash A/c (Being salary paid to accountant Chirag for the month of June.)		40,000	40,000
2	Wages A/c Dr To cash A/c (Being wages paid for installation of machinery.)		3000	3000
3	Motorcar A/c Dr To bank A/c To discount A/c (Being motorcar purchased for personal use.)		3,00,000	2,95,000 5000
4	Amit's A/c Dr To bank A/c (Being cheque issued to Ami.)		9000	9000

5. Pass necessary rectification entry for any error in following journal entries passed by accountant of Shri Ramanand Gau Seva Trust :

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
1	Purchase A/c Dr To cash A/c (Being goods of ₹ 1,00,000 purchased at 10 % trade discount and 5 % cash discount for cash.)		85,500	85,500
2	Income tax A/c Dr To bank A/c Dr (Being cheque issued for income tax.)		45,000	45,000
3	Cash A/c Dr To Nayan's A/c (Being cash received from Nayan for cash sales.)		80,000	80,000
4	Legal fee A/c Dr To cash A/c (Being advocate fee paid for purchase of land for the organisation.)		15,000	15,000

6. Following journal is prepared by the accountant of Shri Mastram Bapu. Pass rectification entry for error, if any :

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
1	Cash A/c Dr To Ashok's A/c (Being ₹ 10,000 received from Ashok out of bad debt written off last year.)		10,000	10,000
2	Pratap A/c Dr To sales A/c (Being goods of ₹ 36,000 purchased from Pratap.)		36,000	36,000
3	Bills receivable A/c Dr To Mavjibhai's A/c (Being bills drawn by Mavjibhai, accepted by us.)		21,000	21,000
4	Cash A/c Dr To sales A/c (Being received for sale of personal motorcar, recorded in the books.)		25,000	25,000

7. Following journal is prepared by Shri Priyansh. Pass necessary rectification entry for the error, if any :

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
1	Office expenses A/c Dr To bank A/c (Being cash withdrawn from bank for office expenses.)		5000	5000
2	Charu's A/c Dr To purchase return A/c (Being goods returned by Charu ₹ 6000.)		6000	6000
3	Bank A/c Dr To Prisha's A/c (Being crossed cheque received from Prisha.)		8000	8000
4	Purchase A/c Dr To Nilkanth Furniture A/c (Being furniture purchased from Nilkanth furniture.)		7000	7000

8. Following errors are detected while preparing final accounts of Prisha. How will you rectify the same?

- (1) ₹ 30,000 paid for rent is recorded correctly in cash book but not posted to the rent A/c.
- (2) ₹ 31,200 received cash from Saurabh is correctly recorded in cash book but Saurabh's account is credited by ₹ 13,200 by mistake.
- (3) ₹ 3000 paid to Preeti in cash is correctly recorded in cash book but Preeti's account is credited while posting.
- (4) ₹ 3000 paid for salary debited twice in salary account by ₹ 3000 while posting.

9. Following errors are detected by Hetal while preparing final accounts for the year ending 31-3-2018, how will you rectify the same?

- (1) Cash received from Vipul ₹ 1500 is correctly recorded in cash book but Vipul's account is debited by ₹ 150 instead of credited.
- (2) ₹ 15,000 received for rent is correctly recorded in cash book but posting is omitted in rent account.
- (3) Cash received from Piyu ₹ 500 is correctly recorded in cash book but Piyu's account was debited by ₹ 500 while posting.
- (4) ₹ 1500 received for interest but interest account was credited twice, while posting by mistake.

10. Following errors are committed by Preeti. How will you rectify the same?

- (1) Total of purchase book is undercast by ₹ 1000.
- (2) Total of sales book is undercast by ₹ 5000.
- (3) Total of purchase return book is undercast by ₹ 3000.
- (4) Total of sales return book is undercast by ₹ 4000.

11. Following errors are detected from the books of Nirali. How can it be rectified?

- (1) Total of purchase book is overcast by ₹ 2000.
- (2) Total of sales book is overcast by ₹ 10,000.
- (3) Total of purchase return book is overcast by ₹ 6000.
- (4) Total of sales return book is overcast by ₹ 8000.

12. How will you rectify the following errors committed in the books of Nidhi?

- (1) Total of bills receivable book is overcast by ₹ 9000.
- (2) Total of bills payable book is overcast by ₹ 7000.
- (3) Total of bills receivable book is undercast by ₹ 4500.
- (4) Total of bills payable book is undercast by ₹ 3500.

13. Following errors are detected by Mansi while preparing final accounts for the year ending on 31st March, 2018. How will you rectify the same?

- (1) Debit balance of rent ₹ 850 is not recorded in trial balance.
- (2) Debit balance of salary ₹ 580 is recorded as credit balance by ₹ 850 by mistake in trial balance.
- (3) Debit balance of debtor Nilesh ₹ 900 is recorded in trial balance as ₹ 90 by mistake.
- (4) Credit balance of creditor, Raju ₹ 1000 is recorded as ₹ 10,000 in trial balance by mistake.

14. During preparation of trial balance of Angela the following mistakes are detected. How will you rectify the same?

- (1) Credit balance of creditor, Nishit's account ₹ 12,000 is recorded as ₹ 21,000 by mistake.
- (2) Opening balance of machinery ₹ 15,000 is recorded as ₹ 51,000 on debit side of machinery by mistake.
- (3) Insurance premium paid ₹ 9000 shows debit balance but it is recorded in credit column by mistake.
- (4) Interest received ₹ 810 shows credit balance but it is recorded on debit side of interest received account by ₹ 180 by mistake.

15. Following errors of Chintan Corporation are detected before preparing final accounts. How will you rectify the same?

- (1) Opening balance of creditor Keyur ₹ 13,000 is not carried forward during current year.
- (2) Opening debit balance of debtor, Mitali ₹ 5000 is recorded on credit side of her account.
- (3) Goods of ₹ 1000 sold to Shubham is recorded properly in sales book but his account is posted twice.
- (4) Opening balance of bills payable ₹ 25,000 is recorded on debit side by mistake.

16. Following errors were detected while preparing final accounts for the year ending on 31st March, 2018. Pass necessary rectification entries :

- (1) Credit balance of capital ₹ 1,00,000 is shown in debit column of trial balance.
- (2) Monthly total of Goods return Debit book for March 2018 is overcast by ₹ 2000 by mistake.
- (3) ₹ 5000 paid for insurance premium is debited twice in Insurance Premium Account.
- (4) ₹ 5600 paid to trader Parth is correctly recorded in cash book but it is credited in Parth's account by mistake.

17. Pass rectification entries to rectify the errors committed while recording transactions in the books of Nishith & Brothers :

- (1) Cash paid ₹ 1000 is recorded in discount column on payment side of cash book by mistake.
- (2) Goods sold on credit to Sarvaiya for ₹ 4500 is recorded in purchase book by ₹ 5400 and posting is done in ledger accordingly.
- (3) Coloring expense of shop ₹ 10,000 is debited to shop account.
- (4) Bills accepted by Dilip ₹ 6700 is recorded as ₹ 7600 in bills payable book.

18. In order to match the trial balance ₹ 14,500 is credited to suspense account by Vipul & Co. Following errors were detected after preparing final accounts :

- (1) Total of purchase book is overcast by ₹ 8000.
- (2) ₹ 2500 received for interest from Hetal is credited to her account as well as interest received account.
- (3) Goods returned by Piyu ₹ 6000 is debited to his account.
- (4) Opening balance of debtor Preeti ₹ 3000 was omitted to be brought down.

Pass rectification entries and prepare suspense account.

19. In order to match the trial balance of Shri Umang & Brothers, the difference was transferred to suspense account following errors were detected after preparing final accounts. Pass rectification entries, prepare suspense account and find out its opening balance :

- (1) Total of purchase book overcast by ₹ 3000.
- (2) ₹ 5600 paid for interest, posted twice in interest account.
- (3) ₹ 25,000 paid to Mansi for repayment of her loan is not posted to Mansi's loan account.

20. Show the effect on profit or loss of the following errors committed by Shri Aladadev Barot.

- (1) ₹ 95,000 paid to Govindbhai Makwana for advance salary is recorded in salary account by mistake.
- (2) Purchase of furniture ₹ 1000 is debited to office expense account by mistake.
- (3) ₹ 8000 paid to Babubhai is recorded in his account by ₹ 800. While total sales book is undercast by ₹ 7200.
- (4) Goods sold to Laxmanbhai for ₹ 50,000 is recorded in purchase book by mistake.



Depreciation Accounts

Section A

Select the correct option for each question from the given options :

1. Depreciation is calculated on which assets of business? []
 (a) Current (b) Fixed (c) Liquid (d) Fictitious
2. On which price of asset, depreciation is not calculated under reducing balance method? []
 (a) Book value (b) Selling price
 (c) Cost price (d) Opening balance of asset
3. Under which method amount of depreciation gradually reduces every year? []
 (a) Straight line method (b) Reducing balance method
 (c) Revaluation method (d) Mileage method
4. At the time of calculation of depreciation, to determine the depreciable amount, what is the effect of estimated scrap value of asset from the cost price of an asset? []
 (a) is added (b) is deducted (c) is divided (d) is multiplied
5. Depreciation is which type of expense? []
 (a) Capital expense (b) Revenue expense (c) Fictitious expense (d) Cash expense
6. Under which method of depreciation, balance is not maintained between depreciation and repairing expense? []
 (a) Machine hour rate method (b) Compound interest method
 (c) Reducing balance method (d) Straight line method
7. On 1-4-18 the balance of machinery account was ₹ 1,40,000. This machinery was purchased on 1-4-15. Depreciation is charged by the company at 10 % under straight line method. Cost price of machine is []
 (a) ₹ 1,40,000 (b) ₹ 1,70,000 (c) ₹ 2,00,000 (d) ₹ 2,20,000
8. Where is the profit on sale of machine recorded? []
 (a) Credit side of machine account (b) Debit side of machine account
 (c) Credit side of depreciation account (d) Debit side of depreciation account
9. X Ltd. provides depreciation at 6 % under straight line method. If the amount of depreciation was ₹ 12,000 annually then, the cost price of machine is []
 (a) ₹ 1,80,000 (b) ₹ 1,20,000 (c) ₹ 2,00,000 (d) ₹ 2,40,000

10. Y Ltd. has purchased a machine on 1-4-16. By charging depreciation at 10 % under reducing balance method, ₹ 6480 is recorded as depreciation on 31-3-18. The cost price of machine is []
 (a) ₹ 36,000 (b) ₹ 1,08,000 (c) ₹ 64,800 (d) ₹ 72,000
11. One machine was purchased on 1-4-15 for ₹ 60,000. Depreciation on machine charged at 10 % under reducing balance method as on 1-1-18 is []
 (a) ₹ 1215 (b) ₹ 2430 (c) ₹ 3645 (d) ₹ 4860

Section B

Answer the following questions in one or two sentences each :

1. Where is depreciation disclosed at the time of preparation of final account?

2. What is the effect of depreciation on efficiency and useful value of an asset?

3. For how many accounting years is the asset used for considering depreciation on it?

4. What is the cost price of asset?

5. Where and which side the loss on sale of machine will be recorded in the account?

6. Give the formula to determine the amount of annual depreciation under equal installment method.

7. What is the value of asset at the end of its estimated life, under the straight line method?

8. The amount of annual depreciation is debited or credited in machine account?

9. On 1-4-18 in the books of X Ltd. the balance in machine account is ₹ 1,30,000. The depreciation is provided at 10 % every year under reducing balance method. Find a loss on sale of this machine, if this machine is sold at 10 % loss on book value as on 30-9-18.

10. One machine was purchased on 1-4-16 worth ₹ 1,20,000. Company provides depreciation on machinery at 8 % under straight line method. Determine the book value of machine after depreciation as on 31-3-18.

Section E

Answer the following questions as asked :

1. On 1-4-2016 Sharda Ltd. purchased a machine costing ₹ 47,700 and paid ₹ 750 for installation. Calculate the amount of annual depreciation and annual rate of depreciation if scrap value is estimated at ₹ 10,950 at the end of estimated life of 12 years. Accounting year of the company ends on 31st March.

Write journal entries for first three years and prepare machinery account and depreciation account for first three years. Also show the effect in annual accounts of the first year. The company calculates depreciation by fixed installments method.

2. Jamna & Company purchased a machine of ₹ 1,58,400 on 1-4-2017 and paid ₹ 3600 for installation expenses. Prepare machine account and depreciation account for first two years if depreciation is provided at 14 % p.a. by fixed installments method. Also show the effect in final accounts for the first year.

3. On 1-4-2018 the machine account shows balance of ₹ 2,16,000 in the books by Vijay Corporation. This machine was purchased before 6 years. On 31-3-2019, the machine was sold at 25 % profit on its book value. The company provides depreciation at 10 % on straight line method. Pass journal entries and prepare machine account from the above information.

4. On 1-4-2016, Anant and Sons purchased a machine costing ₹ 88,200 and paid ₹ 1800 for installation charges. On 31-3-2019 the machine was sold at 10 % loss on book value. Depreciation is provided on machine at 15 % p.a. by straight line method. Prepare machine account and depreciation account.

5. Vismay Ltd. purchased a machine for ₹ 1,20,000 on 1-4-2016. Another machine was purchased for ₹ 96,000 on 1-12-2017. Depreciation provided on machine is at 10 % p.a. by straight line method. On 31-3-2019 the first machine was sold at 30 % loss on book value. Prepare machine account and pass journal entries for the year 2018-19.

