



BK BIRLA CENTRE FOR EDUCATION
SARALA BIRLA GROUP OF SCHOOLS
SENIOR SECONDARY CO-ED DAY CUM BOYS' RESIDENTIAL SCHOOL



ANNUAL EXAMINATION (2025-26)

ACCOUNTANCY (055) (SET -A)

Class : **XI**
 Date : 12/02/2026
 Admission No: _____

MS

Duration: **3 Hrs**
 Max. Marks: **80**
 Roll No. _____

1. Opening capital Rs.50,000, Closing capital is Rs.25,000. Profit earned during the year is Rs.12,500, Additional capital is Rs.2,500. Drawings will be---

- a) **40,000** b) 45,000 c) 57,500 d) 62,500

2. 'Assets is accounted at the price paid to purchase them' is based on -

- a) Accrual concept **b) Cost concept** c) Money measurement concept d) Realisation concept

3. Which of the following is not recorded in the books of accounts?

- a) Sales of goods b) Payment of salary
c) Quality of staff d) Purchase of goods

4. In accrual basis of accounting, transactions are recorded that are:

- (a) cash transactions (b) credit transactions **(c) Both a and b** (d) neither a nor b

5. A company follows the Written down value method of depreciating assets year after year?

- a) comparability b) convenience **c) consistency** d) All of these

6. Sundry creditors Account is a –

- a) Revenue account b) Capital account **c) Liability account** d) None

7. Cash memo is prepared when the goods are sold

- a) on credit **b) on cash** c) Both a and b d) None

8. Lalit who owed Rs.20,000 became insolvent. 70 paise in a rupee was received from his estate. Bad Debts account will be debited by:

- a) 20,000 b) 10,000 **c) 6,000** d) 14,000

9. Match the List I with List II and select correct answers using the codes given below the lists:

LIST I	LIST II
A. Book of Final Entry	1. Journal
B. Book of Original Entry	2. Posting
C. Amrit's account shows amount payable	3. Ledger
D. Transferring an entry from Journal to Ledger	4. Credit balance

- a) **A-3, B-1, C-4, D-2** b) A-4 B-2, C-3, D-1 c) A-2, B-3, C-1, D-4
 d) A-3, B-4, C-1, D-2

10. Credit balance in the bank column of the cash book shows:

- a) cash at bank **b) Overdraft** c) cash in hand d) cash overdraft

11. Assertion(A): Purchase book and sales book are part of Journal.

Reason(R): Purchase book and sales book are independent of Journal.

Options:

- a) Both Assertion(A) and Reason(R) are correct but Reason is the correct explanation of Assertion(A)
- b) Both Assertion(A) and Reason(R) are correct but Reason is not the correct explanation of Assertion(A)
- c) Assertion (A) is correct but Reason (R) is not correct**
- d) Both Assertion (A) and Reason (R) are not correct

12. The furniture purchased in Delhi sells goods to retailer in Mumbai. Under which type of GST will this transaction be classified.



- a) CGST
- b) SGST
- c) IGST**
- d) Both b and c

13. Debit balance in cash book means :

- a) Overdraft as per Pass Book
- b) Credit balance as per Pass Book
- c) Overdraft as per Cash Book
- d) None of these**

14. Identify the item which will not be shown in the Trial balance before passing adjusting or closing entries.

- a) Opening stock
- b) Purchases
- c) Closing stock**
- d) Wages

15. Depreciation is the process of ---

- a) valuation of asset
- b) allocation of cost of asset to expense**
- c) both valuation of asset and allocation of cost
- d) allocation of expense

16. Provision is ---

- a) an appropriation of profit
- b) charge against profit**
- c) capital expenses
- d) none

17. Suspense account will have ---

- a) Debit balance
- b) credit balance
- c) debit or credit balance as the case may be**
- d) None

18. Capital expenditure is shown in ---

- a) Trading A/c
- b) Profit & loss A/c
- c) Balance Sheet**
- d) None of these

19. Salary and wages A/c is shown in ---

- a) Trading A/c
- b) Profit & loss A/c**
- c) Balance Sheet
- d) Trading & Balance sheet

