

## Sample Questions Paper-D

AglaSem Schools

**Ans. 1.** Capital receipts are the receipts which do not arise out of a regular activity of the business but out of some casual or non-recurring transactions e.g., receipts from Sale of fixed asset or from issue of shares. [1]

**Ans. 2.** Invoice is used for recording entries in Sales Book. [1]

**Ans. 3.** The values of honesty & ethical business behaviour are missing in the above case. [VB] [1]

**Ans. 4.** **Journal entries** [3]

| Date | Particulars                                                                                     | L.F. | Amount<br>Dr. (₹) | Amount<br>Cr. (₹) |
|------|-------------------------------------------------------------------------------------------------|------|-------------------|-------------------|
| (a)  | Prepaid Insurance A/c Dr.<br>To Insurance A/c<br>(Being part of insurance related to next year) |      | 1,500             | 1,500             |
| (b)  | Manoj Dr.<br>To Sales A/c<br>(Being goods sold to Manoj on credit)                              |      | 21,600            | 21,600            |
| (c)  | Charity A/c Dr.<br>To Purchases A/c<br>To Cash A/c<br>(Being goods and cash given as charity)   |      | 3,000             | 2,500<br>500      |

**Ans. 5.** **Distinction between Cash Basis and Accrual Basis** [3]

|       | BASIS OF<br>DISTINCTION                    | CASH BASIS                                                                  | ACCRUAL<br>BASIS                                                                                          |
|-------|--------------------------------------------|-----------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
| (i)   | <b>Legal position</b>                      | It is not recognised under the Companies Act.                               | It is recognised under the Companies Act.                                                                 |
| (ii)  | <b>Recognition of incomes and expenses</b> | It is based on collection of cash and payment of cash.                      | It is based on accrual of incomes and expenses irrespective of the fact whether cash is received or paid. |
| (iii) | <b>Capital and revenue</b>                 | It does not distinguish between capital and revenue items.                  | It distinguishes between capital and revenue items.                                                       |
| (iv)  | <b>Estimates and personal judgment</b>     | It is simple as it does not require use of estimates and personal judgement | It is not simple as it requires use of estimates and personal judgement.                                  |

**Ans. 3.** Contra entry represents deposits or withdrawals of cash from bank or vice-versa. The purpose of contra entry is to indicate the transactions that effect both cash and bank balances. This entry does not affect the financial positions of a business.

A contra entry is recorded in both sides of a triple column Cash Book in cash & bank columns and is denoted by 'C' in the ledger folio column. [3]

**Ans. 7.** **Corrected trial Balance** [4]

| Head of Accounts    | Amount<br>Dr. (₹) | Particulars     | Amount<br>Cr. (₹) |
|---------------------|-------------------|-----------------|-------------------|
| Cash in hand        | 400               | Bank overdraft  | 2,800             |
| Sundry Expenditures | 2,400             | Purchase Return | 800               |

|                     |               |           |               |
|---------------------|---------------|-----------|---------------|
| Sales Return        | 1,600         | Sales     | 8,800         |
| Salaries            | 1,600         | Creditors | 2,400         |
| Purchase            | 5,600         | Capital   | 4,400         |
| Debtors             | 1,600         |           |               |
| Opening Stock       | 2,000         |           |               |
| Plant and Machinery | 4,000         |           |               |
|                     | <b>19,200</b> |           | <b>19,200</b> |

**Ans. 8. (a) Following are three branches of accounting :**

- Financial Accounting :** Financial accounting is the accounting for revenues, expenses, assets and liabilities that is commonly carried on in a business. Financial accounting involves preparation of financial reports which provide summaries of a firm's financial condition. The main objective of financial accounting is to prepare the Profit and Loss Account (Income Statement) and the Balance Sheet.
- Cost Accounting :** Cost accounting deals with the classification, recording, allocation, summarisation and reporting of current and prospective costs involved. The main purpose of cost accounting is to ascertain the cost of production, to enable the management fix the price of the product and to ensure cost reduction.
- Management Accounting :** "Management accounting is the application of professional information in such a way as to assist the management in the formation of policies and in the planning and control of the operations of the undertaking." The main purpose of management accounting is, therefore, to provide all the information to the management for making policy decisions.