6. On 1-4-2016, Meena Industries purchased a machine for ₹ 4,34,000. ₹ 56,000 was paid for carriage and installation. ₹ 70,000 was incurred for repairing of the machine before it was put into use. On 1-10-2017, other machine was purchased for ₹ 4,76,000, on which installation charges amounted to ₹ 28,000. The first machine was sold on 30-9-2018 at 50 % loss on its book value. Prepare machine account till 31-3-2019. Also show accounting effect for the year 2016-17. The company provides depreciation on machine at 12 % p.a. by straight line method.

7. On 1-4-2016, the machine account shows balance of ₹ 2,70,000 in the books of Surbhi Ltd. This machine was purchased before five years. Total depreciation provided till date on this machine is ₹ 90,000. Another machine was purchased for ₹ 54,000 on 1-1-2018. The second machine was found unsuitable and it was sold for ₹ 40,000 on 31-12-2018. The company provides depreciation at 5 % p.a. by straight line method. From the above information prepare machine account and depreciation account till 31-3-2019.

8. On 1-4-2016, Sanket Machine Tools Ltd. purchased machines of ₹ 1,84,500. Installation expenses of ₹ 18,000 was paid on these machines. On 1-10-2018, the company purchased another machine for ₹ 1,57,500 on which ₹ 4500 were incurred for installation. Depreciation is calculated by the company at 8 % p.a. by straight line method. On 31st March, 2019, 40 % of the machines purchased on 1-4-2016 were sold at 50 % profit on book value. From the above information, prepare machine account till 31-3-2019 and show the effect in final accounts for the year 2018-19 in the books of the company.

9. Yusuf Limited purchased a machine for ₹ 2,88,000 on 1-4-16. ₹ 12,000 were paid for installation expenses. Depreciation is provided on machine at 20 % p.a. by reducing balance method. Find the amount of depreciation, Prepare journal, machine account and depreciation account for first three years. Show the effects in final accounts for first two years.

- 10.** Books of Sheela Corporation shows balance of machine account ₹ 1,50,000 on 1-4-2018. Depreciation is provided on machine at 12 % p.a. by written down method. On 1-1-2019 this machine is sold at 40 % loss on its book value.
- Prepare machine account and pass necessary journal entries in the books of the company.

11. On 1-4-2016 Vishva Ltd. purchased a machine for ₹ 1,66,500 and paid ₹ 13,500 for installation. Another machine was purchased for ₹ 1,53,000 on 1-11-2017, on which installation expenses amounted to ₹ 9000. The company provides depreciation on machine at 10 % p.a. by reducing balance method. The first machine was sold on 31-3-2019 at 25 % profit on book value. From the above information, prepare machine account for three years and pass journal entries for the first year.

12. Books of Suresh Agency shows balance of machines ₹ 1,72,900 on 1-4-2018. One machine out of these machines was purchased for ₹ 1,00,000 on 1-4-2015. This machine was sold for ₹ 47,500 on 31-7-2018. Depreciation is provided on machines at 10 % p.a. by diminishing balance method. Prepare machine account for the year ending on 31-3-2019.

13. Books of Esha Industries show balance of machine account ₹ 2,45,000 as on 1-4-2016. On the same date, new machine was purchased for ₹ 1,75,000. The machine purchased on 1-4-2016 was sold on 31-12-2017 at 20 % profit on book value. Depreciation is provided on machines at 20 % p.a. by reducing balance method. Prepare machine account till 31-3-2018.

14. On 1-4-2017, Ahmedabad Ltd. purchased a machine for ₹ 2,92,000. Expenses on installation of this machine amounted to ₹ 8000. Depreciation is provided on machines at 8 % p.a. by straight line method. Depreciation is recorded by opening provision for depreciation account. From the above particulars, pass journal entries for first two years and prepare provision for depreciation account and depreciation account for first two years.



Reserves and Provisions

Section A

Select the correct option for each question from the given options :

1. can also be created if there is loss. []
 (a) Reserves (b) Provisions
 (c) Reserve fund (d) Reserves and provisions both
2. can be created when there is profit only. []
 (a) Reserves (b) Provisions
 (c) Reserves and provisions both (d) Neither reserves nor provisions
3. is the order of creating reserves and provisions. []
 (a) First reserves and then provisions (b) First provisions and then reserves
 (c) Both together (d) In any order
4. is created to meet with probable expenses, losses and liabilities. []
 (a) Reserves (b) Provisions
 (c) Reserve fund (d) Reserves and provisions both
5. Assumption of going concern and prudence can be implemented by []
 (a) Reserves (b) Reserve fund
 (c) Provisions (d) Reserves and provisions both
6. is created to strengthen financial position of the business or to meet with contingent losses. []
 (a) Reserves (b) Provisions
 (c) Reserves and provisions both (d) Neither reserves nor provisions
7. Generally, can be used for distribution of dividend. []
 (a) General reserve (b) Provident fund (c) Bad debt reserve (d) Capital reserve
8. can be created by undervaluation of closing stock. []
 (a) Reserve fund (b) Specific reserve (c) Capital reserve (d) Secret reserve
9. is the lifeline of business in emergency situation. []
 (a) Specific reserve (b) Capital reserve (c) General reserve (d) Secret reserve
10. Profit arised out of sale of goods and normal course of business activities is called as []
 (a) Capital profit (b) Revenue profit (c) Specific reserve (d) Secret profit

Section B

Answer following questions in one line :

1. By debiting which account provisions are created?

2. By debiting which account reserves are created?

3. Even if there is loss in the business can we create reserve or provision?

4. State the objective of creating dividend equalisation fund.

5. What is sinking fund?

6. State whether the following balances are reserve or provision :

(1) Depreciation fund (2) Sinking fund (3) Bad debt reserve

Section C

Answer following questions in detail :

1. Explain the meaning of provision with illustration and state its characteristics.

2. What is reserve? Explain its importance.

3. What is specific reserve? Explain with illustration.

4. What is capital reserve? State its sources.



4

Bills of Exchange

Section A

Select the correct option for each question from the given options :

- In how many ways the bills are mainly known as? []
(a) Two (b) Three (c) Four (d) Six
- Whose sign must be there on the bill? []
(a) Witness (b) Drawee of the bill (c) Bank officer (d) Shroff
- Normally, who draws the bill? []
(a) Trader (b) Customer (c) Debtor (d) Banker
- The order made in the bill must be []
(a) conditional (b) unconditional (c) in the request form (d) in the oral form
- What is the other name of bill of exchange? []
(a) Letter of exchange (b) Postal order
(c) Promissory note (d) Cheque
- A bill receivable is an asset for the []
(a) acceptor of the bill (b) drawer of the bill
(c) bank (d) government
- A bill payable is a liability for the []
(a) drawer of the bill (b) bank
(c) acceptor of the bill (d) government
- When a new bill is given for an extended period in exchange of an old bill, it is known as []
(a) bill at sight (b) accommodation bill (c) promissory note (d) renewal of a bill

Section B

Answer the following questions in one sentence (1 mark) :

- What is bill receivable?

- What is bill payable?

3. What is dishonour of a bill?

4. What is renewal of a bill?

5. Normally who draws the bill and who accepts the bill?

6. What is to be paid by order in the bill?

7. How many days of grace are given to facilitate the payment of money in the transaction of a bill?

8. What are noting charges?

Section C

Answer the following question as asked :

1. Bablu purchased goods of ₹ 2,52,000 from Bunty on 20th July, 2018. Bunty drew a bill of ₹ 2,52,000 for 4 months on Bablu, which Bablu accepted and returned. Record these transactions in the books of Bablu and Bunty.

2. Aakash sold goods of ₹ 3,20,000 to Gagan on 1-6-2018. On 4-6-2018 Aakash drew a bill for ₹ 3,20,000 for 40 days on Gagan, which Gagan accepted and returned. Gagan paid the amount of the bill on the maturity date. Write the necessary journal entries in the books of Aakash and Gagan.

3. Suresh sold goods of ₹ 3,68,000 to Ramesh on 1-5-2018. On 4-5-2018 Ramesh paid ₹ 68,000 to Suresh by cheque. On 4-5-2018 Suresh drew a bill of ₹ 3,00,000 for 2 months, which Ramesh accepted and returned. Ramesh paid entire amount of the bill on the maturity date. Pass necessary journal entries in the books of both parties.

4. Nakul sold goods of ₹ 4,20,000 on credit to Bakul on 2-1-2018. Nakul drew a bill for the necessary amount on 5-1-2018 for 3 months, which was accepted and returned by Bakul. On 8-2-2018 Nakul discounted this bill with the bank at 8 % p.a. discount. Bakul paid the amount of the bill on the maturity date. Pass necessary journal entries in the books of both the parties.

5. Kuldeep sold goods of ₹ 2,20,000 on credit to Rahul on 1-3-2018. On the same day, Kuldeep drew a bill on Rahul for 3 months, which Rahul accepted. On 7-3-2018 Kuldeep endorsed this bill in favour of creditor Ravindra. The amount of the bill was paid by Rahul on the maturity date. Pass necessary journal entries in the books of Kuldeep and Rahul.

6. Sakil drew a bill of ₹ 85,750 on 2-12-2017 for 2 months on Ahemad. Ahemad accepted and returned the bill. On 28th January, 2018 Sakil sent this bill to the bank for collection. The bill was paid by Ahemad on the maturity date. The bank debited ₹ 850 to Sakil account as commission. Pass necessary journal entries in the books of both the parties.

7. Adalbhai drew a bill of ₹ 2,24,000 for 3 months on Badalbhai on 1-4-2018, which Badalbhai accepted. Badalbhai could not pay the money on the maturity date. Adalbhai went through the procedure of dishonour of the bill and paid ₹ 2240 as noting charges. Write journal entries in the books of both the parties.

8. On 6-4-2018, Chaudhary drew a three months bill of ₹ 1,35,000 for his outstanding amount due from Vasava, which was accepted by Vasava. On 9-5-2018 Chaudhary discounted this bill with the bank at 10 % p.a. The bill was dishonoured on the maturity date and the bank debited the entire amount including noting charges of ₹ 400 to Chaudhary. Pass necessary journal entries in the books of Chaudhary and Vasava.

9. On 2-4-2018, Amar drew a three months bill of ₹ 2,80,000 on Akbar. This bill was accepted by Akbar. On 10-4-2018, Amar endorsed this bill to Anthony. Akbar dishonoured the bill on the maturity date. Anthony was paid ₹ 2100 for noting charges. Anthony debited the amount of bill including noting charges also to Amar's account. Pass necessary journal entries in the books of Amar or in the books of Akbar or in the books of Anthony.

- 10.** On 10-6-2018 Manan drew a four months bill of ₹ 3,35,000 on Chaman, which Chaman accepted and returned. On 22-7-2018 Chaman was declared insolvent and on 2-8-2018, his receiver paid dividend at 70 paise. Write journal entries in the books of Manan.

11. On 4-4-2018, Nitin drew a three months bill of ₹ 80,000 on Paresh, which Paresh accepted and returned. Before the maturity date due to the lack of financial provision, on 25-6-2018 Paresh gave ₹ 20,000 against old bill and requested Nitin to cancel the old bill and for the remaining amount draw a new bill for two months period alongwith the interest ₹ 3000. Nitin accepted this request. Write journal entries in the books of both the parties.

12. A bill of ₹ 1,25,000 drawn by Sanjaybhai and accepted by Ritaben and endorsed by Sanjaybhai in favour of Harnish, was dishonoured on the maturity date 31-7-2018 and Harnish paid noting charges of ₹ 1250. Write journal entries in the books of Harnish and Sanjaybhai.



Financial Statements of Business Firms

Section A

Select the correct option for each question from the given options :

1. Credit balance as per trading account means []
 (a) Gross profit (b) Net profit (c) Gross loss (d) Net loss
2. Debit balance as per profit and loss account means []
 (a) Gross profit (b) Net profit (c) Gross loss (d) Net loss
3. Which of the following balances is shown in trading account? []
 (a) Salary-wages (b) Wages-salary
 (c) Outstanding salary-wages (d) Outstanding wages-salary
4. Where is the closing stock of advertisement material shown in trial balance shown in final accounts? []
 (a) Debit side of profit and loss account
 (b) Credit side of profit and loss account
 (c) Capital and liabilities side of balance sheet
 (d) Assets side of balance sheet
5. Where is the contribution to provident fund shown in trial balance shown in final accounts? []
 (a) Debit side of trading account
 (b) Debit side of profit and loss account
 (c) Capital and liabilities side of balance sheet
 (d) Asset side of balance sheet
6. On which amount the provision for discount reserve on debtors is made? []
 (a) On balance of debtors given in trial balance.
 (b) On balance of debtors after deducting bad debt of adjustment.
 (c) On the balance of debtors given in trial balance after deducting bad debt and bad debt reserve of adjustments.
 (d) On the balance of discount account given in trial balance.
7. What is operating profit? []
 (a) Sales – Cost of goods sold (b) Gross profit – Operating expenses
 (c) Total revenue – Total expenses (d) Gross profit – Net profit
8. Where is the goods taken for personal use, given in adjustment shown in final accounts? []
 (a) Deducted from purchase on debit side of trading account and deducted from capital in balance sheet
 (b) Credit side of trading account and added to capital in balance sheet
 (c) Debit side of profit and loss account and deducted from capital in balance sheet
 (d) Credit side of profit and loss account and added to capital in balance sheet

