

Sample Question Paper
Accountancy (224)

Time: 3 Hours

Maximum Marks: 100

Note:

- i. This question paper consists of 45 questions in all.
- ii. All questions are compulsory. Internal choices are given wherever required.
- iii. Marks are given against each question.
- iv. **Section A** consists of **Qu. 1 to 20** that are Multiple Choice Questions (MCQs) carrying 1 Mark each. Select and write the most appropriate option out of the four options given in each of these questions.
- v. **Section B** consists of Objective type questions **Qu. 21 to 23** carry 2 Marks each and **Qu. 24 to 29** carrying 4 Marks each. Attempt these questions as per the instructions given for each of the questions.
- vi. **Section C** consists of
 - a. **Q.No. 30 to 35** – Very Short questions carrying 02 marks each to be answered in the range of 30 to 50 words.
 - b. **Q.No. 36 to 41** – Short Answer type questions carrying 03 marks each to be answered in the range of 50 to 80 words.
 - c. **Q.No. 42 to 45** – Long Answer type questions carrying 05 marks each to be answered in the range of 80 to 120 words.

SECTION-A

Qu. 1 to 20 are MCQs of 1 Mark each. Internal choices have been given wherever necessary.

1.	i. Which of the following is not an accounting concept? a) Business entity b) Going concern b) Dual aspect d) Conservatism	(1)
2	Which of the following includes owner's claim? a. Reserves b) Profits of the business c) Capital d) All of the above	(1)
3.	i. Valuation of stock at lower of cost or net realizable value is an example of: a) Consistency convention b) Conservation convention c) Materiality convention d) None of the above	(1)

[illegible]

13.	<p>Which of the following are correct with respect to steps in the process of journalising transactions:</p> <p>(i) Identify the Account. (ii) Recognize the Account (iii) Apply the rules of 'Debit' and 'Credit' (iv) Write the amounts and narration</p> <p>i. a,b,d,c ii. b,a,c,d iii. b,c,d,a iv. a,b,c,d</p>	(1)
14.	<p>What is the primary purpose of source documents and vouchers in the accounting process?</p> <p>a) To serve as a reference for future business transactions. b) To provide evidence and support for accounting transactions. c) To create a legal contract between the parties involved. d) To ensure that all transactions are conducted in cash.</p>	(1)
15.	<p>If Umesh has sold goods for cash, the entry will be recorded :</p> <p>a) In the Cash Book b) In the Sales Book c) In the proper Journal d) None of the above</p>	(1)
16.	<p>i. The Cash Book records :</p> <p>a) All cash receipts & payment b) Cash and credit sales of goods c) Only cash receipts d) None of these</p>	(1)
17.	<p>Under how many heads accounts can be grouped under Modern System of accounting:</p> <p>a) Two b) Three c) Four d) Five</p>	(1)
18.	<p>i. Which device is used for entering data into a computer?</p> <p>a) Control unit b) CPU c) Input unit d) Memory unit</p>	(1)
19.	<p>i. Out of the following which are the characteristics of computer?</p> <p>a) Communication b) Diligence c) Versatility d) Both b) & d)</p>	(1)

20.	i. How do we record the transactions in manual accounting? a) Software b) Database c) Books of original entry d) All of these	(1)								
	SECTION-B <i>Answer Qu. 21 to 29 below..</i>									
21	Complete the following statements: i. The convention of conservatism takes into account ii. Fixed assets are shown in the books at	(1x2)								
22	Match the following: <table border="1"><tr><td>i. Drawings</td><td>a.Owner’s claim against the assets of the business</td></tr><tr><td>ii. Capital</td><td>b.Amount withdrawn for personal use</td></tr></table>	i. Drawings	a.Owner’s claim against the assets of the business	ii. Capital	b.Amount withdrawn for personal use	(1x2)				
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ii. Capital	b.Amount withdrawn for personal use									
23.	Fill in the blanks: Computer _____ and _____ need to be updated from time to time.	(1x2)								
24	Give one word answer for the following: i. In which concept, the two aspects of a transaction are recorded? ii. What are Assets which are natural resources, but extracted and consumed as a raw material called? iii. What is money spent in order to purchase assets called? iv. What does excess of expense over revenue represent?	(1x4)								
25	Write the two aspects (effects) of the following transactions: i. Owner brings cash in business ii. Goods sold for cash iii. Furniture purchased for cash iv. Received cash from Sharma	(1x4)								
26.	Match the following: (any four) <table border="1"><tr><td>(a) Purpose of preparing Journal</td><td>(i) Non-Cash transactions</td></tr><tr><td>(b) Limitation of double entry system of book-keeping</td><td>(ii) Increase in Asset is debited, and decrease in Asset is credited</td></tr><tr><td>(c) Rule applicable for recording changes in assets account</td><td>(iii) To provide date wise record of all the business transactions</td></tr><tr><td>(d) Purpose of transfer voucher</td><td>(iv) No guarantee of absolute accuracy of the books of accounts despite agreement of the trial balance</td></tr></table>	(a) Purpose of preparing Journal	(i) Non-Cash transactions	(b) Limitation of double entry system of book-keeping	(ii) Increase in Asset is debited, and decrease in Asset is credited	(c) Rule applicable for recording changes in assets account	(iii) To provide date wise record of all the business transactions	(d) Purpose of transfer voucher	(iv) No guarantee of absolute accuracy of the books of accounts despite agreement of the trial balance	(1x4)
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27.	Identify whether the following are Debit Vouchers, Credit Vouchers or Transfer Vouchers. 1. Purchase furniture for cash 2. Sale of goods for cash 3. Sale of goods to Vikram 4. Depreciation charged on Building	(1x4)								