**(b) The principle of Consistency is not followed. [VB] [4]**

**Ans. 9.**

**Journal Entries  
In the Books of A**

| S. No. | Particulars                                                                                            | L.F. | Debit Amount (₹) | Credit Amount (₹) |
|--------|--------------------------------------------------------------------------------------------------------|------|------------------|-------------------|
| May 1  | Bills Receivable A/c Dr.<br>To B<br>(Being acceptance received)                                        |      | 2,000            | 2,000             |
| May 4  | Cash A/c Dr.<br>Discounting Charges A/c Dr.<br>To Bills Receivable A/c<br>(Being the bill discounted)  |      | 1,970<br>30      | 2,000             |
| May 4  | B Dr.<br>To Cash A/c<br>To Discounting Charges A/c<br>(Being half proceeds of the bill remitted to B)  |      | 1,000            | 985<br>15         |
| June 1 | B Dr.<br>To Bills Payable A/c<br>(Being acceptance given to B)                                         |      | 500              | 500               |
| June 4 | Cash A/c Dr.<br>Discounting Charges A/c Dr.<br>To B<br>(Being half proceeds of the bill remitted by B) |      | 246.25<br>3.75   | 250               |
| Aug. 4 | B Dr.<br>To Bank A/c<br>(Being the bill dishonoured)                                                   |      | 2,000            | 2,000             |

|        |                                                                                                                                  |            |  |            |       |
|--------|----------------------------------------------------------------------------------------------------------------------------------|------------|--|------------|-------|
| Aug. 4 | B<br>To Interest A/c<br>(Being interest due on B)                                                                                | Dr.        |  | 30         | 30    |
| Aug. 4 | Bills Receivable A/c<br>To B<br>(Being the bill renewed)                                                                         | Dr.        |  | 2,030      | 2,030 |
| Sep. 4 | Bills Payable A/c<br>To Cash A/c<br>(Being acceptance of the bill met)                                                           | Dr.        |  | 500        | 500   |
| Nov. 1 | B A/c<br>To Bills Receivable A/c<br>(Being the bill treated as dishonoured on B's insolvency)                                    | Dr.        |  | 2,030      | 2,030 |
| Nov. 4 | Cash A/c<br>Bad Debts A/c<br>To B A/c<br>(Being amount @ 50 paise in the rupee received and the balance written off as bad debt) | Dr.<br>Dr. |  | 640<br>640 | 1,280 |

**Ans. 10. Limitations of Accounting :**

- 1. Financial accounting is not absolutely exact :** Accounting information is not necessarily exact. Lot of information presented in the books of account are based on personal judgment. There cannot be absolute guarantee of accuracy when assumptions are based on personal opinion.
- 2. Financial accounting does not show the exact worth of business :** The values of most of the assets in the books are presented on the basis of their purchase price, which is known as historic figures. Their present market values or realizable values are usually quite different. In other words the books of accounts fail to show the exact value of assets or liabilities.
- 3. Problem of window dressing :** Balance sheet figures are often modified to make it look better. This process conceals many weaknesses of the business. Thus the accounting information becomes unreliable for accurate judgment.
- 4. Worthless assets often shown in the balance sheet :** Several worthless items can appear in the balance sheet as asset. This will project a wrong picture of the business.
- 5. No effect of inflationary trends:** Currency is not a stable unit of measurement of value. Inflation can make the value of currency itself different. Measurement with this "elastic tape" can give conflicting results.

