

SUBJECT – ACCOUNTANCY (055)
CLASS –XI

CHAPTER-1: INTRODUCTION TO ACCOUNTING

1. “Accounting records, transactions and events can be measured in money terms”. Is this in your opinion, a limitation of accounting or an advantage? Support your views with reasons.
2. Which type of accounting information reveals profit earned or loss incurred?
3. Who are the users of accounting? What are their needs?
4. Accounting provides information about the profitability and financial soundness of a concern. In addition, it provides various valuable information also, however accounting has certain limitations. Explain any such of three limitations.

CHAPTER-2: BASIC ACCOUNTING TERMS

1. A firm has various types of assets explain them with one example each.
2. Explain the following terms:
Drawings,sales,purchase,Bad debts,vouchers,capital,business transactions, Depreciation, Trade receivables, trade payables
3. Distinguish between Expense and Expenditure; Profit and Gain.
4. Complete the following sentences.
 - A)amount which the firm owes to the outsiders is known as..... .
 - B).....is the cost incurred in producing goods and services.
 - C)the term ‘sales’ is used only for the sales of..... And is never used for the sale of..... .
 - D)the person to whom money is owing by the firm are termed as..... .
 - E)revenue means the income of a Nature.
5. Give two examples of:
 - A)trade payables
 - B)nominal /fictitious assets
 - C)capital expenditure
 - D)revenue expenditure

CHAPTER-3: THEORY BASIS OF ACCOUNTING

1. Mention the concept on which the following statements are based and also explain their meaning.
 - i) The insignificant items and events having an insignificant economic effect need not be disclosed.
 - ii) “Same accounting method should be used from one accounting period to the Next.”
 - iii) Business is treated as an entity separate and distinct from its owner
 - iv) Only those transactions and events are recorded in accounting which can be expressed in terms of money.
 - v) Business will continue to exist for a longer period of time and there is no intention to close it or reduce its size significantly.
 - vi) All anticipated losses should be recorded in the books of accounts but all unanticipated or unrealized gains should be ignored.
2. What is meant by accounting standards? Explain any two objectives of it.
3. Briefly explain your understanding of IFRS.
4. (i) What is the principle of conservation or prudence?
(ii)What are the objectives of IFRS?
5. ‘Closing stock is valued at lower of cost or realisable value’.Which principle of accounting is applied here?
6. State one limitation of historical cost.

CHAPTER -4: BASES OF ACCOUNTING

1. What is meant by cash basis of accounting? Also explain its advantages and disadvantages.
2. What do you mean by accrual basis of accounting? What are its advantages and disadvantages?
3. Differentiate between cash basis and accrual basis of accounting.
4. Arun , a consultant, during the financial year 2015-2016 earned Rs.7,00,000. Out of which he received Rs.5,50,000.He incurred an expense of Rs.3,50,000 out of which Rs.40,000 are outstanding. He also received consultancy fee relating to previous year Rs. 65,000 and also paid Rs. 40,000 expenses of last year.

CHAPTER-5: ACCOUNTING EQUATION

1. How will you deal with the following items in the accounting equation?
 - i. Interest due but not received Rs. 800.
 - ii. Rent received in advance Rs.1200.
 - iii. Insurance premium paid in advance Rs.1500.
 - iv. Salaries due but not paid Rs.2000.
2. Prepare accounting equations from the following transactions.

	Rs.
i. Started Business with cash	5,00,000
ii. Purchased a building from am. Paid by raising a loan From SBI	10,00,000
i. Paid interest on loan Rs. 40,000 and instalment of Rs. 2,00,000	
ii. Purchase goods from Rohan on credit	1,50,000
iii. Sold Goods costing Rs. 60,000 for Rs. 80,000 on credit to Mahesh.	
iv. Took Goods of Rs. 25,000 from Business for personal use.	
v. Accrued interest	5000
vi. Commission received in advance	20,000

3. Prove that the accounting equation is satisfied in all the following transactions of Rajnath Singh.

	Rs.
i. Started Business with cash	50,000
ii. Paid rent in advance	800
iii. Purchase goods for cash Rs. 14,000 and on credit Rs. 3,000	
iv. Sold Goods for Rs. 12,000 costing Rs. 8,000	
v. Paid salary Rs. 450 and salary outstanding being Rs. 200	
vi. Bought typewriter for personal use.	6,000

4. Create an accounting equation on the basis of following transactions
 - i. Pratap Singh commenced a business with cash Rs. 2,00,000, goods Rs. 60,000, Machinery Rs. 1,50,000 and furniture Rs. 70,000
 - ii. 1/3 rd of the above goods sold at a profit of 10% on cost and half of the payment is received in cash
 - iii. Depreciation on machinery is provided at 20 %.
 - iv. Cash withdrawn for personal use Rs. 10,000
 - v. Interest on drawings charged at 5 %.
 - vi. Goods sold to Gupta for Rs. 20,000 and received a Bill Receivable of the same for 2 months.
 - vii. Received Rs. 20,000 from Gupta against the Bill Receivable on its maturity.
5. Give an example for each of the following type of transactions.
 - i. Increase in one asset, decrease in another asset.
 - ii. Decrease in asset, decrease in another liability.
 - iii. Decrease in liabilities, increase in owner's capital.
 - iv. Increase in one liability, decrease in another liability.
 - v. Increase in capital, decrease in capital
6. Mahesh started a business on 1st April 2015 with a capital of 1,00,000 and borrowed Rs. 30,000 from a friend. He earned a profit of Rs. 5,000 during the year ended 31st Mar 2014 and withdrew Rs. 4,000 for private use. Find out his capital on 31st Mar 2016.

7. On 31st Mar 2015 total assets and external liabilities were Rs. 4,00,000 and Rs. 10,000 respectively. During the year the owner introduced capital of Rs. 40,000 and withdrawn Rs. 12,000 for personal use he made a profit of Rs. 60,000. Calculate the capital on 1st April 2014.

