



LEP (2025-26)

Class : 10+1

Subject: ACCOUNTANCY



INTRODUCTION TO ACCOUNTING

1. Goods costing 15,000 were sold for cash at profit of 20%. By what amount will the cash increase?
15,000 ਦੀਆਂ ਵਸਤੂਆਂ 20% ਦੇ ਲਾਭ ਤੇ ਵੇਚੀਆਂ ਗਈਆਂ, ਨਕਦ ਕਿੰਨਾ ਵਧਿਆ?
i. 13,000 ii. 12,000 iii. 18,000 iv. 15,000
2. Give two examples of intangible assets. ਅਦਿੱਖ ਸੰਪਤੀਆਂ ਦੀਆਂ ਕੋਈ ਦੋ ਉਦਾਹਰਣ ਦਿਉ।
3. Explain the following terms with examples: ਹੇਠ ਲਿਖਿਆਂ ਨੂੰ ਉਦਾਹਰਣ ਸਹਿਤ ਸਮਝਾਓ
i. Capital Expenditure (ਪੂੰਜੀ ਖਰਚਾ)
ii. Non-Current Assets (ਗੈਰ-ਚਾਲੂ ਸੰਪਤੀਆਂ)
4. Give two differences between Book-Keeping and Accounting.
ਬਹੀ ਖਾਤਾ ਅਤੇ ਲੇਖਾ-ਕਾਰੀ ਵਿੱਚ ਦੋ ਅੰਤਰ ਸਮਝਾਓ।
5. What is Cost Accounting? ਲਾਗਤ ਲੇਖਾਕਾਰੀ ਕੀ ਹੈ?
6. Give two differences between Creditors and Debtor. ਲੈਣਦਾਰ ਅਤੇ ਦੇਣਦਾਰ ਵਿੱਚ ਦੋ ਅੰਤਰ ਲਿਖੋ।
7. Explain the accounting process. ਲੇਖਾਕਾਰੀ ਪ੍ਰਕ੍ਰਿਆ ਸਮਝਾਓ।
8. Explain the qualitative characteristics of accounting information.
ਲੇਖਾਕਾਰੀ ਸੂਚਨਾ ਦੀਆਂ ਗੁਣਾਤਮਕ ਵਿਸ਼ੇਸ਼ਤਾਵਾਂ ਸਮਝਾਓ।
9. Give four differences between Book-Keeping and Accounting.
ਬਹੀ-ਖਾਤਾ ਅਤੇ ਲੇਖਾਕਾਰੀ ਵਿੱਚ ਚਾਰ ਅੰਤਰ ਲਿਖੋ।
10. Gurvir Singh started business with cash ₹40,000, furniture ₹30,000 and stock ₹20,000. He purchased goods on credit from Deepak Kumar ₹70,000 and sold to Mahinder for ₹95,000 on credit. He spent a heavy expenditure of ₹50,000 on the publicity of launching of a new product. He spent ₹10,000 on salaries and ₹2,000 on postage. Furniture costing ₹30,000 was sold for ₹45,000. At the end of the year, stock costing ₹15,000 is left unsold. Suresh who owed ₹40,000 is declared insolvent and 60% could be recovered from his estate.

- i. Who is the proprietor and what is the amount of capital introduced by him?
 - ii. Who is the creditor? What is the amount payable to creditor?
 - iii. Who is the debtor? What is the amount receivable from debtor?
 - iv. What is the deferred revenue expenditure?
 - v. What is the amount of expense?
 - vi. What is the gain?
 - vii. What is closing stock?
 - viii. What is the amount of bad debts?
11. Rohan started business with cash ₹1,50,000. He sells goods to Anjali on credit for ₹60,000 and for cash ₹30,000. He purchases goods from Gaurav for ₹50,000 on credit and for ₹20,000 in cash. He purchased machinery for ₹35,000 and furniture for ₹25,000. He borrowed ₹70,000 from bank for a period of 3 years. He purchased goodwill for ₹20,000 and patent right for ₹15,000.
- i. What is the amount of his capital?
 - ii. Who is the debtor and what are the book-debts?
 - iii. Who is the creditor and what is the amount payable?
 - iv. What is the amount of non-current asset acquired by Ishfaq?
 - v. What is the amount of tangible and intangible assets purchased?
 - vi. What is the non-current liability?

THEORY BASE OF ACCOUNTING

1. Accounting principles are: ਲੇਖਾਕਾਰੀ ਸਿਧਾਂਤ
 - a) Made by government (ਸਰਕਾਰ ਵਲੋਂ ਬਣਾਏ ਗਏ ਹਨ)
 - b) Made by man (ਇਨਸਾਨ ਵਲੋਂ ਬਣਾਏ ਗਏ ਹਨ)
 - c) Made by law (ਕਾਨੂੰਨ ਵਲੋਂ ਬਣਾਏ ਗਏ ਹਨ)
 - d) None of the above (ਇਹਨਾਂ ਵਿੱਚੋਂ ਕੋਈ ਨਹੀਂ)
2. Various names of accounting principles are :ਲੇਖਾਕਾਰੀ ਸਿਧਾਂਤਾਂ ਦੇ ਹੋਰ ਨਾਂ ਹਨ:
 - a) Assumptions (ਮਾਨਤਾਵਾਂ)
 - b) Conventions (ਰਿਵਾਇਤਾਂ)
 - c) Concepts (ਧਾਰਨਾਵਾਂ)
 - d) All of the above (ਇਹ ਸਾਰੇ)
3. Explain the Business Entity Principle. ਕਾਰੋਬਾਰ ਦੇ ਚਲਦੇ ਰਹਿਣ ਦੀ ਧਾਰਣਾ ਸਮਝਾਓ।

4. Give two differences between accounting concepts and accounting conventions.
ਲੇਖਾਕਣ ਧਾਰਨਾਵਾਂ ਅਤੇ ਲੇਖਾਕਣ ਪਰੰਪਰਾਵਾਂ ਵਿੱਚ ਦੋ ਅੰਤਰ ਲਿਖੋ।
5. What is Revenue Recognition Concept? What are its exceptions?
ਮਾਲੀਆ ਪਹਿਚਾਣ ਧਾਰਨਾ ਕੀ ਹੈ? ਇਸਦੇ ਕੀ ਅਪਵਾਦ ਹਨ?
6. A Company purchased goods for ₹20,00,000 and sold 80% of such goods during the year. The market value of the remaining goods was ₹2,00,000. The company valued the closing stock at ₹2,50,000 i.e., cost. Is the treatment correct?
ਇੱਕ ਕੰਪਨੀ ਨੇ 20,00,000 ਰੁਪਏ ਦੀਆਂ ਵਸਤੂਆਂ ਖਰੀਦੀਆਂ ਅਤੇ ਉਨ੍ਹਾਂ ਵਸਤੂਆਂ ਦਾ 80% ਵੇਚ ਦਿੱਤਾ। ਬਾਕੀ ਬਚੇ ਮਾਲ ਦੀ ਬਾਜ਼ਾਰੀ ਕੀਮਤ 2,00,000 ਸੀ। ਕੰਪਨੀ ਨੇ ਅੰਤਿਮ ਸਟਾਕ ਦੀ ਕੀਮਤ 2,00,000 ਰੱਖੀ। ਕੀ ਇਹ ਸਹੀ ਹੈ?
7. What is the basic accounting equation? ਮੁੱਢਲੀ ਲੇਖਾ-ਸਮੀਕਰਨ ਕੀ ਹੈ?
8. What is GST? What are its advantages? ਜੀ.ਐੱਸ.ਟੀ.(GST) ਕੀ ਹੈ? ਇਸਦੇ ਕੀ ਫਾਇਦੇ ਹਨ?
9. Write the full forms of the following: ਹੇਠ ਲਿਖਿਆ ਦੇ ਵਿਸਥਾਰ ਲਿਖੋ:
I. GAAP II. IFRS III. ICAI
IV. AS
10. What is meant by Reverse Charge in GST? ਜੀ.ਐੱਸ.ਟੀ. (GST) ਵਿੱਚ ਰਿਵਰਸ ਚਾਰਜ ਦਾ ਕੀ ਅਰਥ ਹੈ?
11. Explain with example, the Consistency Principle of Accounting. ਉਦਾਹਰਨ ਸਹਿਤ, ਇਕਸਾਰਤਾ ਦੀ ਧਾਰਨਾ ਸਮਝਾਓ।
12. The accounting concepts and accounting standards are generally referred to as the essence of financial accounting. Comment.
13. Give four differences between Cash basis and Accrual basis of accounting.
ਪ੍ਰਾਪਤੀ ਆਧਾਰਿਤ ਲੇਖਾਕਾਰੀ ਅਤੇ ਨਕਦੀ ਆਧਾਰਿਤ ਲੇਖਾਕਾਰੀ ਵਿੱਚ ਕੋਈ ਚਾਰ ਅੰਤਰ ਲਿਖੋ।
14. Write four transactions on which GST is not levied. ਕੋਈ ਚਾਰ ਲੈਣ-ਦੇਣ ਲਿਖੋ, ਜਿਸ ਤੇ GST ਨਹੀਂ ਲਗਾਇਆ ਜਾਂਦਾ।