28.	From the following transactions, state the titles of the accounts that will be affected, types of the accounts and the account to be debited and the account to be credited: i. Neha started business with cash Rs. 6,00,000 ii. Paid salaries Rs.10,000 iii. Sold goods to Rohan on credit Rs. 60,000 iv. Neha took loan from Bank Rs. 30,000	(1x4)
29.	State the following sentences True or False: i. Tally is an accounting hardware. ii. We can also maintain the record of inventory in Tally. iii. There is no provision of 'outstation Report' in Tally. iv. Tally provides the facility of Bank Reconciliation.	(1x4)
	SECTION-C <i>Answer Qu. 30 to 45 below. Internal choices have been given wherever necessary.</i>	
30.	i. What do you understand by cash book. What are the different types of cash book? OR ii. Why is it necessary to open a suspense account?	(2)
31.	State the limitations of double entry system.	(2)
32.	i. Explain the effect of errors of commission on the trial balance. OR ii. Why is profit and loss account prepared?	(2)
33.	Explain the concept of depreciation with the help of an example.	(2)
34.	Distinguish between Trading Account and Profit and Loss Account.	(2)
35.	i. Explain the treatment of closing stock in the financial statements with the help of a suitable example. OR ii. From the following information, prepare Profit & Loss Account of M/s Sarthak Traders for the year ending on 31.03.2012` Gross Profit 43,000 Discount allowed to customers 7,000 Salaries 45,000 Interest paid on loan 13,000 Postage 2,400 Discount received from creditors 6,000 Commission received 1,000 Sales expenses 10,000	(2)
36.	How will you reflect the effect of dishonors of a cheque in preparing the bank pass book?	(3)
37.	i. Enumerate the factors that affect the amount of depreciation of an asset? OR ii. What are the causes of depreciation.	(3)

38.	Enumerate the objectives of preparing a trial balance.	(3)
39.	The books of accounts of Mr. Karan showed the following: The value of Furniture is Rs.5, 00,000 as on 31-3-2021 and value of Pant & Machinery is Rs.1, 00,000 as on 31-3-2021. Depreciation is to be charged on these assets @10% p.a. How will you reflect the given transaction in the profit and loss account and balance sheet?	(3)
40.	i. Explain the prepaid adjustments and their treatment in the financial statements. OR ii. An office chair is purchased for Rs. 2,500 and it is estimated that after ten years it will be scrapped. The useful life of the chair is ten years over which the cost of Rs. 2,500 will be distributed. Find depreciation expense for each year.	(3)
41.	i. Mehta limited purchased a machine on April 1, 2021 for Rs. 2, 00,000 whose life was expected to be 10 years. Its estimated scrap value at the end of 10 years was Rs.20, 000. Find the amount of depreciation to be charged to the Profit and Loss Account every year. Calculate the rate on which depreciation is to be charged every year. OR ii. From the following balances extracted from the books of M/s Tarun Bros, prepare a Trading Account for the year ended 31st March, 2022. Particulars	