CHAPTER-6 ACCOUNTING PROCEDURES

1. Give the rule of debit and credit and explain them with the help of imaginary examples.
2. How modern classification is different from traditional classification? Explain with examples.
3. Classify the following into assets, liabilities, capital, revenue and expenses:
Plant and Machinery, bank loan, sales, rent, discount received, carriage inward, bad debt, capital, purchases, wages, advance income, goodwill, outstanding expenses
4. On which side will be the decrease in the following accounts recorded? Also mention the nature of account:
Cash, Bank Overdraft, Outstanding Rent paid, Prepaid Expenses, Owner of the business, Debtor, Creditor, Sales, Purchases, Interest paid.
5. Open a "T" shape account for machinery and put the following transactions on the proper side:

Rs.

(i) Machinery purchased		40,000
(ii) Machinery sold		10,000
(iii) Depreciation on	2,000	
(iv) Old machinery discarded		5,000

CHAPTER- 7: ORIGIN OF TRANSACTIONS

1. What are source documents? What are its types?
2. What are accounting vouchers? Explain its types also.
3. Prepare debit voucher, credit voucher and transfer voucher from the source voucher based on the following transactions:
2016
Jan 1 Bought furniture from modern furniture's for cash vide Cash Memo No.240 of Rs 7,500
Jan 5 Sold Leather purses for cash vide Cash Memo No.317- 320 of Rs 5,000
Jan 10 Purchased goods from M/s John's & sons vide Bill No. 834 Rs 2,500.
4. Why is CGST,SGST and IGST paid on purchases debited to Input CGST Account, Input SGST Account, and Input IGST Account?

CHAPTER-8&9: JOURNAL & LEDGERS

1. Pass necessary journal entry for the following transactions
 - i. Sold to Mohan goods costing Rs. 20,000 plus CGST and SGST @6% each.
 - ii. Bad debt amounted to Rs. 9,000
 - iii. Received from Ganesh Rs. 10,000 in full settlement of Rs. 15,000 balance is a Bad debt
 - iv. Recovered an old bad debt Rs. 200
 - v. Bank charged interest on overdraft Rs.1,000
 - vi. Rs. 500 cash & Rs. 2,000 goods withdraw by proprietor for personal use.
 - vii. Place on fixed deposit account at bank by transfer form current account Rs. 5,000
 - viii. Free samples are distributed among the customers Rs. 1,000
 - ix. Paid rent Rs.500 plus CGST and SGST @ 6% each.
2. Journalise the following transactions in the books of Ram :
 - i. Beena who owed Rs. 1,500 is declared insolvent and 65 paise in a rupee is received as final dividend from her estate.
 - ii. Sold goods to Leela list price Rs. 2,000, trade discount 10% and cash discount 5%. She paid the amount on the same day.
 - iii. Rent due to landlord Rs. 500.

- iv. Goods worth Rs. 10,000 were destroyed by fire.
- v. Commission received in advance Rs 13000.
3. Journalise the following transaction & post them into ledger accounts:
 - a. Withdrew goods for personal use(Cost Rs.5,000 +IGST @12%; Sale Price Rs.6,600)
 - b. Rs. 200 due from Hari are bad debts
 - c. Goods costing Rs. 3,000 were destroyed by fire. They were not insured
 - d. Goods damaged by fire Rs. 1,000 and insurance company accepted claim of Rs. 800
 - e. Goods costing Rs. 500 given as charity.These goods were purchased paying CGST and SGST @6% each.
 - f. Paid landlord Rs.1,500 for rent. One third of the premises is occupied by the proprietor for his own residence
 - g. Sold household furniture for Rs. 5,000 + IGST @ 12% in cash and paid the money into business
 - h. Wood used for making office furniture Rs. 2,000
4. Pass necessary Journal entry for the following transaction
 - a. Started Business with cash Rs. 30,000 & Stock Rs. 40,000.
 - b. Purchased furniture from Sohan for cash Rs. 6,000
 - c. Rent prepaid is Rs. 2,000
 - d. Commission received of Rs.10,000 plus CGST and SGST @6% each by cheque, half of the amount is in advance.
 - e. Salary outstanding is Rs. 500
 - f. Goods sold to Krishna costing Rs. 10,000 20% above cost + CGST & SGST @6% each.
5. Pass necessary journal entry for the following transaction.
 - i. Goods given in charity Rs. 10,000
 - ii. Bad debts of last year Rs. 5,000 are now recovered
 - iii. Goods withdrawn by proprietor for personal use Rs. 6,000
 - iv. Depreciation charged on machinery Rs. 3,000
 - v. Amount due form kundun is Rs. 8,000 received from his official receiver, due to his insolvency 60 paise in rupees only
 - vi. Rent outstanding is Rs. 3,000
 - vii. Insurance paid in advance Rs. 500
 - viii. Purchased motor cycle for his son Rs. 15,000
6. Prepare from the following information journal, ledger & trial balance.

i. Started business with	Rs.3,00,000
ii. Machine purchased from Mohan	Rs. 1,00,000
iii. Mohan was paid though cheque	Rs. 30,000
iv. Deposited into bank	Rs. 50,000
v. Received rent	Rs. 20,000
vi. Paid repair & maintenance	Rs.3,000
vii. Purchase goods & paid by cheque	Rs. 5,000
viii. Goods sold to Ramesh for	Rs.10,000
ix. Furniture purchase for	Rs. 20,000
x. Cash sale	Rs.1,00,000
7. Satyam purchased from Sahil 500 items @Rs.200 each at 20% Trade Discount plus CGST and SGST @6% each He is further given 2% Cash Discount as he made payment for the purchase immediately. Determine the amount that Satyam will debit to Purchases Account.
8. Journalise the following transactions of Rajat, Delhi for April 2018,, post them into ledger and prepare trial balance.

2018		Rs.
April 1	Rajat started business with Cash	1,00,000
April 10	Paid wages & salaries	15,000
April 12	Bought goods for Cash	55,000
April 15	Sold goods to Rohan ,Delhi on credit	40,000
April 19	Bought goods from Surya,Luknow(UP)on credit	30,000

April 21	Goods returned to Surya	3000
April 21	Received cash from Rohan	20,000
April 25	Purchased Stationery for cash	6,000
April 27	Paid to Surya by cheque in full settlement.	25,000

CGST and SGST is levied @6% each on intra-state transactions and IGST @12% on Inter-state transactions.