20. When closing capital is less than opening capital, it means----

- a) Profit
- b) loss
- c) Profit if fresh capital is not introduced**
- d) None of these

21. Difference between Reserves and Provision on the basis of Nature, purpose and effect on profit.

Basis	Reserves	Provisions
Nature	Appropriation of profit; deducted from profit after tax.	Charge against profit; created for known or estimated liabilities/expenses.
Purpose	To strengthen the financial position, meet	To meet specific known or anticipated

	future contingencies, or for expansion.	liabilities/losses (e.g., bad debts, depreciation, tax).
Effect on Profit	Does not reduce net profit for the year; made after calculation of profit.	Reduces net profit in the year it is created; treated as an expense.

22. From the books of M/s Arjun Traders, the following errors were discovered after preparing the Trial Balance on 31 March 2025: 3

1. Credit sales of ₹6,000 to Mr. Verma were completely omitted from the books.
2. Purchase of office furniture for Rs15,000, paid in cash, was not recorded in the books.
3. Cash received from Mr. Mehta Rs 4,000 was not entered in the cash book.

Pass rectification entries in the Journal to correct the above errors.

Ans)

Date	Particulars	L.F.	Debit (Rs)	Credit (Rs)
31 Mar 2025	Mr. Verma A/c		6,000	
	To Sales A/c			6,000
31 Mar 2025	Furniture A/c		15,000	
	To Cash A/c			15,000
31 Mar 2025	Cash A/c		4,000	
	To Mr. Mehta A/c			4,000

OR

(B) What are the different types of errors that are usually committed in recording business transaction?

Ans) According to the nature of errors committed, errors are classified into the following four categories:

1. **Errors of Commission:** The errors that are committed because of wrong posting of transactions, wrong balancing of accounts, wrong casting of subsidiary books, wrong totaling or wrong recording of amount in the books are all error of commission. These errors affect the agreement of the trial balance.
2. **Errors of Omission:** These errors are of two types and are committed when a transactions is partially or completely omitted to be recorded in the books.
 1. **Error of complete omission** – When a transaction is completely omitted to be recorded in the books of accounts or to be posted in the respective ledgers, it is an error of complete omission. Such errors do not affect the agreement of the trial balance.
 2. **Error of partial omission** – When a transaction is partially omitted while recording in the books or amounts or partially omitted from posting in the ledger, it is an error of partial omission. Such errors affect the agreement of the trial balance.
3. **Errors of Principle:** Accounting transactions are to be recorded following certain principles. If any of the principle of accounting entries are violated or ignored and the error occurring due to such violation is called error of principle.
4. **Compensating errors:** When two or more errors are committed in such a way that the net effect of these errors on the debits and credits of accounts is nil, such errors are called compensating errors.

23. Prepare a Trial Balance from the following balances extracted from the books of M/s Riya Traders as on 31 March 2025:

Particulars	Amount (Rs)
Capital	80,000
Cash	12,000

Particulars	Amount (Rs)
Purchases	35,000
Sales	60,000
Rent	5,000
Debtors	18,000
Creditors	10,000

Solution:

Trial Balance of M/s Riya Traders as on 31 March 2025

Particulars	Debit (Rs)	Credit (Rs)
Cash	12,000	—
Purchases	35,000	—
Rent	5,000	—
Debtors	18,000	—
Capital	—	80,000
Sales	—	60,000
Creditors	—	10,000
Total	70,000	70,000

24. From the books of M/s Arya Traders, the following information is available for the year ended 31 March 2025:

3

Particulars	Amount (Rs)
Opening Stock	25,000
Purchases	80,000
Purchase Returns	5,000
Carriage Inwards	3,000
Sales	1,50,000
Sales Returns	10,000
Closing Stock	30,000

Prepare Trading Account to find out Gross Profit for the year.