9. Where is the discount reserve on debtors given in trial balance only shown in final accounts? []
- (a) Debit side of profit and loss account
 (b) Credit side of profit and loss account
 (c) Deducted from debtors on assets side of balance sheet
 (d) Added to debtors on assets side of balance sheet
10. Where is the bad debt recovered given in trial balance shown in final accounts? []
- (a) Debit side of trading account (b) Credit side of trading account
 (c) Debit side of profit and loss account (d) Credit side of profit and loss account
11. 12 % loan borrowed ₹ 25,000 on 1-10-18 and interest paid on loan ₹ 1000 are given in trial balance. Outstanding interest on loan ₹ will be shown in final accounts as on 31-3-2019. []
- (a) ₹ 2000 (b) ₹ 3000 (c) ₹ 500 (d) ₹ 1000
12. Building ₹ 50,000 (including building purchased on 1-10-18 ₹ 20,000) is given in trial balance. How much depreciation will be recorded in final accounts as on 31-3-2019, if depreciation is provided at 12 % p.a. on building?
- (a) ₹ 6000 (b) ₹ 7200 (c) ₹ 8400 (d) ₹ 4800
13. Debtors of ₹ 40,000 are shown in trial balance out of which a debtors of ₹ 10,000 is declared insolvent and 80 % final dividend is declared by the court. How much amount of provision for bad debt reserve on debtors will be recorded at 5 % on debtors? []
- (a) ₹ 1500 (b) ₹ 2000 (c) ₹ 2500 (d) ₹ 1750

Section B

Answer the following questions in one line each :

1. State the main objective of preparing trading account.

2. State the main objective of preparing profit and loss account.

3. Which expenses are included in operating expenses?

4. How many methods (structures) are prevailing for presenting balance sheet?

5. What is Darmayo?

6. What is wharfage?

7. Where is the contribution to state insurance plan shown in final accounts?

8. Where is the interest on loan advanced shown in final accounts?

9. Where is the workmen accident compensation fund shown in final accounts?

10. Where is the workmen savings fund shown in final accounts?

Section F

1. Prepare final accounts of Shri Dev Pandya for the year ended on 31-3-2018 from the trial balance and additional information given below :

Heads of Accounts	L.F.	Debit balance (₹)	Credit balance (₹)
Debtors and creditors		60,000	40,000
Capital and drawings		10,000	1,00,000
Adjusted purchases and sales		1,40,000	1,65,000
Goods return account		5000	4000
Discount		300	200
Rent		3000	—
Outstanding rent		—	500
Bills receivable and bills payable		3000	5200
12 % bank loan and interest on bank loan		1200	10,000
Commission		2000	—
Cash balance		800	—
Furniture		12,000	—
Building		40,000	—
Machinery		30,000	—
Wages and salary		4000	—
Carriage inward		800	—
Closing stock		8000	—
Office expenses		800	—
Opening stock		4000	—
		3,24,900	3,24,900

Adjustments :

- (1) Goods of ₹ 15,000 was distributed as free samples.
- (2) Goods of ₹ 6000 was given as charity.
- (3) Goods of ₹ 8000 was stolen away.
- (4) Goods of ₹ 5000 was taken for personal use.
- (5) Wages paid for installation of machinery ₹ 1000 was debited to wages account by mistake.

2. Prepare final account of Shailja for the year ending on 31-3-2018 from the trial balance and adjustments given below :

Debit balance	Amount (₹)	Credit balance	Amount (₹)
Drawings	10,000	Capital	60,000
Purchases	59,000	Sales	1,14,000
Stock (1-4-2008)	20,000	Purchase return	5000
Carriage inward	2000	Interest	1900
Sales return	4000	Discount	800
Goodwill	10,000	Commission	2000
Salary	12,000	Dividend	300
Cash balance	3850	Bank loan	20,000
Wages	6000	Bills payable	10,000
Advertisement expenses	3000	Creditors	12,000
Office expenses	1000		
Salesmen's commission	2000		
Interest on bank loan	1500		
Building	30,000		
Rent	4250		
Debtors	25,000		
Carriage outward	1000		
Insurance premium	400		
Bills receivable	5000		
Investment in shares	3000		
Stationery and printing	500		
Discount	2500		
Furniture	20,000		
	2,26,000		2,26,000

Adjustments :

- (1) Closing stock is ₹ 40,000, out of which market value of ₹ 10,000 of stock is 10 % more.
- (2) Outstanding salary ₹ 500 and prepaid insurance ₹ 150.
- (3) Commission due but not received ₹ 200 and interest received in advance ₹ 900.
- (4) Write off ₹ 1000 from debtors.
- (5) Depreciate building by 5 % and furniture by 10 %.
- (6) Calculate interest in capital at 10 % and collect ₹ 500 on drawings.

3. Prepare final accounts of Anita from the given trial balance as on 31-3-2018 and adjustments trial balance as on 31-3-2018.

Debit balance	Amount (₹)	Credit balance	Amount (₹)
Opening stock	5000	Capital	47,700
Purchase	30,000	Goods given as advertisement	750
Carriage inward	500	Creditors	3000
Carriage outward	800	Sales	45,300
Rates and taxes	500	Purchase return	2000
Machinery (office)	25,000	Goods given as charity	900
Debtors	10,000	Bills payable	1000
Investment in shares	10,000		
Drawings	2000		
Sales return	1000		
Advertisement expenses	1200		
Bank balance	7050		
Bills receivable	1450		
Bad debts	400		
Furniture	5000		
Cash balance	750		
	1,00,650		1,00,650

Additional information :

- (1) Calculate interest on capital at 10 % and on drawings at 15 %.
- (2) Closing stock is 10,000. Market value of closing stock is 10 % more.
- (3) Write off ₹ 500 from debtors as bad debt.
- (4) Depreciate machinery and furniture by 10 %.

4. Trial balance of Manali as on 31-3-2018 was as under :

Debit balance	Amount (₹)	Credit balance	Amount (₹)
Drawings	16,500	Capital	87,500
Purchases	52,500	Purchase return	2500
Stock (1-4-2017)	25,000	Sales	1,02,000
Sales return	2000	Bank loan	9500
Wages	5000	Bills payables	6000
Advertisement expenses	4000	Creditors	23,000
Office expenses	1500	Dividend	300
Rent	3750	Discount	800
Discount	2500		
Stationery and printing	500		
Investment in shares	1500		
Carriage outward	1500		
Carriage inward	2000		
Goodwill	15,000		
Debtors	25,000		
Interest on bank loan	1500		
Salesmen's commission	2000		
Lease hold building (From 1-10-2017 for 6 years)	30,000		
Machinery (office)	20,000		
Bills receivable	5000		
Bank balance	11,000		
Cash on hand	3850		
	2,31,600		2,31,600

Prepare final accounts by considering following adjustments :

- (1) Closing stock ₹ 43,500.
- (2) Write off ₹ 1000 from debtors.
- (3) Depreciate machinery by 10 %.
- (4) Interest is to be given at 10 % on capital and interest on drawings is to be charged ₹ 500.

5. Prepare final accounts of Devanshi for the year ending 31-3-2018 from the trial balance given below :

Particulars	Debit balance (₹)	Credit balance (₹)
Capital	—	90,000
Wages	1000	—
Sales	—	93,820
Drawings	14,400	—
Purchases	61,700	—
Debtors and creditors	37,800	8700
Plant and machinery	25,000	—
Bank deposit	30,500	—
Expenses on purchase	1320	—
Salary	3369	—
Discount	—	1520
Cash and bank balance	14,971	—
Bad debt reserve	—	2250
Purchase return	—	690
Insurance premium	1260	—
6 % mortgage loan (1-4-2017)	—	6100
Opening stock	10,830	—
Furniture	7500	—
Bad debt	1140	—
Sales return	525	—
Rent	—	6540
Interest on bank deposit	—	1695
	2,11,315	2,11,315

Adjustments :

- (1) Cost of closing stock is ₹ 12,000 of which market value is ₹ 11,000.
- (2) Interest on capital is to be calculated at 5 % and interest on drawings is to be charged ₹ 180.
- (3) Goods of ₹ 1000 was distributed as free samples which is not recorded in the books of accounts.
- (4) ₹ 100 is unpaid for wages.
- (5) Write off ₹ 800 as bad debt and make provision for doubtful debt on debtors at 5 %.

Examples of preparation of profit and loss account and balance sheet :

6. Following are the balances for the year ended 31-3-2018 of Shri Rajendrabhai. Prepare final accounts from these balances :

Name of accounts	Amount (₹)	Name of accounts	Amount (₹)
Debtors	9000	Office expenses	640
Discount (credit)	600	Drawings	16,000
Bills receivables	8540	Bank (credit balance)	2400
Bad debt reserve (1-4-2017)	1300	Capital	50,000
Bills payable	2800	Building	16,000
Stock of goods (31-3-2018)	12,780	Rent paid	1500
Carriage outward	1160	Rates and taxes	4000
Sales and distribution expenses	1600	Machinery (office)	20,000
Salary paid	4000	Bad debt	400
		Prepaid rent	200
		Creditors	12,000
		Trading A/c (Credit)	26,720

Adjustments :

- (1) Calculate interest on capital at 5 %.
- (2) Write off ₹ 600 from debtors and make provision for doubtful debt 5 %.
- (3) Interest on bank overdraft is unpaid ₹ 150.
- (4) Depreciate machinery and building at 5 %.

7. Prepare final accounts of Shri Ajay Tripathi from following information :

Trial balance as on 31-3-2018

Debit balance	Amount (₹)	Credit balance	Amount (₹)
Stock of goods	2,40,000	Interest on investments	600
Building	1,20,000	Capital	4,48,000
8 % investments	60,000	Commission	8800
Cash and bank	70,000	Bills payables	20,000
Taxes and insurance	18,000	Creditors	1,20,000
Bills receivable	40,000	8 % loan	1,00,000
Interest on loan	3000	Trading A/c	2,36,000
Advertisement expenses	28,000		
Salary	72,000		
Machinery	1,00,000		
Debtors	1,20,000		
Bad debt	400		
Rent due but not received	2000		
Drawings	60,000		
	9,33,400		9,33,400

Adjustments :

- (1) Goods of ₹ 6000 burnt by fire claim accepted by insurance company ₹ 5000.
- (2) 50 % of advertisement expenses are to be carried forward next year.
- (3) Credit purchases of ₹ 2000 is not recorded, which is included in closing stock.
- (4) Debtor of ₹ 20,000 is declared insolvent. His liquidator declared first and final dividend at 80 paise in a rupee. Make provision for bad debt at 10 %.

8. Prepare final accounts of Aarushi Tripathi from trial balance and additional information given below for the year ended 31-3-2018.

Trial Balance of Aarushi as on 31-3-2018

Particulars	Debit balance (₹)	Credit balance (₹)
Drawings and capital	5000	1,00,000
Purchases and sales	51,000	80,500
Debtors and creditors	21,500	8750
Bills	3000	5000
Cash and bank	4250	1250
Carriage inward	3750	—
Salary	14,000	—
Advertisement expenses	3000	—
Demurrage	1500	—
Stationery and printing	3700	—
Sales return	1500	—
Insurance premium	1000	—
Building	40,000	—
Commission received	—	2500
Purchase return	—	1000
Goods given as charity	—	1000
Discount	—	1000
Lease hold land (From 1-4-2017 for 10 years)	20,000	—
Rent	3000	—
Stock of goods (1-4-2017)	8000	—
Goods taken for personal use	—	2000
Carriage outward	2800	—
Investment in shares	10,000	—
Wages	3000	—
Bad debt	1000	—
Wharfage	2000	—
	2,03,000	2,03,000

Adjustments :

- (1) Closing stock on 31-3-2018 was ₹ 8000, market value of which is ₹ 10,000.
- (2) Outstanding rent ₹ 500.
- (3) Write off ₹ 500 from debtors and make provision for bad debt 5 %.
- (4) ₹ 2000 is paid for salary in advance.
- (5) Calculate interest on capital by 5 % p.a. and on drawings by 6 % p.a.
- (6) Depreciate building by 5 % p.a.

9. Trial balance of Shrimati Arpanaben as on 31-3-2017.

Debit balance	Amount (₹)	Credit balance	Amount (₹)
Purchase	40,000	Sales	80,000
Drawings	7000	Capital	1,00,000
Demurrage	300	Goods taken for personal use	600
Wharfage	100	Outstanding salary	1000
Salary	6000	Goods given as advertisement	3000
Advertisement expense	11,000	Creditors	6000
Debtors	40,000	Bank overdraft	10,000
Cash balance	38,800	Purchase return	2000
Sales return	4000	Dividend received	800
Stock (1-4-2016)	5500		
Wages paid	700		
Building	30,000		
Machinery (office)	20,000		
	2,03,400		2,03,400

Adjustments :

- (1) Closing stock is ₹ 5000. Market value of which is 10 % more.
- (2) Outstanding wages ₹ 200.
- (3) Credit sales of ₹ 2000 is not recorded.
- (4) Depreciate 5 % on building and 10 % on machinery.
- (5) Write off ₹ 2000 from debtors as bad debt.

Prepare final accounts of Arpanaben from above trial balance and adjustments.

10. Trial balance of Shri Tulsidas as on 31-3-2018.

Particulars	Debit balance (₹)	Credit balance (₹)
Debtors and creditors	2,80,000	1,20,000
Cash and bank balance	1,00,000	36,000
10 % loan from BOB and interest on loan	10,000	2,00,000
Bills	12,000	10,000
Purchase and sales	6,00,000	12,00,000
Capital and drawings	72,000	5,34,000
Goods return accounts	10,000	8000
Stock (1-4-17)	20,000	-
Salary paid (for 11 months)	2,20,000	-
Investment in 12 % debentures of Reliance Ltd and interest on it	2,00,000	12,000
Insurance premium and commission received	48,000	10,000
Bad debt and bad debt reserve	10,000	12,000
Building (1-4-2017)	3,20,000	-
Addition to building (1-10-2017)	80,000	-
Machinery	1,00,000	-
Office expenses	60,000	-
	21,42,000	21,42,000

Adjustments :

- (1) Closing stock is ₹ 3,00,000. Market value of 50 % stock is ₹ 1,60,000 and market value of remaining stock is ₹ 1,40,000.
 - (2) Capital of ₹ 34,000 introduced on 1-10-2017. Calculate interest on capital at 10 % per annum.
 - (3) Credit purchases of ₹ 20,000 are unrecorded.
 - (4) Write off ₹ 30,000 as additional bad debt and make provision for bad debt at 5 % and 2 % for discount reserve on debtors.
 - (5) Calculate depreciation on building by 10 % p.a.
- Prepare final accounts from above trial balance and adjustments.