SOURCE DOCUMENTS AND ACCOUNTING EQUATION

1. The capital of a business is ₹11,20,000, creditors are ₹40,000, the total assets are:
i. 10,40,000 ii. 11,60,000 iii. 10,80,000 iv. 11,40,000

2. For which of the following, non-cash voucher is prepared?

ਇਹਨਾਂ ਵਿੱਚੋਂ ਕਿਸ ਲਈ ਗੈਰ ਨਕਦੀ ਵਾਊਚਰ ਬਣਾਇਆ ਜਾਂਦਾ ਹੈ?

- Credit sale of fixed assets (ਸਥਾਈ ਸੰਪਤੀਆਂ ਦੀ ਕਰਜ਼ ਦੇ ਆਧਾਰ ਤੇ ਵਿਕਰੀ)
- Credit sale of goods (ਵਸਤੂਆਂ ਦੀ ਵਿਕਰੀ ਕਰਜ਼ ਦੇ ਆਧਾਰ ਤੇ)
- Credit sale of investments (ਨਿਵੇਸ਼ ਦੀ ਕਰਜ਼ ਦੇ ਆਧਾਰ ਤੇ ਵਿਕਰੀ)
- All of the above (ਉਪਰੋਕਤ ਸਾਰੇ)

3. Explain the following terms with an example:

- Sales
- Cost

4. Amounts that are created against profit to meet a known liability:

- reserve
- Provisions
- Both (i) & (ii)
- None of these

5. Which of the following source document is used for depositing cash or cheque into bank? ਇਹਨਾਂ ਵਿੱਚੋਂ ਕਿਹੜਾ ਸ੍ਰੋਤ ਦਸਤਾਵੇਜ਼ ਨਕਦ ਅਤੇ ਚੈੱਕ ਨੂੰ ਬੈਂਕ ਵਿੱਚ ਜਮ੍ਹਾਂ ਕਰਵਾਉਣ ਵਿੱਚ ਮਦਦ ਕਰਦਾ ਹੈ

- Paynote
- Counterfoil
- Cash slip
- Pay-in-slip

6. What is Voucher? Why they are required? ਵਾਊਚਰ ਕੀ ਹੈ? ਇਸਦੀ ਕਿਉਂ ਜ਼ਰੂਰਤ ਹੈ?

7. What is cash voucher? Explain its types with format.

ਨਕਦੀ ਵਾਊਚਰ ਕੀ ਹੈ? ਫਾਰਮੈਟ ਦੀ ਮਦਦ ਨਾਲ ਇਸਦੀਆਂ ਕਿਸਮਾਂ ਸਮਝਾਓ।

8. Prepare accounting equation on the basis of the following:

S.No.	Particulars	₹
i.	Kunal started business with cash	2,50,000
ii.	He purchased furniture for cash	35,000
iii.	He paid commission	2,000
iv.	He purchased goods on credit	40,000
v.	He sold goods (costing ₹20,000)	26,000

9. Show the accounting equation on the basis of following transactions:

- Ram started business with ₹ 25,000.
- Purchased goods from Shyam ₹ 10,000.
- Sold goods to Sohan costing ₹ 1,500 for ₹ 1,800.

$$[Capital: ₹ 25,300 + Liabilities: Creditors ₹ 10,000 = Assets: Cash ₹ 25,000 + Debtors ₹ 1,800 + Stock ₹ 8,500.]$$

10. Determine the missing amount on the basis of Accounting Equation:

	Assets(₹)	=	Liabilities(₹)	+	Capital(₹)
i.	20,000	=	15,000	+	?
ii.	?	=	5,000	+	10,000
iii.	10,000	=	?	+	8,000

11. Show the Accounting Equation on the basis of the following transactions and present a Balance Sheet on the last new equation balance:

- i. Raj commenced business with Cash ₹70,000
- ii. Purchased goods on credit ₹14,000
- iii. Withdrew for private use ₹1,700
- iv. Goods purchased for cash ₹10,000
- v. Paid wages ₹ 300
- vi. Paid to creditors ₹10,000
- vii. Sold goods on credit for ₹15,000
- viii. Sold goods for cash (cost price was ₹ 3,000) ₹4,000
- ix. Purchased furniture for ₹500

[Assets: Cash ₹ 51,500 + Stock ₹ 9,000 + Furniture ₹ 500 + Debtors ₹ 15,000 = Liabilities: ₹ 4,000 + Capital: ₹ 72,000.]

12. Create accounting equation on the basis of the following transactions:

- i. Started business with cash ₹8,00,000 and goods ₹2,00,000.
- ii. Cash deposited into bank ₹5,00,000.
- iii. Purchased Machinery from Arjun ₹10,000.
- iv. Bought goods for cash ₹80,000.
- v. Paid to Arjun by Cash ₹10,000.
- vi. Salary paid by cheque ₹20,000.

13. Prepare an Accounting Equation from the following:

- i. Started business with cash ₹1,00,000.
- ii. Purchased goods for cash ₹20,000 and on credit ₹30,000.
- iii. Sold goods for cash costing ₹10,000 and on credit costing ₹ 15,000 both at a profit of 20%.

[Assets: Cash ₹ 92,000 + Stock ₹ 25,000 + Debtors ₹ 18,000 = Liabilities: Creditors ₹ 30,000 + Capital: ₹ 1,05,000.]

14. Prepare the debit vouchers from the following transactions of Mushtaq Traders:

2018		₹
May 1	Purchased goods for cash vide Cash Memo No. 424	18,500
May 10	Purchased stationery items vide Cash Memo No. 648	1,200

15. Prepare the debit vouchers from the following transactions of Zahoor Enterprises:

2017	
Apr. 3	Paid cash to Tanya Mehra for the purchase of furniture vide Cash Memo No. 3325 ₹18,000
Apr. 6	Wages paid for the month of March 2014 vide wage sheet No. 33 ₹38,500
Apr. 10	Paid cash to DAV School, Chandigarh for the fees of proprietor's son vide Cash Receipt No. 466 ₹9,000
Apr. 15	Paid for conveyance ₹150

16. Prepare the transfer vouchers from the source documents of M/s Bhalla Brothers, Jammu based on the following transactions:

2018

₹

Dec.1 Sold goods to Divya Sharma Vide Bill No. 1563 16,000

Dec.8 Purchased goods from M/s Ashoka Industries vide Bill No. 366 24,000

17. The following transactions took place in M/s Starbucks Readymade Clothes Shop.

Prepare the debit voucher

Date	Particulars	Amount
2022		
Sep 1	Bought readymade clothes for cash vide Cash Memo no. 886	11,000
Sep 10	Wages paid for the month of August 2022 vide Wage Sheet No. 57	10,000
Sep 20	Paid for conveyance	100

18. Prepare the credit vouchers from the source vouchers of M/s Raghav Jain & Company based on the following transactions:

Date	Particulars	Amount
2022		
Apr 10	Sold old furniture for cash vide Cash Receipt No. 422	2,700
Apr 20	Received cash from M/s Raj & Company on account vide Cash Receipt	8,000
Apr 25	Sold goods for cash vide Cash Memo No. 80	36,000
Apr 30	Withdrawn cash from Bank for office use vide Cheque No. 15698	8,500