OR

(B) What are closing entries? Give four examples of closing entries.

Ans) The preparation of trading and profit and loss account requires that the balances of accounts of all concerned items are transferred to it for its compilation. The entries required for compilation are known as closing entries.

Trading A/c debit side- To opening stock, To Purchases, To wages A/c

Trading A/c credit side – By sales, By Closing Stock A/c.

25. Show the accounting equation for the following transactions:

a) Gopinath started business with cash	25,000
b) Purchased goods from Shyam	10,000
c) Sold goods to Sohan costing 1800	1,500
d) Gopinath withdrew from business	5,000

Ans)

S.NO	Transactions	Assets Cash + Stock + Debtors	=	Liabilities + Capital Creditors
1	Gopinath started business with cash of ₹25000 www.commerceschool.in	25000 + 0	=	0 + 25000
2	Purchased goods from Shyam New Equation	10000	=	10000
		25000 + 10000	=	10000 + 25000
3	Sold goods to Rohan Costing ₹1800 for ₹1500 New Equation	(-) 1800 + 1500	=	(-) 300
		25000 + 8200 + 1500	=	10000 + 24700
4	Gopinath withdrew from business www.commerceschool.in	(-) 5000	=	(-) 5000
		20000 + 8200 + 1500	=	10000 + 19700

26. Enter the following transactions in double column cash book of M/s Ambika Traders for November 2005:

		Rs
01	Commenced business with cash	50,000
03	Opened bank account with ICICI	30,000
05	Purchased goods for cash	10,000
10	Purchased office machine for cash	5,000
15	Sales goods on credit from Rohan and received cheque	7,000
18	Cash sales	8,000
20	Rohan's cheque deposited into bank	
22	Paid cartage by cheque	500
25	Cash withdrawn for personal use	2,000
30	Paid rent by cheque	1,000

Solution:

**Books of M/s. Ambika Traders
Cash Book**

Dr.					Cr.				
Date	Particulars	L.F.	Cash Rs	Bank Rs	Date	Particulars	L.F.	Cash Rs	Bank Rs
2005					2005				
Nov.01	Capital		50,000		Nov.03	Bank	C	30,000	
Nov.03	Cash	C		30,000	Nov.05	Purchases		10,000	
Nov.15	Rohan		7,000		Nov.10	Office Machine		5,000	
Nov.18	Sales		8,000		Nov.20	Bank	C	7,000	
Nov.20	Cash	C		7,000	Nov.22	Cartage			500
					Nov.25	Drawings		2,000	
					Nov.30	Rent			1,000
					Nov.30	Balance c/d		11,000	35,500
			65,000	37,000				65,000	37,000

OR

(B) Enter the following transactions in a simple cash book for December 2005:

		Rs
01	Cash in hand	12,000
05	Cash received from Bhanu	4,000
07	Rent Paid	2,000
10	Purchased goods Murari for cash	6,000
15	Sold goods for cash	9,000
18	Purchase stationery	300
22	Cash paid to Rahul on account	2,000
28	Paid salary	1,000
30	Paid rent	500

Ans)

Cash Book

Dr.

Cr.

Date	Particulars	L.F.	Amount		Date	Particulars	L.F.	Amount	
			Rs					Rs	
2005					2005				
Dec.01	Balance b/d		12,000		Dec.07	Rent		2,000	
Dec.05	Bhanu		4,000		Dec.10	Purchases		6,000	
Dec.15	Sales		9,000		Dec.18	Stationery		300	
					Dec.22	Rahul		2,000	
					Dec.28	Salaries		1,000	
					Dec.30	Rent		500	
					Dec.31	Balance c/d		13,200	
			25,000					25,000	

27. M/s Ritu Traders carried out the following transactions in March 2025:

1. Purchased goods from M/s Sunil Enterprises for ₹75,000. GST applicable: **CGST 9% and SGST 9%**.
2. Sold goods to Mr. Mehta for ₹1,00,000 plus **GST (CGST 9% + SGST 9%)**.
3. Paid **freight ₹5,000** for purchased goods in cash.
4. Paid ₹50,000 to M/s Sunil Enterprises by cheque.