11. Trial balance of Aayush Trivedi as on 31-3-2018.

Particulars	L.F.	Debit balance (₹)	Credit balance (₹)
Capital and drawings		12,000	2,70,000
Purchase and sales (Goods A/c)		1,50,000	2,50,000
Goods return		15,000	25,000
Personal A/c (Debtors and Creditors)		50,000	40,000
Machinery (office)		1,00,000	—
Addition to machinery (31-12-2017)		25,000	—
Opening stock		20,000	—
Salary		72,000	—
Audit fees		7500	—
Taxes and insurance		10,000	—
Stationery and printing		2500	—
Outstanding salary		—	6000
Prepaid insurance premium		1000	—
Building		50,000	—
Bills		5000	7500
Repairing expense and dividend received		6000	2000
Discount		2500	3000
Cash balance		50,000	—
Advertisement campaign expense		7500	—
Furniture		5000	—
		5,91,000	6,03,500

Adjustments :

- (1) Closing stock is ₹ 1,01,000 which includes stock of stationery ₹ 1000. Market value of 10 % of stock is 20 % more and market value of 20 % stock of goods is 20 % less.
- (2) Furniture of ₹ 5000 purchased on 1-10-2017 is debited to purchases account. Depreciate furniture at 10 % per annum.
- (3) Calculate interest on capital at 10 %. Capital of ₹ 50,000 was introduced on 1-1-2018.
- (4) Advertisement expenses paid in the beginning of the year was carried to advertisement campaign expenditure. This expenditure is to be written off over 5 years.
- (5) Depreciate machinery at 10 % p.a. and building at 5 % p.a.
Prepare final accounts for the year ended on 31-3-2018.

12. Trial balance of Shri Anand as on 31-3-2018.

Particulars	L.F.	Debit balance (₹)	Credit balance (₹)
Capital and drawings		15,000	2,50,000
Accounts of goods		40,000	80,000
Advertisement expenses		5000	—
Carriage outwards		3000	—
Office machines		1,80,000	—
Purchase of office machines (1-4-2017)		40,000	—
Building		50,000	—
Insurance premium		3000	—
Debtors and creditors		40,000	20,000
Accounts of goods return		8000	5000
Weighing charges		2000	—
Loan from Khyatiben at 6 % interest		—	20,000
Railway freight		1800	—
Stock of goods (31-3-2017)		18,000	—
Trade expenses		12,000	—
Wages and outstanding wages		6000	4000
Prepaid insurance		500	—
Bank and cash balance		20,000	87,900
Interest on loan from Khyatiben		600	—
Salary paid (upto 28-2-2018)		22,000	—
		4,66,900	4,66,900

Adjustments :

- (1) Closing stock is ₹ 50,000. Market value of 10 % of stock is 20 % more, while market value of 20 % of stock is 10 % less.
- (2) Interest on bank overdraft is unpaid at 10 %.
- (3) Depreciate office machines at 5 % p.a. and building at 10 % p.a.
- (4) A debtor of ₹ 10,000 is declared insolvent. 50 % of which is receivable as final dividend from his receiver. Make provision for bad debt at 5 %.
- (5) Goods of ₹ 2000 is left to be recorded in sales return book.

From the above trial balance and adjustments, prepare final accounts of Shri Anand for the year ended 31-3-2018.

13. Trial balance of Shri Laukik Bajpai as on 31-3-2018.

Debit balance	Amount (₹)	Credit balance	Amount (₹)
Opening stock	10,000	Bad debt reserve	3000
Purchases	1,00,000	Creditors	40,000
Salary paid	5000	Bank loan	15,000
Office expenses	6000	Rent received	3000
Sales expenses	6000	Purchase return	3000
Sales return	3000	Sales	1,40,000
Wages	2000	Goods taken for personal use	2000
Carriage inward	9000	Capital	?
Carriage outward	5000	General reserve	?
Furniture	45,000		
Debtors	40,000	(Ratio of capital and	
Machinery (office)	60,000	general reserve is 2:1)	
Bad debts	2000		
Cash balance	12,000		
Advertisement expenses	5000		
Lease hold building (from 1-10-2017 for 5 years)	40,000		
	3,50,000		3,50,000

Adjustments :

- (1) Depreciate machinery and furniture at 10 %.
- (2) Purchases of ₹ 5000 is unrecorded.
- (3) Interest on capital is to be calculated at 5 %.
- (4) Write off ₹ 5000 from debtors and make provision for bad debt at 10 %.
- (5) Outstanding salary ₹ 500 and rent due but not received ₹ 400.
- (6) Closing stock is ₹ 40,000. Market value of 10 % stock is 10 % less while market value of 20 % stock is 10 % more.

Prepare final accounts for the year ended 31-3-2018.

14. Trial balance of Shri Keval as on 31-3-2018 after preparing trading account is as under. Prepare final accounts from the trial balance and adjustments.

Debit balance	Amount (₹)	Credit balance	Amount (₹)
Drawings	4500	Capital	50,000
Investment of provident fund	20,000	Providend fund	23,500
Contribution to provident fund	1500	Interest on providend fund	
Goods stock (31-3-2018)	32,500	investments	2000
Furniture	7500	Traders	22,500
Patents	30,000	Discount received	50
Customers	35,180	Provision for doubtful debt	1250
Stationery expenses	50	Trading A/c	35,550
General expenses	500		
Salary	3000		
Bad debt	120		
	1,34,850		1,34,850

Adjustments :

- (1) Stock of stationery on 31-3-2018 is ₹ 25.
- (2) Personal cupboard of ₹ 2500 was brought into the business on 1-10-2017, which is not recorded.
- (3) Make provision for doubtful debt at 5 % after writing off ₹ 180 from debtors as bad debt.
- (4) Depreciate furniture at 10 % p.a.
- (5) Calculate interest on capital at 10 % and interest on drawings at ₹ 250.
- (6) Personal expenses of ₹ 100 is debited to general expenses.
- (7) Write off patents by ₹ 1500.

15. Trial balance of Shri Sanket as on 31-3-2018 :

Name of accounts	L.F.	Debit balance (₹)	Credit balance (₹)
Capital and drawings		40,000	2,00,000
Personal accounts		30,000	40,000
Goods accounts		50,000	90,000
Bills		4000	15,000
Discounts		500	800
Salary paid (₹ 1000 per month)		13,000	—
Professional tax		8000	—
Building		1,50,000	—
Addition to building (on 1-1-2018)		10,000	—
General reserve and dead stock		12,000	28,000
Audit fee and commission received		1800	1200
Furniture		12,000	—
Depreciation on furniture		1200	—
Motorcar		52,000	—
Sales and distribution expenses		1800	—
Demurrage		2400	—
Opening stock		12,000	—
Bonus		1800	—
Insurance premium (Includes ₹ 600 for the year ending 30-6-2018)		1200	—
Lease hold building (from 1-1-2018 for 5 years)		40,000	—
8 % loan from Krishna		—	50,000
12 % loan advanced to Dhara		10,000	—
Cash and bank balance		4000	32,700
		4,57,700	4,57,700

Adjustments :

- (1) Closing stock ₹ 50,000. Market value of 10 % stock is 20 % more while market value of 20 % stock is 10 % less and remaining stock requires repairing expense of ₹ 5000.
 - (2) Calculate interest on capital at 10 % and 5 % on drawings.
 - (3) Depreciate building and motor car by 10 % and 15 % respectively.
 - (4) A debtor of ₹ 10,000 is declared insolvent. 40 paise is receivable as final dividend from his receiver. Make provision for bad debt at 10 % on debtors.
 - (5) Sales return of ₹ 5000 is recorded in purchase return book by mistake.
- From the above information prepare final accounts for the year ended on 31-3-2018.



6

Accounting Conventions, Assumptions, Concepts and Principles

Section A

Select the correct option for each question from the given options :

1. Going concern assumption is in the context of []
(a) future (b) present (c) past (d) no context
2. What is not included in going concern assumption? []
(a) Unit not establish for special purpose (b) Unit establish for special purpose
(c) Unit which is economically sound (d) Purpose is not to dissolve business
3. Which assumption is applicable when depreciation method or inventory valuation method is changed? []
(a) Going concern assumption (b) Realisation principle
(c) Accounting entity (d) Consistency concept
4. Realisation principle has []
(a) relation with time period (b) no relation with time period
(c) relation only with cash transactions (d) relation only with credit transactions
5. Which principle is applicable if expense of March paid in April but treated as expense of March? []
(a) Going concern (b) Accrual principle (c) Accounting entity (d) Consistency concept
6. Accounting period concept is closely related with which concept / principle? []
(a) Going concern principle (b) Money measurement concept
(c) Separate entity concept (d) Full disclosure concept
7. Under which concept probable loss is considered but not probable profit? []
(a) Going concern principle (b) Prudence concept
(c) Money measurement concept (d) Separate entity concept
8. Which of the following has no relation with conservatism concept? []
(a) Bad debts reserve on debtors
(b) Stock market value or cost price which ever is less
(c) Discount reserve on debtors
(d) Asset to be shown in accounts at book value

9. Give one illustration where money measurement concept is not applicable?

10. Which concept is applicable when efficient employee resigns from job?

11. Which concept is applicable to disclose all accounting information in financial statements?

12. Materiality concept is closely associated with which concept?

13. What is another name of conservatism?

14. Goods received as free sample is exception of which concept?



Accounting Standards : Concept and Objectives

Section A

Select the correct option for each question from the given options :

1. In which year international accounting standard committee was formed? []
(a) 1971 (b) 1972 (c) 1973 (d) 1974
2. Which of the following is not applicable to accounting standards? []
(a) Establishes uniformity (b) Gives transparency
(c) Makes comparable (d) Non consistency

Section B

Answer the following questions in one sentence each :

1. Which committee is established at international level to prepare accounts and to establish uniformity in them?

2. In India which board forms accounting standards?

3. In India for accounting profession in which year the Institute of Chartered Accountants of India was established?

4. Which standards are issued at international level for preparation of accounts with objective to establish uniformity in them.

5. What is accounting standards?



Introduction to Deshinama System

Section A

Select the correct option for each question from the given options :

1. How many folds are there in Rojmel, Bethomel or Khatavahi in Deshinama? []
 (a) Four (b) Six (c) Eight (d) Twelve
2. Which word is preceded to every account while making accounting entries in Deshinama as a sign of good luck? []
 (a) Khate (b) Ganeshay (c) Ohm (d) Shree
3. What purpose is served by Rojmel or Bethomel? []
 (a) Shri purant janse (b) Shri purant baki (c) Cash (d) Bank
4. By which name the opening balance of Rojmel or Bethomel is known? []
 (a) Shri purant janse (b) Shri purant baki (c) Shri rokal khate (d) Shri १८
5. Which account is kept by trader for small and sundry expenses? []
 (a) Shri vigat khatu (b) Shri dukan kharch khatu
 (c) Shri ghar kharch khatu (d) Shri vatav khatu
6. In how many folds, jama nondh and udhar nondh is prepared in Deshinama? []
 (a) Four (b) Five (c) Six (d) Eight
7. Accounts of debtors and creditors are maintained in which Khatavahi by small traders whose receipts and payments are considerably less? []
 (a) Sadi Khatavahi (b) Thham Khatavahi
 (c) Sama dastak ni Khatavahi (d) Lendar-devadar Khatavahi
8. What purpose is served by Bethi Khatavahi? []
 (a) Rojmel and Khatavahi (b) Rojmel
 (c) Bethomel (d) Khatavahi
9. On the basis of which statement, it can be ascertained that accounts maintained, are arithmatically correct in Deshinama system? []
 (a) Hawalamel (b) Aavro (c) Sarvaiyu (d) Utaro
10. By which name of following, the Hawalamel is not known? []
 (a) Jama kharchi mel (b) Maand chhod mel (c) Thaam mel (d) Achal mel
11. At the end of the year, Hawalamel is not prepared on the last page of which book in Deshinama system ? []
 (a) Daginamel (b) Rojmel (c) Bethomel (d) Rojmel or Bethomel

12. Which account is not Kachha khata? []
 (a) Milkato (b) Kharchna khata (c) Upajna khata (d) Maalna khata
13. Which of the following account is not closed at the end of the year but it's balance is carried forward to Khatavahi next year? []
 (a) Kharid khatu (b) Majuri khatu
 (c) Furniture khatu (d) Madel commission khatu
14. By closing Ghar-kharch khatu at the end of the year, it is carried forward to which account? []
 (a) Kharid-vakra khate udhar (b) Bhandol khate udhar
 (c) Bhandol khate jama (d) Gharcharch khate udhar
15. Which account amongst the following is not paku khatu? []
 (a) Vahan khatu (b) Providend fund khatu
 (c) Agau thi chukvel bhada khatu (d) Bhada khatu
16. Which balances are shown in sarvaiya? []
 (a) Kacha khata (b) Paka khata (c) Maal na khata (d) Kharch na khata
17. Which amount is not recorded in Rojmel, but shown as closing balance of Rojmel? []
 (a) Upar tapke (b) Ublek (c) Deshavar (d) Tasalmat
18. Which account is not opened in khatavahi under deshinama? []
 (a) Haththu khatu (b) Vatav khatu (c) Vigat khatu (d) Silak vadhghat khatu
19. Transactions of goods sold on credit are recorded in which peta nondh? []
 (a) Jama nondh (b) Udhar nondh (c) Jama vahi (d) Kabala vahi
20. Who maintains Sama Daskatni khatavahi? []
 (a) Dalal (b) Traders of forward market
 (c) Small traders (d) Money lenders
21. If there is loss in business, it is debited to which account? []
 (a) Kharid vakra khate udhar (b) Vatav khate udhar
 (c) Bhandol khate udhar (d) Nafa-nuksan khate udhar

Section B

Answer following questions in one or two lines each :

1. Which account is debited when an amount is given to a person or accountant or owner of the business going out of station for making business transactions and to meet with his expenses ?