RECORDING OF TRANSACTIONS-I (JOURNAL ENTRIES AND LEDGER)

- Sold goods to Rahul for cash is debited to:
 - Rahul A/c
 - Sales A/c
 - Stock A/c
 - Cash A/c
- What is Journal? What are its limitations? ਰੋਜ਼ਾਨਾਮਚਾ ਕੀ ਹੈ? ਇਸ ਦੀਆਂ ਕੀ ਸੀਮਾਵਾਂ ਹਨ?
- Karuna purchased from Yash sports ltd. 200 balls @50 each on which she is given at 20% trade discount. She is further given 2% cash discount as she made payment for the purchases immediately. Determine the amount that Karuna will debit to purchases account.
- Explain the three golden rules of accounting.
- What is compound journal entry? Give its example.
ਕਮਪਾਊਂਡ ਇੰਦਰਾਜ ਕੀ ਹੁੰਦੀ ਹੈ? ਇਸਦਾ ਉਦਾਹਰਣ ਦਿਓ।
- Give two differences between Trade discount and Cash discount. ਵਪਾਰਕ ਛੋਟ ਅਤੇ ਨਕਦੀ ਛੋਟ ਵਿੱਚ ਦੋ ਅੰਤਰ ਲਿਖੋ।

7. Give four differences between voucher and ledger. ਰੋਜ਼ਾਨਾਮਚਾ ਅਤੇ ਬਹੀ-ਖਾਤਾ ਵਿੱਚ ਕੋਈ ਚਾਰ ਅੰਤਰ ਦਿਓ।

8. What is meant by classification of accounts? ਲੇਖਾ ਦਾ ਵਰਗੀਕਰਨ ਕੀ ਹੁੰਦਾ ਹੈ?

9. Journalise the following transactions:

- i. Bought goods from Akash of ₹10,000 @10% trade discount and 5% cash discount, 50% payment made by cheque.
- ii. Paid landlord ₹3,000 for rent. One-third of the premises is occupied by the proprietor for his own residence.
- iii. Payment made to creditors in full settlement ₹27,000.
- iv. Goods stolen by employee of ₹1,000 (Sales price ₹1,200).

10. Record journal entries for the following transactions in the books of Anudeep of Delhi:

- i. Bought goods ₹2,00,000 from Kanta of Delhi (CGST @9%, SGST @9%)
- ii. Bought goods ₹1,00,000 for cash from Rajasthan (IGST @12%)
- iii. Sold goods ₹1,50,000 to Sudhir of Punjab (IGST 18%)
- iv. Paid for Railway Transport ₹10,000 (CGST @5%, SGST @5%)
- v. Sold goods ₹1,20,000 to Sidhu of Delhi (CGST @9%, SGST @9%)
- vi. Bought Air-condition for office use ₹60,000 (CGST @9%, SGST @9%)
- vii. Sold goods ₹1,50,000 for cash to Sunil of Uttar Pradesh (IGST @18%)
- viii. Bought Motor Cycle for business use ₹50,000 (CGST @14%, SGST @14%). Paid for broadband services ₹4,000 (CGST @9%, SGST @9%)
- ix. Bought good ₹50,000 from Rajesh, Delhi (CGST @9%, SGST @9%)

11. Pass journal entries for the following transactions:

- i. Manya started business with cash ₹9,000, stock ₹7,00,000 and building ₹37,00,000.
- ii. Printing machinery purchased by Atul & Co, Delhi for office use from HP Ltd., Greater Noida(UP) for ₹50,000 plus IGST @12%, payment made by cheque.
- iii. Paid insurance premium for stock ₹15,000 and self ₹7,000.
- iv. Salaries paid ₹48,000 and due ₹22,000.
- v. Provide depreciation on Building ₹10,00,000 @10% per annum.

12. Journalise the following transactions, post them in ledger accounts and balance them.

2022	Amount(₹)
Aug 1 Vimal started business with cash	2,50,000
Aug 2 Bought goods for cash	76,250
Aug 3 Opened bank account with cash	1,25,000
Aug 4 Sold goods for cash	1,00,000
Aug 7 Bought goods from Jaya on credit	75,000
Aug 10 Sold goods to Prateek on credit	62,500
Aug 15 Purchased plant and machinery and payment is made by cheque	41,500

Aug 19 Paid to Jaya in cash	25,000
Aug 21 Received loan from Vineet and deposited the same into bank	20,000
Aug 23 Goods returned to Jaya	2,500
Aug 26 Withdrew from bank for personal use	12,500
Aug 27 Paid to Jaya by Cheque	20,000
Aug 29 Received cash from Prateek	25,000
Aug 30 Purchased Stationery by cash	500
Aug 30 Paid wages and salaries	25,000

13. Enter the following transactions in the journal of Sh. Arjun and post them into the ledger accounts:

2016	₹
Aug 1 Arjun started business with cash	1,00,000
Aug 2 Deposited into bank	80000
Aug 3 Goods purchased from Sh. Narain.	20000
Aug 4. Rent paid.	2,500
Aug 10 Cash sales.	5000
Aug 21 Sundry expenses paid	400
Aug 25 Paid salaries.	1200
Aug 31 Furniture purchased by cheque.	6000

14. M/s Dutta bros. appointed Mr. R.K Mehta as an accountant for a monthly salary of ₹ 18000 and paid ₹ 1000 as an advance against his salary. Pass the journal entry and post it into ledger.

15. Enter the following transactions in journal and post them in ledger.

2016

Aug.1 Paid by cheque to Mr. Gurmeet Arora amounting to ₹ 40000 in full settlement of his account of ₹ 40000.

Aug. 10 Mr. X becomes insolvent only 40 paisa in a rupee is recovered from his estate by cheque out of the total debt of ₹ 10,000.

Aug 16. Paid by cheque on account of machine ₹80000, furniture ₹ 20000.

Aug 31. Received by cheque ₹ 25000 in full settlement of his account of ₹ 25,400 from M/s Arjun & Sons.

16. Sh. Surender Singh of Barnala started business on April 1, 2024 with cash ₹ 10000, Stock ₹ 24000, furniture ₹ 25000 and building worth ₹ 200,000. Pass the necessary journal entry and post them in ledger.

17. On 1st April, 2024, the position of Raj Traders was as follows:

Debit balance: Building ₹3000, Machinery ₹ 10,000, furniture ₹ 8000, Cash ₹ 4000, Bill receivable ₹ 1600; Goodwill ₹2000, Sundry Debtors ₹ 12000.

Credit Balances: Capital ₹ 35000; Bank overdraft ₹ 6800, Loan from Abhishek ₹10,000, Bills payable ₹ 800; Sundry Creditors ₹ 15000.

Pass the opening at bank ₹ 8000; Bill receivable ₹ 4000, Mr. Vijay (Dr.) ₹2000, Stock ₹1500, Satyam (Cr) ₹2500, Bills payable ₹ 800, Capital ₹ 18200.

Give the opening entry and post them in ledger.

18. Prepare Mahajan's account in the ledger of the firm:

2024	₹
Jan 1 Goods sold to Sajan	22000
Jan 6 Goods return by Saajan	2,000
Jan 10 Cheque received from Saajan on account	10,000
Jan 16 Sold goods to Saajan on cash	6,000
Jan 24 received from Rajani on behalf of Saajan	1,500
Jan 31 Cheque received from Saajan in full settlement of his account	8,000

19. Pass the opening entry on 1st April, 2022 on the basis of the following information taken from the books of Mr. Pramod. Also, post the opening entry:

Cash in Hand	₹20,000
Sundry Debtors	₹60000
Stock of goods	₹40,000
Input IGST Account	₹15,000
Input SGST Account	₹5,000
Plant	₹50,000
Land and Building	₹1,00,000
Sundry Creditors	₹1,00,000

20. Prepare Machinery Account:

2021	
May 1	Machine purchased for cash ₹2,00,000.
May 5	Machine withdraw for domestic use ₹10,000
May 13	Depreciation on Machine ₹2,000
May 15	Sold Machine for cash ₹30,000
May 19	Bought furniture for cash ₹25,000
May 25	Machine bought for personal use ₹22,000

21. Jan 31	₹
Paid salaries.	600

Paid rent.	300
Bank charges.	10
Drew for personal use out of bank	500
Received claim from Mohan & Co for defects on goods supplied to them claim admitted ₹150	
Pass journal entries of the above and post them in the ledger accounts.	