43.	<p>i. Record the following transactions in a Simple Cash Book of M/s Rahul & Co.</p> <table><tr><td>Date</td><td>Amount</td></tr><tr><td>2021</td><td>Rs.</td></tr><tr><td>July. 01 Cash in Hand</td><td>25,000</td></tr><tr><td>July. 06 Received from Radhika (after allowing a discount 350)</td><td>3,000</td></tr><tr><td>July. 10 Paid Advertising expense</td><td>300</td></tr><tr><td>July. 18 Sold Goods</td><td>5,500</td></tr><tr><td>July. 23 Paid Abhi</td><td>4,500</td></tr><tr><td>July. 27 Purchased Machinery</td><td>4,000</td></tr><tr><td>July. 31 Paid Rent</td><td>1,500</td></tr></table> <p style="text-align: center;">OR</p> <p>ii. What do you understand by financial statements? Also, discuss the various objectives of financial statements?</p>	Date	Amount	2021	Rs.	July. 01 Cash in Hand	25,000	July. 06 Received from Radhika (after allowing a discount 350)	3,000	July. 10 Paid Advertising expense	300	July. 18 Sold Goods	5,500	July. 23 Paid Abhi	4,500	July. 27 Purchased Machinery	4,000	July. 31 Paid Rent	1,500	(5)
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44.	<p>Prepare Journal and post into ledger the following transaction of Mr. Garib Chand and Sons.</p> <p>2022 Particulars</p> <p>Feb. 1 Paid cash to Dinesh 16,800 Discount received 200</p> <p>Feb. 2 Goods sold to Dinesh 20,000</p> <p>Feb. 3 Goods returned by Dinesh 500</p> <p>Feb. 5 Purchased goods on Credit from: Ram 15,000 Hari 5,000</p> <p>Feb. 6 Received commission in Cash 600</p>	(5)																		

45.

(5)

i. From the following trial balance of M/s Aarti Traders, prepare Trading and Profit and Loss Account for the year ended 31st March 2021 and a Balance Sheet as on that date:

Dr. Balances	Rs.	Cr. Balances	Rs.
Opening stock on 1st April,2020	15,500	Capital	90,000
Purchases	80,000	Sales	2,05,000
Sales returns	4,000	Purchases returns	1,000
Carriage inwards	1,600	Discount	2,550
Plant and Machinery	45,000	Sundry creditors	10,550
Furniture and fixtures	7,000	Bills payable	1,800
Freehold property	48,550		
Cash in hand	7,000		
Carriage outwards	900		
Wages	28,000		
Salaries	19,000		
Lighting (factory)	750		
Sundry debtors	31,000		
Traveling expenses	950		
Rent and taxes	3,200		
Drawings	8,000		
Insurance	250		
General expenses	10,200		
	3,10,900		3,10,900

Adjustments:

- i. Stock on 31st March 2021 was valued at Rs.48, 000 (market value Rs. 25,000).
- ii. Wages amounting to Rs.3, 000 and salaries amounting to Rs.2, 500 are outstanding.
- iii. Prepaid insurance amounted to Rs. 100.

	iv. Provide depreciation on plant and machinery at 10% and on furniture and fixtures at 5%.	
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Marking Scheme
Accountancy (224)

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

20.	c	(1)								
	SECTION-B									
21	i. all prospective losses but leaves prospective profits ii. their cost price	(1x2)								
22	<table><tr><td>i.</td><td>b.</td></tr><tr><td>ii.</td><td>a.</td></tr></table>	i.	b.	ii.	a.	(1x2)				
i.	b.									
ii.	a.									
23.	hardware, software	(1x2)								
24	i. Dual Aspect Concept ii. Wasting assets iii. Expenditure iv. Loss	(1x4)								
25	i. Cash, Capital ii. Cash, sales iii. Furniture, Cash iv. Cash, Sharma (debtor)	(1x4)								
26.	<table><tr><td>(a)</td><td>iii.</td></tr><tr><td>(b)</td><td>iv.</td></tr><tr><td>(c)</td><td>ii.</td></tr><tr><td>(d)</td><td>i.</td></tr></table>	(a)	iii.	(b)	iv.	(c)	ii.	(d)	i.	(1x4)
(a)	iii.									
(b)	iv.									
(c)	ii.									
(d)	i.									
27.	1. Debit voucher 2. Credit voucher 3. Transfer voucher 4. Transfer voucher	(1x4)								
28.	i. Cash (Asset) -Debit, Capital(Capital)- credit ii. Salary(expense)- Debit, Cash(asset)- Credit iii. Rohan(asset)-debit, Sales(Revenue)- Credit iv. Bank(Asset)-Debit Bank loan(Liability)- Credit	(1x4)								
29.	i. FALSE. ii. TRUE iii. FALSE. iv. TRUE	(1x4)								
	SECTION-C									
30.	i.Cash Book is a book of account maintained for recording transactions involving receipt and payment of cash. It is also one of the books of original	(2)								

