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Meaning and Objectives of Accounting

1. Following accounts are being maintained in the books of Shri Ashok. Classify them into Personal, Real and Nominal Accounts.

- | | | |
|-----------------------|-------------------|-------------------------|
| (i) Land and Building | (vii) Investments | (xiv) Ramesh, a debtor |
| (ii) Excise Duty | (viii) Salary | (xv) Interest Received |
| (iii) Creditors | (ix) Debtors | (xvi) Bank Overdraft |
| (iv) Capital | (x) Bad Debts | (xvii) Purchase Returns |
| (v) Motor Vehicles | (xi) Depreciation | (xviii) Drawings |
| (vi) Goodwill | (xii) Wages | (xix) Freight |
| | (xiii) Repairs | (xx) Return Inwards. |

Solution :

- | | |
|---------------------------------------|--|
| (i) Land and Building – Real Account, | (xi) Depreciation – Nominal Account, |
| (ii) Excise Duty – Nominal Account, | (xii) Wages – Nominal Account, |
| (iii) Creditors – Personal Account, | (xiii) Repairs – Nominal Account, |
| (iv) Capital – Personal Account, | (xiv) Ramesh, a Debtor – Personal Account, |
| (v) Motor vehicles – Real Account, | (xv) Interest Received – Nominal Account, |
| (vi) Goodwill – Real Account, | (xvi) Bank Overdraft – Personal Account, |
| (vii) Investment – Real Account, | (ii) Purchase Return – Nominal Account, |
| (viii) Salary – Nominal Account, | (ii) Drawings – Personal Account, |
| (ix) Debtors – Personal Account, | (ii) Freight – Nominal Account, |
| (x) Baddebts – Nominal Account, | (ii) Return Inwards – Nominal Account. |

2. Classify the following into Assets, Liabilities, Capital, Expenses and Revenue :

- | | | | |
|-----------------|----------------------|--------------------|-------------------------|
| (i) Land; | (ii) Investments; | (iii) Building; | (iv) Interest Received; |
| (v) Salary; | (vi) Bank Overdraft; | (vii) Debtors; | (viii) Creditors; |
| (ix) Bad Debts; | (x) Capital; | (xi) Depreciation; | (xii) Motor Vehicles; |
| (xiii) Freight; | (xiv) Wages; | (xv) Goodwill; | (xvi) Repairs. |

Solution :

- | | |
|------------------------------------|--------------------------------|
| (i) Land – Assets, | (ix) Baddebts – Expenses, |
| (ii) Investments – Assets, | (x) Capital – Capital, |
| (iii) Building – Assets, | (xi) Depreciation – Expenses, |
| (iv) Interest Received – Revenue, | (xii) Motor Vehicles – Assets, |
| (v) Salary – Expenses, | (xiii) Freight – Expenses, |
| (vi) Bank Overdraft – Liabilities, | (xiv) Wages – Expenses, |
| (vii) Debtors – Assets, | (xv) Goodwill – Assets, |
| (viii) Creditors – Liabilities, | (xvi) Repairs – Expenses. |

3. Prepare Accounting Equation from the following :

- Started business with Cash ₹ 2,00,000.
- Purchased goods for Cash ₹ 60,000 and on Credit ₹ 1,50,000.
- Sold goods for Cash costing ₹ 40,000 at a profit of 20% and on Credit costing ₹ 72,000 at a profit of 25%.
- Paid for Rent ₹ 5,000.

Solution :

ACCOUNTING EQUATION

S.No.	Transactions	Assets			=	Liability + Capital	
		Cash	+	Stock + Debtors	=	Creditors	+ Capital
(a)	Started business with cash	2,00,000	+	0	+	0	= 0 + 2,00,000
	New Equation	2,00,000	+	0	+	0	= 0 + 2,00,000
(b)	Purchase goods for cash ₹ 60,000 and on credit ₹ 1,50,000	- 60,000	+	2,10,000	+	0	= 1,50,000 + 0
	New Equation	1,40,000	+	2,10,000	+	0	= 1,50,000 + 2,00,000

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(c)	Sold goods for cash costing ₹ 40,000 at a profit of 20% and on credit ₹ 72,000 at a profit of 25%	48,000 +	- 1,12,000 +	90,000 =	0 +	26,000(Profit)
(d)	New Equation	1,88,000 +	98,000 +	90,000 =	1,50,000 +	2,26,000
	Rent paid	- 5,000 +	0 +	0 =	0 +	(- 5,000)
	Final Equation	1,83,000 +	98,000 +	90,000 =	1,50,000 +	2,21,000

4. Prepare Accounting Equation from the following :

(a) Kunal started business with cash	₹ 2,50,000
(b) He purchased furniture for cash	35,000
(c) He paid commission	2,000
(d) He purchased goods on credit	40,000
(e) He sold goods (Costing ₹ 20,000) for cash	26,000

Solution :

ACCOUNTING EQUATION

S.No.	Transactions	Assets				Liabilities + Capital	
		Cash	+ Stock	+ Debtors	Furniture	= Creditors	+ Capital
(a)	Kunal started business with cash	2,50,000+	0 +	0	0 =	0 +	2,50,000
	New Equation	2,50,000+	0 +	0	0 =	0 +	2,50,000
(b)	Purchase furniture for cash	(- 35,000)+	0 +	0	35,000 =	0 +	0
	New Equation	2,15,000+	0 +	0	35,000 =	0 +	2,50,000
(c)	Paid commission	(- 2,000)+	0 +	0	35,000 =	0 +	(- 2,000)
	New Equation	2,13,000+	0 +	0	35,000 =	0 +	2,48,000
(d)	Purchased Goods on credit	0+	40,000 +	0	0 =	40,000 +	2,48,000
	New Equation	2,13,000+	40,000 +	0	35,000 =	40,000 +	2,48,000
(e)	Sold goods costing ₹ 20,000 for cash	26,000+	(- 20,000) +	0	35,000 =	40,000 +	6,000
	Final Equation	2,39,000+	20,000 +	0	35,000 =	40,000 +	2,54,000

5. Mohit has the following transactions, prepare Accounting Equation :

(a) Business started with cash	₹ 1,75,000
(b) Purchased goods from Rohit	50,000
(c) Sold goods on credit to Manish (costing ₹ 17,500)	20,000
(d) Purchased furniture for office use	10,000
(e) Cash paid to Rohit in full settlement	48,500
(f) Cash received from Manish	20,000
(g) Rent paid	1,000
(h) Cash withdrew for personal use	3,000

Solution :

ACCOUNTING EQUATION

S.No.	Transactions	Assets				Liabilities + Capital	
		Cash	+ Stock	+ Debtors	+ Furniture	= Creditors	+ Capital
(a)	Started business with cash	1,75,000 +	0 +	0 +	0 =	0 +	1,75,000
	New Equation	1,75,000 +	0 +	0 +	0 =	0 +	1,75,000
(b)	Purchase goods from Rohit	0 +	50,000 +	0 +	0 =	50,000 +	0
	New Equation	1,75,000 +	50,000 +	0 +	0 =	50,000 +	1,75,000

(c)	Sold goods costing ₹ 17,500 for ₹ 20,000 to Manish	0	+(-17,500)	+ 20,000	+ 0	=	0	+ 2,500	(Profit)
(d)	New Equation Purchase furniture for office use	1,75,000	+ 32,500	+ 20,000	+ 0	=	50,000	+ 1,77,500	
		- 10,000	+ 0	+ 0	+ 10,000	=	0	+ 0	
(e)	New Equation Cash paid in full settlement to Rohit	1,65,000	+ 32,500	+ 20,000	+ 10,000	=	50,000	+ 1,77,500	
		(- 48,500)	+ 0	+ 0	+ 0	=	- 50,000	+ 1,500	(Gain)
(f)	New Equation Cash received from Manish	1,16,500	+ 32,500	+ 20,000	+ 10,000	=	0	+ 1,79,000	
		20,000	+ 0	+ -20,000	+ 0	=	0	+ 0	
(g)	New Equation Rent paid	1,36,500	+ 32,500	+ 0	+ 10,000	=	0	+ 1,79,000	
		- 1,000	+ 0	+ 0	+ 0	=	0	+ -1,000	(Expences)
(h)	New Equation Withdrew cash for private use	1,35,500	+ 32,500	+ 0	+ 10,000	=	0	+ 1,78,000	
		- 3,000	+ 0	+ 0	+ 0	=	0	+ -3,000	(Drawings)
	Final Equation	1,32,500	+ 32,500	+ 0	+ 10,000	=	0	+ 1,75,000	

6. What will be the effect of the following on the Accounting Equation ?

- Harish started business with cash ₹ 1,80,000.
- Purchased goods for cash ₹ 60,000 and on credit ₹ 30,000.
- Sold goods for cash ₹ 40,000; costing ₹ 24,000.
- Rent paid ₹ 5,000; and rent outstanding ₹ 2,000.
- Sold goods on credit ₹ 50,000 (costing ₹ 38,000).
- Salary paid in advance ₹ 3,000.

Solution :

ACCOUNTING EQUATION

S.No.	Transactions	Assets				=	Liabilities		+ Capital
		Cash	+ Stock	+ Debtors	+ Prepaid		Salary	+ O/S		+ Rent
(a)	Harish started business with cash	1,80,000	+ 0	+ 0	+ 0	=	0	+ 0	+ 1,80,000
	Equation	1,80,000	+ 0	+ 0	+ 0	=	0	+ 0	+ 1,80,000
(b)	Purchase goods for cash ₹ 60,000 and on credit ₹ 30,000	(- 60,000)	+ 90,000	+ 0	+ 0	=	30,000	+ 0	+ 0
(c)	New Equation Sold goods costing ₹ 24,000 for ₹ 40,000	1,20,000	+ 90,000	+ 0	+ 0	=	30,000	+ 0	+ 1,80,000
		40,000	+ (- 24,000)	+ 0	+ 0	=	0	+ 0	+ 16,000 (Profit)
(d)	New Equation Paid rent for ₹ 5,000 and outstanding ₹ 2,000	1,60,000	+ 66,000	+ 0	+ 0	=	30,000	+ 0	+ 1,96,000
		(- 5,000)	+ 0	+ 0	+ 0	=	0	+ 2,000	+ - 7,000 (Exp.)
	New Equation	1,55,000	+ 66,000	+ 0	+ 0	=	30,000	+ 2,000	+ 1,89,000

9. 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%.

Solution :

ACCOUNTING EQUATION

S.No.	Transactions	Assets			Liability + Capital	
		Cash	+ Stock	+ Debtors	= Creditors	+ Capital
(a)	Started business with cash	1,00,000	+	0	+	0 = 0 + 1,00,000
(b)	New Equation Purchased goods for cash ₹ 20,000 and on credit ₹ 30,000	1,00,000	+	0	+	0 = 0 + 1,00,000
		(- 20,000)	+	50,000	+	0 = 30,000 + 0
(c)	New Equation Sold goods for cash costing ₹ 10,000 and on credit costing ₹ 15,000 both at a profit of 20%	80,000	+	50,000	+	0 = 30,000 + 1,00,000
		12,000	+	(- 25,000)	+	18,000 = 0 + 5,000 (Profit)
	Final Equation	92,000	+	25,000	+	18,000 = 30,000 + 1,05,000

10. Develop on Accounting Equation from the following transactions :

(i) Mohan commenced business with cash

₹

50,000

(ii) Purchased goods for cash

30,000

(iii) Purchased goods on credit

20,000

(iv) Sold goods (costing ₹ 10,000) for

12,000

(v) Bought furniture on credit

2,000

(vi) Paid cash to a creditor

15,000

(vii) Salary paid

1,000

Solution :

ACCOUNTING EQUATION

S.No.	Transactions	Assets				Liabilities + Capital	
		Cash	+ Debtors	+ Stock	+ Furniture	= Creditors	+ Capital
(a)	Mohan commenced business with cash	50,000	+	0	+	0	= 0 + 50,000
(b)	New Equation Purchased goods for cash	50,000	+	0	+	0	= 0 + 50,000
		(- 30,000)	+	0	+	30,000	= 0 + 0
(c)	New Equation Purchase goods on credit	20,000	+	0	+	30,000	= 0 + 50,000
		0	+	0	+	20,000	= 20,000 + 0
(d)	New Equation Sold goods (costing ₹ 10,000) for ₹ 12,000	20,000	+	0	+	50,000	= 20,000 + 50,000
		12,000	+	0	+	(- 10,000)	= 0 + 2,000
(e)	New Equation Bought furniture on credit	32,000	+	40,000	+	0	= 20,000 + 52,000
		0	+	0	+	2,000	= 2,000 + 52,000
(f)	New Equation Paid cash to a creditor	32,000	+	2,000	+	40,000	= 22,000 + 52,000
		(- 15,000)	+	0	+	0	= (-15,000) + 52,000
(g)	New Equation Salary paid	17,000	+	2,000	+	40,000	= 7,000 + 52,000
		(- 1,000)	+	0	+	0	= 0 + (- 1,000)
	Final Equation	16,000	+	2,000	+	40,000	= 7,000 + 51,000

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11. Prepare an Accounting Equation on the basis of the following transactions :

- (i) Started business with cash ₹ 70,000.
- (ii) Credit purchase of goods ₹ 18,000.
- (iii) Payment made to creditors in full settlement ₹ 17,500.
- (iv) Purchase of machinery for cash ₹ 20,000.
- (v) Depreciation on machinery ₹ 2,000.

Solution :

ACCOUNTING EQUATION

S.No.	Transactions	Assets				Liabilities + Capital	
		Cash	+ Stock	+ Debtors	+ Machinery	= Creditors	+ Capital
(a)	Started business with cash ₹ 70,000	70,000	+ 0	+ 0	+ 0	= 0	+ 70,000
(b)	New Equation Credit purchase of goods ₹ 18,000	70,000	+ 0	+ 0	+ 0	= 0	+ 70,000
		0	+ 18,000	+ 0	+ 0	= 18,000	+ 0
(c)	New Equation Payment made to creditors in full settlement ₹ 17,500	70,000	+ 18,000	+ 0	+ 0	= 18,000	+ 70,000
		- 17,500	+ 0	+ 0	+ 0	= - 18,000	+ 500
(d)	New Equation Purchase of machinery for cash ₹ 20,000	52,500	+ 18,000	+ 0	+ 0	= 0	+ 70,500
		(- 20,000)	+ 0	+ 0	+ 20,000	= 0	+ 0
(e)	New Equation Depreciation on machinery ₹ 2,000	32,500	+ 18,000	+ 0	+ 20,000	= 0	+ 70,500
		0	+ 0	+ 0	+ - 2,000	= 0	+ - 2,000
	Final Equation	32,500	+ 18,000	+ 0	+ 18,000	= 0	+ 68,500

12. As we know, Machinery is an asset, so increase in machinery will be recorded on the debit side while decrease in machinery will be recorded on the credit side of the machinery account.

Solution :

Dr.		Machinery Account		Cr.	
Particulars	Amt. (₹)	Particulars	Amt. (₹)		
Record increase in machinery on this side :		Record decrease in machinery on this side :			
1. To Cash (Machinery purchased)	5,00,000	2. By Cash (Machinery sold)	1,20,000		
4. To Cash (Machinery purchased)	2,00,000	3. By Machinery discarded	50,000		
		5. Machinery destroyed	40,000		
		Balance	4,90,000		
	7,00,000		7,00,000		

13. Raghbir is a creditor, which means, it is a liability for the business. As we know, increase in liability is recorded on the credit side while decrease in liability will be shown on the debit side of the concerned liability account.

Solution :

Dr.		Machinery Account		Cr.	
Particulars	Amt. (₹)	Particulars	Amt. (₹)		
Record decrease in creditors on this side :		Record decrease in creditor on this side :			
2. Ewruenws foosa ro to Raghbir	5,000	1. Purchase goods on creditor from Raghbir	50,000		
3. Paid to Raghbir	30,000	2. Purchased goods on creditor from Raghbir	16,000		
5. Paid to Raghbir	20,000				
Balance	11,000				
	66,000		66,000		

14. Put the following on the proper side of Cash account, Debtor's account and Creditor's account :

- (a) Sold goods for cash ₹ 60,000.
- (b) Sold goods to Hari on credit ₹ 20,000.
- (c) Purchased goods from Krishan on credit ₹ 36,000.
- (d) Purchased goods from Krishan for cash ₹ 10,000.
- (e) Cash received from Hari ₹ 15,000.
- (f) Cash paid to Krishan ₹ 28,000.

Solution :

<i>Dr.</i>		Cash Account		<i>Cr.</i>	
<i>Particulars</i>	<i>Amt.</i> (₹)	<i>Particulars</i>	<i>Amt.</i> (₹)		
Record increase in cash on this side :		Record decrease in cash on this side :			
(a) To Sold goods for cash	60,000	(d) By Purchased goods for cash	10,000		
(c) To Cash (Received from Hari)	15,000	(f) To Cash (Paid to Krishan)	28,000		
		Balance	37,000		
	75,000		75,000		

<i>Dr.</i>		Hari (Debtor's A/c)		<i>Cr.</i>	
<i>Particulars</i>	<i>Amt.</i> (₹)	<i>Particulars</i>	<i>Amt.</i> (₹)		
Record increase in debtors on this side :		Record decrease in debtors on this side :			
(b) To Sales (Goods sold on credit)	20,000	(c) By Cash (Received from debtors)	15,000		
		Balance	5,000		
	20,000		20,000		

<i>Dr.</i>		Krishna (Creditor's A/c)		<i>Cr.</i>	
<i>Particulars</i>	<i>Amt.</i> (₹)	<i>Particulars</i>	<i>Amt.</i> (₹)		
Record decrease in creditors on this side :		Record increase in creditors on this side :			
(d) To Cash (Payment to creditors)	28,000	(c) By Purchases (bought goods on credit)	36,000		
Balance	8,000		36,000		
	36,000		36,000		

15. Prove that the accounting equation is satisfied in the following transactions—

	₹
(a) Brij Mohan commenced business with Cash	1,00,000
(b) Bought goods for Cash	60,000
(c) $\frac{1}{3}$ rd of the above goods sold at a profit of 20% on cost.	
Half the payment received in Cash	
(d) Purchased typewriter for office use	15,000
(e) Purchased goods on Credit from X	25,000
(f) Paid to X	15,000
(g) Paid Salary	3,000
(h) Received commission	500
(i) Sold goods for Cash (Cost ₹ 50,000)	60,000

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Solution :

ACCOUNTING EQUATION

S.No.	Transactions	Assets				Liabilities + Capital		
		Cash	+ Stock	+ Typewriter	+ Debtors	= Creditors	+ Capital	
(a)	Started business with cash	1,00,000	+	0	+	0	+	1,00,000
(b)	New Equation Purchase goods for cash	1,00,000	+	0	+	0	+	1,00,000
		- 60,000	+	60,000	+	0	+	0
(c)	New Equation 1/3 of the goods sold at a profit of 20% on cost half payment received in cash	40,000	+	60,000	+	0	+	1,00,000
		12,000	+	- 20,000	+	0	+	12,000
(d)	New Equation Purchased Typewriter for office use	52,000	+	40,000	+	0	+	12,000
		- 15,000	+	0	+	0	+	15,000
(e)	New Equation Purchase goods on credit from x	37,000	+	40,000	+	15,000	+	12,000
		0	+	25,000	+	0	+	25,000
(f)	New Equation Cash payment made to x	37,000	+	65,000	+	15,000	+	12,000
		- 15,000	+	0	+	0	+	- 15,000
(g)	New Equation Salary Paid	22,000	+	65,000	+	15,000	+	12,000
		- 3,000	+	0	+	0	+	0
(h)	New Equation Commission Received	19,000	+	65,000	+	15,000	+	12,000
		500	+	0	+	0	+	0
(i)	New Equation Sold goods (costing ₹ 50,000) for cash ₹ 60,000	19,500	+	65,000	+	15,000	+	12,000
		60,000	+	- 50,000	+	0	+	0
	Final Equation	79,500	+	15,000	+	15,000	+	12,000
								10,000 + 1,11,500

16. Show the accounting equation on the basis of the following transactions and also show the Balance Sheet :

- (i) Started business with Cash ₹ 60,000 and Goods ₹ 30,000.
- (ii) Purchased goods for Cash ₹ 40,000 and on Credit ₹ 25,000.
- (iii) Goods costing ₹ 48,000 Sold at profit of $33\frac{1}{3}\%$. Three-fourth payment received in Cash.
- (iv) Goods costing ₹ 20,000 sold at a loss of 5%, out of which ₹ 12,000 received in Cash.
- (v) Paid Rent ₹ 4,000 and Salary ₹ 6,000.
- (vi) Received Cash from Debtors ₹ 15,000.
- (vii) Paid telephone bill amounting to ₹ 800.

Solution :**ACCOUNTING EQUATION**

S.No.	Transactions	Assets			Liabilities + Capital					
		Cash	+	Stock	+	Debtors	=	Creditors	+	Capital
(a)	Started business with cash and goods	60,000	+	30,000	+	0	=	0	+	90,000
(b)	New Equation Purchased goods for cash ₹ 40,000 and on credit ₹ 25,000	60,000	+	30,000	+	0	=	0	+	90,000
		-40,000	+	65,000	+	0	=	25,000	+	0
(c)	New Equation Goods costing ₹ 48,000 sold at a profit of $33\frac{1}{3}\%$ 3/4 payment received in cash	20,000	+	95,000	+	0	=	25,000	+	90,000
		48,000	+	-48,000	+	16,000	=	0	+	16,000
(d)	New Equation Goods costing ₹ 20,000 sold at a loss of 5% out of which ₹ 12,000 received in cash	68,000	+	47,000	+	16,000	=	25,000	+	1,06,000
		12,000	+	-20,000	+	7,000	=	0	+	-1,000
(e)	New Equation Paid rent and salary	80,000	+	27,000	+	23,000	=	25,000	+	1,05,000
		-10,000	+	0	+	0	=	0	+	-10,000
(f)	New Equation Received cash from debtors	70,000	+	27,000	+	23,000	=	25,000	+	95,000
		15,000	+	0	+	-15,000	=	0	+	0
(g)	New Equation Paid Telephone bills	85,000	+	27,000	+	8,000	=	25,000	+	95,000
		-800	+	0	+	0	=	0	+	-800
	Final Equation	84,200	+	27,000	+	8,000	=	25,000	+	94,800

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

- (i) Commenced business with Cash ₹ 20,000; Goods ₹ 50,000 and Furniture ₹ 30,000.
- (ii) Purchased goods from Gopal on Credit ₹ 40,000.
- (iii) Sold goods for Cash ₹ 40,000 (Costing ₹ 30,000).
- (iv) Sold goods to Ram on Credit ₹ 65,000 (Costing ₹ 50,000).
- (v) Withdrew for personal use goods costing ₹ 5,000.
- (vi) Purchased typewriter for personal use of the proprietor ₹ 20,000.
- (vii) Purchased chairs for office use for Cash ₹ 10,000.
- (viii) Paid for printing ₹ 500 and received Commission ₹ 1,200.
- (ix) Introduced fresh Capital ₹ 40,000.
- (x) Paid to Gopal ₹ 30,000.

Solution :**ACCOUNTING EQUATION**

S.No.	Transactions	Assets				Liabilities + Capital						
		Cash	+	Stock	+	Debtors	+	Furniture	=	Creditors	+	Capital
(a)	Commenced business with cash, goods and furniture	20,000	+	50,000	+	0	+	30,000	=	0	+	1,00,000
(b)	New Equation Purchase goods from Gopal on credit	20,000	+	50,000	+	0	+	30,000	=	0	+	1,00,000
		0	+	40,000	+	0	+	0	=	40,000	+	0
	New Equation	20,000	+	90,000	+	0	+	30,000	=	40,000	+	1,00,000

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(c)	Sold goods for cash costing (₹ 30,000)	40,000 + - 30,000 + 0 + 0 = 0 + 10,000
(d)	New Equation Sold goods to Ram on credit on profit	60,000 + 60,000 + 0 + 30,000 = 40,000 + 1,10,000 0 + - 50,000 + 65,000 + 0 = 0 + 15,000
(e)	New Equation Goods withdraw for personal use	60,000 + 10,000 + 65,000 + 30,000 = 40,000 + 1,25,000 0 + - 5,000 + 0 + 0 = 0 + - 5,000
(f)	New Equation Purchase typewriter for personal use of the proprietor	60,000 + 5,000 + 65,000 + 30,000 = 40,000 + 1,20,000 - 20,000 + 0 + 0 + 0 = 0 + - 20,000
(g)	New Equation Purchase chairs for office use	40,000 + 5,000 + 65,000 + 30,000 = 40,000 + 1,00,000 - 10,000 + 0 + 0 + 10,000 = 0 + 0
(h)	New Equation Paid for printing charges and received commission	30,000 + 5,000 + 65,000 + 40,000 = 40,000 + 1,00,000 - 500 + 0 + 0 + 0 = 0 + - 500 1,200 + 0 + 0 + 0 = 0 + 1,200
(i)	New Equation Introduced fresh capital	30,700 + 5,000 + 65,000 + 40,000 = 40,000 + 1,00,700 40,000 + 0 + 0 + 0 = 0 + 40,000
(j)	New Equation Payment made to Gopal	70,700 + 5,000 + 65,000 + 40,000 = 40,000 + 1,40,700 - 30,000 + 0 + 0 + 0 = - 30,000 + 0
	Final Equation	40,700 + 5,000 + 65,000 + 40,000 = 10,000 + 1,40,700

18. On which side will the increase in the following accounts be recorded? Also mention the nature of account :

- | | |
|------------------|-------------------------|
| 1. Furniture | 5. Proprietor's Account |
| 2. Wages paid | 6. Debtor |
| 3. Rent Received | 7. Prepaid Insurance |
| 4. Cash | 8. Outstanding Salary |

Solution :

Account	Nature	Side
1. Furniture	Assets	Debit
2. Wages paid	Expences	Debit
3. Rent Received	Income	Credit
4. Cash	Assets	Debit
5. Proprietor's Account	Capital	Credit
6. Debtors	Assets	Debit
7. Prepaid Insurance	Assets	Debit
8. Outstanding Salary	Liabilities	Credit

19. Furniture is an assets, So increase in furniture will be recorded on the debit side while decrease in furniture will be recorded on the credit side of the furniture account.

Solution :

Dr.		Furniture Account		Cr.	
Particulars	Amt. (₹)	Particulars	Amt. (₹)		
Record increase in furniture on this side :		Record decrease in furniture on this side :			
1. To Cash (furniture purchased)	50,000	2. By Cash (furniture sold)	20,000		
4. To Cash (furniture purchased)	32,000	3. By Furniture destroyed by fire	16,000		
5. By Old furniture discarded	2,000				
6. By Depreciation	5,000				
				Balance	39,000
	82,000				82,000

7

Double Entry System

1. Classify the following accounts under personal, real or nominal accounts :

- | | |
|----------------------------|--|
| (i) Commission Paid | (ii) Commission Received |
| (iii) Commission Accrued | (iv) Prepaid Salaries |
| (v) Leasehold Property A/c | (vi) Discount Allowed |
| (vii) Carriage Inwards A/c | (viii) Life Insurance Corporation of India |
| (ix) Drawings A/c | (x) Rent Received in Advance |
| (xi) Debtors | (xi) Sales A/c |
| (xii) Rent Paid in Advance | (xiv) Bank Overdraft |

Solution :

Account	Nature
(i) Commission Paid	Nominal Account
(ii) Commission Received	Nominal Account
(iii) Commission Accrued	Personal Account
(iv) Prepaid Salaries	Personal Account
(v) Leasehold Property A/c	Real Account
(vi) Discount Allowed	Nominal Account
(vii) Carriage Inward A/c	Nominal Account
(viii) Life Insurance Corporation of India	Personal Account
(ix) Drawings A/c	Personal account
(x) Rent Received in Advance	Personal Account
(xi) Debtors	Personal Account
(xii) Sales A/c	Nominal Account
(xiii) Rent Paid in Advance	Personal Account
(xiv) Bank Overdraft	Personal Account

2. Classify the following into Personal, Real and Nominal Accounts :

- (a) Office Expenses, (b) Drawings, (c) Capital, (d) Loss by Fire, (e) Loan, (f) Machinery, (g) Advertisement, (h) Stationary, (i) Sales, (j) Interest received, (k) Bad debts, (l) Salary.

Solution :

Account	Nature
(a) Office expences	Nominal Account
(b) Drawings	Personal Account
(c) Capital	Personal Account
(d) Loss by Fire	Nominal Account
(e) Loan	Personal Account
(f) Machinery	Real Account
(g) Advertisement	Nominal Account
(h) Stationary	Nominal Account
(i) Sales	Nominal account
(j) Interest Received	Nominal Account
(k) Bad debts	Nominal Account
(l) Salary	Nominal Account

3. Classify the following into different types of personal accounts.

- (a) Manisha, (b) Ram and Sons, (c) H. M. Publications, (d) Bharat Steel Co., (e) Outstanding Salaries, (f) Prepared Rent, (g) Punjab National Bank, (h) Capital Account.

Solution :

Account	Nature
(a) Manisha	Batyrak Personal Account
(b) Ram and Sons	Artificial Personal Account
(c) H.M. Publications	Artificial Personal Account
(d) Bharat Steel Co.	Artificial Personal Account
(e) Outstanding Salaries	Representative Personal Account
(f) Prepaid Rent	Representative Personal Account
(g) Punjab National Bank	Artificial Personal Account
(h) Capital Account	Natural Personal Account

4. Classify the following into modern classification of Accounts :

- (a) Bills Receivable, (b) Interest Received in Advance, (c) Rent, (d) Outstanding salaries, (e) Cash, (f) Commission received, (g) Goodwill, (h) Stock, (i) Loan, (j) Prepaid Insurance.

Solution :

Account	Nature
(a) Bills Receivables	Assets
(b) Interest Received in Advance	Liabilities
(c) Rent	Expences
(d) Outstanding Salaries	Liabilities
(e) Cash	Assets
(f) Commission Received	Revenue
(g) Goodwill	Assets
(h) Stock	Assets
(i) Loan	Liabilities
(h) Prepaid Insurance	Assets

5. State the type of account and show which account will be debited or credited :

- | | |
|------------------------|------------------------------|
| 1. Capital introduced | 2. Rent paid |
| 3. Loss by fire | 4. Received from Ram |
| 5. Interest received | 6. Goods sold |
| 7. Furniture purchased | 8. Depreciation on furniture |

Solution :

Account	Nature	Side
1. Capital Introduced	Personal Account	Credit
2. Rent Paid	Nominal Account	Debit
3. Loss by Fire	Nominal Account	Debit
4. Received from Ram	Personal Account	Credit
5. Interest Received	Nominal Account	Credit
6. Goods sold	Nominal Account	Credit
7. Furniture Purchased	Real Account	Debit
8. Depreciation on Furniture	Nominal Account	Debit

6. On which side, the increase in the following accounts will be recorded :

- | | |
|----------------------|------------------------|
| 1. Bank Loan | 2. Debtors |
| 3. Capital | 4. Creditors |
| 5. Rent paid | 6. Commission received |
| 7. Land and Building | 8. Loss by fire |

Solution :

Account	Nature	Side
1. Bank Loan	Liabilities	Credit
2. Debtors	Assets	Debit
3. Capital	Capital	Credit
4. Creditors	Liabilities	Credit
5. Rent Paid	Expences	Debit
6. Commission Received	Income	Credit
7. Land and Building	Assets	Debit
8. Loss by Fire	Loss	Debit

7. On which side, the decrease in the following accounts will be recorded :

- | | |
|----------------------|-----------------------|
| 1. Furniture | 2. Capital |
| 3. Outstanding rent | 4. Creditors |
| 5. Prepaid insurance | 6. Outstanding salary |
| 7. Bank overdraft | 8. Machinery |

Solution :

Account	Nature	Side
1. Furniture	Assets	Credit
2. Capital	Capital	Debit
3. Outstanding Rent	Liabilities	Debit
4. Creditors	Liabilities	Debit
5. Prepaid Insurance	Assets	Credit
6. Outstanding Salary	Liabilities	Debit
7. Bank Overdraft	Liabilities	Debit
8. Machinery	Assets	Credit

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8. Classify the following accounts into Personal, Real or Nominal accounts :

- | | |
|---------------|------------------------|
| I. Machinery | VII. Drawings |
| II. Capital | VIII. Salary |
| III. Stock | IX. Outstanding Salary |
| IV. Bad Debts | X. Insurance |
| V. Goodwill | XI. Prepaid Insurance |
| VI. Sales | XII. Interest Received |

Solution :

Account	Nature
I. Machinery	Real Account
II. Capital	Personal Account
III. Stock	Real Account,
IV. Bad debts	Nominal Account
V. Goodwill	Real Account,
VI. Sales	Nominal Account
VII. Drawings	Personal Account
VIII. Salary	Nominal Account
IX. Outstanding Salary	Personal account
X. Insurance	Nominal Account
XI. Prepaid Insurance	Personal Account
XII. Interest Received	Nominal Account

9. State to which class of accounts does each of the following relate :

- | | |
|------------------|--------------------------------------|
| I. Cash | V. Creditors |
| II. Bank | VI. Commission Received |
| III. Trade Marks | VII. Accrued Commission |
| IV. Debtors | VIII. Commission Received in Advance |

Solution :

Account	Nature
I. Cash	Real Account
II. Bank	Personal Account
III. Trademarks	Real Account
IV. Debtors	Personal Account
V. Creditors	Personal Account
VI. Commission Received	Nominal Account
VII. Accrued Commission	Personal Account
VIII. Commission Received	Personal Account

10. Classify the following into three types of personal accounts :

- I. Capital Account
- II. Tata Steel Company
- III. Debtors Accounts
- IV. Outstanding Expenses Account
- V. Bank Account
- VI. Haryana Education Board
- VII. Shri Ram College of Commerce

Solution :

Account	Nature
I. Capital Account	Natural Personal Account
II. Tata Steel Company	Artificial Personal Account
III. Debtors Account	Natural Personal Account
IV. Outstanding Expences Account	Representative Personal Account
V. Bank Account	Natural Personal Account
VI. Haryana Education Board	Artificial Personal Account
VII. Shri Ram College of Commerce	Artificial Personal Account



9

Book of Original Entry—Journal

1. Following transactions of Ramesh for April, 2019 are given below. Journalise them.

2019		₹
April 1	Ramesh started business with cash	1,00,000
April 2	Paid into bank	20,000
April 3	Bought goods for cash	50,000
April 4	Drew cash from bank for office use	10,000
April 13	Sold goods to Krishna	15,000
April 20	Bought goods from Shyam	22,500
April 22	Krishna returned goods	2,000
April 24	Received from Krishna	12,500
	Allowed him discount	500
April 28	Paid cash to Shyam	21,500
	Discount received	1,000
April 30	Cash sales for the month	80,000
April 30	Paid rent	5,000
April 30	Paid salary	10,000

Solution :

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2019 April 1	Cash A/c To Capital A/c (Started business with cash)	Dr.	1,00,000	1,00,000
April 2	Bank A/c To Cash A/c (Paid into Bank)	Dr.	20,000	20,000
April 3	Purchase A/c To Cash A/c (Purchased goods for cash)	Dr.	50,000	50,000
April 4	Cash A/c To Bank A/c (Drew cash from bank for office use)	Dr.	10,000	10,000
April 13	Krishna's A/c To Sales A/c (Goods sold to krishna)	Dr.	15,000	15,000
April 20	Purchase A/c To Shyam's (Purchased goods on credit)	Dr.	22,500	22,500
April 22	Sales Return A/c To Krishna's (Goods returned by Krishna)	Dr.	2,000	2,000
April 24	Cash A/c Discount Allowed A/c To Krishna's (Cash received from krishna and allowed him discount)	Dr. Dr.	12,500 500	13,000

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April 28	Shyam's A/c To Discount Received A/c To Cash A/c (Cash paid to Shyam and received discount from him)	Dr.	22,500	1,000 21,500
April 30	Cash A/c To Sales A/c (Goods sold for cash)	Dr.	80,000	80,000
April 30	Rent A/c To Cash A/c (Rent paid in cash)	Dr.	5,000	5,000
April 30	Salary A/c To Cash A/c (Salary paid in cash)	Dr.	10,000	10,000
	Total		3,50,000	3,50,000

2. Journalise the following transactions of Mr. Rahul :

2019		₹
Jan. 1	Rahul started business with cash	1,00,000
Jan. 2	Paid into bank	60,000
Jan. 3	Bought goods from M/s. Singh & Co.	20,000
Jan. 3	Paid cartage.....	300
Jan. 4	Purchased furniture	2,000
Jan. 4	Placed an order for HP Printers for ₹ 15,000, amount advanced...	5,000
Jan. 4	Purchased calculator	1,000
Jan. 4	Purchased computer through cheque	13,000
Jan. 6	Paid for postage	150
Jan. 8	Sold goods for cash	4,000
Jan. 9	Sold goods to M/s. Sharda & Co	10,000
Jan. 9	Paid cartage	200
Jan. 15	Paid to M/s. Singh & Co. on account	17,500
Jan. 25	Sold goods to M/s. Ray & Co	5,600
Jan. 27	Received cheque from M/s. Sharda & Co. in full settlement of amount due from them	9,750
Jan. 31	Paid for electricity charges	1,000
Jan. 31	Paid salary	1,500
Jan. 31	Paid rent of building by cheque, half of the building is used by the proprietor for residential use	5,000
Jan. 31	Drew for personal use	3,500

Solution :

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2019 Jan 1	Cash A/c To Capital A/c (Started business with cash)	Dr.	1,00,000	1,00,000
Jan 2	Bank A/c To Cash A/c (Paid into bank)	Dr.	60,000	60,000
Jan 3	Purchase A/c To M/S Singh & Co. (Purchased goods on credit from M/S Singh & Co.)	Dr.	20,000	20,000

Jan 3	Cartage A/c To Cash A/c (Cartage Paid)	Dr.	300		300
Jan 4	Furniture A/c To Cash A/c (Furniture purchased for cash)	Dr.	2,000		2,000
Jan 4	Advance for H.P. Printer A/c To Cash A/c (Advance given for an order of H.P. Printers)	Dr.	5,000		5,000
Jan 4	Calculator A/c To Cash A/c (Calculator purchased for cash)	Dr.	1,000		1,000
Jan 4	Computer A/c To Bank A/c (Purchased a computer and payment made by cheque)	Dr.	13,000		13,000
Jan 6	Postage A/c To Cash A/c (Postage expences paid)	Dr.	150		150
Jan 8	Cash A/c To Sales A/c (Goods sold for cash)	Dr.	4,000		4,000
Jan 9	M/S Sharda & Co. To Sales A/c (Sold goods on credit to M/S Sharda & Co.)	Dr.	10,000		10,000
Jan 9	Cartage A/c To Cash A/c (Cartage Paid)	Dr.	200		200
Jan 15	M/S Singh & Co. To Cash A/c (Payment made to M/S Singh & Co. In full settlement of their account)	Dr.	17,500		17,500
Jan 25	M/S Ray & Co. To Sales A/c (Goods sold on credit to M/S Ray & Co.)	Dr.	5,600		5,600
Jan 27	Bank A/c Discount Allowed A/c To M/S Sharda & Co. (Received a cheques in full settelement of amount due from them)	Dr. Dr.	9,750 250		10,000
Jan 31	Electricity Charges A/c To Cash A/c (Electricity charges paid)	Dr.	1,000		1,000
Jan 31	Salary A/c To Cash A/c (Salary paid)	Dr.	1,500		1,500
Jan 31	Drawing A/c Rent A/c To Bank A/c (Paid rent for building by cheque, half of the building is used by the proprietor for residential use)	Dr. Dr.	2,500 2,500		5,000
Jan 31	Drawings A/c To Cash A/c (Drew for personal use)	Dr.	3,500		3,500
	Total		2,59,750		2,59,750

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3. Journalise the following transactions in the books of M/s. R.K. & Co. :

- (i) Purchased goods of list price of ₹ 20,000 from Vishal at 20% trade discount against cheque payment.
- (ii) Purchased goods of list price of ₹ 20,000 from Naman at 15% trade discount against cash.
- (iii) Purchased goods of list price of ₹ 30,000 from Amrit at 20% trade discount.
- (iv) Purchased goods of list price of ₹ 40,000 for ₹ 35,000 for cash.
- (v) Goods returned of list price of ₹ 10,000 purchased from Amrit.
- (vi) Sold goods to Parul of list price of ₹ 40,000 at 10% trade discount against cheque payment.
- (vii) Sold goods to Aman of list price of ₹ 30,000 at 10% trade discount against cash.
- (viii) Sold goods to Pawan of list price of ₹ 20,000 at 10% trade discount.
- (ix) Sold goods to Yamini of list price of ₹ 25,000 for ₹ 23,000.
- (x) Sold goods costing ₹ 10,000 at cost plus 20% less 10% trade discount to Bhupesh.
- (xi) Sold goods purchased at list price of ₹ 50,000 less 15% trade discount sold at a profit of 25% less 10% trade discount against cheque.
- (xii) Aman returned goods of list price of ₹ 10,000 sold to him at 10% trade discount.

Solution :

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(i)	Purchase A/c To Bank A/c (Purchase goods from Vishal at a trade discount)	Dr.	16,000	16,000
(ii)	Purchase A/c To Cash A/c (Purchase goods from Naman at a trade discount)	Dr.	17,000	17,000
(iii)	Purchase A/c To Amrit A/c (Purchase goods from Amrit at trade discount)	Dr.	24,000	24,000
(iv)	Purchase A/c To Cash A/c (Purchased goods for cash ₹ 35,000 list price ₹ 40,000)	Dr.	35,000	35,000
(v)	Amrit A/c To Purchase Returns A/c (Goods return to Amrit list price ₹ 10,000)	Dr.	8,000	8,000
(vi)	Bank A/c To Sales A/c (Goods sold to parul at trade discount through cheque)	Dr.	36,000	36,000
(vii)	Cash A/c To Sales A/c (Sold goods to Aman at trade discount against cash)	Dr.	27,000	27,000
(viii)	Pawan A/c To Sales A/c (Goods sold to Pawan at trade discount)	Dr.	18,000	18,000
(ix)	Yamini A/c To Sales A/c (Goods sold to Yamini list price ₹ 25,000 for ₹ 23,000)	Dr.	23,000	23,000
(x)	Bhupesh A/c To Sales A/c (Sold goods to Bhupesh on a profit and at trade discount)	Dr.	10,800	10,800
(xi)	Bank A/c To Sales A/c (Goods sold on a profit against cheque and at trade discount)	Dr.	47,812.50	47,812.50
(xii)	Sales Return A/c To Aman A/c (Goods returned by Aman)	Dr.	9,000	9,000
	Total		2,71,612.50	2,71,612.50

Working Notes :

- | | |
|--|-------------|
| 1. Calculation of Sales Price : | |
| Selling price (₹ 10,000 + 20%) | ₹ 12,000 |
| Less : Discount @ 10% | ₹ -1,200 |
| | ₹ 10,800 |
| | |
| 2. Calculation of Purchase Price and Sales Price : | |
| Purchase price (50,000 – 15%) | ₹ 42,500 |
| Sales Price (₹ 42,500+25%) – (₹ 53,125 – 10%) | ₹ 47,812.50 |

**4. Enter the following transactions in the Journal of Marutinandan Stores :
2017**

- Jan. 10 Purchased goods from Ghanshyam of the list price of ₹ 50,000 at 15% trade discount.
- Jan. 13 Returned goods to Ghanshyam of the list price of ₹ 2,000.
- Jan. 15 Paid cash to Ghanshyam ₹ 40,000 in full settlement of his account.
- Jan. 20 Purchased goods from Raghu of the list price of ₹ 60,000 at 10% trade discount.
- Jan. 22 Returned goods to Raghu of the list price of ₹ 5,000.
- Jan. 25 Paid cash to Raghu ₹ 49,000 in full settlement of his account.

Solution :

**Journal
In the books of Marutinandan**

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2017 Jan 10	Purchase A/c Dr. To Ghanshyam's A/c (Purchased goods from Ghanshyam at 15% trade discount)		42,500	42,500
Jan 13	Ghanshyam's A/c Dr. To Purchase Returns A/c (Goods returned to Ghanshyam)		1,700	1,700
Jan 15	Ghanshyam's A/c Dr. To Cash A/c To Discount Received A/c (Cash paid to Ghanshyam in full settlement of his account)		40,800	40,000 800
Jan 20	Purchase A/c Dr. To Raghu's A/c (Purchased goods from Raghu at trade discount at 10%)		54,000	54,000
Jan 22	Raghu's A/c Dr. To Purchase Returns A/c (Goods return to Raghu at a trade discount at 10%)		4,500	4,500
Jan 25	Raghu's A/c Dr. To Cash A/c To Discount Received A/c (Cash paid to Raghu in full settlement of his account)		49,500	49,000 500
	Total		1,93,000	1,93,000

5. Pass Journal Entries for the following transactions :

2017

- Jan. 6 So1ld goods to Muskan of the list price of ₹ 2,00,000 at trade discount of 20%.
- Jan. 8 Muskan returned goods of the list price of ₹ 5,000.
- Jan. 15 Received from Muskan the full payment under a cash discount of 4%.

Solution :**Journal**

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2017 Jan 6	Muskan's A/c To Sales A/c (Goods sold to Muskan trade discount)	Dr.	1,60,000	1,60,000
Jan 8	Sales Return A/c To Muskan A/c (Goods returned by Muskan)	Dr.	4,000	4,000
Jan 15	Cash A/c Discount Allowed A/c To Muskan's (Cash received from Muskan in full settlement of her account)	Dr. Dr.	1,49,760 6,240	1,56,000
	Total		3,20,000	3,20,000

6. Give Journal Entries for the following transactions in the books of Raja Ram & Co.
2017

March 3 Bought goods for cash of the list price of ₹ 80,000 at 10% trade discount and $2\frac{1}{2}\%$ cash discount.

March 5 Sold goods for cash of the list price of ₹ 1,00,000 at 15% trade discount and 3% cash discount.

March 6 Sold goods to Nagpal of the list price of ₹ 50,000 at 20% trade discount.

Solution :

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2017 March 3	Purchase A/c To Cash A/c To Discount Received A/c (Purchased goods for cash at trade and cash discount)	Dr.	72,000	70,200 1,800
March 5	Cash A/c Discount Allowed A/c To Sales A/c (Goods sold for cash at trade and cash discount)	Dr. Dr.	82,450 2,550	85,000
March 6	Nagpal's A/c To Sales A/c (Cash received from Muskan in full settlement of her account)	Dr.	40,000	40,000
	Total		1,97,000	1,97,000

7. Manisha started a new business, show the analysis table for the following transactions :
2018

May 1	Started business with cash	(₹) 85,000
May 3	Goods purchased for cash	9,000
May 3	Sold goods for cash	12,000
May 4	Goods bought from Akansha	13,000
May 6	Office rent paid to the landlord	4,000
May 10	Paid salary to Bablu (Office Boy)	3,000
May 12	Machinery purchased from Priya Engineerings	25,000
May 15	Paid to Akansha on account	6,000
May 19	Sold goods	4,000
May 23	Stationery purchased	1,500
May 24	Drawings made	6,000
May 26	Goods lost by fire	3,000
May 28	Opened a bank account in PNB	12,000
May 30	Borrowed from Muthoot Corp.	10,000

Solution :

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2018 May 1	Cash A/c To Capital A/c (Started business with cash)	Dr.	85,000	85,000
May 3	Purchase A/c To Cash A/c (Purchased goods for cash)	Dr.	9,000	9,000
May 3	Cash A/c To Sales A/c (Goods sold for cash)	Dr.	12,000	12,000
May 4	Purchase A/c To Akansha's A/c (Purchased goods on credit from Akansha)	Dr.	13,000	13,000
May 6	Office Rent A/c To Cash A/c (Office rent paid to Landlord)	Dr.	4,000	4,000
May 10	Salary A/c To Cash A/c (Salary paid to Employees)	Dr.	3,000	3,000
May 12	Machinery A/c To Priya Engineerings A/c (Purchased a Machinery on credit from Priya Engineerings)	Dr.	25,000	25,000
May 15	Akansha's A/c To Cash A/c (Payment made to Akansha on account of her dues)	Dr.	6,000	6,000
May 19	Cash A/c To Sales A/c (Sold goods for cash)	Dr.	4,000	4,000
May 23	Stationary A/c To Cash A/c (Stationary purchased)	Dr.	1,500	1,500
May 24	Drawings A/c To Cash A/c (Drawings made in form of cash)	Dr.	6,000	6,000
May 26	Goods lost by fire A/c To Purchases A/c (Goods lost by fire)	Dr.	6,000	6,000
May 28	Bank A/c To Cash A/c (Opened a bank account in PNB Bank)	Dr.	12,000	12,000
May 30	Cash A/c To Loan from Muthoot Corp. A/c (Borrowed money from Muthoot Corp.)	Dr.	10,000	10,000
	Total		1,97,000	1,97,000

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8. Show the analysis table from the following transactions :

	(₹)
(i) Goods purchased for cash	19,000
(ii) Sold goods for cash	3,000
(iii) Received from Ram	900
(iv) Paid to Shyam	4,500
(v) Purchased one Typewriter	3,000

Solution :

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(i)	Purchase A/c Dr. To Cash A/c (Purchased goods for cash)		19,000	19,000
(ii)	Cash A/c Dr. To Sales A/c (Goods sold for cash)		3,000	3,000
(iii)	Cash A/c Dr. To Ram's A/c (Cash received from Ram)		900	900
(iv)	Shyam's A/c Dr. To Cash A/c (Cash paid to Shyam)		4,500	4,500
(v)	Typewriter A/c Dr. To Cash A/c (Purchased a Typewriter through cash)		3,000	3,000
	Total		30,400	30,400

9. Journalise the following transactions of Rakesh Agencies, Delhi (Proprietor Shri Rakesh):

2019		₹
Jan. 1	Rakesh commenced business with cash	50,000
Jan. 2	Purchased goods for cash	10,000
Jan. 5	Purchased goods from Mohan, Delhi	6,000
Jan. 7	Opened bank account with Bank of India	10,000
Jan. 10	Purchased furniture for office	2,000
Jan. 15	Sold goods for cash.....	8,000
Jan. 20	Sold goods to Ram, Delhi.....	5,000
Jan. 25	Cash sales	3,500
Jan. 27	Paid to Mohan on account	3,000
Jan. 28	Ram returns goods costing	500
Jan. 31	Paid Salaries	9,000
Jan. 31	Rejected and returned 10% of goods supplied by Mohan	

Solution :

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2019 Jan 1	Cash A/c Dr. To Capital A/c (Started business with cash)		50,000	50,000
Jan 2	Purchase A/c Dr. To Cash A/c (Purchased goods for cash)		10,000	10,000

Jan 5	Purchase A/c To Mohan's A/c (Goods purchased from Mohan)	Dr.	6,000	6,000
Jan 7	Bank A/c To Cash A/c (Opened a bank account with Bank of India)	Dr.	10,000	10,000
Jan 10	Furniture A/c To Cash A/c (Purchased furniture for office use)	Dr.	2,000	2,000
Jan 15	Cash A/c To Sales A/c (Goods sold for cash)	Dr.	8,000	8,000
Jan 20	Ram's A/c To Sales A/c (Goods sold on credit from Ram)	Dr.	5,000	5,000
Jan 25	Cash A/c To Sales A/c (Goods sold for cash)	Dr.	3,500	3,500
Jan 27	Cash A/c To Mohan's A/c (Cash paid to Mohan on account of his dues)	Dr.	3,000	3,000
Jan 28	Sale Returns A/c To Ram's A/c (Goods returned by Ram)	Dr.	500	500
Jan 31	Salaries A/c To Cash A/c (Salaried paid)	Dr.	9,000	9,000
Jan 31	Mohan's A/c To Purchase Returns A/c (Returned 10% of goods supplied by Mohan)	Dr.	9,000	9,000
	Total		1,07,600	1,07,600

10. Journalise the following transactions of Satish, Noida (UP) :

		₹
2019		
Jan. 1	Started business with cash	40,000
Jan. 2	Opened Bank Account by cheque from Savings Account.....	60,000
Jan. 3	Bought goods from M/s. S. Singh & Co., Delhi.....	20,000
Jan. 4	Introduced additional capital by cheque.....	5,000
Jan. 4	Purchased computer against cheque from Computer Mart, Noida...	15,000
Jan. 6	Paid for postage stamps.....	150
Jan. 8	Sold goods for cash.....	4,000
Jan. 9	Sold goods to M/s Sharda & Co., Delhi.....	10,000
Jan. 15	Paid the due amount to M/s S. Singh & Co. after availing discount of ₹ 400.....	
Jan. 25	Sold goods to M/s Ray & Co. Kolkata.....	5,600
Jan. 27	Received cheque from M/s Sharda & Co. in full settlement of amount due from them.....	11,000
Jan. 31	Paid for electricity charges	1,000
Jan. 31	Paid rent of building by cheque. Half of the building is used by the proprietor for residential use.....	5,000
Jan. 31	Drew for personal use.....	3,500

Solution :**Journal
In the books of Satish, Noida(U.P.)**

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2019 Jan 1	Cash A/c To Capital A/c (Started business with cash)	Dr.	40,000	40,000
Jan 2	Bank A/c To Cheque A/c (Opened a bank account by cheque from saving account)	Dr.	60,000	60,000
Jan 3	Purchase A/c To M/S S. Singh & Co. (Goods purchased from M/S S. Singh & Co., Delhi)	Dr.	20,000	20,000
Jan 4	Bank A/c To Capital A/c (Introduced additional capital through cheque)	Dr.	5,000	5,000
Jan 4	Computer A/c To Bank A/c (Purchased computer and payment made by cheque)	Dr.	15,000	15,000
Jan 6	Postage Charges A/c To Cash A/c (Paid for postage stamps)	Dr.	150	150
Jan 8	Cash A/c To Sales A/c (Goods sold on credit from Ram)	Dr.	4,000	4,000
Jan 9	M/S Sharda & Co. A/c To Sales A/c (Goods sold to M/S Sharda & Co.)	Dr.	10,000	10,000
Jan 15	M/S Singh & Co. A/c To Cash A/c To Discount Received A/c (Paid the due amount to M/S Singh & Co. after availing discount of ₹ 400)	Dr.	20,000	19,600 400
Jan 25	M/S Ray & Co. A/c To Sales A/c (Goods sold on credit to M/S Ray & Co., Kolkata)	Dr.	5,600	5,600
Jan 27	Bank A/c To M/S Sharda & Co. A/c To Profit on sale of goods A/c (Received a cheque from M/S Sharda & Co. in full settlement of her account)	Dr.	11,000	10,000 1,000
Jan 31	Electricity Charges A/c To Cash A/c (Electricity charges paid)	Dr.	1,000	1,000
Jan 31	Drawings A/c Rent A/c To Bank A/c (Paid rent of building by cheque, half of building is used by proprietor for residential purpose)	Dr. Dr.	2,500 2,500	5,000
Jan 31	Drawings A/c To Cash A/c (Drawings made in form of cash)	Dr.	3,500	3,500
	Total		2,00,250	2,00,250

11. Journalise the following transactions in the books of Dixit & Sons :

2018

- March 2 Sold goods to Dilip of the list price of ₹ 62,000 for ₹ 60,000.
 March 16 Purchased goods costing ₹ 2,00,000 from Hari & co. Paid 75% immediately by cheque to avail 4% discount.
 March 20 Sold goods to Vishal Traders costing ₹ 40,000 at 25% profit, allowing 10% trade discount and 10% cash discount. Received 80% payment immediately by cheque.
 March 26 Sold goods to Brij & Co. costing ₹ 50,000 at 40% profit, allowing 10% trade discount and 5% cash discount. Brij & Co. paid the full amount by cheque and availed cash discount.

Solution :

Journal
In the books of Dixit & Sons

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2018				
Mar 2	Dilip A/c Dr. To Sales A/c (Goods sold on credit Dilip)		60,000	60,000
Mar 16	Purchase A/c Dr. To Hari & Co. A/c To Bank A/c To Discount Received A/c (Purchased from Hari & Co., 75% paid through cheque and partly credit)		2,00,000	50,000 1,44,000 6,000
Mar 20	Bank A/c Dr. Vishal Traders A/c Dr. Discount Allowed A/c Dr. To Sales A/c (Goods Sold to Vishal, partly received through cheque)		9,000 32,400 3,600	45,000
Mar 26	Bank A/c Dr. Discount Allowed A/c Dr. To Sales A/c (Goods sold to Brij & Co., received full payment through cheque)		59,850 3,150	63,000
	Total		3,68,000	3,68,000

12. Journalise the following transactions :

2017

- Jan. 1 Paid into bank for opening a Current Account ₹ 10,000
 Jan. 3 Goods sold for ₹ 50,000 and the amount was deposited into the bank
 Jan. 7 Amount withdrawn from bank 20,000
 Jan. 10 Goods sold for Cash 15,000
 Jan. 12 Amount deposited into bank 12,000
 Jan. 14 Goods purchased and payment made by cheque 25,000

Solution :

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2017				
Jan 1	Bank A/c Dr. To Cash A/c (Paid into Bank for opening a current account)		10,000	10,000
Jan 3	Bank A/c Dr. To Sales A/c (Goods sold and the amount was deposited into bank)		50,000	50,000
Jan 7	Cash A/c Dr. To Bank A/c (Amount withdrawn from bank)		20,000	20,000

Apr 1	Purchase A/c Dr. To Khanna's Brother A/c To Cash A/c To Discount Received A/c (Goods purchased on credit and part payment made by cash)		5,100		3,060 1,999 41
Apr 3	Bank A/c Dr. Discount Allowed A/c Dr. To Mohan's A/c (Payment received from moham and allowed him discount)		9,750 250		10,000
Apr 5	Purchase A/c Dr. To Bank A/c (Goods purchased though cheque)		6,400		6,400
Apr 8	Cheque in Hand A/c Dr. To Sales A/c (Goods sold for cheque)		25,000		25,000
Apr 10	Bank A/c Dr. To Cheque in Hand A/c (Being cheque deposited into bank)		25,000		25,000
Apr 12	Bank A/c Dr. To Sohan's A/c (Payment received from sohan)		4,000		4,000
Apr 16	Drawings A/c Dr. To Cash A/c (Drawings made for payment of income tax)		5,600		5,600
Apr 20	Bank A/c Dr. Discount Allowed A/c Dr. To Sohan's A/c (Final payment received from sohan on account of his dues and allowed him discount)		7,800 200		8,000
Apr 21	Drawings A/c Dr. Cash A/c Dr. To Bank A/c (Cash drawn for personal use and office use)		4,000 2,000		6,000
Apr 23	X's A/c Dr. To Bank A/c To Discount Received A/c (Payment made to x and receive discount from him)		5,000		4,900 100
Apr 27	Sohan's A/c Dr. To Bank A/c To discount Received A/c (Sohan's cheque dishonoured)		8,000		7,800 200
Apr 28	Cash A/c Dr. Baddebts A/s Dr. To Dinesh's A/c (Payment received and baddebts witten off)		8,400 5,600		14,000
Apr 30	Bank A/c Dr. To Interest A/c (Interest allowed by bank)		350		350
Apr 30	Rent A/c Dr. Travelling Expences A/c Dr. To Bank A/c (Expences paid through bank)		1,500 500		2,000
	Total		2,35,450		2,35,450

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14. Following was the position of Harish & Co. as on 1st April, 2017 :

Cash in Hand ₹ 10,000; Cash at Bank ₹ 16,800; Furniture ₹ 8,000; Stock ₹ 50,000; Debtors—Ram ₹ 8,000; Shyam ₹ 12,000; Creditors—Anil ₹ 4,000; Sunil ₹ 5,000.

Following transactions took place during April, 2017 :

2017

- April 2 Received a cheque from Ram in full settlement of his account after deducting 5% cash discount.
- April 4 Deposited the above cheque into Bank.
- April 5 Goods purchased for ₹ 20,000 at 10% trade discount and 5% cash discount. Payment made by cheque.
- April 6 Received a cheque from Shyam for ₹ 3,860 and discount allowed to him ₹ 140. Cheque deposited into the bank on the same day.
- April 10 Cash paid to Anil after deducting 2% cash discount.
- April 15 Old furniture sold for ₹ 800.
- April 16 Sold goods to Shiv Parshad of the list price of ₹ 10,000 at a trade discount of 15%.
- April 18 Shiv Parshad returned goods of the list price of ₹ 1,000.
- April 20 Paid for furniture repairs to Bahadur Singh ₹ 100.
- April 25 Received a cheque from Shiv Parshad after deducting 4% cash discount. Cheque was deposited into bank.
- April 28 Bank charged ₹ 50 for 'Bank Charges'.
- April 30 Received Commission ₹ 200.

Solution :

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2017				
Apr 1	Cash in Hand A/c Dr.		10,000	
	Cash at Bank A/c Dr.		16,800	
	Furniture A/c Dr.		8,000	
	Stock A/c Dr.		50,000	
	Ram's A/c Dr.		8,000	
	Shyam's A/c Dr.		12,000	
	To Anil's A/c			4,000
	To Sunil's A/c			5,000
	To Capital A/c			95,800
	(Previous year balances brought forwarded)			
Apr 2	Cheque in Hand A/c Dr.		7,600	
	Discount Allowed A/c Dr.		400	
	To Ram's A/c			8,000
	(Payment received via cheque)			
Apr 4	Bank A/c Dr.		7,600	
	To Cheque in Hand A/c			7,600
	(Cheque deposited into bank)			
Apr 5	Purchases A/c Dr.		18,000	
	To Bank A/c			17,100
	To Discount Received A/c			900
	(Goods purchased and received discount)			
Apr 6	Bank A/c Dr.		3,860	
	Discount Allowed A/c Dr.		140	
	To Shyam's A/c			4,000
	(Payment received from shyam through cheque)			
Apr 10	Anil's A/c Dr.		4,000	
	To Cash A/c			3,920
	To Discount Received A/c			80
	(Payment made to anil and receive discount from him)			

Apr 15	Cash A/c To Furniture A/c (Interest allowed by bank)	Dr.	800	800
Apr 16	Shiv Prasad's A/c To Sales A/c (Goods sold on credit to shiv prasad at trade discount)	Dr.	8,500	8,500
Apr 18	Sale Returns A/c To Shiv Prasad's A/c (Goods return by shiv prasad)	Dr.	850	850
Apr 20	Repairs A/c To Cash A/c (Payment made towards furniture repairs)	Dr.	100	100
Apr 25	Bank A/c Discount Allowed A/c To Shiv Prasad's A/c (Payment received thorough cheque from shiv prasad)	Dr. Dr.	7,344 306	7,650
Apr 28	Bank Charges A/c To Bank A/c (Bank Charges deducted by bank)	Dr.	50	50
Apr 30	Cash A/c To Commission A/c (Commission received in cash)	Dr.	200	200
		Total	1,64,550	164,550

15. On 1st April, 2018, the following balances appeared in the books of Futuristic Ltd :

Assets : Cash in hand ₹ 8,000; Cash at Bank ₹ 15,000; Bills Receivable ₹ 24,000; Debtors ₹ 45,000; Stock ₹ 65,000; Investments ₹ 14,000; Machinery ₹ 2,20,000; Building ₹ 3,15,000; Input CGST ₹ 3,000; Input SGST ₹ 3,000; Input IGST ₹ 8,000.