9. PREPARE JOURNAL FROM THE TRANSACTIONS GIVEN BELOW:

- CASH PAID FOR THE INSTALLATION OF MACHINE RS 5000
- GOODS GIVEN AWAY AS CHARITY RS 20000
- INTEREST CHARGED ON CAPITAL @7% P.A WHEN CAPITAL WAS RS 700000
- RECEIVED RS 12000 OF A BAD DEBT WRITTEN OFF LAST YEAR.
- GOODS DESTROY BY FIRE RS 20000
- RENT OUTSTANDING RS 10000
- INTEREST ON DRAWING RS 9000

CHAPTER-10: CASH BOOK

1. From the following information prepare cash book with Bank column

	Rs.
July 1 Bank balance	50,000
July 1 Cash balance	20,000
July 3 Purchased goods by cheque *	10,000
July 6 Goods sold for cash*	7,000
July 9 Machinery purchased by cheque*	6,000
July 12 Cash sales immediately deposited into bank*	8,000
July 14 Purchased goods from Om for cash *	5,500
July 16 Purchased stationery by cheque*	5,000
July 20 Cheque given to Ramik	2,000
July 22 Cash withdrawn from bank	8,000
July 24 Salary paid by cheque	2,000
July 26 Cash deposited in bank	9,000
July 28 Cash withdrawn from bank for personal use	3,000
July 30 Paid rent Rs.4000 plus CGST and SGST-Rs.600 each	
July 30 Received a cheque for commission	5,600
July 30 Sold goods to Mohan and received cheque*	10,000
July 30 Purchased motorcycles for son and paid by cheque*	8,000
July 31 Interest given by bank	500
July 31 Paid electricity bill*	2,000

Transactions marked(*)are subject to CGST and SGST@6% each.

2. Prepare Cash book with Bank column from the following information.

1 st August 2010 Cash balance	Rs.4,600
1 st August 2010 Bank overdraft	Rs.4,000
5 th August 2010 Cheque received from Sharma	Rs.8,000
8 th August 2010 Sharma cheque deposited in bank	
11 th August 2010 Cheque issued to Mohan	Rs.5,000
12 th August 2010 Sharma's cheque dishonoured	
18 th August 2010 Withdrawal from bank for office used	Rs.2,000
20 th August 2010 Purchased goods for cash Rs.10,000 plus IGST@12% from M/s.Bansal,Jammu	
22 nd August 2010 Paid telephone bill + CGST & SGST@6% each	Rs.2,000
26 th August 2010 Sold goods for cash + IGST @12%	Rs.600

3. Prepare cash book with Bank column from the following transactions.

- i. Cash in hand Rs. 6,000 & cash at bank Rs. 8,000. (cr.)
- ii. Purchased furniture for Rs. 3,000 & paid by cheque.*
- iii. Sold goods to Mohan for Rs. 30,000 & cheque received.*
- iv. Cheque received from Mohan now deposited.
- v. Deposited in to bank Rs. 20,000.
- vi. Interest charged by bank Rs. 200.*
- vii. Received commission Rs. 7,000.*
- viii. Cheque of Rs. 3,000 received from Krishna one month back was dishonoured

Transactions marked(*)are subject to CGST and SGST@6% each.

4. Prepare the cash Book with Bank column from the following transaction:

- 1st April Cash in hand 10,000 & Cash at Bank (CR) 5,000
 4th April Received cheque from Bimal Rs. 4,000 discount allowed Rs. 300
 8th April Deposited into bank Rs.3000
 10th April Deposited into bank Bimal's cheque
 15th April Purchased from Mohan goods for cash Rs. 3,000*
 16th April Cash Sale Rs. 4,000*
 18th April Cheque received from Bimal is dishonoured
 20th April Bank charged interest Rs. 500
 21th April Cash withdrawn from bank & paid rent of own house Rs. 2,000*
 22nd April Cheque received from Kunal one month before now endorsed to Paresh
 Rs. 4,000
 23rd April Rent received through cheque Rs. 3,000*

Transactions marked(*)are subject to CGST and SGST@6% each.

5. Enter the following transaction in the analytical petty cash book on Imprest system Sept, 2013.

	Rs.
1 st Sep Petty cash received	10,000
1 st Sep Paid Rs.450 for stationery plus CGST and SGST @ 6% each	
2 nd Sep Paid for postage	100
4 th Sep Telegram	50
7 th Sep Bus fare	200
10 th Sep Rickshaw	20
14 th Sep Purchases envelopes	100
19 th Sep Postage	20
23 rd Sep Cartage	400
25 th Sep Stationary Rs.1100 plus CGST and SGST @ 6% each	
28 th Sep Rickshaw fare	50
30 th Sep Bought pencil	20
30 th Sep Photo state exp	40

6. Enter the following transactions in a Petty Cash Book in analytical form. The book is kept on imprest system, amount of imprest being Rs.5000.

- April 3 Bought stamps for Rs.300
 April 5 Paid for office cleaning Rs.200 and repair to furniture Rs.250
 April 7 Paid bus fare Rs.440, railway fare Rs.330, telegrams Rs.230
 April 8 Paid for Telephone Calls Rs.350
 April 9 Bought Shorthand note book for office Rs.250 Carriage on parcels Rs.280
 April 10 Bought envelopes Rs.450, Served refreshment to customers Rs.150
 April 12 Paid for conveyance Rs.300, Charity Rs.200, Stapler pins Rs.28.
 April 15 Give tips to office peon Rs.25