RECORDING OF TRANSACTION-II (CASH BOOK AND SUBSIDIARY BOOK)

Q. 1. What is the need for subsidiary books ?

Ans. When the size of business increases, its number of transactions also increase. It becomes difficult to record all the transactions by a single person in a journal. It is found to be convenient and economical to keep separate books to record each particular class of

transactions. Each separate book meant to record transactions of a particular class is the book of original or prime entry. In order to make quick, efficient and accurate recording of business transactions, the need for sub-division of journal arises. The journal sub-divided into many subsidiary books, also called day books as these facilitate the preparation of ledger book. It is also known as sub-journal or subsidiary books.

Q. 2. Name the important subsidiary books.

Ans. (i) Cash book

(ii) Sales book

(iii) Purchase book

(iv) Sales return book

(v) Purchases return book

(vi) Bills receivable book

(vii) Bills payable book

(viii) Journal proper

Q. 3. What are the advantages of subsidiary books ?

Ans. (i) The division of work leads to specialization in their handling.

(ii) It reduces the size of journal to different parts, making it convenient to handle.

(iii) The accounting work is completed quickly as different persons are assigned the accounting work on different books at the same time.

- (iv) Each person entrusted with the work of a particular subsidiary book increases efficiency manifold.
- (v) Division of work makes internal check possible and effective.
- (vi) Sub-division of journal makes it possible to refer easily to special journal for specific information required.

Q. 4. What do you mean by cash book ?

Ans. Cash book consists of cash and bank accounts taken out of ledger and maintained separately.

Thus, it is a substitute of ledger for cash and bank accounts. It is also a book of original entry because cash and bank transactions are not recorded in any other subsidiary book. Cash book may be described as a primary book meant for recording all cash (including bank) transactions date-wise, usually, accompanied by brief narration. It serves the purpose of ledger also.

Q. 5. What are the advantages of cash book?

Ans. (i) It prevents duplication of work in entering cash transactions in journal and posting the same into ledger.

(ii) Cash and Bank transactions (both) can be recorded in cash book.

(iii) It is possible to find out daily cash and bank balance.

(iv) Because cash and bank accounts are out of the main ledger, it keeps the general ledger of manageable size.

(v) Cash book also serves the purpose of original entry as well as ledger.

(vi) Frauds involving cash are likely to be minimized and when committed are likely to be detected at an early stage.

Q. 6. What do you mean by contra entry?

Ans. The term 'contra' means the other side. When both the debit and credit aspects of a transaction are recorded simultaneously in the same book but in different columns, each entry on the debit side and on the credit side is called contra entry. The examples of contra entry are :

(i) When cash is deposited into bank.

(ii) When cash is withdrawn from bank.

(iii) When cash is transferred from one bank to another bank.

In order to indicate that a particular transaction is a contra entry, the letter 'C' is written in the ledger folio column. The letter 'C' in the ledger folio column indicates that the posting of this entry will not be made into ledger from the cash book.

Q. 7. What is Petty Cash Book ?

Ans. Every business has to make payments involving smaller or petty amount such as carriage, cartage, postage, coolie hire etc. Such payments by their very nature can not be made by cheques. In

order to reduce the burden of chief cashier and avoid mixing the large payments with small payments, it is usual for the business units to maintain a separate cash book to record small payments only. Such cash book is known as Petty Cash Book. Normally, a junior cashier or cash assistant called 'Petty Cashier' is handed over a small amount to meet the petty expenses of a given period. Which expense is a petty expense, depends on the size and nature of a particular business. Petty cashier keeps the record of petty expenses incurred by him in the petty cash book.

1. From the following transactions, prepare Cash Book with Cash and Bank columns:

- Feb. 1 Cash in hand ₹7,500, Cash at bank ₹8,000.
- Feb. 3 Discounted a bill receivable for ₹6,000 at 2% through Bank
- Feb. 5 Bought goods worth ₹2,000 and paid by cheque.
- Feb. 15 Paid trade expenses ₹120
- Feb. 16 Drew from bank for office use ₹1,000
- Feb. 17 Sold goods for ₹12,500 and received a cheque
- Feb. 25 Paid Insurance ₹100
- Feb. 27 Cheque received on 17th deposited in bank.
- Feb. 28 Received a cheque from John & Co. ₹6,000 and deposited into bank on the same day.
- Feb. 28 Purchased 10 NSC for ₹100 at ₹95 each and paid by cheque.

2. The rough books of M/s Narain & Co. contains the following:

2019

- Feb. 1 Purchased from M/s Brown & co. on credit: 5 gross pencils @ ₹100 per gross.
1 gross registers @ ₹200 per dozen. Less: Trade Discount @10%
Purchased for cash from the stationery mart: 10 gross exercise book @ ₹60 per dozen.
Purchased typewriter for office use from M/s Office Goods Co. on credit for ₹800
 - Feb. 4 Purchased on credit from the Paper Co:
5 Rims of white paper @ ₹100 per rim, 10 rims of ruled paper @ ₹65 per rim.
 - Feb. 5 Purchased one dozen ink-posts @ ₹10 each from M/s Verma Bros. on credit.
- Prepare the purchases book of M/s Narain & Co.

3. Enter the following transactions in simple Cash Book of Lata, Delhi.

2018	Particulars	₹
Jan 1	Started business with Cash	1,00,000
Jan 2	Opened a bank account and deposited	50,000
Jan 3	Purchased goods for cash for ₹20,000 plus CGST & SGST @6% each from Kala Electronics, Delhi	
Jan 3	Sold goods of ₹5,000 plus IGST @12% to Ram of Chandigarh on credit.	
Jan 5	Received from Ram	3,000
Jan 7	Paid Rent of ₹4,000 plus CGST and SGST @6% each	

Jan 10	Withdrew cash from bank	7,000
Jan 27	Purchased furniture in Cash ₹15,000 plus CGST and SGST @6% each from a trader of Delhi	
Jan 31	Paid salaries	5,000

4. Enter the following transactions in a two column cash book:

- Commenced business with cash ₹50,000.
- Deposited into bank ₹40,000.
- Received cash from Mohan ₹950 in full settlement of a debit of ₹1,000.

5. Following transactions were recorded in the books of Darshan Traders:

2023	
March 1	Sold to Chandra Light House: 50 Tube lights @ ₹60 each Less: 20% 20 Heaters @ ₹120 each Less: 25%
5	Purchased from Chart Ram Electric Co: 25 Table Fans @ ₹600 each 20 Ceiling Fans @ ₹800 each
10	Chaudhry & Sons purchased from us: 80 Dozen Bulbs @ ₹90 per Dozen
12	Purchased from Ram Lal & Sons one Typewriter for ₹6,000 on credit, for office use
16	Sri Ram & Sons sold to us: 10 Electri Irons @ ₹180 each less: 10%
20	Chandra Light House returned: 5 Tube light sold on March 1
22	Sold goods to Jai Bhagwan & Co. for cash ₹10,000
25	Returned to Sri Ram & Sons 2 Electric Irons Purchased on March 16

You are required to prepare purchase book, sales book, purchase return book and sales return book.

[Ans: Total of Purchase Book ₹32,620; Sales Book ₹11,400; Purchase Return Book ₹324; Sales Return Book ₹240; Purchase of typewriter will be recorded in Journal Proper]

6. Enter the following transaction in the sales book of Amayra Book House, Ludhiana dealing in Stationery:

2023	Transactions
April 4	Sold to GT & Bros, of Patiala 250 notebooks @200 per notebook 80 reams of white paper @300 per ream
April 12	Sold to Raman & Co, of Patna Bihar 50 dozen pens @200 per dozen 20 pencil boxes @250 per pencil box
April 20	Sold to Gaya Book House, Delhi 10 study tables @2,000 per study table
April 25	Sold to Sameer & Bros of Kerala for cash 100 drawing boards @600 per board Trade Discount is 15% and Freight Charges payable are 3,000

TRIAL BALANCE AND RECTIFICATION OF ERRORS

Q. 1. What is trial balance ?

Ans. It is an abstract or list of the ledger accounts at a specified date, showing debit and credit balances for all the accounts and the cash book. It has two amount columns – one for debit amount and the other for credit amount. It is prepared periodically, usually, at the end of each month. Further, it should be noted that a trial balance can be prepared only when the posting to the ledger is complete. It is a statement prepared to test the arithmetical accuracy of the ledger accounts.