Liabilities : Creditors ₹ 92,000; Loan from Raghu ₹ 84,000; Bills Payable ₹ 24,000.

Solution :

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2018				
Apr 1	Cash in Hand A/c	Dr.	8,000	
	Cash at Bank A/c	Dr.	15,000	
	Bills Receivables A/c	Dr.	24,000	
	Debtors A/c	Dr.	45,000	
	Stock A/c	Dr.	65,000	
	Investment A/c	Dr.	14,000	
	Machinery A/c	Dr.	2,20,000	
	Building A/c	Dr.	3,15,000	
	Input CGST A/c	Dr.	3,000	
	Input SGST A/c	Dr.	3,000	
	Input IGST A/c	Dr.	8,000	
	To Creditors A/c			92,000
	To Loan from Raghu A/c			84,000
	To Bills Payable A/c			24,000
	To Capital A/c (B/P)			5,20,000
	(Previous year balances brought forwarded)			
		Total	7,20,000	7,20,000

Jan. 10	Purchases A/c Dr. Input CGST A/c Dr. Input SGST A/c Dr. To Cash A/c (Purchase goods for cash)	12,000 720 720	13,440
Jan. 12	Purchases A/c Dr. Input CGST A/c Dr. Input SGST A/c Dr. To Amarjeet's A/c (Purchase goods on credit from Amajeet)	8,000 480 480	8,960
Jan. 13	Cash A/c Dr. To Sales A/c To Output CGST A/c To Output SGST A/c (Goods sold for cash)	10,080	9,000 540 540
Jan. 16	Rimsha's A/c Dr. To Sales A/c To Output CGST A/c To Output SGST A/c (Goods sold on credit to rimsha)	16,800	15,000 900 900
Jan. 18	Amarjeet's A/c Dr. To Purchase Returns A/c To Input CGST A/c To Input SGST A/c (Goods returned to Amarjeet)	1,120	1,000 60 60
Jan. 20	Advertisement Expences A/c Dr. To Purchases A/c To Input CGST A/c To Input SGST A/c (Goods distributed as free sample)	2,240	2,000 120 120
Jan. 25	Sale Returns A/c Dr. Output CGST A/c Dr. Output SGST A/c Dr. To Rimsha's A/c (Goods returned by Rimsha)	500 30 30	560
Jan. 27	Loss of Stock by Fire A/c Dr. Insurance Company A/c Dr. To Purchases A/c To Input CGST A/c To Input SGST A/c (Loss of stock by fire, insurance company accepted 75% claim amount)	280 840	1,000 60 60
Jan. 20	Charity A/c Dr. To Purchases A/c To Input CGST A/c To Input SGST A/c (Goods given as charity)	560	500 30 30
Jan. 30	Building A/c Dr. Input CGST A/c Dr. Input SGST A/c Dr. To Purchases A/c (Goods used in the construction of building)	1,000 60 60	1,060
	Total	1,81,000	1,81,000

18. Journalise the following transactions :

	₹
1. Charge depreciation on Machinery	20,000
2. Salary due to Office Clerks	1,00,000
3. Received cash for Bad-Debts written off last year	5,000
4. Purchased Goods from Ashok & Co. for ₹ 50,000 at 20% Trade Discount. Half the payment was made in cash.	
5. Issued cheque to Ashok & Co. in full settlement	19,500
6. Paid Life Insurance Premium by cheque	6,000
7. Proprietor used goods for household purposes	20,000
8. Goods given free to a hospital out of business	10,000

Solution :

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
1.	Depreciation A/c Dr. To Machinery A/c (Depreciation on machinery charged)		20,000	20,000
2.	Salary A/c Dr. To Outstanding Salary A/c (Goods sold and the amount was deposited into bank)		1,00,000	1,00,000
3.	Cash A/c Dr. To Bad debts A/c (Bad debts recovered)		5,000	5,000
4.	Purchases A/c Dr. To Ashok & Co. A/c To Cash A/c (Being goods purchased)		40,000	20,000 20,000
5.	Ashok & Co. A/c Dr. To Bank A/c To Discount Received A/c (Being payment made)		20,000	19,500 500
6.	Drawings A/c Dr. To Cash A/c (Being cash drawn for purchased)		6,000	6,000
7.	Drawings A/c Dr. To Purchases A/c (Being drawing made in goods)		20,000	20,000
8.	Charity A/c Dr. To Purchases A/c (Being goods donated to charity)		10,000	10,000
	Total		2,21,000	2,21,000



20. From the following transactions, state the nature of account and state which account will be debited and which account credited :

(i) Manu started business with cash	1,00,000
(ii) He purchased furniture for business	20,000
(iii) Purchased goods on credit from Anshul	6,000
(iv) Paid to his creditor, Anshul	2,000
(v) Paid salary to his clerk	1,000
(vi) Paid rent	500
(vii) Received interest	200

Solution :

Transactions	Accounts Involved	Nature of Account	Debit (₹)	Credit (₹)
1. Manu started business with cash	Cash	Real	1,00,000	
	Capital	Personal		1,00,000
2. Purchased furniture for business	Furniture	Real	20,000	
	Cash	Real		20,000
3. Purchased goods on credit from Anshul	Purchase	Nominal	6,000	
	Anshul	Personal		6,000
4. Payment made to his creditor Anshul	Cash	Real	2,000	
	Anshul	Personal		2,000
5. Paid salary to his clerk	Salary	Nominal	1,000	
	Cash	Real		1,000
6. Paid to rent	Rent	Nominal	500	
	Cash	Real		500
3. Interest Received	Cash	Real	200	
	Interest	Nominal		200

21. Open a "T" shape account for machinery and put the following transactions on the proper side :

(i) Machinery purchased	40,000
(ii) Machinery sold	10,000
(iii) Machinery purchased	8,000
(iv) Machinery discarded	14,000
(v) Depreciation on machinery	1,000

Solution :

Dr.		Machinery Account		Cr.	
Particulars	Amt. (₹)	Particulars	Amt. (₹)		
Record increase in machinery on this side :		Record decrease in machinery on this side :			
1. To Cash (Machinery purchased)	40,000	2. By Cash (Machinery sold)	10,000		
3. To Cash (Machinery purchased)	8,000	4. By Machinery discarded	14,000		
		5. By Depreciation on machinery	1,000		
		Balance	23,000		
	48,000				48,000

22. Raghunath had the following transactions in an accounting year :

- (i) Commenced business with cash ₹ 50,000.
- (ii) Paid into bank ₹ 10,000.
- (iii) Purchased goods for cash ₹ 20,000 and credit ₹ 30,000.
- (iv) Sold goods for cash ₹ 40,000 costing ₹ 30,000.
- (v) Rent paid ₹ 500.
- (vi) Rent outstanding ₹ 100.
- (vii) Bought furniture ₹ 5,000 on credit.
- (viii) Bought refrigerator for personal use ₹ 5,000.
- (ix) Purchased motorcycle for cash ₹ 20,000.

Create an Accounting Equation to show the effect of the above and also show his Balance Sheet. □

Accounting for Goods and Service Tax (GST)

1. Pass entries in the books of Mukerjee & Sons. assuming all transactions have taken place within the state of Uttar Pradesh. Assume CGST @ 9% and SGST @ 9%.
2018

March 4	Purchased goods for ₹ 5,00,000 from Mehta Bros.
March 10	Sold goods for ₹ 8,00,000 to Munjal & Co.
March 15	Paid for advertisement ₹ 40,000 by cheque.
March 18	Purchased furniture for office use ₹ 50,000 and payment made by cheque.
March 25	Paid for printing and stationery ₹ 8,000.
March 31	Payment made of balance amount of GST.

Solution:

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2018				
Mar 4	Purchase A/c Dr. Input CGST A/c Dr. Input SCST A/c Dr. To Mehta Bros. A/c (Goods purchased from Mehta Bros.)		5,00,000 45,000 45,000	5,90,000
Mar 10	Munjal & Co. A/c Dr. To Sales A/c To Output CGST A/c To Output SGST A/c (Goods sold to Munjal & Co.)		9,44,000	8,00,000 72,000 72,000
Mar 15	Advertisement A/c Dr. Input CGST A/c Dr. Input SCST A/c Dr. To Bank A/c (Advertisement expenses paid)		40,000 3,600 3,600	59,000
Mar 18	Furniture A/c Dr. Input CGST A/c Dr. Input SCST A/c Dr. To Bank A/c (Furniture purchased and payment made by bank)		50,000 4,500 4,500	47,200
Mar 25	Printing & Stationary A/c Dr. Input CGST A/c Dr. Input SCST A/c Dr. To Cash A/c (Printing & Stationary charges paid)		8,000 720 720	9,440
Mar 31	Output CGST A/c Dr. Output SGST A/c Dr. To Input CGST A/c To Input SGST A/c (Input tax credit availed)		53,820 53,820	53,820 53,820
Mar 31	Output CGST A/c Dr. Output SGST A/c Dr. To Bank A/c (Payment of balance GST to Government)		18,180 18,180	36,360
	Total		17,93,640	17,93,640

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2. Following are the transactions of R. Singh & Co., Kanpur (U.P.) for the month of July, 2018. You are required to journalise them :

		₹
2018		
July 1	Started business with Cash	80,000
July 1	Cash paid into bank.....	50,000
July 1	Bought stationery of ₹ 300 <i>plus</i> CGST and SGST @ 6% each	
July 2	Bought goods of ₹ 21,000 <i>plus</i> CGST and SGST @ 6% each	
July 5	Sold goods of ₹ 7,500 <i>plus</i> CGST and SGST @ 6% each	
July 6	Bought office furniture of ₹ 5,000 <i>plus</i> CGST and SGST @ 6% each from Banerjee Bros.	
July 11	Sold goods of ₹ 10,000 <i>plus</i> CGST and SGST @ 6% each at Mahendra	
July 12	Received cheque from Mahendra for the amount due	
July 16	Sold goods of ₹ 5,000 <i>plus</i> CGST and SGST @ 6% each Ramesh and Co.	
July 20	Bought goods of ₹ 20,000 <i>plus</i> IGST @ 12% from S. Seth & Bros., Delhi	
July 23	Bought goods of 2,250 <i>plus</i> IGST @ 12% for cash from S. Narain & Co. Ludhiana (Punjab)	
July 26	Ramesh & Co. paid on account.....	2,500
July 28	Paid to S. Seth & Bros. by cheque in full settlement.....	22,000
July 31	Rent is due to S. Sharma but not yet paid.....	1,000

Solution :

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2018				
July 1	Cash A/c Dr. To Capital A/c (Started business with cash)		80,000	80,000
July 1	Bank A/c Dr. To Cash A/c (Cash deposited into bank)		50,000	50,000
July 1	Stationery A/c Dr. Input CGST A/c Dr. Input SCST A/c Dr. To Cash A/c (Stationery purchased)		300 18 18	336
July 2	Purchase A/c Dr. Input CGST A/c Dr. Input SCST A/c Dr. To Cash A/c (Goods purchased for cash)		21,000 1,260 1,260	23,520
July 5	Cash A/c Dr. To Sales A/c To Output CGST A/c To Output SGST A/c (Goods sold for cash)		8,400	7,500 450 450
July 6	Furniture A/c Dr. Input CGST A/c Dr. Input SCST A/c Dr. To Banerjee Bros. A/c (Furniture Purchased on credit from Banarjee & Co.)		5,000 300 300	5,600

July 11	Mahendra A/c To Sales A/c To Output CGST A/c To Output SGST A/c (Goods sold on credit to Mahendra)	Dr.	11,200	
				10,000 600 600
July 12	Bank A/c To Mahendra A/c (Received cheque from mahendra for the amount due)	Dr.	11,200	11,200
July 16	Ramesh & Co. A/c To Sales A/c To Output CGST A/c To Output SGST A/c (Goods sold on credit to Ramesh & Co.)	Dr.	5,600	5,000 300 300
July 20	Purchase A/c Input IGST A/c To S. Seth & Bros. A/c (Goods purchased on credit from S. Seth & Bros.)	Dr. Dr.	20,000 2,400	22,400
July 30	Purchase A/c Input IGST A/c To Cash A/c (Goods purchased for cash)	Dr. Dr.	2,250 270	2,520
July 26	Cash A/c To Ramesh & Co. A/c (Received from Ramesh & Co. for the amount due)	Dr.	2,500	2,500
July 28	S. Seth & Bros. A/c To Bank A/c To Discount Received A/c (Payment made to S. Seth & Bros. on dues)	Dr.	22,400	22,000 400
July 31	Rent A/c To Outstanding Rent A/c (Rent due but not paid)	Dr.	1,000	1,000
	Total		2,46,676	2,46,676

- 3.** Record the following transactions in the Journal of Ashoka Furniture Traders, Ludhiana (Punjab): 2019
- | | | ₹ |
|---------|---|----------|
| Jan. 1 | Started business with cash..... | 50,000 |
| Jan. 2 | Opened a Current Account by personal cheque..... | 3,50,000 |
| Jan. 10 | Purchased machinery against cheque..... | 1,00,000 |
| Jan. 15 | Paid wages for installation of machinery..... | 2,000 |
| Jan. 20 | Purchased timber from Singh & Co., Ludhiana (Punjab) of the list price of ₹ 20,000 at 10% trade discount | |
| Jan. 25 | Out of the above, timber used for furnishing the office..... | 5,000 |
| Jan. 31 | Sold timber to Rakesh of the list price of ₹ 10,000 and allowed him 10% trade discount | |
| Feb. 10 | 10 Issued to Singh & Co. a cheque in full settlement..... | 20,000 |
| Feb. 15 | Received from Rakesh in full and final settlement..... | 10,000 |
| Feb. 20 | Paid wages..... | 15,000 |
| Feb. 28 | Issued a cheque for ₹ 5,000 in favour of the landlord for rent of February
CGST and SGST is levied @ 6% each on intra-state sale and purchase.
IGST is levied @ 12% on inter-state sale and purchase. | |

Solution :

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2019 Jan 1	Cash A/c Dr. To Capital A/c (Started business with cash)		50,000	50,000
Jan 2	Bank A/c Dr. To Capital A/c (Opened a current account)		3,50,000	3,50,000
Jan 10	Machinery A/c Dr. Input CGST A/c Dr. Input SCST A/c Dr. To Bank A/c (Machinery purchased against cheque)		1,00,000 6,000 6,000	1,12,000
Jan 15	Machinery Charges A/c Dr. To Cash A/c (Payment made for installation charges)		2,000	2,000
Jan 20	Purchase A/c Dr. Input CGST A/c Dr. Input SCST A/c Dr. To Singh & Co. A/c (Purchase of timber)		18,000 1,080 1,080	20,160
Jan 25	Furniture A/c Dr. To Purchase A/c To Input CGST A/c To Input SGST A/c (Timber used for furnishing office)		5,600	5,000 300 300
Jan 31	Rakesh A/c Dr. To Sales A/c To Output CGST A/c To Output SGST A/c (Timber used for furnishing office)		10,080	9,000 540 540
Feb 10	Singh & Co. A/c Dr. To Bank A/c To Discount Received A/c (Cheque issued to Singh & Co.)		20,160	20,000 160
Feb 15	Cash A/c Dr. Discount Allowed A/c Dr. To Rakesh A/c (Received from Rakesh on account of his dues)		10,000 80	10,080
Feb 20	Wages A/c Dr. To Cash A/c (Received from Rakesh on account of his dues)		15,000	15,000
Feb 20	Rent A/c Dr. To Bank A/c (Issued a cheque to a Landlord)		5,000	5,000
	Total		6,00,080	6,00,080

4. Journalise the following transactions :

2018

July 1 Purchased goods by cheque ₹ 10,000 *plus* IGST@ 12%.July 6 Sold goods for cash ₹ 6,000 *plus* CGST and SGST @ 6% each and for cheque ₹ 4,000 *plus* IGST@ 12%.

July 8 Received a crossed bank draft from Sumer for ₹ 7,000.

July 12 Received a cheque of ₹ 2,000 from Amar Nath and deposited it into Bank.

July 15 Received a cheque of ₹ 1,000 from Shanker and endorsed it to Sharma.

July 20 Shanker's cheque was dishonoured.

July 28 Paid advertising expenses by cheque ₹ 5,000 *plus* CGST and SGST @6% each.

July 30 Deposited into Bank ₹ 1,000.

Solution :**Journal**

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2018				
July 1	Purchase A/c Input IGST A/c To Bank A/c (Purchased goods and payment made by cheque)	Dr. Dr.	10,000 1,200	11,200
July 6	Cash A/c To Sales A/c To Output CGST A/c To Output SGST A/c (Goods sold for cash)	Dr.	6,720	6,000 360 360
July 6	Debtors A/c To Sales A/c To Output IGST A/c (Machinery purchased against cheque)	Dr.	4,480	4,000 480
July 8	Cash A/c To Bank A/c (Received a crossed bank draft from sumer)	Dr.	7,000	7,000
July 12	Bank A/c To Amarnath A/c (Received a cheque from Amarnath)	Dr.	2,000	2,000
July 15	Cheque in hand A/c To Shanker A/c (Received a cheque from Shanker)	Dr.	1,000	1,000
July 15	Sharma A/c To Cheque in hand A/c (Endorsement of cheque to Sharma)	Dr.	1,000	1,000
July 20	Cheque in hand A/c To Sharma A/c (Cheque dishonoured)	Dr.	1,000	1,000
July 20	Shanker A/c To Cheque in hand A/c (Received a cheque from Amarnath)	Dr.	1,000	1,000
July 28	Advertisement Expences A/c Input CGST A/c Input SCST A/c To Bank A/c (Advertisement expences paid by cheque)	Dr. Dr. Dr.	5,000 300 300	5,600
July 30	Bank A/c To Cash A/c (Deposited into bank)	Dr.	1,000	1,000
	Total		6,00,080	6,00,080

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5. Record the following transactions of March, 2018 in the Journal : (₹)
- Mar. 3 Opened a Saving Account with SBI. 40,000
 - Mar. 6 Goods purchased for ₹ 12,000 plus CGST and SGST @ 6% each.
 - Mar. 10 Goods purchased on credit from Mr. Ram Nath ₹ 8,000 plus CGST and SGST @ 6% each.
 - Mar. 13 Paid rent for March, 2018 ₹ 1,200 plus CGST and SGST @ 6% each.
 - Mar. 15 Paid to Sh. Ram Nath by bearer cheque. 4,000
 - Mar. 16 Cash sales against bearer cheques ₹ 4,400 plus CGST and SGST @ 6% each.
 - Mar. 18 Paid to Sh. Ram Nath by crossed cheque in full settlement of his A/c. 3,680
 - Mar. 22 Cheques received on 16th March deposited in the Bank.
 - Mar. 23 Payment of ₹ 2,800 by cheque to Anil in full settlement of his account for ₹ 3,200.

Solution :

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2018 March 3	Bank A/c To Cash A/c (Opened a bank account with SBI)	Dr.	40,000	40,000
March 6	Purchase A/c Input CGST A/c Input SCST A/c To Cash A/c (Purchased goods for cash)	Dr. Dr. Dr.	12,000 720 720	13,440
March 10	Purchase A/c Input CGST A/c Input SCST A/c To Ram Nath A/c (Purchased goods on credit to Ramnath)	Dr. Dr. Dr.	8,000 480 480	8,960
March 13	Rent A/c Input CGST A/c Input SCST A/c To Cash A/c (Paid rent for cash)	Dr. Dr. Dr.	1,200 72 72	1,344
March 15	Ram Nath A/c To Bank A/c (Payment made to Ram Nath by cheque)	Dr.	4,000	4,000
March 16	Cheque in hand A/c To Sales A/c To Output CGST A/c To Output SGST A/c (Cash sales against bearer cheque)	Dr.	4,928	4,400 264 264
March 18	Ram Nath A/c To Bank A/c To Discount A/c (Paid rent for cash)	Dr.	4,960	3,680 1,280
March 22	Bank A/c To Cheque in hand A/c (Cheque deposited into bank)	Dr.	4,928	4,928
March 23	Cheque in hand A/c To Cash A/c To Discount Received A/c (Deposit into bank)	Dr.	3,200	2,800 400
	Total		80,800	80,800

6. Pass entries in the books of Mr. Roopani of Gujarat assuming CGST @ 9% and SGST @ 9%.

- (i) Purchased goods for ₹ 2,00,000 from Suryakant of Jaipur (Rajasthan) on Credit.
- (ii) Sold goods for ₹ 1,50,000 to Mr. Pawar of Mumbai (Maharashtra) and the cheque received was sent to bank.
- (iii) Sold goods for ₹ 2,50,000 within the state on credit.
- (iv) Paid insurance premium of 20,000 by cheque.
- (v) Purchased furniture for office for ₹ 60,000 by cheque.
- (vi) Payment made of balance amount of GST.

Solution :

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(i)	Purchase A/c Dr. Input IGST A/c Dr. To Suryakant's A/c (Purchased goods on credit from Suryakant)		2,00,000 36,000	2,36,000
(ii)	Bank A/c Dr. To Sales A/c To Output IGST A/c (Goods sold to Mr. Pawan, received cheque sent to bank)		1,77,000	1,50,000 27,000
(iii)	Debtors A/c Dr. To Sales A/c To Output CGST A/c To Output SGST A/c (Goods sold on credit)		2,95,000	2,50,000 22,500 22,500
(iv)	Insurance Premium A/c Dr. Input CGST A/c Dr. Input SCST A/c Dr. To Bank A/c (Insurance charges paid by cheque)		20,000 1,800 1,800	23,600
(v)	Office Furniture A/c Dr. Input CGST A/c Dr. Input SGST A/c Dr. To Bank A/c (Purchased office furniture and payment made by cheque)		60,000 5,400 5,400	70,800
(vi)	Output IGST A/c Dr. To Input IGST A/c (Input tax credit upto ₹27000 availed and balance adjusted against Output CGST)		27,000	27,000
(vii)	Output CGST A/c Dr. To Input CGST A/c To Input SGST A/c To Bank A/c (Goods sold to Mr. Pawan ,received cheque sent to bank)		22,500	7,200 9,000 6,300
(viii)	Output SGST A/c Dr. To Input SGST A/c To Bank A/c (Purchased goods on credit)		22,500	7,200 15,300
	Total		8,74,400	8,74,400

Working Note:**GST set off Procedure**

	Output IGST	Output CGST	Output SGST
	(₹)	(₹)	(₹)
Input IGST	27,000	2,25,000	22,500
Input CGST	(27,000)	(9,000)	—
Input SGST	—	(7,200)	—
	—	—	(7,200)
Payable	Nil	6,300	1,530

7. Pass entries in the books of Sh. Jagdish Mishra of Lucknow (U.P.) assuming CGST @6% and SGST @6% :

2018

- March 5 Purchased goods for ₹ 2,50,000 from Virender Yadav of Patna (Bihar).
 March 12 Sold goods costing ₹ 60,000 at 50% profit to Partap Sinha of Ranchi (Jharkhand).
 March 14 Purchased goods for ₹ 70,000 from Ram Nath of Kanpur (U. P.) against cheque.
 March 18 Sold goods at Varanasi (U.P.) Costing ₹ 2,25,000 at $33\frac{1}{3}\%$ profit less trade discount 10% against cheque which was deposited into bank.
 March 20 Paid rent ₹ 25,000 by cheque.
 March 31 Payment made of balance amount of GST.

Solution:

**In the books of Sh. Jagdish Mishra, Lucknow
Journal**

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2018 Mar 5	Purchase A/c Dr. Input IGST A/c Dr. To Virendra Yadave A/c (Purchased goods from virendra)		2,50,000 30,000	2,80,000
March 12	Pratap Sinha A/c Dr. To Sales A/c To Output IGST A/c (Goods sold to Pratap Sinha of Rachi)		1,00,800	90,000 10,800
March 14	Purchase A/c Dr. Input CGST A/c Dr. Input SCST A/c Dr. To Bank A/c (Purchased Goods from Ram Nath against cheque)		70,000 4,200 4,200	78,400
March 18	Bank A/c Dr. To Sales A/c To Output CGST A/c To Output SGST A/c (Goods sold at $33\frac{1}{3}\%$ profit and cheque received deposited into bank))		3,02,400	2,70,000 1,200 16,200
March 20	Rent A/c Dr. Input SGST A/c Dr. Input SGST A/c Dr. To Bank A/c (Rent paid by cheque)		25,000 1,500 1,500	28,000

March 31	Output IGST A/c To InputIGST A/c (Input tax credit availed)	Dr.	10,800	10,800
March 31	Output CGST A/c To InputCGST A/c To InputIGST A/c (Input tax credit availed)	Dr.	16,200	3,700 10,500
March 31	Output SGST A/c To InputSGST A/c To InputIGST A/c To Bank A/c (Input tax credit aviled and balance amount paid)	Dr.	16,200	5,700 8,700 1,800
Total			80,800	80,800

8. Enter the following transactions in the Journal of Suresh, Delhi who trades in readymade garments :
2019

April 1	Suresh paid into bank as Capital*	60,000
April 2	He bought goods and paid by cheque	24,000
April 3	Sold goods to Mukand & Co., Delhi.....	6,700
April 4	Sold goods for cash.....	10,900
April 5	Paid sundry expenses in cash*.....	3,000
April 8	Paid for office furniture and fittings by cheque.....	4,000
April 9	Bought goods from Ramesh & Bros., Faridabad (Haryana).....	10,600
April 11	Returned goods to Ramesh & Bros.....	1,500
April 12	Issued cheque to Ramesh & Bros. in full settlement*.....	9,500
April 30	Bank charged interest*	200
April 30	Borrowed from Ridhi @ 10% per annum interest*	50,000
April 30	Received from Mahendra on account*.....	6,000
April 30	Sold household furniture and paid the amount into business*	2,000
April 30	Sold goods costing ₹ 5,000 to Anita for cash at a profit of 20% on cost, <i>less 20% trade discount</i>	
April 30	Sold goods costing ₹ 20,000 to Sunil at a profit of 20% on sale <i>less 20%</i> Trade Discount and paid cartage ₹ 150 (to be charged from customer).	

CGST and SGST is levied @ 6% each on intra-state sale and purchase. IGST is levied @ 12% on inter-state sale and purchase. Out of the above, transactions marked with (*) are not subject to levy of GST.

[Hint: Household furniture is personal asset. When it is sold GST will not be levied. Since amount realised is invested in the firm, Suresh's Capital Account will be credited.]

Solution :

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2019 Apr. 1	Bank A/c To Capital A/c (Business started with Opening a bank account)	Dr.	60,000	60,000
Apr. 2	Purchase A/c Input CGST A/c Input SCST A/c To Bank A/c (Purchased goods for cheque)	Dr. Dr. Dr.	24,000 1,440 1,440	26,880
Apr. 3	Mukand & Co. A/c To Sales A/c To OutputCGST A/c To Output SGST A/c (Goods sold to Mukand & Co.)	Dr.	7,504	6,700 402 402

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Apr. 4	Cash A/c To Sales A/c To Output CGST A/c To Output SGST A/c (Goods sold for cash)	Dr.	12,208	10,900 654 654
Apr. 5	Sundry Expenses A/c To Cash A/c (Sundry expenses paid)	Dr.	3,000	3,000
Apr. 8	Furniture & fittings A/c To Bank A/c (Paid for office furniture and fittings payment made by cheque)	Dr.	4,000	4,000
Apr. 9	Purchase A/c Input IGST A/c To Ramesh & Bros. A/c (Purchased goods from Ramesh & Bros. Faridabad)	Dr. Dr.	10,600 1,272	11,872
Apr. 11	Ramesh & Bros. A/c To Purchase Return A/c To Input IGST A/c (Goods returned to Ramesh & Bros.)	Dr.	1,680	1,500 180
Apr. 12	Ramesh & Bros. A/c To Bank A/c To Input SGST A/c (Final payment made to Ramesh & Bros.)	Dr.	10,192	9,500 692
Apr. 30	Interest A/c To Bank A/c (interest charged by bank)	Dr.	200	200
Apr. 30	Cash A/c To 10% Loan from Ridhi A/c (Borrowed from Ridhi)	Dr.	50,000	50,000
Apr. 30	Cash A/c To Mahendra A/c (Payment received from Mahendra)	Dr.	6,000	6,000
Apr. 30	Cash A/c To Capital A/c (Owner invested further capital)	Dr.	2,000	2,000
Apr. 30	Cash A/c To Sales A/c To Output CGST A/c To Output SGST A/c (Goods sold to Anita for cash)	Dr.	5,376	4,800 288 288
Apr. 30	Sunil A/c To Sales A/c To Output CGST A/c To Output SGST A/c To Cartage A/c (Goods sold to Sunil and cartage paid which charged from Sunil)	Dr.	22,550	20,000 1,200 1,200 150
		Total	2,23,412	2,23,412



Book of Original Entry—Cash Book

1. Without GST Prepare a Simple Cash Book from the following transactions :

2018	(₹)
Apr. 1 Started business with cash	9,000
Apr. 4 Bought goods for cash	2,500
Apr. 7 Paid into bank	3,000
Apr. 10 Received from Ram Lal as loan	2,400
Apr. 12 Paid wages	100
Apr. 14 Purchased television for personal use	2,000
Apr. 19 Received for rent	250
Apr. 22 Paid for purchases	1,000
Apr. 28 Paid life insurance premium	250
Apr. 30 Goods sold	1,000

Solution :

Cash A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2018			₹	2018			₹
Apr. 1	To Capital A/c		9,000	Apr. 4	By Purchase A/c		2,500
Apr. 10	To Ramlal		2,400	Apr. 7	By Bank A/c		3,000
Apr. 19	To Rent A/c		250	Apr. 12	By Wages A/c		100
Apr. 30	To Sales A/c		1,000	Apr. 14	By Drawings A/c		2,000
				Apr. 22	By Purchase A/c		1,000
				Apr. 28	By Life Insurance Premium		250
				Apr. 30	By Balance c/d		3,800
			12,650				12,650

2. Prepare Simple Cash Book from the following transactions of Suresh, Delhi :

2019	₹	2019	₹
April 1 Suresh commenced business with cash	80,000	April 17 Paid for stationery	200
April 3 He bought goods	50,000	April 18 Paid for office furniture	3,000
April 5 Sold goods for cash	40,000	April 21 Received from Mr. Kailash Chand	6,800
April 6 Received cash from Mr. Manohar	3,600	April 22 Paid for advertising	1,008
April 9 Paid into Bank	30,000	April 25 Purchased postage stamps	80
April 13 Paid cash to Harikrishan	2,150	April 28 Paid Rent	1,120
		April 30 Paid electricity charges	150

Solution :

In the books of Suresh, Delhi Cash Book

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2019			₹	2019			₹
Apr. 1	To Capital A/c		9,000	Apr. 4	By Purchase A/c		50,000
Apr. 5	To Sales A/c		40,000	Apr. 9	By Bank A/c		30,000
Apr. 6	To Mr. Manmohan		3,600	Apr. 13	By Hari Krishna A/c		2,150
Apr. 21	To Mr. Kailash		6,800	Apr. 17	By Stationary A/c		200

4. Enter the following transactions in a Single Column Cash Book of M/s Suchitra Sen & Co. :

2017		₹
March 1	Cash in Hand	1,20,000
March 2	Bought machinery for ₹ 60,000 and paid carriage	2,000
March 4	Bought goods for ₹ 25,000 and paid carriage	1,000
March 5	Bought goods from Ravi Das	15,000
March 6	Cash received from sale of Motor bike	5,000
March 8	Sold goods for cash less 5% cash discount	20,000
March 10	Sold goods	40,000
March 12	Paid to Ravi Das on account	10,000
March 15	Bought goods from Suresh for cash less 4% cash discount	30,000
March 20	Paid to Ravi Das	4,500
	Discount received	500
March 25	Cash collected from Ashok (Debtor)	10,000
March 28	Purchased postal stamps	500
March 28	Salary paid to accountant	15,000

Solution :

**In the books of M/s Suchita
Cash Book**

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2017			₹	201			₹
Mar. 1	To Balance b/d		1,20,000	Mar. 2	By Machinery A/c (60,000 + 2,000)		62,000
Mar. 6	To Motor Bike		5,000	Mar. 4	By Purchase A/c		25,000
Mar. 8	To Sales		19,000	Mar. 4	By Carriage A/c		1,000
Mar. 10	To Sales		40,000	Mar. 12	By Ravi Das A/c		10,000
Mar. 25	To Ashok		10,000	Mar. 15	By Suresh A/c		28,800
				Mar. 20	By Ravi Das A/c		4,500
				Mar. 28	By Postage Stamps A/c		500
				Mar. 28	By Salary A/c		15,000
				Mar. 31	By Balance c/d		47,200
			1,94,000				1,94,000
Apr. 1	To Balance b/d		47,200				

5. Write up Cash Book of Bhanu Partap with Cash and Bank Columns from the following transactions :

2017		₹
March 1	Cash-in-hand	2,710
	Cash at Bank	27,500
March 3	Received from Subhash	3,500
March 4	Sold goods for cash	10,000
March 7	Paid Rent by Cheque	800
March 8	Paid Sohan by Cheque	3,000
March 10	Bought goods for cash	15,000
March 12	Paid cash for stationery	200
	Drew from Bank for office use	8,000
March 15	Received cheque from Surendra and sent it to Bank	6,600
March 16	Paid for advertisement	750
March 18	Issued cheque in favour of Nath Brothers	4,300
March 19	Cash Sales	13,000
	Paid into Bank	16,000

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March 20	Received cheque from Vinod and sent it to Bank	2,400
March 22	Bought Scooter and paid for the same by cheque	18,000
March 25	Bank returned Surendra's cheque dishonoured	
March 28	Paid salary by cheque	7,200
	Paid Trade expenses	2,000
March 29	Cash sales	9,500
March 30	Paid into Bank	10,000

Solution :

**In the books of Bhanu Pratap
Cash Book**

Date	Particulars	L.F.	Cash	Bank	Date	Particulars	L.F.	Cash	Bank
2017			₹	₹	2017			₹	₹
Mar. 1	To Balance b/d		2,710	27,500	Mar. 7	By Rent A/c		-	800
Mar. 3	To Subash A/c		3,500	-	Mar. 8	By Sohan A/c		-	3,000
Mar. 4	To Sales A/c		10,000	-	Mar. 10	By Purchase A/c		15,000	-
Mar. 12	To Bank A/c	C	8,000	-	Mar. 12	By Stationary A/c		200	-
Mar. 15	To Surendra A/c		-	6,600	Mar. 12	By Cash A/c		-	8,000
Mar. 19	To Sales A/c		13,000	-	Mar. 16	By Advertisement A/c		750	-
Mar. 19	To Cash A/c		-	16,000	Mar. 18	By Nath Bros.A/c		-	4,300
Mar. 20	To Vinod A/c		-	2,400	Mar. 19	By Bank A/c	C	16,000	-
Mar. 29	To Sales A/c		9,500	-	Mar. 22	By Vehicle A/c		-	18,000
Mar. 30	To Cash A/c	C	-	10,000	Mar. 26	By Surendra A/c		-	6,600
					Mar. 28	By Salary A/c		-	7,200
					Mar. 28	By Trade Expences A/c		2,000	-
					Mar. 30	By Bank A/c	C	10,000	-
					Mar. 31	By Balance c/d		2,760	14,600
			46,710	62,500				46,710	62,500
Apr. 1	To Balance b/d		2,760	14,600					

6. Enter the following transactions in the Double Column Cash Book of M/s. Gupta Store :

Date	Particulars	₹
2019		₹
June 1	Cash in Hand ₹ 800 Bank overdraft, ₹ 5,700	
June 7	Received a cheque from Bharati, discount allowed ₹ 150.....	3,250
June 9	Deposited the above cheque into Bank.....	
June 15	Cheque received from Panna Lal.....	1,200
June 20	Bharati's cheque returned dishonoured.....	
June 28	Panna Lal's cheque was endorsed to Kamal.....	
June 30	Income Tax paid by cheque.....	150

Solution :

**In the books of M/s. Gupta Store
Cash Book**

Date	Particulars	L.F.	Cash	Bank	Date	Particulars	L.F.	Cash	Bank
2019			₹	₹	2019			₹	₹
Jun. 1	To Balance b/d		800	-	Jun.1	By Balance b/d		-	5,700
Jun. 9	To Cheque-in-hand A/c		-	3,250	Jun. 20	By Cheque-in-hand A/c		-	3,250
Jun. 31	To Balance c/d (Overdraft)		-	5,850	Jun. 30	By Drawings A/c		-	150
					Jun. 30	By Balance c/d		800	-
			1,050	9,100				1,050	9,100

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2019 Jun. 7	Cheque-in-hand A/c To Bharti (Cheque received from Bharti but not deposited the same day)	Dr.	₹ 3,250	₹ 3,250
Jun. 15	Cheque-in-hand A/c To Panna Lal (Cheque received from Panna Lal)	Dr.	1,200	1,200
Jun. 28	Kamal To Cheque-in-hand A/c (Cheque received from Panna Lal endorsed in favour of Kamal)	Dr.	1,200	1,200

7. Prepare Two-column Cash Book of Bimal, Lucknow from the following transactions :

2019		₹	2019		₹
June 1	Cash Balance	5,000	June 21	Drawn from Bank	5,000
June 1	Bank Balance	17,500	June 29	Paid office salaries in cash	4,000
June 5	Cash received from sale of personal asset deposited in firm's account	5,000	June 30	Sold goods in cash for ₹ 8,000 plus CGST and SGST @ 6% each and banked the same	
June 6	Cheque received as advance against sale, paid into bank	50,000	June 30	Paid rent by cheque including CGST and SGST @ 6% each	1,120
June 7	Paid S. Bose by cheque	12,500	June 30	Paid into Bank	7,500
	Discount received	200			
June 9	Paid wages in cash	3,000			
June 20	Received a cheque from A. Mukherjee and sent it to bank	6,000			

Solution :

**In the books of Bimal, Lucknow
Cash Book**

Date	Particulars	L.F.	Cash	Bank	Date	Particulars	L.F.	Cash	Bank
2019			₹	₹	2019			₹	₹
Jun. 1	To Balance b/d		5,000	17,500	Jun. 7	By S. Bose		-	12,500
Jun. 5	To Investment A/c		5,000	-	Jun. 4	By Wages A/c		3,000	-
Jun. 6	To Advances A/c		-	50,000	Jun. 21	By Cash A/c	C	-	5,000
Jun. 20	To A. Mukherjee		-	6,000	Jun. 29	By Salaries A/c		4,000	-
Jun. 21	To Bank A/c	C	5,000	-	Jun. 30	By Rent A/c		-	1,000
Jun. 30	To Sales A/c		-	8,000	Jun. 30	By Input CGST		-	60
Jun. 30	To Output CGST		-	480	Jun. 30	By Input SGST		-	60
Jun. 30	To Output SGST		-	480	Jun. 30	By Bank A/c	C	7,500	-
Jun. 30	To Cash A/c	C	-	7,500	Jun. 30	By Balance c/d		500	71,340
			6,500	89,960				6,500	89,960

8. Prepare Two-column Cash Book from the following transactions of Mani, Kochi :

2019	
March 1	Cash in Hand ₹ 15,000; Cash at Bank ₹ 5,000
March 3	Purchased goods for cash ₹ 6,720 including CGST and SGST @ 6% p.a. received discount of ₹ 220
March 5	Deposited into bank ₹ 5,000
March 7	Cash sales ₹ 10,000 plus CGST and SGST @ 6% each
March 10	Cash withdrawn from Bank for Office use ₹ 2,000
March 15	Received three months post dated cheque of ₹ 20,000 from Raj and deposited in the bank on the same day, discounted from bank paying discounting charges ₹ 750
March 18	Received cheque from Deepak for ₹ 5,000 (not banked), allowed discount ₹ 200
March 20	Cheque received from Deepak deposited in Bank
March 22	Paid to Chandra by cheque ₹ 2,500; received discount ₹ 100
March 25	Withdrew from bank for personal use ₹ 1,000
March 28	Sold goods on credit to Ashok Mitra, Kolkata ₹ 10,000, charged IGST @ 12%
March 30	Purchased goods on credit from Chander, Delhi ₹ 20,000, paid IGST @ 12%
March 31	Received cheque from Ashok Mitra ₹ 5,000 and deposited in bank, allowed cash discount ₹ 200

Solution :

**In the books of Mani, Kochi
Cash Book**

Date	Particulars	L.F.	Cash	Bank	Date	Particulars	L.F.	Cash	Bank
2019			₹	₹	2019			₹	₹
Mar. 1	To Balance b/d		15,000	5,000	Mar. 3	By Purchase A/c		5,780	-
Mar. 5	To Cash A/c	C	-	5,000	Mar. 3	By Input CGST A/c		360	-
Mar. 7	To Sales A/c		10,000	-	Mar. 3	By Input SGST A/c		360	-
Mar. 7	To Output CGST		600	-	Mar. 5	By Bank A/c	C	5,000	-
Mar. 7	To Output SGST		600	-	Mar. 10	By Cash A/c	C	-	2,000
Mar. 10	To Bank A/c	C	2,000	-	Mar. 22	By Chandra A/c		-	2,500
Mar. 15	To Raj		-	19,250	Mar. 25	By Drawings A/c		-	1,000
Mar. 20	To Cheque-in-hand A/c	-	5,000			By Balance c/d		16,700	33,750
Mar. 31	To Ashok Mitra		-	5,000					
			28,200	39,250				28,200	39,250

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2019			₹	₹
Mar. 18	Cheque-in-hand A/c To Deepak (Cheque received from Deepak but not deposited the same day)	Dr.	5,000	5,000
Mar. 28	Ashok Mitra To Sales A/c To Output IGST A/c (Sold goods @ 12% IGST on credit)	Dr.	11,200	10,000 1,200
Mar. 30	Purchase A/c Input IGST A/c To Chander (Goods purchased @ 12 % IGST on credit)	Dr. Dr.	20,000 2,400	22,400

9. Prepare two column cash book from the following information :

2018		(₹)
Nov. 1	Cash in hand	5,600
Nov. 1	Cash at bank	14,000
Nov. 10	Discounted a bill of exchange at 1% through bank	10,000
Nov. 15	Cash sales ₹ 12,000 plus CGST and SGST @ 6% each	
Nov. 18	Paid into the bank	6,000
Nov. 20	Paid rent ₹ 1,400 plus CGST and SGST @ 6% each	
Nov. 25	Bank charges ₹ 200 plus CGST and SGST @ 6% each	
Nov. 30	Withdrawn from bank for personal use	3,000
Nov. 30	Purchased goods on credit from Vinay ₹ 8,000 plus CGST and SGST @ 6% each	

Solution :

Cash Book

Date	Particulars	L.F.	Cash	Bank	Date	Particulars	L.F.	Cash	Bank
2018			₹	₹	2018			₹	₹
Nov. 1	To Balance b/d		5,600	14,000	Nov. 18	By Bank A/c	C	6,000	-
Nov. 10	To B/R A/c		-	9,900	Nov. 20	By Rent A/c		1,400	-
Nov. 15	To Sales A/c		12,000	-	Nov. 20	By Input CGST		84	-
Nov. 15	To Output CGST		720	-	Nov. 20	By Input SGST		84	-
Nov. 15	To Output SGST		720	-	Nov. 25	By Bank Charges		-	200
Nov. 18	To Cash A/c	C	6,000	-	Nov. 25	By Input CGST		-	12
					Nov. 25	By Input SGST		-	12
					Nov. 30	By Drawings		-	3,000
					Nov. 30	By Balance c/d		11,472	26,676
			19,040	29,900				19,040	29,900

10. Prepare a Cash Book having Cash and Bank Columns from the following transactions :

2018		(₹)
Mar. 1	Cash in Hand ₹ 5,000 and Bank Overdraft ₹ 1,000	
Mar. 2	Salaries paid	500
Mar. 3	Deposited into bank	2,000
Mar. 8	Drew from bank for personal use	100
Mar. 10	Paid to Vijay, a creditor	3,500
Mar. 15	Recovered from Ravi, who owes ₹ 5,000	2,000

Solution :

Cash Book

Date	Particulars	L.F.	Cash	Bank	Date	Particulars	L.F.	Cash	Bank
2018			₹	₹	2018			₹	₹
Mar. 1	To Balance b/d		5,000	-	Mar. 1	By Balance b/d		-	1,000
Mar. 3	To Cash A/c		-	2,000	Mar. 2	By Salaries A/c		500	-
Mar. 15	To Ravi		2,000	-	Mar. 3	By Bank A/c		2,000	-
					Mar. 8	By Drawings A/c		-	100
					Mar. 10	By Vijay		1,000	900
					Mar. 31	By Balance c/d		3,500	-
			7,000	2,000				7,000	2,000

11. Prepare a Double Column Cash Book :

2018		(₹)
Oct. 1	Cash in hand	7,500
	Bank Overdraft	1,500
Oct. 2	Paid General expenses ₹ 2,250 plus CGST and SGST @ 6% each	
Oct. 3	Deposited into Bank	3,000
Oct. 4	Cash Sales ₹ 11,250 plus CGST and SGST @ 6% each	
Oct. 5	Sold goods for cheque which was deposited in bank on the same day plus CGST and SGST @ 6% each	7,500
Oct. 7	Drew from Bank for personal use	1,500
Oct. 8	Paid to Chetna in full settlement ₹ 5,250 in full settlement of his account ₹ 6,000	
Oct. 9	Received from Aastha, who owes ₹ 7,500; ₹ 3,000 only on account.	

Solution :

Cash Book

Date	Particulars	L.F.	Cash	Bank	Date	Particulars	L.F.	Cash	Bank
2018			₹	₹	2018			₹	₹
Oct. 1	To Balance b/d		7,500	-	Oct. 1	By Balance b/d		-	1,500
Oct. 3	To Cash A/c	C	-	3,000	Oct. 2	By General			
Oct. 4	To Sales A/c		11,250	-	expenditures A/c		2,250	-	
Oct. 4	To Output CGST		675	-	Oct. 2	By Input CGST		135	-
Oct. 4	To Output SGST		675	-	Oct. 2	By Input SGST		135	-
Oct. 5	To Bank A/c		-	7,500	Oct. 3	By Bank A/c	C	3,000	-
Oct. 5	To Output CGST		-	450	Oct. 7	By Drawings A/c	C	-	1,500
Oct. 5	To Output SGST		-	450	Oct. 8	By Chetna		5,250	-
Oct. 9	To Aastha		3,000	-	Oct. 31	By Balance c/d		12,330	8,400
			<u>23,100</u>	<u>11,400</u>				<u>23,100</u>	<u>11,400</u>



Book of Original Entry—Special Purpose Subsidiary Book

1. Record the following transactions in the Purchases Book of Subhash General Stores, Delhi :

2019	
May 1	Bought from M/s. Chunni Lal Mam Raj, Delhi : 100 bags of ITC Wheat Atta @ ₹ 530 per bag 50 bags of Rice Basmati @ ₹ 500 per bag <i>Less</i> : Trade Discount @ 10% CGST and SGST @ 6% each was payable on the purchases
May 3	Bought from M/s. Kanodia Oil Mills, Delhi : 40 tins Oil @ ₹ 1,500 per tin 20 tins Banaspati Oil @ ₹ 900 per tin <i>Less</i> : Trade Discount @ 5% CGST and SGST @ 6% each was payable on the purchases
May 4	Purchased from M/s. Gupta Bros., Hapur : 25 bags gram @ ₹ 480 per bag 40 bag oats @ ₹ 25 per bag <i>Less</i> : Trade Discount @ 5% IGST @ 12% was payable on the purchases

Solution :

Purchase Book

Date	Particulars	Inv. No.	L. F.	Details	Cost	Input CGST	Input SGST	Input IGST	Total
				₹	₹	₹	₹	₹	₹
2019									
May 1	M/s Chunni Lal Mam Raj, Delhi 100 Bags of ITC Wheat Atta @ ₹ 530 per bag 50 Bags of Rice Basmati @ ₹ 500 per bag			53,000 25,000 78,000					
	<i>Less</i> : Trade discount @ 10%			7,800 70,200					
	Add : CGST @ 6% SGST @ 6%			4,212 4,212 78,624	70,200	4,212	4,212	-	78,624
May 3	M/s Kanodia Oil Mills, Delhi 40 Tines oil @ ₹ 1,500 per tin 20 Tins Banaspati Oil @ ₹ 900 per tin			60,000 18,000 78,000					
	<i>Less</i> : Trade discount @ 5%			3,900 74,100					
	Add : CGST @ 6% SGST @ 6%			4,446 4,446 82,992	74,100	4,446	4,446	-	82,992

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May 4	M/s Gupta Bros. Hapur 25 Bags Gram @ ₹ 480 per bag 40 Bag Oats @ ₹ 25 per bag			12,000 1,000					
	Less : Trade discount @ 5%			13,000 650					
	Add : IGST @ 12%			12,350 1,482	12,350	-	-	1,482	13,832
				13,832	1,56,650	8,658	8,685	1,482	1,75,448

2.Verma Bros., Kolkata carry on business as wholesale cloth dealer. From the following, write up their Purchases Book for January, 2019 :

Jan. 3	Purchased from M/s. Birla Mills, Kolkata : 100 pieces long cloth @ ₹ 800 each 50 pieces shirting @ ₹ 500 each CGST and SGST payable ₹ 6% each
Jan. 8	Purchased for cash from M/s. Ambika Mills, Ahmedabad : 50 pieces muslin @ ₹ 1,000 each IGST payable @ 12%
Jan.15	Purchased from M/s. Arvind Mills, Ahmedabad : 20 pieces coating @ ₹ 2,000 each 10 pieces shirting @ ₹ 500 each IGST payable @ 12%
Jan.20	Purchased from M/s. Bharat Typewriters Ltd. Kolkata : 5 typewriters @ ₹ 1,400 each CGST and SGST payable @ 6% each

Solution :

Purchase Book

Date	Particulars	Inv. No.	L. F.	Details ₹	Cost ₹	Input CGST ₹	Input SGST ₹	Input IGST ₹	Total ₹
2019									
Jan. 3	M/s Birla Mills, Kolkata 100 Pieces Long Cloth @ ₹ 800 each 50 Peices Shirting @ ₹ 500 each			80,000 25,000					
	Less : Trade Discount			1,05,000 -					
	Add : CGST @ 6%			6,300					
	SGST @ 6%			6,300					
				1,17,600	1,05,000	6,300	6,300	-	1,17,600
Jan. 15	M/s Arvind Mills, Ahmedabad 20 Pieces Clothing @ ₹ 2,000 each 10 Pieces Shirting @ ₹ 500 each			40,000 5,000					
	Less : Trade Discount			45,000 -					
	Add : IGST 12%			45,000 5,400					
				50,400	45,000	-	-	5,400	50,400

Jan. 20	M/s Bharat Typewriters Ltd., Kolkata 5 Typewriters @ ₹ 1,400 each Less : Trade Discount			9,000 -					
	Add : CGST @ 6%			9,000 540					
	SGST @ 6%			540					
	10,080			9,000	540	540		-	10,080
Jan. 31				1,59,000	6,840	6,840	5,400		1,78,080

3. Record the following transactions in the Sales Book of Ganesh & Co. of Jaipur (Rajasthan), who deal in Furniture. Assume CGST @ 6% and SGST @ 6% :

2017	
June 4	Sold to Gupta Furniture House, Agra (U.P.) : 120 Chairs @ ₹ 2,500 per Chair 25 Tables @ ₹ 8,000 per Table Less : 5%
Jan 8	Sold to Raja Furniture House, Ahmedabad (Gujarat) : 8 Almirahs @ ₹ 15,000 each 9 Steel Cabinets @ ₹ 20,000 each Less : Trade discount of 10%
Jan 12	Sold old Computer for ₹ 1,500 to Mohan & Co. on Credit.
Jan 20	Sold 4 Sofa sets @ ₹ 25,000 each to Varun & Co. for cash
Jan 25	Sold to New Furniture House, Jaipur : 5 Sofa sets @ ₹ 20,000 each 10 Tables @ ₹ 8,000 each
Jan 28	Purchased from Ram Lal & Co. Jaipur on credit : 50 chairs @ ₹ 2,000 each

Solution :

**Purchase Book
In the Books of Ganesh & Com.**

Date	Particulars	Inv. No.	L. F.	Details ₹	Cost ₹	Input CGST ₹	Input SGST ₹	Input IGST ₹	Total ₹
2017 Jun. 4	Gupta Furniture House, Agra 120 Chairs @ ₹ 2,500 per Chair 25 Tables @ ₹ 8,000 per Table			3,00,000 2,00,000					
	Less : Trade discount @ 5%			5,00,000 25,000					
	Add : IGST @ 12%			4,75,000 57,000					
				5,32,000	4,75,000	-	-	57,000	5,32,000
Jun. 8	Raja Furniture House, Ahmedabad 8 Almirahs @ ₹ 15,000 each 9 Steel Cabinets @ ₹ 20,000 each			1,20,000 1,80,000					
	Less : Trade discount @ 10%			3,00,000 30,000					
	Add : IGST 12%			2,70,000 32,400					
				3,02,400	2,70,000	-	-	32,400	3,02,400

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Jun. 25	New Furniture House, Jaipur 5 Sofa Sets @ ₹ 20,000 each 10 Tables @ ₹ 8,000 each			1,00,000 80,000						
	Less : Trade discount			1,80,000 -						
	Add : CGST 6% SGST 6%			1,80,000 10,800 10,800						
				2,01,600	1,80,000	10,800	10,800	-		2,01,600
Jun. 30					9,25,000	10,800	10,800	89,400		10,36,000

4. Record the following transactons in the Sales Book of Ganga Electronics, Patiala :

2018	
Jan. 5	Sold to Vishesh Electronics, vide Invoice No. 412 6 Refrigerators @ ₹ 45,000 each Less : Trade Discount 15%, and IGST is charged @ 28%
Jan. 15	Sold to Mahima & Sons. vide Invoice No. 2015 6 Music systems @ ₹ 15,000 each
Jan. 20	Sold to Nitin Ltd., vide Invoice No. 405 9 Ceiling Fans @ ₹ 3,000 each, Less : Trade Discount 15%, IGST @ 18% Freight ₹ 2,000.

Solution :

Sales Book

Date	Particulars	Inv. No.	L. F.	Details ₹	Cost ₹	Input CGST ₹	Input SGST ₹	Input IGST ₹	Total ₹
2018									
Jan. 5	Vishesh electronics 6 Refrigerators @ ₹ 45,000 each Less : Trade discount @ 15%	412		2,70,000 40,500					
	Add : IGST @ 28%			2,29,500 64,260					
				2,93,760	2,29,500	-	-	64,260	2,93,760
Jan. 15	Mahima & Sons 6 Music Systems @ ₹ 15,000 each Less : Trade discount @ 20%	2015		90,000 18,000					
	Add : IGST @ 28%			72,000 20,160					
				92,160	72,000	-	-	20,160	92,160
Jan. 20	Nitin Ltd. 9 Celling Fans @ ₹ 3,000 each Less : Trade discount @ 15%	405		27,000 4,050					
	Add : IGST 18%			22,950 4,131					
				27,081	22,950	-	-	4,131	27,081
Jan. 31					3,24,450	-	-	88,551	4,13,001

5. Write up Return Outward Book of Malhotra & Co., Bhiwani (Haryana) from the following transactions assuming CGST @ 6% and SGST @ 6%

2017	
August 4	Returned to Saraswati House, Bhiwani 25 Chairs @ ₹ 1,800 per Chair, being not of specified quality.
12	Sent back one Dining Table to Navneet Enterprise, Karnal (Haryana) for not being polished @ ₹ 10,000 and 20 Chairs @ ₹ 2,000 each.
20	Returned to Yadav & Co., Patiala (Punjab), being not according to sample : 20 Chairs @ ₹ 1,500 each. 2 Dressing Table @ ₹ 7,500 each.
28	Allowance claimed from Navneet Enterprise, Ludhiana (Punjab) on account of mistake in the invoice ₹ 5,000.

Solution :

**In The Books of Malhotra & Co., Bhiwani
Purchase Return Book**

Date	Particulars	Inv. No.	L. F.	Details ₹	Cost ₹	Input CGST ₹	Input SGST ₹	Input IGST ₹	Total ₹
2017 Aug. 4	Saraswati house, Bhiwani 25 Chairs @ ₹ 1,800 each Less : Trade discount @ 15%			45,000 4,500 40,500					
	Add : CGST 6% SGST 6%			2,430 2,430					
Aug. 12	Navneet Enterprises Karnal, Haryana 1 Dining Table @ ₹ 10,000 each 20 Chairs @ ₹ 2,000 each Less : Trade discount			45,360 10,000 40,000 50,000 -	40,500	2,430	2,430	-	45,360
	Add : CGST 6% SGST 6%			3,000 3,000					
Aug. 20	Yadav & Co., Patiyala (Punjab) 20 Chairs @ ₹ 1,500 each 2 Dressing Table @ ₹ 7,500 each Less : Trade discount			56,000 30,000 15,000 45,000 -	50,000	3,000	3,000	-	56,000
	Add : IGST @ 12%			45,000 5,400					
Aug. 28	Navneet Enterprises, Ludhiyana (Punjab) Mistake in invoice Add : IGST 12%			50,400 5,000 600 5,600	45,000	-	-	5,400	50,400
Aug. 31					1,40,500	5,430	5,430	6,000	1,57,360
Jan. 31					3,24,450	-	-	88,551	4,13,001

6. Record the following transactions in the Purchases Return Book of Kamla Stores, Delhi for April, 2019 :

2019	
April 6	Returned goods to Ramesh Brothers, Delhi purchased for ₹ 5,000 <i>plus</i> CGST and SGST @ 6% each
April 8	Returned goods to Sohan Brothers, Meerut purchased for ₹ 10,000 <i>plus</i> IGST@ 12%
April 17	Returned goods to Mahesh Brothers of ₹ 2,000 <i>plus</i> CGST and SGST @ 6% each

Solution :

In The Books of Kamla Stores, Delhi
Purchase Return Book

Date	Particulars	Inv. No.	L. F.	Details	Cost	Input CGST	Input SGST	Input IGST	Total
				₹	₹	₹	₹	₹	₹
2019									
Apr. 6	Ramesh Brothers, Delhi Returned Goods			5,000					
	Less : Trade discount			-					
				5,000					
	Add : CGST 6%			300					
	SGST 6%			300					
				5,600	5,000	300	300	-	5,600
Apr. 8	Sohan Brothers, Meerut Returned goods			10,000					
	Less : Trade discount			-					
				10,000					
	Add : IGST @ 12%			1,200					
				11,200	10,000	-	-	1,200	11,200
Apr. 17	Mahesh Brothers Returned goods			2,000					
	Less : Trade discount			-					
				2,000					
	Add : CGST 6%			120					
	SGST 6%			120					
				2,240	2,000	120	120	-	2,240
Apr. 30					17,000	420	420	1,200	19,040

7. Prepare Sales Return Book of Shiv Shankar, Delhi from the following transactions and post them into Ledger :

2019	
Feb. 10	Rama Stores, Delhi returned : 2 Televisions Sony sold @ ₹ 20,000 each <i>plus</i> CGST and SGST @ 9% each
Feb. 20	Sohan Singh & Co., Dehradun returned : 3 Washing Machines Videocon sold @ ₹ 10,000 each <i>plus</i> IGST@ 18%

Solution :

**In The Books of Shiv Shankar, Delhi
Sales Return Book**

Date	Particulars	Inv. No.	L. F.	Details	Cost	Input CGST	Input SGST	Input IGST	Total
				₹	₹	₹	₹	₹	₹
2019 Feb. 10	Rama Stores, Delhi 2 Television Sony @ ₹20,000 each Less : Trade discount			40,000 -					
	Add : CGST @ 9% SGST @ 9%			40,000 3,600 3,600					
Feb. 20	Sohan Singh & Co., Dehradun 3 Washing Machines @ ₹ 10,000 each Less : Trade discount			47,200 30,000 -	40,000	3,600	3,600	-	47,200
	Add : IGST 18%			30,000 5,400 35,400	30,000	-	-	5,400	35,400
Feb. 28					70,000	3,600	3,600	5,400	82,600

8. Enter the following transactions in the Sales Return Book of Raj Computers, Delhi :

2018 July 1	Sohan & Sons, Delhi returned 2 Laptops HP sold @ ₹ 40,000 each <i>plus</i> CGST and SGST @ 6% each								
July 2	Remesh & Sons, Noida returned 2 'Ricoh' printers sold @ ₹ 10,000 each <i>plus</i> IGST @ 12%								
July 25	Dinesh, Chandigarh returned 10 HP Desktops and @ ₹ 20,000 each <i>plus</i> (IGST @ 12% for delayed supply								
July 26	Computer Mouse returned by Ravi, Delhi sold to him for cash ₹ 2,000 <i>plus</i> CGST and SGST @ 6% each								

Write up the Ledger Accounts.

Solution :

**In The Books of Raj Computers, Delhi
Sales Return Book**

Date	Particulars	Inv. No.	L. F.	Details	Cost	Input CGST	Input SGST	Input IGST	Total
				₹	₹	₹	₹	₹	₹
2018 Jul. 6	Sohan & Sons, Delhi 2 Laptop HP @ ₹ 40,000 each Less : Trade Discount			80,000 -					
	Add : CGST @ 6% SGST @ 6%			80,000 4,800 4,800					
Jul. 2	Ramesh & Sons, Noida 2 Ricoh Printers @ ₹10,000 each Less : Trade discount			89,600 20,000 -	80,000	4,800	4,800	-	89,600

	Add : IGST 12%			20,000 2,400	20,000	-	-	2,400	
Jul. 25	Dinesh, Chandigarh 10 HP Desktops @ ₹20,000 each Less : Trade Discount			22,400 2,00,000					
	Add : IGST 12%			2,00,000 24,000					
				2,24,000	2,00,000	-	-	24,000	2,24,000
Jul. 31					3,00,000	4,800	4,800	26,400	3,36,000

9. Enter the following transactions in the 'Journal Proper' of Karuna Stores :

March 1	Purchased furniture on credit from Kuber Furniture Store for ₹ 15,000.
March 5	Goods for ₹ 6,000 given away as charity.
March 12	Goods worth ₹ 8,000 and Cash ₹ 4,000 were stolen by an employee.
March 15	Arun who owed us ₹ 20,000 was declared insolvent and nothing was received from him.
March 18	Proprietor withdrew for his personal use cash ₹ 5,000 and good worth ₹ 10,000.
March 31	Provide interest on capital of ₹ 5,00,000 at 6% p.a. for full year.
March 31	Out of the rent paid this year, ₹ 5,000 is related to the next year.
March 31	Salaries due to clerks ₹ 12,000.