CHAPTER-11: OTHER SUBSIDIARY BOOKS

1. What are the various types of other books. Define them & draw their format.
2. Name the books of original entry where the following transactions will be recorded with reasons there of:-
 - a. Goods purchased from Ram Rs.5000 on credit
 - b. Provision for doubtful debts Rs.1000
 - c. Defective goods sold to Babita on credit Rs.4000 were returned by her.
 - d. Purchases of furniture on credit from Suresh Chand Rs.15000.
 - e. Sale of goods to Ram for cash.
 - f. Goods returned by debtors.
 - g. Providing for interest on capital.
3. Enter the following transaction in Journal Proper:-
 - (a) Rent not paid Rs.1000
 - (b) Goods withdrawn for personal use Rs.5000
 - (c) Purchases of machine on credit Rs.10000 from Ram Sons.
 - (d) Depreciate motor car with book value Rs.1,00,000 @ 10% p.a for one year.
4. From the following transaction prepare sales book of M/s Golden furniture House,Amritsar for January 2015
 - January 4 Sold to Reliance Corporation,Delhi
50 chairs @ Rs.200 each
50 tables @ Rs. 400 each
Less 10% Trade discount plus IGST @ 12%
 - January 14 Sold to S.A. Jain College,Varanasi
1 Office chair, Godrej @ Rs. 2100
1 Office Table Teak wood @ Rs. 2400
Less 20% Trade discount plus IGST @ 12%
 - January 20 Sold to P.K. Jain School Chandigarh for cash
100 chairs @ Rs. 150 per each
 - January 24 Supplied to D.S.D Girls College,Amritsar
5 classroom tables @ Rs. 200 each
5 chair @ Rs. 125 each
10 Stools @ 50 each
Less:10% Trade discount CGST and SGST @6% each
5. Prepare a Proper Book from the following transactions of Rama Book house ,Delhi, 2010
 - Jan 6 Sold to M/s Ram Singh;Dehradun
50 Copies of Book Keeping @ 200 each
20 Copies of Business studies @ 150 each
Less: Trade discount @ 10% plus IGST @ 12%
 - Jan 14 Sold to Bajaj Book House;Kanpur
10 Copies of Cost Accounts @ 250 each
30 Copies of Income Tax @ 300 each
Levied IGST @ 12%
 - Jan 18 Sold to Gandhi Book Stores in cash;Delhi
10 Copies of Book Keeping @ 100 each
Less Trade discount @5%; plus CGST and SGST @6% each
 - Jan 25 Returned goods to M/s Kartik Traders ;Delhi Rs.1200 Less:10% Trade discount + CGST and SGST @6% each
 - Jan 27 Goods Returned to M/s Kohli Traders;Haryana for list price Rs.2000
less 10% trade discount plus IGST @ 12%
6. Prepare Proper book of M/s Deendayal,Punjab from the following transactions:

2011	
June 7	Purchased from Arora & Co., Punjab 10 Chairs @ Rs.200 each 1 Table @Rs.600 Trade Discount 10%
June 10	Sold to Sudha furniture Co., Agra 1 Almirah@ Rs.2,000 Trade Discount 15%
June 12	Sold to Meera Mart for cash;Amritsar 10 tables @ Rs.1,000 each
June 15	Purchased from Hira Lal & Sons for cash;Ghaziabad 15 Chairs @ Rs.350 each
June 16	Purchased from Fateh Chand &Co.,Ludhiana 5 Chairs @ Rs.180 each
June 25	Sold to Ravi Sharma, Delhi 2 dining tables@ Rs.6,000 each Less: 10% Trade discount

CGST and SGST is levied @6% each on intra-state transactions and IGST @12% on Inter-state transactions.

CHAPTER -12: BANK RECONCILIATION STATEMENT

1. What do you mean by Bank Reconciliation Statement? What are the reason of difference between the balances of Cash book and Bank Pass book?
2. What do you mean by debit balance of pass book and Credit balance of pass book?
3. Prepare a Bank Reconciliation Statement on 31st December, 2014 from the following transactions
 - i. As Overdraft as per Pass Book Rs.12,000 as on Dec. 31.
 - ii. On 30th December, cheques had issued for Rs.70,000 of which cheques worth Rs.3,000 only had been encashed upto 31st December.
 - iii. Cheques amounting to Rs. ,500 had been paid into the bank for collection but of these only 500 had been credited in the Pass Book.
 - iv. The bank has charged Rs.500 as interest on overdraft and the intimation of which has been received on 2nd January, 2015.
 - v. Bank has collected Rs.600 directly in respect of interest on A's investment. A has no knowledge of it.
 - vi. A cheque for Rs.200 has been debited in bank column of cash book by A, but it was not sent to bank at all.
4. Prepare a bank reconciliation statement from the following particulars on 31st July 2014:-
 - i. Balance as per the Cash book Rs.50,000.
 - ii. Three cheques for Rs.6,000 RS. 3,937 and Rs.1,525 issued in July 2014 were presented for payment to the bank in August 2014.
 - iii. Two cheques of Rs.500 and Rs.650 sent to the bank for collection were not entered in the pass book by 31st July 2014.
 - iv. The bank charged Rs.460 for its commission
 - v. Allowed interest of Rs.100 which were not mentioned in the bank column of the cash book
5. On December 31,2015 the cash book showed an overdraft of Rs.6920. From the following particulars prepare a Bank reconciliation statement:
 - i. Debited by bank for Rs.200 for Interest on overdraft.
 - ii. Cheques drawn but not encashed for Rs.4000
 - iii. The bank has collected interest on investment Rs.600
 - iv. Cheques paid in to bank but not collected Rs.6000

- v. Bank charges Rs.300
 - vi. Cheques issued Rs.5000 but Cheques of Rs.500 were presented in Jan 2012.
 - vii. Deposit of some other party Rs.100 wrongly credited by bank.
6. From the following information prepare cash book on 30th June 2013.
- i. As per pass Book 30th June 2013 bank balance debit is Rs.10,000 .
 - ii. Cheque issued but not presented upto 30th June 2013 Rs.2,800 .
 - iii. Cheque deposited into bank but not cleared upto 30th June 2013 Rs.3,900.
 - iv. Interest on over draft as per pass book not entered in the cash book Rs.20 .
 - v. Insurance premium paid by bank Rs.400 entered in cash book twice .
 - vi. Interest on investment collected by bank, appeared in the pass book Rs.500.
 - vii. In June 2013 a bill of exchange discounted from bank entered in the cash book as Rs.500 but credited in the pass book with actual receipt of Rs.490