2. What is Petavahi or Petanondh?

3. What is Udharnondh?

4. By which other name is the Jamanondh known?

5. Which details are recorded in Daginamel?

6. By which other name is the Janasvahi known?

7. What is Sudhavahi?

8. By whom and for what purpose is Vyajvahi maintained?

9. By whom and for what purpose is Kabalavahi maintained?

10. What is Utaro?

11. Write the meaning of Kothali Chhodamani.

12. What is Kacha khata in Deshinama?

13. By which other name is Kaachinondh known?

14. Balances of which accounts are useful to know the financial position of business?

15. What is similar to the nature of Sarvaiyu in Deshinama system?

16. Which traders calculate profit or loss by Vatav khata method in Deshinama?

17. Write Havalanondh for depreciation on building.

18. Write Havalanondh for outstanding salary.

19. Write Havalanondh for transferring profit calculated by Vatav khata method to Bhandol khate.

20. What is Avro?

21. How is Avro useful?

22. By which other name is Havalamel known?

23. Write a Havalanondh for interest on drawings (Household expenses).

24. Which accounts are included in Paka khata?

25. Deshinama padhdhati is written in which language?

Section C

Write a short answer of the following questions :

1. Explain the following terms :

(1) Bhandol khatu (2) Upar tapke (3) Shri purant janse

2. Explain the following terms :

(1) Gharkharch khatu (2) Haste (3) Hundivahi

3. Explain the following terms :

(1) Dukan kharch khatu (2) Chandla khatu (3) Fanku marvu

4. Explain the following terms :

(1) Kabalavahi (2) Shri purant baki (3) Khatanusandhan

5. Explain the following terms :

(1) Vatav khatu (2) Ublek khatu (3) Vyajvahi

6. Explain the following terms :

(1) Miti (2) Ugharani nondh (3) Sadi khatavahi

7. Explain the following terms :

(1) Khatu mandaman (2) Holayo (3) Vikram samvat

8. Write a short note :
Kachi nondh (Rough book)

9. Write a short note :
Kharidnondh (Purchase book)

10. Write a short note :
Kabulat and Havallo (Acceptance and transfer)

11. Write a short note :

Recording of cash transactions in Rojmel



Accounts of Non-trading Concerns

Section A

Select the correct option for each question from the given options :

1. Which type of institutions are religious institutions? []
 (a) Company (b) Government (c) Trading (d) Non-trading
2. Where are the revenue expenses shown? []
 (a) Debit side of income and expenditure account
 (b) Credit side of income and expenditure account
 (c) Debit side of receipt and payment account
 (d) Assets side of balance sheet
3. Where are the capital receipts shown? []
 (a) Assets side of balance sheet
 (b) Liabilities side of balance sheet
 (c) Credit side of income and expenditure account
 (d) Credit side of receipt and payment account
4. Part of deferred revenue expenditure not written off is shown as []
 (a) Debt side of income and expenditure account
 (b) Credit side of receipt and payment account
 (c) Liabilities side of balance sheet
 (d) Assets side of balance sheet
5. What is credit balance of income and expenditure account called? []
 (a) Excess of income over expenditure (b) Excess of expenditure over income
 (c) Opening cash/bank balance (d) Closing cash/bank balance
6. Debit balance of receipt and payment account of non-trading organisations is called []
 (a) bank balance/cash balance (b) bank overdraft
 (c) excess of income over expenditure (d) excess of expenditure over income
7. Where is the government subsidy shown in accounts of non-trading organisations? []
 (a) Debit side of receipt and payment account and credit side of income and expenditure account
 (b) Credit side of receipt and payment account and credit side of income and expenditure account
 (c) Debit side of receipt and payment account and debit side of income and expenditure account
 (d) Credit side of receipt and payment account and debit side of income and expenditure account
8. On 1-4-18 balance of equipments were ₹ 20,000. Equipments of ₹ 20,000 were purchased during the year. If balance of equipments on 31-3-19 is ₹ 30,000, the amount of depreciation will be []
 (a) ₹ 10,000 (b) ₹ 20,000 (c) ₹ 25,000 (d) ₹ 15,000

9. Receipt and payment account for the year ending 31-3-19 shows subscription of ₹ 50,000. If outstanding subscription on 1-4-18 was ₹ 800 and pre-received subscription on 1-4-2018 was ₹ 1500 and outstanding subscription on 31-3-19 was ₹ 1200 and pre-received subscription on 31-3-19 was ₹ 500; how much amount of subscription will be recorded in income and expenditure account for the year ended on 31-3-2019? []
- (a) ₹ 50,400 (b) ₹ 51,400 (c) ₹ 52,400 (d) ₹ 49,400
10. Loan of ₹ 20,000 borrowed on 1-7-18 at the rate of 15 % per annum. How much interest on loan becomes payable on 31-3-19? []
- (a) ₹ 1250 (b) ₹ 2250 (c) ₹ 1800 (d) ₹ 900

Section B

Answer the following questions in one line :

1. What is deferred revenue expenditure?

2. Which transactions are not recorded in receipt and payment account?

3. Where are the funds for special purpose shown in the accounts of 'non-profit organisations' ?

4. Legacy is which type of income?

5. Which account is prepared by 'non-profit organisations' to know result of the organisation?

6. Which incomes and expenditure are not recorded in income and expenditure account?

7. Receipt and payment account is similar to which account of trading concern?

8. Income and expenditure account is similar to which account of trading concern?

9. Why depreciation is not recorded in receipt and payment account?

10. How the receipts are classified while preparing accounts of non-trading concerns?

Section E

1. From the following information of Sainik club, prepare a receipt-payment account for the year ending 31-3-2019.

Particulars	Amount (₹)	Particulars	Amount (₹)
Cash balance (1-4-2018)	7500	Furniture purchase	4500
Subscription received	—	Sale of old news-papers	300
2017-18 3000		Donation for building	1,50,000
2018-19 30,000		Sale of sports equipments	1500
2019-20 1500	34,500	Salary	25,500
Entrance fee	1200	Repairing expenses	6000
Purchase sports equipments	3000	Purchase of investments	30,000
Donation	6600	Locker rent	750
Rent-taxes-insurance	4500	Building construction expenses	1,14,000
Subscription of news-papers	2250		
Stationery and printing	3300		

2. From the following information, prepare a receipt-payment account of Sanket Club for the year ending 31-3-2019.

Particulars	Amount (₹)	Particulars	Amount (₹)
Cash balance (1-4-2018)	11,600	Membership fees :	
Bank balance (1-4-2018)	8000	2018-19	90,000
Cash balance (31-3-2019)	9500	2019-20	22,500
Income of lectures	23,500	Dinner party expenses	31,400
Electricity expense	4500	Club pavilion construction	
Life membership fees	18,000	expenses	3,12,000
Sale of old furniture		Donation for club pavilion	3,45,000
(Book value ₹ 5500)	4000	Purchase of furniture	22,500
Subscription of news-papers	19,000	Rent of hall paid	9000
Sale of old news-papers	2250	Salary	46,000
Purchase of national saving		Sakhavat (Donation)	6000
certificate	60,000	Contribution for dinner party	32,500
Entrance fee	16,000	Purchase of sports equipments	67,500

3. From the following information of Sardar Club, prepare an income-expenditure account for the year ending 31-3-2019.

Particulars	Amount (₹)	Particulars	Amount (₹)
Subscription received	35,000	Sale of old news-papers	1750
Entrance fee (60 % to be capitalised)	13,125	Subscription of news-papers	8400
Income from charity show	33,000	Opening cash and bank balance	6500
Locker's rent	3100	Closing cash and bank balance	21,400
Expenses of entertainment programme	18,700	Postage	2800
Hall rent received	7000	Honorarium to secretary	24,500
Donation/Charity	51,000	Legacy received	68,000
Interest on investments	4300	Income from sale of scrap of sports equipments	1600
Purchase of sports equipments	37,800	Government grant	36,000
Canteen expense	8900	Tournament expense	10,500
Annual function expense	11,250	Investment in government security	75,000
Donation received for club building	1,35,000	Purchase of furniture	22,000
Stationery and printing	8200	Sale of old furniture (Book value ₹ 9000)	3500
Life time membership fee	8750	Repairing expense	6600
Ground maintenance expense	5800	General expenses	12,200
Income of entertainment programme	27,000	Purchase of library books	19,000
Building construction expense of club	1,22,500		
Bank charges	1700		
Expense of charity show	26,800		

4. Receipt-payment account for the year ending 31-3-2019 of Chirag Gymkhana is as under :

Dr	Receipt-payment Account		Cr
Receipts	Amount (₹)	Payments	Amount (₹)
To cash balance	12,500	By bank overdraft	6250
To subscriptions :		By salary	60,000
2017-18	3500	By expense of entertainment	
2018-19	90,000	programme	1,25,000
2019-20	5000	By stationery	18,750
To income of entertainment		By electric fittings	20,000
programme	62,500	By investment in securities	37,500
To entrance fees	25,000	By purchase of billiards table	50,000
To interest on investments	18,750	By closing cash balance	17,850
To sale of old furniture	1250	By closing bank balance	20,650
(Book value ₹ 3125)			
To donation	1,37,500		
	3,56,000		3,56,000

From the above information and with the support of following adjustments, prepare an income-expenditure account :

- (1) There are 400 members of club, each member pays annual subscription of ₹ 250.
- (2) Outstanding salary of ₹ 7200.
- (3) Interest outstanding on investment ₹ 2400.
- (4) 30 % of entrance fees is to be capitalised.

5. From the receipt-payment account for the year ending 31-3-2019 and other given information of Jamnadas Sahitya Mandal, prepare an income-expenditure account for the year ending on 31-3-2019.

Dr	Receipt-Payment Account		Cr
Receipt	Amount (₹)	Payment	Amount (₹)
To balance b/d	13,000	By building repairing expense	22,750
To subscription	1,95,000	By salary	58,500
To income of annual function	78,000	By stationery-printing	13,000
To dividend on shares	13,000	By expense of annual function	45,500
To sale of old news-papers	3250	By expense of drama programme	65,000
To lectures income	9750	By telephone expenses	13,000
To donation for library books	65,000	By sundry expenses	19,500
To sale of tickets for drama	1,17,000	By purchase of shares	1,49,500
		By postage expense	9750
		By books purchase from library fund	52,000
		By subscription of news-papers	13,000
		By purchase of furniture	26,000
		By balance c/d	6500
	4,94,000		4,94,000

Additional information :

- (1) Outstanding income of ₹ 3250 for annual function.
- (2) Subscription includes, ₹ 13,000 received for the year 2019-20.
- (3) Subscription outstanding ₹ 26,000 for the current year.
- (4) Postal stamp of ₹ 650 is unused.
- (5) Hall rent ₹ 6500 of hall for drama programme is unpaid.
- (6) Depreciation of ₹ 1300 is to be provided on furniture.

6. From the following information of Shardaben Aarogya Dham, prepare a receipt-payment account and an income-expenditure account for the year ending on 31-3-2019.

Particulars	Amount (₹)	Particulars	Amount (₹)
Cash balance (1-4-2018)	12,000	Entrance fees received	24,000
Bank overdraft (1-4-2018)	20,000	Fees received from patient	1,12,000
Cash balance (31-3-2019)	10,000	Honorarium to doctors	1,20,000
Bank balance (31-3-2019)	24,832	Donation received	5,68,000
Subscription from members	1,82,000	Purchase of instruments	4,80,000
Staff salary	70,000	Contribution in medical association	14,400
Purchase of medicines	1,60,000	Income of laboratory	3,25,600
Taxes and insurance	32,000	Expenses of laboratory	2,92,368
Stock of medicines (1-4-2018)	48,000		

Additional information :

- (1) Subscription outstanding from members is ₹ 34,000.
- (2) Medicines stock as on 31-3-2019 is ₹ 60,000.
- (3) Outstanding income of laboratory is ₹ 6400.
- (4) 50 % of entrance fees received is capital income.

7. From the following information of Sheela Mahila Utkarsh Sangathan, prepare a receipt-payment account and an income-expenditure account for the year ending 31-3-2019.

Particulars	Amount (₹)	Particulars	Amount (₹)
Cash balance (1-4-2018)	75,600	Subscription :	
Contribution for annual function	78,750	2017-18	19,450
Expense for annual function	46,000	2018-19	1,73,250
Purchase of furniture	47,250	2019-20	<u>6300</u>
Entrance fees	1,26,000	Interest on investments	39,375
Purchase of investments	3,93,750	Stationery-printing	31,175
Salary :		Legacy received	1,63,250
2017-18	15,750		
2018-19	<u>1,10,250</u>		
	1,26,000		

Other information :

- (1) Value of investments is reduced by ₹ 30,500.
- (2) Provide depreciation of ₹ 8875 on furniture.
- (3) Outstanding subscription of ₹ 3150.
- (4) Unpaid salary of ₹ 23,625.
- (5) 75 % of entrance fees is to be capitalised.