Ans)

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
1 Mar 2025	Purchases A/c		75,000	
	CGST Input A/c		6,750	
	SGST Input A/c		6,750	
	To M/s Sunil Enterprises A/c			88,500

Step 2: Freight Paid

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
3 Mar 2025	Purchases A/c		5,000	
	To Cash A/c			5,000

Step 3: Payment to Supplier

Date	Particulars	L.F.	Debit (Rs)	Credit (Rs)
10 Mar 2025	M/s Sunil Enterprises A/c		50,000	
	To Bank A/c			50,000

Step 4: Sale Transaction (Including GST)

- Sale Value = ₹1,00,000
- CGST 9% = 1,00,000 × 9% = 9,000
- SGST 9% = 1,00,000 × 9% = 9,000
- Total Sale Invoice = 1,00,000 + 9,000 + 9,000 = 1,18,000

Date	Particulars	L.F.	Debit (Rs)	Credit (Rs)
15 Mar 2025	Mr. Mehta A/c		1,18,000	
	To Sales A/c			1,00,000
	To CGST Output A/c			9,000
	To SGST Output A/c			9,000

28. From the following particulars prepare a bank reconciliation statement showing the balance as per cash book on December 31, 2014.

1. Two cheques of Rs 2,000 and Rs 5,000 were paid into bank in October, 2014 but were not credited by the bank in the month of December.
2. A cheque of Rs 800 which was received from a customer was entered in the bank column of the cash book in December 2014 but was omitted to be banked in December, 2014.
3. Cheques for Rs 10,000 were issued into bank in November 2014 but not credited by the bank on December 31, 2014.
4. Interest on investment Rs 1,000 collected by bank appeared in the passbook.

Balance as per Passbook was Rs 50,000.

Solution:

Bank Reconciliation Statement as on December 31, 2014			
S. No.	Particulars	(+) Amount ₹	(-) Amount ₹
	Balance as per the Pass book	50,000	
a.	Cheques deposited but not cleared till 31 December	7,000	
b.	Cheque debited in the Cash Book but not deposited in the bank	800	
c.	Cheque issued but not presented (not debited in the Pass Book)		10,000
d.	Interest on investment collected by bank		1,000
			11,000
	Balance as per the Cash book (57,800 - 11,000)		46,800
		57,800	57,800

OR

(B) Explain the below when Transactions which appear in the pass book but not in the cash book:

- 1) Direct bank charges, commission and interest debited by the bank
- 2) Expenses directly paid by the bank on behalf of the customers

- 3) Amounts directly deposited in the customer's account
- 4) Cheques deposited dishonoured or bills discounted dishonoured

1. Ans) **Direct bank charges, commission and interest debited by the bank**

Bank provides us various services for which it levies some charges which is directly debited from the firm's account. The firm will know of these charges only after she/he verifies the entries with the bank statement.

Example: Interest on overdraft, unpaid cheques and cheque collection charges

2. **Expenses directly paid by the bank on behalf of the customers**

Depending upon the standing instruction of the customer, the bank makes regular payment on behalf of the customer. The bank debits the customer's account when the payment is made but the firm will pass the entry in his book only after he receives the bank statement. Thus, the balance as per the pass book will be less than the balance in the cash book.

Example: Insurance premium, telephone bills and rent

3. **Amounts directly deposited in the customer's account**

There are times when the firm's debtors deposit money or make payments directly into the firm's bank account. This results in an increase in the balance of the bank account. As no intimation is received by the firm, there will be no record of the same in the cash book.

4. **Cheques deposited dishonoured or bills discounted dishonoured**

The bank sometimes allows the facility of discounting the bills of the customers. If such a bill is dishonoured on its date of maturity, the same is debited to customers account. As this information is not available to the firm, there will be no entry in the cash book. Similarly, when a cheque deposited by the firm in the bank is dishonoured, the same is debited to the customer's account. As a result, there is a difference between the balances of the cash book and the pass book.