Solution :

**In The Books of Karuna Stores
Journal Proper**

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
Mar. 1	Furniture A/c Dr. To Kuber Furniture Stores A/c (Furniture purchased on credit)		₹ 15,000	₹ 15,000
Mar. 5	Charity A/c Dr. To Purchase A/c (Goods given as charity)		6,000	6,000
Mar. 12	Loss by Theft A/c Dr. To Purchases A/c (Goods stolen by employee)		8,000	8,000
Mar. 15	Bad debts A/c Dr. To Arun A/c (Arun become insolvent, no money received from him)		20,000	20,000
Mar. 18	Drawings A/c Dr. To Purchase A/c (Goods withdrew for personal use)		15,000	15,000
Mar. 31	Interest on Capital A/c Dr. To Capital A/c (Provide interest on capital)		30,000	30,000
Mar. 31	Prepaid Rent A/c Dr. To Rent A/c (Rent for next year paid to this year)		5,000	5,000
Mar. 31	Salary A/c Dr. To Outstanding Salary A/c (Salary of clerk is due to pay)		12,000	12,000
	Total		1,11,000	1,11,000

10. Record the following transactions of Keshav Bros. in the proper books :

2017		
Jan.	1	Assets : Cash in hand ₹ 8,500; Cash at Bank ₹ 1,40,000; Stock of goods ₹ 2,20,000; Due from Manohar Lal ₹ 30,000 and Deep Chand ₹ 24,000; Furniture and Equipment ₹ 3,00,000. Liabilities : Due to Sunil ₹ 15,000
"	2	Withdrawn from bank ₹ 20,000.
"	4	Paid salaries ₹ 22,000.
"	4	Sold goods to Surya Narain : 60 metres silk @ ₹ 150 per metre 100 metres cotton @ ₹ 70 per metre <i>Less : Trade Discount @ $12\frac{1}{2}\%$</i>
"	8	Surya Narain returned 40 metres Cotton.
"	9	Received full payment from Manohar Lal by cheque, sent it to bank, Discount allowed 3%.
"	10	Purchased from Ganga Parshad : 300 metres cotton @ ₹ 60 per metre 500 metres silk @ ₹ 120 per metre <i>Less : Trade Discount 10%.</i>
"	12	Sold goods to Vinita for cash ₹ 16,000.
"	13	Accepted a bill for ₹ 25,000 for 30 days drawn by Ganga Parshad.
"	15	Gave cheque to Ganga Parshad for ₹ 45,000, discount allowed by him ₹ 200.
"	18	Paid to Sunil ₹ 14,850 after receiving discount of 1%.
"	20	Mr. Keshav Chand took away 5 metres silk costing ₹ 100 per metre for his personal use.
"	24	Paid rent by cheque ₹ 2,000.
"	25	Received from Surya Narain ₹ 11,000 in full settlement of his account.
"	27	Old newspapers sold for cash ₹ 400.
"	27	Paid for stationery and postage ₹ 500.
"	28	Sold 400 metres silk @ ₹ 160 per metre to Shri Ganesh Chand.
"	31	Received cash ₹ 40,000 from Shri Ganesh Chand and also received a B/R from him for the balance amount due from him for 2 months.

Solution :

Cash Book

Date	Particulars	L.F.	Cash	Bank	Date	Particulars	L.F.	Cash	Bank
2017			₹	₹	2017			₹	₹
Jan. 1	To Balance b/d		8,500	14,000	Jan. 2	By Cash A/c	C	-	20,000
Jan. 2	To Bank A/c	C	20,000	-	Jan. 4	By Salaries A/c		22,000	-
Jan. 9	To Manohar Lal		-	29,100	Jan. 15	By Ganga Prasad		-	45,000
Jan. 9	To Sales A/c		16,000	-	Jan. 18	By Sunil		14,850	-
Jan. 25	To Surya Narain		11,000	-	Jan. 24	By Rent A/c		-	2,000
Jan. 27	To Sundry income		400	-	Jan. 27	By Stationery & Postage A/c		500	-
Jan. 31	To Sh. Ganesh Chand		40,000	-	Jan. 31	By Balance c/d		58,550	1,02,100
			95,900	1,69,100				95,900	1,69,100

Purchase Book

Date	Particulars	Inv. No.	L. F.	Details	Cost	Input CGST	Input SGST	Input IGST	Total
				₹	₹	₹	₹	₹	₹
2017 Jan. 6	Ganga Prasad 300 meters cotton @ ₹ 60 per meter 500 meters cotton @ ₹ 120 per meter			18,000					
				60,000					
				78,000					
	Less : Trade discount @ 10%			7,800					
				70,200	70,200	-	-	-	70,200
Jan. 31					70,200	-	-	-	70,200

Sales Book

Date	Particulars	Inv. No.	L. F.	Details	Cost	Input CGST	Input SGST	Input IGST	Total
				₹	₹	₹	₹	₹	₹
2017 Jan. 6	Surya Narain 60 meters silk @ ₹ 150 per meter 100 meters cotton @ ₹ 70 per meter			9,000					
				7,000					
				16,000					
	Less : Trade discount @ 12.5%			2,000					
				14,000	14,000	-	-	-	14,000
Jan. 28	Sh. Ganesh Chand 40 meters silk @ ₹ 160 meter Less : Trade discount			64,000					
				-					
				64,000	64,000	-	-	-	64,000
Jan. 31					78,000	-	-	-	78,000

Sales Return Book

Date	Particulars	Inv. No.	L. F.	Details	Cost	Input CGST	Input SGST	Input IGST	Total
				₹	₹	₹	₹	₹	₹
2017 Jan. 8	Surya Narain 40 meters cotton @ ₹ 70 per meter Less : Trade discount			2,800					
				350					
				2,450	2,450	-	-	-	2,450
Jan. 31					2,450	-	-	-	2,450

Journal Proper

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2017			₹	
Jan. 1	Cash A/c Dr.		8,500	
	Bank A/c Dr.		1,40,000	
	Stock A/c Dr.		2,20,000	
	Manohar Lal A/c Dr.		30,000	
	Deep Chand A/c Dr.		24,000	
	Furniture & Equipment A/c Dr.		3,00,000	
	To Sunil A/c			15,000
	To Capital A/c			7,07,500
	(Opening Balances Brought Forward)			
Jan. 9	Discount Allowed A/c Dr.		900	
	To Manohar Lal A/c			900
	(Discount allowed to Manohar Lal)			
Jan. 13	Ganga Prashad A/c Dr.		25,000	
	To Bills Payable A/c			25,000
	(Bills acceptance given to Ganga Prashad)			
Jan. 15	Ganga Prashad Dr.		200	
	To Discount received A/c			200
	(Discount received from Ganga Prasad)			
Jan. 18	Sunil Dr.		150	
	To Discount Received A/c			150
	(Discount received from Sunil)			
Jan. 20	Drawings A/c Dr.		500	
	To Purchase A/c			500
	(Discount drawing made in the from of goods)			
Jan. 25	Discount Allowed A/c Dr.		550	
	To Surya Narain			550
	(Discount given to Surya Narain)			
Jan. 31	Bills Receivable A/c Dr.		24,000	
	To Sh. Ganesh Chand			24,000
	(Bills acceptance received from Sh. Ganesh Chand)			
	Total		7,73,800	7,73,800

Working Notes :

1. Discount Allowed to Surya Narain

Net Sales = Total Sales – Sales Return
 = ₹ 14,000 – ₹ 2,450 = ₹ 11,550
 Amount Received from him = ₹ 11,000
 Discount Allowed = ₹ 11,550 – ₹ 11,000 = ₹ 550

2. Discount Allowed to Manohar Lal

Amount Received from Manohar Lal = ₹ 30,000
 Discount Allowed = ₹ 30,000 × 3/100 = ₹ 900
 Amount due from Manohar Lal = ₹ 30,000 – ₹ 900
 = ₹ 29,100

3. Discount Received from Sunil

Amount Due from Sunil = ₹ 15,000
 Discount Received = ₹ 15,000 × 1/100 = ₹ 150



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Ledger

1. On 1st April, 2019, Mohit, Delhi started business with a capital of ₹ 50,000. He made the following transactions during the month of April :

2019		₹
April 3	Purchased goods from Rita, Delhi on credit for.....	20,000
April 4	Cash paid to Rita	10,000
April 6	Goods sold to Rohit, Chandigarh.....	25,000
April 8	Received cash from Rohit.....	20,000
April 12	Goods purchased from Rita.....	12,000
April 18	Cash paid to Rita.....	20,000
April 25	Goods sold to Rohit, Chandigarh.....	10,000
April 30	Received cash from Rohit.....	6,000

You are required to journalise the above transactions and show the respective Ledger accounts.

Solution :

**In the Books of Mohit, Delhi
Journal**

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2019 Apr. 1	Cash A/c To Capital A/c (Started bussiness with cash)	Dr.	50,000	50,000
Apr. 3	Purchase A/c To Rita (Purchased goods on credit from Rita)	Dr.	20,000	20,000
Apr. 4	Rita To Cash A/c (Cash paid to Rita)	Dr.	10,000	10,000
Apr. 6	Rohit To Sales A/c (Goods sold to Rohit on credit)	Dr.	25,000	25,000
Apr. 8	Cash A/c To Rohit (Cash received from Rohit)	Dr.	20,000	20,000
Apr. 12	Purchase A/c To Rita (Goods purchased from Rita)	Dr.	12,000	12,000
Apr. 18	Rita To Cash A/c (Cash paid to Rita)	Dr.	20,000	20,000
Apr. 25	Rohit To Sales A/c (Goods sold to Rohit)	Dr.	10,000	10,000
Apr. 30	Cash A/c To Rohit (Received cash from Rohit)	Dr.	6,000	6,000
	Total		1,73,000	1,73,000

Ledger Accounts
In the books of Mohit, Delhi
Cash A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
			₹				₹
Apr. 1	To Capital A/c		50,000	Apr. 4	By Rita		10,000
Apr. 8	To Rohit		20,000	Apr. 12	By Rita		20,000
Apr. 25	To Rohit		6,000	Apr. 30	By Balance c/d		46,000
			76,000				76,000

Purchase A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
			₹				₹
Apr. 3	To Rita		20,000	Apr. 30	By Balance c/d		32,000
Apr. 12	To Rita		12,000				
			32,000				32,000

Rita A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
			₹				₹
Apr. 4	To Cash A/c		10,000	Apr. 3	By Purchase A/c		20,000
Apr. 18	To Cash A/c		20,000	Apr. 12	By Purchase A/c		12,000
Apr. 30	To Balance c/d		2,000				
			32,000				32,000

Sales A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
			₹				₹
Apr. 30	To Balance c/d		35,000	Apr. 6	By Rohit		20,000
				Apr. 25	By Rohit		10,000
			35,000				35,000

Rohit A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
			₹				₹
Apr. 30	To Sales A/c		25,000	Apr. 8	By Cash A/c		20,000
Apr. 25	To Sales A/c		10,000	Apr. 30	By Cash A/c		6,000
				Apr. 30	By Balance c/d		9,000
			35,000				35,000

Capital A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
			₹				₹
Apr. 30	To Balance c/d		50,000	Apr. 31	By Cash A/c		50,000
			50,000				50,000

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2. Suresh, Kanpur commenced business on 1st January, 2019 introducing capital in cash ₹ 1,00,000. His other transactions during the month were as follows :

2019		₹
Jan. 1	Started business with cash	1,00,000
Jan. 2	Bought goods for cash	20,000
Jan. 3	Sold goods for cash	7,000
Jan. 15	Sold goods to Shravan, Delhi.....	6,000
Jan. 18	Bought goods on credit from Anurag, Kanpur.....	50,000
Jan. 19	Goods returned to Anurag.....	5,000
Jan. 20	Sold goods for cash.....	30,000
Jan. 22	Paid electricity bill.....	1,000
Jan. 28	Paid for telephone bill.....	500
Jan. 29	Paid rent.....	800
Jan. 31	Paid wages.....	3,000

Enter the above transactions in his books of account.

Solution :

**In the Books of Suresh, Kanpur
Journal**

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2019			₹	
Jan. 1	Cash A/c To Capital A/c (Started business with cash)	Dr.	1,00,000	1,00,000
Jan. 2	Purchase A/c To Cash A/c (Bought goods from cash)	Dr.	20,000	20,000
Jan. 3	Cash A/c To Sales A/c (Goods sold for cash)	Dr.	7,000	7,000
Jan. 15	Sharvan A/c To Sales A/c (Goods sold on credit to Sharvan)	Dr.	6,000	6,000
Jan. 18	Purchase A/c To Anurag A/c (Goods purchased from Anurag)	Dr.	50,000	50,000
Jan. 19	Anurag A/c To Purchase Return A/c (Goods returned to Anurag)	Dr.	5,000	5,000
Jan. 20	Cash A/c To Sales A/c (Goods sold for cash)	Dr.	30,000	30,000
Jan. 22	Electricity Charges A/c To Cash A/c (Electricity Charges paid)	Dr.	1,000	1,000
Jan. 28	Telephone Charges A/c To Cash A/c (Telephone Charges paid)	Dr.	500	500

Jan. 29	Rent A/c To Cash A/c (Rent paid for cash)	Dr.	8,000	8,000
Jan. 31	Wages A/c To Cash A/c (Wages paid for cash)	Dr.	3,000	3,000
Total			2,30,500	2,30,500

<i>Dr.</i>				Cash A/c				<i>Cr.</i>			
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount				
2019			₹	2019			₹				
Jan. 1	To Capital A/c		1,00,000	Jan. 2	By Purchase A/c		20,000				
Jan. 3	To Sales A/c		7,000	Jan. 22	By Electricity Charges A/c		1,000				
Jan. 20	To Sales A/c		30,000	Jan. 28	By Telephone Charges A/c		500				
				Jan. 29	By Rent A/c		800				
				Jan. 31	By Wages A/c		3,000				
				Jan. 31	By Balance c/d		1,11,700				
			1,37,000				1,37,000				

Capital A/c							
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2019			₹	2019			₹
Jan. 1	To Cash A/c		1,00,000	Jan. 31	By Balance c/d		1,00,000
			1,00,000				1,00,000

Purchase A/c							
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2019			₹	2019			₹
Jan. 1	To Cash A/c		20,000	Jan. 31	By Balance c/d		70,000
Jan. 18	To Anurag A/c		50,000				70,000
			70,000				70,000

Sales A/c							
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2019			₹	2019			₹
Jan. 1	To Balance c/d		43,000	Jan. 3	By Cash A/c		7,000
				Jan. 15	By Sharvan		6,000
				Jan. 20	By Cash A/c		30,000
			43,000				43,000

Sharvan A/c							
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2019			₹	2019			₹
Jan. 15	To Sales A/c		6,000	Jan. 31	By Balance c/d		6,000
			6,000				6,000

Anurag A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2019 Jan. 19	To Purchase Return A/c		₹ 5,000	2019 Jan. 18	By Purchase A/c		₹ 50,000
Jan. 31	To Balance c/d		45,000				
			50,000				50,000

Purchase Return A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2019 Jan. 31	To Balance c/d		₹ 5,000	2019 Jan. 19	By Anurag		₹ 5,000
			5,000				5,000

Electricity Charges A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2019 Jan. 22	To Cash A/c		₹ 1,000	2019 Jan. 31	By Balance c/d		₹ 1,000
			1,000				1,000

Telephone Charges A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2019 Jan. 28	To Cash A/c		₹ 500	2019 Jan. 31	By Balance c/d		₹ 500
			500				500

Rent A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2019 Jan. 29	To Cash A/c		₹ 800	2019 Jan. 31	By Balance c/d		₹ 800
			800				800

Wages A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2019 Jan. 31	To Cash A/c		₹ 3,000	2019 Jan. 31	By Balance c/d		₹ 3,000
			3,000				3,000

3. Journalise and enter the following transactions in Nikhil's Account and balance the same :

2018							₹
Dec. 1	Sold goods to Nikhil						50,000
Dec. 2	Received cash from Nikhil						5,600
Dec. 2	Sold goods to Nikhil						7,000
Dec. 18	Goods returned by Nikhil						9,800
Dec. 28	Received cash from Nikhil						4,700

SOLUTION :

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2018 Dec. 1	Nikhil A/c To Sales A/c (Sold Goods to Nikhil)	Dr.	50,000	50,000
Dec. 2	Cash A/c To Nikki (Recieved Cash from Nikki)	Dr.	5,600	5,600
Dec. 2	Nikhil A/c To Sales A/c (Sold Goods to Nikhil)	Dr.	7,000	7,000
Dec. 18	Sales Return A/c To Nikhil (Goods Returned by Nikhil)	Dr.	9,800	9,800
Dec. 28	Cash A/c To Nikhil (Recieved Cash from Nikhil)	Dr.	4,700	4,700
	Total		77,100	77,100

**Ledger Accounts
Nikhil Account**

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2018			₹	2018			₹
Dec. 1	To Sales A/c		50,000	Dec. 2	By Cash A/c		5,600
Dec. 2	To Sales A/c		7,000	Dec. 18	By Sales Returns A/c		9,800
				Dec. 28	By Cash A/c		4,700
				Dec. 31	By Balance b/d		36,900
			57,000				57,000

Cash Accounts

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2018			₹	2018			₹
Dec. 2	To Nikhil		5,600	Dec. 31	By Balance B/d	10,300	
Dec. 28	To Nikhil		4,700				10,300
			10,300				

Sales Account

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2018			₹	2018			₹
Dec. 31	To Balance c/d		57,000	Jan. 1	To Nikhil		50,000
				Jan. 18	By Nikhil		7,000
			57,000				57,000

Sales Return Account

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2018			₹	2018			₹
Dec. 18	To Nikhil		9,800	Dec. 31	By Balance b/d		9,800
			9,800				9,800

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4. Journalise and enter the following transactions in the Geetanjali's Account and balance the same :

- (i) Sold goods to Geetanjali for ₹ 20,000 plus IGST @ 18%
- (ii) Received cash from Geetanjali ₹ 12,000
- (iii) Sold goods to Geetanjali for ₹ 36,000 plus IGST @ 18%
- (iv) Goods returned by Geetanjali for ₹ 10,000
- (v) Cheque received from Geetanjali for ₹ 16,000, deposited in the bank on the same day.

SOLUTION :

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
			₹	₹
(i)	Geetanjali Dr. To Sales A/c To Output IGST A/c (Sold Goods to Geetanjali on credit)		23,600	20,000 3,600
(ii)	Cash A/c Dr. To Geetanjali (Cash received from Geetanjali)		12,000	12,000
(iii)	Geetanjali Dr. To Sales A/c To Output IGST A/c (Sold Goods to Geetanjali on credit)		42,480	36,000 6,480
(iv)	Sales Return A/c Dr. Output IGST A/c Dr. To Geetanjali (Goods returned to Geetanjali)		10,000 1,800	11,800
(v)	Bank A/c Dr. To Geetanjali (Payment received through cheque)		16,000	16,000
	Total		1,5,880	1,5,880

**Ledger Accounts
Cash and Bank Account**

Date	Particulars	L.F.	Cash	Bank	Date	Particulars	L.F.	Cash	Bank
			₹	₹				₹	₹
	To Geetanjali		12,000	-		By Balance c/d		12,000	16,000
	To Geetanjali		-	16,000				12,000	16,000
			12,000	16,000				12,000	16,000

Capital A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2018 Apr. 30	To Balance c/d		₹ 50,000	2018 Apr. 30	By Cash A/c		₹ 50,000
			50,000				50,000

Geetanjali A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
	To Sales A/c		₹ 20,000		By Cash		₹ 12,000
	To Output IGST A/c		3,600		By Sales returns A/c		10,000
	To Sales A/c		36,000		By Output IGST A/c		1,800
	To Output IGST A/c		6,480		By Bank A/c		16,000
					By Balance c/d		26,280
			66,080				66,080

Sales Return A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
	To Geetanjali		₹ 10,000		By Balance c/d		₹ 10,000
			10,000				10,000

Sales A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
	To Balance c/d		₹ 56,000		By Geetanjali		₹ 20,000
			56,000		By Geetanjali		36,000
							56,000

Output IGST A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
	To Geetanjali		₹ 1,800		By Geetanjali		₹ 3,600
	To Balance c/d		8,280		By Geetanjali		6,480
			50,000				50,000

5. Journalise the following transactions and post them into the ledger, showing only real accounts other than cash :

2018

Jan. 1 Purchased for cash machinery ₹ 75,000; furniture ₹ 45,000.
Both were purchased by paying CGST and SGST @ 6% each.

Dec. 31 Depreciate machinery @ 10% p.a.

SOLUTION :

Journal

Date	Particulars	L.F.	Debit	Credit
2018			₹	₹
Dec. 1	Machinery A/c Dr.		75,000	
	Furniture A/c Dr.		45,000	
	Input CGST A/c Dr.		7,200	
	Input SGST A/c Dr.		7,200	
	To Cash A/c			1,34,000
	(Purchased Machinery and Furniture for cash)			
Dec. 31	Depreciation A/c Dr.		7,500	
	To Machinery A/c			7,500
	(Purchased Machinery and Furniture for cash)			
	Total		1,41,900	1,41,900

Ledger Accounts

Machinery A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2018 Dec. 1	To Cash A/c		₹ 75,000	2018 Dec. 31	By Depreciation A/c		₹ 7,500
			75,000	Dec. 31	By Balance c/d		67,500
							75,000

Furniture A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2018 Dec. 1	To Cash A/c		₹ 45,000	2018 Dec. 31	By Balance c/d		₹ 45,000
			45,000				45,000

Cash A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2018 Dec. 31	To Balance c/d		₹ 1,34,400	2018 Jan. 1	By Machinery A/c		₹ 75,000
			1,34,400		By Furniture A/c		45,000
					By Input CGST A/c		7,200
					By Input SGST A/c		7,200
							1,34,400

Input CGST A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2018 Dec. 1	To Cash A/c		₹ 7,200	2018 Dec. 31	By Balance c/d		₹ 7,200
			7,200				7,200

Input SGST A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2018 Apr. 30	To Cash A/c		₹ 7,200	2018 Apr. 30	By Balance c/d		₹ 7,200
			7,200				7,200

Depreciation A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2018 Dec. 31	To Machinery A/c		₹ 7,500	2018 Dec. 31	By Balance c/d		₹ 7,500
			7,500				7,500

6. Journalise the following transactions and post them into the ledger in various forms of Goods Account :

2017

Apr. 1	Bought goods for cash	18,000
Apr. 10	Sold goods for cash	35,000
Apr. 15	Purchased goods from Tanvi	62,000
Apr. 17	Goods returned to Tanvi, because not as per sample	12,000
Apr. 25	Sold goods to Anshu	54,000
Apr. 30	Goods returned by Anshu	8,000

The purchases and sales of goods are subjected to CGST and SGST @ 6% each.

SOLUTION :

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2017			₹	₹
Apr. 1	Purchase A/c To Cash A/c (Bought goods for cash)	Dr.	18,000	18,000
Apr. 10	Cash A/c To Sales A/c (Sold goods for cash)	Dr.	35,000	35,000
Apr. 15	Purchase A/c To Tanvi's A/c (Purchased goods from Tanvi)	Dr.	62,000	62,000
Apr. 17	Tanvi's A/c To Purchase Return A/c (Goods returned to Tanvi)	Dr.	12,000	12,000
Apr. 25	Anshu's A/c To Sales A/c (Sold goods to Anshu)	Dr.	54,000	54,000
Apr. 30	Sales Return A/c To Anshu A/c (Goods returned by Anshu)	Dr.	8,000	8,000
	Total		1,79,000	1,79,000

**Ledger Accounts
Purchase A/c**

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2017			₹	2017			₹
Apr. 1	To Cash A/c		18,000	Apr. 30	By Balance c/d		80,000
Apr. 15	To Tanvi's A/c		62,000				
			80,000				80,000

Sales A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2017			₹	2017			₹
Apr. 30	To Balance c/d		89,000	Apr. 10	By Cash A/c		35,000
				Apr. 25	By Anshu's A/c		54,000
			89,000				89,000

Purchase Return A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2017			₹	2017			₹
Apr. 30	To Balance c/d		12,000	Apr. 17	By Tanvi		12,000
			12,000				12,000

Sales Return A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2017 Apr. 30	To Balance c/d		₹ 8,000	2017 Apr. 30	By Anshu's A/c		₹ 8,000
			8,000				8,000

Tanvi's A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2017 Apr. 17	To Purchase Return A/c		₹ 12,000	2017 Apr. 15	By Purchase A/c		₹ 62,000
Apr. 30	To Balance c/d		50,000				
			62,000				62,000

Anshu's A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2017 Apr. 25	To Sales A/c		₹ 54,000	2017 Apr. 30	By Sales Return A/c		₹ 8,000
			54,000	Apr. 30	By Balance c/d		46,000
							54,000

Cash A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2017 Apr. 10	To Sales A/c		₹ 35,000	2017 Apr. 30	By Purchase A/c		₹ 18,000
			35,000	Apr. 30	By Balance c/d		17,000
							35,000

7. Enter the following transactions in a Double Column Cash Book and Journal Proper and post them into Ledger :

May	1	Balance of Cash in Hand ₹ 12,400; Bank Overdraft ₹ 36,000.
	3	Direct deposit by Mr. Ganesh in our bank account ₹ 10,000. Discount allowed ₹ 200.
	5	Issued a cheque of ₹ 7,700 to Mr. Suresh in full settlement of his account of ₹ 8,000.
	6	Received a cheque from X for ₹ 12,000. Discount allowed ₹ 500. This cheque was deposited into bank on 7th May.
	8	Received Cash ₹ 22,000 and cheque of ₹ 8,000 for cash sale.
	12	Cash sale ₹ 70,000 of which ₹ 55,000 banked.
	15	Cheque received on 8th May endorsed to Mr. Sunitl. Discount received ₹ 150.
	20	Discounted a B/R of ₹ 10,000 at 1% through bank.
	24	Cheque received from X dishonoured, Bank debits ₹ 20 in respect of bank charges.
	25	Purchased goods for ₹ 50,000 at a trade discount of 10%. Payment was made in cash.
	26	Withdrew from bank ₹ 10,000 for office use and ₹ 2,000 for personal use.
	31	Interest debited by Bank ₹ 4,500.

SOLUTION :**Journal**

Date	Particulars	L.F.	Debit	Credit
2017			₹	₹
May 3	Bank A/c Dr. Discount Allowed A/c Dr. To Mr. Ganesh A/c (Payment deposited by Mr. Ganesh directly in bank account)		10,000 200	10,200
May 5	Mr. Suresh A/c Dr. To Bank A/c To Discount Received A/c (Issued a cheque to Mr. Suresh in full settlement of his account)		8,000 300	7,700
May 6	Cheque in Hand A/c Dr. Discount Allowed A/c Dr. To X (Cheque received from X and allowed him discount)		12,000 500	12,500
May 7	Bank A/c Dr. To Cheque in Hand A/c (Cheque deposited into bank)		12,000	12,000
May 8	Cash A/c Dr. Cheque in Hand A/c Dr. To Sales A/c (Received Cash and cheque for cash sale)		22,000 8,000	30,000
May 12	Bank A/c Dr. Cash A/c Dr. To Sales A/c (Cash Sale)		55,000 15,000	70,000
May 15	Mr. Sunil Dr. To Cheque A/c To Discount Received A/c (Cheque endorsed to Mr. Sunil)		8,150	8,000 150
May 20	Cash A/c Dr. Discount A/c Dr. To B/R A/c (B/R discounted through bank)		9,900 100	10,000
May 24	X's Dr. Bank Charges A/c Dr. To Bank A/c To Discount Allowed A/c (Received Cheque dishonoured and bank debits bank charges)		12,500 20	12,020 500
May 25	Purchase A/c Dr. To Cash A/c (Purchased goods and payment made by cash)		45,000	45,000
May 26	Cash A/c Dr. Drawings A/c Dr. To Cash A/c (Withdraw from bank for office use and personal use)		10,000 2,000	12,000
May 31	Interest A/c Dr. To Bank A/c (Interest debited by Bank)		4,500	4,500
	Total		2,34,870	2,34,870

Ledger Accounts
Cash and Bank A/c

Date	Particulars	L.F.	Cash	Bank	Date	Particulars	L.F.	Cash	Bank
			₹	₹				₹	₹
May 1	To Balance b/d		12,400	-	May 1	By Balance b/d		-	36,000
May 3	To Ganesh		-	10,000	May 5	By Suresh's A/c		-	77,000
May 7	To cheque in Hand A/c		-	12,000	May 24	By X's A/c		-	12,000
May 8	To Sales A/c		22,000	-	May 24	By Bank Charges A/c		-	20
May 12	To Sales A/c		15,000	55,000	May 25	By Purchase A/c	C	45,000	-
May 20	To B/R A/c		-	9,900	May 26	By Cash A/c		-	10,000
May 26	To Bank A/c	C	10,000	-	May 26	By Drawings A/c		-	2,000
					May 31	By Interest A/c		-	4,500
					May 31	By Balance c/d		14,400	14,680
			59,400	86,900				59,400	86,900

Discount Allowed A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
			₹				₹
May 3	To Ganesh A/c		200	May 24	By X's A/c		500
May 6	To X's A/c		500	May 31	By Balance c/d		200
			700				700

Discount Received A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
			₹				₹
May 31	To Balance c/d		450	May 5	By Suresh's A/c		300
			450	May 31	By Sunil's A/c		150
			450				450

Cheque in Hand A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
			₹				₹
May 6	To X's A/c		12,000	May 7	By Bank A/c		12,000
May 8	To Sales A/c		8,000	May 15	By Sunil A/c		8,000
			20,000				20,000

Discounting Charges A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
			₹				₹
May 20	To B/R A/c		100	May 31	By Balance c/d		100
			100				100

Bills Receivables A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
			₹				₹
May 31	To Balance c/d		10,000	May 20	By Bank A/c		9,900
			10,000	May 20	By Discount A/c		100
			10,000				10,000

Ganesh's A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
May 31	To Balance c/d		₹ 10,200	May 5 May 31	By Bank A/c By Discount Allowed A/c		₹ 10,000 200
			10,200				10,200

X's A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
May 24 May 24	To Discount Allowed A/c To Bank A/c		₹ 500 12,000	May 6 May 6	By Cheque in Hand A/c By Discount Allowed A/c		₹ 12,000 500
			12,500				12,500

Suresh A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
May 5 May 5	To Bank A/c To Discount Received A/c		₹ 7,700 300	May 31	By Balance b/d		₹ 8,000
			8,000				8,000

Sales A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
May 31	To Balance c/d		₹ 1,00,000	May 8 May 8 May 15 May 15	By Cash A/c By Cheque in Hand A/c By Cash A/c By Bank A/c		₹ 22,000 8,000 15,000 55,000
			1,00,000				1,00,000

Bank Charges A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
May 24	To Bank A/c		₹ 20	May 31	By Balance c/d		₹ 20
			20				20

Purchase A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
May 24	To Bank A/c		₹ 45,000	May 31	By Balance c/d		₹ 45,000
			45,000				45,000

Drawings A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
May 26	To Bank A/c		₹ 2,000	May 31	By Balance c/d		₹ 2,000
			2,000				2,000

Interest A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
May 31	To Bank A/c		₹ 4,500	May 31	By Balance c/d		₹ 4,500
			4,500				4,500

Sunil A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
May 15	To Cheque in Hand A/c		₹ 8,000	May 31	By Balance c/d		₹ 8,150
May 15	To Dis. Received A/c		150				
			8,150				8,150

8. Record the following transactions in the Purchases Book of Modern Furniture House, New Delhi assuming CGST @ 6% and SGST @ 6% and post it into Ledger :

2017

Nov. 3	Purchased goods from Sachdeva Furniture Store, New Delhi : 50 Chairs @ ₹ 2,000 each Tables @ ₹ 10,000 each Less : 10% Trade Discount
10	Purchased furniture from Mahadeva & Co., Jaipur (Rajasthan) valued ₹ 2,00,000, less 12 $\frac{1}{2}$ % Trade Discount.
18	Purchased furniture from Fashion Furniture House, Chandigarh of the list price of ₹ 2,50,000 less 15%.
20	Purchased from India Furniture House, New Delhi : 100 Chairs @ ₹ 1,800 each
25	Purchased from Mohan Lal & Sons furniture of the value of ₹ 20,000 for cash.

SOLUTION :

In the Books of Modern Furniture House, New Delhi
Purchase Book

Date	Particulars	L. F.	Details ₹	Cost ₹	Input CGST ₹	Input SGST ₹	Input IGST ₹	Total ₹
2017 Nov. 3	Sachdeva Furniture Store, New Delhi 50 Chairs @ ₹ 2000 each 5 Tables @ ₹ 10,000 each Less : 10% Trade dis. Add : 12% IGST		1,00,000 50,000 1,50,000 15,000 1,35,000 16,200	1,35,000	-	-	16,200	1,51,200
Nov. 10	Mahadeva & Co. Jaipur (Rajasthan) Less : Trade dis. Add : 6% CGST Add : 6% CGST		2,00,000 5,000 1,95,000 11,700 11,700 2,18,400	1,95,000	11,700	11,700	-	2,18,400

Nov. 18	Fashion Furniture House Chandigarh		37,500					
	Less : 15% Discount		2,12,500					
	Add : 6% CGST		12,750					
	Add : 6% CGST		12,750					
			2,38,000	2,12,500	12,750	12,750	-	2,38,000
Nov. 20	India Furniture House, New Delhi		-					
	Less : Discount		1,80,000					
	Add : 12% Discount		21,600					
			2,01,600	1,80,000	-	-	21,600	2,01,600
Nov. 30				7,22,500	24,450	24,450	37,800	8,09,200

In the Books of Modern Furniture House, New Delhi
Ledger Accounts

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2017			₹	2017			₹
Nov 30	To Sundries as per purchase books		7,22,500	Nov 30	By Balance c/d		7,22,500
			7,22,500				7,22,500

Sachdeva Furniture Store Accounts

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2017			₹	2017			₹
Nov 30	To Balance c/d		1,51,200	Nov 3	By Purchase A/c		1,35,000
			1,51,200	Nov 3	By Input IGST A/c		16,200
			1,51,200				1,51,200

Mahadeva & Co. Account

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2017			₹	2017			₹
Nov 30	To balance c/d		2,18,400	Nov 10	By Purchase A/c		1,95,000
			2,18,400	Nov 10	By Input IGST A/c		11,700
			2,18,400	Nov 10	By Input IGST A/c		11,700
			2,18,400				2,18,400

Fashion Furniture House Accounts

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2017			₹	2017			₹
Nov 30	To balance c/d		2,38,000	Nov 18	By Purchases A/c		2,12,500
			2,38,000	Nov 18	By Input CGST A/c		12,750
			2,38,000	Nov 18	By Input CGST A/c		12,750
			2,01,600				2,01,600

India Furniture House Accounts

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2017 Nov 30	To balance c/d		₹ 2,01,600	2017 Nov 20 Nov 20	By Purchases A/c By Input IGST A/c		₹ 1,80,000 21,600
			2,01,600				2,01,600

9. Record the following transactions in the Sales Book of Karunakaran & Sons, Chennai (Tamilnadu) assuming CGST @ 9% and SGST @ 9% and post them into Ledger :

2017		
Dec. 5	Sold to M/s Banwari Lal & Sons, Chennai, goods valued at ₹ 2,00,000 less Trade Discount 10%.	
10	Sold to M/s Kanti Bhai & Sons, Bengaluru (Karnataka) : 75 Electric Fans @ ₹ 4,000 each 20 Room Coolers @ ₹ 10,000 each Less : Trade Discount 8%	
16	Mahindra & Co., Kochi (Kerala) purchased from us goods of ₹ 1,20,000, less : 5%.	
24	Sold goods for cash ₹ 60,000.	

SOLUTION :

In the Books of Karunakaran & Sons, Chennai (Tamilnadu)
Sale Book

Date	Particulars	L. F.	Details ₹	Cost ₹	Input CGST ₹	Input SGST ₹	Input IGST ₹	Total ₹
2017 Dec. 5	M/S Banwari Lal & Sons, Chennai Less : 10% Discount		2,00,000 20,000					
	Add : 9% CGST Add : 9% SGST		1,80,000 16,200 16,200					
			2,12,400	1,80,000	16,200	16,200	-	2,12,400
Dec. 10	M/s Kanti Bhai & Sons, Bengluru (Karnataka) 75 Electric Fans @ ₹ 4,000 each 20 Room coolers @ ₹ 10,000 each		3,00,000 2,00,000					
	Less : 8% Trade Discount		5,00,000 40,000					
	Add : 18% IGST		4,60,000 82,800					
			5,42,800	4,60,000	-	-	82,800	5,42,800
Dec. 16	Mahindra & Co. Kochi (Kerala) Less : 5% Trade Discount		1,20,000 6,000					
	Add : 18% IGST		1,14,000 20,520					
			1,34,520	1,14,000	-	-	20,520	1,34,520
Dec. 31			7,54,000	16,200	-	16,200	1,03,320	8,89,720

Sales Account

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2017 Dec. 31	To Balance c/d		₹ 7,54,000	2017 Dec. 31	By Sundries as per sale book		₹ 7,54,000
			7,54,000				7,54,000

M/S Banwari Lal & Sons. Account

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2017 Dec. 5 Dec. 5 Dec. 5	To Sales A/c To Output CGST A/c To Output SGST A/c		₹ 1,80,000 16,200 16,200	2017 Dec. 31	By Balance c/d		₹ 2,12,400
			2,12,400				2,12,400

M/S Kanti Bhai & Sons Account

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2017 Dec. 10 Dec. 10	To Sales A/c To Output IGST A/c		₹ 4,60,000 82,800	2017 31 Dec.	By Balance c/d		₹ 5,42,800
			5,42,800				5,42,800

Mahindra & Co. Account

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2017 Dec. 16 Dec. 16	To Sales A/c To Output IGST A/c		₹ 1,14,000 20,520	2017 Dec. 31	By Balance c/d		₹ 1,34,520
			1,34,520				1,34,520

10. Pandya started business on 1st June, 2019 with the following balances :

Machinery ₹ 2,00,000 plus CGST and SGST @ 6% each

Furniture ₹ 50,000 plus CGST and SGST @ 6% each

He also introduced ₹ 50,000 in cash as capital.

Journalise the following transactions for the month of June, prepare the ledger accounts and balance them and prepare trial balance :

2018

June 1	Purchased goods for cash from Anand, Delhi ₹ 27,500 plus CGST and SGST @ 6% each.
June 4	Purchased goods from Naresh ₹ 20,000 plus IGST @ 12%.
June 6	Sold goods for cash ₹ 35,000 plus CGST and SGST @ 6% each.
June 12	Cash deposited into bank ₹ 40,000.
June 14	Purchased machinery costing ₹ 5,000 for cash plus CGST and SGST @ 6% each.
June 15	Sold goods to Garg Bros. ₹ 15,000 plus CGST and SGST @ 6% each.
June 16	Returned goods to Naresh ₹ 1,000.
June 18	Paid Naresh by cheque ₹ 10,000.
June 20	Withdrawn from bank for personal use ₹ 5,000.
June 25	Received cheque from Garg Bros. and deposited into bank ₹ 10,000.
June 28	Paid salary for the month of June ₹ 5,000.
June 30	Received bank interest ₹ 200.
June 30	Purchased stationery for cash ₹ 500 plus CGST and SGST @ 6% each.

SOLUTION :**Journal**

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2018			₹	₹
01 June	Machinery (with CGST & SGST) A/c Furniture (with CGST & SGST) A/c Cash A/c To Capital A/c (Introduced cash as capital)	Dr. Dr. Dr.	2,24,000 56,000 50,000	3,30,000
01 June	Purchase A/c Input CGST A/c Input SGST A/c To Cash A/c (Purchased goods for Cash)	Dr. Dr. Dr.	27,500 1,650 1,650	30,800
04 June	Purchase A/c Input IGST A/c To Naresh (Purchase goods on credit from Naresh)	Dr. Dr.	20,000 2,400	22,400
06 June	Cash A/c To Sales A/c To Output CGST A/c To Output SGST A/c (Goods sold for cash)	Dr.	39,200	35,000 2,100 2,100
12 June	Bank A/c To Cash A/c (Cash deposited into Bank)	Dr.	40,000	40,000
14 June	Machinery Input CGST A/c Input SGST A/c To Cash A/c (Purchased Machinery)	Dr. Dr. Dr.	5,000 300 300	5,600
15 June	Garg Bros. To Sales A/c To Output CGST A/c To Output SGST A/c (Goods sold to Garg Bros.)	Dr.	16,800	15,000 900 900
16 June	Naresh To Purchase Return A/c To Input IGST (Goods Returned to Naresh)	Dr.	11,200	10,000 1,200
18 June	Naresh A/c To Bank A/c (Payments made to Naresh by Cheque)	Dr.	10,000	10,000
20 June	Drawings A/c To Bank A/c (Withdrawn from Bank for personal use)	Dr.	5,000	5,000
25 June	Bank A/c To Garg Bros. (Cheque received from Garg Bros.)	Dr.	10,000	10,000

28 June	Salary A/c To Cash A/c (Salary Paid)	Dr.			5,000	5,000
30 June	Bank A/c To Interest A/c (Received Bank Interest)	Dr.			200	200
30 June	Stationary A/c Input CGST A/c Input SGST A/c To Cash A/c (Purchased Stationary for cash)	Dr. Dr. Dr.			500 30 30	560
				Total		2,46,760

Ledger Accounts
Input CGST A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
01 June	To Capital A/c		₹ 12,000	30 June	By Balance c/d		₹ 16,980
01 June	To Capital A/c		3,000				
01 June	To Cash A/c		1,650				
04 June	To Cash A/c		300				
30 June	To Cash A/c		30				
			16,980				16,980

Input SGST A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
01 June	To Capital A/c		₹ 12,000	30 June	By Balance c/d		₹ 16,980
01 June	To Capital A/c		3,000				
01 June	To Cash A/c		1,650				
04 June	To Cash A/c		300				
30 June	To Cash A/c		30				
			16,980				16,980

Capital Account

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
30 June	To Machinery with GST A/c		₹ 2,24,000	01 June	By Cash A/c		₹ 3,30,000
30 June	To Furniture with GST A/c		56,000				
30 June	To Balance c/d		50,000				
			3,30,000				3,30,000

Purchase Account

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
01 June	To Cash A/c		₹ 27,500	30 June	By Balance c/d		₹ 47,500
04 June	To Naresh A/c		20,000				
			47,500				47,500

Sales Account

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
30 June	To Balance c/d		₹ 50,000	06 June 15 June	By Cash A/c By Garg Bros.		₹ 35,000 15,000
			50,000				50,000

Input IGST Accounts

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
04 June	To Naresh		₹ 2,400	16 June 30 June	By Naresh By Balance c/d		₹ 120 2,280
			2,400				2,400

Output CGST Account

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
30 June	To Balance c/d		₹ 3,000	06 June 15 June	By Cash A/c By Garg Bros. A/c		₹ 2,100 900
			3,000				3,000

Output SGST Account

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
30 June	To Balance c/d		₹ 3,000	06 June 15 June	By Cash A/c By Garg Bros.		₹ 2,100 900
			3,000				3,000

Naresh Account

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
16 June	To P/R A/c		₹ 1,000	04 June	By Purchase A/c		₹ 20,000
16 June	To Input IGST A/c		120	04 June	By Input IGST A/c		2,400
18 June	To Bank A/c		10,000				
18 June	To Balance c/d		11,280				
			22,400				22,400

Machinery Account

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
01 June	To Capital A/c		₹ 2,00,000	14 June	By balance c/d		₹ 2,05,000
14 June	To Cash A/c		5,000				
			2,05,000				2,05,000

Garg Brothers Accounts

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
15 June	To Sales A/c		₹ 15,000	25 June	By Bank A/c		₹ 10,000
15 June	To Output IGST A/c		900	30 June	By Balance c/d		6,800
15 June	To Output SGST A/c		900				
			16,800				16,800

Purchase Return Account

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
30 June	To Balance c/d		₹ 1,000	16 June	By Naresh		₹ 1,000
			1,000				1,000

Drawings Account

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
20 June	To Bank A/c		₹ 5,000	30 June	By Balance c/d		₹ 5,000
			5,000				5,000

Salary Account

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
28 June	To Cash A/c		₹ 5,000	30 June	By Balance c/d		₹ 5,000
			5,000				5,000

Interest Account

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
30 June	To Balance c/d		₹ 200	30 June	By Bank A/c		₹ 200
			200				200

Stationary Accounts

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
30 June	To Cash A/c		₹ 500	30 June	By Balance c/d		₹ 500
			500				500

Furniture Account

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
01 June	To Capital A/c		₹ 50,000	30 June	By Balance c/d		₹ 50,000
			50,000				50,000

Cash and Bank A/c

Date	Particulars	L.F.	Cash	Bank	Date	Particulars	L.F.	Cash	Bank
			₹	₹				₹	₹
01 June	To Capital A/c		50,000	-	01 June	By Purchase A/c		27,500	-
06 June	To Sales A/c		35,000	-	01 June	By Input CGST A/c		1,650	-
06 June	To Output CGST A/c		2,100	-	01 June	By Input SGST A/c		1,650	-
06 June	To Output SGST A/c		2,100	-	12 June	By Bank A/c	C	-	40,000
12 June	To Cash A/c	C	-	40,000	14 June	By Machinery A/c		5,000	-
25 June	To Garg Bros.		-	10,000	14 June	By Input CGST A/c		300	-
30 June	To Interest A/c		-	200	14 June	By Input SGST A/c		300	-
					18 June	By Naresh		-	10,000
					20 June	By Drawings A/c		-	5,000
					28 June	By Salaries A/c		5,000	-
					30 June	By Stationary A/c		500	-
					30 June	By Input CGST A/c		30	-
					30 June	By Input SGST A/c		30	-
					30 June	By Balance c/d		7,240	35,200
			89,200	50,200				89,200	50,200

Trial Balance

Particulars	L.F.	Dr.(₹)	Cr.(₹)
Cash		7,240	-
Bank		35,200	-
Sales		-	3,30,000
Purchases		47,500	-
Capital		-	50,000
Naresh		-	11,280
Garg Bros.		6,800	-
Furniture		50,000	-
Machinery		2,05,000	-
Purchase Return		-	1,000
Drawing		5,000	-
Salary		5,000	-
Interest		-	200
Stationary		500	-
Input CGST		16,980	-
Input SGST		16,980	-
Input IGST		2,280	-
Output CGST		-	3,000
Output SGST		-	3,000
Total		3,98,480	3,98,480



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Trial Balance and Errors

1. Given below is a Cash Book and Ledger extracts relating to the books of M/s Ram Chander & Sons as at 31st January 2015. You are required to prepare a Trial Balance.

<i>Dr.</i>					CASH BOOK					<i>Cr.</i>				
Date	Particulars	L.F.	Cash	Bank	Date	Particulars	L.F.	Cash	Bank					
2015			₹	₹	2015			₹	₹					
Jan. 1	To Capital A/c		5,00,000	-	Jan. 2	By Bank A/c	C	4,30,000						
2	To Cash A/c	C		4,30,000	3	By Purchases A/c			42,000					
10	To Sales A/c		36,000		20	By Mukesh			5,52,000					
12	To Sales A/c			20,000	27	By Rent A/c		8,000						
15	To Navdeep			4,70,000										
18	To Onkareshwar			2,65,000										
			5,36,000	11,85,000				4,38,000	5,94,000					
			5,36,000	11,85,000	31	By Balance c/d		98,000	5,91,000					
Feb. 1	To Balance b/d		98,000	5,91,000				5,36,000	11,85,000					

<i>Dr.</i>				CAPITAL ACCOUNT				<i>Cr.</i>			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount				
2019			₹	2019			₹				
Jan. 31	To Balance c/d		5,00,000	Jan. 1	By Cash A/c		5,00,000				
				Feb. 1	By Balance b/d		5,00,000				

<i>Dr.</i>				PURCHASES ACCOUNT				<i>Cr.</i>			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount				
2019			₹				₹				
Jan. 3	To Bank A/c		42,000								
31	To Sundries as per Purchase Book		6,40,000								

<i>Dr.</i>				PURCHASES RETURN ACCOUNT				<i>Cr.</i>			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount				
			₹	2019			₹				
				Jan. 31	By Sundries as per Purchase Return Book		10,000				

Dr.				SALES ACCOUNT				Cr.
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount	
			₹	2019			₹	
				Jan. 10	By Cash A/c		36,000	
				12	By Bank A/c		20,000	
				31	By Sundries as per Sales Book		9,25,000	

Dr.				SALES RETURN ACCOUNT				Cr.
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount	
2019			₹				₹	
Jan. 31	To Sundries as per Sales Return Book		15,000					

Dr.				MUKESH				Cr.
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount	
2019			₹	2019			₹	
Jan. 7	To Purchase Return A/c		10,000	Jan. 6	By Purchases A/c		6,40,000	
20	To Bank A/c		5,52,000					
31	To Balance c/d		78,000					
			6,40,000				6,40,000	
				Feb. 1	By Balance b/d		78,000	

Dr.				NAVDEEP				Cr.
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount	
2019			₹	2019			₹	
Jan. 13	To Sales A/c		6,00,000	Jan. 15	By Bank A/c		4,70,000	
				31	By Balance c/d		1,30,000	
			6,00,000				6,00,000	
Feb. 1	To Balance b/d		1,30,000					

Dr.				ONKARESHWAR				Cr.
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount	
2019			₹	2019			₹	
Jan. 14	To Sales A/c		3,25,000	Jan. 15	By Sales Return A/c		15,000	
				18	By Bank A/c		2,65,000	
				31	By Balance c/d		45,000	
			3,25,000				3,25,000	
Feb. 1	To Balance b/d		45,000					

Dr.				RENT ACCOUNT				Cr.
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount	
2019			₹				₹	
Jan. 27	To Cash A/c		8,000					

SOLUTION :

**Trial balance of M/S Ram Chander & Sons
as on January 31, 2015**

Particulars	L.F.	Dr.(₹)	Cr.(₹)
Cash		98,000	-
Bank		5,91,000	-
Capital		-	5,00,000
Purchases		682,000	-
Purchase Return		-	10,000
Sales		-	9,81,000
Sales Return		15,000	-
Mukesh		-	78,000
Navdeep		1,30,000	-
Omkareshwar		45,000	-
Rent		8,000	-
Total		15,69,000	15,69,000

2. Give Journal entries of the following transactions, post them into the ledger and prepare Trial Balance :

2019		(₹)
June 1	Started business with cash	60,000
June 4	Purchased goods from Mitra & Co. ₹ 5,000 plus CGST and SGST @6% each	
June 7	Sold goods to Ram Singh for cash ₹ 4,000 plus CGST and SGST @6% each	
June 10	Sold goods to Milkha Singh ₹ 5,000 plus CGST and SGST @6% each	
June 11	Received cash from Milkha Singh	4,900
	discount allowed to him	700
June 20	Paid to Mitra & Co.	5,600
June 22	Paid electricity charges	500
June 23	Paid for advertisement ₹ 500 plus CGST and SGST @ 6% each	
June 26	Opened a bank account	1,000
June 27	Paid for newspaper bill	200
June 27	Paid wages	500
June 28	Paid for purchase of furniture ₹ 1,000 plus CGST and SGST @ 6% each	
June 30	Deposited into bank account	2,000

SOLUTION :

Trial balance as on

Name of Accounts	L.F.	Dr.(₹)	Cr.(₹)
Cash		57,900	-
Capital		-	60,000
Purchases		5,000	-
Discount Allowed		700	-
Sales		-	9,000
Electricity Charges		500	-
Advertisement Expences		500	-
Furniture		1,000	-
Bank		3,000	-
Newspaper Bill		200	-
Wages		500	-
Input CGST		390	-
Input SGST		390	-
Output CGST		-	540
Output SGST		-	540
Total		70,080	70,080

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2019 01 June	Cash A/c To Capital A/c (Started business with cash)	Dr.	60,000	60,000
04 June	Purchase A/c Input CGST A/c Input SGST A/c To Mitra & Co. A/c (Purchased goods on Credit from Mitra & Co.)	Dr. Dr. Dr.	5,000 300 300	5,600
07 June	Cash A/c To Sales A/c To Output CGST A/c To Output SGST A/c (Goods sold for cash)	Dr.	4,480	4,000 240 240
10 Jan	Milkha Singh's A/c To Sales A/c To Output CGST A/c To Output SGST A/c (Goods sold on credit to Milkha Singh)	Dr.	5,600	5,000 300 300
11 Jan	Cash A/c Discount Allowed To Milkha Singh's A/c (Cash Received From Milkha Singh's on account of his dues)	Dr. Dr.	4,900 700	5,600
20 Jan	Mitra & Co. To Cash A/c (Cash Paid to Mitra & Co. on full settlement of his account)	Dr.	5,600	5,600
22 Jan	Electricity Charges A/c To Cash A/c (Paid to Electricity Charges)	Dr.	500	500
23 July	Advertisement Exp. A/c Input CGST A/c Input SGST A/c To Cash A/c (Advertisement Expences paid)	Dr. Dr. Dr.	500 30 30	560
26 Jan	Bank A/c To Cash A/c (Opened a cash account)	Dr.	1,000	1,000
27 Jan	Newspaper Bill A/c To Cash A/c (Newspaper Bill paid)	Dr.	200	200
27 Jan	Wages A/c To Cash A/c (Wages paid)	Dr.	500	500
28 Jan	Furniture A/c Input CGST A/c Input SGST A/c To Cash A/c (Furniture purchased)	Dr. Dr. Dr.	1,000 60 60	1,120
30 Jan	Bank A/c To Cash A/c (Deposited into bank)	Dr.	2,000	2,000
	Total		92,760	92,760

Cash and Bank A/c

Date	Particulars	L.F.	Cash	Bank	Date	Particulars	L.F.	Cash	Bank
2019			₹	₹	2019			₹	₹
01 June	To Capital A/c		60,000	-	20 June	By Mitra & Co.		5,600	-
07 June	To Sales A/c		4,000	-	22 June	By Electricity Charges A/c		500	-
07 June	To Output CGST A/c		240	-	23 June	By Advertisement Exp. A/c		500	-
07 June	To Output SGST A/c		240	-	23 June	By Input CGST A/c		30	-
11 June	To Milkha Singh		4,900	-	23 June	By Input SGST A/c		30	-
26 June	To Cash A/c	C	-	1,000	26 June	By Bank A/c	C	1,000	-
30 June	To Cash A/c	C	-	2,000	27 June	By Newspaper Bills A/c		200	-
					27 June	By Wages A/c		500	-
					28 June	By Furniture A/c		1,000	-
					28 June	By Input CGST A/c		60	-
					28 June	By Input SGST A/c		60	-
					30 June	By Bank A/c	C	2,000	-
					30 June	By Balance c/d		57,900	3,000
			69,380	3,000				69,380	3,000

Capital Account

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
30 June	To Balance c/d		₹ 60,000 60,000	01 June	By Cash A/c		₹ 60,000 60,000

Purchase Account

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
04 June	To Mitra & Co.		₹ 5,000 5,000	30 June	By Balance c/d		₹ 5,000 5,000

Mitra & Co. Account

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
20 June	To Cash A/c		₹ 5,600 5,600	04 June	By Purchase A/c		₹ 5,000 300 300 5,600
				04 June	By Input CGST A/c		
				04 June	By Input SGST A/c		

Sales Account

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
30 June	To Balance c/d		₹ 9,000 9,000	07 June	By Cash A/c		₹ 4,000 5,000 9,000
				10 June	By Milkha Singh's A/c		

Milkha Singh Account

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
10 June	To Sales A/c		₹ 5,000	11 June	By Cash A/c		₹ 4,900
10 June	To Output CGST A/c		300	11 June	By Discount Allowed A/c		700
10 June	To Output SGST A/c		300				
			5,600				5,600

Electricity Charges Account

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
22 June	To Cash A/c		₹ 500	30 June	By balance c/d		₹ 500
			500				500

Advertisement Account

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
23 June	To Cash A/c		₹ 500	30 June	By Balance c/d		₹ 500
			500				500

Newspaper Bill Account

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
27 June	To Cash A/c		₹ 200	30 June	By balance c/d		₹ 200
			200				200

Wages Account

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
23 June	To Wages A/c		₹ 500	30 June	By Balance c/d		₹ 500
			500				500

Furniture Account

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
28 June	To Cash A/c		₹ 1,000	30 June	By Balance c/d		₹ 1,000
			1,000				1,000

Discount allowed Account

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
11 June	To Milkha Singh A/c		₹ 700	30 June	By balance c/d		₹ 700
			700				700

Input CGST Account

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
04 June	To Mitra & Co.		₹ 300	30 June	By Balance c/d		₹ 390
23 June	To Advertisement Exp. A/c		30				
28 June	To Furniture A/c		60				
			390				390

Input SGST Account

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
04 June	To Mitra & Co.		₹ 300	30 June	By Balance c/d		₹ 390
23 June	To Advertisement Exp. A/c		30				
28 June	To Furniture A/c		60				
			390				390

Output CGST Account

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
30 June	To Balance b/d		₹ 540	07 June	By Cash A/c		₹ 240
				10 June	By Milkha Singh's A/c		300
			540				540

Output SGST Account

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
30 June	To Balance b/d		₹ 540	07 June	By Cash A/c		₹ 240
				10 June	By Milkha Singh's A/c		300
			540				540

Discount Allowed Account

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
30 June	To Milkha Singh		₹ 700	30 June	By Balance A/c		₹ 700
			700				540

3. From the following Ledger account balances extracted from the books of R. J. Gupta, prepare a Trial Balance as on 31st March, 2019 :

Debit Balance	₹	Credit Balance	₹
Purchases	1,04,000	Drawings	7,950
Sundry Debtors	18,550	Sundry Creditors	8,300
Premises	62,000	Returns Inward	5,360
Sales	1,49,000	Furniture	15,600
Returns Outward	8,900	Cash in Hand	390
Rates and Taxes	780	Capital	85,000

Cash at Bank	1,560	Factory Wages	5,830
Carriage Inwards	650	Carriage Outwards	260
Salaries	3,900	Rent Received	2,990
Stock (1st April, 2018)	25,000	Insurance	2,100
Input IGST A/c	5,000	Bad Debts	260
Input CGST A/c	2,500	Output IGST A/c	10,000
Input SGST A/c	2,500		

SOLUTION :

**Trial Balance of R.J. Gupta
as on January 31, 2019**

Name of Accounts	L.F.	Dr.(₹)	Cr.(₹)
Purchase		1,04,000	-
Sundry Debtors		18,550	-
Premises		62,000	-
Sales		1,49,000	
Return Outwards		-	8,900
Rates and Taxes		780	-
Cash at bank		1,560	-
Carriage Inwards		650	-
Salaries		3,900	-
Stock (1st April, 2018)		25,000	-
Input IGST A/c		5,000	-
Input CGST A/c		2,500	-
Input SGST A/c		2,500	-
Drawings		7,950	-
Sundry Creditors		-	8,300
Return Inwards		5,360	-
Furniture		15,600	-
Cash in Hand		390	-
Capital		-	85,000
Factory Wages		5,830	-
Carriage Outwards		260	-
Rent Received		-	2,990
Insurance		2,100	-
Bad Debts		260	-
Output IGST A/c		-	10,000
Total		2,64,190	2,64,190

4. Following Trial Balance is given but it is not correct. Prepare correct Trial Balance.

Debit Balances	₹	Credit Balances	₹
Building	3,00,000	Capital	3,68,000
Machinery	85,000	Furniture	28,000
Returns Outward	13,000	Sales	5,20,000
Bad Debts	14,000	Debtors	3,00,000
Cash	2,000	Interest Received	13,000
Discount Received	15,000		
Bank Overdraft	50,000		
Creditors	2,50,000		
Purchases	5,00,000		
	<u>12,29,000</u>		<u>12,29,000</u>

SOLUTION :

Trial Balance as on

Name of Accounts	L.F.	Dr.(₹)	Cr.(₹)
Building		3,00,000	-
Machinery		85,000	-
Return Outwards		-	13,000
Bad debts		14,000	-
Cash		2,000	-
Discount Received		-	15,000
Bank Overdraft		-	50,000
Creditors		-	2,50,000
Purchases		5,00,000	-
Capital		-	3,68,000
Furniture		28,000	-
Sales		-	5,20,000
Debtors		3,00,000	-
Interest Received		-	13,000
Total		12,29,000	12,29,000

5. Redraft correctly the Trial Balance given below :

<i>Debit Balances</i>	₹	<i>Credit Balances</i>	₹
Capital	8,000	Debtors	7,580
Bad Debts Recovered	250	Bank Deposits	2,750
Creditors	1,250	Discount Allowed	40
Returns Outward	350	Drawings	600
Bank Overdraft	1,570	Returns Inward	450
Rent	360	Sales	13,690
Salaries	850	Bills Payable	1,350
Trade Expenses	300	Grant Received	1,000
Cash in Hand	210		
Opening Stock	2,450		
Purchases	11,870		
	27,460		27,460

SOLUTION :

Trial Balance as on

Name of Accounts	L.F.	Dr.(₹)	Cr.(₹)
Capital		-	8,000
Bad debts Recovered		-	250
Creditors		-	250
Return Outwards		-	350
Bank Overdraft		-	1,570
Rent		360	-
Salaries		850	-
Trade Expences		300	-
Cash in Hand		210	-
Opening Stock		2,450	-
Purchases		11,870	-
Debtors		7,580	-
Bank Deposits		2,750	-
Discount Allowed		40	-
Drawings		600	-
Return Inwards		450	-
Sales		-	13,690
Bills Payables		-	1,350
Grant Received		-	1,000
Total		27,460	27,460

6. Prepare correct Trial Balance from the following Trial balances in which there are certain mistakes :

<i>Particulars</i>	<i>Debit (₹)</i>	<i>Credit (₹)</i>
Capital	18,000	—
Sales	—	40,000
Expenditure	—	4,000
Opening Stock	12,000	—
Fixed Asset	10,000	—
Creditors	—	6,000
Debtors	—	12,000
Closing Stock	—	8,000
Cost of good sold	30,000	—
Grand Total	70,000	70,000

SOLUTION : 6

Trial Balance as on

Name of Accounts	L.F.	Dr.(₹)	Cr.(₹)
Capital		-	18,000
Sales		-	40,000
Expenditure		4,000	-
Opening Stock		12,000	-
Fixed Assets		10,000	-
Creditors		-	6,000
Debtors		12,000	-
Purchase		26,000	-
Total		64,000	64,000

Working Note :

1. Closing Stock will not be shown in Trial Balance, because it has not yet been brought into account.
2. Calculation of Purchase.

$$\begin{aligned}
 \text{Cost of goods sold} &= \text{Opening Stock} + \text{Purchase} - \text{Closing Stock} \\
 ₹30,000 &= ₹12,000 + \text{Purchase} - ₹8,000 \\
 \text{Purchase} &= ₹30,000 + ₹8,000 - ₹12,000 \\
 &= ₹38,000 - ₹12,000 \\
 &= ₹26,000
 \end{aligned}$$



15

Bank Reconciliation Statement

1. Prepare Bank Reconciliation Statement from the following particulars as on 31st July, 2017 : (₹)
- | | |
|---|-------|
| (i) Debit balance as per Cash Book ₹ 2,000 | |
| (ii) Cheques issued but not presented for payment | 160 |
| (iii) Cheques deposited but not yet credited | 1,400 |
| (iv) Amount directly deposited by a customer | 1,060 |
| (v) Bank charges debited by Bank. | 20 |

Solution 1 :

Bank Reconciliation Statement

Particulars	Amount Details (₹)	Amount (₹)
Debit balance as per the cash book	-	2,000
Add : Cheque issued but not presented	160	
Amount directly deposited by a customer	1,060	1,220
		3,220
Less : Cheque issued but not yet credited	1,400	
Bank Charges debited by bank	20	1,420
Balance as per passbook (Cr.)		1,800

2. On 31st March, 2019, Cash Book of Mahesh showed debit bank balance of ₹ 75,000. When compared with the Bank Statement, following facts were discovered. On 30th March, two cheques of ₹ 5,000 and ₹ 7,000 were deposited in the bank but were not realised till date. On 28th March, three cheques of ₹ 6,000, ₹ 8,000 and ₹ 12,000 were issued but none of these were presented to the bank for payment. On 31st March, bank credited ₹ 1,250 as interest but this was not recorded in the Cash Book. Similarly, the bank had charged ₹ 150 as bank charges but this was not recorded in the Cash Book. Bank paid insurance premium of ₹ 5,000 but it was recorded as ₹ 500 in Cash Book. Prepare Bank Reconciliation Statement on 31st March, 2019.