CHAPTER -13: TRIAL BALANCE

1. What is trial balance? Give two objectives of preparing the trial balance.
2. Is a trial balance conclusive proof of the accuracy of the books of accounts? Name two errors which cannot be disclosed by preparing a Trial Balance.
3. Prepare Trial Balance of from the following information:

Particulars	Rs.	Particulars	Rs.
Capital	1,00,000	Rent received	2,100
Drawings	17,600	Railway freight on sales	16,940
Purchases	80,000	Carriage Inward	2,310
sales	1,40,370	Office expenses	1,340
Purchases return	2,820	Printing & stationary	660
Stock on 1.1.2000	11,460	Postage & Telegram	820
Bad debts	1,400	Sundry Debtor	62,070
Bad debts reserves	3,240	Sundry Creditor	18,920
Rates & Insurance	1,300	Cash at bank	12,400
Discount received	190	Cash in hand	2,210
Bill receivable	1,240	Office furniture	3,500
Sales return	4,240	Salaries & commission	9,870
Wages	6,280	Addition to building	7,000
Building	25,000		

4. Prepare Trial balance from the following information

	Rs.		Rs.
Opening stock	8,800	Purchase less return	11,950
Wages & salaries	3,300	Sales less return	25,000
Commission on purchase	300	Trade expenses	120
Freight	400	Bill payable	600
B/R	700	Loan	1,000
Rent	300	Discount on purchase	500
Plant	2,100	Creditor	2,430
Bad debts	600	Closing stock	5000
Repair to plant	260		
Cash in hand	300		
Debtor	4,100		
Income tax	650		
Drawing	750		
Capital	5,100		

5. From the following trial balance (containing obvious errors) prepare a correct trial balance :

Name of the Account	Dr. (Rs.)	Cr. (Rs.)
Purchases	6,000	----
Reserve fund	2,000	----
Sales	----	10,000

Purchases returns	100	----
Sales returns	200	200
Opening stock	3,000	----
Closing stock	----	4,000
Expenses	2,000	---
Outstanding expenses	200	----
Bank balances	500	----
Assets	5,000	----
Debtors	8,000	----
Creditors	----	3,000
Capitals A/c	9,400	----
Suspense A/c being the difference in books	1,000	----
	-	-----
	27,200	27,200

CHAPTER-14 :DEPRECIATION

1. Azad Ltd. purchased furniture on October 01, 2002 for Rs 4,50,000. On March 01, 2003 it purchased another furniture for Rs 3,00,000. On July 01, 2004 it sold off the first furniture purchased in 2002 for Rs 2,25,000. Depreciation is provided at 15% p.a. on written down value method each year. Accounts are closed each year on March 31. Prepare furniture account, and accumulated depreciation account for the years ended on March 31, 2003, March 31, 2004 and March 31, 2005.

2. M/s. Excel Computers has a debit balance of Rs 50,000 (original cost Rs 1,20,000) in computers account on April 01, 2000. On July 01, 2000 it purchased another computer costing Rs 2,50,000. One more computer was purchased on January 01, 2001 for Rs 30,000. On April 01, 2004 the computer which has purchased on July 01, 2000 became obsolete and was sold for Rs 20,000. A new version of the IBM computer was purchased on August 01, 2004 for Rs 80,000. Show Computers account in the books of Excel Computers for the years ended on March 31, 2001, 2002, 2003, 2004 and 2005. The computer is depreciated @10 p.a. on straight line method basis.

3. On October 01, 2001 Juneja Transport Company purchased 2 Trucks for Rs 10,00,000 each. On July 01, 2003, One Truck was involved in an accident and was completely destroyed and Rs 6,00,000 were received from the insurance company in full settlement. On December 31, 2003 another truck was involved in an accident and destroyed partially, which was not insured. It was sold off for Rs 1,50,000. On January 31, 2004 company purchased a fresh truck for Rs 12,00,000. Depreciation is to be provided at 10% p.a. on the written down value every year. The books are closed every year on March 31. Give the truck account from 2001 to 2004.

4. A Noida based Construction Company owns 5 cranes and the value of this asset in its books on April 01, 2011 is Rs 40,00,000. On October 01, 2011 it sold one of its cranes whose value was Rs 5,00,000 on April 01, 2011 at a 10% profit. On the same day it purchased 2 cranes for Rs 4,50,000 each. Prepare cranes account. It closes the books on March 31 and provides for depreciation on 10% written down value.

5. The following balances appear in the books of Raghav Ltd. As on 1st April, 2016:

Machine A/cRs. 5,00,000

Provision for Depreciation A/c Rs. 2,25,000

The machine is depreciated at 10% p.a. on the original cost. The accounting year being April to March. On 1st October, 2016, a machinery which was purchased on 1st July 2013 for Rs. 1,00,000 was sold for Rs. 42,000 and on the same date a new machine was purchased for Rs. 2,00,000. Prepare machine A/c and Provision for depreciation A/c for the year 2016-17.

CHAPTER-15 :PROVISION AND RESERVE

1. Define provision .what is the importance of creating a provision ?
2. Define reserve .what is the importance of creating a reserve ?
3. Give any four points of distinction between provision and reserves.
4. Explain capital reserve and give its any two examples.

CHAPTER-16 :BILLS OF EXCHANGE

1. On Jan 01, 2016 Rao sold goods Rs 10,000 to Reddy. Half of the payment was made immediately and for the remaining half Rao drew a bill of exchange upon Reddy payable after 30 days. Reddy accepted the bill and returned it to Rao. On the due date Rao presented the bill to Reddy and received the payment Journalise the above transactions in the books Rao and prepare of Rao's account in the books of Reddy.

2. On Jan 01,2016, Shankar purchased goods from Parvati for Rs 8,000 and immediately drew a promissory note in favour of Parvati payable after 3 months. On the date of maturity of the promissory note, the Government of India declared holiday under the Negotiable Instrument Act 1881. Since, Parvati was unaware about the provision of the law regarding the date of maturity of the bill, she handed over the bill to her lawyer, who duly presented the bill and received the payment. The amount of the bill was handed over by the lawyer to Parvati immediately. Record the necessary Journal entries in the books of Parvati and Shankar.