	<p>entry. When a cash book is maintained, cash transactions are not recorded in the Journal, and no cash or bank account is required to be maintained in the ledger as Cash Book serves the purpose of Cash Account also.</p> <p>Cash Books are of the following types:</p> <ul style="list-style-type: none"> • Simple Cash Book. • Bank Column Cash Book. • Petty Cash Book. <p>ii. When the trial balance does not agree, because of errors committed by the accountant during the accounting process and he decides to prepare the final accounts then the difference is written on the shorter column against an account called 'Suspense Account'. After wards the errors that affect the trial balance are rectified through the suspense account. Once all such errors are rectified the suspense account opened to artificially balance the trial balance will finally be balanced.</p>																
31.	<p>The main limitations of double entry system of book keeping are as follows:</p> <ol style="list-style-type: none"> 1. This system requires the maintenance of a number of books of accounts which is not practical in small concerns. 2. This system is costly because a number of records are to be maintained. 3. There is no guarantee of absolute accuracy of the books of accounts inspite of agreement of the trial balance. 	(2)															
32.	<p>i. The trial balance, despite error of commission, still continues to tally because the same wrong amount has been recorded on both sides of the accounts.</p> <p>ii. Profit and loss account is prepared to ascertain the net profit earned or net loss suffered by the business during a period. Trading and profit and loss account taken together is called income statement.</p>	(2)															
33.	<p>Depreciation is referred to as the reduction in the cost of a fixed asset in sequential order, due to wear and tear until the asset becomes obsolete. Machinery, vehicle, equipment, building are some examples of assets that are likely to experience wear and tear or obsolescence.</p>	(2)															
34.	<table border="1"> <thead> <tr> <th>Sno.</th><th>Trading</th><th>Profit and Loss</th></tr> </thead> <tbody> <tr> <td>1</td><td>This account shows the gross profit or gross loss for an accounting year.</td><td>This account shows the net profit or net loss for an accounting year.</td></tr> <tr> <td>2</td><td>All direct expenses relating to business are shown on the debit side of this account.</td><td>All indirect expenses relating to business are shown on the debit side of this account.</td></tr> <tr> <td>3</td><td>All direct revenue items are shown on the credit side of the account.</td><td>All indirect revenue items are shown on the credit side of this account.</td></tr> <tr> <td>4</td><td>The balance of this account i.e. gross profit or gross loss is transferred to P&L A/c.</td><td>The balance of this account i.e. net profit or net loss is transferred to the capital account of the proprietor</td></tr> </tbody> </table>	Sno.	Trading	Profit and Loss	1	This account shows the gross profit or gross loss for an accounting year.	This account shows the net profit or net loss for an accounting year.	2	All direct expenses relating to business are shown on the debit side of this account.	All indirect expenses relating to business are shown on the debit side of this account.	3	All direct revenue items are shown on the credit side of the account.	All indirect revenue items are shown on the credit side of this account.	4	The balance of this account i.e. gross profit or gross loss is transferred to P&L A/c.	The balance of this account i.e. net profit or net loss is transferred to the capital account of the proprietor	(2)
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35.	<p>i. Explain the treatment of closing stock in the financial statements with the help of a suitable example.</p> <p>Closing stock is the stock of goods which remains unsold at the end of the accounting year. This item is, normally, not shown inside the Trial balance. It appears outside the trial balance as additional information. For example the books of Mr. X showed the value of closing stock as on 31.3.2012 `Rs.30,000. The accounting treatment of closing stock in the financial statements of Mr. X. The following adjustment entry will be passed at the end of the year:</p> <div><div>Closing Stock A/c</div><div>Dr. 30,000</div><div>To Trading A/c</div><div>30,000</div></div> <p style="text-align: center;">Trading a/c of Mr. X</p> <div><div>Dr</div><div>Cr</div><table><tr><th>Particulars</th><th>Amt</th><th>Particulars</th><th>Amt</th></tr><tr><td></td><td></td><td>By Closing Stock</td><td>30,000</td></tr></table></div> <p style="text-align: center;">Balance Sheet</p> <table><tr><th>Liabilities</th><th>Amt</th><th>Assets</th><th>Amt</th></tr><tr><td></td><td></td><td>Closing Stock</td><td>30,000</td></tr></table> <p>If Closing stock is given inside the Trial balance, the above mentioned adjustment entry will not be passed and the closing stock will not be shown on the credit side of Trading A/c. The closing stock will be shown on the assets side of Balance Sheet</p> <p>ii.</p> <p style="text-align: center;">Profit and loss Account of M/s Sarthak Traders for the year ended March 31, 2012</p> <div><div>Dr. Cr</div><table><tr><th>Particulars</th><th>Amt</th><th>Particulars</th><th>Amt</th></tr><tr><td>To Discount allowed to customers</td><td>7,000</td><td>By Gross profit transferred from Trading A/c</td><td>43,000</td></tr><tr><td>To Salaries</td><td>45,000</td><td>By Discount received from Creditors</td><td>6,000</td></tr><tr><td>To Interest on loan</td><td>13,000</td><td>By Commission Received</td><td>1,000</td></tr><tr><td>To Postage</td><td>2,400</td><td>By Net Loss transferred to capital A/c</td><td>27,400</td></tr><tr><td>To Sales expenses</td><td>10,000</td><td></td><td></td></tr><tr><td></td><td>77,400</td><td></td><td>77,400</td></tr></table></div>	Particulars	Amt	Particulars	Amt			By Closing Stock	30,000	Liabilities	Amt	Assets	Amt			Closing Stock	30,000	Particulars	Amt	Particulars	Amt	To Discount allowed to customers	7,000	By Gross profit transferred from Trading A/c	43,000	To Salaries	45,000	By Discount received from Creditors	6,000	To Interest on loan	13,000	By Commission Received	1,000	To Postage	2,400	By Net Loss transferred to capital A/c	27,400	To Sales expenses	10,000				77,400		77,400	(2)
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36.	<p>A firm may receive a number of cheques from its customers. Some of the cheques deposited by the firm with the bank may be dishonoured. In this case,</p>	(3)																																												