[6]

**Ans. 11.**

**In the books of Bajaj Ltd.  
Machinery A/c**

| Date           | Particulars    | Amount<br>(₹) | Date            | Particulars               | Amount<br>(₹) |
|----------------|----------------|---------------|-----------------|---------------------------|---------------|
| 2010<br>1 Jan. | To Balance b/d | 5,00,000      | 2010<br>31 Dec. | By Balance c/d            | 5,00,000      |
|                |                | 5,00,000      |                 |                           | 5,00,000      |
| 2011<br>1 Jan. | To Balance b/d | 5,00,000      | 2011<br>1 July  | By Machinery Disposal A/c | 60,000        |
| 1 July         | To Bank A/c    | 80,000        | 31 Dec.         | By Balance c/d            | 5,20,000      |
|                |                | 5,80,000      |                 |                           | 5,80,000      |
| 2012<br>1 Jan. | To Balance b/d | 5,20,000      |                 |                           |               |

**Provision for Depreciation A/c**

**AglaSem Schools**

| Date           | Particulars                                    | Amount<br>(₹) | Date           | Particulars         | Amount<br>(₹) |
|----------------|------------------------------------------------|---------------|----------------|---------------------|---------------|
| 2010<br>1 Jan. | To Balance c/d                                 | 1,71,500      | 2010<br>1 Jan. | By Balance b/d      | 1,35,000      |
|                |                                                |               | 31 Dec.        | By Depreciation A/c | 36,500        |
|                |                                                | 1,71,500      |                |                     | 1,71,500      |
| 2011<br>1 July | To Machinery Disposal A/c<br>(6,000 × 3 years) | 18,000        | 2011<br>1 Jan. | By Balance b/d      | 1,71,500      |
| 31 Dec.        | To Balance c/d                                 | 1,90,150      | 31 Dec.        | By Depreciation A/c | 36,650        |
|                |                                                | 2,08,150      |                |                     | 2,08,150      |
|                |                                                |               | 2012<br>1 Jan. | By Balance b/d      | 1,90,150      |

**Machinery Disposal A/c**

| Date           | Particulars      | Amount<br>(₹) | Date           | Particulars           | Amount<br>(₹) |
|----------------|------------------|---------------|----------------|-----------------------|---------------|
| 2011<br>1 July | To Machinery A/c | 60,000        | 2011<br>1 July | By Prov. for Dep. A/c | 18,000        |
|                |                  |               | 31 Dec.        | By Balance c/d        | 42,000        |
|                |                  | 60,000        |                |                       | 60,000        |
| 2012<br>1 Jan. | To Balance b/d   | 42,000        |                |                       |               |

**Note :** As the machinery discarded is not yet sold, so the machinery's book value is carried to next year. It is expected to realize ₹ 10,000, but that can not be recorded unless that is sold.

**Ans. 12.**

**Rectification Entries**

**[4]**

| Date  | Particulars                                                                                                           | L.F. | Debit<br>Amount (₹) | Credit<br>Amount (₹) |
|-------|-----------------------------------------------------------------------------------------------------------------------|------|---------------------|----------------------|
| (i)   | Building A/c Dr.<br>To Purchases A/c<br>(Being purchase of building recorded in purchases book, now rectified)        |      | 80,000              | 80,000               |
| (ii)  | Building A/c Dr.<br>To Wages A/c<br>(Being payment of wages for building recorded wrongly, now rectified)             |      | 20,000              | 20,000               |
| (iii) | Building A/c Dr.<br>To Trade Expenses A/c<br>(Being wrong recording of erection of cycle shed expense, now rectified) |      | 3,000               | 3,000                |
| (iv)  | Building A/c Dr.<br>To Wages A/c<br>(Being wrong recording of wages, now rectified)                                   |      | 7,000               | 7,000                |
| (v)   | Motor Vehicle A/c Dr.<br>To Repairs A/c<br>(Being wrong recording of repair expenses, now rectified)                  |      | 18,000              | 18,000               |

|      |                                                                                                               |     |        |                 |        |
|------|---------------------------------------------------------------------------------------------------------------|-----|--------|-----------------|--------|
| (vi) | Building A/c<br>To Purchases A/c<br>(Being wrong recording of material for building purchased, now rectified) | Dr. | 28,000 | AglaSem Schools | 28,000 |
|------|---------------------------------------------------------------------------------------------------------------|-----|--------|-----------------|--------|