Solution :

Bank Reconciliation Statement

Particulars	Amount Details (₹)	Amount (₹)
Balance as per the cash book	-	75,000
Add : Three cheques of ₹ 6,000, ₹ 8,000 and ₹ 12,000 were issued. but were not presented for payment	26,000	
Bank Allowed Interest	1,250	27,250
		1,02,250
Less : Two Cheque of ₹ 5,000 and ₹ 7,000 were not cleared	12,000	
Bank Charges	150	
Insurance Premium Less charged	4,500	16,650
Balance as per passbook (Cr.)		85,600

3. On 30th June, 2019, bank column of the Cash Book showed balance of ₹ 12,000 but the Pass Book showed a different balance due to the following reasons :
- (i) Cheques paid into the bank ₹ 8,000 but out of these only cheques of ₹ 6,500 credited by bankers.
 - (ii) The receipts column of the Cash Book undercast by ₹ 200.

- (iii) On 29th June, a customer deposited ₹ 3,000 directly in the Bank Account but it was entered in the Pass Book only.
 - (iv) Cheque of ₹ 9,200 were issued of which ₹ 2,200 were presented for payment on 15th July.
 - (v) Pass Book shows a credit of ₹ 330 as interest and a debit of ₹ 60 as bank charges.
- Prepare Bank Reconciliations Statement as on 30th June, 2019.

Solution:

Bank Reconciliation Statement

Particulars	Amount Details (₹)	Amount (₹)
Balance as per the cash book	-	12,000
Add: Cheques issued but not presented (₹ 9,200 – ₹ 7,000)	2,200	-
Receipt column of the cash book was under cast	200	
Interest collected on investment by the bank	330	-
Amount directly deposited in the bank account by customer	3,000	5,730
		17,730
Less: Cheque deposited but not credited (₹ 8,000 – ₹ 6,500)	1,500	
Bank Charges	60	1,560
Insurance Premium Less charged	4,500	16,650
Balance as per passbook (Cr.)		16,170

4. Cash Book shows a balance of ₹ 12,500. On comparing the Cash Book with the Pass Book, following discrepancies were noted :
- (i) Cheques issued but not yet presented for payment. ₹ 6,000
 - (ii) Cheques deposited in the bank but not collected. 9,000
 - (iii) Bank paid insurance premium. 5,000
 - (iv) Bank charges. 300
 - (v) Directly deposited by a customer. 8,000
 - (vi) Interest on investment collected by bank. 2,000
 - (vii) Cash discount allowed of ₹ 200 was recorded on the debit side of the Bank column.
- Prepare Bank Reconciliation Statement.

Solution

Bank Reconciliation Statement

Particulars	Amount Details (₹)	Amount (₹)
Balance as per the cash book	-	12,500
Add: Issued cheque but not yet presented for payment	6,000	
Paid bank Insurance Premium	5,000	
Directly deposited by the customer	8,000	
Investment interest collected by the bank	2,000	21,000
		33,500
Less: Deposited a cheque to the bank but not cleared	9,000	
Bank charges	300	
Discount cash debited to bank column	200	9,500
Balance as per passbook (Dr.)		24,000

5. From the following particulars, prepare Bank Reconciliation Statement as on 31st December, 2010 :
- (i) Debit balance as per Cash Book ₹ 10,000.
 - (ii) A cheque for ₹ 500 issued in favour of Karan has not been presented for payment.
 - (iii) A bill for ₹ 700 retired by bank under a rebate of ₹ 20, the full amount of the bill was credited in the Cash Book.

- (iv) A cheque for ₹ 295 deposited in the bank has been dishonoured.
- (v) A sum of ₹ 800 deposited in the bank has been credited as ₹ 80 in the Pass Book.
- (vi) Payments side of the Cash Book has been undercast by ₹ 200.
- (vii) A bill receivable for ₹ 1,000 (discounted with the bank in November 2010) dishonoured on 31st December, 2010.

Solution :

**Bank Reconciliation Statement
as on 31st December, 2010**

Particulars	Amount Details (₹)	Amount (₹)
Balance as per cash book	-	10,000
Add : 500 cheque issued to kiran but not presented for payment	500	
Rebate on payment on bill not recorded	20	520
		10,520
Less : Cheque deposited was dishonoured	295	
Deposited ₹ 800 in the bank was credited as 80 in the passbook	720	
Payment side of the cash book was undercast	200	
Bills dishonour not been recorded in the cash book	1,000	2,215
Balance as per passbook (Dr.)		8,305

6. On comparing the Cash Book with Pass Book of Naman it is found that on March 31, 2019, bank balance of ₹ 40,960 showed by the Cash Book differs from the bank balance with regard to the following :

- (i) Bank charges ₹ 100 on March 31, 2019, are not entered in the Cash Book.
- (ii) On March 21, 2019, a debtor paid ₹ 2,000 into the company's bank in settlement of his account, but no entry was made in the Cash Book of the company in respect of this.
- (iii) Cheques totalling ₹ 12,980 were issued by the company and duly recorded in the Cash Book before March 31, 2019, but had not been presented at the bank for payment until after that date.
- (iv) A bill for ₹ 6,900 discounted with the bank is entered in the Cash Book without recording the discount charge of ₹ 800.
- (v) ₹ 3,520 is entered in the Cash Book as paid into bank on March 31st 2019, but not credited by the bank until the following day.
- (vi) No entry has been made in the Cash Book to record the dishonour on March 15, 2019 of a cheque for ₹ 650 received from Bhanu.

Prepare a Reconciliation Statement as on March 31, 2019.

Solution :

**Bank Reconciliation Statement of Naman
as on 31st March, 2019**

Particulars	Amount Details (₹)	Amount (₹)
Balance as per cash book	-	40,960
Add : Debtors paid the amount directly to the company's bank account	2,000	
Issued cheques but not seen for payment	12,980	14,980
		55,940
Less : Bank charges not registered in cash book	100	
In cash discounting charges was not recorded	800	
The amount deposited to the bank but not credited	3,520	
Dishonoured cheque entry was not mentioned in cash book	650	5,070
Balance as per passbook (Cr.)		50,870

7. Prepare Bank Reconciliation Statement as on 31st January, 2019, if Cash Book of Mr. Sanjay showed a credit balance of ₹ 20,100.
- (i) The bank had paid fire insurance premium of ₹ 550 which does not appear in the Cash Book.
 - (ii) Cheques for ₹ 25,000 issued during January, but cheques for only ₹ 18,500 were presented for payment.
 - (iii) Interest collected by bank ₹ 740.
 - (iv) Cheques of ₹ 8,700 were deposited into bank, but cheques for ₹ 7,000 were cleared till 31st January, 2019.
 - (v) A customer deposited ₹ 620 directly into bank without informing Mr. Sanjay.

Solution :

Bank Reconciliation Statement

Particulars	Amount ₹	Amount ₹
Balance as per cash book	-	20,100
Add : Fire insurance premium	550	
Cheque deposited into bank but cheque cleared till 31st January, 2019 (₹8,700-₹7,000)	1,700	2,250
		22,350
Less : Cheque issued but present for payment (₹25,000-₹18,500)	6,500	
Interest collected by bank	740	
Customer directly deposited	620	7,860
Balance as per passbook (Dr.)	30,180	

8. From the following particulars, ascertain the bank balance as per Pass Book as on 31st March, 2019 (a) without correcting the Cash Book balance and (b) after correcting the Cash Book balance :
- (i) The Bank balance as per Cash Book on 31st March, 2019 ₹ 40,000.
 - (ii) Cheques issued but not encashed up to 31st March, 2019 amounted to ₹ 10,000.
 - (iii) Cheques paid into the bank, but not cleared up to 31st March, 2019 amounted to ₹ 15,000.
 - (iv) Interest on investments collected by the bank but not entered in the Cash Book ₹ 500.
 - (v) Cheques deposited in the bank but not entered in the Cash Book ₹ 12,500.
 - (vi) Bank charges debited in the Pass Book but not entered in the Cash Book ₹ 100.

Solution :

**In the Books of
Corrected Cash Book (bank column only)**

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
			₹				₹
(i)	To Balance b/d		40,000	(vi)	By Bank charges		100
(iv)	To Interest on investment		500		By Balance c/d		52,900
(v)	To Cheque omitted		12,500				
			53,000				53,000

**Bank Reconciliation Statement
as on 31st March, 2019**

Particulars	Amount ₹	Amount ₹
Balance as per cash book (Dr.)	-	52,900
Add : Cheque issued but not encashed	10,000	10,000
		62,900
Less : Cheque paid into bank but not cleared up	15,000	15,000
Balance as per passbook	47,900	

9. From the following particulars, find out corrected bank balance as per Cash Book and thereafter prepare a Bank Reconciliation Statement as on 31st March, 2019 of a sole proprietor :

	₹
(i) Bank overdraft as per the Cash Book.	80,000
(ii) Cheques deposited as per the bank statement but not entered in the Cash Book.	3,000
(iii) Cheques recorded for collection but not sent to the bank.	10,000
(iv) Credit side of bank column casted short.	1,000
(v) Bank charges recorded twice in the Cash Book.	100
(vi) Customer's cheque returned as per the Bank Statement.	4,000
(vii) Cheques issued but dishonoured on technical grounds.	3,000
(viii) Bills collected by bank directly.	20,000
(ix) Cheque received entered twice in the Cash Book.	5,000

Solution :

**In the Books of
Corrected cash book (bank column only)**

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
			₹				₹
(v)	To Bank charges		100	(i)	By Balance b/d		80,000
(viii)	To Direct collection		20,000	(iv)	By Cash short		1,000
(ii)	To Dishonour Cheque		3,000	(iv)	By Dishonour cheque		4,000
	To Balance c/d		66,900	(ix)	By Twice recording		5,000
			90,000				90,000

Bank Reconciliation Statement

Particulars	Amount Details (₹)	Amount (₹)
Balance as per cash book (Cr.)	-	80,000
Add : Credit side of the cash short cast	1,000	
Customer's cheque returned by the bank as dishonoured	4,000	
Cheque received entered twice in the cash book	5,000	
Cheque recorded for collection but not sent to the bank	10,000	20,000
		1,00,000
Less : Bank charges recorded twice	100	
B/R collected by bank directly	20,000	
Customer's cheque returned as per the bank statement	3,000	
Cheque deposited as per the bank statement but not entered in the cash book	3,000	26,100
Balance as per passbook (Cr.)	73,900	

10. According to the Cash Book of Bajaj Traders, there was a balance of ₹ 22,250 standing to their credit in bank on 30th June, 2019. On investigation, you find that :

- (i) Cheques amounting to ₹ 30,000 issued to creditors have not been presented for payment till that date.
- (ii) Cheques paid into Bank amounting to ₹ 52,500 out of which cheques amounting ₹ 27,500 only collected by the Bank up to 30th June, 2019.
- (iii) A dividend of ₹ 2,000 and rent amounting to ₹ 3,000 received by the Bank and entered in the Pass Book but not recorded in the Cash Book.
- (iv) Insurance Premium on behalf of Bajaj Traders up to 31st December, 2019 paid by the Bank ₹ 1,350 not entered in the Cash Book.

- (v) Bank charges ₹ 25, shown in the Pass Book had not been entered in the Cash Book.
- (vi) The payments side of the Cash Book had been undercasted by ₹ 25.
- (vii) A Bill payable for ₹ 1,000 has been paid by the Bank but is not entered in the Cash Book and a Bill receivable for ₹ 3,000 has been discounted with the Bank at a cost of ₹ 50 which has also not been recorded in Cash Book.

You are required :

- (i) to make appropriate adjustments in the Cash Book, and
- (ii) to prepare a statement reconciling it with the Bank Pass Book.

Solution :

**In the books of
Corrected Cash Book (bank column only)**

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
			₹				₹
	To Balance b/d		22,250		By Insurance premium		1,350
	To Dividend		2,000		By Bank charges		25
	To Rent		3,000		By Cash book undercast		25
	To B/R Discounted		2,950		By B/P Paide		1,000
					By Balance c/d		27,800
			30,200				30,200

**Bank Reconciliation Statement
as on 30th June, 2019**

Particulars	Amount Details (₹)	Amount (₹)
Balance as per cash book (Dr.)	-	27,800
Add : Cheque issued to creditors have not been presented	30,000	30,000
		57,800
Less : Cheque paid into bank but not collected (₹ 52,500 – ₹ 27,500)	25,000	25,000
Balance as per passbook (Cr.)		32,800

11. Complete the following Bank Reconciliation Statement :

BANK RECONCILIATION STATEMENT

as on...

Particulars	Plus Items	Minus Items
	₹	₹
(a) Balance as per Pass Book (Cr.) ₹ 10,000
(b) Excess Credit of Cash Deposit amounting ₹ 63
(c) Cheque wrongly credited to another customer's account amounting ₹ 1,000
(d) Bank balance (Dr.) excess carried forward ₹ 2,500
(e) Dividend of ₹ 100 collected by Bank
(f) Undercasting of withdrawal Column of Pass Book by ₹ 200
(g) Payment of Cheque recorded twice amounting to ₹ 450 in Cash Book
(h) Balance as per Cash Book (Dr.)

Solution :

Bank Reconciliation Statement

Particulars	Amount Details (₹)	Amount (₹)
Balance as per cash book (Cr.)	-	10,000
Add : Cheque wrongly credited	1,000	
Bank Balance excess C/F	2,500	3,500
		13500
Less : Excess credit of cash deposit	63	
Dividend collected by bank	100	
Undercasting of withdrawl column	200	
Payment of cheque recorded twice	450	813
Balance as per Cashbook (Dr.)		12,687

12. The following information relate to the business of Mohit Raina, who requests you to prepare his amended Cash Book and reconcile his Cash Book balance with his Pass Book balance :

	₹
Balance as per Cash Book (Cr.)	40,000
Unpresented cheques	72,000
Uncredited cheques	13,000

You have been given the following additional information :

- (i) The debit side of the Cash Book (Bank Column) has been undercast by ₹ 25,000.
- (ii) A cheque for ₹ 10,000 paid to a creditor has been wrongly entered in the Cash Column.
- (iii) Bank commission and other charges ₹ 4,000 have not been recorded in the Cash Book.

Solution :

**In the books of Mohit Raina
Corrected Cash Book (Bank columns only)**

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
	To Cash book undercast		₹ 25,000		By Balance b/d		40,000
	To Balance c/d		29,000		By Creditors		10,000
			54,000		By Commission		4,000
			54,000				54,000

**Bank Reconciliation Statement
as on -----**

Particulars	Amount Details (₹)	Amount (₹)
Balance as per cash book (Cr.)	-	(29,000)
Add : Unpresented Cheques	72,000	72,000
		43,000
Less : Uncredited cheques		(13,000)
Balance as per passbook (Cr.)		30,000

13. The bank statement of Mr. James Flint showed an overdraft to the tune of ₹ 60,400 as on 31-12-2019. Cash Book showed a debit balance of ₹ 2,00,120 as on the same date. The following further facts are available :

- (i) Cheque issued to Tax Consultatns was not cashed till 31-12-2019. 12,000

- (ii) Cheque issued to Management Consultancy Services was cashed on 14.1.2015. 20,000
- (iii) Cheque received from M/s General Studies and deposited into the bank was credited in the account on 3.1.2020. 2,20,000
- (iv) Dividend warrant deposited on 29-12-2019 was not credited by the bank till 31-12-2019. 74,400
- (v) Bank charge not adjusted in books of Mr. Flint till 31-12-2019 680
- (vi) Interest credited by the bank and not adjusted in the books till 31-12-2019 2,560

Prepare a Bank Reconciliation Statement of Mr. James Flint as on 31.12.2019.

Solution :

**Bank Reconciliation Statement
as on 31st March, 2019**

Particulars	Amount Details (₹)	Amount (₹)
Balance as per passbook (Dr.)	-	(60,400)
Add : Deposited cheques was not credited by the bank	2,20,000	
Deposited dividend warrant was not credited by the bank	74,400	
Bank charges	680	2,95,080
		2,34,680
Less : Issued cheques to tax consultants was not sent to the bank	12,000	
Issued cheque to management consultancy services was cashed	20,000	
Bank Credited interest	2,560	(34,560)
Balance as per Cash book (Dr.)		2,00,120

14. Prepare Bank Reconciliation Statement as on 31st March, 2019 from the following particulars :

- (i) R's overdraft as per Pass Book ₹ 12,000 as on 31st March.
- (ii) On 30th March, cheques had been issued for ₹ 70,000 of which cheques amounting to 3,000 only had been encashed up to 31st March.
- (iii) Cheques amounting to ₹ 3,500 had been paid into the bank for collection but of these only ₹ 500 had been credited in the Pass Book.
- (iv) Bank has charged ₹ 500 as interest on overdraft and the intimation of which has been received on 2nd April, 2019.
- (v) Bank Pass Book shows credit for ₹ 1,000 representing ₹ 400 paid by debtor of R direct into the bank and ₹ 600 collected directly by the bank in respect of interest on R's investment. R had no knowledge of these items.
- (vi) A cheque for ₹ 200 has been debited in the bank column of Cash Book by R but it was not sent to the bank at all.

Solution :

**Bank Reconciliation Statement
as on 31st March, 2019**

Particulars	Amount Details (₹)	Amount (₹)
Balance as per passbook (Cr.)	-	12,000
Add : Cheques had been encashed	3,000	
Interest charge	500	
Cheque has been debited	200	3,700
		8,300
Less : Cheques had not been encashed	67,000	
Paid by debtor	400	
directly collected	600	68,000
Balance as per Cash book (Cr.)		76,300

15. Prepare Bank Reconciliations Statement from the following particulars and show balance as per Cash Book :

- (i) Balance as per Pass Book on 31st March, 2019 overdrawn ₹ 10,000.
- (ii) Cheques drawn in the last week of March, 2019 but not cleared till 3rd April, 2019 ₹ 20,000.
- (iii) Interest on bank overdraft not entered in the Cash Book ₹ 1,500.
- (iv) Cheques of ₹ 20,000 deposited in the bank in March, 2019 but not collected and credited till 3rd April, 2019.
- (v) ₹ 100 Insurance Premium paid by the bank under a standing order has not been entered in the Cash Book.
- (vi) A draft of ₹ 10,000 favouring Atul & Co. was issued by the bank charging commission of ₹ 200. However, in the Cash Book entry was passed by ₹10,000.

Solution :

**Bank Reconciliation Statement
as on 31st March, 2019**

Particulars	Amount Details (₹)	Amount (₹)
Balance as per passbook (Cr.)	-	10,000
Add : Cheque deposited but not collected and credited	20,000	20,000
		30,000
Less : Cheque drawn but not cleared	20,000	
Interest not entered in the cash book	1,500	
Insurance premium paid	100	
Bank charging commission	200	21,800
Balance as per Cash book (Cr.)		8,200

16. Prepare a bank Reconciliation Statement as on 31st August 2019 : (₹)

- (i) Balance as per Pass Book 20,120
- (ii) Cheque deposited in bank on 25th August, but credited on 2nd September, 2019 3,600
- (iii) Cheques issued but not yet presented 3,000
- (iv) Pass Book shows a credit for interest 320
- (v) Pass Book also shows a debit for bank charges 160
- (vi) Amount directly deposited by a customer. 1,360

Solution :

**Bank Reconciliation Statement
as on 31st August, 2019**

Particulars	Amount Details (₹)	Amount (₹)
Balance as per passbook	-	20,120
Add : Cheque deposited but not credited	3,600	
Bank charges	160	3,760
		23,880
Less : Cheque issued but not presented	3,000	
Amount directly deposited by a customer	1,360	
Interest	320	4,680
Balance as per Cash book (Dr.)		19,200



16

Depreciation

1. Rehaan Ltd. purchased a machinery on 1st April, 2013 for ₹ 3,80,000 and spent ₹ 20,000 on its cartage and ₹ 50,000 on its erection. On the date of purchase, it was estimated that the effective life of the machine will be 10 years and after 10 years its scrap value will be ₹ 50,000. The accounts are closed every year on 31st March.

Prepare Machinery Account and Depreciation Account for the first four years on the basis of straight line method.

Solution :

Machinery A/c of Rehaan LTD.

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013			₹	2014			₹
Apr. 1	To Bank A/c		3,80,000	Mar. 31	By Depreciation A/c		40,000
Apr. 1	To Bank A/c Expences (50,000 + 20,000)		70,000	Mar. 31	By Balance c/d		4,10,000
			4,50,000				4,50,000
2014				2015			
Apr. 1	To Balance b/d		4,10,000	Mar. 31	By Depreciation A/c		40,000
			4,10,000	Mar. 31	By Balance c/d		3,70,000
							4,10,000
2015				2016			
Apr. 1	To Balance b/d		3,70,000	Mar. 31	By Depreciation A/c		40,000
			3,70,000	Mar. 31	By Balance c/d		3,30,000
							3,70,000
2016				2017			
Apr. 1	To Balance b/d		3,30,000	Mar. 31	By Depreciation A/c		40,000
			3,30,000	Mar. 31	By Balance c/d		2,90,000
							3,30,000

Working Note :

$$\begin{aligned}
 \text{Depreciation} &= \frac{(\text{Cost of Assets} + \text{All Expences}) - \text{Scrap value of Assets}}{\text{Estimated Life of the assets}} \\
 &= \frac{(\text{₹ } 3,80,000 + \text{₹ } 70,000) - \text{₹ } 50,000}{10} \\
 &= \frac{\text{₹ } 4,50,000 - \text{₹ } 50,000}{10} \\
 &= \frac{\text{₹ } 4,00,000}{10} = 40,000
 \end{aligned}$$

Depreciation A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2014			₹	2014			₹
Mar. 31	To Machinery A/c		40,000	Mar. 31.	By P&L A/c		40,000
			40,000				40,000

2015 Mar. 31	To Machinery A/c		2015 40,000	Mar 31.	By P&L A/c		40,000
			40,000				40,000
2016 Mar. 31	To Machinery A/c		2016 40,000	Mar 31.	By P&L A/c		40,000
			40,000				40,000
2017 Mar. 31	To Machinery A/c		2017 40,000	Mar 31.	By P&L A/c		40,000
			40,000				40,000

2. JC Maclean Ltd. purchased a second-hand truck for ₹ 11,00,000 and spent ₹ 1,00,000 on its erection. Assume that depreciation is provided @ 10% p.a. according to the Straight Line Method. The truck is sold for ₹ 8,80,000. Accounting year is financial year. Calculate the profit or loss on sale of the truck in each of the following alternative cases :

Case (i) : If date of purchase is 1st April, 2014 and date of sale is 31st March, 2017.

Case (ii) : If date of purchase is 1st April, 2014 and date of sale is 30th September, 2016.

Case (iii) : If date of purchase is 1st July, 2014 and date of sale is 31st March, 2017.

Case (iv) : If date of purchase is 1st July, 2014 and date of sale is 30th September, 2016.

Solution :

Case : (i) If date of purchase is 1st April, 2014 and date of sale is 31st March, 2017

Calculation of Profit & Loss on sale :

Particular	Amount ₹
Cost of Truck on 1st April, 2014 (11,00,000+1,00,000 Exp.)	12,00,000
Less : Depreciation of 12 months (12,00,000×10%)	1,20,000
Value of Truck on 1st April, 2015	10,80,000
Less : Depreciation of 12 months	1,20,000
Value of Truck on 1st April, 2016	9,60,000
Less : Depreciation of 12 months	1,20,000
Value of Truck on 31st March, 2017	8,40,000
Less : Sale value of Truck	8,80,000
Loss on sale of Truck	40,000

Case : (ii) If date of purchase is 1st April, 2014 and date of sale is 30th September 2016

Calculation of Profit & Loss on sale :

Particular	Amount ₹
Cost of Truck on 1st April, 2014	12,00,000
Less : Depreciation of 12 months	1,20,000
Value of Truck on 1st April, 2015	10,80,000
Less : Depreciation of 12 months	1,20,000
Value of Truck on 1st April, 2016	9,60,000
Less : Depreciation of 6 months	60,000
Value of Truck on 31st March, 2016	9,00,000
Less : Sale value of Truck	8,80,000
Loss on sale of Truck	20,000

Case : (ii) If date of purchase is 1st July, 2014 and date of sale is 31st March 2017
Calculation of Profit & Loss on sale :

Particular	Amount ₹
Cost of Truck on 1st July, 2014	12,00,000
Less : Depreciation of 12 months	90,000
Value of Truck on 1st April, 2015	11,10,000
Less : Depreciation of 12 months	1,20,000
Value of Truck on 1st April, 2016	9,60,000
Less : Depreciation of 12 months	1,20,000
Cost of Truck on 31st March, 2017	8,70,000
Less : Sale value of Truck	8,80,000
Profit on sale of Truck	10,000

Case (iv) If date of purchase is 1st July, 2014 and the date of sale is 30th September, 2016
Calculation of Profit & Loss of sale :

Particular	Amount ₹
Cost of Truck on 1st July, 2014	12,00,000
Less : Depreciation of 9 months	90,000
Value of Truck on 1st April, 2015	11,10,000
Less : Depreciation of 12 months	1,20,000
Value of Truck on 1st April, 2016	9,90,000
Less : Depreciation of 12 months (From 01 April 30 Sept.)	60,000
Value of Truck on 30 September, 2017	9,30,000
Less : Sale value of Truck	8,80,000
Profit on sale of Truck	50,000

3. On 1st April, 2015, a Company bought Plant and Machinery costing ₹ 68,000. It is estimated that its working life is 10 years, at the end of which it will fetch ₹ 8,000. Additions are made on 1st April, 2016 to the value of ₹ 40,000 (Residual value ₹ 4,000). More additions are made on Oct. 1, 2017 to the value of ₹ 9,800 (Break up value ₹ 800). The working life of both the additional Plant and machinery is 20 years.

Show the Plant and Machinery account for the first four years, if depreciation is written off according to Straight Line Method. The accounts are closed on 31st March every year.

Solution :

Plant and Machinery A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2015 Mar. 31	To Cash A/c		₹ 68,000	2016 Mar 31	By Dep. A/c		₹ 6,000
			68,000	Mar 31	By Balance c/d		62,000
			68,000				68,000
2016 Apr. 1	To Balance b/d		2017 62,000	Mar 31	By Dep. A/c (6,000 + 1,800)		7,800
	To Cash A/c (Addition Purchased)		40,000	Mar 31	By Balance c/d (56,000 + 38,200)		94,200
			1,02,000				1,02,000

2017 Apr. 1	To Balance b/d	94,200	2018 Mar 31	By Dep. A/c (6,000 + 1,800)	7,800
Oct. 1	To Cash A/c (Addition Purchased)	9,800	Mar 31	By Dep. A/c (6 Months on new Machine)	225
			Mar 31	By balance c/d	95,975
		<u>1,04,000</u>			<u>1,04,000</u>
2018 Apr. 01	To Balance b/d	95,975	2019 Mar 31	By Dep. A/c Machine 1 1,600 Machine 2 1,800 Machine 3 (12 months) 450	8,250
			Mar. 31	By Balance c/d	87,725
		<u>95,975</u>			<u>95,975</u>

4. A Ltd. purchased a machine for ₹ 5,00,000 on 1st April, 2012. Further addition were made on 1st October 2012 and on 1st July, 2013 for ₹ 4,00,000 and ₹ 3,00,000 respectively. On 1st January, 2015, 1st machine was sold for ₹ 2,85,000 and new machine was purchased for ₹ 6,00,000. Prepare Machine A/c for three years ending 31st March, 2015 if depreciation is to be charged @ 10% p.a. on straight line basis.

Solution :

Machinery A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2012 01 Apr	To Cash A/c		₹ 5,00,000	2013 Mar 31	By Dep. A/c (5,00,000×10/100)+ (4,00,000×10/100×6/12)		₹ 70,000
01 Oct.	To Cash A/c		4,00,000	Mar 31	By Balance c/d		8,30,000
			<u>9,00,000</u>				<u>9,00,000</u>
2013 Apr. 1	To Balance b/d		8,30,000	2014 Mar 31	By Dep. A/c (50,000+40,000)		90,000
July 1	To Cash A/c (Addition Purchased)		3,00,000	Mar 31	By Dep. A/c (3,00,000×10/100 ×9/12)		22,500
			<u>11,30,000</u>				<u>11,30,000</u>
2014 Apr. 1	To Balance b/d		10,17,500	2015 Mar 31.	By Dep. A/c (1st Machinery 9 months)		37,500
Jan 1	To Cash A/c (Addition Purchased)		6,00,000	Jan 01	By Cash A/c		2,85,000
				Jan. 01	By Loss on sale of Machinery		77,500
				Mar. 31	By Dep. A/c (Machine 2 + Machine 3) (40,000+30,000)		70,000
				Mar. 31	By Dep. A/c (On New Machinery) (6,00,000×10/100×3/12)		15,000
				Mar. 31	By Balance c/d		11,32,500
			<u>16,17,500</u>				<u>16,17,500</u>

Working Note :

Calculation of Profit & Loss on Machinery 1 :

Cost of Machinery on 01st April, 2012	5,00,000
Less : Depreciation of 12 months	50,000
Cost of Machinery on 01st April, 2013	4,50,000
Less : Depreciation of 12 months	50,000
Cost of Machinery on 01st April, 2014	4,00,000
Less : Depreciation of 9 months (01 April, 2014 - 31 Dec, 2014)	37,500
Cost of Machinery on 01st Jan, 2015	3,62,500
Less : Sale value of machinery	2,85,000
Loss on sale of Machinery	77,500

5. On 1st April, 2015, furniture costing ₹ 55,000 was purchased. It is estimated that its life is 10 years at the end of which it will be sold for ₹ 5,000. Additions are made on 1st April, 2016 and 1st October, 2018 to the value of ₹ 9,500 and ₹ 8,400 (Residual value ₹ 500 and ₹ 400 respectively). Show the Furniture Account for the first four years, if Depreciation is written off according to the Straight Line Method.

Solution :

Furniture A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2015 Apr. 01	To Cash A/c		₹ 55,000	2016 Mar 31	By Dep. A/c		5,000
			55,000	Mar 31	By Balance c/d		50,000
							55,000
2016				2017 Apr. 1	To Balance b/d		50,000
Apr. 1	To Cash A/c			Mar 31	By Dep. A/c (5,000+900)		5,900
				Mar 31	By Balance c/d (Addition Purchased)		53,600
			59,500				9,500
							59,500
2017 Apr. 01	To Balance b/d		53,600	2018 Mar 31	By Dep. A/c		5,900
			53,600	Mar 31	By Balance c/d		47,700
							53,600
2018 Apr. 1	To Balance b/d		47,700	2019 Mar 31	By Dep. A/c		5,900
Apr. 1	To Cash A/c (Addition)		8,400	Mar 31	By Dep. A/c (On new addition) (8,400×400/10) For 6 months		400
				31 Mar.	By Balance c/d		49,800
			56,100				56,100

6. An asset was purchased for ₹ 10,500 on 1st April, 2012. The scrap value was estimated to be ₹ 500 at the end of asset's 10 years' life. Straight Line Method of depreciation was used. The accounting year ends on 31st March every year. The asset was sold for ₹ 600 on 31st March, 2019. Calculate the following :
- (i) The Depreciation expense for the year ended 31st March, 2013.
 - (ii) The net book value of the asset on 31st March, 2017.
 - (iii) The gain or loss on sale of the asset on 31st March, 2019.

Solution :

**Statement of calculation of Profit & Loss
on sale of Assets**

Particular	Amount ₹
Cost of Assets on 1st April, 2012	10,500
(i) Less : Depreciation of 12 months (10,500-500/10Years)	1,000
Value of assets on 1st April, 2013	9,500
Less : Depreciation of 4 Years (₹1,000×4)	4,000
(ii) Value of assets on 31st March, 2017	5,500
Less : Depreciation of 12 months	1,000
Value of assets on 31st March, 2018	4,500
Less : Depreciation of 12 months	1,000
Value of assets on 31st March, 2019	3,500
Less : Sale value of assets	600
Loss on Sale of Assets on 31st March, 2019	2,900

7. Bhardwaj Constructions Ltd.whose accounting year is calender year, purchased on 1st April, 2014 machinery costing ₹ 90,000. It purchased additional machinery on 1st October, 2014 costing ₹ 60,000 and on 1st July, 2015 costing ₹ 30,000. On 1st January, 2016, one-third of the machinery which was purchased on 1st April, 2014 became obsolete due to industrial accident and was sold for ₹ 10,000. Prepare the Machinery Account for three years as would appear in the books of the company being given that depreciation was charged @ 10% p.a. by fixed instalment method. Find the balance of Machinery Account on 1st January, 2017.

Solution :

Machinery A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2014			₹	2015			₹
01 Apr	To Cash A/c		90,000	Mar 31.	By Dep. A/c (9,000+3,000))		12,000
01 Oct.	To Cash A/c (Addition)		60,000	Mar 31	By Balance c/d		1,38,000
			1,50,000				1,50,000
2015				2016			
Apr. 1	To Balance b/d		1,38,000	Jan.01	By Dep. A/c		2,250
July 1	To Cash A/c (Addition)		30,000	Jan. 01	By Cash A/c		10,000
				Jan. 01	By Loss on Sale A/c		14,750
				Mar. 31	By Dep. A/c 1st Machinery 6,000 2nd Machinery 6,000 3rd Machinery <u>2,250</u>		14,250
				Mar. 31	By Balance c/d		1,26,750
			1,68,000				1,68,000
2016				2017			
Apr. 1	To Balance b/d		1,26,750	Jan. 01	By Dep. A/c (4,500+4,500+2,250)		11,250
				Jan. 01	By Balance c/d		1,15,500
			1,26,750				1,26,750

Working Note :

Calculation of Profit and Loss on sale of 1/3rd part of machinery:

1/3 part of Machine 1st = $90,000 \times \frac{1}{3} = 30,000$

Cost of Machinery on 1st April, 2015

30,000

Less : Depreciation of 12 months

3,000

Value of Machinery on 1st April, 2015

27,000

Less : Depreciation of 9 months

$(30,000 \times \frac{10}{100} \times \frac{9}{12})$

2,250

Value of Machinery on 1st Jan. 2016

24,750

Less : Sale Value of assets

10,000

Loss on sale of Machinery

14,750

8. On 1st April, 2012, a trader purchased a machine for ₹ 55,000 and it was estimated that after 10 years its residual value will be ₹ 5,000. On 1st April, 2013 and 1st October, 2015 additional machines were purchased for ₹ 9,500 (Residual value ₹ 500) and ₹ 8,400 (Residual value ₹ 400) respectively. The working life of both the additional machines is 10 years. Show the Machine Account and Depreciation Account for the first four years, if depreciation is written off according to fixed instalment method. The accounts are closed on 31st March every year.

Solution :

Machinery A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2012			₹	2013			₹
01 Apr.	To Cash A/c		55,000	31 Mar.	By Dep. A/c		5,000
				31 Mar.	By Balance c/d		50,000
			55,000				55,000
2013				2014			
01 Apr.	To Balance b/d		50,000	31 Mar.	By Dep. A/c		5,900
01 Apr.	To Cash A/c		9,500	31 Mar.	By Balance c/d		53,600
			59,500				59,500
2014				2015			
01 Apr.	To Balance b/d		53,600	31 Mar.	By Dep. A/c		5,900
			31 Mar.		By Balance c/d		47,700
			53,600				53,600
2015				2016			
01 Apr.	To Balance b/d		47,700	31 Mar.	By Dep. A/c		5,900
01 Oct.	To Cash A/c (Addition)		8,400	31 Mar.	By Dep. A/c (On New Machine) (For 6 Months)		400
			31 Mar.		By Balance c/d		49,800
			56,100				56,100

Depreciation A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013			₹	2013			₹
Mar. 31	To Machinery A/c		5,000	Mar. 31.	By P&L A/c		5,000
			5,000				5,000
2014				2014			
Mar. 31	To Machinery A/c		5,900	Mar. 31.	By P&L A/c		5,900
			5,900				5,900

2015 Mar. 31	To Machinery A/c		2015 5,900	Mar 31.	By P&L A/c		5,900
			5,900				5,900
2016 Mar. 31	To Machinery A/c		2016 6,300	Mar 31.	By P&L A/c		6,300
			6,300				6,300

9. Bhushan & Company purchased a Machinery on 1st April, 2015, for ₹ 54,000 and spent ₹ 6,000 on its installation. On 1st December, 2016, it purchased another machine for ₹ 30,000.

On 30th June 2017, the first machine purchased on 1st April, 2015, is sold for ₹ 36,000 and on the same date it purchased a new machinery for ₹ 80,000.

On December 1, 2018, the second machine (purchased on December 1, 2016) was also sold off for ₹ 26,000.

Depreciation was provided on machinery @ 10% p.a. on Original Cost Method annually on 31st March. Give the machinery account for four years.

Solution:

Machinery A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2015 01 Apr.	To Cash A/c To Cash A/c (Expences)		₹ 54,000 6,000	2016 31 Mar. 31 Mar.	By Dep. A/c By Balance c/d		₹ 6,000 54,000
			60,000				60,000
2016 01 Apr. 01 Dec.	To Balance b/d To Cash A/c (Addition)		54,000 30,000	2017 31 Mar. 31 Mar. 31 Mar.	By Dep. A/c By Dep. A/c (30,000×10/100×3/12) By Balance c/d		6,000 750 77,250
			84,000				84,000
2017 01 Apr. 30 June	To Balance b/d To Cash A/c (Addition)		77,250 80,000	2017 30 June 30 June 30 June 31 Mar. 31 Mar.	By Dep. A/c (1st Machine) By Cash A/c (Sale) By Loss on Sale of Machine A/c By Dep. A/c (2nd+3rd Machine) (3,000+6,000) By Balance c/d		1,500 36,000 10,500 9,000 1,00,250
			1,57,250				1,57,250
2018 01 Apr. 31 Dec.	To Balance b/d To Profit on sale of Machinery A/c		1,00,250 2,000	2018 31 Dec. 31 Dec. 2019 31 Mar.	By Dep. A/c (on 2nd Machine) (For 9 Months) By Cash A/c (Sale) By Dep. A/c (on 3rd Machine) By Balance c/d		2,250 26,000 8,000 66,000
			1,02,250				1,02,250

Working Notes :

1. Calculation of Profit & Loss on sale of 1st Machinery :

Particular	Amount ₹
Cost of Machinery on 1st April, 2015 (₹ 54,000 + ₹ 6,000)	60,000
(i) Less : Depreciation of 12 months	6,000
Value of Machinery on 1st April, 2016	54,000
Less : Depreciation of 12 Months	6,000
(ii) Value of Machinery on 1st April, 2017	48,000
Less : Depreciation of 3 months (60,000×10/100×3/100)	1,500
Value of Machinery on 30 June, 2017	46,500
Less : Sale value of machinery	36,000
Loss on Sale of Machinery	10,500

2. Calculation of Profit & Loss on sale of 2nd Machinery :

Particular	Amount ₹
Cost of Machinery on 1st Dec, 2016	30,000
(i) Less : Depreciation of 3 months (30,000×10/100×3/12)	750
Value of Machinery on 1st April, 2017	29,250
Less : Depreciation of 12 Months	3,000
(ii) Value of Machinery on 1st April, 2018	26,250
Less : Depreciation of 9 months (From 01 April to 31 December)	2,250
Value of Machinery on 31 Dec, 2018	24,000
Less : Sale value of machinery	26,000
Profit on Sale of Machinery on 31 Dec, 2018	2,000

10. On 1st April, 2010, Plant and Machinery was purchased for ₹ 1,20,000. New machinery was purchased on 1st Oct., 2010, for ₹ 50,000 and on 1st July, 2011, for ₹ 25,000.

On 1st January, 2013, a machinery of the original value of ₹ 20,000 which was included in the machinery purchased on 1st April, 2010, was sold for ₹ 6,000. Prepare Plant & Machinery A/c for three years after providing depreciation at 10% p.a. on Straight Line Method. Accounts are closed on 31st March every year.

Solution :

Plant & Machinery A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2010			₹	2011			₹
01 Apr.	To Cash A/c		1,20,000	31 Mar.	By Dep. A/c (12,000+2,500)		14,500
01 Oct.	To Cash A/c (Addition)		50,000	31 Mar.	By Balance c/d		1,55,500
			1,70,000				1,70,000
2011				2012			
01 Apr.	To Balance b/d		1,55,500	31 Mar.	By Dep. A/c (12,000+5,000)		17,000
01 July	To Cash A/c (Addition)		25,000	31 Mar.	By Dep. A/c (On 3rd Machine) (For 9 months)		1,875
			1,80,500	31 Mar.	By Balance c/d		1,61,625
			1,80,500				1,80,500

2012				2013		
01 Apr.	To Balance b/d		1,61,625	01 Jan	By Dep. A/c (20,000×10%×9/12)	1,500
				01 Jan	By Cash A/c (Sale)	6,000
				01 Jan	By Loss on sale of machinery A/c	8,500
				31 Mar.	By Dep. A/c (10,000+5,000+2,500)	17,500
				31 Mar.	By Balance c/d	1,28,125
			1,61,625			1,61,625

Working Notes :

Calculation of Profit & Loss on sale of Machinery :

Particular	Amount ₹
Cost of Machinery on 1st April, 2010 (Part of Machinery)	20,000
(i) Less : Depreciation of 12 months	2,000
Value of Machinery on 1st April, 2011	18,000
Less : Depreciation	2,000
(ii) Value of Machinery on 1st April, 2012	16,000
Less : Depreciation of 9 months	1,500
Value of Machinery on 01 Jan, 2013	14,500
Less : Sale value of machinery	6,000
Loss on Sale of Machinery on 01 Jan, 2013	8,500

- 11.** A boiler was purchased from abroad for ₹ 10,000. Shipping and forwarding charges ₹ 2,000, Import duty ₹ 7,000 and expenses of installation amounted to ₹ 1,000. Calculate the Depreciation for the first three years (separately for each year) @ 10% p.a. on Diminishing Balance Method.

Solution:

Calculation of Depreciation of Boiler :

Cost of Boiler

$$(\text{₹}10,000 + \text{₹}10,000\text{Exp.}) = \text{₹}20,000$$

Ist Year Depreciation on Boiler

$$(\text{₹}20,000 \times 10/100) = \text{₹}2,000$$

IIInd Year ₹ 20,000 – ₹ 2,000 = ₹ 18,000

$$(\text{₹}18,000 \times 10/100) = \text{₹}1,800$$

IIIrd Year ₹ 18,000 – ₹ 1,800 = ₹ 16,200

$$(\text{₹}16,200 \times 10/100) = \text{₹}1,620$$

$$= 16,200 - 1,6200$$

$$= 14,580$$

- 12.** Babu purchased on 1st April, 2017, a machine for ₹ 6,000. On 1st October, 2017, he also purchased another machine for ₹ 5,000. On 1st October, 2018, he sold the machine purchased on 1st April, 2017 for ₹ 4,000.

It was decided that Depreciation @ 10% p.a. was to be written off every year under Diminishing Balance Method.

Assuming the accounts were closed on 31st March every year, show the Machinery Account for the years ended 31st March, 2018 and 2019.

Solution :

Machinery A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2017			₹	2018			₹
01 Apr.	To Cash A/c		6,000	31 Mar.	By Dep. A/c		600
01 Oct.	To Cash A/c (Addition)		5,000	31 Mar.	By Dep. A/c (on 2nd machine) (for 6 months)		250
				31 Mar.	By Balance c/d		10,150
			11,000				11,000
2018				2018			
01 Apr.	To Balance b/d		10,150	01 Oct.	By Dep. A/c (On 1st machine) (for 6 months)		270
				01 Oct.	By Cash A/c (sale)		4,000
				01 Oct.	By Loss on sale of machine A/c		1,130
				2019			
				31 Mar.	By Dep. A/c (on 2nd machine)		475
				31 Mar.	By Balance c/d		4,275
			10,150				10,150

Working Notes :

2018 Dep. on 1st Machine (₹6,000 – ₹600) = ₹ 5,400

(₹5,400 × 10/100 × 6/12) = ₹270

2019 Dep. on 2nd Machine = (₹5,000 – ₹250) = ₹4,750

(₹4,750 × 10/100) = ₹475

13. On 1st April, 2013, Modi Limited purchased a machinery for ₹ 5,50,000 plus CGST and SGST @ 9% each including a boiler worth ₹ 50,000. Depreciation was charged @ 10% p.a. on diminishing balance method. During the fifth year, the boiler became useless on account of damages to some of its vital parts. The damaged boiler is sold for ₹ 31,000 plus CGST and SGST @ 6% each in the beginning of fifth year. Prepare Machinery Account for the first years.

Solution :

Machinery A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2013			₹	2014			₹
01 Apr.	To Bank A/c		5,50,000	31 Mar.	By Dep. A/c (For 4 Years)		1,89,145
				2017			
				31 Mar.	By Balance c/d		3,60,855
			5,50,000				5,50,000
2017				2018			
01 Apr.	To Balance c/d		3,60,855	31 Mar.	By Cash A/c		31,000
				31 Mar.	By Loss on sale of machine A/c		1,805
				31 Mar.	By Dep. A/c (Remaining machine)		32,805
				31 Mar.	By Balance c/d		2,95,245
			3,60,855				3,60,855

Working Notes :

1. Calculation of Profit & Loss on sale of Boiler (Part of the Machine)

Particulars	Amount ₹
Cost of Machinery on 1st April, 2013	50,000
(i) Less : Depreciation of 4 Years (5,000+4,500+4,050+3,645)	17,195
Value of Boiler on 1st April, 2017	32,805
Less : Sale value of boiler	31,000
Loss on Sale of Boiler at the end of the year	1,805

2. Dep on remaining Machinerics

$₹3,28,050 \times 10/100 = ₹32,805$

14. On 1st April 2015, Z Ltd. purchased machinery for ₹ 6,00,000 and on 30th September 2016, it acquired additional machinery for ₹ 1,00,000. On 30th June, 2017 one of the original machines (purchased on 1st April, 2015) which had cost ₹ 30,000 was found to have become obsolete and was sold as scrap for ₹ 10,000. On the same date a new machine was purchased for ₹ 40,000. Depreciation is to be charged @ 15% p.a. on written down value. Accounts are closed on 31st March every year. Show machinery account for the first three years.

Solution :

Machinery A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2015			₹	2016			₹
01 Apr.	To Cash A/c		6,00,000	31 Mar.	By Dep. A/c		90,000
				31 Mar.	By Balance c/d		5,10,000
			6,00,000				6,00,000
2016				2017			
01 Apr.	To Balance b/d		5,10,000	31 Mar.	By Dep. A/c (76,500+7,500)		84,000
30 Sept.	To Cash A/c (Addition)		1,00,000	31 Mar.	By Balance c/d		5,26,000
			6,10,000				6,10,000
2017				2017			
01 Apr.	To Balance b/d		5,26,000	30 June	By Dep. A/c (on 1st Machine)		813
30 June	To Cash A/c (Addition)		40,000	30 June	By Cash A/c		10,000
				30 June	By Loss on sale of machinery A/c		10,862
				2018			
				31 Mar.	By Depreciation A/c (On 1st machine)		61,774
				31 Mar.	By Depreciation A/c (On IInd machinery)		13,875
				31 Mar.	By Depreciation A/c (On IIIrd Machine) (for 9 months)		4,500
				31 Mar.	By Balance c/d		4,64,176
			5,66,000				5,66,000

Working Notes :

1. Calculation of Profit & Loss on sale of machinery :

Particulars	Amount ₹
Cost of part of the Machinery on 1st April, 2015	30,000
(i) Less : Depreciation of 12 months	4,500
Value of Machinery on 1st April, 2016	25,500
Less : Depreciation of 12 months (25,500 × 15/100)	3,825
Value of machinery on 1st April, 2017	21,675
less : Depreciation upto 30 June, 2017 (i.e. 01 April to 30 June) (21,675 × 15/100 × 3/12)	813
Value of machinery on 30 June, 2017	20,862
Less : sale value of machinery	10,000
Loss on sale of machinery on 30th June, 2017	10,862

2. Depreciation after sale of part of machinery :

Cost of machinery = ₹5,70,000

(6,00,000 – 30,000 Part of machinery)

Ist Year = (₹6,00,000 × 15/100) = ₹90,000

IIInd Year = (₹6,00,000 – ₹90,000) = ₹5,10,000

(₹5,10,000 × 15/100) = ₹76,500

IIIrd Year = (₹5,10,000 – ₹76,500) = ₹4,33,500

(₹4,33,500 – ₹21,675 Part of machinery) = ₹4,11,825

(₹4,11,825 × 15/100) = ₹61,774

3. Depreciation on IIInd machinery

Ist Year = (₹1,00,000 × 15/100 × 6/12) = ₹7,500

IIInd Year = (₹1,00,000 – ₹7,500) = ₹92,500

(₹92,500 × 15/100) = ₹13,875

4. Depreciation on IIIrd Machinery

Ist Year = (₹40,000 × 15/100 × 9/12) = ₹4,500

15. A Company purchased a second-hand machine on 1st April, 2016, for ₹ 30,000 and immediately spent ₹ 4,000 on its repair and ₹ 1,000 on its installation. On Oct. 1, 2018, the machine was sold for ₹ 25,000. Prepare Machine Account after charging depreciation @ 10% p. a. by diminishing balance method, assuming that the books are closed on 31st March every year. IGST was charged @ 12% on purchase and sale of machine.

Solution :

Machinery A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2016			₹	2017			₹
01 Apr.	To Cash A/c		30,000	31 Mar.	By Dep. A/c		3,500
01 Apr.	To Cash A/c (Exp.)		5,000	31 Mar.	By Balance c/d		31,500
			35,000				35,000
2017				2018			
01 Apr.	To Balance b/d		31,500	31 Mar.	By Dep. A/c		3,150
			31,500	31 Mar.	By Balance c/d		28,350
							31,500
2018				2019			
01 Apr.	To Balance b/d		28,350	01 Oct.	By Dep. A/c (28,350 × 10/100 × 6/12)		1,418
				01 Oct.	By Cash A/c		25,000
				01 Oct.	By Loss on sale of machinery A/c		1,932
			28,350				28,350

Working Notes :

Calculation of Profit & Loss on sale of machinery	
Cost on 1st April, 2016	35,000
Less: Dep. of 2 Years, 6 months (35,000 + 3,150 + 1,418)	8,068
value of machinery on 01 April, 2018	26,932
Less : Sale value	25,000
Loss on sale of machinery	1,932

16. A Company purchased a machinery for ₹ 50,000 on 1st Oct., 2016. Another machinery costing ₹ 10,000 was purchased on 1st Dec., 2017. On 31st March 2019, the machinery purchased in 2016 was sold at a loss of ₹ 5,000. The Company charges depreciation at the rate of 15% p.a. on Diminishing Balance Method. Accounts are closed on 31st March every year.

Prepare Machinery account for 3 years.

Solution :

Machinery A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2016			₹	2017			₹
01 Oct.	To Cash A/c		50,000	31 Mar.	By Dep. A/c		3,750
				31 Mar.	By Balance c/d		46,250
			50,000				50,000
2017				2018			
01 Apr.	To Balance b/d		46,250	31 Mar.	By Dep. A/c (6,938+500)		7,438
01 Dec.	To Cash A/c (Addition)		10,000	31 Mar.	By Balance c/d		48,812
			56,250				56,250
2018				2019			
01 Apr.	To Balance b/d		48,812	31 Mar.	By Dep. A/c (5,897+1,425)		7,322
				31 Mar.	By Cash A/c (Sale)		28,415
				31 Mar.	By Loss on sale of machinery A/c		5,000
				31 Mar.	By Balance c/d		8,075
			48,812				48,812

Depreciation Calculation :

2017-18

Ist Machinery = (₹ 50,000 – ₹3,750) = ₹46,250

(₹ 46,250 × 15/100) = ₹6,938

IIInd Machinery = (₹ 10,000 × 15/100 × 4/12) = ₹500

2018-19

Ist Machinery = (₹ 46,250 – ₹ 6,938) = ₹39,312

(₹ 39,312 × 15/100 = ₹5,897

IIInd Machinery (₹ 10,000 – ₹500) = ₹9,500

(₹ 9,500 × 15/100) = ₹1,425

Calculation of Sale value of Ist Machinery :

Particulars	Amount ₹
Cost of Machinery	50,000
(i) Less : Depreciation (9 months)	3,750
Value of Machinery	46,250
Less : Depreciation (12 months)	6,938
Value of Machinery	39,312
Less : Depreciation (12 months)	5,897
Value of Machinery	33,415
Less : Sale value of machinery	5,000
Loss on sale of Machinery, on 31st March, 2019	5,000

17. On 1st October, 2011, XLtd. purchased a machinery for ₹ 2,50,000. A part of machinery which was purchased for ₹ 20,000 on 1st October, 2011 became obsolete and was disposed off on 1st January, 2014 (having a book value ₹ 17,100 on 1st April, 2013) for ₹ 2,000. Depreciation is charged @ 10% annually on written down value. Prepare Machinery Disposal Account and also show your workings. The books being closed on 31st March of every year.

Solution :

Machinery Disposal A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2011 01 Oct.	To Bank A/c		₹	2012 31 Mar.	By Dep. A/c		₹
	M1 = 2,30,000				M1 = 11,500		
	M2 = <u>20,000</u>		2,50,000		M2 = <u>1,000</u>		12,500
				31 Mar.	By Balance c/d		
					M1 = 2,18,500		
					M2 = <u>19,000</u>		2,37,500
			2,50,000				2,50,000
			2013				
2012 01 Apr.	To Balance b/d		2,37,500	31 Mar.	By Dep. A/c		
	M1 = 2,18,500				M1 = 21,850		
	M2 = <u>19,000</u>				M2 = <u>1,900</u>		23,750
				31 Mar.	By Balance c/d		
					M1 = 1,96,650		
					M2 = <u>17,100</u>		2,13,750
			2,37,500				2,37,500
			2014				
2013 01 Apr.	To Balance b/d			31 Mar.	By Dep. A/c		
	M1 = 1,96,650				M2 (for 9 months)		1,283
	M2 = <u>17,100</u>		2,13,750	01 Jan	By Bank A/c (M2)		2,000
				01 Jan	By P&L A/c (Loss)		13,871
				31 Mar.	By Dep. A/c (M1)		19,665
				31 Mar.	By Balance c/d		1,76,985
			2,13,750				2,13,750

18. Sharma & Co. whose books are closed on 31st March, purchased a machinery for ₹ 1,50,000 on 1st April, 2016, Additional machinery was acquired for ₹ 50,000 on 1st October, 2016. Certain machinery which was purchased for ₹ 50,000 on 1st October, 2016 was sold for ₹ 40,000 on 30th September, 2018.

Prepare the Machinery Account and Accumulated Depreciation Account for all the years up to the year ended 31st March, 2019. Depreciation is charged @ 10% p.a. on Straight Line Method. Also, show the Machinery Disposal Account.

Solution :

**In the books of Sharma & Co.
Machinery Account**

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2016			₹	2017			₹
01 Oct.	To Bank A/c (M1)		1,50,000	31 Mar.	By Balance c/d		2,00,000
01 Oct.	To Bank A/c (M2)		50,000				2,00,000
			2,00,000				2,00,000
2018			2,00,000	2018			50,000
01 Apr.	To balance b/d			30 Sep.	By Machinery Disposal A/c		
			2,00,000	2019			1,50,000
			2,00,000	31 Mar.	By Balance c/d		1,50,000
			2,00,000				2,00,000

Accumulated Depreciation Account

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2017			₹	2017			₹
01 Oct.	To Balance c/d			31 Mar.	By Dep A/c		
	M1 = 15,000				M1 = 15,000		
	M2 = <u>2,500</u>		17,500		M2 = <u>2,500</u>		17,500
			17,500		(for 6 months)		17,500
2018			37,500	2017			17,500
31 Mar.	To Balance c/d			01 Apr.	By Balance b/d		
	M1 = 30,000				M1 = 15,000		
	M2 = <u>7,500</u>		37,500		M2 = <u>2,500</u>		17,500
			37,500	2018			20,000
			10,000	31 Mar.	By Dep. A/c		
			45,000		M1 = 15,000		5,000
			55,000		M2 = 5,000		20,000
2018			10,000	2018			37,500
30 Sep.	To Machinery Disposal A/c			01 Apr.	By Balance b/d		
			45,000		M1 = 30,000		
			55,000		M2 = <u>7,500</u>		37,500
2019			55,000	2019			2,500
31 Mar.	To Balance c/d			30 Sep.	By Dep. A/c		
			55,000		M2 = 2,500		2,500
			55,000	2019			15,000
			55,000	31 Mar.	By Dep. A/c		
			55,000		M1 = 15,000		15,000
			55,000				55,000

Accumulated Depreciation Account

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2018			₹	2018			₹
30 Sep.	To Machinery A/c		50,000	30 Sep.	To Accumulated Depreciation A/c		10,000
			50,000	30 Sep.	To Bank A/c		40,000
			50,000				50,000
			50,000				50,000

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Working Notes :

Calculation of Profit & Loss on sale of part of machine (M2) :

Particulars	Amount ₹
Cost of Machinery on 01 Oct. 2016	50,000
Less : Accumulated Depreciation	10,000
Value of Machinery on 30 sept. 2018	40,000
Less : Sale value	40,000
No Profit/ No Loss	(NIL)

19. M/s P & Q purchased machinery for ₹ 40,000 on 1st October, 2016. Depreciation is provided @ 10% p.a. on the Diminishing Balance. On 31st January, 2016, one-fourth of the machinery was found unsuitable and disposed off for ₹ 5,600. On the same date new machinery at a cost of ₹ 15,000 was purchased. Write up the Machinery Account from 2016 to 2019. The accounts are closed on 31st March every year.

Solution :

Machinery Account

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2016			₹	2017			₹
01 Oct.	To Bank A/c		40,000	31 Mar.	By Dep. A/c (For 6 months)		2,000
				31 Mar.	By Balance c/d		38,000
			40,000				40,000
2017				2018			
01 Apr.	To Balance b/d		38,000	31 Mar.	By Dep. A/c		3,800
				31 Mar.	By Balance c/d		34,200
			38,000				38,000
2018				2019			
01 Apr.	To Balance b/d		34,200	31 Jan.	By Dep. A/c (Part of Machine)		713
2019				31 Jan	By Machinery Disposal A/c		5,600
31 Jan	To Cash A/c(Addition)		15,000	31 Jan	By Loss on Sale of machinery A/c		2,237
				31 Mar.	By Dep. A/c (2,565+250)		2,815
				31 Mar.	By Balance c/d		37,835
			49,200				49,200

Working Notes :

Calculate of Profit & Loss on sale of Part of Machinery :

Particulars	Amount ₹
Cost of Machinery on 01 Oct. 2016	10,000
Less : Depreciation of 6 months	500
Value of Machinery on 31 Mar. 2017	9,500
Less : Dep. of 12 Months	950
Value of Machinery on 31 Mar. 2018	8,550
Less : Dep. of 10 months	713
Value of Machine on 31 Jan, 2019	7,837
Less : Disposed value of Machinery	5,600
Loss on disposed of machinery	2,237

20. Shakti Cements purchased on 1st April, 2014 a plant for ₹ 80,000. On 1st July, 2015 it purchased additional plant costing ₹ 48,000. On 1st December, 2016 the plant purchased on 1st April, 2018 was sold for ₹ 42,000 and on the same date a fresh plant was purchased for ₹ 75,000. Depreciation is provided at 10% p.a. on the Diminishing Balance Method. Accounts are closed on 31st March each year.

Show the Plant Account for 3 years (along with working notes).

Solution :

Plant Account

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2014			₹	2015			₹
01 Apr.	To Cash A/c (P1)		80,000	31 Mar.	By Dep. A/c (For 12 months)		8,000
				31 Mar.	By Balance c/d		72,000
			<u>80,000</u>				<u>80,000</u>
2015				2016			
01 Apr.	To Balance b/d		72,000	31 Mar.	By Dep. A/c P1 = 7,200 P2 = <u>3,600</u> (9 Months)		10,800
01 July	To Cash A/c (P2)		48,000	31 Mar.	By Balance c/d P1 = 64,800 P2 = <u>44,400</u>		1,09,200
			<u>1,20,000</u>				<u>1,20,000</u>
2016				2016			
01 Apr.	To Balance b/d			01 Dec.	By Dep. A/c P1 (for 8 months)		4,320
	P1 = 64,800			01 Dec.	By Cash A/c		42,000
	P2 = <u>44,400</u>		1,09,200	01 Dec.	By Loss on Sale of Plant A/c		18,480
01 Dec.	To Cash A/c (P3)		75,000	2017			
			<u>1,84,200</u>	31 Mar.	By Dep. A/c P2 = 4,440 P3 = <u>2,500</u> (For 4 months)		6,940
				31 Mar.	By Balance c/d P2 = 39,960 P3 = <u>72,500</u>		1,12,460
							<u>1,84,200</u>

Working Notes :

Calculation of Profit & Loss on sale of Plant :

Particulars	Amount ₹
Cost of Plant on 01 April, 2014	80,000
Less : Depreciation of 12 months	8,000
Value of Plant on 01 April 2015	72,000
Less : Dep. of 12 Months	7,200
Value of Plant on 01 April, 2016	64,800
Less : Dep. of 8 months (₹64,800 × 10/100 × 8/12)	4,320
Value of Plant on 1st Dec., 2016	60,480
Less : Sale value of Plant	42,000
Loss on Sale of Plant on 01 Dec. 2016	18,480

21. On 1st June, 2010, Kedarnath Ltd. purchased a machinery for ₹ 27,00,000. Depreciation is provided @ 10% p.a. on diminishing balance method and the books are closed on 31st March each year. On 1st October, 2012, a part of the machinery purchased on 1st June, 2010 for ₹ 6,00,000 was sold for ₹ 3,50,000 and on the same date another machinery was purchased for ₹ 8,00,000. You are required to show (i) Machinery A/c, (ii) Provision for Dep. A/c, and (iii) Machinery Disposal A/c.