	the Bank debits firm's account. But the firm records the same when it receives the information from the bank. As a result, the balance as per cash book and that of pass book will differ	
37.	<p>i.</p> <p>i) Cost of Asset : Cost of asset is the purchase price of the asset and includes all such expenses which are incurred before it is first put to use. For example expenses on loading, carriage, installation, transportation and unloading of the asset up to the point of its location, expense on its erection and assembly.</p> <p>ii) Useful Life of the Asset: Useful life is the expected number of years for which the asset will remain in use.</p> <p>iii) Scrap Value: Scrap value is the residual value at which the asset could be sold to scrap dealer (Kabari) after its useful life.</p> <p>iv) Depreciable value of asset : Depreciable value is the cost of asset minus the scrap value</p> <p>OR</p> <p>ii. i) Normal wear and tear:</p> <p>(a) Due to usage - Every asset has a life for which it can run, produce or give service. Thus, as we put the asset to use its worth decreases. Like decrease in the efficiency and functioning of a bicycle due to its running and usage.</p> <p>(b) Due to passage of Time – As the time goes by elements of nature, wind, sun, rain etc, cause physical deterioration in the worth of an asset. Like reduction in the worth of a piece of furniture due to passage of time even when it is not used.</p> <p>ii) Obsolescence:</p> <p>(a) Due to development of improved or superior equipment : Sometimes fixed assets are required to be discarded before they are actually worn out due to either of the above reasons. Arrival of superior equipments and machines etc. allow production of goods at lower cost. This makes older equipments worthless as production of goods with their use will be costlier and non competitive. For example, Steam engines became obsolete with the arrival of diesel and electric locomotives.</p> <p>(b) Due to change in fashion, style, taste or market conditions : Obsolescence may also result due to decline in demand for certain goods and services with a change in fashion, style, taste or market conditions. The goods and services that are no longer in vogue lead to decrease in the value of the assets which were engaged in their production - like factories or machines meant for making old fashioned hats, shoes, furniture etc.</p>	(3)
38.	<p>i) To check arithmetical accuracy: With the help of trial balance we can identify the arithmetical error, committed by the accountant or his assistant, because in such a situation the trial balance will not agree. Under such situations it is assumed that some errors have been committed. After identifying such errors the same are rectified.</p> <p>ii) To prepare final accounts of the enterprise: Trial balance becomes the basis of preparing final accounts. If we do not prepare trial balance and just start preparing final accounts, it may be possible that we forget to record some transactions that were not recorded while preparing the final accounts because information about the same was not available at that time.</p>	(3)