Q. 2. What are the features of a trial balance ?

Ans. (i) It is just a statement, not an account.

(ii) It is a list of balances of all ledger accounts and the cash book.

(iii) It can be prepared at any time during the year.

(iv) It is prepared to check the arithmetical accuracy of the ledger accounts and the cash book.

(v) The total of debit and credit amount columns of the trial balance must tally.

(vi) A tallied trial balance is not a conclusive proof of accuracy of accounts.

Q. 3. What are the objectives of preparing a trial balance ?

Ans. (i) Ascertaining the arithmetical accuracy of ledger accounts.

(ii) It proves that both the aspects of each transaction are recorded.

(iii) It is consolidated summarized statement of balances of accounts on a certain date.

(iv) It helps in the preparation of final accounts.

Q. 4. What are the advantages of a trial balance ?

- Ans.** (i) It ensures that both the aspects of each transaction have been duly posted into ledger.
- (ii) The agreement of trial balance proves the arithmetical accuracy to a great extent.
- (iii) It facilitates the preparation of financial statements.
- (iv) It is a connecting link between the ledger accounts and the financial statements.
- (v) It summarises the data as it reduces the large number of personal accounts into 'sundry debtors' and 'sundry creditors'.
- (vi) The various balances of real, personal and nominal accounts provide useful information in a convenient form to the management.

Q. 5. What are the limitations of a trial balance ?

- Ans.** (i) An agreed trial balance does not prove that all transactions have been correctly recorded in proper accounts.
- (ii) No guarantee of recording all the transactions.
- (iii) Certain types of errors remain undetected even after the preparation of trial balance.

Q. 6. "Trial balance is not indispensable". Discuss.

Ans. Trial balance is not a connecting link between the ledger accounts and the financial statements. It does not form part of double entry system. Though the financial statements can directly be prepared from the ledger accounts and final results obtained even without preparing a trial balance. But still the preparation of trial balance renders a great help to the enterprise, if we consider the objects of preparing a trial balance. Though its preparation is not compulsory but it is not indispensable for a practical book-keeping.

Q. 7. What are the steps of preparing a trial balance ?

- Ans.** (i) Ascertain the balance of each account in ledger.
- (ii) Two separate schedules of debtors and creditors are prepared.
- (iii) The heads of all the accounts and the sundry debtors and creditors are written in the proforma of trial balance.
- (iv) The balances of all the ledger accounts are written against the heads of respective accounts in the debit or credit columns, as the case may be.
- (v) Compute the total of debit balances.
- (vi) Compute the total of credit balances.
- (vii) Verify that the sum of the debit balances equal the sum of credit balances.

Q. 8. What are the methods of preparing a trial balance ?

- Ans.** (i) Totals Method
- (ii) Balance Method

(iii) Compound Method

1. From the following balances of Rahul Co., prepare trial balance as on 31st March, 2018;
Salaries ₹60,000; Sales ₹2,50,000; Sales Return ₹16,400; Stock(1/4/2017) ₹25,000; freight ₹12,200; Purchases ₹1,47,000; Purchases Return ₹6,600; Debtors ₹22,200; Bad Debts ₹2,200; Machinery ₹45,000; Output IGST ₹10,600; Output CGST ₹8,200; Output SGST ₹8200; Creditors ₹33,300; Rent Received ₹5,500; Capital ₹1,10,000; Telephone Expenses ₹9,600; Input CGST ₹15,500; Input SGST ₹15,500; Input IGST ₹11,900; Bad Debts Recovered ₹4,700; Drawings ₹9,000; Rent Outstanding ₹16,700; Rent ₹50,000; Furniture ₹11,800.
2. Rectify the following errors:
 - i. Credit sales to Mohan ₹7,000 were posted as ₹9,000.
 - ii. Credit purchases from Rohan ₹9,000 were posted as ₹6,000.
 - iii. Goods returned to Rakesh ₹4,000 were posted as ₹5,000.
 - iv. Goods returned from Mahesh ₹1,000 were posted as ₹3,000.
 - v. Cash sales ₹2,000 were posted as ₹200.
3. On which side of the Trial Balance the following ledger balances will appear?
 - i. Purchases
 - ii. Capital
 - iii. Trade Receivable
 - iv. Drawings
 - v. Discount Received
 - vi. Buildings
4. Prepare a Trial Balance from the following balances taken as at 31st March, 2023:

	₹		₹
Capital	2,50,000	Purchases	2,15,000
Drawings	24,000	Sales	3,80,000
Debtors	57,000	Miscellaneous Expenses	8,200
Creditors	28,500	Miscellaneous Receipts	3,600
Land & Building	1,80,000	Bad debts	7,100
Plant	1,20,000	Bills receivable	5,000
Stock on 1-4-2022	22,800	Loan from X	20,000
Factory Expenses	16,600	Interest on X's Loan	3,000
Office Expenses	7,700	Cash in Hand	8,400
Purchase Return	6,000	Goodwill	10,000
Stationery	500		
Freight	2,500		

[Ans: Total of Trial Balance ₹6,88,100]

{Hint: 1) As Loan from X is a liability, it will be written on the credit side.

2) As interest on X's Loan is an item of expense, it will be written on the debit side.

3) As Goodwill is an asset, it will be written on the debit side.}

5. Following balances were extracted from the books of Ritesh on 31st March, 2023. You are required to prepare a Trial Balance. The amount required to balance should be entered as capital.

	₹		₹
Purchases	1,70,000	Drawings	7,700
Stock (1 st April, 2022)	24,000	Returns Inward	3,500
Sales	1,05,000	Premises	5,28,000
Discount Received	3,500	Discount Allowed	2,800
Sundry Debtors	23,800	Sundry Creditors	16,100
Carriage Outward	700	Carriage Inward	1,400
Cash in Hand	3,500	Cash at Bank	17,500
Machinery	1,24,500	General Expenses	2,100
Provision for Depreciation on Machinery	24,200	Bad Debts written off	2,450
		Provision for Doubtful Debts	2,380

6. Rectify the following errors:
- Goods withdrawn by proprietor for personal use ₹2,000 were debited to trade expenses account.
 - Sales returns book overcast by ₹400.
 - Credit sales to Mohan ₹11,000 were recorded in Purchases book.
 - Credit purchases from Rohan ₹6,500 were not posted to his account.
7. Rectify the following errors assuming that a suspense account was opened. Ascertain the difference in trial balance.
- Credit sales to Mohan ₹7,000 were posted to the credit of his account.
 - Credit purchases from Rohan ₹9,000 were posted to the credit of his account as ₹6,000.
 - Goods returned to Rakesh ₹4,000 were posted to the credit of his account.
 - Goods returned from Mahesh ₹1,000 were posted to the debit of his account as ₹2,000.
 - Cash sales ₹2,000 were posted to the debit of Sales account as ₹5,000.
8. Rectify the following errors:

- i. Sale of old furniture to A for ₹11,500 was passed through the Sales Book.
- ii. Credit Purchases of ₹12,000 from Ojas omitted to be recorded in the books.
- iii. Repaid made was debited to Building Account ₹7,000.
- iv. Credit sale of ₹1,800 to Avikan was recorded as ₹8,100.
- v. ₹6,000 paid for office furniture was debited to office expense account.
- vi. A credit sale of goods of ₹15,000 to Ramesh has been wrongly passed through the Purchase Book.

BANK RECONCILIATION STATEMENT (BRS)

Q. 1. Enumerate the types of bank accounts.

Ans. (i) Current Account (ii) Saving Bank Account (iii) Fixed Deposit Account

Q. 2. What do you mean by 'cheques encashed'?

Ans. The cheques for which the third party has received cash from the bank upto a particular date are called cheques encashed.