Solution :

Machinery Account

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2010			₹	2011			₹
01 June	To Cash A/c			31 Mar.	By Balance c/d		
	M1 = 6,00,000				M1 = 6,00,000		
	M2 = <u>21,00,000</u>		27,00,000		M2 = <u>21,00,000</u>		27,00,000
			27,00,000				27,00,000
2011				2012			
01 Apr.	To Balance b/d			31 Mar.	By Balance c/d		
	M1 = 6,00,000				M1 = 6,00,000		
	M2 = <u>21,00,000</u>		27,00,000		M2 = <u>21,00,000</u>		27,00,000
			27,00,000				27,00,000
2012				2012			
01 Apr.	To Balance b/d			01 Oct.	By Machinery disposal A/c		6,00,000
	M1 = 6,00,000						
	M2 = <u>21,00,000</u>		27,00,000				
			27,00,000				
2012				2013			
01 Oct.	To Cash A/c (M3)		8,00,000	31 Mar.	By Balance c/d		
					M2 = 21,00,000		
					M3 = <u>8,00,000</u>		29,00,000
			35,00,000				35,00,000

Machinery Disposal A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2012			₹	2012			₹
01 Oct.	To Machinery A/c		6,00,000	01 Oct.	By Provision for Dep. A/c		1,29,750
				01 Oct.	By Bank A/c (M1)		3,50,000
				01 Oct.	By Loss on sale of Machinery A/c		1,20,250
			6,00,000				6,00,000

Provision for Depreciation A/c

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2012			₹	2012			₹
31 Mar.	To Balance c/d		2,25,000	31 Mar.	By Dep. A/c		
					M1 = 50,000		
					(For 10 months)		
					M2 = <u>1,75,000</u>		2,25,000
			2,25,000		(for 10 months)		2,25,000
2012				2011			
31 Mar.	To Balance c/d		4,72,500	01 Apr.	By Balance b/d		2,25,000

			2012	31 Mar.	By Dep. A/c		
					M1 =	55,000	
					M2 =	<u>1,92,500</u>	2,47,500
		4,72,500					<u>4,72,500</u>
2012			2012				
31 Mar.	To Machine Disposal A/c (M1) (50,000+55,000+24,750)	1,29,750		01 Apr.	By Balance c/d		4,72,500
				01 Oct.	By Dep. A/c (M1)		24,750
2013			2013				
31 Mar.	To Balance c/d	5,80,750		31 Mar.	By Dep. A/c		
					M2 =	1,73,250	
					M3 =	<u>40,000</u>	2,13,250
					(for 6 months)		
		7,10,500					<u>7,10,500</u>

Working Notes :

Calculation of Profit & Loss on sale of Machine :

Particulars	Amount ₹
Cost of Machinery on 01 June, 2010	6,00,000
Less : Depreciation of 10 months	50,000
Value of Machinery on 01 April, 2011	5,50,000
Less : Dep. of 12 Months	55,000
Value of Machinery on 01 April, 2012	4,95,000
Less : Dep. of 6 months	24,750
Value of Machine on 01 Oct, 2012	4,70,250
Less : Sale value of machinery	3,50,000
Loss on Sale of machinery on 01 Oct, 2012	1,20,250

22. The following balances appear in the books of M/s Amrit :

		₹
1st April, 2018	Machinery A/c	60,000
1st April, 2018	Provision for depreciation A/c	36,000

On 1st April, 2018, they decided to dispose off a machinery for ₹ 8,400 which was purchased on 1st April, 2014 for ₹ 16,000.

You are required to prepare Machinery A/c, Provision for Depreciation A/c and Machinery Disposal A/c for 2018-19. Depreciation was charged at 10% p.a. on original cost method.

Solution :

Machinery Account

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2018			₹	2018			₹
01 Apr.	To Balance b/d		60,000	01 Apr.	By Machinery disposal A/c		16,000
				2019			
				31 Mar.	By Balance c/d		44,000
			60,000				<u>60,000</u>

Provision for Depreciation Account

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2018 01 Apr.	To Machinery Disposal A/c (1600×4)		₹ 6,400	2018 01 Apr.	By Balance b/d		₹ 36,000
31 Mar.	To Balance c/d		34,000	2019 31 Mar.	By Dep. A/c (w.n.2)		4,400
			40,400				40,400

Machinery disposal Account

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2018 01 Apr.	To Machinery A/c		₹ 16,000	2018 01 Apr.	By Provision for Dep. A/c		₹ 6,400
				01 Apr.	By Cash A/c		8,400
				01 Apr.	By Loss on sale of Machinery A/c		1,200
			16,000				16,000

Working Notes :

1. Calculation of Profit & Loss on sale of Machinery :

Particulars	Amount ₹
Cost of Machinery on 01 April, 2014	16,000
Less : Depreciation of 4 Years	6,400
Value of Machinery on 01 April, 2018	9,600
Less : Sale value of machinery	8,400
Loss on Sale of machinery on 01 April, 2018	1,200

2. Calculation of Depreciation on remaining value of Machinery

₹44,000×10/100 = ₹4,400 on 31st march, 2019

23. On 1st April, 2016 Y Ltd. purchased a machinery for ₹ 12,00,000. On 1st October, 2018, a part of the machinery purchased on 1st April, 2016 for ₹ 80,000 was sold for ₹ 45,000 and a new machinery at a cost of ₹ 1,58,000 was purchased and installed on the same date. The company has adopted the method of providing 10% p.a. depreciation on the diminishing balance of the machinery.

Solution :

Machinery Account

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2016 01 Apr.	To Cash A/c (M1)		₹ 12,00,000	2017 31 Mar.	By Dep. A/c		₹ 1,20,000
				31 Mar.	By Balance c/d		10,80,000
			12,00,000				12,00,000
2017 01 Apr.	To Balance b/d		₹ 10,80,000	2018 31 Mar.	By Dep. A/c		₹ 1,08,000
				31 Mar.	By Balance c/d		9,72,000
			10,80,000				10,80,000
2018 01 Apr.	To Balance b/d		₹ 9,72,000	2019 01 Oct.	By Dep. A/c (6 months) (part of machine)		₹ 3,240
01 Oct.	To Cash A/c (M2)		1,58,000	01 Oct.	By Cash A/c		45,000
				01 Oct.	By Loss on sale of machinery A/c		16,560

Provision for Depreciation Account

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2016			₹	2015			₹
31 Mar.	To Balance c/d		1,71,950	01 Apr.	By Balance b/d		1,35,500
			1,71,950	31 Mar.	By Dep. A/c		36,450
			16,260				1,71,950
31 Mar.	To Dep. A/c		1,92,121	01 Apr.	By Balance b/d		1,71,950
31 Mar.	To Balance c/d		1,85,500	31 Mar.	By Dep. A/c		36,431
			1,85,500				1,85,500

Machinery Disposal Account

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2016			₹	2016			₹
01 Oct.	To Machinery A/c		60,000	01 Oct.	By Provision for dep. A/c		16,240
			60,000	01 Oct.	By Cash A/c		10,000
			60,000	01 Oct.	By Loss on sale of machinery A/c 33,740		33,740

Working notes :

1. Calculation of Profit & Loss on sale of Machinery :

Particulars	Amount ₹
Cost of machinery on 01 Oct., 2013	60,000
Less : Depreciation of 3 Years (6,000 + 5,400 + 4,860)	16,240
Value of Machinery on 01 Oct., 2016	43,740
Less : Sale value of machinery	10,000
Loss on Sale of machinery	33,740

2. Calculation of Depreciation on remaining value of Machinery :

Particulars	Amount ₹
Cost of machinery on 01 Oct., 2013	60,000
Less : Depreciation	6,000
Depreciation of 31-03-2014	54,000
Less : Depreciation	5,400
Depreciation Machine on 31-03-2015	48,600
Less : Depreciation	4,860
Depreciation Machine on 31-03-2016	43,740
Less : Depreciation	10,000
Depreciation Machine on 31-03-2017	34,740

25. On 1st April, 2017, following balances appeared in the books of M/s Krishna Traders :

Furniture Account	50,000
Provision for Depreciation of Furniture Account	22,000

On 1st October, 2017 a part of Furniture purchased for ₹ 20,000 on 1st April, 2013 was sold for ₹ 5,000. On the same date, a new furniture costing ₹ 25,000 was purchased. The depreciation was provided @ 10% p.a. on original cost of the asset and no depreciation was charged on the asset in the year of sale. Prepare 'Furniture Account' and 'Provision for Depreciation Account' for the year ending 31st March, 2018.

Solution :

Furniture Account

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2017			₹	2017			₹
01 Apr.	To Balance b/d (30,000+20,000)		50,000	01 Oct.	By Provision for Dep. A/c		8,000
01 Oct.	To Cash A/c		25,000	01 Oct.	By Cash A/c (Sale)		5,000
				01 Oct.	By Loss on Sale of Furniture A/c		7,000
				2018			
				31 Mar.	By Balance c/d		55,000
			75,000				75,000

Provision for Depreciation Account

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2017			₹	2017			₹
01 Oct.	To Furniture A/c		8,000	01 Apr.	By Balance b/d		22,000
2018				2018			
31 Mar.	To Balance c/d		18,250	31 Mar.	By Dep. A/c(w.n.2)		4,250
			26,250				26,250

Working notes :

1. Calculation of Profit & Loss on sale of Furniture :

Particulars	Amount ₹
Cost of Furniture on 01 April, 2013	20,000
Less : Depreciation of 4 Years	8,000
Value of Furniture on 01 Oct., 2017	12,000
Less : Sale value of Furniture	5,000
Loss on Sale of Furniture on 01 Oct., 2017	7,000

2. Calculation of Depreciation of remaining Part

	₹
₹ 30,000 × 10/100 =	3,000
₹ 25,000 × 10/100 × 6/12 =	1,250
	4,250



Bills of Exchange

18

1. Calculate the due dates of the bills in the following cases :

<i>Date of Bill</i>	<i>Tenure (Period)</i>
(i) 1st December, 2018	60 Days
(ii) 30th April, 2019	2 Months
(iii) 28th January, 2019	1 Month
(iv) 23rd November, 2018	2 Months
(v) 29th May, 2018	4 Months

Solution :

S.No. Days	Date of Bill Drawn	Period	Grace Days	Due Date = Date of Bill Drawn + Period + Grace
(i)	01 Dec. 2018	60 Days	3 Days	2nd February, 2019
(ii)	30 April, 2019	2 Months	3 Days	3rd July, 2019
(iii)	28 June, 2019	1 Months	3 Days	3rd March, 2019
(iv)	23 Nov, 2018	2 Months	3 Days	25th January, 2019
(v)	29 May, 2018	4 Months	3 Days	2nd October, 2018

2. Find out the due dates of the bills in the following cases :

<i>Date of the Bills</i>	<i>Period</i>
(i) 29th May, 2017	4 months
(ii) 31st March, 2017	1 month
(iii) 21st July, 2017	60 days
(iv) 14th May, 2017	90 days
(v) 28th January, 2016	1 month
(vi) 31st January, 2016 Emergency holiday 22nd September.	1 month

Solution :

S.No. Days	Date of Bill Drawn	Period	Grace Days	Due Date = Date of Bill Drawn + Period + Grace
(i)	29 May, 2017	4 Months	3 Days	1nd October, 2017
(ii)	30 March, 2017	1 Month	3 Days	3rd May, 2017
(iii)	21 July, 2017	60 Days	3 Days	23 September, 2017
(iv)	14 May, 2017	90 Days	3 Days	14th August, 2017
(v)	28 Jan., 2016	1 Month	3 Days	2nd March, 2016
(vi)	31 Jan., 2016	1 Month	3 Days	3rd March, 2016

3. Determine the due dates of maturity of the bills in the following cases :

<i>Date of bill</i>	<i>Period</i>
(i) 31st May, 2017	1 Month
(ii) 13th July, 2018	30 Days
(iii) 23rd Nuovember, 2017	2 Months
(iv) 29th May, 2018	3 Months

Solution :

S.No.	Date of Bill Drawn	Period	Grace Days	Due Date = Date of Bill Drawn + Period + Grace Days
(i)	31 May, 2017	1 Month	3 Days	3rd July, 2017
(ii)	13 July, 2018	30 Days	3 Days	14th August, 2018
(iii)	23 Nov., 2017	2 Months	3 Days	25th Jan, 2017
(iv)	29 May, 2018	3 Months	3 Days	1st Jan, 2017

4. On 1st June, 2018 Ram sold goods to Iqbal worth ₹ 5,000. On the same day, Ram drew a bill of exchange on Iqbal for the amount payable after three months. Iqbal accepted this and returned it to Ram. The bill is duly paid on maturity. Record these transactions in the books of Ram and Iqbal.

Solution :

Journal

Date	Particulars	L.F.	Debit	Credit
2018			₹	₹
01 June	Iqbal Dr. To Sales A/c (Sold goods to Iqbal)		5,000	5,000
01 June	Bills Receivable A/c Dr. To Iqbal A/c (Bills Accepted by Iqbal)		5,000	5,000
04 Sep.	Cash A/c Dr. To Bills Receivables A/c (Bills honoured on maturity)		5,000	5,000

**Journal
In the books of Iqbal**

Date	Particulars	L.F.	Debit	Credit
2018			₹	₹
01 June	Purchase A/c Dr. To Ram (Purchased Goods from Ram)		5,000	5,000
01 June	Ram A/c Dr. To Bills Payable A/c (Bills drawn by Ram accepted)		5,000	5,000
04 Sep.	Bills Payable A/c Dr. To Cash A/c (Bills honoured on maturity)		5,000	5,000

5. On Jan. 1, 2017, Tarun purchased goods from Arun for ₹ 20,000 and immediately drew a promissory note in favour of Arun payable after 1 month. Date of maturity of the promissory note was declared emergency holiday by the Government of India under the Negotiable Instrument Act 1881. Tarun met the promissory note according to the provisions of law. Pass the necessary Journal entries in the books of Arun and Tarun.

Solution :

**Journal
In the books of Arun**

Date	Particulars	L.F.	Debit	Credit
2017			₹	₹
01 Jan.	Tarun To Sales A/c (Sold goods to Tarun)	Dr.	20,000	20,000
01 Jan	Bills Recievable A/c To Tarun (Promissory note Accepted)	Dr.	20,000	20,000
05 Feb.	Cash A/c To Bills Receivables A/c (Promissory note honoured on maturity)	Dr.	20,000	20,000

**Journal
In the books of Tarun**

Date	Particulars	L.F.	Debit	Credit
2017			₹	₹
01 Jan.	Purchase A/c To Arun (Purchased Goods from Arun)	Dr.	20,000	20,000
01 Jan.	Arun's A/c To Bills Payables A/c (Promissory note withdrawn by Arun, Accepted)	Dr.	20,000	20,000
05 Feb.	Bills Payables A/c To Cash A/c (Promissory note honoured on maturity)	Dr.	20,000	20,000

6. On Feb. 6, 2017 A sold goods for ₹ 1,00,000 to B. B paid 40% immediately on which A allowed a cash discount of ₹ 500. For the balance A drew a bill on B payable after 30 days. Due date of bill was a public holiday and the bill was met as per the provisions of Negotiable Instrument Act. Journalise the above transactions in the books of A and B.

Solution :

**Journal
In the books of A**

Date	Particulars	L.F.	Debit	Credit
2017			₹	₹
06 Feb.	B's A/c To Sales A/c (Sold goods to B)	Dr.	1,00,000	1,00,000
06 Feb.	Cash A/c Discount Allowed A/c Bills Receivables A/c To B's A/c (Bills Accepted by B)	Dr. Dr. Dr.	39,500 600 60,000	1,00,000
10 Mar.	Cash A/c To Bills Receivables A/c (Bills honoured on maturity)	Dr.	60,000	60,000

**Journal
In the books of B**

Date	Particulars	L.F.	Debit	Credit
2017			₹	₹
06 Feb.	Purchase A/c To A's A/c (Purchased goods From A)	Dr.	1,00,000	1,00,000
06 Feb.	A's A/c To Cash A/c To Discount Received A/c To Bills Payable A/c (Bills withdrawn by A, Accepted)	Dr.	1,00,000	39,500 500 60,000
10 Mar.	Bills Payable A/c To Cash A/c (Bills honoured on maturity)	Dr.	60,000	60,000

7. On 1st Jan., 2017 Sahil sold goods to Manav worth ₹ 4,000. On that date, Manav accepted a bill drawn upon him by Sahil at 3 months for the amount. On the same day, Sahil discounted it from the bank at 15% p.a. Manav paid the bill on due date. Pass the journal entries in the books of drawer and drawee.

Solution :

**Journal
In the books of Drawer**

Date	Particulars	L.F.	Debit	Credit
2017			₹	₹
01 Jan	Manav To Sales A/c (Sold goods to Manav)	Dr.	4,000	4,000
01 Jan	Bills Recievable A/c To Manav (Bills Accepted by Manav)	Dr.	4,000	4,000
2017				
04 Apr.	Bank A/c Discount A/c To Bills Receivables A/c (Manav acceptance discounted at 15% P.a)	Dr. Dr.	3,400 600	4,000

**Journal
In the books of Manav**

Date	Particulars	L.F.	Debit	Credit
2017			₹	₹
01 Jan	Purchase A/c To Sahil A/c (Goods brought from Sahil)	Dr.	4,000	4,000
01 Jan	Sahil To Bills Payables A/c (Bills drawn by Sahil accepted)	Dr.	4,000	4,000
04 Apr.	Bills Payables A/c To Bank A/c (Payment of bill was made on its due date)	Dr.	4,000	4,000

8. On 1st April, 2018, Sharma received a bill's acceptance for ₹ 6,000 from Pathania. The bill is payable after three months. Sharma got the bill discounted at 9% per annum at his bank. On the due date, the bill was paid by Pathania.

Solution:

**Journal
In the books of Sharma**

Date	Particulars	L.F.	Debit	Credit
2017 01 Apr.	Bills Recievable A/c To Pathania A/c (Being goods sold on credit)	Dr.	₹ 6,000	₹ 6,000
01 Apr.	Bank A/c Discount charges A/c To Bills Receivable A/c (Being the bill discounted)	Dr. Dr.	5,460 540	6,000

**Journal
In the books of Pathania**

Date	Particulars	L.F.	Debit	Credit
2017 01 Apr.	Sharma A/c To Bills payable A/c (Bill drawn by sharma, accepted by pathania)	Dr.	₹ 6,000	₹ 6,000
01 Apr.	Bill payable A/c To Bank A/c (Payment of Bill was made on due date)	Dr.	6,000	6,000

9. A drew a bill of ₹ 1,000 on B for 3 months which was duly accepted by the latter. A endorsed the bill to C in full payment of his own acceptance to C for a like amount. C endorsed the bill to B. Pass the Journal entries in the books of A, B and C.

Solution:

**Journal
In the books of A**

Date	Particulars	L.F.	Debit	Credit
2018	Bills Receivables A/c To B's A/c (B's acceptance was received)	Dr.	₹ 1,000	₹ 1,000
	C's A/c To Bills Receivables A/c (B's acceptance endorsed in Favoured of C)	Dr.	1,000	1,000

**Journal
In the books of B**

Date	Particulars	L.F.	Debit	Credit
2018	A's A/c To Bills Payable A/c (Bills drawn by A was accepted)	Dr.	₹ 1,000	₹ 1,000
	Bills Payable A/c To Bills Receivables A/c (Amount owed from C was settled by bills Payable)	Dr.	1,000	1,000

**Journal
In the books of C**

Date	Particulars	L.F.	Debit	Credit
2018	Bills Receivables A/c To A's A/c (Bills Receivable was received from A)	Dr. 1,000	₹ 1,000	₹
	B's A/c To Bills Receivables A/c (Amount owed To B was settled by bills Recievable)	Dr. 1,000	1,000	

10. A sold goods to B for ₹ 20,000 plus CGST and SGST @ 9% each on credit of 3 months. B paid A ₹ 3,600 by cheque and accepted a draft for the balance amount. The draft was endorsed in favour of C, who got the payment on maturity.

Give Journal entries in the books of A.

Solution:

**Journal
In the books of A**

Date	Particulars	L.F.	Debit	Credit
2018	B's A/c To Sales A/c To Output CGST A/c To Output SGST A/c (Goods sold to B with CGST and SGST 9% each)	Dr.	₹ 23,600	₹ 20,000 1,800 1,800
	Bills Receivables A/c Bank A/c To B's A/c (B accepted the bill and paid GST by cheque)	Dr. Dr.	20,000 3,600	23,600
	C's A/c To Bills Receivables A/c (B's acceptance endorsed in favour of C)	Dr.	20,000	20,000

11. A owed B ₹ 8,000. He gave a bill for the same on 1st August, 2018 payable after 4 months at the Bank of India, Chandni Chowk, Delhi. Immediately after receiving the bill, B endorsed it to C in payment of his debt. On 1st September, C discounted the bill at 12% p.a. The bill is met on due date.

Pass the necessary Journal entries in the Books of A, B and C.

Solution:

**Journal
In the books of A**

Date	Particulars	L.F.	Debit	Credit
01 Aug.	B's A/c To Bills Payable A/c (Bills drawn by B was accepted)	Dr.	₹ 8,000	₹ 8,000
04 Dec.	Bills Payable A/c To Bank A/c (Payment made to meet the Bill on its maturity)	Dr.	8,000	8,000

**Journal
In the books of B**

Date	Particulars	L.F.	Debit	Credit
2018			₹	₹
01 Aug.	Bills Receivables A/c To A's A/c (A's acceptance was received)	Dr.	8,000	8,000
01 Aug.	C's A/c To Bills Receivables A/c (A's acceptance endorsed in favour of C)	Dr.	8,000	8,000

**Journal
In the books of C**

Date	Particulars	L.F.	Debit	Credit
2018			₹	₹
01 Aug.	Bills Receivables A/c To B's A/c (Bills Receivables was received from B)	Dr.	8,000	8,000
01 Sep.	Bank A/c Discount Charges A/c To Bills Receivables A/c (Bills discounted at 12% pa for 3 months)	Dr. Dr.	7,760 240	8,000

Working Note:

Discount charges = $8,000 \times 12/100 \times 3/12 = ₹240$

- 12.** Mohan Singh draws a bill on Jagat for ₹ 1,000 payable 2 months after date. Immediately after its acceptance, Mohan Singh sends the bill to his bank for collection. On due date, bank gets the payment. Make the entries in the books of all the parties.

Solution:

**Journal
In the books of Mohan Singh**

Date	Particulars	L.F.	Debit	Credit
2018			₹	₹
	Bills Receivables A/c To Jagat's A/c (Jagat acceptance was received)	Dr.	1,000	1,000
	Bills sent for collection A/c To Bills Receivables A/c (Bills receivables sent to bank for collection)	Dr.	1,000	1,000
	Bank A/c To Bills sent for collection A/c (Payment of bill received by bank)	Dr.	1,000	1,000

**Journal
In the books of Jagat**

Date	Particulars	L.F.	Debit	Credit
			₹	₹
	Mohan Singh A/c To Bills Payable A/c (Bills drawn by Mohan Singh was accepted)	Dr.	1,000	1,000
	Bills Payable A/c To Bank A/c (Payment was made to meet the bill)	Dr.	1,000	1,000

13. X made the following sales to Y :

Date	Amount (₹)
Jan. 01, 2017	20,000
Jan. 08, 2017	25,000
Jan. 10, 2017	10,000
Jan. 15, 2017	40,000

For all the sales X drew bills on Y payable after 60 days. Bill drawn on Jan. 01, 2017 was retained by X with him till its due date. The bill drawn on Jan. 08, 2017 was discounted by X from the bank at 9% p.a. The bill drawn on Jan. 10, 2017 was endorsed by X to his creditor Z in full settlement of ₹ 10,400. On March 12, 2017 X sent the bill drawn on Jan. 15, 2017 to his bank for collection. All the bills were met by Y on due dates.

Pass necessary journal entries in the books of X and Y and prepare Y's account in the books of X and X's account in the books of Y.

Solution :

**Journal
In the books of X**

Date	Particulars	L.F.	Debit	Credit
2017			₹	₹
01 Jan.	Y's A/c To Sales A/c (Goods sold to Y)	Dr.	20,000	20,000
01 Jan.	Bills Receivables A/c To Y's A/c (Bills Accepted by Y)	Dr.	20,000	20,000
08 Jan.	Y's A/c To Sales A/c (Goods sold to Y)	Dr.	25,000	25,000
08 Jan.	Bills Receivables A/c To Y's A/c (Bills Accepted by Y)	Dr.	25,000	25,000
08 Jan.	Bank A/c Discounting Charges A/c To Bills Receivables A/c (Bank discounting the bill for 60 days @ 9% p.a.)	Dr. Dr.	24,630 370	25,000
10 Jan.	Y's A/c To Sales A/c (Goods sold to Y)	Dr.	10,000	10,000
10 Jan.	Z's A/c To Bills Receivables A/c To Discount Received A/c (Bill endorsed in Z's favour)	Dr.	10,400	10,000 400
15 Jan.	Y's A/c To Sales A/c (Goods sold to Y)	Dr.	40,000	40,000
15 Jan.	Bills Receivables A/c To Y's A/c (Bills Accepted by Y)	Dr.	40,000	40,000
5 Mar	Cash A/c To Bills Receivables A/c (Bills honoured on maturity)	Dr.	20,000	20,000

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12 Mar	Bills sent for collection A/c To Bills Receivables A/c (Bills sent to the bank for collection)	Dr.	40,000	40,000
19 Mar	Bank A/c To Bills sent for collection A/c (Bills honoured on maturity)	Dr.	40,000	40,000

Y's Accounts

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2017			₹	2017			₹
01 Jan.	To Sales A/c		20,000	01 Jan.	By B/R A/c		20,000
08 Jan.	To Sales A/c		25,000	08 Jan.	By B/R A/c		25,000
10 Jan.	To Sales A/c		10,000	10 Jan.	By B/R A/c		10,000
15 Jan.	To Sales A/c		40,000	15 Jan.	By B/R A/c		40,000
			95,000				95,000

**Journal
In the books of Y**

Date	Particulars	L.F.	Debit	Credit
2017			₹	₹
01 Jan.	Purchase A/c To X's A/c (Purchased goods From X)	Dr.	20,000	20,000
01 Jan.	X's A/c To Bills Payable A/c (Bills drawn by X accepted)	Dr.	20,000	20,000
08 Jan.	Purchase A/c To X's A/c (Purchased goods From X)	Dr.	25,000	25,000
08 Jan.	X's A/c To Bills Payables A/c (Bills drawn by X accepted)	Dr.	20,000	20,000
08 Jan.	Purchase A/c To X's A/c (Purchased goods From X)	Dr.	10,000	10,000
10 Jan.	X's A/c To Bills Payable A/c (Bills drawn by X accepted)	Dr.	10,000	10,000
10 Jan.	Purchase A/c To X's A/c (Purchased goods From X)	Dr.	40,000	40,000
15 Jan.	X's A/c To Bills Payable A/c (Bills drawn by X accepted)	Dr.	40,000	40,000
15 Jan.	Bills Payable A/c To Cash A/c (Bills honoured on maturity)	Dr.	20,000	20,000
5 Mar.	Bills Payable A/c To Cash A/c (Bills honoured on maturity)	Dr.	25,000	25,000

12 Mar.	Bills Payable A/c To Cash A/c (Bills honoured on maturity)	Dr.	10,000	10,000
19 Mar.	Bills Payable A/c To Cash A/c (Bills honoured on maturity)	Dr.	40,000	40,000

X's Accounts

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2017			₹	2017			₹
01 Jan.	To B/P A/c		20,000	01 Jan.	By Purchases A/c		20,000
08 Jan.	To B/P A/c		25,000	08 Jan.	By Purchases A/c		25,000
10 Jan.	To B/P A/c		10,000	10 Jan.	By Purchases A/c		10,000
15 Jan.	To B/P A/c		40,000	15 Jan.	By Purchases A/c		40,000
			95,000				95,000

14. On January 1, 2017, Ajay sold goods to Balbir for ₹ 10,000 at a discount of 20%. On that date, Balbir accepted a bill, drawn on him by Ajay for ₹ 8,000 payable 3 months after sight. Having surplus funds, Balbir paid off the bill on 4th March, 2017 and was allowed a rebate of 18% per annum. Show Journal entries in the books of Ajay and Balbir.

Solution :

**Journal
In the books of Ajay**

Date	Particulars	L.F.	Debit	Credit
2017			₹	₹
01 Jan.	Balbir A/c Discount Allowed A/c To Sales A/c (Goods sold to Balbir)	Dr. Dr.	8,000 2,000	10,000
01 Jan.	Bills Receivables A/c To Balbir A/c (Bills Accepted by Balbir)	Dr.	8,000	8,000
04 Mar.	Cash A/c Rebate A/c To Bills Receivables A/c (Bills retired under the rebate of 18% p.a. for one month)	Dr. Dr.	7,880 120	8,000

**Journal
In the books of Balbir**

Date	Particulars	L.F.	Debit	Credit
2017			₹	₹
01 Jan.	Purchase A/c To Ajay A/c (Purchased goods From Ajay)	Dr.	8,000	8,000
01 Jan.	Ajay A/c To Bills Payables A/c (Bills drawn by Ajay accepted)	Dr.	8,000	8,000
04 Mar	Bills Payables A/c To Cash A/c To Rebate A/c (Bills retired under the rebate of 18% p.a. for one month)	Dr.	8,000	7,880 120

Working Notes :

Calculation of rebate

Amount of Rebate = ₹8,000 × 18/100 × 1/12 = ₹ 120

15. (A) On 1st April, 2016, B accepts a bill drawn by A at three months for ₹ 8,000 in payment of debt.

On the due date the acceptance is dishonoured and A gets the bill noted paying ₹ 100. On 4th July, 2016 A draws a new bill payable after 73 days provided interest is paid in cash @ 15% p.a. To this B is agreeable. The bill is met on maturity.

Record these transactions in the Journal of both the parties.

Solution:

**Journal
In the books of A**

Date	Particulars	L.F.	Debit	Credit
2016			₹	₹
01 Apr.	Bills Receivables A/c To B's A/c (Bills accepted by B)	Dr.	8,000	8,000
04 July	B's A/c To Bills Receivables A/c To Cash A/c (Bills dishonoured on due date and paid noting charges)	Dr.	8,100	8,000 100
04 July	B's A/c To Interest A/c (Due Interest to be received)	Dr.	243	243
04 July	Cash A/c Bills Receivables A/c To B's A/c (New Bill accepted by B)	Dr. Dr.	243 8,100	8,343
18 Sep.	Cash A/c To Bills Receivables A/c (Bill honoured on maturity)	Dr.	8,100	8,100

**Journal
In the books of B**

Date	Particulars	L.F.	Debit	Credit
2017			₹	₹
01 Apr.	A's A/c To Bills Payable A/c (Bills drawn by A accepted)	Dr.	8,000	8,000
04 July	Bills Payables A/c Noting charges A/c To A's A/c (Bills dishonoured on due date and paid noting charges)	Dr. Dr.	8,000 100	81,00
04 July	Interest A/c To A's A/c (Interest to be Paid)	Dr.	243	243
04 July	A's A/c To Cash A/c To Bills Payable A/c (New Bill Drawn by A accepted)	Dr.	8,343	243 8,100
18 Sep.	Bills Payables A/c To Cash A/c (Bills honoured on maturity)	Dr.	8,100	8,100

Working Notes :

Calculation of Amount of Interest

$$₹8,100 \times 15/100 \times 73/365 = ₹243$$

16. On 1st January, 2018, Dinesh purchased goods from Chander for ₹ 60,000 plus CGST and SGST @ 6% each. Dinesh pays ₹ 7,200 in cash and accepts a bill drawn by Chander for the balance amount payable after two months. On the due date Dinesh is able to manage ₹ 20,000 in cash and he arranges with Chander for the retirement of the bill in consideration of this payment and a fresh bill at four months for the balance plus interest at 18% per annum. The second bill is duly met on maturity.

Make the necessary Journal entries in the books of Chander and Dinesh.

Solution :

**Journal
In the books of Chander**

Date	Particulars	L.F.	Debit	Credit
2018				
01 Jan.	Chander A/c Dr. To Sales A/c To Output CGST A/c To Output SGST A/c (Goods sold to Dinesh with CGST and SGST 6% each)		₹ 67,200 60,000 3,600 3,600	₹
01 Jan	Bills Receivables A/c Dr. Cash A/c Dr. To Dinesh (Paid a portion of amount in cash and remaining amount a bill was drawn)		60,000 7,200	67,200
04 Mar	Dinesh A/c Dr. To Bills Receivables A/c (Bill cancelled on the due date)		60,000	60,000
04 Mar	Cash A/c Dr. To Dinesh A/c (Received Cash from Dinesh)		20,000	20,000
04 Mar	Dinesh A/c Dr. To Interest A/c (Interest to be received)		2,400	2,400
04 Mar	Bills Receivable A/c Dr. To Dinesh A/c (New bill accepted by Dinesh)		42,400	42,400
07 July	Cash A/c Dr. To Bills Receivable A/c (Bill honoured on due date)		42,400	42,400

**Journal
In the books of Dinesh**

Date	Particulars	L.F.	Debit	Credit
2018				
01 Jan.	Purchase A/c Dr. Input CGST A/c Dr. Input SGST A/c Dr. To Chander (Purchased goods From Chander with 6% CGST and SGST)		₹ 60,000 3,600 3,600	₹ 67,200
01 Jan.	Chander Dr. To Bills Payables A/c To Cash A/c (Portion of amount made in cash and bill drawn for remaining amount)		67,200	60,000 7,200

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04 Mar	Bills Payable A/c To Chander A/c (on due date bill dishonoured)	Dr.	60,000	60,000
04 Mar	Chander To Cash A/c (Cash paid to Chander)	Dr.	20,000	20,000
04 Mar	Interest A/c To Chander (Interest due to be paid)	Dr.	2,400	2,400
04 Mar	Chander A/c To Bills Payable A/c (Chander accepted the new bill drawer)	Dr.	42,400	42,400
07 July	Bills Payable A/c To Cash A/c (Cash paid to Chander)	Dr.	42,400	42,400

Working Notes :

Calculation of amount of Interest

$$₹4,000 \times 18/100 \times 4/12 = ₹2,400$$

17. Anjali draws a bill on Radhika for ₹ 5,000 payable after two months. Radhika accepts the same and returns it to Anjali. Anjali endorsed it to Natasha. Natasha get it discounted from her banker for ₹ 4,800. On due date, the bill was dishonoured and noting charges ₹ 20 paid. Radhika agreed to pay ₹ 500 as interest on it. A new bill of three months for the total amount due was accepted by Radhika, which was paid on due date. Pass necessary journal entries in the books of Anjali.

Solution :

**Journal
In the books of Anjali**

Date	Particulars	L.F.	Debit	Credit
2018	Bills Receivable A/c To Radhika A/c (Anali drawn a billon radhika)	Dr.	₹ 5,000	₹ 5,000
	Bank A/c Discount A/c To B/R A/c (B/R discounted by Natasha)	Dr. Dr.	4,800 200	5,000
	Bills Receivable A/c Noting charges A/c To Cash A/c (Bills discounted and noting charges paid)	Dr. Dr.	5,000 20	5,020
	Bills Receivable A/c To Radhika A/c (Bills due was accepted by Radhika)	Dr.	5,520	5,520
	Cash A/c To Bills Receivable A/c (Bill paid on due date)	Dr.	5,520	5,520

18. Ratan gives a promissory note of three months to Balbir for ₹ 2,500 on 1st September, 2015. Balbir gets it discounted at his banks for ₹ 2,450. On due date, the bill is dishonoured and the bank paid ₹ 25 as noting charges. Balbir agrees to accept ₹ 1,575 in cash (including ₹ 25 as noting charges and ₹ 50 as interest) and to draw a new bill for the balance at 2 months. On the due date, Ratan approaches Balbir again and requests for the renewal of the bill for a further period of one month. Balbir agrees to the request on the condition that Ratan pays ₹ 30 as interest in cash. The bill is honoured on maturity.

Give journal entries in the books of Ratan and Balbir.

**Journal
In the books of Ratan**

Date	Particulars	L.F.	Debit	Credit
2015			₹	₹
01 Sep.	B/R A/c To Balbir (???)	Dr.	2,500	2,500
01 Sep.	Bank /c Discount charges A/c To B/R A/c (??)	Dr. Dr.	2,450 50	2,500
04 Dec.	Balbir To Bank A/c (??)	Dr.	2,525	2,525
04 Dec.	Cash A/c To Balbir A/c (??)	Dr.	1,575	1,575
04 Dec.	Balbir To Interest A/c (??)	Dr.	30	30
04 Mar	B/R A/c To Balbir (??)	Dr.	1,030	1,030
07 July	Cash A/c To B/R A/c (??)	Dr.	1,030	1,030

**Journal
In the books of Balbir**

Date	Particulars	L.F.	Debit	Credit
2015			₹	₹
01 Sep.	Ratan To Bill Payable A/c (???)	Dr.	2,500	2,500
04 Dec.	Bank /c To Ratan A/c (??)	Dr.	2,525	2,525
04 Dec.	Ratan To Cash A/c (??)	Dr.	1,575	1,575
04 Dec.	Interest A/c To Ratan A/c (??)	Dr.	30	30
04 Dec.	Ratan To B/P A/c (??)	Dr.	1,030	1,030
07 Dec.	B/P A/c To Cash (??)	Dr.	1,030	1,030

19. Journalise the following transaction Kapil in the books of:

- (i) Kapil's acceptance to Gawaskar for ₹ 4,000 discharged by a cash payment of ₹ 2,500 and an acceptance of a new bill for the balance plus ₹ 50 for interest.
- (ii) Sachin's acceptance for ₹ 5,000 which was endorsed in favour of Rahul was dishonoured. Rahul paid ₹ 50 as noting charges.
- (iii) Azharudin retires a bill for ₹ 6,000 drawn on him by Kapil for ₹ 50 as rebate.
- (iv) Kapil discharges his acceptance to Anil for ₹ 25,000 by endorsing Virat's acceptance to him for the same amount.

Journal
In the books of Kapil

Date	Particulars	L.F.	Debit	Credit
2015			₹	₹
(i)	Gawaskar Dr. To B/R A/c (???)		4,000	4,000
	Cash A/c Dr. To Gawaskar A/c (??)		2,500	2,500
	Gawaskar Dr. To Interest A/c (??)		50	50
	New B/R A/c Dr. To Gawaskar A/c (??)		1,550	1,550
(ii)	Sachin Dr. To Rahul (???)		5,050	5,050
(iii)	Bank A/c Dr. Rebate A/c To B/R A/c (???)		5,950 50	6,000
(iv)	Bill Payable A/c Dr. To Bills Receivable A/c (???)		25,000	25,000

20. P drew three bills on Q for ₹ 1,000; ₹ 2,000 and ₹ 3,000 at 1 month, 2 months and 3 months respectively on 1st January, 2018. All the bills were duly accepted by Q. The first bill was met on maturity. The second bill was dishonoured, but was renewed for one month along with ₹ 15 as interest, which was met on maturity. The third bill was taken up under a rebate of 10% p.a., one month before maturity. Pass journal entries in the books of P and Q.

Journal
In the books of P

Date	Particulars	L.F.	Debit	Credit
	Q Dr. To Sales A/c (???)		₹ 6,000	₹ 6,000
	B/R I A/c Dr. B/R II A/c Dr. B/R III A/c Dr. To Q's A/c (Q accepted all the bills)		1,000 2,000 3,000	6,000

Q's A/c To B/R II A/c (Bill dishonoured on due date)	Dr.	2,000	2,000
Q's A/c To Interest A/c (Interest due to be received)	Dr.	15	15
B/R IV To Q's A/c (Q accepted the new bill)	Dr.	2,015	2,015
Cash A/c To B/R A/c (B/R dishonoured on due date)	Dr.	1,000	1,000
Cash A/c To B/R A/c (B/R dishonoured on due date)	Dr.	2015	2015
Cash A/c Rebate A/c To B/R III A/c (B/R dishonoured on due date)	Dr. Dr.	2970 30	3,000

**Journal
In the books of PQ**

Date	Particulars	L.F.	Debit	Credit
	Purchase A/c To P'S A/c (Goods purchased by P)	Dr.	₹ 6,000	₹ 6,000
	P'S A/c To B/R I A/c To B/R II A/c To B/R III A/c To Q's A/c (Bills drawn by P on Q)	Dr. Dr. Dr.	6,000	1,000 2,000 3,000 6,000
	B/R II To P'S A/c (B/R dishonoured)	Dr.	2,000	2,000
	Interest A/c To P'S A/c (Interest received)	Dr.	15	15
	P'S A/c To B/R A/c (Q accepted new bill)	Dr.	2015	2015

21. A sold goods for ₹ 40,000 to B on Jan. 01, 2017. He drew upon B a bill of exchange for the same amount payable after 1 month. B accepted the bill and sent it back to A. A discounted the bill immediately with his bank @ 9% p.a. On the due date B dishonoured the bill of exchange and the bank paid ₹ 200 as noting charges. B requested A to draw a new bill upon him with interest @ 12% p.a. which he agreed. The new bill was payable after 1 month. One week before the maturity of the second bill B requested A to cancel the second bill. He further requested to accept ₹ 15,000 in cash immediately and draw a third bill upon him including interest of ₹ 1,000. A agreed to B's request. The third bill was payable after one month. B met the third bill on its maturity. Record the necessary journal entries in the books of A and B and also prepare B's account in the books of A and A's account in the books of B.

Solution :

**Journal
In the books of A**

Date	Particulars	L.F.	Debit	Credit
2017			₹	₹
01 Jan.	B's A/c Dr. To Sales A/c (Goods sold to B)		40,000	40,000
01 Jan.	Bills Receivables A/c Dr. To B's A/c (B Accepted the bill)		40,000	40,000
01 Jan.	Bank A/c Dr. Discount charges A/c Dr. To Bills Receivables A/c (Bill discounted with the bank@9% p.a. for 1 month)		39,700 300	40,000
04 Feb.	B's A/c Dr. To Bank A/c (Bill discounted on due date and noting charges paid)		40,200	40,200
04 Feb.	B's A/c Dr. To Interest A/c (Interest due to be received)		402	402
04 Feb.	Bills Receivables A/c Dr. To B's A/c (B Accepted the new bill)		40,602	40,602
01 Jan.	B's A/c Dr. To Bills Receivables A/c (B accepted the new bill)		40,602	40,602
18 Feb.	B A/c Dr. To Bills Receivables A/c (New bill dishonoured)		40,602	40,602
28 Feb.	B's A/c Dr. To Interest A/c (Interest due to be received)		1,000	1,000
28 Feb.	Cash A/c Dr. To B's A/c (Cash received from B)		15,000	15,000
28 Feb.	Bills Receivables A/c Dr. To B's A/c (B accepted the new bill)		26,602	26,602
31 Mar.	Cash A/c Dr. To Bills Receivables A/c (Bill honoured on due date)		26,602	26,602

B's Accounts

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2017			₹	2017			₹
01 Jan.	To Sales A/c		40,000	01 Jan.	By B/R A/c		40,000
04 Feb.	To Bank A/c		40,200	04 Feb.	By B/R A/c		40,602
04 Feb.	To Interest A/c		402	28 Feb.	By B/R A/c		15,000
28 Feb.	To B/R A/c		40,602	28 Feb.	By B/R A/c		26,602
28 Feb.	To Interest A/c		1,000				
			1,22,204				1,22,204

**Journal
In the books of B**

Date	Particulars	L.F.	Debit	Credit
2017				
01 Jan.	Purchase A/c Dr. To A's A/c (Purchased goods From A)		₹ 40,000	₹ 40,000
01 Jan.	A's A/c Dr. To Bills Payable A/c (Bills drawn by A accepted)		40,000	40,000
04 Feb.	Bills Payable A/c Dr. Noting Charges A/c Dr. To A's A/c (Bill dishonoured on due date and noting charges paid)		40,200 200	40,200
4 Feb.	Interest A/c Dr. To A's A/c (Interest due to be paid)		402	402
04 Feb.	A's A/c Dr. To Bills Payable A/c (New Bill drawn by A accepted)		40,602	40,602
28 feb.	Bills Payables A/c Dr. To A's A/c (New Bill dishonoured)		40,602	40,602
28 Feb.	Interest A/c Dr. To A's A/c (Interest due to be paid)		1,000	1,000
28 Feb.	A's A/c Dr. To Cash A/c (Cash paid to A)		15,000	15,000
28 Feb.	A's A/c Dr. To Bills Payables A/c (New Bill drawn by A accepted)		26,602	26,602
31 Mar.	Bills Payables A/c Dr. To Cash A/c (Bill honoured on due date)		26,602	26,602

A's Accounts

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2017				2017			
01 Jan.	To B/P A/c		₹ 40,000	01 Jan.	By Purchase A/c		₹ 40,000
04 Feb.	To B/P A/c		40,602	01 Jan.	By B/P A/c		40,000
28 Feb.	To Cash A/c		15,000	04 Feb.	By Noting Charges A/c		200
28 Feb.	To B/P A/c		26,602	04 Feb.	By Interest A/c		402
				28 Feb.	By B/P A/c		40,602
				28 Feb.	By Interest A/c		1,000
			1,22,204				1,22,204

22. (A) A Bill receivable for ₹ 10,000, which had been discounted for ₹ 9,700, is dishonoured and the Bank paid ₹ 20 as noting charges.
Pass entries in the books of drawer and drawee.
- (B) Journalise the following in the books of X:
Y's acceptance for ₹ 2,00,000 which was discounted by X from the bank has been dishonoured, noting charges paid by bank being ₹ 100.

Solution : (A)

**Journal
In the books of Drawer**

Date	Particulars	L.F.	Debit	Credit
2017	Drawee's A/c To Bank A/c (Discounted bill dishonoured and noting charges paid)	Dr.	₹ 10,020	₹ 10,020

**Journal
In the books of Drawee**

Date	Particulars	L.F.	Debit	Credit
2017	Bills Payables A/c Noting Charges A/c To Drawer's A/c (Bills dishonoured and noting charges paid)	Dr. Dr.	₹ 10,000 20	₹ 10,020

**Journal
In the books of X**

Date	Particulars	L.F.	Debit	Credit
2017	Y's A/c To Bank A/c (Discounted bill dishonoured and noting charges paid)	Dr.	₹ 2,00,100	₹ 2,00,100

Solution : (B)

**Journal
In the books of Mohan**

Date	Particulars	L.F.	Debit	Credit
2018 Apr. 10	Ravi's A/c To Sales A/c To Output CGST A/c To Output SGST A/c (Goods sold on credit with GST)	Dr.	₹ 35,400	₹ 30,000 2,700 2,700
Apr. 10	Bills Receivables A/c Cash A/c To Ravi (Ravi paid in portion and remaining amount was accepted in bill)	Dr. Dr.	20,000 15,400	35,400
Apr. 10	Rakesh A/c To Bills Receivables A/c (Bills endorsed in favour of Rakesh)	Dr.	20,000	20,000

June 13	Ravi To Rakesh (On due date bill was dishonoured and noting charges paid)	Dr.	20,100	20,100
June 13	Interest A/c To Rakesh (Interest to be paid to Rakesh)	Dr.	200	200
June 13	Rakesh To Bills Payables A/c (Bill withdrawn by Rakesh accepted)	Dr.	20,300	20,300
July 3	Ravi To Interest A/c (Interest to be Received)	Dr.	50	50
July 3	Cash A/c To Ravi (Cash received from Ravi)	Dr.	20,150	20,150

23. On 10th April, 2018, Ravi purchased from Mohan goods for ₹ 30,000 plus CGST and SGST@9% each. Ravi paid ₹ 15,400 in cash and accepted a bill for two months for the balance amount drawn on him by Mohan. Mohan endorsed the bill to Rakesh. The bill was dishonoured on the due date. Rakesh had to spend ₹ 100 as noting charges.

Immediately after the dishonour, Mohan accepted a new bill drawn by Rakesh, in which ₹ 200 for interest were also included. After 20 days of the dishonour of the bill, Ravi paid full amount to Mohan including ₹ 50 as interest. Show Journal entries in the books of Ravi, Mohan and Rakesh.

Hint : Amount paid by Ravi ₹ 20,150.

Solution :

**Journal
In the books of Ravi**

Date	Particulars	L.F.	Debit	Credit
2018			₹	₹
Apr 10	Purchase A/c Input CGST A/c Input SGST A/c To Mohan (Purchased goods From on credit with GST)	Dr. Dr. Dr.	30,000 2,700 2,700	35,400
Apr 10	Mohan To Bills Payable A/c To Cash A/c (Made Portion of payment and remaining amount bill drawn by Mohan accepted)	Dr.	35,400	20,000 15,400
June 13	Bills Payable A/c Noting Charges A/c To Mohan (on due date bill dishonoured and noting charges to be paid)	Dr. Dr.	20,000 100	20,100
July 13	Interest A/c To Mohan (Interest due to be paid)	Dr.	50	50
July 13	Mohan To Cash A/c (Cash paid to Mohan)	Dr.	20,150	20,150

Journal
In the books of Rakesh

Date	Particulars	L.F.	Debit	Credit
2018			₹	₹
Apr. 10	Bills Receivables A/c To Mohan (Bills Receivable received from Mohan)	Dr.	20,000	20,000
June 13	Mohan To Bills Receivables A/c To Cash A/c (On due date bill dishonoured and noting charges paid)	Dr.	20,100	20,000 100
June 13	Mohan To Interest A/c (Interest to be received)	Dr.	200	200
June 13	Bills Receivables A/c To Mohan A/c (New bill accepted by Mohan)	Dr.	20,300	20,300

24. On 1st August, 2018 X sold goods to Y for ₹ 6,000 and on the same day drew a bill on Y at three months for the amount. Y duly accepted the bill. X endorsed this bill to his creditor Z for the similar amount on 4th August. On maturity, the bill was returned dishonoured and Z paid ₹ 60 as noting charges.

Pass journal entries in the books of X, Y and Z.

Solution:

Journal
In the books of X

Date	Particulars	L.F.	Debit	Credit
2018			₹	₹
01 Aug	Y's A/c To Sales A/c (Goods sold on credit to Y)	Dr.	6,000	6,000
01 Aug	Bills Receivables A/c To Y's A/c (Y Accepted the bill)	Dr.	6,000	6,000
01 Aug.	Z's A/c To Bills Receivables A/c (Bill endorsed in favour of Z)	Dr.	6,000	6,000
04 Nov	Y's A/c To Z's A/c (Bill dishonoured on due date and noting charges paid by Z)	Dr.	6,060	6,060

Journal
In the books of Y

Date	Particulars	L.F.	Debit	Credit
2018			₹	₹
01 Aug.	Purchase A/c To X's A/c (Purchased goods From X)	Dr.	6,000	6,000
01 Aug.	X's A/c To Bills Payables A/c (Bills drawn by X accepted)	Dr.	6,000	6,000

Journal
In the books of Z

Date	Particulars	L.F.	Debit	Credit
2018			₹	₹
01 Aug	Bills Receivables A/c To X's A/c (Bill receivable received from X)	Dr.	6,000	6,000
04 Oct	X's A/c To Bills Receivables A/c To Cash A/c (on the due date bill dishonoured and noting charges paid)	Dr.	6,060	6,000 60

25. A bill for ₹ 30,000 is drawn by Disha on 1st May, 2018 for two months. Nisha duly accepted the bill. The bill was dishonoured on maturity. Give journal entries in each of the following cases :

- (i) If the bill was retained by Disha till maturity.
- (ii) If the bill was got discounted with the bank @ 12% p.a.
- (iii) If the bill was endorsed by Disha to her creditor Sakshi in settlement of his debts of ₹ 30,200.
- (iv) When the bill was sent to bank for collection.

Solution :

Journal
In the books of Disha

Date	Particulars	L.F.	Debit	Credit
2018			₹	₹
01 May	Bills Receivables A/c To Nisha A/c (Bill accepted by Nisha)	Dr.	30,000	30,000
Case (i)				
04 June	Cash A/c To Bills Receivables A/c (On due date bill dishonoured)	Dr.	30,000	30,000
Case (ii)				
01 May	Bank A/c Discounting Charges A/c To Bills Receivables A/c (Bill discounted with the bank @ 12% p.a.)	Dr. Dr.	29,400 600	30,000
Case (iii)				
01 May	Sakshi A/c To Discount Received A/c To Bills Receivables A/c (Bills endorsed in favour of Sakshi)	Dr.	30,200	200 30,000
Case (iv)				
04 June	Bill sent for collection A/c To Bills Receivables A/c (Bill sent to bank for payment)	Dr.	30,000	30,000
04 June	Bank A/c To Bills sent for collection A/c (On the due date bill dishonoured)	Dr.	30,000	30,000

Journal
In the books of Nisha

Date	Particulars	L.F.	Debit	Credit
2018 01 May	Disha To Bills Payable A/c (Bill drawn by Disha accepted)	Dr.	₹ 30,000	₹ 30,000
	In all Four cases same entry will be Passed :			
	Bills Payables A/c To Cash A/c (On due date bill dishonoured)	Dr.	30,000	30,000

Working notes:

Calculation of amount of Discount

$$₹30,000 \times 12/100 \times 2/12 = ₹600$$

26. On 1st October, 2017, S owed T ₹ 4,500. The latter drew two bills on S, one for ₹ 2,000 at two months and the other for ₹ 2,500 at 3 months. T got discounted the first bill from bank for ₹ 1,950 and endorsed the second bill in favour of Z. The first bill was duly met on maturity but the second bill was dishonoured and Z paid ₹ 25 as noting charges. On 10th Jan., 2018, S cleared his account by paying ₹ 2,575 including interest of ₹ 50. Pass Journal entries in the books of T, S and Z. Also show T's account in the books of S.

Solution:

Journal
In the books of T

Date	Particulars	L.F.	Debit	Credit
2018 Oct 01	S A/c To Sales (??)	Dr.	₹ 4,500	₹ 4,500
Oct 01	B/R I A/c B/R II A/c To S A/c (??)	Dr.	2,000 2,500	4,500
Oct 01	Bank A/c Discount A/c To B/R I A/c (???)	Dr. Dr.	1,950 50	2,000
Oct 01	Z A/c To B/R II (??)	Dr.	2,500	2,500
Jan. 01	S A/c To Z A/c (??)	Dr.	2,525	2,525
Jan. 10	S A/c To Interest A/c (??)	Dr.	50	50
Jan. 10	Cash A/c To S A/c (??)	Dr.	2,575	2,575

**Journal
In the books of S**

Date	Particulars	L.F.	Debit	Credit
2018			₹	₹
Oct 01	Purchase A/c Dr. To T A/c (??)		4,500	4,500
Oct 01	T A/c Dr. To B/P I A/c To B/P II (??)		4,500	2,000 2,500
Dec. 04	B/P I A/c Dr. To Bank A/c (???)		2,000	2,000
Jan. 04	B/P II A/c Dr. Noting charges A/c To T's (??)		2,500 25	2,525
Jan. 10	Interest A/c Dr. To T's A/c (??)		50	50
	T's A/c Dr. To Cash A/c (??)		2,575	2,575

**Journal
In the books of Z**

Date	Particulars	L.F.	Debit	Credit
2018			₹	₹
	B/R II A/c Dr. To T's A/c (??)		2,500	2,500
	T's A/c Dr. To Bank A/c To B/R II (??)		2,525	2,500 25

A's Accounts

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2017			₹	2017			₹
01 oct.	To B/P A/c To B/P II A/c To Cash A/c		2,000 2,500 2,575	01 oct.	By Purchase A/c By B/P II A/c By Noting Charges A/c By Interest A/c		4,500 2,500 25 50
			<u>7,075</u>				<u>7,075</u>

27. Jai gives a trade discount of 10% on the list price of the goods purchased from him. Viru made the following purchases from Jai :

Date	(₹)
Dec. 21, 2017	20,000
Dec. 26, 2017	24,000
Dec., 28, 2017	40,000
Dec., 31, 2017	1,00,000

For all the purchases Viru drew promissory notes in favour of Jai payable after one month. The promissory note for the sale of December 21, 2017 was retained by Jai with him till the date of its maturity. The promissory note drawn on 26th December was discounted by Jai from his bank at 12% p.a. The promissory note drawn on Dec. 28, 2017 was endorsed by Jai in favour of his creditor Tina in full settlement of a purchase amounting to ₹ 38,000. On 25th January, 2018 Jai sent the promissory note drawn on December 31, 2017 to his bank for collection. All the promissory notes were met by Viru. Record the necessary journal entries for the above transactions in the books of Jai and Viru and prepare Viru's account in the books of Jai and Jai's account in the books of Viru.

Journal
In the books of Jai

Date	Particulars	L.F.	Debit	Credit
2018			₹	₹
Dec. 21	Viru A/c Dr. To Sales (??)		18,000	18,000
Dec. 21	B/R A/c Dr. To Viru A/c (??)		18,000	18,000
Dec. 26	Viru A/c Dr. To Sales A/c (???)		21,600	21,600
Dec. 26	B/R A/c Dr. To Viru (??)		21,600	21,600
Dec. 26	Bank A/c Dr. Discount A/c Dr. To Z A/c (??)		21,384 216	21,600
Dec. 28	Viru A/c Dr. To Sales A/c (??)		36,000	36,000
Dec. 28	B/R A/c Dr. To Viru A/c (??)		36,000	36,000
Dec. 28	Tina A/c Dr. To B/R A/c To Discount received A/c (??)		38,000	36,000 2,000
Dec. 31	Viru A/c Dr. To Sales A/c (??)		90,000	90,000
Dec. 31	B/R A/c Dr. To Viru A/c (??)		90,000	90,000

2018 Jan. 31	Cash A/c To B/R A/c (??)	Dr.	1,800	1,800
Jan. 25	Bills for collection A/c To B/R A/c (??)	Dr.	90,000	90,000
Feb. 02	Bank A/c To Bills sent for collection A/c (??)	Dr.	90,000	90,000

A's Accounts

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2017			₹	2017			₹
Dec. 21	To Sales A/c		18,000	Dec. 21	By B/R A/c		18,000
Dec. 26	To Sales A/c		21,600	Dec. 26	By B/R A/c		21,600
Dec. 28	To Sales A/c		36,000	Dec. 28	By B/R A/c		36,000
Dec. 31	To Sales A/c		90,000	Dec. 31	By B/R A/c		90,000
			7,075				7,075

**Journal
In the books of S**

Date	Particulars	L.F.	Debit	Credit
2017			₹	₹
Dec. 21	Purchase A/c To Jai A/c (??)	Dr.	18,000	18,000
Dec. 21	Jai A/c To Bill Payable A/c (??)	Dr.	18,000	18,000
Dec. 26	Purchases A/c To Jai A/c (???)	Dr.	21,600	21,600
Dec. 26	Jai A/c To Bills Payable A/c (??)	Dr.	21,600	21,600
Dec. 28	Purchase A/c To Jai A/c (??)	Dr.	36,000	36,000
Dec. 31	Purchase A/c To Jai A/c (??)	Dr.	90,000	90,000
Dec. 28	Jain A/c To B/P A/c (??)	Dr.	36,000	36,000
Dec. 31	Jai A/c To Bills Payable A/c (??)	Dr.	90,000	90,000

2018							
Jan. 23	Bills Payable A/c To Cash A/c (??)		Dr.		18,000		18,000
Jan. 23	Bills Payable A/c To Cash A/c (??)		Dr.		18,000		18,000
Jan. 28	Bills Payable A/c To Bank A/c (??)		Dr.		2,1600		2,1600
Jan. 30	Bills Payable A/c To Cash A/c (??)		Dr.		36,000		36,000
Feb. 02	Bills Payable A/c To Bank A/c (??)		Dr.		90,000		90,000

A's Accounts

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2017			₹	2017			₹
Dec. 21	To B/P A/c		18,000	Dec. 21	By Purchase A/c		18,000
Dec. 26	To B/P A/c		21,600	Dec. 21	By Purchase A/c		21,600
Dec. 28	To B/P A/c		36,000	Dec. 21	By Purchase A/c		36,000
Dec. 31	To B/P		90,000	Dec. 21	By Purchase A/c		90,000
			<u>1,65,600</u>				<u>1,65,600</u>

28. On 1st June, 2019, A sold goods to B for ₹ 250. B gave to A his acceptance payable 1 month after date. Before maturity B requests A to renew it, which A does adding ₹ 10 to the new bill for interest.

Make the necessary Journal entries to record these transactions in the books of both A and B.

Solution :

Journal
In the books of A

Date	Particulars	L.F.	Debit	Credit
2019			₹	₹
June 01	B's A/c To Sales A/c (Goods sold on credit to B)		250	250
June 01	Bills Receivables A/c To B's A/c (B's acceptance was received)		250	250
July 04	B's A/c To Bills Receivables A/c (B's acceptance was cancelled)		250	250
July 04	B's A/c To Interest A/c (Interest due from B on account of cancelling the bill)		10	10
July 04	Bills Receivables A/c To B's A/c (New bill including interest was acceptance by B)		260	260

In the books of B

Date	Particulars	L.F.	Debit	Credit
2019			₹	₹
June 01	Purchase A/c To A's A/c (Purchased goods From A)	Dr.	250	250
June 01	A's A/c To Bills Payable A/c (Bills drawn by A was accepted)	Dr.	250	250
July 04	Bills Payables A/c To A's A/c (Bills got cancelled)	Dr.	250	250
July 04	Interest A/c To A's A/c (Interest due for cancelling the bill)	Dr.	10	10
July 04	A's A/c To Bills Payable A/c (New bill including interest drawn by A was acceptance)	Dr.	260	260

29. A sold goods to B on 1st September, 2018 for ₹ 16,000. B immediately accepted a 3 months bill. On the due date, B requested that the bill be renewed for a further period of 2 months. A agreed provided interest at 9% p.a. was paid immediately in cash. To this B was agreeable. The second bill was met on the due date. Give the Journal entries in the books of A.

Solution :

Journal
In the books of A

Date	Particulars	L.F.	Debit	Credit
2018			₹	₹
Sep. 01	B's A/c To Sales A/c (Goods sold on credit to B)	Dr.	16,000	16,000
Sep. 01	Bills Receivable A/c To B's A/c (B's acceptance was received)	Dr.	16,000	16,000
Dec. 04	B's A/c To Bills Receivables A/c (B's acceptance was cancelled)	Dr.	16,000	16,000
Dec. 04	B's A/c To Interest A/c (Interest due @ 9% for 2 months on the amount due)	Dr.	240	240
Dec. 04	Cash A/c To Interest A/c (Amount of interest were received from B)	Dr.	240	240
Dec. 04	Bills Receivables A/c To B's A/c (B accepted a new bill)	Dr.	16,000	16,000
Dec. 04	Cash A/c To Bills Receivables A/c (Payment received on honouring of the bill)	Dr.	16,000	16,000

Working Notes :

Calculation of Interest

$$₹16,000 \times 9/100 \times 2/12 = ₹240$$

30. On 1st January, 2008, A sold goods to B for ₹ 1,00,000 received ₹ 25,000 in cash and drew two bills, first ₹ 45,000 and second for ₹ 30,000 of two months each. Both bills were duly accepted by B. First bill was endorsed to C in settlement of his account of ₹ 45,000 and second bill was discounted from the bank at the rate of 12% p.a. On the due date of these bills, both bills were dishonoured. C has paid ₹ 100 and bank has paid ₹ 80 as noting charges. Pass Journal entries in the books of A, B and C.