**Ans. 13. (i) Cash Book (Amended) (Bank Column Only)**

| Date            | Particulars                                                       | Amount (₹)                               | Date            | Particulars                                                        | Amount (₹)                        |
|-----------------|-------------------------------------------------------------------|------------------------------------------|-----------------|--------------------------------------------------------------------|-----------------------------------|
| 2012<br>31 Mar. | To undercasting of receipt side<br>To Dividend<br><br>To Bal. c/d | <br>1,000<br>300<br><br>11,550<br>12,850 | 2012<br>31 Mar. | By Balance b/d<br>By Bank Charges<br>By Cust. (dishonoured change) | <br>12,100<br>50<br>700<br>12,850 |

**(ii) Bank Reconciliation Statement**

| Particulars                                    | + Items | - Items |
|------------------------------------------------|---------|---------|
| <b>Bank overdraft as per cash book</b>         | —       | 11,550  |
| (i) Cheques drawn but not presented            | 4,200   | —       |
| (ii) Cheques deposited but not collected       | —       | 3,600   |
| (iii) Cheque drawn shown by bank in Account II | 5,200   | —       |
| (iv) Cheque of another person deducted by bank | —       | 420     |
| <b>Bank overdraft as per pass book</b>         | 6,170   |         |
|                                                | 15,570  | 15,570  |

**Or  
Cash Book**

| Date    | Particulars    | L.F. | Cash (₹) | Bank (₹) | Date    | Particulars    | L.F. | Cash (₹) | Bank (₹) |
|---------|----------------|------|----------|----------|---------|----------------|------|----------|----------|
| 2011    |                |      |          |          | 2011    |                |      |          |          |
| Jan. 1  | To Bank b/d    |      | 4,000    | 12,000   | Jan. 7  | By Salaries    |      | —        | 7,600    |
| Jan. 4  | To Sales A/c   |      | 13,200   | —        | Jan. 10 | By Sudhir      |      | —        | 5,000    |
| Jan. 5  | To Suresh      |      | 2,500    | —        | Jan. 12 | By Purchases   |      | 8,000    | —        |
| Jan. 6  | To Ravi        |      | —        | 6,400    | Jan. 16 | By Bank A/c    | C    | 10,000   | —        |
| Jan. 16 | To Cash A/c    | C    | —        | 10,000   | Jan. 20 | By Machinery   |      | 6,800    | —        |
| Jan. 20 | To Sales A/c   |      | 15,100   | —        | Jan. 21 | By Machinery   |      | 400      | —        |
| Jan. 22 | To Bank A/c    | C    | 7,500    | —        | Jan. 22 | By Cash A/c    | C    | —        | 7,500    |
| Jan. 23 | To Anil        |      | —        | 4,600    | Jan. 27 | By Anil        |      | —        | 4,600    |
| Jan. 31 | To Cash A/c    | C    | —        | 12,000   | Jan. 31 | By Bank A/c    | C    | 12,000   | —        |
|         |                |      |          |          | Jan. 31 | By Balance c/d |      | 5,100    | 20,300   |
|         |                |      | 42,300   | 45,000   |         |                |      | 42,300   | 45,000   |
| Feb. 1  | To Balance b/d |      | 5,100    | 20,300   |         |                |      | 42,300   | 45,000   |

## Part B - Financial Accounting II

**AglaSem Schools**  
[40 Marks]

**Ans. 14.** Subscription is the major regular source of revenue of a nonprofit organization. It is shown as in income and expenditure account of a NPO. [1]

**Ans. 15.** 'Entrance fees' is shown as an income in income and expenditure account in case of a NPO. [1]

**Ans. 16.** If Opening capital is less than closing capital, it shows **Profit**. [1]

**Ans. 17.** **Statement showing Medicine expenses** [3]

| Particulars                                         | + Items | - Items |
|-----------------------------------------------------|---------|---------|
| <b>Cash purchases of medicines during 2012</b>      |         | 30,000  |
| <b>Add : Opening Stock of medicine</b>              | 10,000  | 10,000  |
|                                                     |         | 40,000  |
| <b>Less : Closing Stock of medicine</b>             | 15,000  | 15,000  |
| <b>Medicine consumed to be shown as expenditure</b> |         | 25,000  |