Q. 3. What do you mean by 'cheques uncashed' ?

Ans. The cheques for which the third party has not yet received the cash from bank are called cheques uncashed.

Q. 4. What is pass book ?

Ans. It is a copy of the customer's account in the bank's ledger.

Q. 5. What is post-dated cheque ?

Ans. It is the cheque on which a date is affixed following the date of writing the cheque.

Q. 6. What is ante-dated cheque ?

Ans. It is the cheque on which a date preceding the date of writing a cheque is affixed.

Q. 7. What is bank reconciliation statement ?

Ans. It is a statement which explains how the bank statements can be made to agree with the company's ledger.

Q. 8. Write any two features of bank reconciliation statement ?

Ans. (i) It is merely a statement and not an account.
(ii) It does not form part of the double entry system of book-keeping.

Q. 9. Write any two objectives of bank reconciliation statement.

Ans. (i) It is prepared to attest the accuracy and completeness of cash book records.
(ii) It helps in detecting errors and omissions in the cash book and pass book.

Q. 10. Write down any two causes responsible for the difference in cash book and pass book balances.

Ans. (i) Cheques deposited but not yet credited by bank.
(ii) Cheques issued but not yet presented for payment.

1. Which of the following transactions will not become a part of Bank Reconciliation Statement:

- i. Direct deposit by Ram in bank ₹10,000
- ii. Bank charges ₹35
- iii. Goods sold to Shyam on credit ₹5,00,000
- iv. Cheques deposited but dishonoured.

2. From the following information, prepare Bank Reconciliation Statement as on 31st March, 2016:

- | | | |
|------|--|-----------|
| i. | Bank overdraft as per Cash Book | ₹1,70,000 |
| ii. | Directly deposited to the bank by Sudhir(customer) | ₹12,000 |
| iii. | Cheques issued but not presented for payment | ₹83,000 |
| iv. | Cheques entered in Cash book but not banked | ₹42,000 |
3. From the following particulars, prepare a Bank Reconciliation Statement showing the balance as per cash book as on 31st December 2015. Overdraft as per pass book was ₹25,000.
- Three cheques of ₹2,000, ₹3,000 and ₹5,000 were paid into bank in November, 2015 but were not credited by the bank in the month of December.
 - A cheque of ₹1,800 which was received from a customer was entered in the bank column of the cash book in December, 2015 but was omitted to be banked in December, 2015.
 - Cheque for ₹20,000 was issued in November, 2015 but not debited in bank till 31st December, 2015.
 - Interest on investment ₹500 collected by bank appeared only in the pass book.
 - A cheque of ₹2,000 deposited into bank on 26th December but not entered in the cash book, was dishonoured on 2nd January, 2016.
4. On 31st March, 2023, Bank Statement of Gopal shows credit balance of ₹33,570 whereas Cash Book showed debit balance of ₹53,000.
- It was observed that the differences were because of the following:
- Cheques and drafts sent to the bank but not collected and credited, amounted to ₹7,900 while cheque for ₹2,000 was received unpaid.
 - Three cheques drawn for ₹3,000; ₹1,500 and ₹2,000 respectively were not presented for payment till 30th April, 2023.
 - Bank has paid a cheque of ₹10,000 but it has not been entered in the Cash Book and a cheque of ₹5,000 which was discounted with the bank was dishonoured by the drawee on the due date.
 - Bank has charged ₹130 as its commission for collecting outstation cheques and had credited an interest of ₹100 in the account. A wrong debit of ₹5,000 was made by the bank, which was reversed on 4th April, 2023.
- Prepare Bank Reconciliation Statement as on 31st March, 2023.
5. According to the cash-book of Gopi, there was a balance of ₹44,50,000 in his bank on 30th June, 2019. On investigation you find that:
- Cheques amounting to ₹6,00,000 issued to creditors have not been presented for payment till the date.
 - Cheques paid into bank amounting to ₹11,05,000 out of which cheques amounting to ₹5,50,000 only collected by the bank upto 30th June 2019.
 - A dividend of ₹40,000 and rent amounting to ₹6,00,000 received by the bank and entered in the pass-book but not recorded in the cash book.
 - Insurance premium (upto 31st December 2019) paid by the bank ₹27,000 not entered in the cash book.

- v. The payment side of the cash book had been under casted by ₹5,000.
 - vi. Bank charges ₹1,500 shown in the pass book had not been entered in the cash book.
 - vii. A bill payable of ₹2,00,000 had been paid by bank but was not entered in the cash book and bill receivable for ₹60,000 had been discounted with the bank at a cost of ₹1,000 which had also not been recorded in the cash book.
- Required:
- a) To make appropriate adjustments in the cash book, and
 - b) To prepare a statement reconciling it with the bank pass book.

DEPRECIATION

Q. 1. What is depreciation ?

Ans. Depreciation is the permanent decrease in the value of an asset due to use or the lapse of time.

Q. 2. Name any two causes of depreciation.

Ans. (i) **Physical** –Wear and tear, destruction, decay.

(ii) **Functional** – Obsolescence, depletion, exhaustion, effluxion of time.

Q. 3. Give two features of depreciation.

Ans. (i) It is a non cash expense of the business.

(ii) It is charged in respect of fixed assets only.

Q. 4. What is depletion ?

Ans. Depletion implies removal of an available but irreplaceable source, such as, extracting coal from a coal mine or oil out of oil well.

Q. 5. What is amortisation ?

Ans. The process of writing off intangible assets and charging to income statement is called amortisation.

Q. 6. What is dilapidation ?

Ans. The term dilapidation refers to the damage done to a building or other property during tenancy.

Q. 7. What is obsolescence ?

Ans. When an asset becomes out of date or it goes out of use due to new or improved technology or invention, this is referred to as obsolescence.

Q. 8. What is fixed instalment method of depreciation ?

Ans. When a fixed proportion of original cost of the asset is written off annually, the method of depreciation is known as fixed instalment method or straight line method or original cost method.

Q. 9. What is diminishing balance method of depreciation ?

Ans. When a fixed rate of depreciation is charged each year on the diminishing value of the asset till the amount is reduced to scrap value, the method of depreciation is known as diminishing balance method.

Q. 10. What is provision for depreciation ?

Ans. In order to maintain the fixed asset at original cost, the depreciation of the asset is credited to an account known as provision for depreciation account, instead of crediting to an asset account.

1. On 1st January, 2009, a firm purchased machinery worth ₹50,000. On 1st July, 2011, it buys additional machinery worth ₹10,000 and spends ₹1,000 on its erection. The accounts are closed each year on 31st December. Assuming that the annual depreciation is 10%, show the machinery account for 5 years under the Straight Line Method.
2. Surya Ltd. purchased on 1st January, 2009 machinery for ₹36,000 and spent ₹4,000 on its installation. On 1st July, 2009 another Machine was purchased for ₹20,000. On 1st July, 2011 machine bought on 1st January, 2009 was sold for ₹12,000 and a new machine was purchased for ₹64,000 on the same date. Depreciation is provided on 31st December @10% p.a. on the written down value method. Prepare Machinery A/c from 2009 to 2011.
3. Saraswati Ltd. Purchased a Machinery costing ₹10,00,000 on January 1, 2011. A new machinery was purchased on 1 May, 2012 for ₹15,00,000 and another on July 1, 2014 for ₹12,00,000. A part of the machinery which originally cost ₹2,00,000 in 2011 was sold for ₹75,000 on October 31, 2014. Show the Machinery account, Provision for depreciation account and Machinery disposal account for 2011 to 2015 if depreciation is provided at 10% p.a. on original cost and accounts are closed on December 31st every year.
4. An asset is purchased for ₹1,10,000. Depreciation is to be provided annually according to the straight line method. The useful life of the asset is 10 years and the residual value is ₹10,000. You are required to find out the amount of annual depreciation and prepare asset account for the first three years.
5. On 1st August, 2012, Gati Ltd. Purchased a machinery for ₹3,00,000. On 1st November, 2013 another machinery was purchased for ₹1,80,000. On 1st July, 2014 the machine which was purchased on 1st August, 2012 was sold for ₹1,68,000 and on the same date a fresh machinery was purchased for ₹2,00,000. Depreciation was provided @10% p.a. on the reducing balance method. Books are closed on 31st March every year. You are required to prepare Machinery Account and Provision for Depreciation Account for three years ending 31st March, 2015.