Solution :

**Journal
In the books of A**

Date	Particulars	L.F.	Debit	Credit
2019			₹	₹
Jan 01	B's A/c Dr. To Sales A/c (Goods sold to B)		1,00,000	1,00,000
Jan 01	Cash A/c Dr. Bills Receivable (1) A/c Dr. Bills Receivable(2) A/c Dr. To B's A/c (Cash and acceptances were recieved from B)		25,000 45,000 30,000	1,00,000
Jan 01	C's A/c Dr. To Bills Receivables (1) A/c (Bills redorsed in favour of C)		45,000	45,000
Jan 01	Bank A/c Dr. Discounting charges A/c Dr. To Bills Receivable(2) A/c (Bill no. 2 discounting with bank @ 12% p.a. for two months)		29,400 600	30,000
Mar. 04	B's A/c Dr. To C's A/c (B's acceptance which had endorsed to C was dishonoured and C paid ₹100 as noting charges)		45,100	45,100
Mar. 04	B's A/c Dr. To Bank A/c (B's acceptance which had discounting with bank was dishonoured and bank paid ₹ 80 as noting charges)		30,080	30,080

In the books of B

Date	Particulars	L.F.	Debit	Credit
2019			₹	₹
Jan. 01	Purchase A/c Dr. To A's A/c (Purchased goods From A)		1,00,000	1,00,000
Jan. 01	A's A/c Dr. To Bills Payable (1) A/c To Bills Payable (2) A/c To Cash A/c (Cash and bill given to A)		1,00,000	45,000 30,000 25,000
Mar. 04	Bills Payable (1) A/c Dr. Bills Payable (1) A/c Dr. Noting Charges A/c Dr. To A's A/c (Bills dishonoured)		45,000 30,000 180	75,180

Journal
In the books of C

Date	Particulars	L.F.	Debit	Credit
2019			₹	₹
Jan. 01	Bills Receivables (1) A/c To A's A/c (Bills received from A)	Dr.	45,000	45,000
Mar. 04	A's A/c To Bills Receivable A/c To Cash A/c (Bills dishonoured on due date)	Dr.	45,100	45,000 100

31. Amar sells goods to Bhola for ₹ 10,000 *plus* CGST and SGST @ 9% each. He receives the GST amount in cash and draws upon Bhola a bill for the balance amount payable 3 months after date. The bill is accepted by Bhola. Amar discounts the bill with his bank at a discount of ₹ 150 inclusive of all charges. Bhola fails to meet this bill on maturity. Amar pays off his bank and his expenses amounting to ₹ 100. Bhola gives a fresh bill of 2 months' date to Amar for ₹ 10,250, which he meets at maturity. Show necessary Journal entries in Amar's books.

Solution :

Journal
In the books of Amar (Drawer)

Date	Particulars	L.F.	Debit	Credit
			₹	₹
	Bhola A/c To Sales A/c To Output CGST A/c To Output SGST A/c (Goods sold to Bhola)	Dr.	11,800	10,000 900 900
	Cash A/c Bills Receivable A/c To Bhola's A/c (Cash and bill received)	Dr. Dr.	1,800 10,000	10,000
	Bank A/c Discounting Charges A/c To Bills Receivables A/c (Bill Discounting)	Dr. Dr.	9,850 150	10,000
	Bhola's A/c To Bank A/c (Bills dishonoured)	Dr.	10,100	10,100
	Bhola's A/c To Interest A/c (Interest due)	Dr.	150	150
	Bills Receivables A/c To Bhola's A/c (New bill received)	Dr.	10,250	10,250
	Cash A/c To Bills Receivables A/c (New bill met on maturity)	Dr.	10,250	10,250

32. Anita purchased goods for ₹ 23,000 from Kavita on October 15, 2009 and accepted a bill of exchange drawn upon her by Kavita payable after two months. On the date of maturity the bill was duly presented for payment. Anita dishonoured the bill. The payee noted with ₹ 95 as noting charges.

Record the necessary journal entries in the books of Kavita and Anita, when (a) The bill was immediately discounted by Kavita with her Bank @ 9% p.a. (b) The bill was endorsed by Kavita in favour of her creditor Shankar after one month.

Solution :

**Journal
In the books of Kavita**

Date	Particulars	L.F.	Debit	Credit
2019			₹	₹
15 Oct	Anita To Sales A/c (Goods sold to Anita) Dr.		23,000	23,000
15 Oct	Bills Receivable A/c To Anita (Anita accepted a bill) Dr.		23,000	23,000
CASE (A) 15 Oct	Bank A/c Discounting Charges A/c To Bills Receivables A/c (Bill Discounted for two months with the bank @ 9% p.a.) Dr. Dr.		22,655 345	23,000
18 Dec.	Anita's A/c To Bank A/c (On the due date bill dishonoured and bank paid noting charges) Dr.		23,095	23,095
CASE (B) 15 Oct.	Shankar A/c To Bills Receivables A/c (Bills endorsed in favour of Shankar) Dr.		23,000	23,000
18 Dec.	Anita A/c To Shankar A/c (On the due date bill dishonoured and noting Charges are payable by Anita and receivable by Shankar) Dr.		23,095	23,095

**Journal
In the books of Anita**

Date	Particulars	L.F.	Debit	Credit
2009			₹	₹
15 Oct.	Purchase A/c To Kavita (Purchased goods From Kavita) Dr.		23,000	23,000
15 Oct.	Kavita To Bills Payable A/c (Bills drawn by Kavita, accepted) Dr.		23,000	23,000
18 Dec.	IN BOTH CASES THE SAME ENTRY WILL BE PASSED: Bills Payable A/c Noting Charges A/c To Kavita (On due date bill dishonoured and noting charges paid) Dr. Dr.		23,000 95	23,095

Working Notes :

Calculation of Discounting Charges

$$₹23,000 \times 9/100 \times 2/12 = ₹345$$

33. X sold goods to Y on 1.3.2017 for ₹ 12,000 and drew upon Y a bill of exchange for the same amount payable after two months. X immediately discounted the bill with his bank at 9% p.a. The maturity date of the bill was a non business day (holiday), therefore, X had to present the bill as per the provisions of the Indian Instruments Act, 1881. The bill was dishonoured by Y and X paid ₹ 45 as noting charges. Y settled the claim of X five days after the dishonour of the bill by a cheque which included interest @ 12% for the term of the bill.

Solution :

**Journal
In the books of X**

Date	Particulars	L.F.	Debit	Credit
2017			₹	₹
01 Mar.	Y's A/c Dr. To Sales A/c (Goods sold to Y)		12,000	12,000
01 Mar.	Bills Receivable A/c Dr. To Y's A/c (Y accepted the bill)		12,000	12,000
01 Mar.	Bank A/c Dr. Discounting Charges A/c Dr. To Bills Receivables A/c (Bill Discounted for two months with the bank @ 9% p.a.)		11,820 180	12,000
03 May	Y's A/c Dr. To Bank A/c (On the due date bill dishonoured and bank paid noting charges)		12,045	12,045
08 May	Y's A/c Dr. To Interest A/c (Interest to be received)		241	241
08 May	Bank A/c Dr. To Y's A/c (Interest to be received)		12,286	12,286

Y's Accounts

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2017			₹	2017			₹
01 Mar.	To Sales A/c		12,000	01 Mar.	By B/R A/c		12,000
03 May	To Bank A/c		12,045	08 May	By Bank A/c		12,286
08 May	To Interest A/c		241				
			24,286				24,286

**Journal
In the books of Y**

Date	Particulars	L.F.	Debit	Credit
01 Mar	Purchase A/c Dr. To X's A/c (Purchased goods From X)		₹ 12,000	₹ 12,000
01 Mar	X's A/c Dr. To Bills Payable A/c (Bills drawn by X, accepted)		12,000	12,000

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03 May	Bills Payables A/c Noting Charges A/c To X's A/c (On due date bill dishonoured and noting charges paid)	Dr. Dr.	12,000 45	12,045
08 May	Interest A/c To X's A/c (due interest to be paid)	Dr.	241	241
08 May	X's A/c To Bank A/c (Issued cheque from X)	Dr.	12,286	12,286

Y's Accounts

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
2017			₹	2017			₹
01 Mar.	To B/P A/c		12,000	01 Mar.	By Purchases A/c		12,000
08 May	To Bank A/c		12,286	03 May	By B/P A/c		12,000
				03 May	By Noting Charges A/c		45
				08 May	By Interest A/c		241
			24,286				24,286

Working Notes :

Calculation of Discounting Charges

$$₹12,000 \times 9/100 \times 2/12 = ₹180$$

Calculation of Amount of Interest

$$₹12,045 \times 12/100 \times 2/12 = ₹241$$

Note : In this Question, since the due date is 04 May, 2017 Falls on a holiday, so the due date will be on the preceeding date i.e. 03 May, 2017

- 34.** On 15th January 2018, X sold goods to Y for ₹ 50,000 charging IGST@ 12%. Y immediately paid ₹ 6,000 in cash and accepted two bills of equal amount, the first for one month and the second for two months. The first bill was met on due date but on the due date of the second bill, Y requested that the bill be renewed for a further period of two months. X agreed provided that interest at 15% p.a. was paid immediately in cash. Y agreed to this. The second bill was met on the due date. Give Journal entries in the books of X and Y.

Hints : Interest ₹ 625. Amount of renewed bill ₹ 25,000.

Solution :

**Journal
In the books of X**

Date	Particulars	L.F.	Debit	Credit
2018			₹	₹
15 Jan.	Y's A/c To Sales A/c To Output IGST A/c (Goods sold to Y @ 12% with GST)	Dr.	56,000	50,000 6,000
15 Jan.	Bills Receivable (1) A/c Bills Receivable (2) A/c Cash A/c To Y's A/c (Y accepted a bill)	Dr. Dr. Dr.	25,000 25,000 6,000	56,000
18 Feb.	Cash A/c To Bills Receivables (1) A/c (On due date bill honoured)	Dr.	25,000	25,000

18 Mar.	Y's A/c To Bills Receivables (2) A/c (On due date bill honoured cancelled)	Dr.	25,000	25,000
18 Mar.	Y's A/c To Interest A/c (Due Interest to be paid)	Dr.	625	625
18 Mar.	Cash A/c Bills Receivable A/c To Y's A/c (Received Interest in cash by Y and also a bill accepted by him)	Dr. Dr.	625 25,000	25,625
21 May	Cash A/c To Bills Receivables A/c (On due date bill honoured)	Dr.	25,000	25,000

**Journal
In the books of Y**

Date	Particulars	L.F.	Debit	Credit
2018			₹	₹
15 Jan.	Purchase A/c Input CGST A/c To X's A/c (Purchased goods From X)	Dr. Dr.	50,000 6,000	56,000
15 Jan.	X's A/c To Bills Payable (1) A/c To Bills Payable (2) A/c To Cash A/c (Bills drawn by X was accepted)	Dr.	56,000	25,000 25,000 6,000
18 Feb.	Bills Payable (1) A/c To X's A/c (On due date bill dishonoured)	Dr.	25,000	25,000
18 Mar.	Bills Payable (2) A/c To X's A/c (On due date bill Cancelled)	Dr.	25,000	25,000
18 Mar.	Interest A/c To X's A/c (Interest paid)	Dr.	625	625
18 Mar.	X's A/c To Cash A/c To Bills Payables A/c (Paid Interest in Cash and X draw a new bill was accepted)	Dr.	25,625	625 25,000
21 May	Bills Payables A/c To Cash A/c (On the due date bill honoured)	Dr.	25,000	25,000

Working Note :

Calculation of Amount of Interest

$$= ₹25,000 \times 15/100 \times 2/12 = ₹625$$

35. Manohar drew a bill of exchange on Pushkar, his debtor, for ₹ 20,000 on 1st March 2016 for 3 months. Pushkar accepted the same and returned it to the drawer. Manohar endorsed the bill to Yadu on 1st April 2016 for a debt of equal amount. Yadu discounted it with the bank at 15% p.a. on 1st May, 2016. On the due date the bill was dishonoured. (Noting charges amounted to ₹ 100). Show the journal entries in the books of :

(a) Drawer,

(b) Drawee/Acceptor, and

(c) Endorse

Solution :

Journal
In the books of Manohar

Date	Particulars	L.F.	Debit	Credit
2016			₹	₹
Mar. 01	Bills Receivable A/c To Pushkar A/c (Bill accepted by Pushkar)	Dr.	20,000	20,000
Apr. 01	Yadu To Bill receivables A/c (Endorsed bills in favour of Yadu)	Dr.	20,000	20,000
June 04	Pushkar A/c To Yadu (On the due date bill dishonoured and Yadu paid noting charges)	Dr.	20,100	20,100

Journal
In the books of Pushkar

Date	Particulars	L.F.	Debit	Credit
2018			₹	₹
01 Mar	Manmohan A/c To Bills Payables A/c (Bills drawn by Manohan, accepted)	Dr.	20,000	20,000
04 Jun	Bills Payables A/c Noting charges A/c To Pushkar A/c (On due date bill dishonoured and paid noting charges)	Dr. Dr.	20,000 100	20,100

Journal
In the books of Yadu

Date	Particulars	L.F.	Debit	Credit
2016			₹	₹
01 Apr.	Bills Receivable A/c To Manmohan A/c (Bill Receivables received from Manohar)	Dr.	20,000	20,000
01 May	Bank A/c Discounting Charges A/c To Bill Receivables A/c (Bills discounted for one months @ 15% p.a.)	Dr. Dr.	19,750 250	20,000
04 June	Manmohan A/c To Bank A/c (On the due date bill dishonoured and paid noting charges)	Dr.	20,100	20,100

Working Notes :

Calculation of Discounting charges

$$₹20,000 \times 15/100 \times 1/12 = ₹250$$



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Rectification of Errors

1. Rectify the following errors :

- (i) Credit sales to Mridula ₹ 5,000 were not recorded.
- (ii) Credit purchases from Nayna ₹ 8,000 were not recorded.
- (iii) Goods returned to Priya ₹ 12,000 were not recorded.
- (iv) Goods returned from Rashi ₹ 10,000 were not recorded.

Solution :

Journal

Date	Particulars	L.F.	Debit	Credit
(i)	Mridula's A/c To Sales A/c (Credit sales made to Mridula was not recorded)	Dr.	₹ 5,000	₹ 5,000
(ii)	Purchase A/c To Nayna's A/c (Credit Purchase from Nayna was not recorded)	Dr.	8,000	8,000
(iii)	Priya's A/c To Purchase Return A/c (Goods returned to Priya was not recorded)	Dr.	12,000	12,000
(iv)	Sales Return A/c To Rashi's A/c (Return goods from Rashi was not recorded)	Dr.	10,000	10,000

2. Rectify the following errors :

- (i) Credit sales to Mridula ₹ 5,000 were recorded as ₹ 500.
- (ii) Credit purchases from Nayna ₹ 8,000 were recorded as ₹ 800.
- (iii) Goods returned to Priya ₹ 12,000 were recorded as ₹ 1,200.
- (iv) Goods returned from Rashi ₹ 10,000 were recorded as ₹ 1000.

Solution :

Journal

Date	Particulars	L.F.	Debit	Credit
(i)	Mridula's A/c To Sales A/c (₹ 500 was recorded as Credit sales to Mridula instead of ₹ 5,000)	Dr.	₹ 4,500	₹ 4,500
(ii)	Purchase A/c To Nayna's A/c (₹ 800 was recorded as credit purchase from Nayna instead of ₹ 8,000)	Dr.	7,200	7,200
(iii)	Priya's A/c To Purchase Return A/c (Goods returned to Priya were registered as ₹ 1,200 instead of ₹ 12,000)	Dr.	10,800	10,800
(iv)	Sales Return A/c To Rashi's A/c (Return goods from Rashi were registeres ₹ 1,000 instead of ₹ 10,000)	Dr.	9,000	9,000

3. Rectify the following errors :

- (i) Goods for ₹ 5,500 were purchased from Modern Traders on credit, but no entry has yet been passed.
- (ii) Purchase Return for ₹ 1,500 not recorded in the books.
- (iii) Goods for ₹ 2,000 sold to 'Geeta Traders' on Credit were entered in the sales book as ₹ 200 only.
- (iv) Goods of the value of ₹ 1,800 returned by Sunil & Co. were included in stock, but no entry was passed in the books.
- (v) Goods purchased for ₹ 900, entered in the purchases book as ₹ 9,000.
- (vi) An invoice for goods sold to X was overcast by ₹ 100.

Solution :**Journal**

Date	Particulars	L.F.	Debit	Credit
(i)	Purchase A/c Dr. To Modern Traders A/c (Goods purchased on credit from Modern traders was not recorded)		₹ 5,500	₹ 5,500
(ii)	Creditors A/c Dr. To Purchase Return A/c (₹1,500 Purchase Return was not recorded)		1,500	1,500
(iii)	Geeta Traders A/c Dr. To Sales A/c (Goods sold to geeta traders @ ₹ 200 was recorded as ₹ 2,000)		1,800	1,800
(iv)	Sales Return A/c Dr. To Sunil & Co. (Goods returned by Sunil & Co. was omitted)		1,800	1,800
(v)	Creditors A/c Dr. To Purchase A/c (Goods purchased by ₹ 900 was recorded as ₹ 9,000)		8,100	8,100
(vi)	Sales A/c Dr. To X's A/c (Goods sold invoice was overcast by ₹ 100)		100	100

4. Rectify the following errors :

- (i) Sold 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) Repairs made were 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 expenses account.
- (vi) A credit sale of goods of ₹ 15,000 to Ramesh has been wrongly passed through the Purchases Book.

Solution :**Journal**

Date	Particulars	L.F.	Debit	Credit
(i)	Sales A/c Dr. To Furniture A/c (Sold old furniture through sales book)		₹ 11,500	₹ 11,500

(ii)	Purchase A/c To Cash A/c (Credit Purchase omitted to be recorded)	Dr.		12,000		12,000
(iii)	Repairs A/c To Buildings A/c (Repairs made were debited to Buildings account)	Dr.		7,000		7,000
(iv)	Sales A/c To Avikan's A/c (Credit sale of Avikan was recorded with wrong amount)	Dr.		6,300		6,300
(v)	Furniture A/c To office expenses A/c (Payment made for office furniture was debited to office expenses)	Dr.		6,000		6,000
(vi)	Ramesh's A/c To Purchase A/c To Sales A/c (A credit sale of goods to Ramesh has been Wrongly passed through the purchase book)	Dr.		30,000		15,000 15,000

5. Pass the necessary Journal entries to rectify the following errors :

- (i) ₹ 15,000 paid as wages for the construction of office building debited to Salaries Account.
- (ii) ₹ 20,000 spent on the purchases of material for the construction of building debited to Purchases Account.
- (iii) ₹ 50,000 spent on the extension of building was debited to Building Repairs Account.
- (iv) ₹ 25,000 spent on whitewash of a new building was charged to Building Repairs Account.
- (v) ₹ 1,000 paid as installation charges for newly purchased second hand machinery posted to Cartage Account.
- (vi) ₹ 10,000 paid as repairing charges on the reconditioning of a newly purchased second hand machinery debited to General Expenses Account.
- (vii) ₹ 5,000 paid as repairing charges of an existing machine in use charged to Machinery Account.
- (viii) ₹ 10,000 paid by cheque for a printer was charged to the Office Expenses Account.

Solution :

Journal

Date	Particulars	L.F.	Debit		Credit
(i)	Building A/c To Salaries A/c (Wages paid for the construction of office building debited to salaries account)	Dr.	₹ 15,000		₹ 15,000
(ii)	Building A/c To Purchase A/c (Spent on the purchase of material for construction of building wrongly debited to purchase account)	Dr.	20,000		20,000
(iii)	Building A/c To Building Repairs A/c (Spent on the extension of building was wrongly debited to Building Repairs account)	Dr.	50,000		50,000
(iv)	Building A/c To Building Repairs A/c (Spent on the Whitewash of a new building was wrongly debited to Building Repairs account)	Dr.	25,000		25,000

(v)	Machinery A/c To Cartage A/c (Paid as installation charges for newly purchased machinery wrongly trusted to cartage account)	Dr.	1,000	1,000
(vi)	Machinery A/c To General Expences A/c (Repairing charges on the reconditioning of newly purchased second hand machinery wrongly debited to General Expences Account)	Dr.	10,000	10,000
(vii)	Repairs A/c To Machinery A/c (Paid as repairing charges of an existing machine in use wrongly charged to Machinery Account)	Dr.	5,000	5,000

6. Rectify the following errors :

- Goods purchased from Kunal for ₹ 8,000 and from Kapil of ₹ 9,000 recorded correctly in the Purchases Book. However, ₹ 9,000 was posted to Kunal and ₹ 8,000 to Kapil.
- Anil's Account was excess debited by ₹ 500 while Suraj's Account was short debited by ₹ 500.
- Parkar's Account was short credited by ₹ 700 while Manisha's Account was excess credited by ₹ 700.
- Goods sold to Roopak for ₹ 1,000 and to Sagar for ₹ 1,800 recorded correctly in the Sales Book. However, ₹ 1,800 was posted to Roopak and ₹ 1,000 to Sagar.

Solution :

Journal

Date	Particulars	L.F.	Debit	Credit
(i)	Kunal's A/c To Kapil's A/c (Goods purchase from Kunal and Kapil wrongly posted in the purchase book with wrong amount)	Dr.	₹ 1,000	₹ 1,000
(ii)	Suraj's A/c To Anil's A/c (Rectifying wrong debit and credit to the accounts)	Dr.	500	500
(iii)	Manisha's A/c To Parkar's A/c (Rectifying excess and short credits in the accounts)	Dr.	700	700
(iv)	Roopak's A/c To Sagar's A/c (Goods sold to Roopak and Sagar was wrongly posted with wrong amounts)	Dr.	800	800

7. Rectify the following errors assuming that there is no Suspense Account :

- Salary of ₹ 5,000 paid to Rahul was not posted to Salaries Account.
- Sales to Amrish of ₹ 1,430 posted to his account as ₹ 1,340.
- Sales to Vijay of ₹ 2,470 posted to his account ₹ 2,740.
- Purchases from Pal of ₹ 1,430 posted to his account as ₹ 1,340.

Solution :

Journal

Date	Particulars	L.F.	Debit	Credit
(i)	Salaries A/c Dr. To Cash A/c (Salary paid to Rahul was not posted to salaries account)		₹ 5,000	₹ 5,000
(ii)	Amrish's A/c Dr. To Sales A/c (Sales to Amrish posted with wrong amount)		90	90
(iii)	Sales A/c Dr. To Vijay's A/c (Sales to vijay posted with wrong amount in his account)		270	270
(iv)	Purchase A/c Dr. To Pal's A/c (Purchase from pal posted with wrong amount in his account)		90	90

8. Rectify the following two-sided errors :

- (i) ₹ 8,000 paid as rent debited to Landlord's A/c.
- (ii) Office Expenses debited for the purchase of office Almirahs ₹ 16,000.
- (iii) ₹ 8,540 received from Shah has been wrongly credited to Shaw's A/c.
- (iv) Machinery purchased for ₹ 30,000 wrongly charged to Purchases A/c.
- (v) ₹ 800 paid for Rent in cash wrongly entered in Bank A/c.

Solution :

Journal

Date	Particulars	L.F.	Debit	Credit
(i)	Rent A/c Dr. To Landlord's A/c (Paid rent debited to Landlord account)		₹ 8,000	₹ 8,000
(ii)	Almirah A/c Dr. To Office expences A/c (Office expences debited for the purchase of office almirah)		16,000	16,000
(iii)	Shaw's A/c Dr. To Shan's A/c (Received from shan has been wrongly credited to Shaw's account)		8,540	8,540
(iv)	Machinery A/c Dr. To Purchase A/c (Machinery purchased and wrongly charges to purchase account)		30,000	30,000
(v)	Bank A/c Dr. To Cash A/c (Paid for rent in cash wrongly entered in Bank account)		800	800

9. The following two-sided errors were found in the books of Daksh. Give the necessary entries to correct them :

- (i) Wages of ₹ 16,000 paid to Kanak has been debited to her personal account.
- (ii) ₹ 8,600 paid for office magazines was charged to purchases account.
- (iii) ₹ 25,200 received for plant sold has been charged to sales account.
- (iv) Repairs made to the machinery were debited to Machinery account for ₹ 2,600.
- (v) Finished Goods amounting to ₹ 5,000 withdrawn by the proprietor for his personal use has been debited to Factory expenses account.
- (vi) ₹ 5,200 received from Lulu & Co. has been wrongly entered as from Shalu & Co.

Solution :**Journal**

Date	Particulars	L.F.	Debit	Credit
(i)	Wages A/c Dr. To Kanak's A/c (Wages paid to Kanak has been debited to her personal account)		₹ 16,000	₹ 16,000
(ii)	Office Magazine A/c Dr. To Purchase A/c (Paid for office magazine was charged to purchase account)		8,600	8,600
(iii)	Sales A/c Dr. To Plant A/c (Received from Plant sold has been charged to sales account)		25,200	25,200
(iv)	Repairs A/c Dr. To Machinery A/c (Repair made to the machinery were debited to Machinery Account)		2,600	2,600
(v)	Drawings A/c Dr. To Factory Expenses A/c (Finished goods withdrawn by proprietor for personal use had been debited to Factory expenses account)		5,000	5,000
(vi)	Shalu & Co. A/c Dr. To Lalu & Co. A/c (Received from Lalu & Co. has been wrongly entered as from Shalu & Co.)		5,200	5,200

10. In taking out the Trial Balance, book-keeper finds that he is out ₹ 3,809 excess debit. Being desirous of closing his books he places the difference to a newly opened Suspense A/c which is carried forward. In the next period he discovered that :

- ₹ 17,715 received from X has not been posted to his account.
- A sum of ₹ 9,500 written off as depreciation on fixtures has not been posted to the Depreciation A/c.
- ₹ 1,50,000 paid for furniture purchased has been charged to Ordinary Purchases A/c.
- A discount of ₹ 3,742 allowed to a customer has been credited to him as ₹ 3,648.
- The total of the Inwards return has been added ₹ 900 short.
- An item of Sale for ₹ 5,900 was posted as ₹ 9,500 in the Sales Account.

Give the rectifying entries and prepare the Suspense Account.

Solution :**Journal**

Date	Particulars	L.F.	Debit	Credit
(1)	Suspense A/c Dr. To X's A/c (Received from X has not been posted to his account)		₹ 17,715	₹ 17,715
(2)	Depreciation A/c Dr. To Suspense A/c (Amount written off as Depreciation not registered to Depreciation Account)		9,500	9,500
(3)	Furniture A/c Dr. To Purchase A/c (Paid for furniture and debited to ordinary purchase account)		1,50,000	1,50,000

(4)	Suspence A/c To Customer's A/c (Credited wrong amount of discount to Customer's Account)	Dr.		94		94
(5)	Sales Return A/c To Suspence A/c (Total of Sale Return has been added short)	Dr.		900		900
(6)	Sales A/c To Suspence A/c (Sale was posted with wrong amount in sales Account)	Dr.		3,600		3,600

Suspence Accounts

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
	To Y's A/c		₹ 17,715		By Difference in Trial Balance A/c		3,809
	To Customer's A/c		94		By Derpeciation A/c		9,500
					By Sales Return A/c		900
					By Sales A/c		3,600
			17,809				17,809

11. The Trial Balance prepared by a Book-keeper showed a difference of ₹ 1,006 which was placed in a newly opened Suspence Account and carried forward to the next year, when the following errors were discovered :

- (i) Goods purchased for ₹ 99 had been posted to the credit of the supplier as ₹ 990.
- (ii) ₹ 75 received as discount from a creditor was duly entered in his account but it was omitted to be posted to discount account.
- (iii) Sale of Furniture for ₹ 1,400 had been entered in sales book.
- (iv) ₹ 900 due from a customer were omitted to be taken to the Schedule of sundry debtors.
- (v) Goods of the value of ₹ 3,000 returned by a customer were taken into the stock but no entry was made in the books.
- (vi) ₹ 355 entered in the Sales Returns book had been posted to the debit of the customer who returned the goods.

Give necessary Journal entries to rectify the above errors and prepare suspence account.

Solution :

Journal

Date	Particulars	L.F.	Debit	Credit
(i)	Supplier's A/c To Suspence A/c (Goods purchased wrong posted with wrong amount on the credit side of supplier's account)	Dr.	₹ 891	₹ 891
(ii)	Suspence A/c To Discount Received A/c (Received discount from creditors not recorded to Discount account)	Dr.	75	75
(iii)	Sales A/c To Furniture A/c (Furniture sale posted in sales book)	Dr.	1,400	1,400
(iv)	Sundry Debtors A/c To Suspence A/c (Due amount from a customer omitted to be included in sundry debtors)	Dr.	900	900

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(v)	Sales Returns A/c To Customer's A/c (Goods Returned by a Customer taken into stock but not recorded)	Dr.	3,000	3,000
(vi)	Suspense A/c To Customer's A/c (Goods returned by a customer recorded to the debit side of the account)	Dr.	710	710

Suspence Accounts

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
	To Diff. in trial balance A/c		₹ 1,006		By Supplier's A/c		₹ 891
	To Discount Received A/c		75		By Sundry debtors A/c		900
	To Customer's A/c		710				
			<u>1,791</u>				<u>1,791</u>

12. Correct the following errors in Mohan Lal's Book :

- (i) A payment of ₹ 5,000 for salaries (to Mr. Ram) has been posted twice to the Salaries Account.
- (ii) ₹ 750 received from Rajesh are entered on the debit side of the Cash Book. No posting was done in Rajesh's Account.
- (iii) Sales Book was overcasted by ₹ 3,000.
- (iv) Goods (Cost ₹ 2,000, Sales Price ₹ 2,500) distributed as samples among prospective customers were not recorded anywhere.
- (v) A sum of ₹ 1,500 written off as depreciation on furniture was not debited to Depreciation Account.

Solution :

Journal

Date	Particulars	L.F.	Debit	Credit
(i)	Suspense A/c To Salaries A/c (Payment of salaries has benn posted twice to the salaries account)	Dr.	₹ 5,000	₹ 5,000
(ii)	Suspense A/c To Rajesh A/c (Received from Rajesh are entered on the debit side of the cash book no posting were made in Rajesh account)	Dr.	750	750
(iii)	Sales A/c To Suspense A/c (Sale book was overcasted)	Dr.	3,000	3,000
(iv)	Advertisement A/c To Purchase A/c (Goods distributed as free sample were not recorded)	Dr.	2,000	2,000
(v)	Depreciation A/c To Suspense A/c (Depreciation on Furniture not debited to furniture account)	Dr.	1,500	1,500

13. Correct the following errors in Hari's Books :

- (i) Credit sale of ₹ 132 to R. Krishan correctly entered in Sales Journal but posted to his account as ₹ 312.
- (ii) The total of the credit side of Ramesh's Account was overcasted by ₹ 2,000.
- (iii) Total of the Purchases Journal of ₹ 5,250 has been posted to Purchases Account as ₹ 5,205.
- (iv) Printer purchased from R. Ltd. for ₹ 4,000 on credit was entered in the Purchases Book.
- (v) An item of ₹ 2,000 entered in the Sales Return Book was posted to the debit of Pandey who had returned the goods.

Solution :

**Journal
In the books of Hari**

Date	Particulars	L.F.	Debit	Credit
(i)	Suspense A/c Dr. To R. Krishna A/c (Goods sold to R. Krishna was wrongly posted with wrong amount)		₹ 180	₹ 180
(ii)	Ramesh's A/c Dr. To Suspense A/c (Credit side of Ramesh account overcasted)		2,000	2,000
(iii)	Purchases A/c Dr. To Suspense A/c (Total of purchase book was posted with less amount)		45	45
(iv)	Printer A/c Dr. To Purchase A/c (Purchases of Printer was wrongly posted to purchase account)		4,000	4,000
(v)	Suspense A/c Dr. To Pandey's A/c (Amount wrongly debited to Pandey's account for goods returned by him)		4,000	4,000

14. Give journal entries to rectify the following two-sided errors :

- (i) Purchase of goods from Devki amounting to ₹ 18,000 has been wrongly passed through the sales book.
- (ii) Credit sale of goods ₹ 28,000 to Suman has been wrongly passed through the purchases book.
- (iii) Sold old computer for ₹ 7,000 passed through the sales book.
- (iv) Paid wages for the purchase of furniture debited to wages account ₹ 50,000.
- (v) Paid ₹ 12,000 for the installation of machinery debited to installation expenses account.
- (vi) On 31st December, 2018 goods worth ₹ 6,500 were returned by Jagdish and were taken into stock on the same date, but no entry was passed in the books.

Solution :

Journal

Date	Particulars	L.F.	Debit	Credit
(i)	Purchase A/c Dr. Sales A/c Dr. To Devki's A/c (Purchase of goods from Devki has been wrongly passed through the sales book)		₹ 18,000 18,000	₹ 36,000

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(ii)	Suman's A/c To Purchases A/c To Sales A/c (Credit side of goods to Suman has been wrongly passed through purchase book)	Dr.	56,000	28,000 28,000
(iii)	Sales A/c To Computers A/c (Sold old computer passed through the sales book)	Dr.	7,000	7,000
(iv)	Furniture A/c To Wages A/c (Paid wages for the purchase of furniture debited to wages account)	Dr.	50,000	50,000
(v)	Machinery A/c To Installation Expenses A/c (Paid for installation of machinery debited to installation expenses account)	Dr.	12,000	12,000
(vi)	Sales Return A/c To Jagdish's A/c (Goods were returned by Jagdish and were taken into stock on the same date but no entry was passed in the books)	Dr.	6,500	6,500

15. A Book-keeper finds the difference in the Trial Balance amounting to ₹ 210 and puts it in the suspense account. Later on he detects the following errors. Rectify these and prepare the Suspense Account :

1. Goods purchased from Ram ₹ 700 was passed through sales book.
2. Returned goods to Shyam ₹ 1,500 was passed through returns inward book.
3. An Item of ₹ 450 relating to prepaid rent account was omitted to be brought forward.
4. An Item of ₹ 120 in respect of purchase returns, instead of being recorded in Returns outward book has been wrongly entered in the purchase book and posted therefrom to the debit of Personal A/c.
5. Amount payable to Subhash for repairs done to radio ₹ 180 and a new radio supplied for ₹ 1,920, were entered in the Purchase book as ₹ 2,000.

Give full narrations for rectifying journal entries. Which of the above errors affected the agreement of Trial Balance ?

Solution :

Journal

Date	Particulars	L.F.	Debit	Credit
(i)	Purchases A/c Sales A/c To Ram's A/c (Goods purchased from Ram passed through sales book)	Dr. Dr.	₹ 700 700	₹ 1,400
(ii)	Shyam's A/c To Purchase Return A/c To Sales Return A/c (Returned goods to Shyam passed through Sales return books)	Dr.	3,000	1,500 1,500
(iii)	Prepaid Rent A/c To Suspense A/c (Rent prepaid omitted to be brought forward)	Dr.	450	450

(iv)	Suspense A/c To Purchase Return A/c To Sales Return A/c (Purchase Return posted in purchase book)	Dr.		240			120 120
(v)	Repairs A/c Radio A/c To Purchase A/c To Subhash's A/c (Amount paid for radio and its repairs posted in Purchase book)	Dr. Dr.		180 1,920			2,000 100

Suspense Accounts

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
	To Diff. in Trial balance A/c To Purchase Return A/c To Purchase A/c		₹ 210 120 120 <hr/> 450		By Prepaid Rent A/c		₹ 450 <hr/> 450

16. A Trial Balance disclosed a difference of ₹ 417 placed on the credit side of the Suspense Account. Later on the following errors were located :

- (i) Goods worth ₹ 200 purchased from Sohan had been posted to his account as ₹ 250.
- (ii) A purchase of furniture for ₹ 500 was recorded in the Purchases Book.
- (iii) Instead of crediting Gian's Account with ₹ 512, it was debited with ₹ 215.
- (iv) Goods worth ₹ 130 returned by Gian were entered in the Sales Book and posted therefrom to the credit of Gian's Personal Account.

Pass the rectifying entries and prepare a Suspense Account.

Solution :

Journal

Date	Particulars	L.F.	Debit	Credit
(i)	Sohan's A/c To Suspense A/c (Goods purchased from Sohan had been posted to his personal account)	Dr.	₹ 50	₹ 50
(ii)	Furniture A/c To Purchase A/c (Purchase of furniture wrongly charged to Purchase account)	Dr.	500	500
(iii)	Suspense A/c To Gian's A/c (A purchased of furniture was recorded in the purchase book)	Dr.	727	727
(iv)	Sales Return A/c Sales A/c To Suspense A/c (Goods returned by Gian were entered in the sales book and posted to the credit of Gian's personal account)	Dr. Dr.	130 130	260

Suspense Accounts

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
	To Gian's A/c		₹ 727		By Balance b/d A/c		₹ 417
					By S/R A/c		130
					By Sale A/c		130
					By Sohan's A/c		50
			727				727

17. There was an error in the Trial Balance of Ram Gopal on 31st March, 2018 and the difference in books was carried to the Suspense Account. On going through the books, you find that :

- ₹ 540 received from Mayank was posted to the debit side of his account.
- ₹ 100 being purchases return was posted to the debit of the Purchases Account.
- Discount of ₹ 300 received was posted to the debit of the Discount Account.
- ₹ 374 paid for motor car repairs was debited to the Motor Car Account as ₹ 174.
- ₹ 400 paid to Naman was debited to the account of Manan.

Pass the Journal entries to rectify the above errors and state what amount was carried to the Suspense Account.

Solution :

Journal

Date	Particulars	L.F.	Debit	Credit
(i)	Suspense A/c To Mayank's A/c (Received from Mayank was posted to the debit side of his account)	Dr.	₹ 1,080	₹ 1,080
(ii)	Suspense A/c To Purchase A/c To Purchase Return A/c (Purchase Return was posted to the debit of the Purchase account)	Dr.	200	100 100
(iii)	Suspense A/c To Discount A/c (Discount received was wrongly posted to the debit of Discount account)	Dr.	600	600
(iv)	Motor Car Repair A/c To Motor Car A/c To Suspense A/c (Paid for Motor Car repairs was wrongly debited to Motor Car Account with wrong amount)	Dr.	374	174 200
(v)	Naman's A/c To Manan's A/c (Amount Paid to Naman was wrongly debited to Manan)	Dr.	400	400

Suspense Accounts

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
	To Mayank's A/c		₹ 1,080		By Motor Car Repair A/c		₹ 200
	To Purchase A/c		100		By Balance c/d		1,680
	To Purchase Return A/c		100				
	To Discount A/c		600				
			1,880				1,880

18. Trial Balance of Kalpana Traders did not agree and showed an excess debit of ₹ 32,600.

They put the difference to a Suspense Account and discovered the following errors :

- (i) Cash received from Rani ₹ 10,000 was posted to the debit of Kamal as ₹ 12,000.
- (ii) Salary paid to an employee ₹ 4,000 were debited to his personal account ₹ 2,400.
- (iii) Goods withdrawn by proprietor for personal use ₹ 2,000 were credited to sales account as ₹ 3200.
- (iv) Depreciation provided on machinery ₹ 6,000 was posted to machinery account as ₹ 600.
- (v) Sale of old car for ₹ 20,000 was credited to sales account as ₹ 12,000.

Rectify the errors and prepare suspense account.

Solution :

Journal

Date	Particulars	L.F.	Debit	Credit
			₹	₹
(i)	Suspense A/c Dr. To Rani's A/c To Kamal's A/c (Cash received from Rani was posted to the debit of Kamal account)		22,000	10,000 12,000
(ii)	Salary A/c Dr. To Employee A/c To Suspense A/c (Salary paid to an employee were debited to his personal account)		4,000	2,400 1,600
(iii)	Sales A/c Dr. To Suspense A/c To Purchase A/c (Goods withdrawn for personal use were credited to sales account)		3,200	1,200 2,000
(iv)	Suspense A/c Dr. To Machinery A/c (Derpreciation provided on machinery was posted to machinery account)		5,400	5,400
(v)	Sales A/c Dr. Suspense A/c Dr. To Car A/c (Sale of old car was credited to sales account)		12,000 8,000	20,000

Suspense Accounts

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
			₹				₹
	To Rani's A/c		10,000		By Salary A/c		1,600
	To Kamal's A/c		12,000		By Balance b/d		32,600
	To Machinery A/c		5,400		By Sales A/c		1,200
	To Car A/c		8,000				
			35,400				35,400

19. The accountant of a firm finds that the Trial Balance as on 31st March, 2019 is out by an excess debit of ₹ 283. He placed the amount in the Suspense Account. In the first week of April, 2019, he discovered the following errors. Pass the Journal entries necessary to rectify these errors and show the Suspense Account as it would appear at the end of the week. Have you any comment to make ?

- (i) Cash paid to Amar Nath, ₹ 75, was posted to the credit of Amar Singh's Account as ₹ 57.
- (ii) Discount allowed by Brijesh of ₹ 5 was not entered in the Cash Book but Brijesh stands debited correctly.
- (iii) No entry was made for goods worth ₹ 40 taken away by proprietor for personal use.
- (iv) ₹ 500 received from Jhaveri Bros. for interest on loan advanced to them were recorded in the Cash Book. But the entry was not posted in the Ledger.
- (v) The total of Returns Outward Book was short by ₹ 100.

Solution :

Journal

Date	Particulars	L.F.	Debit	Credit
(i)	Amar Nath A/c Dr.		₹ 75	₹
	Amar Singh A/c Dr.		57	
	To Suspense A/c (Cash paid to Amar Nath was wrongly credited to Amar Singh with wrong amount)			132
(ii)	Suspense A/c Dr.		5	
	To Discount Received A/c (Discount allowed by Brijesh was omitted to be recorded in Discount column but wrongly recorded in Brijesh Account)			5
(iii)	Drawings A/c Dr.		40	
	To Purchase A/c (Goods drawn by proprietor was not recorded)			40
(iv)	Suspense A/c Dr.		500	
	To Interest on advanced Loan A/c (Interest on Loan advances received from Jhaveri Bros. was not posted into Ledger)			500
(v)	Suspense A/c Dr.		100	
	To Return Outwards A/c (Return outward total was short)			100

Suspense Accounts

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
			₹				₹
	To Discount Received A/c		5		By Balance b/d		283
	To Interest on Advance A/c		500		By Amar Nath's A/c		75
	To Return outwards A/c		100		By Amar Singh A/c		57
					By Balance c/d		190
			605				605

20. The Trial Balance of M/s. Gupta & Sons shows a difference of ₹ 52,200. To prepare the Final Account on 31st March, 2019, this difference is placed in a Suspense Account. Afterwards the following errors were disclosed. Pass the necessary entries to rectify them and show the Suspense Account.

- (i) Purchases Book total had been undercasted by ₹ 20,000.
- (ii) A cheque received from Vasudev for ₹ 7,800 had been debited in the Cash Book but not posted in Vasudev's Personal Account.
- (iii) Returns Outward Book had been overcasted by ₹ 10,000.
- (iv) Goods returned by Yash Pal worth ₹ 15,000 have been entered in Returns Outward Book. However, Yash Pal's Account is correctly posted.

Solution :**Journal**

Date	Particulars	L.F.	Debit	Credit
(i)	Purchase A/c To Suspense A/c (Purchase book was undercasted)	Dr.	₹ 20,000	₹ 20,000
(ii)	Suspense A/c To Vasudev's A/c (Cheque received from Vasudev was not recorded in his account)	Dr.	7,800	7,800
(iii)	Return Outwards A/c To Suspense A/c (Return Outwards Book was overcasted)	Dr.	10,000	10,000
(iv)	Return Inwards A/c Return Outwards A/c To Suspense A/c (Goods returned by Yash pal was wrongly entered in the Return outwards book but correctly posted in his account)	Dr. Dr.	15,000 15,000	30,000

Suspense Accounts

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
	To Diffin Trial Balance A/c To Vasudev's A/c		₹ 52,200 7,800		By Purchase A/c By Return Outwards A/c By Return Inwards A/c By Return Outwards A/c		₹ 20,000 10,000 15,000 15,000
			60,000				60,000

21. Pass journal entries to rectify the following errors. The trial balance had ₹ 1,260 excess credit. The difference has been posted to a suspense account :

- (i) The total of returns inward book has been cast ₹ 2,000 short.
- (ii) The purchase of an office table costing ₹ 6,000 has been passed through the purchases day book.
- (iii) A sum of ₹ 7,500 paid to workman for wages for making showcases has been charged to wages account.
- (iv) A purchase of ₹ 1,340 has been posted to the creditor's account as ₹ 600.
- (v) A cheque of ₹ 4,000 received from Y has been dishonoured; it has been posted to the debit of allowances account.

After passing journal entries, prepare the suspense account.

Solution :**Journal**

Date	Particulars	L.F.	Debit	Credit
(i)	Return Inwards A/c To Suspense A/c (Total of Return Inwards was undercast)	Dr.	₹ 2,000	₹ 2,000
(ii)	Furniture A/c To Purchase A/c (Purchase of office tables was wrongly entered in Purchase Book)	Dr.	6,000	6,000

(iii)	Furniture A/c To Wages A/c (Wages paid for making showcases was wrongly charged to Wages account)	Dr.	7,500	7,500
(iv)	Suspense A/c To Creditors A/c (Purchase of ₹ 1,340 was credited to creditors as ₹ 600)	Dr.	740	740
(v)	Y's A/c To Allowances A/c (Y's Cheque was dishonoured and was wrongly debited to Allowances Account)	Dr.	4,000	4,000

Suspense Accounts

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
	To Balance b/d		₹ 1,260		By Return Outwards A/c		₹ 2,000
	To Creditors A/c		740				2,000
			2,000				2,000

22. An Accountant could not agree the Trial Balance. He transferred amount of ₹ 625 being excess of the debit side to the Suspense Account. The following errors were subsequently discovered :

- (i) Amount payable to Aakash for repairs done to computer ₹ 150 and computer supplied for ₹ 950, were entered in the Purchases Book as ₹ 1,000.
- (ii) An item of ₹ 500 relating to Prepaid Insurance account was omitted to be brought forward from the previous year's books.
- (iii) A discount of ₹ 812 allowed to a customer has been credited to him as ₹ 712.
- (iv) An amount of ₹ 500 due from Rakesh which had been written off as bad debts in the previous year was received and had been posted to the personal account of Rakesh.
- (v) Goods purchased for ₹ 125 have been posted to the debit of the supplier, Mohit & Co.
- (vi) Machinery amounting to ₹ 650 purchased on credit from Azad Machinery Ltd. An entry for ₹ 560 was passed in the Purchases book.
- (vii) Rest of the difference was due to a wrong total in Sales A/c in the ledger.

Pass rectifying journal entries and prepare Suspense A/c.

Solution :

Journal

Date	Particulars	L.F.	Debit	Credit
(i)	Repair A/c To Purchase A/c To Suspense A/c (Amount Payable to Aakash for repair done to computer ₹150 and computer to Supplier for ₹950 were entered in the Purchase Book)	Dr.	₹ 1,100	₹ 1,000 100
(ii)	Prepaid Insurance A/c To Suspense A/c (Prepaid Insurance was omitted to be brought forward from the previous year books)	Dr.	5,00	500
(iii)	Suspense A/c To Customer A/c (Discount allowed to customer has been credited with wrong amount)	Dr.	100	100

(iv)	Rakesh's A/c Dr. To Bad Debts Recovered A/c (Amount written off as Bad debts were recovered and credited to Debtors Account)		500	500
(v)	Suspense A/c Dr. To Mohit's A/c (Goods purchased from Mohit & Co. was wrongly debited to his account now rectified)		125	125
(vi)	Machinery A/c Dr. To Suspense A/c To Purchase A/c (Machinery amounting to ₹ 650 purchased on credit from Azad machinery Ltd., an entry was passed in Purchase book)		650	90 560

Suspense Accounts

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
			₹				₹
	To Customer's A/c		100		By Balance b/d		625
	To Mohit & Co.		125		By Repair A/c		100
	To Repair A/c		100		By Prepaid Insurance A/c		500
	To Suspense A/c (B/F)		775				
			1,125				1,125

23. Determine the missing information in the following Rectifying Journal Entries :

JOURNAL

Date	Particulars	L.F.	Debit	Credit
			₹	₹
(i)	... Dr. To (Being the Purchases Book undercasted, now rectified)		1,000	1,000
(ii)	... Dr. To (Being the wages for construction of building wrongly debited to Wages Account, now rectified)		20,000	20,000
(iii)	Ramesh Dr. To To (Being the wrong recording of sales in Purchases Book, now rectified)		2,400	1,200 1,200
(iv)	... Dr. To Suspense A/c (Being the short posting of ₹ 4,500 in Purchases A/c, now rectified)		...	...
(v)	... Dr. To (Being the bad debts recovered wrongly credited to Mahesh Chand, now rectified)		2,000	2,000
(vi)	Ramesh Dr. To... (Being the credit purchases of ₹ 1,040 from Ramesh was passed in the books as ₹ 1,400, now rectified)		...	...

(vii)	... To (Being the distribution of goods as samples Costing ₹ 5,000, Sales Price ₹ 6,000, now recorded)	Dr.		
(viii)	... To (Being the goods of ₹ 1,500 returned by Green & Co., now recorded)	Dr.	...	...
(ix)	... To (Being the outstanding telephone charges omitted to be recorded, now recorded)	Dr.	800	800

Solution :**Journal**

Date	Particulars	L.F.	Debit	Credit
			₹	₹
(i)	Purchase A/c To Suspense A/c	Dr.	1,000	1,000
(ii)	Buildings A/c To Wages A/c	Dr.	20,000	20,000
(iii)	Ramesh A/c To Purchase A/c To Sales A/c	Dr.	2,400	1,200 1,200
(iv)	Purchase A/c To Suspense A/c	Dr.	4,500	4,500
(v)	Mahesh Chand A/c To Bad debts Recovered A/c	Dr.	2,000	2,000
(vi)	Ramesh A/c To Suspense A/c	Dr.	360	360
(vii)	Advertisement A/c To Purchase A/c	Dr.	5,000	5,000
(viii)	Sales Return A/c To Green & Co. A/c	Dr.	1,500	1,500
(ix)	Telephone Charges A/c To Cash A/c	Dr.	800	800

24. Rectify the following errors :

- A credit item of ₹ 166, had been debited to a Personal A/c as ₹ 76.
- A sum of ₹ 124 written off as depreciation on furniture has not been posted to Depreciation A/c.
- ₹ 2,000 paid for office fixtures purchased has been charged to Purchases A/c.
- A discount of ₹ 30 allowed to a customer has been credited to him as ₹ 26.
- Total of Inward Returns book has been added ₹ 200 short.
- An item of sales for ₹ 136 was posted as ₹ 172 in the Sales A/c.

Solution :

Journal

Date	Particulars	L.F.	Debit	Credit
(i)	Suspense A/c Dr. To Personal A/c (Credit item had been debited to a Personal Account)		₹ 242	₹ 242
(ii)	Depreciation A/c Dr. To Suspense A/c (Depreciation on Furniture was not posted to Depreciation Account)		124	124
(iii)	Fixtures A/c Dr. To Purchase A/c (Purchase of Fixture was wrongly charged to Purchase Account)		2,000	2,000
(iv)	Suspense A/c Dr. To Customer's A/c (Discount allowed to customer ₹30 was wrongly credited to ₹26)		4	4
(v)	Return Inwards A/c Dr. To Suspense A/c (Return Inward book was undercasted)		200	200
(vi)	Sales A/c Dr. To Suspense A/c (Sale of ₹136 was wrongly posted as ₹172)		36	36

25. Rectify the following errors assuming that Suspense Account was opened. Ascertain the difference in trial balance :

- (i) Credit sales to Mihika ₹ 14,000 were recorded in Purchases Book. However, Mihika's Account was correctly debited.
- (ii) Credit purchases from Rinky ₹ 18,000 were recorded in sales book. However, Rinky's Account was correctly credited.
- (iii) Goods returned to Ramya ₹ 8,000 were recorded in sales return book. However, Ramya's Account was correctly debited.
- (iv) Goods returned from Mina ₹ 2,000 were recorded through purchases return book. However, Mina's Account was correctly credited.
- (v) Goods returned to Neeru ₹ 4,000 were recorded through purchases book. However, Neeru's Account was correctly debited.

Solution :

Journal

Date	Particulars	L.F.	Debit	Credit
	Suspense A/c Dr. To Purchase A/c To Sales A/c (Credit sales to Mihika were recorded in purchase book Mihika account was correctly debited)		₹ 28,000	₹ 14,000 14,000
	Purchase A/c Dr. Sales A/c To Suspense A/c (Credit purchase from Rinky were recorded in sales book rinky account was correctly credited)		18,000 18,000	36,000

Suspense A/c	Dr.	16,000	
To Purchase Return A/c			8,000
To Sales return A/c			8,000
(Goods returned to ramya were recorded purchase return book. Ramya account was correctly debited.)			
Purchase return A/c	Dr.	2,000	
To Return A/c			2,000
(Goods returned from Mina were recorded through purchase return book, Mina account was correctly credited)			
Suspense A/c	Dr.	8,000	
To Purchase Return A/c			4,000
To Sales Return A/c			4,000
(Goods returned to Neeru, were recorded through purchase book, Neeru's account was correctly debited.)			

Suspense Accounts

Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
			₹				₹
(i)	To Purchase A/c		14,000		By Balance b/d (B/F)		12,000
	To Sales A/c		14,000		By Purchase A/c		18,000
(ii)	To P/R A/c		8,000		By Sales A/c		18,000
	To S/R A/c		8,000		By P/R A/c		2,000
(iii)	To P/R A/c		4,000		By S/R A/c		2,000
	To S/R A/c		4,000				
			52,000				52,000

26. Pass the rectification entries for the following transactions :

- (i) Repairs to plant amounting to ₹ 2,000 had been charged to Plant and Machinery Account.
- (ii) Wages paid to the firm's workmen for making certain additions to machinery amounting to ₹ 1,340 were debited to Wages Account.
- (iii) A cheque for ₹ 7,500 received from Sandesh was credited to the account of Ramesh.
- (iv) Goods to the value of ₹ 7,000 returned by Prateek were included in closing stock, but no entry was made in the books.
- (v) Goods costing ₹ 5,000 were purchased for various members of the staff and the cost was included in 'Purchases'. A similar amount was deducted from the salaries of the staff members concerned and the net payments to them debited to Salaries Account.
- (vi) Credit purchase of old machinery from Sohan for ₹ 1,70,000 was entered in the Purchase Book as purchase from Mohan for ₹ 7,10,000. ₹ 30,000 paid as repairing charges on the reconditioning of a newly purchased second hand machinery were debited to General Expenses Account.
- (vii) Debit and Credit totals of discount columns in the Cash Book which come to ₹ 400 and ₹ 370 respectively have not been posted to Discount Accounts.

- [Hints:**
- (v) Dr. Salaries A/c and Cr. Purchases A/c by ₹ 5,000.
 - (vi) Dr. Mohan by ₹ 7,10,000; Machinery A/c by ₹ 2,00,000;
Cr. Sohan by ₹ 1,70,000; Purchase A/c by ₹ 7,10,000; and General Expenses A/c by ₹ 30,000.
 - (vii) (a) Dr. Discount Allowed A/c and Cr. Suspense A/c by ₹ 400.
(b) Dr. Suspense A/c and Cr. Discount Received A/c by ₹ 370.]

Solution :
Journal

Date	Particulars	L.F.	Debit	Credit
(i)	Repairs A/c Dr. To Plant & Machinery A/c (Repairs wrongly Capitalised)		₹ 2,000	₹ 2,000
(ii)	Machinery A/c Dr. To Wages A/c (Wages paid to workmen for certain addition to machinery wrongly debited to wages account)		1,340	1,340
(iii)	Ramesh A/c Dr. To Sandesh's A/c (Cheque received from Sandesh was wrongly credited to Ramesh's account)		7,500	7,500
(iv)	Sales Return A/c Dr. To Prateek's A/c (Goods purchased by Prateek had not recorded in the book)		7,000	7,000
(v)	Salaries A/c Dr. To Purchase A/c (Goods purchased for staff was wrongly debited to Purchase Account)		5,000	5,000
(vi)	Mohan's A/c Dr. Machinery A/c Dr. To Sohan's A/c To Purchase A/c To General Exp. A/c (Credit purchase of an old machinery from Sohan and repair charges were wrongly recorded as purchase from Mohan and General Expenses)		7,10,000 2,00,000	1,70,000 7,10,000 30,000
(vii)	Discount Allowed A/c Dr. To Suspense A/c (Discount allowed omitted to be recorded)		400	400
(viii)	Suspense A/c Dr. To Discount Received A/c (Discount Received omitted to be recorded)		370	370

27. (i) What are the different causes that make a Trial Balance incorrect ?

(ii) Pass the rectifying Journal entries :

- (a) A credit sale of goods for ₹ 2,500 to Krishna has been wrongly passed through the Purchases Book.
- (b) ₹ 5,000 paid for freight on machinery purchased was debited to the Freight Account as ₹ 500.
- (c) The Returns Inward Book has been wrongly overcasted by ₹ 100.
- (d) An amount of ₹ 500 due from Ramesh which had been written off as bad debt in previous year was recovered and had been posted to the Personal Account of Ramesh.
- (e) A sum of ₹ 460 owed by Hari had not been included in the list of debtors.

Solution :

Date	Particulars	L.F.	Debit	Credit
(a)	Krishna's A/c To Sales A/c To Purchase A/c (Credit Sales of Goods to Krishna was posted wrongly to Purchase book)	Dr.	₹ 5,000	₹ 2,500 2,500
(b)	Machinery A/c To Freight A/c To Suspense A/c (Freight paid on Machinery was wrongly recorded in Freight Account)	Dr.	5,000	500 4,500
(c)	Suspense A/c To Return Inwards A/c (Return Inwards book was overcasted)	Dr.	100	100
(d)	Ramesh's A/c To Bad debts Recovered A/c (Received from Ramesh which previously written off as Bad debts wrongly credited to Ramesh Account)	Dr.	500	500
(e)	Sundry Debtors A/c To Hari A/c (Hari which was not in the list of Sundry Debtors)	Dr.	460	460

28. Pass the rectification entries for the following transactions :

- (i) An amount of ₹ 2,000 received from Mohan on 1st April, 2019 had been entered in the Cash Book as having been received on 31st March, 2019.
- (ii) The balance in the account of Rahim ₹ 1,000 had been written off as bad but no other account has been debited.
- (iii) An addition to the Returns Inward Book had been cast ₹ 100 short.
- (iv) A cheque for ₹ 200 drawn for the Petty Cash Account has been posted in the account of Asif.

Solution :**Journal**

Date	Particulars	L.F.	Debit	Credit
(i)	Mohan's A/c To Cash A/c (Cash received from Mohan on 01st April, 2019 out was wrongly passed on March 31, 2019)	Dr.	₹ 2,000	₹ 2,000
Note: On April 01, 2019 in Cash book Mohan's Account is debited				
(ii)	Bad Debts A/c To Suspense A/c (Bad debts of Rahim was not posted to Baddebts Account)	Dr.	1,000	1,000
(iii)	Return Inwards A/c To Suspense A/c (Return Inwards book was undercasted)	Dr.	100	100
(iv)	Petty Cash A/c To Asif's A/c (Cheque drawn for petty cash was wrongly debited to Asif's Account)	Dr. 200	200	



20

Capital and Revenue

1. State with reasons whether the following are capital or revenue expenditure.
 - (i) A new machine is purchased for ₹ 60,000, ₹ 800 were spent on its carriage and ₹ 1,500 were paid as wages for its installation.
 - (ii) A sum of ₹ 10,000 was spent on painting the new factory.
 - (iii) ₹ 5,000 paid for the erection of a new machine.
 - (iv) ₹ 2,000 were spent on repairs before using a second hand generator purchased recently.
 - (v) ₹ 1,500 were spent on the repair of a machinery.
 - (vi) ₹ 10,000 was paid as brokerage on issue of shares and other expenses of issue were ₹ 25,000.

Solution :

The Reasons Are :

- (i) New Machinery purchase is considered to be capital expenditure that increases the earning function of a Firm. Here, the installation cost is capitalized as it is used before the machine is put into operation.
 - (ii) As the new factory is painted it is categorised as a Capital Expenditure.
 - (iii) New Machine erection cost will be capitalized as it is used before equipment is put into operations.
 - (iv) As second hand generator is repaired before it is put to function, it can be regarded as a capital expenditure.
 - (v) Since, repairs are done regularly, therefore it is considered as revenue expenditure.
 - (v) Brokerage paid for issue of Shares and other expenditure of issue are capital in nature, therefore it is a capital expenditure.
2. Classify the following into Capital, Revenue and Deferred Revenue expenditure, stating reasons in each case :
 - (a) A sum of ₹ 32,000 has been spent on a machine as follows : (i) ₹ 20,000 for addition to double the output, (ii) ₹ 5,000 for repairs necessitated by negligence and (iii) ₹ 7,000 for replacement of worn-out parts.
 - (b) Total expenditure on a cinema building during the year was ₹ 2,00,000 out of which 20% related to repairs and 80% represented improvements and additions.
 - (c) Compensation paid to a retrenched employee for the loss of employment.
 - (d) Second-hand furniture worth ₹ 40,000 was purchased and repairing of this furniture cost ₹ 15,000. The furniture was installed by own workmen-wages for this being ₹ 5,000.
 - (e) A person was injured by the motor car of the company. ₹ 10,000 was paid to him by way of compensation.
 - (f) Advertisement expenditure in special advertisement drive.

Solution :

- (a) ₹20,000, is considered as a capital expenditure as it will increase the output of a firm, the remaining ₹12,000 can be considered as a revenue expenditure as replacements and repairs are done on a regular basis.
- (b) ₹40,000 for repair is considered as revenue expenditure as it is performed regularly and ₹1,60,000 on improvements will give benefits in future, so it's a capital expenditure.
- (c) Remuneration and compensation are fixed in any company, so it will be considered as revenue expenditure.
- (d) Any cost acquired on the asset used in the firm's performance is considered as capital expenditure.
- (e) Compensation are fixed, so it is considered as revenue expenditure.
- (f) Advertisement is a deferred expenditure as its benefits are gained after many years.



21**Financial Statements**

1. Prepare a Trading Account from the following particulars for the year ended 31st March, 2017 :

<i>Particulars</i>	<i>Amount</i>	<i>Particulars</i>	<i>Amount</i>
Opening Stock	2,50,000	Purchases Returns	22,000
Purchases	7,00,000	Sales Return	36,000
Sales	18,00,000	Gas, Fuel and Power	75,000
Wages	2,06,000	Dock Charges	8,000
Carriage Inward	34,000	Factory Lighting	96,000
Carriage Outward	20,000	Office Lighting	5,000
Manufacturing Expenses	2,48,000		

Closing Stock is valued at ₹ 6,00,000.