	<p>iii) Comparative study of each account : Trial balance helps in comparing the present balance of an account with the previous period balance. By preparing trial balance, we can estimate whether closing balance of accounts will increase or decrease within two accounting periods. It can also be used as a tool to decide whether there is need to decrease the rate of depreciation for showing improved profit position.</p> <p>iv) To make financial budget : Previous years trial balance figures are also helpful to estimate the future amount. In other words, we can make different financial budgets with the help of trial balance.</p>																																																			
39.	<table border="1"><tr><th colspan="4">Dr. Profit & Loss A/c for Mr.Karan for the year ending 31-3-2021</th></tr><tr><th colspan="4">Cr.</th></tr><tr><th>Particulars</th><th>Amount</th><th>Particulars</th><th>Amount</th></tr><tr><td>To dep on furniture</td><td>50000</td><td></td><td></td></tr><tr><td>To dep on P & M</td><td>10000</td><td></td><td></td></tr></table> <table border="1"><tr><th colspan="5">Balance Sheet of Mr.Karan as on 31-3-2021</th></tr><tr><th>Liabilities</th><th>Amount</th><th>Assets</th><th></th><th>Amount</th></tr><tr><td></td><td></td><td>Furniture</td><td>500000</td><td></td></tr><tr><td></td><td></td><td>(-)dep</td><td>50000</td><td>450000</td></tr><tr><td></td><td></td><td>P & M</td><td>100000</td><td></td></tr><tr><td></td><td></td><td>(-)dep</td><td>10000</td><td>90000</td></tr></table>	Dr. Profit & Loss A/c for Mr.Karan for the year ending 31-3-2021				Cr.				Particulars	Amount	Particulars	Amount	To dep on furniture	50000			To dep on P & M	10000			Balance Sheet of Mr.Karan as on 31-3-2021					Liabilities	Amount	Assets		Amount			Furniture	500000				(-)dep	50000	450000			P & M	100000				(-)dep	10000	90000	(3)
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To dep on P & M	10000																																																			
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Liabilities	Amount	Assets		Amount																																																
		Furniture	500000																																																	
		(-)dep	50000	450000																																																
		P & M	100000																																																	
		(-)dep	10000	90000																																																
40.	<p>i. Sometimes, a part of the expenses given in the trial balance may relate to future year(s). Such part of expenses is known as ‘Prepaid Expenses’ or ‘Expense paid in Advance’ such as, out of the salaries paid during the current year, a part may relate to next accounting year. Similarly factory rent, wages, office rent, insurance premium, taxes, etc. may be prepaid in some cases. For example the books of accounts of Mr.X showed the following: Total salaries paid during the accounting year 2011-2012 ` 2,00,000 out of which ` 25,000 relates to the next accounting year, i.e, 2012-13. The accounting treatment, of prepaid salaries in the books of Mr. X will be as follows: (a) Adjustment entry for prepaid salaries will be as under:</p> <div>Prepaid Salaries A/c<div>Dr. 25,000</div>To Salary A/c<div>25,000</div></div> <div>P/L a/c of Mr. X<div>Dr</div><div>Cr</div></div> <table border="1"><tr><th>Particulars</th><th>Amt</th><th>Particulars</th><th>Amt</th></tr><tr><td>Salary 2,00,000</td><td>1,75,000</td><td></td><td></td></tr><tr><td>(-)Prepaid 25,000</td><td></td><td></td><td></td></tr></table> <p style="text-align: center;">Balance Sheet</p>	Particulars	Amt	Particulars	Amt	Salary 2,00,000	1,75,000			(-)Prepaid 25,000				(3)																																						
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	<table><tr><th>Liabilities</th><th>Amt</th><th>Assets</th><th>Amt</th></tr><tr><td></td><td></td><td>Prepaid Salary</td><td>25,000</td></tr></table> <p>OR</p> <p>ii.</p> <p>The useful life of the chair is ten years over which the cost of ` Rs. 2,500 will be distributed. Each year's allocation may be calculated as:</p> <p>Depreciation= (Cost of Asset- Scrap Value)/Life of an Asset</p> <p>= Rs.2500/10=250</p> <p>Thus Rs.250 is the depreciation expense for each year.</p>	Liabilities	Amt	Assets	Amt			Prepaid Salary	25,000																					
Liabilities	Amt	Assets	Amt																											
		Prepaid Salary	25,000																											
41.	<p>i.</p> <p>Depreciation= (Cost of Asset- Scrap Value)/Life of an Asset</p> <p>= (2,00,000 – 20,000)/10</p> <p>= 1,80,000/10 = 18,000</p> <p>Rate of Depreciation = Annual Depreciation Amount X 100)/Cost of Asset</p> <p>= (18,000 x 100)/2,00,000</p> <p>= 9 pc</p> <p>OR</p> <p>ii.</p> <p style="text-align: center;">Trading Account of M/s Tarun Bros for the year ended March 31, 2022 .</p> <p>Dr. Cr</p> <table><tr><th>Particulars</th><th>Amt</th><th>Particulars</th><th>Amt</th></tr><tr><td>To Opening Stock</td><td>32,000</td><td>By Sales</td><td>80,000</td></tr><tr><td>To Purchases</td><td>1,65,000</td><td>By Closing Stock</td><td>30,000</td></tr><tr><td>To Freight</td><td>4,000</td><td>By Gross</td><td></td></tr><tr><td>To Power</td><td>6,500</td><td>Losstransferred to</td><td>1,03,000</td></tr><tr><td>To Custom Duty</td><td>5500</td><td>P & L A/c</td><td></td></tr><tr><td></td><td>2,13,000</td><td></td><td>2,13,000</td></tr></table>	Particulars	Amt	Particulars	Amt	To Opening Stock	32,000	By Sales	80,000	To Purchases	1,65,000	By Closing Stock	30,000	To Freight	4,000	By Gross		To Power	6,500	Losstransferred to	1,03,000	To Custom Duty	5500	P & L A/c			2,13,000		2,13,000	(3)
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	2,13,000		2,13,000																											
42.	<p>i. Trial Balance does not tally it means that some errors have been committed while preparing the accounts. In the light of given statement, explain the causes of disagreement of a trial balance.</p> <p>i) Omission of posting in one account</p> <p>ii) Double posting in one account</p> <p>iii) Posting in the wrong side of an account</p> <p>iv) Posting wrong amount in an account</p> <p>v) Wrong Casting of the subsidiary books</p> <p>vi) Omitting to post the total of a subsidiary book</p> <p>vii) Wrong totaling or balancing of an account</p> <p>viii) Omission of an account from Trial Balance</p> <p>ix) Writing the balance of an account in the wrong column of the Trial Balance</p> <p>x) Wrong totaling of the Trial Balance</p>	(5)																												