8. Disclose the following information of Surbhi Vikas Concerns in the income-expenditure account for the year ending on 31-3-2019 :

Dr **Receipt-payment Account for the ending 31-3-2019** Cr

Receipt	Amount (₹)	Payment	Amount (₹)
Subscription	2,00,000	Taxes and insurance	7500
		Salary	68,400
		Stationery expense	3250

Other information :

Particulars	Dt. 1-4-2018 Amount (₹)	Dt. 31-3-2019 Amount (₹)
(1) Subscription outstanding	21,000	18,000
Subscription received in advance	7000	5000

(2) Salary outstanding 2017-18 ₹ 14,600
2018-19 ₹ 9700

(3) Opening stock of stationery ₹ 830 and closing stock ₹ 490.

9. Disclose the following balances of 31-3-2019 in the balance sheet of Gujarat Sports Club :

Balances of Accounts	Amount (₹)	Balances of Accounts	Amount (₹)
Permanent fund	3,80,000	Match fund	1,75,000
Investments of permanent fund	3,80,000	Investments of match fund	1,75,000
Donation received for match fund	80,000	Interest on match fund investment	21,500
Prize distribution to match winners	33,500	Expense for match	54,900

10. Prepare an income-expenditure account and a balance sheet from the receipt-payment account for the year ending 31-3-2019 and other information of Ahinsa Charitable Trust.

Receipt-payment Account for the year ending on 31-3-2019

Dr			Cr
Receipt	Amount (₹)	Payment	Amount (₹)
To balance b/d	41,000	By purchase of medicines	1,64,000
To subscription	3,28,000	By honorarium to doctors	82,000
To donation	82,000	By salary	1,23,000
To annual interest at the rate of 10 % on investment	16,400	By sundry expense	41,000
To fees received from patient	1,06,600	By purchase of instruments	82,000
		By operation expense	65,600
		By balance c/d	16,400
	5,74,000		5,74,000

Additional information :

Particulars	Dt. 1-4-2018 Amount (₹)	Dt. 31-3-2019 Amount (₹)
Subscription outstanding	8200	16,400
Subscription received in advance	12,300	4100
Stock of medicines	57,400	65,600
Creditors of medicines	41,000	73,800
Instruments less depreciation	1,64,000	2,21,400
Building less depreciation	2,87,000	2,70,600
Capital fund	6,68,300	?
Excess of expense over income	—	?
Total purchase of medicines during the year was ₹ 1,96,800.		

11. From the given below trial balance as on 31-3-2019 and additional information of Vishwa Vidhyalaya managed by Madhuram Trust. Prepare an income-expenditure account and a balance sheet :

Trial Balance as on 31-3-2019 of Vishwa Vidhyalaya

Debit Balances	Amount (₹)	Credit Balances	Amount (₹)
Building	1,87,500	Capital fund	3,45,000
Furniture	87,000	Donation	97,500
Laboratory	75,000	Creditors	3000
12 % investments (1-7-2018)	90,000	Tuition fees	1,95,000
Library	60,000	Entrance fees	2250
Salary	1,27,500	Rent of hall	9000
Stationery	21,000	Sundry income	750
Annual sports day expense	7500	Government grant	15,000
Cash balance	15,00		
Bank balance	10,500		
	6,67,500		6,67,500

Additional information :

- (1) 80 % entrance fees is to be capitalised.
- (2) Tuition fees outstanding of ₹ 7000.
- (3) Salary outstanding of ₹ 21,500.
- (4) Calculate 12 % depreciation on furniture and library, 15 % on laboratory and 5 % on building.
- (5) At the end of the year, stationery stock of ₹ 2200.



Accounts from Incomplete Records

Section A

Select the correct option for each question from the given options :

- Which statement is to be prepared to find out closing capital in capital comparison method of single entry system? []
(a) Statement of profit-loss (b) Statement of stock
(c) Statement of affairs (d) Bank passbook
- Accounts from incomplete records is also called []
(a) Double entry accounting system (b) Single entry accounting system
(c) Deshinama system (d) Independent accounting system
- In which method, some transactions are recorded with one effect where others are recorded with double effect? []
(a) Deshinama system (b) Double entry accounting system
(c) Single entry accounting system (d) Independent accounting system
- Which effect is to be given for interest on drawings in statement of profit-loss under capital comparison method? []
(a) It will be deducted from closing capital.
(b) First it will be added in closing capital then after it will be deducted.
(c) First it will be deducted from closing capital then after it will be added.
(d) It will be added in closing capital.
- Which effect is to be given in statement of profit-loss under capital comparison method for additional capital brought by the owner during the year? []
(a) It will be deducted from closing capital. (b) It will be added in closing capital.
(c) It will be deducted from opening capital. (d) There will be no effect in statement.

Section B

Answer the following questions in one or two lines :

- Which types of adjustments are normally given effect in statement of profit or loss?

2. State the points for uses of single entry system.

3. State the points for any two limitation of single entry system.

4. Normally, who prepares the accounts under single entry system?

5. State the calculation steps for preparing balance-sheet under capital comparison method.

6. Where would interest on capital be shown in statement of profit-loss under capital comparison method?

7. Where would the amount of depreciation on asset be shown in balance sheet under capital comparison method?



Accounting and Computer

Section A

Select the correct option for each question from the given options :

1. Which of the following is not included in hardware? []

(a) Key-board	(b) Mouse	(c) Programme	(d) CD
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2. Which of the following is not included in CPU? []

(a) Control unit	(b) Output unit
(c) Memory unit	(d) Arithmetic and logical unit
3. Which type of device 'Printer' is? []

(a) Output	(b) Input
(c) Output and input	(d) Neither output nor input
4. What kind of software is 'Tally'? []

(a) Tailor made Software	(b) Customised Software
(c) Readymade Software	(d) Special Software

Section B

Answer the following questions in one sentence each :

1. What are three main components of computer accounting?

2. What is brain of computer?

3. Rearrange order of input device, output device and CPU.

4. In which two types, software is classified?

5. What kind of software is 'Windows-7'?

6. What is included in human software?

7. State any three characteristics of computer accounting.

8. Give names of any two readymade software.

9. State any two limitations of computer accounting.

10. State any two advantages of computer accounting.

11. Give the names of any two reports which are prepared through accounting information system.



Sample Paper : Second Test

Time : 2 hours

Total Marks : 50

Instructions : (1) All questions are compulsory. (2) Use of scale and pencil is necessary.
(3) Marks of each question is indicated on right side.

Section A

● Following question no. 1 to 8 are multiple choice questions. Write correct answer (Each question carries one mark). (08)

- (1) For accounting, the institution of chartered accounts of India is established in India from which year? []
(a) 1994 (b) 1949 (c) 1947 (d) 1974
- (2) The foundation of accounting is []
(a) Voucher (b) Journal (c) Rough note (d) Balance sheet
- (3) Implementation year of goods and service tax is []
(a) 2016 (b) 2017 (c) 2015 (d) 2014
- (4) When purchased goods are returned there is []
(a) increase in liability – decrease in liability
(b) increase in asset – decrease in asset
(c) decrease in asset – increase in liability
(d) decrease in asset – decrease in liability
- (5) Which transactions are recorded in goods return credit note? []
(a) Credit purchase of goods (b) Credit sales of goods
(c) Credit purchase return (d) Credit sales return
- (6) is made for probable expenses, loss and liability. []
(a) Reserve (b) Reserve fund
(c) Provision (d) Reserve and provision both
- (7) Which concept is applicable, when expense for March will be treated as expense for the month of March, even if it is paid in April? []
(a) Going concern (b) Accrual (c) Accounting entity (d) Consistency
- (8) Who maintains Sama Daskatni khatavahi? []
(a) Brokers (b) Traders of forward market
(c) Small traders (d) Money lenders

Section B

● Write the answer in one sentence of following questions number 9 to 15 : (Each question is of 1 mark) (07)

- (9) State the debit-credit rules for income-expenditure account.

- (10) Give four illustrations of legal artificial person.
 (11) Give names of rough book (Kachi nondh).
 (12) Give two illustrations of Jama Kharchi.
 (13) Which transactions are recorded in journal proper.
 (14) What is a ledger?
 (15) By which name the account is known, if totals of both the sides are equal?

Section C

- **Write the answer of the following questions number 16 to 18 as per instruction : (Each question of 4 marks) (12)**

(16) Write journal entries for the following transaction in the book of Laukik :
 2018

- March 1 Machinery of ₹ 90,000 purchased by cheque. ₹ 10,000 paid in cash for its installation.
 9 Old machine of ₹ 7000 sold to Vimlesh at ₹ 10,000.
 25 Received ₹ 1000 out of ₹ 2200 which was earlier written off as bad debts of Sakshi.
 30 ₹ 2000 withdrawn from the bank for the payment of shop rent.

(17) Following journal entries written by Shri Aarushi. If there is any mistake, pass rectification entries to rectify it :

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
1	Office expense A/c To bank A/c (Being the amount withdrawn from the bank for office expense.)	Dr	5000	5000
2	Aaru A/c To purchase return A/c (Being the goods of ₹ 6000 returned by Aaru.)	Dr	6000	6000
3	Bank A/c To Prisha A/c (Being the cross cheque received from Prisha for her payables.)	Dr	8000	8000
4	Purchase A/c To Nilkanth Furniture A/c (Being the furniture purchased from Nilkanth Furniture.)	Dr	7000	7000

(18) Jeel sold goods of ₹ 4,20,000 on credit to Keval on 2-1-2018. Jeel drew a bill for the necessary amount on 5-1-2018 for 3 months, which Keval accepted and returned. On 8-2-2018 Jeel discounted this bill with the bank at the rate of 8 % p.a. Keval paid the amount of the bill on the maturity date. Pass necessary journal entries in the books of both the parties.

or

- (18) On 2-4-2018, Jay drew a three months bill of ₹ 2,80,000 on Himani, which was accepted by Himani. On 10-4-2018, Jay endorsed this bill to Aaryan. Himani dishonoured the bill on the maturity date. Aaryan paid ₹ 2100 for noting charges. Aaryan debited the entire amount of bill including noting charges. Write the journal entries in the books of Jay or in the book of Himani or in the books of Aaryan.

Section D

- Write the answers of the following questions number 19 to 20 as per instruction : (Each question of 6 marks) (12)

- (19) Prepare a bank reconciliation statement of Shri Kreyansh for July month from the following information :

Bank balance as per cash book Dt. 1-7-2018 ₹ 12,500.

Cash balance as per cash book Dt. 31-7-2018 ₹ 7600.

- (1) Information of cheques deposited with bank and credited in pass book is as under :

Amount (₹)	Date of cheque deposit with bank	Date of credit in pass book
5000	25-7-18	27-7-18
7500	26-7-18	28-7-18
10,500	30-7-18	2-8-18
3600	31-7-18	4-8-18

- (2) Information of cheques issued and debited in pass book is as under :

Amount (₹)	Date of cheque issued	Date of debit in pass book
4200	24-7-18	27-7-18
780	27-7-18	2-8-18
3900	28-7-18	31-7-18
5200	30-7-18	4-8-18

- (3) Electricity bill of ₹ 4830 paid through NEFT, but it is not recorded in cash book.
- (4) Bank has credited ₹ 4650 for interest on investments, which is not recorded in cash book.
- (5) Cash sales of ₹ 7000 by mistake is recorded on the debit side of cash book in bank column.
- (6) Bank charges of ₹ 100 debited in the passbook is recorded twice in the cash book.
- (20) In the books of Tajagna Limited, machine account shows balance of ₹ 2,70,000 on 1-4-2016. This machine was purchased 5 years back. Till this date total amount of depreciation on this machine was ₹ 90,000. On 1-1-2018 second machine was purchased for ₹ 54,000. The second machine was not suitable and was sold on 31-12-2018 at ₹ 40,000. Company charges depreciation at 5 % p.a. under straight line method. From the above information prepare a machine account and depreciation account upto 31-3-2019 in the books of company.

Section E

- **Answer the following question number 21 as directed :** **(11)**

(21) Prepare final account for the year ended 31-3-2018 from the following information of Shri Ajay Tripathi :

Trial balance as on 31-3-2018

Debit balance	Amount (₹)	Credit balance	Amount (₹)
Stock of goods	2,40,000	Interest on investments	600
Building	1,20,000	Capital	4,48,000
8 % investments	60,000	Commission	8800
Cash and bank	70,000	Bills payable	20,000
Taxes and insurance	18,000	Payables	1,20,000
Bills receivable	40,000	8 % loan	1,00,000
Interest on loan	3000	Trading A/c	2,36,000
Advertisement expense	28,000		
Salary	72,000		
Machinery	1,00,000		
Receivable	1,20,000		
Bad debt	400		
Rent receivables	2000		
Drawings	60,000		
	9,33,400		9,33,400

Adjustments :

- (1) Goods of ₹ 6000 are destroyed by fire. Insurance company has accepted a claim of ₹ 5000.
- (2) 50 % of advertisement expense is carry forward for next year.
- (3) Credit purchase of ₹ 2000 is not recorded. It is already included in the closing stock.
- (4) A debtor of ₹ 20,000 is declared insolvent and his receiver has declared first and final dividend of 80 paise per rupee. Provide 10 % bad debt reserve on debtors.