Solution :

Trading Account
For the year ended 31st march 2017

<i>Particulars</i>	<i>Amount</i> (₹)	<i>Particulars</i>	<i>Amount</i> (₹)
To opening stock	250000	By sales	180000
To purchase	700000	Less S/R	<u>36000</u>
Less P/R	<u>22000</u>	By closing stock	600000
To carriage inward	34000		
To Wages	206000		
To custom duty	15000		
To Gas, Fuel and power	60000		
To Dock Charges	8000		
To manufacturing Expenses	248000		
To factory lighting	96000		
To gross profit (b/f) c/d	769000		
	<u>2364000</u>		<u>2364000</u>

2. Prepare Trading Account for the year ending 31st March, 2018 from the following information :

Opening Stock	90,000
Purchases returns	4,000
Sales	4,00,000
Wages	15,000
Sales returns	3,000
Purchases	1,15,000
Carriage inwards	5,500
Closing Stock	87,000

Solution :

Trading Account
for the year ending 31march , 2018

<i>Particulars</i>	<i>Amount</i> (₹)	<i>Particulars</i>	<i>Amount</i> (₹)
To opening stock	90000	By Sales	400000
To purchases	115000	less S/R	<u>3000</u>
Less P/R	<u>4000</u>	By closing stock	87000
To wages	15000		
To carriage inward	5500		
To gross profit (b/f)	262500		
	<u>484000</u>		<u>484000</u>

3. Prepare a Trading Account of M/s Steel & Iron stores for the year ended 31st March 2018 from the following balances :

<i>Particulars</i>	<i>Amount</i>	<i>Particulars</i>	<i>Amount</i>
Opening Stock	55,000	Purchases Returns	10,000
Sales	7,55,000	Carriage on Purchases	2,500
Freight	8,000	Carriage on Sales	3,500
Purchases	2,50,000	Sales Returns	5,000
Factory Lighting	7,500	Factory Rent	10,000
Wages	45,000	Office Rent	15,000
Coal, Gas and Water	3,000	Basic Custom Duty	25,000

Additional Information—Closing Stock ₹ 75,000.

Solution :

Trading Account of
For the year ending 31st march 2018

<i>Particulars</i>	<i>Amount (₹)</i>	<i>Particulars</i>	<i>Amount (₹)</i>
To opening stock	55000	By sales	755000
To purchase	250000	Less S/R	5000
Less p/r	10000	By closing stock	75000
To freight	8000		
To factory lighting	8000		
To wages	48000		
To Coal , Gas and water	3000		
To factory rent	10000		
To carriage on purchase	2500		
To basic custom duty	25000		
To gross profit (b/f) C/d	429000		
	825000		825000

4. Prepare trading and profit and loss account and balance sheet from the following particulars as on 31st March, 2018 :

<i>Particulars</i>	<i>Dr. ₹</i>	<i>Cr. ₹</i>
Purchases and Sales	3,52,000	5,60,000
Return inwards and Return outwards	9,600	12,000
Carriage Inwards	7,000	
Carriage Outwards	3,360	
Fuel and Power	24,800	
Opening Stock	57,600	
Bad debts	9,950	
Debtors and Creditors	1,31,200	48,000
Capital		3,48,000
Investment	32,000	
Interest on Investment		3,200
Loan		24,350
Repairs	2,400	
General Expenses	17,000	
Wages and Salaries	28,800	
Land and Building	2,88,000	
Cash in Hand	32,000	
Miscellaneous receipts		160

Closing stock ₹ 30,000.

Solution 4

Trading and profit and loss Account
For the year ended 31st march 2018.

<i>Particulars</i>	<i>Amount (₹)</i>	<i>Particulars</i>	<i>Amount (₹)</i>
To opening stock	57600	By sales	56000
To purchases	352000	Less S/R	<u>9600</u>
Less P/R	<u>12000</u>	By closing stock	30000
To carriage inward	7000		
To fuel and power	24000		
To wages and salaries	28800		
To gross profit (b/f) c/d	122200		
	<u>580400</u>		<u>580400</u>
To carriage inward	3360	By gross profit b/d	122200
To bad debts	9950	By interest on investment	3200
To repairs	24000	By misc. Receipts	160
To general exp.	17000		
To net profit (b/f)	92850		
	<u>125560</u>		<u>125560</u>

Balance sheet as on 31st march 2018

<i>Liabilities</i>	<i>Amount (₹)</i>	<i>Assets</i>	<i>Amount (₹)</i>
Capital	348000	Debtors	131200
Add N/P	<u>92850</u>	Investments	32000
Creditors	48000	Cash in hand	32000
Loan	24350	Land and Building	288000
Closing stock	30000		
	<u>513200</u>		<u>513200</u>

5. Prepare Trading Account from the transactions given below :

<i>Particulars</i>	<i>Amount (₹)</i>	<i>Particulars</i>	<i>Amount (₹)</i>
Purchases	29,000	Closing Stock	47,700
Sales Return	500	Carriage Inwards	100
Sales	25,400	Depreciation	2,000

Also pass the Journal entries.

Solution 5

Trading Account
For the year ended

<i>Particulars</i>	<i>Amount (₹)</i>	<i>Particulars</i>	<i>Amount (₹)</i>
To opening stock	23000	By sales	25400
To purchase	29000	Less S/R	<u>500</u>
Less P/R	<u>2400</u>	By closing stock	47700
To carriage inward	100		
To gross profit (b/f) C/D	22900		
	<u>72600</u>		<u>72600</u>

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Trading A/C Dr. To opening stock A/C To purchase A/C To Sales return A/C To carriage Inward (various balance transfered to trading)		52600	23000 29000 500 100
	Sales A/C Dr. Purchase Return A/C Dr. Closing A/C Dr. To trading A/C [Various balances transfered to trading account]		25400 2400 47700	75500

6. 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 31, 2017.

	₹
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

Solution 6

Trading and profit and loss account
for the year ended 31st march 2017

Particulars	Amount (₹)	Particulars	Amount (₹)
To opening stock	50000	By net sales	110000
To net purchases	60000	By closing stock	70000
To direct Expenses	60000		
To gross profit c/d (b/f)	460000		
	1170000		1170000
To administrative Expenses	45000	By profit b/d	460000
To selling and distributing expenses	20,000		
To loss due to fire	20,000		
To Net profit	460000		
	460000		460000

Caluculation of operating profit

Operating profit = Net sales - Cost of goods sold - operating expenses

= 1100000 -

Cost of goods sold = opening stock + purchase - closing stock

= 50000 + 600000 - 70000

= 580000 rs.

Operating expenses = Direct expenses + Administration expenses + Selling and distribution expenses

= 60000 + 45000 + 65000

= 170000 rs.

7. Prepare Trading Account from the following particulars as on 31st March, 2018 :
- Opening Stock ₹ 3,000, Closing Stock ₹ 8,000; Purchases ₹ 22,000; Carriage ₹ 500; Sales ₹ 29,630.
 - Opening Stock ₹ 8,600; Prurchases ₹ 30,500; Direct Expenses ₹ 4,000; Indirect Expenses ₹ 5,000; Closing Stock ₹ 9,000; Sales ₹ 50,000.
 - Opening Stock ₹ 8,850; Carriage Inward ₹ 300; Royalty on Raw Materials ₹ 800; Basic Custom Duty ₹ 200, Purchases ₹ 43,000; Wages ₹ 10,000; Salaries ₹ 1,000; Printing ₹ 500; Closing Stock ₹ 12,500; Sales ₹ 90,000; Return Inward ₹ 1,000; Return outward ₹ 3,000.
 - Opening Stock ₹ 2,000; Closing Stock ₹ 1,500; Carriage inward ₹ 200; Carriage Outward ₹ 150; Coal used ₹ 300; Basic Custom duty ₹ 250, Manufacturing expenses ₹ 600; Clearing Charges ₹ 225, Purchases ₹ 20,000; Sales Return ₹ 300; Sales ₹ 30,000; Purchases Return ₹ 200.
 - Sales ₹ 50,000; Sales Return ₹ 850; Purchases ₹ 20,575; Purchases Return ₹ 375; Wages ₹ 2,750; Power ₹ 75; Factory Rent and Rates ₹ 170; General expenses ₹ 300; Carriage inward ₹ 330; Gas and Water ₹ 195.
 - Factory lighting ₹ 300; Office Lighting ₹ 200; Salaries and Wages ₹ 680; Opening Stock ₹ 2,175; Purchases ₹ 4,280; Purchase Return ₹ 230; Sales ₹ 6,000; Discount allowed ₹ 175; Legal Expenses ₹ 260; Purchases Furniture ₹ 7,000.
 - Basic Custom Duty ₹ 1,465; Purchases ₹ 11,190; Sales ₹ 29,680; Sale of Delivery Van ₹ 5,000; Sale of Motor Car ₹ 12,000; Dock Charges ₹ 300; Factory Rent and Rates ₹ 380; Factory Heating, Lighting and Insurance ₹ 995; Carriage on Sales ₹ 300; Carriage on Sale of Motor Car ₹ 100, Opening Stock ₹ 2,150.

Solution 7

Trading Account
For the year ended 31st march 2017

Particulars	Amount (₹)	Particulars	Amount (₹)
To opening stock	3000	By sales	29630
To purchases	22000	By closing stock	8000
To carriage	5000		
To Gross profit c/d (b/f)	12130		
	57630		57630

Trading Account
For the year ended 31st march 2018

Particulars	Amount (₹)	Particulars	Amount (₹)
To opening stock	8600	By closing stock	900
To purchases	30500	By sales	50000
To direct expenses	4000		
To gross profit c/d (b/f)	15900		
	59000		59000

Trading Account
For the year ended 31march 2017

Particulars	Amount (₹)	Particulars	Amount (₹)
To opening stock	8850	By sales	90000
To purchases	43000	Less S/R	<u>1000</u>
Less P/R	<u>3000</u>	By closing stock	12500
To wages	10000		
To carriage inward	300		
To basic custom duty	200		
To royalty on raw material	800		
To Gross profit c/d (b/f)	41350		
	101500		101500

(4) Trading Account

<i>Particulars</i>	<i>Amount (₹)</i>	<i>Particulars</i>	<i>Amount (₹)</i>
To opening stock	2000	By Sales	30000
To purchase	20000	Less S/R	<u>300</u>
Less P/R	<u>200</u>	By closing stock	1500
To carriage inward	200		
To coal used	300		
To basic custom duty	250		
To manufacturing Exp.	600		
To clearing charges	225		
To gross profit c/d (b/f)	7825		
	<u>31200</u>		<u>31200</u>

(5) Trading Account
For the year ended 31st march 2018

<i>Particulars</i>	<i>Amount (₹)</i>	<i>Particulars</i>	<i>Amount (₹)</i>
To purchase	20575	By sales	50000
Less P/R	<u>375</u>	Less S/R	<u>850</u>
To wages	2750		
To power	75		
To factory rent and rates	170		
To Carriage inward	330		
To gas and water	195		
To gross profit c/d (b/f)	25430		
	<u>49150</u>		<u>49150</u>

(6) Trading account
For the year ended 31st march 2018

<i>Particulars</i>	<i>Amount (₹)</i>	<i>Particulars</i>	<i>Amount (₹)</i>
To purchase	4280	By sales	6000
Less P/R	<u>230</u>	Less S/R	<u>0</u>
To opening stock	2175	By Gross loss c/d (b/f)	525
To factory lighting	300		
	<u>6525</u>		<u>6525</u>

(6) Trading Account
for the year ended 31st march 2018

<i>Particulars</i>	<i>Amount (₹)</i>	<i>Particulars</i>	<i>Amount (₹)</i>
To opening stock	2150	By sales	29680
To purchase	11190	Less S/R	<u>0</u>
Less P/R	<u>0</u>		
To Basic custom Duty	1465		
To Dack charges	300		
To factory rent and rates	380		
To factory leating lighting and insurance	995		
To gross profit C/d (b/f)	13200		
	<u>29680</u>		<u>29680</u>

8. The Trial Balance shows the following balances as at 31st March, 2017 :

<i>Dr. Balances</i>	₹	<i>Cr. Balances</i>	₹
Purchases	60,000	Capital	1,13,075
Sales Returns	1,500	Sales	1,27,000
Plant and Machinery	90,000	Purchases Returns	1,275
Opening Stock	40,000	Discount Received	800
Discount Allowed	350	Sundry Creditors	20,000
Bank Charges	100	Bills Payable	5,000
Sundry Debtors	45,000		
Salaries	7,000		
Wages	10,000		
Freight : In	1,000		
Freight : Out	1,200		
Rent, Rates and Taxes	2,000		
Advertisements	2,000		
Cash at Bank	7,000		
	<u>2,67,150</u>		<u>2,67,150</u>

Closing Stock was valued at ₹ 35,000. Prepare Trading and Profit and Loss Account for the year ended 31st March, 2017 and Balance Sheet as at that date.

Solution 8

Trading Account
For the year ended 31st march 2017

<i>Particulars</i>	<i>Amount (₹)</i>	<i>Particulars</i>	<i>Amount (₹)</i>
To opening Stock	40000	By sales	127000
To purchase	60000	Less S/R	<u>1500</u>
Less P/R	<u>1275</u>	By closing stock	35000
To wages	10000		
To freight in	1000		
To gross profit c/d (b/f)	50775		
	160500		160500
To Discount allowed	350	By Gross profit b/d	50775
To Bank chartges	100	By Discount Received	800
To salaries	7000		
To freight	1200		
To rent , rates and taxes	2000		
To advertisement	2000		
To net profit c/d (b/f)	38925		
	<u>51575</u>		<u>51575</u>

Balance sheet as on 31st march 2017

<i>Liabilities</i>	<i>Amount (₹)</i>	<i>Assets</i>	<i>Amount (₹)</i>
Capital	113075	Plant and machinery	90000
Add N/P	<u>38925</u>	Sundry Debtors	45000
Sundry creditors	20000	Cash at bank	7000
Bills payable	5000	Closing stock	35000
	<u>177000</u>		<u>177000</u>

9. Prepare Profit and Loss Account, from the following balances of Mr. Sinha for the year ending 31st March, 2018 :

	₹
Office rent	9,000
Salaries	20,000
Printing expenses	1,500
Stationeries	800
Taxes and Insurance	2,500
Discount allowed	500
Advertisement	5,000
Travelling expenses	3,700
Gross Profit	97,000
Discount received	4,500

Solution 9

Profit and loss Account
For the year ended 31st march 2018

<i>Liabilities</i>	<i>Amount</i> (₹)	<i>Assets</i>	<i>Amount</i> (₹)
To office Rent	9000	By gross profit b/d	97000
To salaries	20000	By Discount Received	4500
To printing Exp.	1500		
To stationeries	800		
To Taxes and insurance	2500		
To discount allowed	5000		
To trading expenses	3700		
To net profit c/d (b/f)	58500		
	101500		101500

10. Prepare Profit and Loss Account from the following :

<i>Particulars</i>	<i>Amount</i> (₹)	<i>Particulars</i>	<i>Amount</i> (₹)
Salaries	3,500	Postage	50
Stationery	450	Repairs	400
Depreciation	550	Interest on loan Paid	350
Commission Paid	600	Dividend received	900
Discount Paid	250	Miscellaneous Income	1,250
Factory rent	700	Gross Profit	25,000

Solution 10

Profit and loss account
For the year ended

<i>Particulars</i>	<i>Amount</i> (₹)	<i>Particulars</i>	<i>Amount</i> (₹)
To salaries	3500	By gross profit b/d	25000
To stationary	450	By dividend received	900
To depreciation	550	By miss. Income	1250
To commission paid	600		
To discount paid	250		
To postage	50		
To repairs	400		
To office rent	700		
To interest on loan paid	350		
To net profit (b/f)	20300		
	27150		27150

11. Following balances appear in the Trial Balance of a firm as on 31st March, 2019 : ₹

Opening Stock	Raw Materials	80,000
	Finished Goods	1,40,000
Purchases		3,60,000
Sales		7,00,000
Returns :	Purchases	10,000
	Sales	6,000
Wages		1,30,000
Factory Expenses		90,000
Freight :	Inwards	20,000
	Outwards	30,000
At the end of the accounting period, stock was :		
	Raw Materials	70,000
	Work-in-Process	20,000
	Finished Goods	1,10,000

Prepare Trading Account of the firm.

Solution 11

Trading account
for the year ending 31st march 2019

Particulars	Amount (₹)	Particulars	Amount (₹)
To salaries	3500	By gross profit b/d	25000
To opening stock		By Sales	700000
Raw material	80000	Less S/R	<u>6000</u>
Finished Goods	<u>140000</u>	By closing stock	
To purchases	360000	Raw material	70000
Less P/R	<u>10000</u>	W/P	20000
To wages	130000	Finished goods	<u>110000</u>
To factory expenses	90000		200000
To freight inwards	20000		
To Gross profit c/d (b/f)	84000		
	<u>894000</u>		<u>894000</u>

12. From the following balances extracted from the books of Sh. Badri Vishal on 31st March, 2019, prepare a Trading Account, P & LA/c and a Balance Sheet. Closing Stock valued on that date was ₹ 15,000.

Particulars	Dr. ₹	Cr. ₹
Capital		1,28,200
Household Expenses	10,000	
Sales		1,80,000
Return inward	4,000	
Return outward		6,000
Purchases	1,50,000	
Cash at Shop	1,600	
Bank Overdraft		1,500
Interest on Overdraft	1,500	
Creditors		17,800
Stock at the Commencement	18,000	
Freight	8,500	
Rent and Taxes	7,000	
Debtors	32,600	

Commission	3,000	2,200
Freehold property	30,000	
Sundry expenses	3,900	
Salaries and wages	20,000	
Life Insurance Premium	1,800	
Insurance Premium	1,600	
Motor Vehicle	39,800	
Typewriter	8,000	
Interest		800
Carriage inwards	2,000	
Carriage outwards	800	
Power	2,200	
Audit Fee	1,700	
Lighting	2,000	
	<u>3,50,000</u>	<u>3,50,000</u>

Solution :

Trading and Profit and Loss Account
For the year ended 31st march 2019

<i>Particulars</i>		<i>Amount</i> (₹)	<i>Particulars</i>		<i>Amount</i> (₹)
To Opening Stock		18,000	By Sales	1,80,000	
To Purchases	1,50,000		Less S/R	<u>4,000</u>	1,76,000
Less P/R	<u>6,000</u>	1,44,000	By Closing stock		1,5000
To Freight		8,500			
To Carriage Inward		2,000			
To Power		2,200			
To Gross profit c/d (b/f)		16,300			
		<u>1,91,000</u>			<u>1,91,000</u>
To Household expenses		10,000	By Gross profit b/d		16,300
To Rent and Taxes		7,000	By Commission returned		2,200
To Commission paid		3,000	By Interest		800
To Sundry Expenses		3,900			
To Salaries and Wages		20,000			
To Life insurance premium		1,800			
To Insurance premium		1,600			
To Carriage outward		800			
To Audit Fees		1,700			
To Lighting		2,000			
To Interest on overdraft		1,500			
		<u>53,300</u>			<u>53,300</u>

Balance sheet as on 31st march 2017

<i>Liabilities</i>		<i>Amount</i> (₹)	<i>Assets</i>		<i>Amount</i> (₹)
Capital	1,28,200		Debtors		32,600
Add N/P	<u>1,20,500</u>	1,07,700	Freehold property		30,000
Bank overdraft		1,500	Motor vehicle		39,000
Creditors		17,800	Typewriter		8,000
			Closing stock		15,000
			Cash at shop		1,600
		<u>1,27,000</u>			<u>1,27,000</u>

13. From the following balances of the Ledger of Sh. Akhileshwar Singh, prepare Trading and Profit & Loss Account and Balance Sheet :

<i>Particulars</i>	<i>Dr. ₹</i>	<i>Cr. ₹</i>
Stock on 1-4-2017	30,000	
Stock on 31-3-2019	46,200	
Purchases and Sales	2,30,000	3,45,800
Returns	12,500	15,200
Commission on Pruchases	1,200	
Freight and Carriage	26,000	
Wages and Salary	10,800	
Fire Insurance Premium	820	
Business Premises	40,000	
Sundry Debtors	26,100	
Sundry Creditors		26,700
Goodwill	8,000	
Patents	8,400	
Coal, Gas and Power	12,100	
Printing and Stationery	2,100	
Postage	710	
Travelling Expenses	4,250	
Drawings	7,200	
Depreciation	1,000	
General Expenses	8,350	
Capital		89,760
Investments	8,000	
Interest on Investments		800
Cash in Hand	2,570	
Banker's Account		5,200
Commission	4,600	4,400
Loan on Mortgage		30,000
Interest on Loan	3,000	
B/P		2,280
B/R	4,540	
Income Tax	3,000	
Horses and Carts	20,300	
Discount on Purchases		1,600
	5,21,740	5,21,740

Solution 13

Trading and profit and loss account
For the year ending 31st march 2019

<i>Particulars</i>	<i>Amount (₹)</i>	<i>Particulars</i>	<i>Amount (₹)</i>
To opening stock	30000	By sales	345800
To purchases	230000	By S/R	<u>12500</u>
Less P/R	<u>15200</u>		333300
To commission on purchase	1200		
To freight and carriage	26000		
To wages and salary	10800		
To Coal , Gas and Power	12100		
To Gross profit c/d (b/f)	38400		
	333300		333300

To printing and stationary	2100	By gross profit b/d	38400
To postage	710	By interest on investement	800
To travelling expenses	4250	By comission received	4400
To Depreciation	1000	By discount recd.	1600
To General Expenses	8550		
To commission Paid	4600		
To interest on loan	3000		
To fire insurance premium	820		
To net profit c/d (b/f)	20370		
	<u>45200</u>		<u>45200</u>

Balance sheet
as on 31st march 2019

<i>Liabilities</i>		<i>Amount</i> (₹)	<i>Assets</i>		<i>Amount</i> (₹)
Capital	89760		Goodwill	8000	
Add N/P	<u>20370</u>		Business	40000	
	110130		Patents	8400	
Less income tax	3000		Hoses and car	20200	
Drawing	<u>7200</u>	99930	Closing stock	46200	
Loan on Mortgage		30000	Debtors	26100	
Creditors		2670	Cash in hand	2570	
Bankers Account		5200	Bills Receivable	4540	
Bills payable		2280	Investments	8000	
		<u>164110</u>			<u>164110</u>

14. From the following trial balance of Mr. Smith, prepare Trading and Profit and Loss Account for the year ending 31st March, 2018 :

<i>Particulars</i>	₹	<i>Particulars</i>	₹
Purchases	82,000	Sales	2,73,000
Salaries and Wages	54,000	Return Outwards	2,000
Office Expenses	1,200	Discount Received	4,000
Marketing Expenses	800	Interest Received	6,000
Factory Expenses	13,200	Capital	93,000
Carriage Inwards	1,500		
Return Inwards	3,000		
Discount Allowed	900		
Commission to salesmen	8,000		
Stock	19,500		
Income Tax	3,200		
Cash in Hand	1,90,700		
	<u>3,78,000</u>		<u>3,78,000</u>

Closing stock is valued at ₹ 40,000.

Solution 14

Trading profit and loss account
for the year ending 31 march 2018

<i>Particulars</i>	<i>Amount</i> (₹)	<i>Particulars</i>	<i>Amount</i> (₹)
To opening stock	19500	By sales	273000
To purchases	82000	Less S/R	300
Less P/R	2000	By closing stock	40000
To factory expenses	13200		
To carriage inwards	1500		
To gross profit c/d (b/f)	195800		
	310000		310000
To office Expenses	1200	By Gross profit b/d	195800
To marketing expenses	800	By discount Received	4000
To Discount allowed	900	By interest Received	6000
To commission to salesman	8000		
To salaries and wages	54000		
To net profit b/d (c/d)	140900		
	205800		205800

Balacne sheet as on 31st march 2018

<i>Liabilities</i>	<i>Amount</i> (₹)	<i>Assets</i>	<i>Amount</i> (₹)
Capital	93000	Cash in hand	190700
Add N/P	140900	Closing stock	40000
	233900		
Less income tax	3200		
	230700		
	230700		230700



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**Financial Statements—
With Adjustments**

1. The following are the balances extracted from the books of Raghunath Ji as on 31st March, 2019. From these balances, prepare his Trading and Profit & Loss Account and Balance Sheet as at that date :

	Dr. (₹)	Cr. (₹)
Opening Stock	12,000	
Purchases	40,000	
Sales		86,000
Discount		400
Sales Return	6,000	
Buildings	50,000	
Debtors	16,000	
Salaries	2,400	
Office Expenses	1,200	
Wages	10,000	
Purchase Return		4,000
Interest		800
Travelling Expenses	400	
Fire Insurance Premium	800	
Machinery	20,000	
Carriage on Purchases	700	
Commission	400	
Cash in hand	2,300	
Rent and Taxes	1,800	
Capital		62,000
Creditors		10,800
	1,64,000	1,64,000

Adjustments :

1. Closing Stock was valued at ₹ 16,000.
2. Wages ₹ 2,000 and salaries ₹ 1,200 are outstanding.
3. Rent for two months at the rate of ₹ 500 per month is outstanding.
4. Depreciate Building by 5% and machinery by 10%.
5. Prepaid Insurance ₹ 200.

Solution 1

Trading and profit and loss account
for the year ended 31march 2019

Particulars	Amount (₹)	Particulars	Amount (₹)
To opening stock	19500	By sales	273000
To opening stock	12000	By sales	86000
To purchase	40000	Less S/R	<u>6000</u>
Less P/R	<u>4000</u>	By closing stock	16000
	36000		

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To wages	10000			
Add O/S Wages	<u>2000</u>	12000		
To carriage on purchase		700		
To gross profit c/d (b/f)		35300		
		<u>96000</u>		<u>96000</u>
To salaries	2400		By gross profit b/d	35300
Add O/S salaries	<u>1200</u>	3600	By discount received	400
To office expenses		1200	By interest	800
To travelling expenses		400		
To fire insurance premium	800			
Less prepaid	<u>200</u>	600		
To commission		400		
To rent and taxes	1800			
Add o/s rent (500*2)	<u>1000</u>	2800		
To depreciation				
Building	2500			
Machinery	<u>2000</u>	4500		

Balance sheet
as at 31st march 2019

Liabilities		Amount (₹)	Assets		Amount (₹)
Capital	62000		Building	50000	
Add N/P	<u>23000</u>	85000	Less Dep.	<u>2500</u>	47500
Creditors		10800	Machinery	20000	
O/S wages		2000	Les Dep.	<u>2000</u>	18000
O/S salaries		1200	Debtors		16000
O/S Rent		1000	Cash in hand		2300
closing stock		16000			
Prepaid insurance		200			
		<u>100000</u>			<u>100000</u>

2. Pass the necessary journal entries for the following adjustments as on 31st March, 2018 :

- (i) Value of Stock on 31st March, 2018 was ₹ 2,000.
- (ii) Depreciation on furniture of ₹ 5,000 at 5% and on building valued ₹ 50,000 at 4%.
- (iii) Salaries outstanding ₹ 1,000.
- (iv) Rent payable at the rate of ₹ 600 p.m., paid only for 9 months.
- (v) Bad debts during the year amounted to ₹ 1,000.
- (vi) Trial balance showed sundry debtors at ₹ 50,000, create a provision for doubtful debts of 5% on sundry debtors.
- (vii) The insurance premium ₹ 600 was paid on 1st November, 2017 for six months.
- (viii) Provide interest on Capital @ 10% p.a. Capital in the beginning was ₹ 80,000.
- (ix) Out of commission received, ₹ 600 is in respect of the work to be done next year.
- (x) Interest accrued on securities ₹ 2,500.

Solution 2

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(1)	Closing stock A/C To Trading A/C (closing stock transferred to trading A/C)	Dr.	2000	200

(2)	Profit and loss a/c To Dep. on Furniture A/C To Dep. on Building A/C (Depreciation transferred to P&I A/C)	Dr.	2250	250 2000
(3)	Salaries A/C To O/S salaries A/C (Salary due but not paid)	Dr.	1000	1000
(4)	Rent A/C To O/S Rent A/C (Rent Due but not paid)	Dr.	1800	1800
(5)	Bad debts A/C To debtors (Bad debts during the year)	Dr.	1000	1000
(6)	Provision for doubtful debts To Sundry debtors A/C (Provision create on sundry debtors)	Dr.	2500	2500
(7)	Insurance premium A/C To O/S Insurance premium A/C (Insurance due to be paid)	Dr.	600	600
(8)	Interest on capital A/C To capital A/C (provide interest on capital)	Dr.	8000	8000
(9)	Prepaid Commission A/C To commission A/C (commission received in advance)	Dr.	600	600
(10)	Accured interest A/C To interest A/C (Interest Accured on the securities)	Dr	2500	2500

3. Give journal entries for the following adjustments in final accounts :

- (i) Salaries ₹ 5,000 are outstanding.
- (ii) Insurance amounting to ₹ 2,000 is paid in advance, *plus* CGST and SGST @ 6% each.
- (iii) ₹ 4,000 for rent have been received in advance, *plus* CGST and SGST @ 6% each.
- (iv) Commission earned but not received ₹ 1,000, *plus* CGST and SGST @ 6% each.
- (v) Interest on Capital ₹ 1,500.
- (vi) Interest on Drawings ₹ 300.
- (vii) Write off ₹ 2,000 as further bad debts.
- (viii) Closing Stock ₹ 3,000.

Solution 3

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(1)	Salaries A/C To outstanding Salaries A/C (Salaries due but not paid)	Dr.	5000	5000
(2)	Insurance A/C Input CGST A/C Input SGST A/C To cash A/C (Insurance paid with GST)	Dr. Dr. Dr.	2000 120 120	2240

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	Prepaid Insurance A/C To insurance A/C (Insurance paid in advance)	Dr	2240	2240
(3)	Accrued Income A/C To Rent A/c To Output CGST A/C To output SGST A/C (Rent Received in advanced)	Dr.	4480	4000 240 240
(4)	Commission A/C Output CGST A/C Output SGST A/C To uncarried commission A/C (Commission earned but not reserved)	Dr. Dr. Dr.	1000 60 60	1120
(5)	Interest on Capital A/C To capital A/C (Interest on capital provided)	Dr.	1500	1500
(6)	Drawing A/C To interest On Drawings A/C (Interest on drawings charged)	Dr.	300	300
(7)	Baddebts A/C To Debtors A/C (Write off Debts)	Dr.	2000	2000
	P&L A/C To Baddebts (Baddebts Write off)	Dr.	2000	2000
(8)	Closing Stock A/C To Trading A/C (Closing stock Transferred to trading A/C)	Dr.	3000	3000

4. Prepare Trading and Profit & loss Account for the year ended 31st March, 2017 and Balance Sheet as at that date from the following Trial Balance :

	Dr. (₹)	Cr. (₹)
Capital		10,000
Cash	1,500	
Bank Overdraft		2,000
Purchases and Sales	12,000	15,000
Returns	1,000	2,000
Establishment Expenses	2,200	
Taxes and Insurance	500	
Bad-debts and Bad-debt Provision	500	700
Debtors and Creditors	5,000	2,000
Commission		500
Deposits	4,000	
Opening Stock	3,000	
Drawings	1,400	
Furniture	600	
B/R and B/P	3,000	2,500
	34,700	34,700

Adjustments :

1. Salaries ₹ 100 and taxes ₹ 200 are outstanding but insurance ₹ 50 is prepaid.
2. Commission ₹ 100 is received in advance for next year.
3. Interest ₹ 210 is to be received on Deposits and Interest on Bank overdraft ₹ 300 is to be paid.
4. Bad-debts provision is to be maintained at ₹ 1,000 on Debtors.
5. Depreciate furniture by 10%.
6. Stock on 31st March, 2017 was valued at ₹ 4500.

Solution 4

Trading and profit and loss account
For the year ended 31st march 2019

<i>Particulars</i>	<i>Amount</i> (₹)	<i>Particulars</i>		<i>Amount</i> (₹)
To opening stock	3000	By sales	15000	
To purchases	12000	Less S/R	<u>100</u>	14000
Less P/R	<u>2000</u>	By Closing stock		4500
To Gross profit b/d (b/f)	5500			
	<u>18500</u>			<u>18500</u>
To depreciation (600*10%)	60	By gross profit b/d		5500
To establishment Charges	2200	By commission	500	
To O/S salaries	100	Less unearned income	<u>100</u>	400
To taxes and insurance	500	By Accured Interest on deposits		210
Add O/S	<u>200</u>			
	700			
Less prepaid	<u>50</u>			
To Baddebts	500			
Add New bad debts	—			
	500			
Add provision	<u>1000</u>			
	1500			
Less old provision	<u>700</u>			
To O/S Interest on bank O/D	300			
To Net profit b/d (b/f)	2000			
	<u>6110</u>			<u>6110</u>

Balance sheet
as on 31st march 2017

<i>Liabilities</i>	<i>Amount</i> (₹)	<i>Assets</i>		<i>Amount</i> (₹)
Capital	10000	Furniture	600	
Add N/P	<u>2000</u>	Less Dep.	<u>60</u>	540
	12000	Closing stock		4500
Less Drawings	<u>1400</u>	Prepaid Insurance		50
Creditors	2000	Debtors	5000	
O/S Salaries	100	Less provision	<u>1000</u>	4000
O/S Taxes	200	Bills Receivable		3000
Bills payables	2500	Deposits	4000	
Bank overdraft	2000	Add accrued interest	<u>210</u>	4210
Commission unearned	100	Cash in Hand		1500
O/S Interest on bank O/D	300			
	<u>17800</u>			<u>17800</u>

5. Give Journal entries for the following adjustments in final accounts :
- (i) Salaries ₹ 5,000 are outstanding.
 - (ii) Insurance amounting to ₹ 2,000 is paid in advance.
 - (iii) ₹ 4,000 for rent have been received in advance.
 - (iv) Commission earned but not received ₹ 1,000.
 - (v) Interest on Capital ₹ 1,500.
 - (vi) Interest on Drawings ₹ 300.
 - (vii) Write off ₹ 2,000 as further debts.
 - (viii) Closing Stock ₹ 3,000.

Solution 5

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
1.	Salaries A/C Dr. To outstanding Salaries A/C (Salaries are outstanding)		5000	5000
2.	Prepaid Insurance A/C Dr. To Insurance A/C (Insurance paid in advance)		2000	2000
3.	Rent A/C Dr. To unearned Rent A/C (Rent Received Rent A/C)		4000	4000
4.	Accured Commission A/C Dr. To Commission A/C (Commission earned but not received)		1000	1000
5.	Interest on capital A/C Dr To capital A/C (Interest on capital Allowed)		1500	1500
6.	Drawings A/C Dr. To interest on drawing A/C (Interest on drawing charged)		300	300
7.	Bad debts A/C Dr. To debtors A/C (Baddebts written off)		2000	2000
8.	Closing stock A/C Dr. To trading A/C (Closing stock transferred to trading A/C)		3000	3000

6. Give Journal entries for the following adjustments in final Accounts :
- (i) New Machinery was purchased for ₹ 1,00,000 paid as follows :
 - (a) An old machine valued at ₹ 10,000 (Book Value Nil) was given in exchange.
 - (b) Balance amount by cheque.
 New machine was recorded at net amount.
 - (ii) New furniture was purchased for ₹ 50,000 and in exchange old furniture valued at ₹ 5,000 (Book Value ₹ 2,000) was given. Entry for purchase was recorded at ₹ 45,000 in the books of account.
 - (iii) New car for ₹ 5,00,000 was purchased and Amar (proprietor) gave his personal car valued at ₹ 1,00,000 in exchange. Car was recorded in the books of account at ₹ 4,00,000.
 - (iv) Advance of ₹ 50,000 for purchase of a building remaind unadjusted.
 - (v) An old discarded asset was sold for ₹ 5,000 against cash which was used by the proprietor for his personal use. ₹ 5,000 was included in Cash-in-Hand.
 - (vi) Amrish, proprietor of Amrish & Co. sold his old car for ₹ 2,00,000 against cheque which is deposited in his savings account.

Solution 6

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
1.	Machinery A/C Dr. To Bank A/C (New machinery was purchased and new machinery recorded at net amount)		90000	90000
2.	Furniture A/C Dr. To cash A/C (New furniture was purchased in exchange and entry recorded in the books of accounts)		45000	45000
3.	Car A/C Dr. To cash A/C (New car was purchased and amar gave his personal car in exchange new car was recorded)		400000	400000
4.	Building A/C Dr. To Cash A/C (Advance for purchase of a building)		50000	50000
5.	Drawings A/C Dr. To cash A/C (An old discarded assets was sold against cash which was used by the properitor for his personal use)		5000	5000
6.	Drawing A/C Dr. To cash A/C (Amrish proprietor of Amrish & Co. Sold his old car against Cheque which is deposited in his saving account)		200000	200000

7. Extract of a Trial Balance as at March 31, 2017 is as follows :

Sundry Debtors	₹ 1,02,000
Bad Debts	₹ 1,400
Provision for doubtful debts	₹ 3,400

Additional information :

A debtor of ₹ 2,000 could not be recovered. It is decided to maintain Provision for Doubtful Debtors @ 5% on Debtors and Provision for Discount at @ 2%.

How these adjustments will be shown in Financial Statements ?

Solution 7

Profit and loss Account
For the year ended 31st march 2017

Particulars	Amount (₹)	Particulars	Amount (₹)
To Baddebts	1400		
Add new baddebts	2000		
Add new provision	<u>5000</u>		
	8400		
Less old provision	<u>3400</u>		
To provision for discount on debtors	5000		
	1900		

Balacne sheet

<i>Liabilities</i>	<i>Amount (₹)</i>	<i>Assets</i>	<i>Amount (₹)</i>
		Debtors	102000
		Less Bad debts	<u>2000</u>
			100000
		Less new provision	<u>5000</u>
			95000
		Less provision for dis. on debtors	<u>1900</u>
			93100

Working Note:

1. Calculation of provision for doubtful debts:
 = (Debtors - Baddebts)* Rate/100
 = (rs. 10200-2000)*5/100 =5000 rs.
2. Calculation for provision for discount on debtors:
 (Debtors - Provision for doubtful Debts)* Rate/100
 = (rs. 100000-5000-2000)* 2/100 = 1900
8. From the following Trial Balance as on 31st March, 2018, prepare Trading and Profit and Loss Accounts and Balance Sheet as at that date :

<i>Particulars</i>	<i>Dr. (₹)</i>	<i>Cr. (₹)</i>
Opening Stock	2,500	
Purchases and Sales	20,000	50,000
Returns	2,500	1,000
Building	10,000	
Wages	2,500	
Debtors and Creditors	5,000	2,500
Interest		500
Salaries	5,000	
Machinery	15,000	
Carriage inward	1,000	
Carriage outward	2,500	
Rent, Rates and Taxes	5,000	
Capital		24,500
Drawings	1,000	
Office Expenses	1,000	
Office Cleaning Expenses	500	
Investment @ 20% p.a.	5,000	
	<u>78,500</u>	<u>78,500</u>

Additional Information :

- (i) Stock in hand on 31st March, 2018 ₹ 5,000.
- (ii) Salaries ₹ 500 and Wages ₹ 500 were unpaid.
- (iii) ₹ 25 included in Office Cleaning Expenses are prepaid.
- (iv) Interest on Investment for last six months was accrued but not received.

Solution 8

Trading and profit and loss Account
For the year ended 31st march 2018

<i>Particulars</i>		<i>Amount</i> (₹)	<i>Particulars</i>		<i>Amount</i> (₹)
To Opening stock		2500	By sales	50000	
To purchase	20000		Less S/R	<u>2500</u>	47500
Less P/R	<u>1000</u>	19000	By closing Stock		5000
To wages	2500				
Add O/S wages	<u>500</u>	3000			
To carriage inward		1000			
To gross profit c/d (b/f)		27000			
		<u>52500</u>			<u>52500</u>
To salaries	5000		By gross profit b/d		27000
Add O/S salaries	<u>500</u>	55000			
To carriage outward		2500			
To rent, rates and taxes		5000	By interest	500	
To office expenses		1000	Add accrued int.	<u>500</u>	1000
To office cleaning expenses	500				
Less prepaid exp.	<u>25</u>	475			
To balance c/d (b/f)		13525			
		<u>27500</u>			<u>27500</u>

Balance sheet
as on 31st march 2018

<i>Liabilities</i>		<i>Amount</i> (₹)	<i>Assets</i>		<i>Amount</i> (₹)
Capital	24500		Building		10000
Add N/P	<u>13525</u>		Debtors		5000
	38025		Prepaid Exp.		25
Less drawing	<u>1000</u>	37025	Accrued Interest		500
Creditors		2500	Investment		5000
O/S Salaries		500	Machinery		15000
O/S wages		500	Closing stock		5000
		<u>40525</u>			<u>40525</u>

9. From the following Trial Balance of Sharda as on 31st March, 2019, prepare Trading and Profit and Loss Account and Balance Sheet :

<i>Heads of Accounts</i>	<i>Debit Balance</i>	<i>Credit Balance</i>
	(₹)	(₹)
Capital.....	...	80,000
Drawings.....	18,000	...
Sales.....	...	1,55,000
Purchases.....	82,600	...
Stock (1st April, 2018).....	42,000	...
Returns Outward.....	...	1,600
Carriage Inward.....	1,200	...
Wages.....	4,000	...
Power.....	6,000	...

Machinery.....	50,000	...
Furniture.....	14,000	...
Rent.....	22,000	...
Salary.....	15,000	...
Insurance.....	3,600	...
8% Bank Loan.....	...	25,000
Debtors.....	20,600	...
Creditors.....	...	18,900
Cash in Hand.....	1,500	...
Total	2,80,500	2,80,500

Adjustments :

- (i) Closing Stock ₹ 64,000.
- (ii) Wages outstanding ₹ 2,400.
- (iii) Bad Debts ₹ 600.
- (iv) Provision for Doubtful Debts to be 5%.
- (v) Rent is paid for 11 months.
- (vi) Insurance premium is paid per annum, ended 31st May, 2019.
- (vii) Loan from the bank was taken on 1st October, 2018.
- (viii) Provide Depreciation on machinery @ 10% and on Furniture @ 5%.

Solution 9

Trading and profit and loss account
for the year ended 31st march 2019

<i>Particulars</i>	<i>Amount (₹)</i>	<i>Particulars</i>	<i>Amount (₹)</i>
To opening stock	4200	By sales	155000
To purchases	82600	Less S/R	<u>1200</u>
Add p/r	<u>1600</u>	By closing stock	64000
To wages	4000		
Add O/S wages	<u>2400</u>		
To power	6000		
To gross profit (b/f)	82400		
	<u>217800</u>		<u>217800</u>
To salary	15000	By Gross profit b/d	82400
To Rent	22000		
Add O/S rent	<u>2000</u>		
To insurance	3600		
Less prepaid insurance	<u>600</u>		
To depreciation			
Machinery	5000		
Furniture	<u>700</u>		
To baddebts	600		
Add provision for tax	<u>1000</u>		
To interest on bank loan	1000		
(25000*8/100*6/12)			
To Gross profit c/d (b/f)	32100		
	<u>82400</u>		<u>82400</u>

Balance sheet
as on 31st march 2019

Liabilities		Amount (₹)	Assets		Amount (₹)
Capital	80000		Machinery	50000	
Add N/P	<u>32100</u>		Less Dep.	<u>5000</u>	45000
	112100		Furniture	14000	
Less Drawings	<u>18000</u>	94100	Less Dep.	<u>700</u>	13300
Creditors		18900	Closing stock		64000
O/S Wages		2400	Cash in hand		1500
O/S Rent		2000	Debtors	20600	
8% Bank loan		25000	Less baddebts	<u>600</u>	20000
Int. on bank loan	1000				
Less provision for doubtful Debts	<u>1000</u>	19000			
Prepaid insurance		600			
		<u>143400</u>			<u>143400</u>

Working Note:

- Calculation of provision on for doubt ful debts
(Debtors - Baddebts) * rate /100
(20600-600)*5/100
= 1000
- Calculation of prepaid insurance
3600/12*2 = 600
- Calculation of interest on bank loan
(25000*8/100*6/12) = 1000
- Calculation of O/S Rent
22000/11*1 =2000
- Calculation of Depreciation
Machinery = 50000*10/100 = 5000
Building 14000*5/100 = 700

10. From the following balances, prepare Trading, Profit and Loss A/c and a Balance Sheet as at 31st March 2018 :

Particulars	₹	Particulars	₹
Stock (1st April 2017)	20,000	Goodwill	16,000
Purchases	2,92,000	Furniture and Fittings	58,000
Fuel and Power	34,000	Repair Charges	2,900
Capital	1,60,000	Bank	18,000
Sales	5,90,000	Salaries	1,10,000
Rent	10,000	General Expenses	18,000
Returns Inward	16,000	Debtors	2,30,000
Cash Discount allowed	15,000	Creditors	1,35,000
Cash Discont received	19,000	Output CGST	5,000
Drawings	58,100	Output SGST	5,000
		Input CGST	8,000
		Input SGST	8,000

Take the following adjustments into account :

- General expenses include ₹ 5,000 chargeable to Furniture purchased on 1st October 2017.
- Create a provision of 5% on debtors for Bad and Doubtful Debts after treating ₹ 30,000 as a Bad-debt.
- Depreciation on Furniture and Fittings for the year is to be at the rate of 10% per annum.
- Closing Stock was ₹ 40,000, but there was a loss by fire on 20th March to the extent of ₹ 8,000. Insurance Company admitted the claim in full.
- (I) Goods costing ₹ 2,500 were used by the proprietor.
(II) Goods costing ₹ 1,500 were distributed as free samples.
Goods were purchased paying CGST and SGST @ 6% each.

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Solution 10

Trading and profit and loss account
for the year ended 31st march 2018

<i>Particulars</i>		<i>Amount (₹)</i>	<i>Particulars</i>		<i>Amount (₹)</i>
To opening stock		20000	By sales	590000	
To Purchase	292000		Less S/R	<u>16000</u>	574000
Less P/R	-	292000	By closing stock		40000
To fuel and power	34000				
Less Goods lost by fire	8000				
Less Drawing	2500				
Less Advertisement	<u>1500</u>	280000			
To gross profit c/d (b/f)		280000			
		<u>614000</u>			<u>614000</u>
To Dep.			By Gross profit b/d	280000	
Old furniture	5800		By discount received	19000	
New furniture	<u>250</u>	6050			
To Rent		10000			
To Bad debts	30000				
Add new provision	<u>10000</u>	40000			
To discount allowed		15000			
To repair charges		2900			
To advertisement		1680			
To salaries		110000			
To general exp.	18000				
Less furniture	<u>5000</u>	13000			
To net profit c/d (b/f)		100370			
		<u>299000</u>			<u>299000</u>

Balacne sheet
as on 31st march 2018

<i>Liabilities</i>		<i>Amount (₹)</i>	<i>Assets</i>		<i>Amount (₹)</i>
Capital	160000		Furniture and fittings	63000	
Add N/P	<u>100370</u>		Less Dep.	<u>6050</u>	56950
	260370		Goodwill		16000
Less Drawings (58100+2800)	<u>60900</u>	199470	Closing Stock		400000
Creditors		135000	Cash at bank		18000
			Debtors	230000	
			Less Baddebts	<u>30000</u>	
				200000	
			Less provision for doubtful debts	<u>10000</u>	190000
			Insurance company(80000+12% GST)		8960
			Input CGST (8000+240-480)	7280	
			Less output CGST	<u>5000</u>	2280
			Input SGST 7280 (8000-240-480)	7280	
			Less Output SGST	<u>5000</u>	2080
		<u>334470</u>			<u>334470</u>

Working Note:

- Calculation of provision for doubtful debts
(sundry debtors - Further baddebts) * rate /100
(230000-30000) *5/100

11. Prepare Trading and Profit & Loss Account and Balance Sheet from the following Trial Balance and information as at 31st March, 2018 :

<i>Particulars</i>	<i>Dr. (₹)</i>	<i>Cr. (₹)</i>
Sundry Debtors and Creditors	1,82,000	3,57,500
Returns	13,000	27,000
Purchases and Sales	7,21,000	9,50,000
Drawing and Capital	75,000	5,00,000
Stock (1st April, 2017)	1,98,000	—
Bad debts	30,000	—
Bills Receivable and Payable	1,20,000	2,30,000
Office Expenses	62,100	—
Sales Van (car)	1,50,000	—
Sales Van Expenses	14,000	—
Discount	—	29,100
Rent and Rates	1,07,000	—
Telephone Charges	20,000	—
Furniture	50,000	—
Commission	1,11,500	—
Carriage Inward	32,000	—
Salaries and Wages	2,05,000	—
Cash in hand	3,000	—
	20,93,600	20,93,600

Adjustments :

- (i) Closing Stock was valued at ₹ 6,17,000.
- (ii) Depreciate furniture @ 10% p.a. and Sales Van @ 20% p.a.
- (iii) Outstanding rent amounted to ₹ 9,000.
- (iv) Further bad debts ₹ 2,000.
- (v) Make a provision for doubtful debts @ 5% on debtors.
- (vi) Charge one-fourth of salaries and wages to the trading account.

Solution 11

Trading and profit and loss account
for the year ended 31 march 2018

<i>Particulars</i>	<i>Amount (₹)</i>	<i>Particulars</i>	<i>Amount (₹)</i>
To opening Stock	198000	By sales	950000
To purchases	721000	Less S/R	13000
Less P/R	27000	By closing stock	617000
To carriage inward	32000		
To salaries and wages (205000*3/4)	51,250		
To Gross profit (b/f)	7,78,750		
	15,54,000		15,54,000
To Salaries and Wages (₹ 2,05,000 × 3/4)	1,53,750	By Gross profit b/d	5,78,750
To comission paid	111500	By discount Received	29100
To telephone charges	20000		
To Salesvan expenses	14000		
To office expenses	62100		

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To Dep.			
Furniture	5000		
Sales van	<u>30000</u>	35000	
To Baddebts	30,000		
Add further baddebts	<u>2000</u>		
	32000		
Add provision	<u>9000</u>	41000	
To Rent	107000		
Add O/S	<u>9000</u>	116000	
To Gross profit c/d (b/f)		54500	
		<u>607850</u>	<u>607850</u>

Balance sheet
as on 31st march 2018

<i>Liabilities</i>		<i>Amount</i> (₹)	<i>Assets</i>		<i>Amount</i> (₹)
Capital	500000		Cash in hand		3000
Add N/P	<u>54500</u>		Furniture	50000	
	554500		Less dep.	<u>5000</u>	45000
Less Drawings	<u>75000</u>	479500	Sales Van	150000	
Creditors		357500	Less Dep.	<u>30000</u>	120000
O/S Rent		900	Bills Receivable		120000
Bills payable		230000	Closing stock		617000
			Debtors	182000	
			Less Baddebts	<u>2000</u>	
				180000	
			Less provision	<u>9000</u>	171000
		<u>1076000</u>			<u>1076000</u>

12. Following balances are taken from the books of Niranjan. Prepare Trading and Profit and Loss Account and Balance Sheet for the year ended 31st March, 2019 :

<i>Particulars</i>	₹	<i>Particulars</i>	₹
Capital	12,00,000	Drawings	2,10,000
Opening Stock	4,50,000	Plant and Machinery	2,40,000
Furniture	15,000	Purchases	29,50,000
Sales	43,50,000	Insurances	15,000
Purchases Return	40,000	Sales Return	70,000
Rent	50,000	Trade Expenses	20,000
Salaries	2,40,000	Wages	4,00,000
Bad Debts	10,000	6% Investments	5,00,000
Sundry Debtors	4,00,000	Sundry Creditors	1,90,000
Bills Payable	8,000	Cash	1,22,000
Advertisement Expenses	60,000	Miscellaneous Income	12,000
Patents	48,000		

Adjustments :

- (i) Closing Stock ₹ 7,50,000.
- (ii) Depreciate Machinery by 10% and Furniture by 20%.
- (iii) Wages ₹ 50,000 and salaries ₹ 20,000 are outstanding.
- (iv) Write off ₹ 50,000 as further Bad Debts and create 5% Provision for Doubtful Debts.
Also, create a reserve for discount on Debtors @ 2%.
- (v) Investments were made on 1st July, 2018 and no interest has been received so far.

Solution 12

Trading and profit and loss account
for the year ended 31march 2019

<i>Particulars</i>		<i>Amount (₹)</i>	<i>Particulars</i>		<i>Amount (₹)</i>
To opening stock		450000	By slaes	4350000	
To purchases	2950000		Less S/R	<u>70000</u>	4280000
Less P/R	<u>40000</u>	2910000	By closing stock		750000
To wages	400000				
Add O/S wages	<u>50000</u>	450000			
To Gross profit c/d (b/f)		1220000			
		<u>5030000</u>			<u>5030000</u>
To salaries	240000		By Gross profit b/d		1220000
Add O/s	<u>20000</u>	260000	By mis. Income		12000
To Dep.			By interest on investement		22500
Machinery	24000				
Furniture	<u>3000</u>	27000			
To Rent		50000			
To adv. Expenses		60000			
To trade exp.		20000			
To baddebts	10000				
Add further	<u>50000</u>				
	60000				
Add provision	<u>17500</u>	77,500			
To provision fordis on debtors		6650			
To insurance		15000			
To net profit c/d (b/f)		738350			
		<u>1254500</u>			<u>1254500</u>

Balance sheet
as on 31st march 2019

<i>Liabilities</i>		<i>Amount (₹)</i>	<i>Assets</i>		<i>Amount (₹)</i>
Capital	1200000		Cash		122000
Add N/P	<u>738350</u>		6% Investements	50000	
	1938350		Add accured int.	<u>22500</u>	52500
Less Drawings	<u>210000</u>	1728350	Furniture	15000	
Sundry Creditors		190000	Less Dep.	<u>3000</u>	12000
O/S Wages		50000	Plant and machinery	240000	
O/S Salaries		20000	Less Dep.	<u>24000</u>	216000
Bills payable		8000			
Patent		48000			
Closing stock		750000			
Debtors (workingnote)		325850			
		<u>1996350</u>			<u>1996350</u>

Working Notes:

- Calculate of amount of Interest on investements
 $500000 \times \frac{8}{12} \times \frac{6}{12}$ (i.e. from 1 july 2018 to 31st march 2019) = 22500
- Calculate of amount of Depreciation
Furniture $15000 \times \frac{20}{100} = 3000$
Plant and machinery $240000 \times \frac{10}{100} = 24000$

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3. Calculation of amount of debtors in balance sheet

Debtors in total Balance	400000
Less : Further Baddebts	<u>50000</u>
	350000
Less : New provision @ 5%	<u>17500</u>
(350000*5/100)	332500
Less provision for discount debtors	
(332500*2/100)	<u>6650</u>
	<u><u>325850</u></u>

13. From the following Trial Balance, extracted from the books of Raga Ltd., prepare a Profit and Loss Account for the year ended 31st March, 2019 and a Balance Sheet as at that date :

Debit Balances	₹	Credit Balances	₹
Drawings Account	20,000	Sales	2,20,000
Land & Building	12,000	Capital	1,01,110
Plant and Machinery	40,000	Discount	1,260
Carriage Inward	100	Commission	5,230
Wages	500	Bills Payable	1,28,870
Salary	2,000	Purchase Return	10,000
Sales Return	200		
Bank charges	200		
Coal, gas and water	1,200		
Purchases	1,50,000		
Trade Expenses	3,800		
Stock (Opening)	76,800		
Cash at Bank	50,000		
Rates and Taxes	870		
Bills Receivable	24,500		
Sundry Debtors	54,300		
Cash in hand	30,000		
	<u>4,66,470</u>		<u>4,66,470</u>

The additional information are as under :

- (i) Closing stock was valued at the end of the year at ₹ 20,000.
- (ii) Depreciation on Plant and Machinery charged at 5% and on Land and Building at 10%.
- (iii) Make a provision for discount on debtors at 3%.
- (iv) Make a provision at 5% debtors for Bad-debts.
- (v) Salary outstanding was ₹ 100 and Wages prepaid were ₹ 40.
- (vi) The manager is entitled to a Commission of 5% on Net Profit after charging such Commission.

Solution 13

Trading and profit and loss account
for the year ended 31st march 2019

Particulars	Amount (₹)	Particulars	Amount (₹)
To opening stock	76800	By sales	220000
To Purchases	150000	Less S/R	<u>200</u>
Less P/R	<u>10000</u>	By closing stock	20000
To coal gas and water	120		
To wages	500		
Less prepaid wages	<u>40</u>		
To carriage inward	100		
To gross profit c/d (b/f)	21240		
	<u>839800</u>		<u>839800</u>

To salary	2000		To gross profit b/d	21240
Add O/S Salary	<u>100</u>	2100	By discount received	1260
To bank charges		200	By commission	5230
To Trade expenses		38100		
To rent and taxes		870		
To depreciation		870		
plant and machinery	2000			
land and building	<u>1200</u>	3200		
To baddebts		2715		
To provision for dis. on debtors		1548		
To manager comm. (working note)		633		
To net profit C/d (b/f)		12664		
		<u>27730</u>		<u>27730</u>

Balance sheet
as on 31 march 2019

<i>Liabilities</i>		<i>Amount</i> (₹)	<i>Assets</i>		<i>Amount</i> (₹)
Capital	101100		Land and building	12000	
Add N/P	<u>12664</u>		Less Dep.	<u>1200</u>	10800
	113774		P&M	40000	
Less Drawing	<u>20000</u>	93774	Less Dep.	<u>2000</u>	38000
Creditors		128870	Cash at bank		50000
Bills payable		100	Closing stock		20000
O/S Salaries		100	Debtors		50037
Manager commission		633			
cash in hand		30000			
B/R		24500			
		<u>223377</u>			<u>223377</u>

Working Note

- Calculation of amount of dep.
 Land and Building $120000 \times 10/100 = 1200$
 Plant and machinery $= 40000 \times 5/100 = 2000$
 Calculation of manager's commission
 Net profit after charging commission
 $(27730 - 14433) = 13297$
 $13297/105 \times 5 = 633$
- Calculation of amount of debtors in balance sheet
 Debtors in trial balance 54300
 Less Baddebts ($54300 \times 5\%$) 2715
51585
 Less pro. for Discount on Debtors 1548
 $51585 \times 3\%$ 50037

14. From the following Trial Balance of M/s Shyam & Sons, prepare Trading and Profit and Loss Account for the year ended 31st March, 2018 and a Balance Sheet as at that date :

<i>Particulars</i>	(₹)	<i>Particulars</i>	(₹)
Purchases	19,200	Capital	24,000
Discount allowed	800	Sales	40,050
Wages	2,500	Purchase returns	1,150
Salaries	3,550	Commission	1,300

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Sales return	650	Discount	1,000
Travelling expenses	550	Creditors	10,000
Commission	1,300	Bills Payable	2,500
Administrative expenses	650	Bank Overdraft	5,300
Office expenses	1,350		
Interest	3,650		
Building	20,000		
Debtors	12,000		
Furniture	8,000		
Cash	6,000		
Stock	5,100		
	<u>85,300</u>		<u>85,300</u>

Stock on 31st March, 2018 was ₹ 14,000. Depreciate building by 5% and furniture by 10%. Make a provision for doubtful debts at 5% on debtors. Outstanding expenses were : Salaries ₹ 1,000, Wages ₹ 500, Office expenses ₹ 200. Commission earned but not received was ₹ 450.

Solution 14

Trading and profit and loss account
for the year ended 31march 2018

<i>Particulars</i>		<i>Amount</i> (₹)	<i>Particulars</i>		<i>Amount</i> (₹)
To opening stock		5100	By sales	40050	
To purchases	19200		Less S/R	<u>650</u>	39400
Less P/R	<u>1150</u>	18050	By closing stock		14000
To Wages	2500				
Add O/S	<u>500</u>	3000			
To gross profit c/d (b/f)		27250			
		<u>53400</u>			<u>53400</u>
To salaries	3550		By Gross profit b/d		27250
Add O/S	<u>1000</u>	4550	By commission	1300	
To office exp.	1350		Add Accrued	<u>450</u>	1750
Add o/s	<u>200</u>	1550	By discount received		1000
To interest		3650			
To discount allowed		800			
To travelling exp.		550			
To commission paid		1300			
To administrative exp.		650			
To dep.					
Building	1000				
Furniture	<u>800</u>	1800			
To prov. for doubtful debts (12000*5%)		600			
To Net profit c/d (b/f)		14550			
		<u>30000</u>			<u>30000</u>

Balance sheet
as on 31 march 2018

<i>Liabilities</i>		<i>Amount</i> (₹)	<i>Assets</i>		<i>Amount</i> (₹)
Capital	24000		Closing Stock		14000
Add N/P	<u>14550</u>		Accured comm.		450
	38550		Cash		6000
Less Drawing	<u>—</u>	38550	Building	20000	
Creditors		10000	Less Dep.	<u>1000</u>	19000
Bills payable		2500	Furniture	8000	
Bank overdraft		5300	Less Dep.	<u>800</u>	7200
O/s Wages		500	Debtors	12000	
O/S Salaries		1000	Less provision	<u>600</u>	11400
O/S Office Exp.		200			
		<u>58050</u>			<u>58050</u>

Working note

1. calculation of amount of depreciation

Building $20000 \times 5/100 = 1000$

Furniture $8000 \times 10/100 = 800$

15. The following information has ben extracted from Karamvir, a toy manufacturer as on 31st March, 2018 :

<i>Particulars</i>	(₹)
Capital	40,000
Outstanding Wages	8,000
Sales	10,09,600
Purchases	6,50,020
Provision for doubtful debts	20,800
Sundry Debtors	2,00,800
Sundry Creditors	1,22,104
Bills Payable	15,800
Opening Stock	1,06,900
Wages	92,548
Salaries	22,300
Furniture	29,000
Postage	16,904
Power and Fuel	5,400
Advertising expenses	23,324
Bad debts	2,100
Loan to Ram @ 10% (1st December, 2017)	12,000
Cash in hand	40,000
Commission to Salesman accrued but not paid	2,800
Drawings	17,808

Prepare Trading and Profit and Loss Account for the year ended 31st March, 2018 and Balance Sheet as that date after taking into consideration the following information :

- (i) Depreciation on furniture is to be charged @ 10%.
- (ii) Sundry debtors includes an item of ₹ 2,000 due from customer who has become insolvent, nothing can be recovered.
- (iii) Provision for doubtful debts is to be maintained @ 5% on sundry debtors.
- (iv) Goods of the value of ₹ 6,000 has been destroyed by fire and Insurance Company admitted a claim for ₹ 4,000.
- (v) Stock on 31st March, 2018 was ₹ 50,200.