3. Darshan sold goods for Rs 40,000 to Varun on 8.1.2016 and drew upon him a bill of exchange payable after two months. Varun accepted the bill and returned the same to Darshan. On the due date the bill was met by Varun. Record the necessary Journal entries in the books of Darshan and Varun in the following circumstances.

- i. When the bill was retained by Darshan till the date of its maturity.
 - ii. When Darshan immediately discounted the bill @ 6% p.a. with his bank.
 - iii. When the bill was endorsed immediately by Darshan in favour of his creditor Suresh.
 - iv. When three days before its maturity, the bill was sent by Darshan to his bank for collection.
4. On Jan 01, 2016 Neha sold goods for Rs 20,000 to Muskan and drew upon her a bill of exchange payable after two months. One month before the maturity of the bill Muskan approached Neha to accept the payment against the bill at a rebate @ 12% p.a. Neha agreed to the request of Muskan and Muskan retired the bill under the agreed rate of rebate. Journalise the above transaction in the books of Neha and Muskan.

5. Abdulla sold goods to Tahir on Jan 17, 2016 for Rs 18,000. He drew a bill of exchange for the same amount on Tahir for 45 days. On the same date Tahir accepted the bill and returned it to Abdulla. On the due date Abdulla presented the bill to Tahir which was dishonoured. Abdulla paid Rs 40 as noting charges. Five days after the dishonour of his acceptance Tahir settled his debt by making a payment of Rs 18,700 including interest and noting charges. Record the necessary journal entries in the books of Abdulla and Tahir.

6. On Feb. 14, 2016 Rashmi sold good Rs 7,500 to Alka. Alka paid Rs 500 in cash and for the bank balance accepted a bill of exchange drawn upon her by Rashmi payable after two months. On Apr.10, 2016 Alka approached Rashmi to cancel the bill since she was short of funds. She further requested Rashmi to accept Rs 2,000 in cash and draw a new bill for the balance including interest Rs 500. Rashmi accepted Alka's request and drew a new bill for the amount due payable after 2 months. The bill was accepted by Alka. The new bill was duly met by Alka on maturity.Record the necessary journal entries in the books of Rashmi.

7. Nikhil sold goods for Rs 23,000 to Akhil on Dec. 01, 2015. He drew upon Akhil a bill of exchange for the same amount payable after 2 months. Akhil accepted the bill and sent it back to Nikhil. Nikhil discounted the bill immediately with his bank @12 p.a. On the due date Akhildishonoured the bill of exchange and the bank paid Rs 100 as noting charges. Akhil requested Nikhil to draw a new bill upon him with interest

@10% p.a. which he agreed. The new bill was payable after two months. A week before the maturity of the second bill Akhil requested Nikhil to cancel the second bill. He further requested to accept Rs 10,000 in cash immediately and drew a third bill upon him including interest of Rs 500. Nikhil agreed to Akhil's request. The third bill was payable after one month. Akhil met the third bill on its maturity. Record the necessary journal entries.

8. On Jan 01, 2016 Vibha sold goods worth Rs 18,000 to Sudha and drew upon the latter a bill of exchange for the same amount payable after two months. Sudha accepted Vibha's draft and returned the same to Vibha after acceptance. Vibha endorsed the bill immediately in favour of her creditor Geeta. Five days before the maturity of the bill Sudha requested Vibha to cancel the bill since she was short of funds. She further requested to draw a new bill upon her including interest of Rs 200. Vibha accepted Sudha's request. Vibha took the bill from Geeta by making the payment to her in cash and cancelled the same. Then she drew a new bill upon Sudha as agreed. The new bill was payable after one month. The new bill was duly met by Sudha on maturity. Record the necessary journal entries in the books of Vibha.

CHAPTER-17 :RECTIFICATION OF ERRORS

1. Explain the following types of errors with suitable examples: (a) Error of omission (b) Compensating errors (c) Error of principle
2. Rectify the following errors
 - a) Sales of Rs. 70,000 has been shown as sale of furniture.
 - b) Purchase return book has been cast short by Rs 4800
 - c) Goods costing Rs. 2,000 taken by the proprietor have not been recorded.
 - d) Rs. 3,000 paid for advertising have been debited to repair Account.
 - e) Bad debt has been Posted to bad debt recovery Rs 5600.
 - f) Goods purchased from Ajay for Rs 2600 were recorded in sales book
3. Rectify the following errors
 - a. Sales return book was over casted by Rs 500.
 - b. Goods Purchased on credit from Sumit Rs 4000 taken in to stock, But no entry was passed in the books
 - c. Rent paid for private house of owner but recorded in rent account Rs.3000
 - d. Salary paid to Amar but debited his personal account. Rs.2000
 - e. Sales of Rs.50,000 have been show as purchase of goods.
 - f. Rs.100 paid as installation charges of a machine has been debited to repairs A/c.
4. Rectify the following errors:
 - (i) A cheque issued of Rs. 50,000 to Mr. A(Creditor), but the credit was given to cash account.
 - (ii) Purchase of goods from Mr. B worth of Rs. 5,500 was recorded at Rs. 4,500.
 - (iii) Cash sale to Mr. C worth of Rs. 10,000 was debited to sale account and credited to cash account.
 - (iv) Repair of vehicle worth of Rs. 5,000 was charged to asset account.
 - (v) A cheque of Rs. 15,000 received and deposited in bank from Mr. D, but no entry was passed.
5. Following are some accounting errors. Rectify the same through Suspense A/c.
 - (i) Purchases Book has been overcast by Rs.200
 - (ii) Goods purchased from Manohar of Rs.2500 have been posted to the debit of his account.
 - (iii) Cash of Rs.4500 paid to Munish was credited to Manish.
 - (iv) Discount Rs.100 allowed to Anthony was not debited to discount account.
6. Rectify the following accounting errors through Suspense Account by making journal entries :
 - (i) Purchase of goods from Mohit for Rs.2500 was entered in the Sales Book, however Mohit's Account was correctly credited.
 - (ii) Cash received from Anil a debtor Rs.3200 was correctly entered in the Cash Book but was omitted to be posted to his account.