\* *As we are given Cash purchases in the question, we should consider only opening & closing stock.*

**Ans. 18.** **Statement of Profit and Loss** [3]

| Particulars                                        | Amount (₹)      |
|----------------------------------------------------|-----------------|
| Capital at the end of the year                     | 4,63,500        |
| <i>Add : Drawings made during the year</i>         | 40,000          |
|                                                    | 5,03,500        |
| <i>Less : Additional capital introduced</i>        | 7,000           |
| <b>Adjusted Capital</b>                            | 5,10,500        |
| <i>Less : Capital in the beginning of the year</i> | 3,10,500        |
| <b>Profit earned during the year</b>               | <b>2,00,000</b> |

**Working Notes : Balance Sheet as on 31.3.2012**

| Liabilities   | Amount (₹) | Assets           | Amount (₹) |
|---------------|------------|------------------|------------|
| Creditors     | 1,50,000   | Cash in hand     | 18,500     |
| Bills Payable | 3,000      | Stock            | 20,000     |
|               | 3,10,500   | Bills receivable | 25,000     |
|               |            | Debtors          | 4,00,000   |
|               | 4,63,500   |                  | 4,63,500   |

**Ans. 19.** **Adjustment Journal Entries** [3]

| Date | Particulars                                                                                   | L.F. | Amount Dr. (₹) | Amount Cr. (₹) |
|------|-----------------------------------------------------------------------------------------------|------|----------------|----------------|
| (i)  | Closing Stock A/c Dr.<br>To Trading A/c<br>(Being closing stock at the end of the year)       |      | 50,000         | 50,000         |
| (ii) | Wages A/c Dr.<br>To Outstanding Wages A/c<br>(Being outstanding wages at the end of the year) |      | 2,000          | 2,000          |

|       |                                                                                                    |     |       |       |
|-------|----------------------------------------------------------------------------------------------------|-----|-------|-------|
| (iii) | Salaries A/c<br>To Outstanding Salaries A/c<br>(Being outstanding Salaries at the end of the year) | Dr. | 3,000 | 3,000 |
|       | Interest on Capital A/c<br>To Capital A/c<br>(Being interest on capital provided)                  | Dr. | 4,800 | 4,800 |
|       | Capital A/c<br>To Interest on Drawings A/c<br>(Being interest on drawings charged)                 | Dr. | 1,200 | 1,200 |

**Ans. 20. Components of DBMS:** These are comprised of several components. These would include software, hardware, data, procedures and database access language.

**1. Hardware :** Hardware of computer consists of physical components such as keyboard, mouse, monitor and processor. These are electronic and electro-mechanical components.

**2. Software :** A set(s) of programmes, which is used to work with such hardware is called its software. A coded set of instructions stored in the form of circuits is called firmware.

**3. People :** People interacting with the computers are also called live-ware of the computer system. They constitute the most important part of the computer system.

**4 Procedures :** The procedure means a series of operations in a certain order or manner to achieve desired results. There are three types of procedures which constitute part of computer system: hardware-oriented, software-oriented and internal procedure.

**5 Data :** These are facts and may consist of numbers, text, etc. These are gathered and entered into a computer system. The computer system in turn stores, retrieves, classifies, organises and synthesises the data to produce information according to a pre-determined set of instructions. [4]