Solution

Trading and profit and loss account
for the year ended 31 march 2018

<i>Particulars</i>	<i>Amount</i> (₹)	<i>Particulars</i>	<i>Amount</i> (₹)
To opening stock	106900	By sales	1009600
To purchases	650020	By closing stock	50200
Less Sock by fire	<u>6000</u>		
To power and fuel	5400		
To wages	92548		
To gross profit c/d (b/f)	210932		
	<u>1059800</u>		<u>1059800</u>
To salaries	22300	By gross profit b/d	210932
To Dep. on furniture	2900	By loss by fire	2000
To postage	16904	By interst on loan to ram	400
To Adv. Exp.	23324	(2000*10/100*4/12)	
To Insurance co.	4000	By provision old	20800
Add new Baddebts	<u>2000</u>	Less New provison	<u>9940</u>
To net profit c/d (b/f)	150664		10860
	<u>224192</u>		<u>224192</u>

Balance sheet
as on 31st march 2018

<i>Liabilities</i>	<i>Amount</i> (₹)	<i>Assets</i>	<i>Amount</i> (₹)
Capital	40000	Furniture	29000
Add N/P	<u>150664</u>	Less Dep.	<u>2900</u>
	190664	Closing stock	50200
Less Drawings	<u>17808</u>	Cash in hand	40000
Bills payable	15800	Loan to ram	12000
Sundry creditors	122104	Add int.	<u>400</u>
O/S wages	8000	Ins. company	4000
O/S commission	2800	Debtors	200800
		Less new baddebts	<u>2000</u>
			198800
		Less provision for doubtful debts	<u>9940</u>
	<u>321560</u>		188860
			<u>321560</u>

Working note

1. calculation of new provision for doubt ful debts
 $(20800-200)*5/100 = 9940$
2. Calculation of loss on goods by fire
Goods lost by fire - claim of insurance company
 $6000-4000 = 2000$

16. From the following Trial Balance and other information, prepare Trading and Profit and Loss Account for the year ended 31st March, 2019 and Balance Sheet as at that date :

<i>Particulars</i>	<i>Dr. (₹)</i>	<i>Cr. (₹)</i>
Sundry Debtors	3,20,000	...
Stock on 1st April, 2018	2,20,000	...
Cash in Hand	350	...
Cash at Bank	15,450	...
Plant and Machinery	1,75,000	...
Sundry Creditors .....	...	1,06,500
General Expenses	10,750	...
Sales .....	...	13,45,000
Salaries	22,250	...
Carriage Outwards	4,000	...
Rent	9,000	...
Bills Payable .....	...	75,000
Purchases	11,88,700	...
Discount	11,000	...
Premises	3,45,000	...
Capital on 1st April, 2018 .....	...	7,95,000
Total	23,21,500	23,21,500

Stock on 31st March, 2019 was ₹1,24,500. Rent was unpaid to the extent of ₹ 850 and ₹ 1,500 were outstanding for General Expenses; ₹ 4,000 are to be written off as bad debts out of the above debtors; and 5% is to be provided for doubtful debts. Depreciate Plant and Machinery by 10% and Premises by 2%. Manager is entitled to a commission of 5% on net profit after charging his commission.

Solution 16

Trading and profit and loss account
for the year ended 31 march 2019

<i>Particulars</i>	<i>Amount (₹)</i>	<i>Particulars</i>	<i>Amount (₹)</i>
To opening stock	20000	By sales	1345000
To purchases	1188700	Less S/R	-
Less P/R	-		3145000
To Gross profit c/d (b/f)	60600	By closing stock	
	<u>13569500</u>		<u>13569500</u>
To discount	11000	By gorss profit b/d	60800
To Carriage outwad	4000	By net loss c/d (b/f)	42750
To salaries	22250		
To General Exp.	10750		
Add o/s	<u>1500</u>		
To dep.			
Plant and mach.	17500		
Premises	<u>6900</u>		
To rent	9000		
Add o/s	<u>850</u>		
To Bad debts	4000		
To prov. for doubtful debts	15800		
	<u>103550</u>		<u>103550</u>

Balance sheet
as on 31st march 2018

<i>Liabilities</i>	<i>Amount (₹)</i>	<i>Assets</i>	<i>Amount (₹)</i>
Capital	795000	Cash in hand	350
net loss	<u>42782</u>	Cash at bank	15450
	752250	Closing stock	124500
Less Drawings	-	premise	345000
O/S Rent	850	Less Dep.	<u>6900</u>
O/S General Exp.	1500	P&M	175000
Sundry Creditors	106500	Less Dep.	<u>17500</u>
Bill payable	75000	Sundry Debtors	320000
		Less Baddebts	<u>4000</u>
			316000
		Less provision	<u>15800</u>
	<u>936100</u>		300200
			<u>936100</u>

Note:- As there is net loss, the manager is not entitled to commission

Working note:

1. Calculation of Depreciation

Premises $345000 \times 2/100 = 6900$

Plant and machinery $175000 \times 10/100 = 17500$

17. From the following information prepare financial Statements of M/s Raj & Bros. for the year ending March 31, 2017.

	<i>Dr. Bal. ₹</i>		<i>Cr. Bal. ₹</i>
Stock (1.4.2016)	16,800	Capital	78,000
Sales Returns	8,000	Sales	3,09,000
Purchases	2,43,000	Returns Outward	5,700
Freight-in	8,600	Trade Creditors	4,800
Rent and Taxes	5,700	10% Bank Loan (1-7-2016)	24,000
Salaries	9,300	Income from Investment	3,600
Trade debtors	24,000	Discount Received	2,250
Bank interest	1,000		
Printing and Advertising	14,600		
Cash at bank	18,300		
Discount Allowed	1,340		
Investment	25,000		
Furniture	3,800		
General Expenses	3,610		
Audit Fees	500		
Insurance	800		
Travelling Expenses	3,000		
Plant & Machinery	30,000		
Drawings	10,000		
	<u>4,27,350</u>		<u>4,27,350</u>

Additional Information :

- (i) Depreciation on Plant and Machinery @ 10% p.a., a Machine has been purchased on July 01, 2016 ₹ 12,000.
- (ii) The manager is entitled to a commission of 10% of the net profit before charging such commission.
- (iii) Closing stock in trade is valued at ₹ 6,000 (cost); ₹ 6,200 (Market Price).
- (iv) Rent outstanding ₹ 5,000.

Solution 17

Trading and profit and loss account
for the year ended 31st march 2017

<i>Particulars</i>		<i>Amount</i> (₹)	<i>Particulars</i>		<i>Amount</i> (₹)
To opening stock		16800	By sales	309000	
To purchases	243000		Less S/R	<u>8000</u>	301000
Less P/R	<u>5700</u>	273300	By closing stock		6000
To freight in		8600			
To gross profit c/d (b/f)		44300			
		<u>307000</u>			<u>307000</u>
To dep.:			By Gros profit b/d		44500
Plant and machinery	1800		By discount recd.	2250	
Additional machine	<u>900</u>	2700	By income form investement	3600	
(120000*10/100*9/12)					
To travelling exp.		3000			
To insurance		800			
To audit fees		500			
To general expenses		3610			
To discount allowed		1340			
To o/s bank interest		1800			
To salaries		9300			
To rent and taxes	5700				
Add o/s	<u>5000</u>	10700			
To printing and Advertising		14600			
To managers commission					
(1800*10/100)		1800			
To net profit c/d (b/f)		16200			
		<u>50150</u>			<u>50150</u>

Balance sheet
as on 31st march 2019

<i>Liabilities</i>		<i>Amount</i> (₹)	<i>Assets</i>		<i>Amount</i> (₹)
Trade Creditors		4800	P&M	30000	
Bank loan		24000	Less Dep.	<u>2700</u>	27300
O/S Rent		5000	Furniture		3800
O/S Interest on bank loan		800	Investements		25000
Capital	78000		Cash at bank		18300
Add N/P	<u>1620</u>		Closing stocik		6000
	79620		Debtors		24000
Less Drawing	<u>10000</u>	69620			
Managers commission		180			
		<u>104400</u>			<u>104400</u>

Working note

- calculation of depreciaton on machinery
 $18000 * 10 / 100 = 1800$
 $12000 * 10 / 100 * 6 / 12 = 900$
 2700
- Manager commission
 Net profit before charging commission
 $1800 * 10 / 100 = 180$
- O/S Interest on bank loan
 $24000 * 10 / 100 * 9 / 12 = 1800$

18. (*With GST*) From the following Trial Balance of Kalki Traders, you are required to prepare Trading and Profit and Loss Account for the year ended 31st March, 2018 and a Balance Sheet as at that date :

<i>Particulars</i>	(₹)	<i>Particulars</i>	(₹)
Opening Stock	44,400	Capital Account	1,68,000
Purchases	1,83,600	Sales	3,00,000
Plant and Machinery	90,000	Sundry Creditors	48,000
Office Expenses	2,040	Provision for doubtful debts	5,700
Carriage inwards	3,960	Bank Loan	11,100
Carriage outwards	3,000	Commission received	900
Factory Rent	6,000	Output CGST	2,500
Internet Expenses	2,280	Output SGST	2,500
Salesman Commission	7,200	Output IGST	400
Sundry Debtors	1,08,000		
Office Rent	3,720		
Printing and Stationery	480		
Audit Expenses	3,000		
Advertising Expenses	9,000		
Computer and Related Items	18,000		
Drawings	4,800		
Salaries and wages	9,240		
Manufacturing Wages	4,560		
Furniture and Fixture	3,600		
Gas, coal and water	1,800		
Cash in hand	12,900		
Cash at bank	10,800		
Repairs and renewals	1,200		
Basic Custom Duty	600		
Telephone expenses	300		
Bank Charges	120		
Input IGST	2,000		
Input SGST	2,000		
Input IGST	500		
	5,39,100		5,39,100

The following adjustments should be taken into consideration :

- (i) Closing stock was valued at ₹ 60,000.
- (ii) During the year, goods worth ₹ 6,000 were withdrawn from the business for staff welfare. The goods were purchased paying CGST and SGST @6% each.
- (iii) Plant and Machinery is to be depreciated at 10% and Furniture and Fixtures at 15%.
- (iv) Bad debts provision is to be raised to 2% on Sundry Debtors.
- (v) Outstanding expenses were : Manufacturing wages ₹ 1,800; Salaries ₹ 2,760.
- (vi) Pass Journal entries for the treatment and setting off GST.

Solution 18

Trading and profit and loss account
for the year ended 31st march 2018

<i>Particulars</i>		<i>Amount</i> (₹)	<i>Particulars</i>		<i>Amount</i> (₹)
To opening stock		44400	By sales	300000	
To purchases	188600		Less S/R	<u> </u>	300000
Less Drawings	<u>6000</u>	177600			
To carriage inward		3960			
To factory Rent		6000			
To basic custom duty		600			
To gas coal and water		1800			
To Manufacturing wages	4560				
Add O/S	<u>1800</u>	6360			
To gross profit c/d (b/f)		119280			
		<u>360000</u>			<u>360000</u>
To office expenses		2040	By gros profit b/d		119280
To carriage inward		3000	By commission Recd.		900
To interest expenses		2280	By provision for doubtful debts		
To salesman commission		7200	Old provision	5700	
To office Rent		3720	Les new pro.	<u>2160</u>	3,540
To printing and stationary 4		80			
To advertisement exp.		9000			
To salaries	9240				
Add O/S	<u>2760</u>	12000			
To repairs and renewals		1200			
To telephone expenses		900			
To bank charges		120			
To dep.					
p&m	9000				
F&F	<u>540</u>	95410			
To audit expenses		3000			
Drawings (6000+360+360)		6720			
Net profit c/d (b/f)		63120			
		<u>123720</u>			<u>123720</u>

Balance sheet
as on 31 st amrch 2018

<i>Liabilities</i>		<i>Amount</i> (₹)	<i>Assets</i>		<i>Amount</i> (₹)
Capital	168000		Closing Stock		60000
Add N/P	<u>63120</u>		Debtors	108000	
	231120		Less provision	<u>2160</u>	105840
Less Drawings	<u>4800</u>	226320	P&M	90000	
Sundry creditors		48000	Less Dep.	<u>9000</u>	81000
Bank Loan		11000	F&F	3600	
Output CGST		2500	Less Dep.	<u>540</u>	3060
Less invst. CGST	1640		cash in hand		12900
Less output	<u>100</u>	760	cash at bank		10800
Output SGSt	2500				
Less input SGSt	<u>1640</u>	860			
(2000-360) Computer and related items		18000			
O/S manufacturing wages		1800			
O/S Salaries and wages		2760			
		<u>291600</u>			<u>291600</u>

Journal

Input CGST	1640	Output CGST	1640
Input IGST	100	To Output SGST	1640
To output CGST	1740	(output SGST off against output SGST)	
(Input SGST and SGST off against output CGST)			

19. From the following Trial Balance of shubho, prepare final accounts for the year ended 31st March, 2019 and Balance Sheet as at that date :

<i>Particulars</i>	<i>Dr. Balances</i> ₹	<i>Cr. Balances</i> ₹
Land and Building	50,000	...
Purchases (Adjusted)	2,10,000	...
Stock (31st March, 2019)	45,000	...
Returns Inward	1,500	...
Returns Outward	...	2,500
Wages	45,300	...
Salaries	39,000	...
Office Expenses	15,400	...
Carriage Inward	1,200	...
Carriage Outwards	2,000	...
Discount allowed	750	...
Discount received	...	1,200
Bad Debts	1,200	...
Sales	...	3,85,000
Capital Account	...	1,15,000
Chatterji's Loan A/c (taken on 1st Oct, 2018 @ 18% p.a.)	...	25,000
Insurance	1,500	...
Commission	...	1,500
Plant and Machinery	50,000	...
Furniture and Fixtures	20,000	...
Bills Receivable	20,000	...
Sundry Debtors	40,000	...
Sundry Creditors	...	25,000
Cash at Bank	16,000	...
Office Equipments	12,000	...
Bills Payable	...	12,350
Expenses Payable	...	3,300
Total	5,70,850	5,70,850

The following adjustments be taken care of :

- (i) Depreciate Land and Building @6%, Plant and Machinery @10%, Office equipments @20% and Furniture and Fixture @15%.
- (ii) Calculate Provision for Doubtful Debts as 2% on Sundry Debtors.
- (iii) Insurance includes ₹ 250 Insurance Premium paid in advance.
- (iv) Provide salary to Shubho ₹ 15,000 p.a.
- (v) Outstanding Salaries ₹ 11,500.
- (vi) 10% of the final profit is to be transferred to General Reserve.

Solution 19

Trading and profit and loss account
for the year ended 31st march 2019

<i>Particulars</i>		<i>Amount (₹)</i>	<i>Particulars</i>		<i>Amount (₹)</i>
To opening Stock		-	By sales	385000	
To purchases	210000		Less S/R	<u>1500</u>	383500
Less P/R	<u>2500</u>	207500	By closing stock		-
To wages		45300			
To carriage inward		1200			
To gross profit c/d (b/f)		129500			
		<u>3,83,500</u>			<u>3,83,500</u>
To Dep.			By Gross profit b/d		129500
Land and Building	3000		By commission		1500
Plant and machinery	5000		By Discount		1200
Office equipment	2400				
Furniture and fixture	<u>3000</u>	13400			
To carriage outwards		200			
To salaries	39000				
Add O/S	11500				
Add payable to proprietor	<u>15000</u>	65500			
To insurance premium	1500				
Less prepaid	<u>250</u>	1250			
To discount		750			
To office expenses		15400			
To O/S Interest on Loan		2250			
To Baddebts	1200				
Add provision for doubtful debts	<u>800</u>	2000			
To general reserve		2965			
(29650*10/100)					
To Net profit c/d (b/f)		26685			
		<u>132200</u>			<u>132200</u>

Balance sheet
as on 31st march 2019

<i>Liabilities</i>		<i>Amount (₹)</i>	<i>Assets</i>		<i>Amount (₹)</i>
Bills payable		12350	Furniture and fixtrue	20000	
Creditors		25000	Less Dep.	<u>3000</u>	17000
Expenses o/s		3300	Land and building	50000	
General reserve		2965	Less Dep.	<u>3000</u>	47000
O/S salaries		11500	Plant and machinery	50000	
Capital	115000		Less Dep.	<u>5000</u>	45000
Add N/P	26685		Office equipement	12000	
Add salary payable	<u>15000</u>	156685	Less Dep.	<u>2400</u>	9600
Chaterjee's loan	25000		Debtors	40000	
Add O/S Interest	<u>2250</u>	27250	Less provision	<u>800</u>	39200
			Bills receivables		20000
			Closing stock		45000
			Cash at bank		16000
			Prepaid insurances		250
		<u>239050</u>			<u>239050</u>

Working note

1. Transfer to general reserve
 $132200 - 102250 * 10/100 = 2965$
2. Provision for doubtful debts
 $40000 * 2/100 = 800$
3. Interest on chatarjee's
 $25000 * 8/100 * 6/12 = 2250$

20. (With GST) The following information has been extracted from Rajat books as on 31st March, 2019 :

<i>Particulars</i>	(₹)
Capital	30,000
Outstanding Wages	6,000
Sales	7,57,200
Purchases	4,87,515
Provision for bad and doubtful debts	15,600
Trade Debtors	1,50,600
Trade Creditors	91,578
Loan by Mr. X	11,850
Opening Stock	80,175
Wages	69,411
Salaries	16,725
Motor Vehicle	21,750
Electricity Expenses	12,678
Power and Fuel	4,050
Advertising expenses	17,493
Bad debts	1,575
Loan to Aashish	9,000
Cash at Bank	33,000
Commission to Salesman accrued but no paid	2,100
Drawings	13,356
Input IGST	9,000
Output IGST	12,000

Prepare Trading and Profit and Loss Account for the year ended 31st March, 2019 and Balance Sheet as that date after taking into consideration the following information.

- (i) Depreciation on motor vehicle is to be charged @ 10%.
- (ii) Sundry debtors includes an item of ₹ 1,500 due from customer who has become insolvent, nothing can be recovered.
- (iii) Provision for bad and doubtful debts is to be maintained @ 5% on sundry debtors.
- (iv) Goods of the value of ₹ 4,500 has been destroyed by fire and Insurance Company admitted a claim for ₹ 3,000. The goods were purchased by paying IGST @ 12%.
- (v) Stock on 31st March, 2019 was ₹ 37,650.

Solution 20

Trading and profit and loss account
for the year ended 31st march 2019

<i>Particulars</i>		<i>Amount</i> (₹)	<i>Particulars</i>		<i>Amount</i> (₹)
To opening Stock		80175	By sales		385000
To purchases	487515		By stock	757200	
			By S/R	-	757200
			By closing stock		37650
To wages		69411			
To power and fuel		4050			
To gross profit b/d (c/f)		158199			
		<u>794850</u>			<u>794850</u>
To dep.		2175	By gross profit		158199
To salaries		16725	By provision for doubtful debts	15600	
To electricity exp.		12678	Less new provision	<u>7455</u>	8145
To exp.		17495			
To Baddebts	1575				
Add new baddebts	<u>1500</u>	3075			
To goods lost by fire		2040			
To net profit c/d (b/f)		112158			
		<u>166344</u>			<u>166344</u>

Balance sheet
as on 31st march 2019

<i>Liabilities</i>		<i>Amount</i> (₹)	<i>Assets</i>		<i>Amount</i> (₹)
Capital	30000		Motor vehicle	21750	
Add N/P	<u>112158</u>		Less Dep.	<u>2175</u>	19575
	142158		Cash at Bank		33000
Less Drawings	<u>13356</u>	128802	Loan to ashish		9000
Loan from mr. Y		11850	Closing stock		37650
creditors		91578	debtors	150600	
O/S wages		6000	Less baddebts	<u>1500</u>	
O/s commission		2100		144100	
Output IGST	12000		Less provision for doubtful		
Less Input IGST	<u>8460</u>	3540	debts	<u>7455</u>	141645
(9000-540)			Insurance company		3000
		<u>243870</u>			<u>243870</u>

Working note

- Calculate of goods lost by fire

Purchase of goods (4500+12%)	5040
Insurance co. Accepted claim	3000
Gross lost by fire	<u>2040</u>
- Input IGST

	9000
Less Input IGST on Goods lost by fire (4500*12%)	540
	<u>8460</u>
- Calculation of provision for doubtful debts
(150600-1500)*5/100
7455
Calculation of dep. on motor vehicle
21750*10/100 = 2175



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Accounts from Incomplete Records

1. Following information of an accounting year is given :

Opening Capital ₹ 60,000; Drawings ₹ 5,000; Capital added during the year ₹ 10,000 and Closing Capital ₹ 90,000. Calculate the Profit or Loss for the year.

Solution 1

Statement of profit or loss For the year ended.....		
	Particulars	Amount
Capital at the end of the year		90000
Add Drawings during the year		5000
		95000
Less Additional Capital during the year		10000
		85000
Less Capital at the beginning of the year		6000
Profit during the year		25000

2. Mayank does not keep proper records of his business, he gives you the following information :

	₹
Opening Capital	1,00,000
Closing Capital	1,25,000
Drawings during the year	30,000
Capital added during the year	37,500

Calculate the profit or loss for the year.

Solution 2

Statement of profit or Loss for the year ended		
	Particulars	Amount
Capital at the end of the year		125000
Add drawings during the year		30000
		155000
Less Additional capital during the year		37500
		1,17,500
Less Capital at the beginning of the year		100000
Profits during the year		17500

3. Mr. Vasudev does not keep proper records of his business. He provided following information. You are required to prepare a statement showing the profit or loss for the year.

	₹
Owner's Equity at the beginning of the year	15,00,000
Bills Receivable	60,000
Cash in hand	80,000
Furniture	9,00,000
Building	10,00,000
Creditors	6,00,000
Stock in trade	2,00,000
Further capital introduced	3,20,000
Drawings made during the period	80,000

Solution 3

Statement of profit or Loss
for the year ended

Particulars	Amount
Capital at the end of the year	1640000
Add Drawings during the year	80000
	<u>1720000</u>
Less Additional capital during the year	320000
	<u>1400000</u>
Less capital at the beginning of the year	1500000
Loss of the year	<u>100000</u>

Working Note :

Statement of affairs

<i>Liabilities</i>	<i>Amount (₹)</i>	<i>Assets</i>	<i>Amount (₹)</i>
Creditors	600000	Cash in hand	80000
Capital (b/f)	1640000	Furniture	900000
		Stock in trade	200000
		Building	1000000
		Bills Receivables	60000
	<u>2240000</u>		<u>2240000</u>

4. (A) From the following information, calculate capital at the beginning :

	₹
Capital at the end of the year	24,00,000
Drawing made during the year : ₹ 10,000 per month	
Fresh Capital introduced during the year	4,00,000
Profit of the current year	6,60,000

Solution 4 (A)

Calculation of capital at the beginning of the year

Particulars	Amount
Capital at the end of the year	2400000
Drawings during the year (10000*12)	120000
	<u>2520000</u>
Less Additional capital during the year	400000
	<u>2120000</u>
Less profits of the year	660000
Capital at the beginning of the year	<u>1460000</u>

4. (B) Calculate Closing Capital :

Opening Capital ₹ 90,000; Profit for the year ₹ 25,000; Drawings ₹ 17,000. During the year proprietor sold ornaments of his wife for ₹ 40,000 and invested the same in business.

Solution 4 (B)

Calculation of capital at the end of the year

Particulars	Amount
Capital at the beginning of the year	90000
Add Additional capital during the year	40000
(Sold ornaments of his wife)	130000
Less Drawings during the year	17000
	<u>113000</u>
Add profit during the year	25000
Capital at the end of the year	<u>138000</u>

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5. Sahil started his business on 1st April, 2016 with a capital of ₹ 40,000. On 31st March, 2017, his assets were as under :
 Cash ₹ 5,600; Stock ₹ 5,000, Debtors ₹ 2,400, Machinery ₹ 32,000.
 He owed ₹ 2,000 to his sundry creditors and ₹ 3,000 to his brother on that date. He withdrew ₹ 200 p.m. for his private expenses. Ascertain his profit.

Solution 5

Statement of affair
 Calculation of capital at the end of the year

<i>Liabilities</i>	<i>Amount (₹)</i>	<i>Assets</i>	<i>Amount (₹)</i>
Creditors	600000	Cash in hand	80000
Creditors	2000	Cash	5600
Loan from brother	3000	Stock	5000
Capital (b/f)	40000	Debtors	2400
		Machinery	32000
	45000		45000

Statement of profit and loss
 for the year ended

<i>Particulars</i>	<i>Amount</i>
Capital at the end of the year	40000
Add Drawins during the year (200*12)	2400
	42400
Less Additional capital during the year	—
	42400
Less Capital at the beginning of the year	40000
Profit of the year	2400

6. Mr. Bakshi kept his books under the single entry system. His assets and liabilities on the opening and closing dates were as under :

<i>Particulars</i>	<i>1st Jan., 2017 (₹)</i>	<i>31st Dec., 2017 (₹)</i>
Cash in Hand	5,000	2,200
Cash at Bank	66,500	9,400
Stock-in-trade	1,10,000	9,960
Sundry Debtors	60,500	72,600
Furniture and Fittings	22,000	24,000
Creditors	15,200	43,760

Prepare statement showing his profit or loss during the year.

Solution 6

Statement of affair
 For the year ended 31st Dec. 2016

<i>Liabilities</i>	<i>Amount (₹)</i>	<i>Assets</i>	<i>Amount (₹)</i>
Creditors	15200	Cash in hand	5000
Capital (b/f)	248800	Cash at bank	66500
		Stock in trade	110000
		Sundry Debtors	60500
		Furniture and fittings	20000
	264000		264000

Statement of Affair
for the year ended 31st Dec. 2017

<i>Liabilities</i>	<i>Amount (₹)</i>	<i>Assets</i>	<i>Amount (₹)</i>
Creditors	600000	Cash in hand	80000
Creditor	43760	Cash in hand	2200
Cash at bank	9400	Stock in trade	9960
Capital (b/f)	74400	Sundry Debtors	72600
		Furniture and fittings	24000
	118160		118160

Statement of profit and loss
for the year ended 31st march 2017

<i>Particulars</i>	<i>Amount</i>
Capital at the end of the year	74400
Add Drawings	—
	74400
Less Additional Capital	—
	74400
Less capital at the beginning of the year	248800
Loss of the year	174400

7. Shruti maintains her books of account from Incomplete Records. Her books provide the following information :

<i>Particulars</i>	<i>1st April, 2015 (₹)</i>	<i>31st March, 2016 (₹)</i>
Cash	1,200	1,600
Bills Receivable	...	2,400
Debtors	16,800	27,200
Stock	22,400	24,400
Investments	...	8,000
Furniture	7,500	8,000
Creditors	14,900	11,600

She withdrew ₹ 500 per month for personal expenses. She sold her Investments of ₹ 16,000 at 5% premium and introduced the amount into business.

You are required to prepare a Statement of Profit or Loss for the year ending 31st March, 2016.

Solution 7

Statement of affairs
for the year ended 31st march 2015

<i>Liabilities</i>	<i>Amount (₹)</i>	<i>Assets</i>	<i>Amount (₹)</i>
creditors	14900	Cash	1200
Capital (b/f)	33000	B/R	-
		Debtors	16800
		Stock	22400
		Investements	-
		Furniture	7500
	47900		47900

Statement of Affairs
For the year ended 31st march 2018

<i>Liabilities</i>	<i>Amount (₹)</i>	<i>Assets</i>	<i>Amount (₹)</i>
Creditors	11600	Cash	1600
Capital (b/f)	60000	B/R	2400
Additional capital	16800	Debtors	27200
Drawings (500*12)	6000	Stock	24400
		Investements	8000
		Furniture	8000
	71600		71600

Statement of profit or loss
for the year ended 31st march 2016

<i>Particulars</i>	<i>Amount</i>
Capital at the end of the year	60000
Add Drawings (500*12)	6000
	66000
Less Additional Capital (16000+18%)	16800
	49200
Less Capital at the beginning of the year	33000
Profit of the year	18200

8. A commenced business on 1st April, 2018 with a capital of ₹ 10,000. He immediately bought Furniture and Fixtures for ₹ 2,000. On 1st October, 2018, he borrowed ₹ 5,000 from his wife @ 9% p.a. (interest not yet paid) and introduced a further capital of his own amounting to ₹ 1,500. A drew @ ₹ 300 per month at the end of each month for household expenses. On 31st March, 2019 his position was as follows :

Cash in Hand ₹ 2,800; Sundry Debtors ₹ 4,800; Stock ₹ 6,800; Bills Receivable ₹ 1,600; Sundry Creditors ₹ 500 and owing for Rent ₹ 150.

Furniture and Fixture to be depreciated by 10%.

Ascertain the profit or loss made by A during 2018-19.

Solution 8

Statement of affairs
For the year ended 31st March 2019

<i>Liabilities</i>	<i>Amount (₹)</i>	<i>Assets</i>	<i>Amount (₹)</i>
Creditors	11600	Cash	1600
Wife's loan	5000	Furniture and fixture	2000
Add o/s Investement	225	Less Dep.	200
Sundry creditors	500	Cash in hand	2800
Outstanding Rent	150	Sundry Debtors	4800
		Stock	6800
		Bills Receivabeles	1600
	17800		17800

Statement of profit and loss
for the year ended march 31 2019

Particulars	Amount
Capital at the end of the year	11925
Add Drawings	3600
	<u>15525</u>
Less additional capital introduced	(1500)
	<u>14025</u>
Less capital at beginning of the year	10000
Profit of the year	<u><u>4025</u></u>

9. From the following details, prepare Trading and Profit & Loss Account and a Balance Sheet:

	As on 31-12-2016		As on 31-12-2017
	(₹)		(₹)
Stock	15,000		28,000
Debtors	25,000		32,000
Bank	3,000		
Furniture	4,000		4,000
Creditors	15,000		19,000
Other Details :	(₹)		(₹)
Cash received from Debtors	52,000	Sundry expenses	3,000
Cash paid to Creditors	48,000	Wages paid	2,000
Bad Debts during the year	800	Drawings	4,000
Discount from suppliers	1,200	Sales Return	1,500
Discount allowed to Debtors	1,000	Purchase Return	500
Additional capital introduced	8,000		
Charge 5% depreciation on furniture			

Solution 9

Trading and profit and loss Account
for the year ended 31st march 2017

Particulars	Amount (₹)	Particulars	Amount (₹)
To opening stock	15000	By sales	62300
To purchases	53700	Less S/R	<u>1500</u>
Less P/R	<u>500</u>	By closing stock	28000
To Wages	2,000		
Gross profit c/d (b/f)	18,600		
	<u>88,800</u>		<u>88,800</u>
To Sundry expenses	3,000	By Gross Profit	18,600
To Baddebts	800		
To Net profit	14,800		
	<u>18,600</u>		<u>18,600</u>

Balance Sheet as on 31st March 2017

<i>Liabilities</i>	<i>Amount</i> (₹)	<i>Assets</i>	<i>Amount</i> (₹)
Creditors	19,000	Debtors	32,000
Capital	50,800	Stock	28,000
		Furniture	4,000
		Less Dep.	<u>200</u>
		Bank	6,000
	<u>69,800</u>		<u>69,800</u>

Working note

1. Statement of affairs on 31 march 2016

<i>Liabilities</i>	<i>Amount</i> (₹)	<i>Assets</i>	<i>Amount</i> (₹)
Creditors	15,000	Stock	15,000
Capital (B/F)	32,000	Debtors	25,000
		Bank	3,000
		Furniture	4,000
	<u>47,000</u>		<u>47,000</u>

2. Calculation of Capital at the end of the year (on 31 march 2017)

Particulars	Amount
Capital at the beginning of the year (opening capital)	32,000
Add Net profit for the year	14,800
	<u>46,800</u>
Add Additional Capital during the year	8,000
	<u>54,800</u>
Less Drawing during the year	4,000
Capital at the end of the year (Closing capital)	<u>50,800</u>

3. Calculation of total sales

Debtors Account

<i>Particulars</i>	<i>Amount</i> (₹)	<i>Particulars</i>	<i>Amount</i> (₹)
To balance b/d	25000	By sales Return	1500
To sales (credit sales)	62300	By bad debts	800
		By cash	50000
		By discount allowed	1000
		By balance c/d	32000
	<u>87300</u>		<u>87300</u>

Total Sales = Credit sales + Cash sales
 62300 + 0 = 62300

4. Calculation of total purchases

Creditors Account

<i>Particulars</i>	<i>Amount (₹)</i>	<i>Particulars</i>	<i>Amount (₹)</i>
To purchase return	500	By balance b/d	15000
To discount Received	1200	By Purchase (b/f)(credit purchase)	53700
To cash	48000		
To Balance C/d	19000		
	68700		68700

Total Purchases = Creditors + cash purchase

₹ 53,700 + 0 = ₹ 53,700

10. From the details given below find out the Credit Sales and Total Sales :

	₹
Opening Debtors	60,000
Closing Debtors	75,000
Discount allowed	4,400
Sales Return	12,000
Bad-Debts	5,600
Provision for Bad-Debts	3,800
B/R received from Debtors	16,000
B/R dishonoured	4,000
B/R dishcounted	10,000
Discounted bills dishonoured	3,000
Cash Sales	1,05,000
Cash received from Debtors (including ₹ 6,000 against a debt previously written off)	3,08,000
Cheques received from Debtors	32,000

Solution 10

Debtors Account

<i>Particulars</i>	<i>Amount (₹)</i>	<i>Particulars</i>	<i>Amount (₹)</i>
To balance b/d	60000	By cash A/C	30200
To B/R A/C	4000	By S/R A/C	12000
To Bank A/C	3000	By Baddebts A/C	5600
To Sales A/C (credit sales)	380000	By B/R A/C	16000
		By discount allowed A/C	4400
		By Bank A/C	32000
		By Balance C/d	75000
	447000		447000

Total Sales = Cash sales + Credit sales = 380000+105000 = 485000

11. Nijam kept no proper books of account for his business. An analysis of his Rough Cash Book for 2017 showed the following particulars :

<i>Receipts</i>	<i>Amount (₹)</i>	<i>Payments</i>	<i>Amount (₹)</i>
Received from Debtors	60,000	Overdraft on 1-1-2017	7,400
Further capital introduced	5,000	Paid to Creditors	25,000
		Business Expenses	10,000
		Wages	15,500
		Drawings	3,000
		Cash at Bank	4,000
		Cash in Hand	100
	<u>65,000</u>		<u>65,000</u>

The following information is also available :

<i>Particulars</i>	<i>31-12-2016 (₹)</i>	<i>31-12-2017 (₹)</i>
Debtors	53,000	88,000
Creditors	15,000	19,500
Stock	17,000	19,000
Machinery	20,000	18,000
Furniture	1,400	1,330

All his sales and purchases were on credit. Prepare Trading and Profit & Loss Account and a Balance Sheet.

Solution 11

Trading and profit and loss account

<i>Particulars</i>	<i>Amount (₹)</i>	<i>Particulars</i>	<i>Amount (₹)</i>
To opening stock	17000	By sales	95000
To purchases	29500	Less S/R	—
Less P/R	—	By closing stock	19000
To wages	15500		
To Gross profit c/d (b/f)	52000		
	<u>114000</u>		<u>114000</u>
To Business Expenses	10000	By Gross profit b/d	52000
To Dep.			
Machinery	2000		
Furniture	70		
To Net profit c/d (b/f)	39930		
	<u>52000</u>		<u>52000</u>

Balance sheet as on 31 Dec. 2017

<i>Liabilities</i>	<i>Amount (₹)</i>	<i>Assets</i>	<i>Amount (₹)</i>
Capital	110930	Debtors	88000
Creditors	19500	Stock	19000
		Machinery	18000
		Furniture	1880
		Cash in hand	4000
		Cash at bank	100
	<u>130430</u>		<u>130430</u>

Working notes

1. Statement of affairs
as on 31.12.2016

<i>Particulars</i>	<i>Amount (₹)</i>	<i>Particulars</i>	<i>Amount (₹)</i>
Overdraft	7400	Debtors	53000
Creditors	15000	Stock	17000
Capital (b/f)	69000	Machinery	20000
		Furniture	1400
	91400		91400

2. Calculation of closing capital (01 on 31st march 2017)

<i>Particulars</i>	<i>Amount</i>
Opening capital	69000
Add net profit during the year	39930
Add Additional capital of the year	5000
	113930
Less Drawings of the year	3000
Closing capital	110930

3. Calculation of purchases

Creditors Account

<i>Particulars</i>	<i>Amount (₹)</i>	<i>Particulars</i>	<i>Amount (₹)</i>
To Cash	25000	By balance b/d	15000
To Balance b/d	19500	By purchases (credit purchases) (b/f)	29500
	44500		44500

4. Calculate of sales

Debtors Account

<i>Particulars</i>	<i>Amount (₹)</i>	<i>Particulars</i>	<i>Amount (₹)</i>
To balacne C/d	53000	By cash	60000
To Sales (b/f) (credit sales)	95000	By balance c/d	88000
	148000		148000

Calculation of Depreciation of furniture and machinery

Machinery Account

<i>Particulars</i>	<i>Amount (₹)</i>	<i>Particulars</i>	<i>Amount (₹)</i>
To balance b/d	20000	By Dep. (b/f)	2000
		By balacne c/d	18000
	20000		20000

Furniture Account

<i>Particulars</i>	<i>Amount (₹)</i>	<i>Particulars</i>	<i>Amount (₹)</i>
To Bal. b/d	1400	By Dep.	70
		By Bal. c/d	1330
	<u>1400</u>		<u>1400</u>

12. Roshan Washing House is owned by Roshan Lal. He keeps his books on Single Entry System. He gives you the following informations :

<i>Particulars</i>	<i>31st Dec. 2016 (₹)</i>	<i>31st Dec. 2017 (₹)</i>
Furniture	5,000	6,000
Stock of Materials	3,000	1,000
Sundry Debtors	6,000	7,000
Sundry Creditors	2,000	Nil
Prepaid Expenses	Nil	200
Outstanding Expenses	600	1,000
Cash in hand	1,100	300

Receipts and Payments during the year :

<i>Particulars</i>	<i>(₹)</i>
Receipts from Debtors	21,000
Paid to Creditors	10,000
Wages	2,000
Drawings	12,000
Sundry Expenses	16,000
Furniture purchases for cash	1,000

Prepare a Trading and Profit & Loss Account for the year ended 31 December, 2017 and a Balance Sheet after providing for Doubtful Debts @ 10%. There are considerable amount of cash sales.

Solution 12

Trading and profit and loss account
for the year ended 31st march 2017

<i>Particulars</i>	<i>Amount (₹)</i>	<i>Particulars</i>	<i>Amount (₹)</i>
To opening stock	3000	Cash sales	19200
To purchases (credit purchase) 8000		Credit sales	<u>22000</u>
Cash purchase <u>0</u>	8000	By closing stock	1000
To wages	2000		
To gross profit c/d (b/f)	29200		
	<u>42200</u>		<u>42200</u>
To sundry expenses 16000		By gross profit b/d	29200
Less prepaid 200		By prepaid	-
Add o/s <u>400</u>	16200		
To provision for doubtful debts	400		
To net profit c/d (b/f)	12300		
	<u>29200</u>		<u>29200</u>

Balance sheet as on 31st Dec. 2017

<i>Liabilities</i>	<i>Amount (₹)</i>	<i>Assets</i>	<i>Amount (₹)</i>
Capital	12800	Furniture	6000
Creditors	-	Closing stock	1000
O/S Exp.	1000	Sundry Debtors	7000
		Less provision	<u>700</u>
		Prepaid	200
		Cash in hand	300
	<u>13800</u>		<u>13800</u>

Working notes:

Statement of Affairs
as on 31st Dec. 2018

<i>Liabilities</i>	<i>Amount (₹)</i>	<i>Assets</i>	<i>Amount (₹)</i>
Sundry Creditors	2000	Furniture	5000
O/S Exp.	600	Stock	3000
Capital (b/f)	12500	Sundry Debtors	6000
		Cash in hand	1100
	<u>15100</u>		<u>15100</u>

2. Calculation of closing capital

Particulars	Amount
Opening capital	12500
Add net profit of the year	12300
	<u>24800</u>
Add additional capital for the year	-
	<u>24800</u>
Less Drawings for the year	12000
Closing capital	<u>12800</u>

3. Calculation of Total sales
Debtors Account

<i>Liabilities</i>	<i>Amount (₹)</i>	<i>Assets</i>	<i>Amount (₹)</i>
To Balance b/d	6000	By cash	21000
To Sales (b/f) (credit purchases)	22000	By Balance c/d	7000
	<u>28000</u>		<u>28000</u>

$$\begin{aligned} \text{Total Sales} &= \text{Cash sales} + \text{credit sales} \\ &= ₹ 19,200 + ₹ 22,000 = ₹ 41,200 \end{aligned}$$

4. Calculation of Total Purchase
Creditors Account

<i>Liabilities</i>	<i>Amount (₹)</i>	<i>Assets</i>	<i>Amount (₹)</i>
To cash	10000	By balance b/d	2000
To balance c/d	-	By purchase (b/f) (credit purchase)	8000
	<u>10000</u>		<u>10000</u>

Calculation of cash sales

<i>Particulars</i>	<i>Amount (₹)</i>	<i>Particulars</i>	<i>Amount (₹)</i>
To Balance b/d	1100	By Creditors	10000
To Sales (b/f)	19200	By Furniture	1000
To Debtors	21000	By wages	2000
		By Drawings	12000
		By Sundry Exp.	16000
		By balance c/d	300
	<u>41300</u>		<u>41300</u>

Outstanding Expenses Account

<i>Particulars</i>	<i>Amount (₹)</i>	<i>Particulars</i>	<i>Amount (₹)</i>
To balance c/d	1000	By balance b/d	600
		By P&L	400
	<u>1000</u>		<u>1000</u>

Prepaid Expenses Account

<i>Particulars</i>	<i>Amount (₹)</i>	<i>Particulars</i>	<i>Amount (₹)</i>
To Balance b/d	-	By balance C/D	200
To P&L	200		
	<u>200</u>		<u>200</u>

Furniture Account

<i>Particulars</i>	<i>Amount (₹)</i>	<i>Particulars</i>	<i>Amount (₹)</i>
To Balance b/d	5000	By Balance c/d	6000
To Cash (purchase)	1000		
	<u>6000</u>		<u>6000</u>

13. Mr. AsifAli, a retail trader, who keeps Incomplete Records gives you the following information for the year 2018-19 :

SUMMARY OF CASH TRANSACTIONS

	₹		₹
Received from Debtors	38,000	Bank Overdraft on 1-4-2018	2,500
Cash Sales	26,500	Paid to Creditors	31,200
Miscellaneous Income	300	Carriage inwards	800
		Salaries	12,400
		Advertisement	700
		Cash Purchases	16,000
		Balance at Bank on 31-3-2019	1,200
	<u>64,800</u>		<u>64,800</u>

The Assets and Liabilities were as follows :

	31st March, 2018 (₹)	31st March 2019 (₹)
Stock	15,000	12,000
Fixed Assets	25,000	25,000
Sundry Debtors	12,000	?
Sundry Creditors	8,600	?

Other Informations :

- (1) Credit Sales during the year were ₹ 35,100.
- (2) Sales returns ₹ 800.
- (3) Credit Purchases during the year were ₹ 30,000.
- (4) Discount allowed to Debtors ₹ 300.
- (5) Discount received from Creditors ₹ 130.

Adjustment :

- (1) Make a provision for doubtful debts @5% on Debtors.
- (2) Also make a provision for discount @2% on Debtors.

Prepare his Trading, P & L A/c and a Balance Sheet as at 31st March, 2019.

Solution 13

Trading and profit and loss account
for the year ended 31st march 2019

Particulars	Amount (₹)	Particulars	Amount (₹)
To opening Stock	15000	By Sales (26500+35100)	61600
To Purchase (16000+30000)	46000	Less S/R	<u>800</u>
Less P/R	-	By closing stock	12000
To Carriage Inward	800		
To Gross profit c/d (b/f)	11000		
	<u>72800</u>		<u>72800</u>
To Advertisement	700	By Gross profit b/d	11000
To Salaries	12400	By Mis. Income	300
To Dis. Allowed	300	By Dis. Received	130
To pro. for doubtful debts (8000*5/100)	400	By net loss c/d (b/f)	2522
Provision for discount on debtors	152		
	<u>13952</u>		<u>13952</u>

Balance sheet as on 31st march 2019

Liabilities	Amount (₹)	Assets	Amount (₹)
Sundry Creditors	7270	Stock	12000
Capital	38378	Fixed ASsets	25000
		Cash at bank	1200
		Sundry Debtors	8000
		Less provision	<u>400</u>
			7600
		Less pro. For dis. and debtors	<u>152</u>
	<u>45648</u>		7448
			<u>45648</u>

Working Note

Satatement of Affairs
as on 31st march 2018

<i>Liabilities</i>	<i>Amount (₹)</i>	<i>Assets</i>	<i>Amount (₹)</i>
Sundry Creditors	8600	Stock	15000
Bank overdraft	2500	Fixed Assets	25000
Capital (b/f)	40900	Sundry Debtors	12000
	<u>52000</u>		<u>52000</u>

2. Calculation of Closing Debtors
Debtors Account

<i>Particulars</i>	<i>Amount (₹)</i>	<i>Particulars</i>	<i>Amount (₹)</i>
To Balance b/d	12000	By Sales Return	800
To Sales (credit sales)	35100	By Cash	3800
		By Dis. Allowed	300
		By Balance c/d	8000
	<u>47100</u>		<u>47100</u>

3. Calculation of closing Creditors
Creditor Account

<i>Particulars</i>	<i>Amount (₹)</i>	<i>Particulars</i>	<i>Amount (₹)</i>
To Dis. Received	130	By Balance b/d	8600
To cash	31200	By Purchase (Credit Purchase)	30000
To Balance c/d (b/f)	7270		
	<u>28600</u>		<u>38600</u>

4. Calculation of closing capital
Particulars

<i>Particulars</i>	<i>Amount</i>
Opening Capital	40900
Add Additional capital	—
	<u>40900</u>
Less Net loss of the year	2530
	<u>38370</u>
Less Drawings of the year	—
Closing Capital	<u>38370</u>

14. Lalit Mohan keeps incomplete records. From the following information provided by him, prepare a Trading and Profit & Loss Account for the year ended 31st March, 2015 and a Balance Sheet as at that date :

	<i>31st March, 2014</i>	<i>31st March 2015</i>
	₹	₹
Sundry Debtors	15,000	24,400
Stock	32,000	55,000
Cash	8,400	21,700
Sundry Creditors	22,000	?
Prepaid Expenses	Nil	3,600
Unpaid Expenses	1,500	2,200
Furniture	20,000	32,000

Summary of cash transactions during the year :

	₹
Receipts from Debtors	2,00,000
Payment to Creditors	1,64,000
Carriage Inwards	3,300
Payment for Life Insurance Premium	15,000
Sundry Expenses	40,000
Furniture purchased for cash	12,000

You are informed that there were considerable amount of cash sales during the year. Credit purchases during the year amounted to ₹ 1,80,000. Provide 5% for doubtful debts on debtors.

Solution 14

Trading and Profit and loss account
for the year ended 31st march 2015

<i>Particulars</i>	<i>Amount (₹)</i>	<i>Particulars</i>	<i>Amount (₹)</i>
Opening stock	32000	By Sales	
Purchases	180000	Cash Sales	47600
Carriage Inward	3300	Credit sales	<u>209400</u>
Gross profit c/d (b/f)	96700	By Closing Stock	55000
	<u>312000</u>		<u>312000</u>
Sundry Exp.	40000	By Gross profit b/d	96700
O/S Exp.	700		
Prepaid Exp.	<u>3600</u>		
Provision for doubtful debts	1220		
Net profit b/d (b/f)	58380		
	<u>96700</u>		<u>96700</u>

Balance sheet as on 31st march 2015

<i>Liabilities</i>	<i>Amount (₹)</i>	<i>Assets</i>	<i>Amount (₹)</i>
Expenses	2200	Sundry Debtors	24400
Sundry Creditors	38000	Less provision	<u>1220</u>
Capital	95280	Closing stock	55000
		Cash	21700
		Prepaid Exp.	3600
		Furniture	32000
	<u>135400</u>		<u>135400</u>

Working notes

1. Calculation of Credit Sales
Debtors Account

<i>Particulars</i>	<i>Amount (₹)</i>	<i>Particulars</i>	<i>Amount (₹)</i>
To Balance b/d	15000	By Cash	200000
To Sales (b/f) (credit sales)	209400	By Balance c/d	24400
	209400		
	<u>224400</u>		<u>224400</u>

2. Calculation of cash sales
Cash Account

<i>Particulars</i>	<i>Amount (₹)</i>	<i>Particulars</i>	<i>Amount (₹)</i>
To Balacne c/d	8400	By Creditors	1,64,000
To Debtors	200000	By LIP	15,000
To Sales (b/f) (credit Sales)	47600	By sundry Exp.	40000
		By furniture	12000
		By Carriage	3300
		By Balance c/d	
	256000		256000

Total Sales = Credit Sales + Cash Sales
= 209400 + 47600 = 257000

Calculation of Closing Creditor
Creditors Account

<i>Particulars</i>	<i>Amount (₹)</i>	<i>Particulars</i>	<i>Amount (₹)</i>
Cash	164000	By Balance b/d	22000
To Balance c/d	38000	By Purchase (credit purchase)	180000
	202000		202000

Furniture Account

<i>Particulars</i>	<i>Amount (₹)</i>	<i>Particulars</i>	<i>Amount (₹)</i>
To Balance c/d	20000	Balance c/d	32000
To cash (purchase)	12000		
	32000		32000

Prepaid Expenses

<i>Particulars</i>	<i>Amount (₹)</i>	<i>Particulars</i>	<i>Amount (₹)</i>
To Balance b/d	-	By Balance c/d	3600
To P&L	3600		
	3600		3600

Unpaid Expenses

<i>Particulars</i>	<i>Amount (₹)</i>	<i>Particulars</i>	<i>Amount (₹)</i>
To Balance c/d	2200	By balance b/d	1500
		By P&L	700
	2200		2200

7. Statement of Affairs
as on 31st march 2014

<i>Liabilities</i>	<i>Amount (₹)</i>	<i>Assets</i>	<i>Amount (₹)</i>
O/S Exp.	1500	Sundry Debtors	15000
Sundry Creditors	22000	Stock	8400
Capital (b/f)	51900	Cash	8400
		Furniture	20000
	75400		75400

8. Calculation of closing capital

Particulars	Amount
Opening capital	51900
Add net profit for the year	58380
	110280
	—
Add Additional capital	110280
Less Drawings	—
	110280
Less Payment of LIP	15000
Closing capitla	85280

9. Calculation of provision for debtors = $24400 \times 5/100 = 1220$

15. Surya does not keep a systematic record of his transactions. He is able to give you the following information regarding his assets and liabilities :

	<i>31st March, 2018</i>	<i>31st March 2019</i>
	₹	₹
Creditors for goods	21,000	19,000
Creditors for expenses	1,500	1,800
Bills Payable	8,700	11,500
Sundry Debtors	35,000	34,000
Stock (At cost)	28,000	25,000
Furniture and Fittings	10,000	12,000
Cash	5,100	...

Following additional information is also available for the year ended 31st March, 2019:

Bills Payable Issued	₹ 20,800
Cash Sales	15,000
Payments to Sundry Creditors	31,000
Expenses paid	6,600
Drawings	8,000

Bad Debts during the year were ₹ 900. As regards sale, Surya tells you that he always sells goods at Cost *plus* 25%. Furniture and Fittings are to be depreciated at 10% of the value in the beginning of the year.

Prepare Surya's Trading and Profit and Loss Account for the year ended 31st March, 2019 and his Balance Sheet on that date.

Solution 15

Trading and profit and loss account
for the year ended 31st march 2019

<i>Particulars</i>	<i>Amount (₹)</i>	<i>Particulars</i>	<i>Amount (₹)</i>
Opening stock	28000	By Sales	66000
To purchases	49800	By closing stock	25000
To Gross Profit c/d (b/f)	13200		
	<u>91000</u>		<u>91000</u>
Bad Debts	900	By Gross profit b/d	13200
Expenses	6600		
closing Creditors	<u>1800</u>		
	8400		
Opening Creditors	<u>1500</u>		
Dep.	6900		
Net profit c/d (b/f)	1000		
	4400		
	<u>13200</u>		<u>13200</u>

Balacne sheet as on 31st march 2019

<i>Liabilities</i>	<i>Amount (₹)</i>	<i>Assets</i>	<i>Amount (₹)</i>
Creditors	19000	Cash in hand	4600
Expenses	<u>1800</u>	Sock	25000
Bills payable	11500	Debtors	34000
Capital	43300	Furniture and fitings	12000
	<u>75600</u>		<u>75600</u>

Working Notes

1. Calculation of closing cash Balance

Cash Account

<i>Particulars</i>	<i>Amount (₹)</i>	<i>Particulars</i>	<i>Amount (₹)</i>
To Balance b/d	5100	To expenses	6600
To Sales	15000	To sundry Creditors	31000
To Debtors	51100	To Furniture and fitings	3000
To Bills payable	18000		
To Drawings	8000		
To Balance c/d	4600		
	<u>71200</u>		<u>71200</u>

2. Calculation of credit Purchases

Creditors (for goods) Account

<i>Particulars</i>	<i>Amount (₹)</i>	<i>Particulars</i>	<i>Amount (₹)</i>
To Bills payable	20800	By Balance b/d	21000
To Cash A/C	31000	By purchases b/d (credit purchases)	49800
To Balance c/d	19000		
	<u>70800</u>		<u>70800</u>

3. Calculation of Cash Received form debtors

<i>Particulars</i>	<i>Amount (₹)</i>	<i>Particulars</i>	<i>Amount (₹)</i>
To Balance b/d	35000	By Baddebts	900
To sales (credit sales)	51000	By cash (b/f)	51100
		By balance c/d	34000
	<u>86000</u>		<u>86000</u>

Bills payable Account

<i>Particulars</i>	<i>Amount (₹)</i>	<i>Particulars</i>	<i>Amount (₹)</i>
To cash (b/f)	18000	By Balance c/d	8700
To Balance b/d	11500	By Creditors (for goods)	20800
	<u>29500</u>		<u>29500</u>

5. Calculation of purchase of furniture and fitting

Furniture Account

<i>Particulars</i>	<i>Amount (₹)</i>	<i>Particulars</i>	<i>Amount (₹)</i>
To Bills payable	20800	By Balance b/d	21000
To Balance b/d	10000	By Dep.	1000
To cash (b/f) (purchase)	3000	By bal. c/d	12000
	<u>13000</u>		<u>13000</u>

6. Calculation of opening capital
Balance sheet as on 31st march 2019

<i>Liabilities</i>	<i>Amount (₹)</i>	<i>Assets</i>	<i>Amount (₹)</i>
Creditors		Cash in hand	5100
Goods	21000	Stock	28000
Exp.	<u>1500</u>	Debtors	35000
Bills payable	8700	Furniture and fittings	10000
Capital (b/f)	46900		
	<u>78100</u>		<u>78100</u>

7. Calculation of closing capital

<i>Particulars</i>	<i>Amount</i>
Opening Capital	46900
Add net profit	4400
	<u>51300</u>
Add additional capital	—
	<u>51300</u>
Less Drawings of the year	8000
Closing capital	<u>43300</u>

8. Calculation of COGS and Credit + Sales

$$\begin{aligned} \text{COGS} &= \text{Opening stock} + \text{Purchase} - \text{Closing Stock} \\ &= ₹ 28,000 + ₹ 49,800 - ₹ 25,000 \\ &= ₹ 28,000 \end{aligned}$$

$$\text{Gross Profit} = \text{COGS} \times \frac{25}{100}$$

$$= ₹ 52,800 \times \frac{25}{100}$$

$$= ₹ 13,200$$

$$\text{Total Sales} = \text{COGS} + \text{Gross Profit}$$

$$= ₹ 52,800 + ₹ 13,200$$

$$= ₹ 66,000$$

$$\text{Credit Sales} = \text{Total Sales} - \text{Cash sales}$$

$$= ₹ 66,000 - ₹ 15,000$$

$$= ₹ 51,000$$

16. Vijay commenced business as food grains merchant on 1st April, 2018 with a capital of ₹ 4,00,000. On the same day, he purchased furniture for ₹ 80,000. From the following particulars obtained from his books which do not conform to Double Entry principles, you are required to prepare the Trading and Profit and Loss Account for the year ended 31st March, 2019 and the Balance Sheet as on that date :

	₹
Sales (including Cash Sales ₹ 2,00,000)	5,00,000
Purchases (including Cash Purchases ₹ 1,20,000)	4,00,000
Vijay's Drawings (in Cash)	40,000
Salaries to Staff	48,000
Bad Debts written off	4,000
Trade Expenses paid	16,000

Vijay used Goods of ₹ 12,000 for personal purposes during the year. On 31st March, 2019, his Debtors amounted to ₹ 1,40,000 and Creditors ₹ 80,000. Stock-in- Trade on that date was ₹ 1,60,000.

Solution 16

Trading and profit and loss account
for the year ended 31st march 2019

<i>Particulars</i>	<i>Amount</i> (₹)	<i>Particulars</i>	<i>Amount</i> (₹)
To opening stock	-	By Sales	500000
To purchase	400000	By closing stock	160000
Drawings	<u>12000</u>		
To Gross profit c/d (b/f)	248000		
	660000		660000
Salary	48000	By Gross profit b/d	212000
Trade Expenses	16000		
Baddebts	4000		
Gross profit c/d (b/f)	204000		
	272000		272000

Balance sheet as on 31st march 2019

<i>Liabilities</i>		<i>Amount</i> (₹)	<i>Assets</i>		<i>Amount</i> (₹)
Capital	400000		Cash in hand		256000
B/P	<u>204000</u>		Furniture		80000
	604000		Closing Stock		160000
Drawing	<u>52000</u>	552000	Debtors	140000	
Creditors		80000	Less Baddebts	<u>4000</u>	13600
		<u>632000</u>			<u>632000</u>

Cash Account

<i>Particulars</i>	<i>Amount</i> (₹)	<i>Particulars</i>	<i>Amount</i> (₹)
To capital	400000	By Creditors	200000
To Debtors	160000	By Drawings	40000
To slaes	2000000	By furniture	20000
		By purchases	120000
		By salaries	48000
		By trade exp.	16000
		By balance c/d	256000
	<u>760000</u>		<u>760000</u>

Debtors Account

<i>Particulars</i>	<i>Amount</i> (₹)	<i>Particulars</i>	<i>Amount</i> (₹)
To Balance b/d		By Cash	160000
To Sales	300000	By balance c/d	140000
	<u>300000</u>		<u>300000</u>

Creditor Account

<i>Particulars</i>	<i>Amount</i> (₹)	<i>Particulars</i>	<i>Amount</i> (₹)
To cash A/c	200000	By Balacne b/d	-
To Balance c/d	80000	By purchases	280000
	<u>280000</u>		<u>280000</u>

17. From the following informations you are required to calculate total purchases :

	(₹)
(1) Creditors as on 1st January, 2017	16,000
Cash paid to creditors	27,500
Purchase returns	500
Creditors as on 31st December, 2017	15,000
Cash Purchases	5,000

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(2) Creditors as on 1st January, 2017	16,000
Cash paid to Creditors	27,500
Purchase returns	500
Discount received during the year	100
Creditors as on 31st December, 2017	15,000
Cash Purchases	3,000
(3) Creditors as on 1st January, 2017	8,000
Cash paid to creditors	16,000
Discount received	100
Bills Payable issued during the year	8,000
Purchase Returns	500
Creditors as on 31st December, 2017	7,000
Cash Purchases	6,000

Solution 17

Calculation of total
Creditors Account

<i>Particulars</i>	<i>Amount (₹)</i>	<i>Particulars</i>	<i>Amount (₹)</i>
To cash	27500	By Cash	160000
To purchase Returns	500	By Balance b/d	16000
To Balance c/d	15000	By purchases (b/f)	27000
	<u>43000</u>		<u>43000</u>

Total purchase = Cash purchase + credit purchase
5000+ 27000 = 32000

Creditor Account

<i>Particulars</i>	<i>Amount (₹)</i>	<i>Particulars</i>	<i>Amount (₹)</i>
To cash	27500	By balacne b/d	16000
To purchase return	500	By purchase (b/f)	27100
To dis rec.	100		
To balance c/d	15000		
	<u>43100</u>		<u>43100</u>

Total purchase = Cash purchase + Credit purchase
3000+27100 = 30100

Creditors Account

<i>Particulars</i>	<i>Amount (₹)</i>	<i>Particulars</i>	<i>Amount (₹)</i>
To cash	16000	By balance b/d	8000
To Dis. Received	100	By purchase (b/f)	23600
To purchase Return	500		
To B/P	8000		
To Balance c/d	7000		
	<u>31600</u>		<u>31600</u>

Total purchase = Credit purchase + cash purchase +

18. From the following information, find out the credit purchases and credit sales :

	(₹)
Balance of Debtors on 1-1-2017	12,000
Balance of Creditors on 1-1-2017	7,600
Cash paid to creditors	20,000
Discount allowed by them	500
Returns inward	5,000
Returns outward	2,400
Cash received from customers	45,000
Discount allowed to them	3,000
Bills received from customers	17,000
Bills accepted	4,600
Bad debts	1,500
Bills receivable dishonoured	3,500
Debtors on 31-12-2017	10,000
Creditors on 31-12-2017	9,500

Solution

Calculation of credit purchase and credit sales

Debtors Account

<i>Particulars</i>	<i>Amount</i> (₹)	<i>Particulars</i>	<i>Amount</i> (₹)
To Balance c/d	12000	By Cash	45000
To Sales (b/f)		By Dis. Allowed	3000
To B/R (dishonoured)	3500	By Sales Return	5000
		By B/R	17000
		By Baddebts	1500
		By Balance c/d	10000
	81500		81500

Creditor Account

<i>Particulars</i>	<i>Amount</i> (₹)	<i>Particulars</i>	<i>Amount</i> (₹)
To Cash	20000	By Balance c/d	7600
To B/P	4600	By purchase	29400
To dis. Recd.	500	(b/f) (purchase credit)	
To purchase Return	2400		
To Balance c/d	9500		
	37000		37100

19. From the following information, ascertain the value of Gross Profit, closing stock and sales :

	(₹)
Opening Stock	15,000
Purchases	60,000
Power	18,000
Cost of goods sold	1,00,000
Carriage Inward	19,000
Gross Profit	25% on Cost of Goods Sold

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Solution

Trading and profit and loss Account
for the year ended

<i>Particulars</i>	<i>Amount (₹)</i>	<i>Particulars</i>	<i>Amount (₹)</i>
To Opening Stock	15000	By Sales (b/f)	125000
To Purchases	60000	By Closing Stock	12000
To Tower	18000		
To carriage inward	19000		
To Gross profit c/d	25000		
	137000		137000

Working Note:

1. Calculation of closing stock

$$\begin{aligned}
 \text{COGS} &= \text{Opening stock} + \text{Purchase} - \text{Closing stock} \\
 1000 &= 15000 + 60000 - \text{Closing Stock} \\
 \text{Closing Stock} &= 100000 - (15000 + 60000) \\
 &= 100000 - 75000 \\
 &= 25000
 \end{aligned}$$