- (iii) Sales Book was overcast by Rs.1500.
- (iv) Cash of Rs.4000 paid to Hanif was credited to Rafique A/c as Rs.1400.
- (v) The total of Purchase Returns Book of Rs.3150 was carried forward as Rs.1530.
- (vi) Namita was paid cash Rs.6500 but Sumita was debited by Rs.6000.

7. Rectify the following errors:

- (i) Goods purchased on credit for Rs.8200 not recorded in the Purchases Book.
- (ii) Purchase Returns Book is overcast by Rs.1000.
- (iii) Salary of Rs.3200 paid to Gopal the accountant was debited to his personal account
- (iv) Sales to Shakila of Rs.2400 was posted to her account
- (v) Cash received from Suresh Rs.2000 was not entered in the books.

8. Rectify the following errors :

- (i) Purchases Book is undercast by Rs.1500
- (ii) Sales Return Book is overcast by Rs.1000
- (iii) Sales Book is added short by Rs.100
- (iv) The total of Purchases journal of Rs.7580 has been posted to Purchases Account as Rs.5780

CHAPTER-18: FINANCIAL STATEMENTS OF SOLE PROPRIETORSHIP

1. What is the purpose of preparing trading and profit and loss account?
2. Explain the concept of cost of goods sold?
3. What are the objectives of preparing financial statements?
4. Calculate the amount of gross profit and operating profit on the basis of the following balances extracted from the books of M/s Rajiv & Sons for the year ended March 31, 2015.

Rs.

Opening stock	50,000
Net sales	11,00,000
Net purchases	6,00,000
Direct expenses	60,000
Administration expenses	45,000
Selling and distribution expenses	65,000
Loss due to fire	20,000
Closing stock	70,000

5. Operating profit earned by M/s Arora&Sachdeva in 2005-06 was Rs.17,00,000. Its non-operating incomes were Rs.1,50,000 and non-operating expenses were Rs.3,75,000. Calculate the amount of net profit earned by the firm.

6. The following is the trial balance of ManjuChawla on March 31, 2005. You are required to prepare trading and profit and loss account and a balance sheet as on date:

Account title	Debit Amount (in Rs.)	Credit Amount (in Rs.)
Opening stock	10,000	
Purchases and sales	40,000	80,000
Returns	200	600
Productive wages	6,000	
Dock and Clearing charges	4,000	
Donation and charity	600	
Delivery van expenses	6,000	
Lighting	500	
Sales tax collected		1,000
Bad debts	600	
Misc. incomes		6,000

Rent from tenants		2,000
Royalty	4,000	
Capital		40,000
Drawings	2,000	
Debtors and Creditors	6,0000	7,000
Cash	3,000	
Investment	6,000	
Patents	4,000	
Land and Machinery	43,000	

Closing stock Rs. 2,000

9. The following is the trial balance of Mr. Deepak as on March 31, 2005. You are required to prepare trading account, profit and loss account and a balance sheet as on date :

Account title	Debit Amount	Account title	Credit Amount
Drawings	36,000	Capital	2,50,000
Insurance	3,000	Bills payable	3,600
General expenses	29,000	Creditors	50,000
Rent and taxes	14,400	Discount received	10,400
Lighting (factory)	2,800	Purchases return	8,000
Travelling expenses	7,400	Sales	4,40,000
Cash in hand	12,600		
Bills receivable	5,000		
Sundry debtors	1,04,000		
Furniture	16,000		
Plant and Machinery	1,80,000		
Opening stock	40,000		
Purchases	1,60,000		
Sales return	6,000		
Carriage inwards	7,200		
Carriage outwards	1,600		
Wages	84,000		
Salaries	53,000		

Closing stock: 35,000.

CHAPTER-19 :FINANCIAL STATEMENTS WITH ADJUSTMENTS

1. From the following balances extracted from the books of M/s Rohit Traders, prepare the profit and loss account and balance sheet in the vertical form as on March 31, 2006.

Debit Balances	Amount	Credit Balances	Amount
Opening stock	11,520	Capital	1,40,000
Purchases	81,000	Return outwards	400
Debtors	28,000	Creditors	12,600
Discounts	2,000	Commission	5,000
Carriage outwards	6,000	Sales	1,98,000
Drawings	10,500	Long-terms loan	12,000
Insurance	1,200		
Salaries	30,000		
Investments	20,000		
Motor car	15,000		
Plants	40,000		
Land and Building	80,000		

Carriage inwards	4,080		
Legal charges	3,200		
Audit fee	3,200		
Fuel and Power	9,460		
Wages	10,960		
Return inwards	1,360		
Cash at bank	5,200		
Cash in hand	2,000		
Interest	2,000		
Bad debts	1,320		
	3,68,000		3,68,000

Adjustments

Closing stock Rs. 4,000; Depreciation on Plant and Buildings @ 10%

2. Prepare a trading and profit and loss account for the year ending March 31, 2005. from the balances extracted of M/s Rahul Sons. Also prepare a balance sheet at the end of the year.

Account Title	Amount	Account Title	Amount
Stock	50,000	Sales	1,80,000
Wages	3,000	Purchases return	2,000
Salary	8,000	Discount received	500
Purchases	1,75,000	Provision for bad debts	2,500
Sales return	3,000	Capital	3,00,000
Sundry Debtors	82,000	Bills payable	22,000
Discount allowed	1,000	Commission received	4,000
Insurance	3,200	Rent	6,000
Fixtures and fittings	20,000	Loan	34,800
Rent Rates and Taxes	4,300		
Trade expenses	1,500		
Bad debts	2,000		
Drawings	32,000		
Repair and renewals	1,600		
Travelling expenses	4,200		
Postage	300		
Telegram expenses	200		
Legal fees	500		
Bills receivable	50,000		
Building	1,10,000		
	5,51,800		5,51,800

Adjustments

- Commission received in advance Rs.1,000.
- Rent receivable Rs. 2,000.
- Salary outstanding Rs. 1,000 and insurance prepaid Rs. 800.