ii.

Title of Account

Dr

Cr

Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)

Journal

Date	Particulars	L.F.	Dr. Amount ₹	Cr. Amount ₹
(1)	(2)	(3)	(4)	(5)

S.No	Journal	Ledger
1	Journal is the Book of Original entry	Ledger is the Book of secondary entry
2	Journal is the Book for Chronological record	Ledger is the Book of analytical record
3	Transaction is the basis of recording in the journal	Journal is the basis of recording in the ledger
4	Process of recording in the Journal is called journalizing	Process of recording in the ledger is known as ledger posting.

43 i.

Cash book of
Rahul & Co.

Dr.

Cr.

Receipts					Payments				
		V · N O	L · F ·	Amou nt			V · N O	L · F ·	
Date	Particul ars				Date	Particulars			Amount
2021					2021				
Jul-01	Balanc e b/d			25000	Jul-10	Advertising expense			300
Jul-05	Radhik a			3000	Jul-23	Abhi			4500
Jul-18	Sales			5500	Jul-27	Machinery			4000
					Jul-31	Rent			1500
					Jul-31	Balance c/d			23200

					33500					33500	
	Aug-01	Balance b/d			23200						

43.

ii.

The statements, prepared to know the result of the business and the financial position of the business, are called financial statements. The statement prepared for ascertain gross profit/loss is called Trading Account. The statement prepared to ascertain the net profit is called Profit and Loss Account. Trading and Profit and Loss Account taken together is called the Income Statement. Statement prepared to know the financial position of the business is called the Balance Sheet or Position Statement.

Following are the objectives of preparing financial statements:

i)

Ascertain the result of business activities : One of the important objectives of preparing financial statements is to ascertain the Income. Financial statements provide information about the profit earned or loss incurred during a particular accounting period or year.

ii)

Ascertain the financial position of business : Balance Sheet provides information about the financial position of business on a particular date.

iii)

Correct decision making : Financial statements are helpful in decision making for the business on the basis of the information provided by financial statements, future decisions can be taken correctly.

iv)

Judging the performance of management : Financial statements are helpful in judging the performance of management and utilization of resources of a business house.

v)

Ascertaining the cash position of business : The cash position indicated by the financial statements helps the business in planning the payment of cash to creditors, suppliers etc.

(5)

44.

Date	Particulars	Debit	Credit
Feb 1	Dinesh Dr. Cash A/c Discount Received A/c (Being cash paid to Dinesh and discount received)	17,000	16,800 200
Feb 2	Dinesh Dr. Sales A/c (Being goods sold to Dinesh)	20,000	20,000
Feb 3	Sales Return A/c Dr. Dinesh (Being goods returned by Dinesh)	500	500
Feb 5	Purchases A/c Dr. Ram Hari (Being goods purchased on credit)	20,000	15,000 5,000

(5)