Provisions and Reserves

What is meant by reserve ?

Ans. Reserve is an amount set aside out of profits meant to strengthen the financial position of a business and to meet contingencies which are indeterminate.

Q. 2. Name any two objects of creating reserves.

Ans. (i) Ploughing back of profits into business.
(ii) Increase the working capital of the business

Q. 3. Name any two features of reserves.

Ans. (i) It is an appropriation of profits.
(ii) The amount representing the reserve does not constitute any liability or provision.

Q. 4. What is meant by open reserves ?

Ans. The reserves which are specifically created by debiting the profit and loss account are called published reserves or open reserves.

Q. 5. What is capital reserve ?

Ans. Any profit from a source other than normal trading activities is a capital profit and is credited

to capital reserve account in accounting.

Q. 6. What is revenue reserve ?

Ans. A revenue reserve is that portion of the net worth of an enterprise representing retained earnings available for distribution among the owners.

CAPITAL AND REVENUE

1. State whether the following expenditure are Capital, Revenue or Deferred Revenue.

Give reasons:

- i. Furniture of the book value of ₹10,000 were sold off at ₹2,500 and new furniture of the value of ₹6,000 were acquired, cartage on purchase ₹50.
- ii. Temporary huts were constructed costing ₹25,000. These were necessary for the construction of the new building and were demolished when the building was ready.
- iii. Replacement of old machine by a new one.
- iv. Damages paid by a transport company to its passengers injured in an accident.
- v. ₹40,000 were spent in dismantling and removing the machinery from old site to a more suitable site.
- vi. Removal of stock from old site to new site cost ₹20,000. The new site is more favourably located.

[Ans: In Item No. (i) Loss on sale ₹7,500 will be Capital loss and ₹6,050 is Capital expenditure. Item Nos. (ii) and (iii) are Capital expenditure. Item NO. (iv) is revenue expenditure. Item Nos. (v) and (vi) should be treated as deferred revenue expenditure.]

2. State with reasons whether the following statement are “true” or “False”:

- i. Overhaul expenses of second-hand machinery purchased are Revenue Expenditure.
- ii. Money spent to reduce working expenses is Revenue Expenditure.
- iii. Legal fees to acquire property is Capital Expenditure.
- iv. Amount spent as lawyer’s fee to defend a suit claiming that the firm’s factory site belonged to the plaintiff’s land is Capital Expenditure.
- v. Amount spent for replacement of worn-out part of machine is Capital Expenditure.
- vi. Expense incurred on the repairs and white washing for the first on purchase of an old building are Revenue Expenditure,
- vii. Expenses in connection with obtaining a license for running the cinema is Capital Expenditure.
- viii. Amount spent for the construction of temporary huts, which were necessary for construction of the Cinema House and were demolished when the cinema was ready is Capital Expenditure.

3. State with reasons whether the following are Capital or Revenue Expenditure:

- i. Expenses incurred in connection with obtaining a license for starting the factory for ₹10,000.

- ii. ₹1,000 paid for removal of inventory to a new site.
 - iii. Rings and Pistons of a engine were changed at a cost of ₹5,000 to get fuel efficiency.
 - iv. Money paid to Mahanagar Telephone Nigam Ltd. (MTNL) ₹8,000 for installing telephone in the office.
 - v. A factory shed was constructed at a cost of ₹1,00,000. A sum of ₹5,000 had been incurred in the construction of temporary huts for storing building material.
4. State with reasons, how would you classify the following items of expenditure:
- i. Overhauling expenses of ₹25,000 for the engine of a motor car to get better fuel efficiency.
 - ii. Inauguration expenses of ₹25 lakhs incurred on the opening of a new manufacturing unit in an existing business.
 - iii. Compensation of ₹2.5 crores paid to workers, who opted for voluntary retirement.
5. Classify the following expenditures and receipt as capital or revenue:
- i. ₹10,000 spent as travelling expenses of the directors on trips abroad for purchase of capital assets.
 - ii. Amount received from Trade receivables during the year.
 - iii. Amount spent on demolition of building to construct a bigger building on the same site.
 - iv. Insurance claim received on account of a machinery damaged by fire.

FINANCIAL ADJUSTMENTS-I (WITHOUT ADJUSTMENTS)

1. Why it is important to prepare Trading Account?
ਵਪਾਰਕ ਖਾਤਾ ਬਣਾਉਣਾ ਕਿਉਂ ਜ਼ਰੂਰੀ ਹੈ?
2. Give six differences between Trial Balance and Balance Sheet.
ਤਲਪਟ ਅਤੇ ਅੰਤਿਮ ਚਿੱਠੇ ਵਿੱਚ ਛੇ ਅੰਤਰ ਲਿਖੋ।
3. What is meant by Marshalling of assets and liabilities in Balance Sheet ?
ਅੰਤਿਮ ਚਿੱਠੇ ਵਿੱਚ ਸੰਪਤੀਆਂ ਅਤੇ ਦੇਣਦਾਰੀਆਂ ਦੀਆਂ ਮਾਰਸ਼ਲਿੰਗ ਦਾ ਕੀ ਅਰਥ ਹੈ?
4. Give two differences between Trading account and Profit and Loss A/c.
ਵਪਾਰਕ ਅਤੇ ਲਾਭ ਹਾਨੀ ਖਾਤੇ ਵਿੱਚ ਦੋ ਅੰਤਰ ਲਿਖੋ।
5. Give four differences between Trading and Profit and Loss account.
ਵਪਾਰਕ ਅਤੇ ਲਾਭ-ਹਾਨੀ ਖਾਤੇ ਵਿੱਚ ਚਾਰ ਅੰਤਰ ਲਿਖੋ।
6. Give two differences between Tangible and Intangible assets.
ਦਿੱਖ ਅਤੇ ਅਦਿੱਖ ਸੰਪਤੀਆਂ ਵਿੱਚ ਦੋ ਅੰਤਰ ਲਿਖੋ।
7. What is the difference between Gross Profit and Net Profit.

ਕੁਲ ਲਾਭ ਅਤੇ ਸੁੱਧ ਲਾਭ ਵਿੱਚ ਕੀ ਅੰਤਰ ਹੈ?

8. Give two difference between Direct and Indirect expenses.

ਪ੍ਰਤੱਖ ਅਤੇ ਅਪ੍ਰਤੱਖ ਖਰਚਿਆਂ ਵਿੱਚ ਅੰਤਰ ਸਮਝਾਓ।

9. From the following balances taken from the books of Simmi and Vimmi Ltd. For the year ending March 31st, 2014, calculate the gross profit.

Closing stock	₹2,50,000
Net sales during the year	₹40,00,000
Net purchases during the year	₹15,00,000
Opening Stock	₹15,00,000
Direct expenses	₹80,000

10. Opening Capital ₹3,60,000, Drawings ₹1,00,000 Capital added during the year ₹1,20,000, Closing Capital ₹4,90,000. Calculate profit or loss. Also give two differences between opening and closing capital.

11. From the following particulars, you are required to finds:

- Cost of goods sold
- Closing stock

Particulars	(₹)
Purchases	30,000
Sales	52,000
Opening stock	14,000
Carriage inwards	3,000
Returns outward	400
Power, fuel and gas	300
Rate of Gross Profit is 25% of sales	500

12. The following balances have been taken from the trial balance of Sukhchain Singh as on 31st March, 2018:

	Dr. (₹)	Cr. (₹)
Purchases	24,000	-
Advertisement	2,500	-
Charity	600	-

Input CGST	1,200	-
Input SGST	1,200	-

Adjustments:

Goods worth ₹500 were distributed as free samples and worth ₹400 were given away as charity (CGST 6% and SGST 6%)

Give adjusting entries and also show their treatment while preparing the final accounts.