**Ans. 21. Balance Sheet**

[4]

|     | Liabilities                                                                          | Amount<br>( ₹ ) | Assets                    | Amount<br>( ₹ ) |
|-----|--------------------------------------------------------------------------------------|-----------------|---------------------------|-----------------|
| (A) | Donation received for<br>Pavilion 12,25,000<br>Expenses on Pavilion <u>10,80,000</u> | 1,45,000        | Pavilion work in progress | 10,80,000       |
| (B) | Tournament fund 10,700<br>Add : Subscription<br>received <u>65,800</u><br>76,500     |                 |                           |                 |
|     | Less : Tourvament Exp. <u>72,400</u>                                                 | 4,100           |                           |                 |
| (C) | Life Membership Fees                                                                 | 28,000          |                           |                 |

**Ans. 22.** Management Information System (MIS) is a system that provides the information necessary to take decisions and manage an organisation effectively. Accounting information system is a part of management information system. A management information system (MIS) is a system that provides the information necessary to take decisions and manage an organisation effectively. MIS is supportive of the institution's long-term strategic goals and objectives. MIS is viewed and used at many levels by management : Operational, Tactical and Strategic. Accounting Information System (AIS) identifies, collects, processes, and communicates economic information about an entity to a wide variety of users. Such information is organised in a manner that correct decisions can be based on it. [4]

Ans. 23.

## Income &amp; Expenditure A/c

AglaSem Schools

| Expenditure                                       | Amount<br>( ₹ ) | Income                     | Amount<br>( ₹ ) |
|---------------------------------------------------|-----------------|----------------------------|-----------------|
| To Rent                                           | 5,000           | By Entrance fees           | 350             |
| Add : O/S for 2012                                | <u>1,300</u>    | By Locker Rent             | 500             |
|                                                   | 6,300           | Add : Outstanding          | <u>90</u>       |
| Less : O/S for 2011                               | <u>1,300</u>    |                            | 590             |
| To Printing & Stationery                          | 3,068           | Less : O/S 2011            | <u>60</u>       |
|                                                   | 364             | Special Sub. for Governors |                 |
| Less : O/S for 2011                               | <u>312</u>      | Party                      | 3,450           |
| To Wages                                          | 5,330           | Add : O/S for 2012         | <u>350</u>      |
| To Repairs                                        | 806             |                            | 3,800           |
| To Interest                                       | 1,500           | Subscription               | 16,900          |
| To Surplus (Excess of<br>Income over expenditure) | 5,292           | Add : O/S for 2012         | <u>468</u>      |
|                                                   | <u>22,048</u>   |                            | 17,368          |
|                                                   |                 |                            | <u>22,048</u>   |

Ans. 24.

## Income &amp; Expenditure A/c

| Expenditure                                 | Amount<br>( ₹ ) | Income                 | Amount<br>( ₹ ) |
|---------------------------------------------|-----------------|------------------------|-----------------|
| To Opening stock                            | 3,460           | By Sales               | 15,450          |
| To Purchases                                | 5,475           | Less : Return          | <u>200</u>      |
| Less : Returns                              | <u>125</u>      |                        | 15,250          |
| To Gross Profit transferred to<br>P & L A/c | 9,690           | By Closing stock       | 3,250           |
|                                             | <u>18,500</u>   |                        | <u>18,500</u>   |
| To Bad Debts                                | 125             | By Gross Profit        | 9,690           |
| To Advertising                              | 450             | By Prov. for Bad Debts | 200             |
| To Interest                                 | 118             | By Commission          | 375             |
| To Taxes & Insurance                        | 1,250           | Less : Recd in Adv.    | <u>125</u>      |
| To General Expenses                         | 782             |                        | 250             |
| To Salaries                                 | 3,300           |                        |                 |
| To Depreciation :                           |                 |                        |                 |
| Furniture                                   | 64              |                        |                 |
| Scooter                                     | 1,250           |                        |                 |
| Building                                    | <u>375</u>      |                        |                 |
| To Net Profit transferred to<br>capital A/c | 2,426           |                        |                 |
|                                             | <u>10,140</u>   |                        | <u>10,140</u>   |