3. Prepare a trading and profit and loss account of M/s Green Club Ltd. for the year ending March 31, 2005. from the following figures taken from his trial balance :

Account Title	Amount	Account Title	Amount
Opening stock	35,000	Sales	2,50,000
Purchases	1,25,000	Purchase return	6,000
Return inwards	25,000	Creditors	10,000
Postage and Telegram	600	Bills payable	20,000
Salary	12,300	Discount	1000
Wages	3,000	Provision for bad debts	4,500

Rent and Rates	1,000	Interest received	5,400
Packing and Transport	500	Capital	75,000
General expense	400		
Insurance	4,000		
Debtors	50,000		
Cash in hand	20,000		
Cash at bank	40,000		
Machinery	20,000		
Lighting and Heating	5,000		
Discount	3,500		
Bad debts	3,500		
Investment	23,100		
	3,71,900		3,71,900

Adjustments

- Depreciation charged on machinery @ 5% p.a
- Further bad debts Rs.1,500, discount on debtors @ 5% and make a provision on debtors @ 6%
- Wages prepaid Rs.1,000.
- Interest on investment @ 5% p.a.
- Closing stock 10,000.

4. From the following Trial Balance of M/s.Vinod and Sons as on 31st March 2010, prepare Trading and Profit & Loss Account and Balance Sheet.

Particulars	Amount	Particulars	Amount
Cash at Bank	6,000	Capital	50,000
Cash in hand	900	Sales	1,77,000
Advertisement	2,000	Creditors	25,000
Rent, Rates and Taxes	10,000	Rent Received	525
Carriage on sales	1,200	Purchase Returns	750
Carriage on purchase	750		
Manufacturing wages	10,000		
Salaries	6,000		
Sundry debtors	45,000		
Bank charges	75		
Discount	350		
Opening stock	30,000		
Returns	1,000		
Purchases	60,000		
Plant and machinery	60,000		
Loan to Ram	20,000		
	2,53,275		2,53,275

f. Adjustments:

- (i) Stock in hand at the end.35,000.
- (ii) Charge 20% of the advertisement this year.
- (iii) Charge interest on loan given to Ram @ 9% p.a.
- (iv) Create 5% provision for bad and doubtful debts.

5. From the following information prepare Final A/c's. 31st March 2013

Balance of Accounts	Rs.	Balance of Accounts	Rs.
Capital	45000	Purchase return	23000
Drawing	5000	Salaries	4550
Dividend received	2000	Sundry debtors	18000
Stock	23000	Loan from Ashok at 10%	7400
Sales	145000	p.a on 01.04.12	
Sales return	4300	Commission received	8000

Purchase	122300		
Printing & stationary	700		
Provision for doubtful debts on 01.04.12	450		
Carriage inward	1350		
Bad debts	550		
Cash in hand	1700		
Bank overdraft	4900		
Discount received	700		
Building	38500		
Furniture	3000		
Discount allowed	300		
Advertisement	3000		
Postage & Telegram	200		
Investment	10000		

Addition :-

- Purchase includes furniture purchased on 1st April 2012 Rs. 2,000
- Depreciation on furniture & Building should be provided at 10%.
- Provision for doubtful debts should be raised to 5% on sundry debtors
- Write off advertisement by Rs. 1000
- Printing & stationary includes Rs. 200 on account of proprietor's private expenses.

CHAPTER-20 : SINGLE ENTRY SYSTEM

- Differentiate between Balance Sheet and Statement of Affairs.
- SumitCommenced business on 1st April, 2009 with a capital of Rs. 80,000. He also took a loan from his friend, amounting Rs. 30,000@10% p.a. He also introduced Rs. 20,000 as further capital during the year.

On 31st March, 2015 his position was an under :

(Rs.)

Cash in hand	8,400.00
Cash at bank	12,600.00
Sundry Debtors	40,800.00
Stock	60,700.00
Furniture & Fixture	30,000.00
Creditors	26,500.00

He withdrew Rs. 2,500 per month during the year for household expenses. Calculate profit or Loss made by him during the year.

- Mohan Lal keeps incomplete records of his business. From the following information, determine the result of his business during the accounting period.

	1st April, 2014 (Rs.)	31st March, 2015 (Rs.)
Cash in hand	4,500.00	3,500.00
Bank balance	8,500.00	7,500.00
Furniture	12,000.00	10,800.00
Stock	21,000.00	23,000.00
Creditors	24,000.00	25,400.00
Debtors	23,600.00	24,800.00

During the year, he withdrew Rs. 500 p.m. for his household needs and withdrew goods worth Rs. 3,000.00 for domestic purposes. During the year, he sold his motorbike for Rs. 10,000.00 and introduced Rs. 8,000.00 into the business. Compute his profit or loss during the year.

4. Mohan does not keep his accounting records on full double entry system. On 1st January, 2010 his financial position was as under :

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Creditors	20,000.00	Cash in hand	1,200.00
Capital	50,000.00	Cash at bank	3,600.00
		Debtors	15,800.00
		Stock	13,600.00
		Furniture	10,000.00
		Plant and machinery	25,800.00
	70,000.00		70,000.00

His position at the end of the year was : Cash in hand Rs. 2,200, Cash at bank Rs. 4,200 Stock Rs. 18,500, Debtors Rs. 20,400, Furniture Rs. 15,000, Plant and Machinery Rs. 40,000 and Creditors Rs. 22,300

During the year, he withdrew Rs. 10,000 out of which he spent Rs. 8,000 on the cost of purchasing a scooter for the business.

Prepare necessary statements to determine the net profit for the year and final statement of affairs as at 31st December, 2010 after making the following

Adjustments:

Depreciate furniture and scooter @ 10%. He thinks that 5% of the debtors are doubtful and Rs. 400 are absolutely bad. Salary outstanding Rs. 2,000.00 and prepaid insurance Rs. 800.00 Does this system of account promote any value?

CHAPTER-21 &22: COMPUTERS IN ACCOUNTING AND ACCOUNTING SOFTWARE

1. Explain the features of Computers.
2. Define the elements of Computers System.
3. Differentiate Manual and Computerised Accounting Systems.
4. Explain the different Accounting Software.
5. Explain Accounting Information System as a Part of MIS.
6. Define Tally & its features.