13. The following balances have been obtained from the trial balance of Rohan Khanna as on 31st March, 2019.

	Dr. (₹)	Cr. (₹)
Capital	-	2,00,000
Drawings	20,000	-

Adjustments:

Interest on capital is allowed at 5% p.a. and on drawings charged at the same rate. Give adjustment entries and their treatment in final accounts.

14. The following balances have been taken from the trial balance of Salman Ali as on 31st March, 2018.

	Dr. (₹)	Cr. (₹)
Capital (as on 1.4.2017)	-	1,00,000

During the year 2017-18, he introduced additional capital ₹20,000 on 1.10.2017. Salman Ali is allowed interest on capital at 5% p.a. Give adjusting entry and show how it will appear in final account.

15. The following Trial balance was extracted from the books of M/s. J.S. Bros. on March 31st, 2014. Prepare Trading and Profit & Loss Account and a Balance sheet as on that date.

Trial Balance as at 31st March, 2014

Particulars	Debit(Dr.)	Credit(Cr.)
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Debtors	12,000	-
Creditors	-	7,900
Capital	-	30,000
Drawings	2,900	-
Rent and Rates	250	-
Trade Expenses	670	-
Purchases	8,640	-
Sales	-	14,290
Returns Outward	-	280
Returns Inward	190	-
Carriage Inward	250	-
Wages	2,920	-
Salaries	1,200	-
Stock (April 1, 2013)	3,100	-
Discount Received	-	240
Discount Allowed	180	-
Bad Debts	200	-
Plant and Machinery	2,510	-
Furniture and Fittings	1,800	-
Cash-in-Hand	500	-
Cash at Bank	15,400	-
	<u>52,710</u>	<u>52,710</u>

The closing stock amounted to ₹14,220.

Operating Profit and Net Profit:

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

17. Operating profit earned by M/s Jayant Raj Enterprises in 2022-23 was ₹27,80,000. Its non-operating income were ₹11,58,000 and non-operating expenses were ₹13,36,000. Calculate the amount of net profit earned by the firm. Also explain the term operating profit and how is it different from net profit?

18. Calculate Gross Profit, Operating Profit and Net Profit from the following:

Particulars	₹	Particulars	₹
Opening stock	2,00,000	Commission paid	2,400
Purchases	19,00,000	Commission received	6,000
Sales	25,00,000	Travelling expenses	4,800
Purchase returns	70,000	Office expenses	3,500
Sales returns	1,00,000	Interest on Long term loans	22,000
Wages	80,000	Dividend on Investments	2,800
Advertising	12,000	Printing & Stationery	3,600

Salaries	1,78,000	Loss on sale of Machinery	35,000
Rent & Taxes	62,000	Carriage Outward	1,400
Lighting	15,000	Loss by Thefts	25,100
		Gain on Sale of building	50,000

Closing Stock was valued at ₹2,50,000.

19. From the following figures calculate operating profits:

₹

Net Profit	1,00,000
Rent Received	10,000
Gain on Sale of Machine	15,000
Interest on Loans	20,000
Donation	2,000
Salary	5,000

20. Calculate the amount of gross profit, operating profit and net profit on the basis of the following balances extracted from the books of M/s Rajiv & Sons for the year ended March 31st, 2023

₹

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

[Ans: Gross Profit ₹4,60,000; Operating Profit ₹3,50,000; Net Profit ₹3,30,000]

21. Calculate the amount of Gross Profit and Operating Profit on the basis of the following balances extracted from the books of M/s Rajiv and Sons for the year ended March 31st, 2014:

Particulars	(₹)
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

**FINANCIAL STATEMENT-II
(WITH ADJUSTMENTS)**

- Calculate the amount of purchase from the following information. Purchase: ₹2,80,000, Return Outward: ₹5,000, goods distributed as free sample: ₹2,000, goods costing ₹1,500 taken over by owner
a) ₹2,69,500 b) ₹2,73,000 c) 27,000 d) ₹2,71,500
- A's Trial Balance provides you the following information:

Bad Debts	₹ 3,000
Provision for Bad Debts	₹ 5,000

It is desired to maintain a provision of ₹ 1,500 for doubtful debts, the amount to be recorded in P & L A/c will be:

- a) ₹ 4,500 in Dr. b) ₹ 3,500 in Dr. c) ₹ 500 in Dr. d) ₹ 500 in Cr.
- Income received in advance is deducted from the income because of
a) Revenue Recognition Concept c) Accrual Concept
b) Matching Concept d) Prudence Concept
 - Mr. A started a business with a capital of ₹2,50,000 on 1st April, 2013. He withdrew ₹40,000 for his personal use on 31st March, 2014, he sold his personal investment of ₹1,25,000 and brought the amount into the business. On 31st March 2014, his assets stood at ₹1,25,000 and creditors at ₹20,000. You are required to prepare statement of profit or loss for the year ended 31st March 2014.
 - Sanjay started a firm on 1st April, 2012 with a capital of ₹10,000. On 1st July, 2013 he borrowed from his wife a sum of ₹4,000 @9% p.a. (interest not yet paid for business and introduced a further capital of his own amounted to ₹1,500. On 31st March, 2013 his position was:
Cash ₹600, Stock ₹9,400 Debtors ₹7,000 and Creditors ₹6,000.
Ascertain his profit or loss taking account ₹2,000 for his drawing during the year.
 - The following are the extract from the trial Balance of M/s Bhola & Sons as on March 31st, 2014:

Particulars	Debit(₹)	Credit(₹)
Opening stock	2,00,000	
Purchases	8,10,000	
Sales		10,10,000
	10,10,000	10,10,000

You are required to record the necessary journal entries.

The value of closing stock on March 31st, 2014 was ₹3,00,000.

- From the following trial balance as on 31st March, 2023, prepare Trading and Profit and loss account and Balance Sheet as on that date:

	Amount		Amount
Capital	1,90,000	Cash at bank	26,000
Drawings	7,000	Salaries	8,000
Plant and Machinery	1,20,000	Repairs	1,900
Delivery Van	26,000	Opening stock	16,000
Sundry debtors	36,000	Manufacturing expenses	1,500
Purchases	20,000	Bad Debts	5,000
Sundry Creditors	49,500	Rent	4,500
Sales	42,000	Carriage inward	1,600
Wages	8,000		

Additional information:

- i. Closing stock ₹16,000.
 - ii. Depreciate Plant & Machinery by 10% and Delivery Van @15%.
 - iii. Rent outstanding at the year end 500.
8. From the following Trial Balance of Rohit Sharma, prepare Trading and Profit & Loss Account for the year ending 31st March, 2016 and a Balance Sheet on the same date after making necessary adjustments:

Name of Accounts	L.F.	Debit Amount(₹)	Credit Amount(₹)
Stock on 1 st April, 2015		12,000	-
Capital		-	62,000
Purchases		40,000	-
Discount Received		-	400
Sales		-	86,000
Sales Return		6,000	-
Building		50,000	-
Debtors		16,000	-
Salaries		2,400	-
Office Expenses		1,200	-
Wages		10,000	-
Purchases Return		-	4,000
Interest		-	800
Travelling Expenses		400	-
Fire Insurance		800	-
Machinery		20,000	-

Carriage Inward		700	-
Commission		400	-
Cash-in-hand		2,300	-
Rent and Taxes		1,800	-
Creditors		-	10,800
		1,64,000	1,64,000

Adjustment:

- i. Closing stock was ₹16,000.
 - ii. Wages ₹2,000 and salaries ₹1,200 are outstanding.
 - iii. Rent for two months at the rate of ₹500 per month is outstanding.
 - iv. Depreciation Building by ₹5% and Machinery by 10%.
 - v. Prepaid insurance ₹200.
9. Prepare a Trading Account of M/s Pushpanjali from the following information related to 2013-14:
- | | |
|---------------------------|----------|
| | ₹ |
| Opening stock | 60,000 |
| Purchases | 3,00,000 |
| Sales | 7,50,000 |
| Purchase returns | 18,000 |
| Sales returns | 30,000 |
| Carriage on Purchases | 12,000 |
| Carriage on Sales | 15,000 |
| Factory rent | 18,000 |
| Office rent | 18,000 |
| Dock and Clearing charges | 48,000 |
| Freight and Octroi | 6,500 |
| Coal, Gas and Water | 10,000 |