	Feb 6	Cash A/c Dr. Commission Received A/c (Being commission received)	600	600	
	Ledger Posting				
	Dinesh				
	Date	Particulars	Amt	Date	Particulars Amt
	Feb.1	To Cash A/c.	16,800	Feb. 3	By Sales Return 500
		To Discount Received A/c.	200		
	Feb.2	To Sales A/c.	20,000		
	Cash A/c				
	Date	Particulars	Amt	Date	Particulars Amt
	Feb.6	To Commission Received A/c.	600	Feb. 1	By Dinesh 16,800
	Discount Received A/c				
	Date	Particulars	Amt	Date	Particulars Amt
				Feb. 1	By Dinesh 200
	Sales Return A/c				
	Date	Particulars	Amt	Date	Particulars Amt
	Feb.3	To Dinesh	500		
	Purchase A/c				
	Date	Particulars	Amt	Date	Particulars Amt
	Feb 5	To Ram 15,000 To Hari 5,000			
	Ram A/c				
	Date	Particulars	Amt	Date	Particulars Amt
				Feb. 5	By Purchase 15,000
	Hari A/c				
	Date	Particulars	Amt	Date	Particulars Amt
				Feb. 5	By Purchase 5,000
	Commission received A/c				
	Date	Particulars	Amt	Date	Particulars Amt
				Feb. 6	By Cash 600
	Sales A/c				
	Date	Particulars	Amt	Date	Particulars Amt

			Feb. 2	By Dinesh	20,000																																																																																																	
45.	<table><tr><th colspan="4">Dr. Profit & Loss A/c for M/S Aarti traders for the year ending 31-3-2021 Cr.</th></tr><tr><th>Particulars</th><th>Amount</th><th>Particulars</th><th>Amount</th></tr><tr><td>To opening stock</td><td>15500</td><td>By sales - 205000</td><td></td></tr><tr><td>To purchases- 80000</td><td></td><td>less sales return- 4000</td><td>201000</td></tr><tr><td>less purchase return- 1000</td><td>79000</td><td>By closing stock</td><td>25000</td></tr><tr><td>To carriage inwards</td><td>1600</td><td></td><td></td></tr><tr><td>To wages - 28000</td><td></td><td></td><td></td></tr><tr><td>add O/S wages 3000</td><td>31000</td><td></td><td></td></tr><tr><td>To factory lighting</td><td>750</td><td></td><td></td></tr><tr><td>To gross profit c/d</td><td>98150</td><td></td><td></td></tr><tr><td></td><td>226000</td><td></td><td>226000</td></tr><tr><td>To carriage outwards</td><td>900</td><td>By gross profit b/d</td><td>98150</td></tr><tr><td>To salaries- 19000</td><td></td><td>By discount</td><td>2550</td></tr><tr><td>add O/s salary- 2500</td><td>21500</td><td></td><td></td></tr><tr><td>To travelling expense</td><td>950</td><td></td><td></td></tr><tr><td>To rent & taxes</td><td>3200</td><td></td><td></td></tr><tr><td>To insurance - 250</td><td></td><td></td><td></td></tr><tr><td>less prepaid insurance-100</td><td>150</td><td></td><td></td></tr><tr><td>To general expense</td><td>10200</td><td></td><td></td></tr><tr><td>To dep on :</td><td></td><td></td><td></td></tr><tr><td>P & M-</td><td>4500</td><td></td><td></td></tr><tr><td>Furniture-</td><td>350</td><td></td><td></td></tr><tr><td>To net profit transferred to capital a/c</td><td>58950</td><td></td><td></td></tr><tr><td></td><td>100700</td><td></td><td>100700</td></tr></table>					Dr. Profit & Loss A/c for M/S Aarti traders for the year ending 31-3-2021 Cr.				Particulars	Amount	Particulars	Amount	To opening stock	15500	By sales - 205000		To purchases- 80000		less sales return- 4000	201000	less purchase return- 1000	79000	By closing stock	25000	To carriage inwards	1600			To wages - 28000				add O/S wages 3000	31000			To factory lighting	750			To gross profit c/d	98150				226000		226000	To carriage outwards	900	By gross profit b/d	98150	To salaries- 19000		By discount	2550	add O/s salary- 2500	21500			To travelling expense	950			To rent & taxes	3200			To insurance - 250				less prepaid insurance-100	150			To general expense	10200			To dep on :				P & M-	4500			Furniture-	350			To net profit transferred to capital a/c	58950				100700		100700	(5)
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Balance Sheet of M/S Aarti traders as on 31-3-2021			
Liabilities	Amou nt	Assets	Amou nt
Bill payable	1800	Cash in hand	7000
Sundry creditors	10550	Sundry debtors	31000
O/S wages	3000	Closing stock	25000
O/S salaries	2500	Prepaid insurance	100
Capital- 90000		Furniture & Fixtures-7000	
add net profit- 58950		less dep - 350	6650
148950		P & M - 45000	
less drawings- 8000	140950	less dep - 4500	40500
		Freehold property	48550
	158800		158800