Sample Paper : Annual Test

Time : 3 hours

Total Marks : 80

Instructions : (1) All questions are compulsory. (2) Use of scale and pencil is necessary.
(3) Marks of each question is indicated on right side.

Section A

● Select appropriate option from the following multiple choice questions number 1 to 8 :
(Each question of 1 mark) (08)

- (1) The expenses which are regular in nature (constant) in the business, is called which type of expense? []
(a) Capital expense (b) Deferred capital expense
(c) Revenue expense (d) Deferred revenue expense
- (2) Transactions of the business whose value cannot be measured in terms of money? []
(a) Economic (b) Non-economic (c) Debit (d) Special
- (3) When sales goods are returned there is []
(a) increase in liability – decrease in liability
(b) increase in asset – decrease in asset
(c) increase in liability – decrease in asset
(d) decrease in capital – increase in liability
- (4) If the method of depreciation or the method of stock valuation is change, then it is related to which concept? []
(a) Going concern concept (b) Accrual concept
(c) Accounting entity (d) Consistency concept
- (5) In which year International Accounting Standards Committee was established? []
(a) 1971 (b) 1972 (c) 1973 (d) 1974
- (6) In which method, some transactions are recorded with one effect where others are recorded with double effect? []
(a) Deshinama system (b) Double entry system
(c) Single entry system (d) Independent system
- (7) From the following which is not included in CPU? []
(a) Control unit (b) Output unit
(c) Memory unit (d) Arithmetic and logic unit
- (8) Tally is which type of software? []
(a) Tailor made software (b) Customised software
(c) Readymade software (d) Special software

Section B

- **Write the answer in one sentence of the following question number 9 to 16 : (Each question of 1 mark) (08)**
 - (9) Who is a debtor?
 - (10) What is cash transaction? Give one example.
 - (11) 'Debit what comes in, credit what goes out' is a rule of which type of account?
 - (12) What is inter-state transaction?
 - (13) '₹ 40,000 deposited in bank' – Write the journal of this transaction and explain accounting effect on the base of equation.
 - (14) Under which concept, the owner of the business and business entity are considered as two separate (entities) person?
 - (15) What is accounting standards?
 - (16) Normally, who prepares the accounts as per single entry system?

Section C

- **Write the answer of the following question number 17 to 25 as directed : (Each question of 3 marks) (27)**
 - (17) **Write journal entry for the following transactions of Mansukh Traders :**
2018
 - May 7 Goods of ₹ 8000 destroyed by fire and insurance company admitted claim of 80 % of the amount.
 - 11 Insurance company issued a cheque of claim amount.
 - 22 ₹ 500 realise from goods destroyed by fire is sold.
 - (18) **Write journal entry for the following transactions of Shri R. K. Traders :**
2018
 - Jan. 1 Introduced cash ₹ 10,000, building ₹ 20,000, debtors of ₹ 5000 and commenced business.
 - 5 Purchased goods of ₹ 10,000.
 - 7 Sold goods of ₹ 5000.
 - (19) **From the following transactions, prepare sales book in the books of Kalpesh :**
2018
 - October 3 Sold goods of ₹ 10,000 at 10 % trade discount and 5 % cash discount to Vinod. Half the amount received by cheque. Invoice no. 83.
 - 7 Sold goods of ₹ 5000. Cash memo no. 84.
 - 12 Sold goods of ₹ 4000 at 10 % cash discount to Batuk. Invoice no. 85.
 - 18 Sold goods of 12,000 at 5 % trade discount to Bharat. Sent bill no. 86 after charging ₹ 300 for wages.
 - (20) **Write journal entries for the following transactions in journal proper in the books of Shri Ravindra Rajpara :**
 - (1) Drawings ₹ 6000 transferring to capital A/c.
 - (2) Vipul accepted to pay ₹ 8000 to Biren.
 - (3) An amount of ₹ 6000 is receivable from Raj and ₹ 6200 is payable to Ronak. The amount of Ronak was settled by Raj accepting to pay ₹ 6000.

(21) Open necessary accounts for the question no. 20 and post them accordingly.

(22) From the following information prepare a trial balance of Shri Manthan as on 31-3-17 :

Name of A/c	Amount (₹)	Name of A/c	Amount (₹)
Stationery expense	1750	General reserve	2450
Creditors	2500	Goodwill	10,200
Carriage	1350	Telephone expense	700
Repairing	5900	Outstanding wages	2000
Goods destroyed by fire	5500	Opening stock	3750
Interest received	1550	Bad debt return	3500
Royalty	3100	Unpaid rent	1000
Providend fund	9500	Bank balance	1250

(23) What is specific reserve? Explain with illustration.

(24) Kuldeep sold goods of ₹ 2,20,000 on credit to Rahul on 1-3-2018. On the same day, Kuldeep drew a bill on Rahul for 3 months, which Rahul accepted. On 7-3-2018 Kuldeep endorsed this bill in favour on creditor Ravindra. The amount of the bill was paid by Rahul on the maturity date. Pass journal entries in the books of Kuldeep and Rahul.

or

(24) On 6-4-2018, Chaudhary drew a three months bill of ₹ 1,35,000 for his outstanding amount due from Vasava, which was accepted by Vasava. On 9-5-2018 Chaudhary discounted this bill with the bank at 10 % p.a. The bill was dishonoured on the maturity date due to amount not paid by Vasava and the bank debited the entire amount including noting charges of ₹ 400 to Chaudhary. Pass necessary journal entries in the books of Chaudhary and Vasava.

(25) Explain the following terms : (1) Khatu Mandaman (2) Olayo (3) Vikram Samvat

Section D

● Following question number 26 to 27 are essay type questions : (08)

(Each question of 4 marks)

(26) From the following transactions, prepare three columnar cash book of Nikhil Patel : 2018

- January
- 1 Opening cash balance ₹ 8000, Opening bank balance ₹ 6000.
 - 3 Cash purchase ₹ 8000 and cash sales ₹ 12,000.
 - 5 As more funds are required in the business, a loan of ₹ 10,000 is taken from Nihal bearing 8 % interest rate.
 - 9 Goods of ₹ 5000 sold to Mehul by cash at 10 % trade discount and 10 % cash discount.
 - 13 Goods of ₹ 6000 purchased from Malav at 10 % trade discount. Half of the amount is immediately paid by cash.
 - 17 Bankim has paid ₹ 3300 by cheque towards an old debt. Total debt was of ₹ 3350.
 - 22 Salary of ₹ 3000 paid by cheque and shop rent of ₹ 2000 paid by cash.
 - 26 Gopal has paid ₹ 2500 by cash in full settlement of the debt ₹ 2560.
 - 30 ₹ 4000 is deposited in the bank.

(27) Pass rectification entries from the following transactions of N. D. Corporation :

- (1) ₹ 10,000 paid to Khusboo is recorded to Ami's account by mistake.
- (2) Goods of ₹ 50,000 purchased from Manish. But by mistake it is recorded in sales book.
- (3) Goods of ₹ 4000 sold to Nirav by mistake is recorded in sales book by ₹ 400.
- (4) Machinery of ₹ 80,000 was purchased from Chirag Brothers, by mistake is recorded in sales book.

Section E

- **Write the answer of the following question no. 28 to 30 as directed :** (18)
(Each question of 6 marks)

(28) Passbook of Gita showed a debit balance of ₹ 17,500 on 31-10-2018. From the following information, prepare a bank reconciliation statement as on 31-10-2018.

- (1) Bank has collected dividend of ₹ 2000, which is not recorded in cash book.
- (2) A bills of ₹ 5400 was sent for collection to bank and recorded in the bank column of the cash book, which is not collected by bank till 31-10-2018.
- (3) Bank charges of ₹ 120, which is recorded in the cash book by ₹ 12.
- (4) Cheques of ₹ 6000 were deposited with bank in the month of October, out of which cheques of ₹ 2000 are credited in passbook as on 2-11-2018.
- (5) Share application amount ₹ 22,000 was debited in the passbook after share allotment, which is not recorded in the cash book.
- (6) Cheque were issued to creditors of ₹ 10,000 after deducting 10 % discount, which is recorded in the debit side of pass book, but is recorded with the full amount of ₹ 10,000 in the bank column of credit side of the cash book.

(29) Anant & Sons has purchased machine for ₹ 88,200 on 1-4-2016. Installation expense was ₹ 1800. On 31-3-2019 this machine was sold at 10 % loss of book value. Every year 15 % depreciation is charged under straight line method. Prepare machinery account and depreciation account.

(30) Receipt-payment account for the year ending 31-3-2019 of Chirag Gymkhana is as under :

Dr.	Receipt-Payment Account		Cr.
Particulars	Amount (₹)	Particulars	Amount (₹)
To cash balance	12,500	By bank overdraft	6250
To subscription :		By salary	60,000
2017-18	3500	By expense of entertainment	
2018-19	90,000	programme	1,25,000
2019-20	5000	By stationery	18,750
To income of entertainment		By electric fittings	20,000
programme	62,500	By investment in securities	37,500
To entrance fees	25,000	By billiard table	50,000
To interest on investment	18,750	By closing cash balance	17,850
To sale of old furniture	1250	By closing bank balance	20,650
(Book value ₹ 3125)			
To Donation	1,37,500		
	3,56,000		3,56,000

From the above information and following adjustments, prepare an income-expenditure account :

- (1) There are 400 members of club, each member pays subscription of ₹ 250.
- (2) Outstanding salary of ₹ 7200.
- (3) Outstanding interest on investment ₹ 2400.
- (4) 30 % of the entrance fee is to be capitalised.

Section F

● Following question number 31 is essay type question : (11)

(31) The following is the trial balance of Manali as on 31-3-2018 :

Debit balance	Amount (₹)	Credit balance	Amount (₹)
Drawings	16,500	Capital	87,500
Purchase	52,500	Purchase return	2500
Stock (1-4-2017)	25,000	Sales	1,02,000
Sales return	2000	Bank loan	9500
Wages	5000	Bills payable	6000
Advertisement expense	4000	Creditors	23,000
Office expense	1500	Dividend	300
Rent	3750	Discount	800
Discount	2500		
Stationery - printing	500		
Investment in shares	1500		
Carriage outward	1500		
Carriage inward	2000		
Goodwill	15,000		
Debtors	25,000		
Interest on bank loan	1500		
Salesman commission	2000		
Leasehold building (1-10-2017 for 6 years)	30,000		
Machinery	20,000		
Bills receivable	5000		
Bank balance	11,000		
Cash on hand	3850		
	2,31,600		2,31,600

Adjustments :

- (1) Closing stock of ₹ 43,500.
- (2) Write off ₹ 1000 as bad debts from debtors.
- (3) Calculate depreciation at 10 % on machinery.
- (4) 10 % p.a. interest is to be given on capital. Where ₹ 500 recover for interest on drawings.

From the above information, prepare final account.



Answers

Chapter 1 : Rectification of Errors

Section A

- | | | | | |
|--------|--------|--------|--------|---------|
| 1. (b) | 2. (d) | 3. (c) | 4. (a) | 5. (d) |
| 6. (b) | 7. (d) | 8. (d) | 9. (a) | 10. (b) |

Chapter 2 : Depreciation Accounts

Section A

- | | | | | |
|---------|--------|--------|--------|---------|
| 1. (b) | 2. (b) | 3. (b) | 4. (b) | 5. (b) |
| 6. (d) | 7. (c) | 8. (b) | 9. (c) | 10. (d) |
| 11. (c) | | | | |

Section E

- Annual depreciation ₹ 3125, rate of depreciation 6.45 %, closing balance of machinery a/c respectively ₹ 45,325, ₹ 42,200, ₹ 39,075, machine balance in the balance sheet at the end of first year ₹ 45,325
- Cost price of machine ₹ 1,62,000, annual depreciation ₹ 22,680, closing balance of machinery a/c respectively ₹ 1,39,320 and ₹ 1,16,640, machine balance in the balance sheet at the end of first year ₹ 1,39,320
- Cost price of machine ₹ 5,40,000, annual depreciation ₹ 54,000, balance of machine after depreciation (book value) on 31-3-2019 ₹ 1,62,000, profit on sale of machine ₹ 40,500, Selling price of machine ₹ 2,02,500
- Cost price of machine ₹ 90,000, annual depreciation ₹ 13,500, balance of machine after depreciation (book value) on 31-3-2019 ₹ 49,500, loss on sale of machine ₹ 4950, selling price of machine ₹ 44,550, closing balance of machine respectively ₹ 76,500 and ₹ 63,000
- Annual depreciation of first machine ₹ 12,000, balance of machine after depreciation (book value) on 31-3-2019 ₹ 84,000, loss on sale of machine ₹ 25,200, selling price of machine ₹ 58,800. 4 months depreciation on second machine (upto 31-3-2018) ₹ 3200, depreciation for remaining period (upto 31-3-2019) ₹ 9600, closing balance of machine ₹ 1,08,000, ₹ 1,88,800, ₹ 1,88,800 respectively as on 31-3-2017, 31-3-2018 and 31-3-2019.
Annual depreciation first year ₹ 12,000, second year (₹ 3200 + ₹ 12,000) ₹ 15,200, and third year (New 9600 + old 12,000) = 21,600
- First machine : Cost price ₹ 5,60,000, Annual depreciation ₹ 67,200, 6 months depreciation ₹ 33,600
Book value on 31-3-2018 (₹ 5,60,000 – depreciation of 2.5 years ₹ 1,68,000) ₹ 3,92,000, loss on sale of machine ₹ 1,96,000, selling price of machine ₹ 1,96,000.
Second machine : Cost price ₹ 5,04,000, annual depreciation respectively ₹ 30,240, ₹ 60,480

Total depreciation on two machines for the first year ₹ 67,200

Second year ₹ 67,200 + ₹ 30,240 = ₹ 97,440

Third year ₹ 33,600 + ₹ 60,480 = ₹ 94,080

Closing balance of machine a/c respectively ₹ 4,92,800, ₹ 8,99,360, ₹ 4,13,280

Accounting treatment in annual accounts on 31-3-2017 – depreciation in profit and Loss A/c ₹ 67,200 and balance of machinery in balance sheet ₹ 4,92,800.