## Balance Sheet

| Liabilities                 | Amount<br>( ₹ ) | Assets              | Amount<br>( ₹ ) |
|-----------------------------|-----------------|---------------------|-----------------|
| Capital                     | 12,500          | Furniture           | 640             |
| Add : Net Profit            | <u>2,426</u>    | Less : Depreciation | <u>64</u>       |
|                             | 14,926          |                     | 576             |
| Creditors                   | 2,500           | Scooter             | 6,250           |
| Bank overdraft              | 2,850           | Less : Depreciation | <u>1,250</u>    |
| Commission received in Adv. | 125             |                     | 5,000           |
|                             |                 | Building            | 7,500           |
|                             |                 | Less : Depreciation | <u>375</u>      |
|                             |                 |                     | 7,125           |

|  |        |               |        |
|--|--------|---------------|--------|
|  |        | Debtors       | 3,800  |
|  |        | Cash          | 650    |
|  |        | Closing Stock | 3,250  |
|  | 20,401 |               | 20,401 |

**Or**  
**Trading and P & L A/c**

| Particulars                                | Amount<br>( ₹ ) | Particulars                   | Amount<br>( ₹ ) |
|--------------------------------------------|-----------------|-------------------------------|-----------------|
| To Purchases 2,10,000                      |                 | By Sales 3,60,000             |                 |
| Less : Returns 2,000                       | 2,08,000        | Less : Sale of furniture 7,50 |                 |
| To Wages and Salaries 16,200               |                 |                               | 3,59,750        |
| To Freight on purchases 4,500              |                 | Less : Returns 5,200          | 3,54,550        |
| To Gross Profit transferred to P & L & A/c | 1,25,850        |                               |                 |
|                                            | 3,54,550        |                               | 3,54,550        |
| To Repairs & Renewals 2,100                |                 | By Gross Profit               | 1,25,850        |
| To Depreciation :                          |                 | By Int. on Govt. bonds 500    |                 |
| Furniture 500                              |                 | Add : Accured Int. 250        | 750             |
| Dead Stock 2,400                           | 2,900           | By Bad Debts recovered        | 1,650           |
| To Less on sale of furniture 250           |                 |                               |                 |
| To Advertisement Expenses 10,000           |                 |                               |                 |
| To Miscellaneous Expenses 2,570            |                 |                               |                 |
| To Audit fees 4,000                        |                 |                               |                 |
| To Agent's commission 5,780                |                 |                               |                 |
| To Insurance 2,000                         |                 |                               |                 |
| To Mortgage Interest 750                   |                 |                               |                 |
| To Net Profit transferred to capital A/c   | 97,900          |                               |                 |
|                                            | 1,28,250        |                               | 1,28,250        |

**Balance Sheet**

| Liabilities                        | Amount<br>( ₹ ) | Assets                      | Amount<br>( ₹ ) |
|------------------------------------|-----------------|-----------------------------|-----------------|
| Capital 2,00,000                   |                 | Furniture 6,000             |                 |
| Less : Drawings 8,400              |                 | Less : Sold 1,000           |                 |
|                                    | 1,91,600        |                             | 5,000           |
| Add : Net profit 97,900            | 2,89,500        | Less : Dep. 500             | 4,500           |
| Sundry Creditors 24,000            |                 | Dead Stock 8,000            |                 |
| Bills Payable 2,500                |                 | Less : Dep. 2,400           | 5,600           |
| Less : Payment to Ajay 2,500       | —               | Bank Balance                | 7,300           |
| Mortgage including Interest 10,750 |                 | S. Debtors 75,000           |                 |
| General Reserve 6,800              |                 | Less : Ajay's Payment 2,500 | 72,500          |
| Out standing salaries 4,440        |                 | Unexpired Insurance 500     |                 |
|                                    |                 | Freehold Premises 1,28,100  |                 |
|                                    |                 | Patents right 20,000        |                 |
|                                    |                 | Delivery Van 50,000         |                 |
|                                    |                 | 10% Govt. Bonds 10,000      |                 |
|                                    |                 | Add : Accrued Interest 250  | 10,250          |
|                                    |                 | Closing stock               | 36,200          |
|                                    | 3,35,450        |                             | 3,35,450        |