7. First machine : Cost price ₹ 3,60,000, annual depreciation ₹ 18,000
Second machine : annual depreciation ₹ 2700, Depreciation of 3 months from 1-1-2018 to 31-3-2018 ₹ 675. Depreciation of 9 months upto 31-12-2018 ₹ 2025, Less depreciation value of machine (book value) on 31-12-2018 ₹ 51,300, loss on sale of machine ₹ 11,300, selling price of machine ₹ 40,000
Balances of machines respectively : ₹ 2,52,000, ₹ 2,87,325, ₹ 2,16,000
Depreciation respectively : First year ₹ 18,000, Second year (₹ 18,000 + ₹ 675) ₹ 18,675, Third year (₹ 2025 + ₹ 18,000) ₹ 20,025
8. First machine : Cost price ₹ 2,02,500, annual depreciation ₹ 16,200
Selling price of initially purchased machine : cost price of 40 % machines ₹ 81,000, depreciation of 3 years (₹ 6480 × 3) 19,440, book value after depreciation ₹ 61,560, profit ₹ 30,780, selling price ₹ 92,340, subsequently purchased machines, cost price ₹ 1,62,000, annual depreciation ₹ 12,960, balances of machines respectively ₹ 1,86,300, ₹ 1,70,100, ₹ 2,47,860, total depreciation on debit side of profit and loss on 31-3-2019 (₹ 16,200 + ₹ 6480) ₹ 22,680; balance of machinery in balance sheet ₹ 2,47,860
9. Cost price of machine ₹ 3,00,000, annual depreciation respectively ₹ 60,000, ₹ 48,000, ₹ 38,400, balances of machine respectively ₹ 2,40,000, ₹ 1,92,000, ₹ 1,53,600.
10. ₹ 13,500 depreciation of 9 months, cost after depreciation (book value) ₹ 1,36,500, loss on sale of machine ₹ 54,600, selling price of machine ₹ 81,900
11. First machine : cost price ₹ 1,80,000, depreciation respectively ₹ 18,000, ₹ 16,200 and ₹ 14,580, cost after depreciation (book value) ₹ 1,31,220, profit on sale of machine ₹ 32,805 selling price of machine ₹ 1,64,025
Second machine : Cost price ₹ 1,62,000, depreciation of 5 months for first year ₹ 6750, annual depreciation of second year ₹ 15,525, balance of machinery (book value) ₹ 1,39,725 depreciation respectively ₹ 18,000, ₹ 22,950, (₹ 16,200 + ₹ 6750) ₹ 30,105 (₹ 14,580 + ₹ 15,525) balance of machines respectively ₹ 1,62,000, ₹ 3,01,050 (₹ 1,45,800 + ₹ 1,55,250) ₹ 1,39,725
12. Machine sold : Purchased on 1-4-2015 ₹ 1,00,000, depreciation for first three years ₹ 10,000, ₹ 9000 and ₹ 8100. Bookvalue on 1-4-2018 ₹ 72,900, 4 months depreciation on 31-7-2018 ₹ 2430, book value of machine ₹ 70,470. Loss on sale of machine ₹ 22,970, selling price of machine ₹ 47,500 balance of remaining machines on 1-4-2018 ₹ 1,00,000, depreciation ₹ 10,000, balance of machine ₹ 90,000
13. Old machines : depreciation respectively ₹ 49,000, ₹ 39,200 and balance of machine account ₹ 1,56,800

Machine sold : depreciation of first year ₹ 35,000, 9 months depreciation on 31-12-2017 ₹ 21,000, cost after depreciation ₹ 1,19,000, profit on sale of machine ₹ 23,800, machine selling price ₹ 1,42,800

Total depreciation : on 31-3-2017 ₹ 84,000 (old ₹ 49,000 + new ₹ 35,000); on 31-3-2018, ₹ 60,200 (₹ 39,200 for old + ₹ 21,000 for new), balance of machine respectively ₹ 3,36,000, ₹ 1,56,800

14. Cost price ₹ 3,00,000, annual depreciation ₹ 24,000, journal entries at the end of both years (i) depreciation A/c Dr ₹ 24,000, To depreciation provision A/c ₹ 24,000 (ii) Profit and loss A/c Dr ₹ 24,000, To Depreciation A/c ₹ 24,000

Credit side depreciation provision account ₹ 24,000 will be shown and balance of this account respectively ₹ 24,000 and 48,000.

Chapter 3 : Reserves and Provisions

Section A

- | | | | | |
|--------|--------|--------|--------|---------|
| 1. (b) | 2. (a) | 3. (b) | 4. (b) | 5. (c) |
| 6. (a) | 7. (a) | 8. (d) | 9. (c) | 10. (b) |

Chapter 4 : Bills of Exchange

Section A

- | | | | | |
|--------|--------|--------|--------|--------|
| 1. (a) | 2. (b) | 3. (a) | 4. (b) | 5. (a) |
| 6. (b) | 7. (c) | 8. (d) | | |

Chapter 5 : Financial Statements of Business Firms

Section A

- | | | | | |
|---------|---------|---------|--------|---------|
| 1. (a) | 2. (d) | 3. (b) | 4. (d) | 5. (b) |
| 6. (c) | 7. (b) | 8. (a) | 9. (c) | 10. (d) |
| 11. (c) | 12. (d) | 13. (a) | | |

Section F

Sr. No.	Gross profit	Net profit (₹)	Closing balance of capital (₹)	Total of balance sheet (₹)
1.	50,200	14,100	99,100	1,54,800
2.	68,000	33,800	89,300	1,32,700
3.	22,450	11,580	61,750	65,750
4.	61,500	31,600	1,10,850	1,49,350
5.	31,035	28,935	1,08,855	1,24,121
6.	—	9850	46,350	63,700
7.	2,40,000	1,26,200	5,14,200	7,61,200

8.	21,750	(12,000)	87,700	1,03,200
9.	41,800	20,100	1,13,100	1,30,300
10.	8,48,000	3,81,050	8,94,750	13,10,750
11.	1,91,000	57,875	3,39,125	3,92,625
12.	56,200	(23,190)	2,11,810	3,55,100
13.	55,600	4700	1,05,500	2,14,000
14.	—	22,625	75,400	1,23,400
15.	59,600	(19,900)	1,58,100	3,32,800

Chapter 6 : Accounting Conventions, Assumptions, Concepts and Principles

Section A

1. (a) 2. (b) 3. (d) 4. (a) 5. (b)
6. (a) 7. (b) 8. (d) 9. (c)

Chapter 7 : Accounting Standards : Concept and Objectives

Section A

1. (c) 2. (d)

Chapter 8 : Introduction to Deshinama System

Section A

1. (c) 2. (d) 3. (c) 4. (a) 5. (b)
6. (c) 7. (b) 8. (a) 9. (d) 10. (c)
11. (a) 12. (a) 13. (c) 14. (b) 15. (d)
16. (b) 17. (a) 18. (c) 19. (b) 20. (d)
21. (c)

Chapter 9 : Accounts of Non-trading Concerns

Section A

1. (d) 2. (a) 3. (b) 4. (d) 5. (a)
6. (a) 7. (a) 8. (a) 9. (b) 10. (b)

Section E

1. Closing balance of cash ₹ 9300,
Total of receipt and payment account ₹ 2,02,350
2. Closing balance : Bank overdraft ₹ 2050,
Total of receipt and payment account ₹ 5,81,400

3. Excess of income over expense ₹ 2150,
Total of income and expense account ₹ 1,54,000
4. Excess of expense over income ₹ 11,675
Total of income and expense account ₹ 2,12,825
5. Excess of income over expense ₹ 1,65,100
Income of subscription ₹ 2,08,000 (₹ 1,95,000 – ₹ 13,000 + ₹ 26,000)
Total of income-expense account ₹ 4,32,250
6. Closing bank balance and cash balance are given. Total of receipt and payment account ₹ 12,23,600.
Excess of expense over income ₹ 4768, consumption of medicines ₹ 1,48,000, total of income and expense account ₹ 6,76,768
7. Closing cash balance ₹ 37,800
Total of receipt and payment account ₹ 6,81,975
Excess of income over expense ₹ 75,600, entrance fees ₹ 31,500
subscription ₹ 1,76,400 will be recorded as income.
Total income-expenditure account ₹ 3,26,025
8. Debit side of income-expenditure account (expense side) salary ₹ 63,500,
Stationery consumption ₹ 3590, taxes and insurance ₹ 7500, credit side (income side)
Subscription ₹ 1,99,000
9. Liability side of balance sheet ₹ 3,80,000, match fund ₹ 1,88,100, Investment of permanent fund on assets side ₹ 3,80,000, Match fund investments ₹ 1,75,000
10. Excess of expenditure over income ₹ 73,800
Capital fund ₹ 6,76,500, investments ₹ 1,64,000, depreciation on equipments ₹ 24,600,
(opening stock ₹ 1,64,000 + purchase ₹ 82,000 – closing balance ₹ 2,21,400)
Total of balance sheet ₹ 7,54,400
11. Excess of income over expenditure ₹ 21,735, capital fund ₹ 4,66,035, entrance fees capitalised ₹ 1800, total of balance sheet ₹ 4,90,535

Chapter 10 : Accounts from Incomplete Records

Section A

- | | | | | |
|--------|--------|--------|--------|--------|
| 1. (c) | 2. (b) | 3. (c) | 4. (d) | 5. (a) |
|--------|--------|--------|--------|--------|

Chapter 11 : Accounting and Computer

Section A

- | | | | |
|--------|--------|--------|--------|
| 1. (c) | 2. (b) | 3. (a) | 4. (c) |
|--------|--------|--------|--------|

Sample Paper : Second Test

Section A

1. (b) 2. (a) 3. (b) 4. (d) 5. (d)
6. (c) 7. (d) 8. (d)

Section C

16. Dt. 1 Machinery A/c Dr ₹ 1,00,000, To bank A/c ₹ 90,000, To cash A/c ₹ 10,000
9 Vimlesh A/c Dr ₹ 10,000, To machine A/c ₹ 7000, To profit on sale of machine A/c ₹ 3000
25 Cash/bank A/c Dr ₹ 1000, To bad debt returned ₹ 1000
30 Cash A/c Dr ₹ 2000, To bank A/c ₹ 2000

Section D

19. Bank overdraft as per pass book ₹ 7600
20. First machine : Cost price ₹ 3,60,000, annual depreciation ₹ 18,000
Second machine : Annual depreciation ₹ 2700, Depreciation of ₹ 675 for 3 months from 1-1-2018 to 31-3-2018.
9 months depreciation upto 31-3-2018 ₹ 2025, book value (after depreciation) of machine on 31-3-2018 ₹ 51,300, loss on sale of machine ₹ 11,300, sales price of machine ₹ 40,000
Balance of machine account : ₹ 2,52,000, ₹ 2,87,325, ₹ 2,16,000 respectively

Section E

21. Gross profit ₹ 2,40,000, Net profit ₹ 1,26,200, Closing capital ₹ 5,14,200, Total of balance sheet ₹ 7,61,200

Sample Paper : Annual Test

Section A

1. (c) 2. (b) 3. (b) 4. (d) 5. (c)
6. (c) 7. (b) 8. (c)

Section C

17. (i) Insurance company A/c Dr ₹ 6400, Loss on fire A/c ₹ 1600, To Purchase A/c ₹ 8000
(ii) Bank A/c Dr ₹ 6400, To insurance company A/c ₹ 6400
(iii) Cash A/c Dr ₹ 500, To loss on fire A/c ₹ 500
18. (i) Cash A/c Dr ₹ 10,000, Building A/c Dr ₹ 20,000, Debtors A/c Dr ₹ 5000,
To capital A/c ₹ 35,000
(ii) Purchase A/c Dr ₹ 10,000, To cash A/c ₹ 10,000
(iii) Cash A/c Dr ₹ 5000, To sales A/c ₹ 5000

19. Total credit sales ₹ 24,400
20. (i) Capital A/c Dr ₹ 6000, To Drawings A/c ₹ 6000
(ii) Biren A/c Dr ₹ 8000, To Vipul A/c ₹ 8000
(iii) Ronak A/c Dr ₹ 6200, To Raj A/c ₹ 6000, To Discount A/c ₹ 200
22. Total of trial balance ₹ 28,000

Section D

26. Closing cash balance ₹ 19,850, Closing bank balance ₹ 3700, Discount allowed ₹ 510,
Discount received ₹ 50

Section E

28. Bank balance as per cash book ₹ 9008
29. Cost price of machine ₹ 90,000, annual depreciation ₹ 13,500, After depreciation value
(book value) of machine as on 31-3-19 ₹ 49,500
Loss on sale of machine ₹ 4950, Sales price of machine ₹ 44,550,
Closing balance of machine account ₹ 76,500 and ₹ 63,000 respectively
30. Excess of expenditure over incomes ₹ 11,675
Total of income-expenditure A/c ₹ 2,12,825

Section F

31. Gross profit ₹ 61,500, Net profit ₹ 31,600
Closing capital ₹ 1,10,850, Total of balance sheet ₹ 1,49,350



Note



A series of 20 horizontal lines, evenly spaced, extending across the width of the page, providing a template for writing notes.