29. On 1st April, 2019, furniture costing Rs 55,000 was purchased. It is estimated that its life is 10 years at the end of which it will be sold for Rs 5,000.

Additions are made on 1st April, 2020 and 1st October, 2022 to the value of ₹ 9,500 and ₹ 8,400 (Residual values Rs 500 and ₹ 400 respectively). Show the Furniture Account for the first four years, if Depreciation is written off according to the Straight Line Method.

Ans)

Dr.		Machinery A/c				Cr.	
Date	Particulars	Cr.	Dr.	Date	Particulars	Cr.	Dr.
1/4/19	To Bank A/c		55000	31/3/20	By Depreciation	5000	
"	"			"	By Balance c/d	50000	
			450000		www.commerceschool.in	450000	
1/4/20	To Balance B/c/d		50000	31/3/21	By Depreciation (5000+900)	5900	
"	To Bank A/c		9500	"	By Balance c/d	53600	
	www.commerceschool.in					59500	
			59500			59500	
1/4/21	To Balance B/c/d		53600	31/3/22	By Depreciation	5900	
			53600	31/3/22	By Balance c/d	47700	
1/4/22	To Balance B/c/d		47700	31/3/23	By Depreciation A/c (5900+700)	6600	
1/10/22	To Bank A/c		8400	31/3/23	By Balance c/d	49800	
			56100		www.commerceschool.in	56100	
1/4/23	To Balance B/c/d		49800				

30. Kumar a general merchant keeps his account in Single entry system. He wants to know result of his business on 31st March 2023, and for that following information is available:

	1 st April 2022	31 st March 2023
Cash in hand	150000	175000
Bank balance	750000	800000
Furniture	100000	100000

Stock	500000	650000
Creditors	350000	400000
Debtors	250000	300000

During the year, he had withdrawn ₹ 5,00,000 for his personal use and invested ₹ 2,50,000 as additional

capital. Calculate his profits on 31st March 2023 and prepare the Statement of Affairs as on that date.
Ans)

Statement of Profit or Loss for the year Ended 31 st March		₹
Particulars		
Closing Capital		1625000
Add Drawings		500000
		2125000
Less Additional Capital		250000
		1875000
Less opening Capital		1400000
Profit for the year		475000

31. Pass necessary Journal entries for the following transactions:

- Goods were destroyed by fire Rs 1,00,000
- Charge interest on drawing Rs 16,000
- Proprietor withdrew for his personal use cash Rs 10,000 and goods worth Rs 4,000.
- Sold goods costing Rs 80,000 to Arjun against cheque at a profit of 25% on cost
Less: 15% Trade discount
- Goods purchased for Rs 20,000 at 10% trade discount and 5% cash discount.
Payment made by cheque.
- Out of Insurance premium paid this year, Rs 5,000 is related to next year.

Ans)

JOURNAL ENTRIES

Date	Particulars	LF	Debit Rs	Credit Rs
i.	Loss by Fire A/c Dr. To Purchases A/c		100000	100000
ii.	Drawings A/c Dr. To Interest on Drawings A/c		16000	16000
iii.	Drawings A/c Dr.		14000	
	To Cash A/c To Purchases A/c			10000 4000
iv.	Bank A/c Dr. To Sales A/c		85000	85000
v.	Purchases A/c Dr. To Bank A/c To Discount A/c		18000	17100 900
vi.	Prepaid Insurance A/c Dr. To Insurance A/c		5000	5000

OR

(B) Debit and credit depend on the nature of accounts involved; such as assets, expenses, income,

liabilities and capital. Explain using example of each types of accounts.

Ans) Debit and credit depend on the nature of accounts involved; such as assets, expenses, income, liabilities and capital. There are five types of Accounts.

1. Assets- These include all properties or legal rights owned by a firm for its operations, such as cash in hand, plant and machinery, bank, land, building, etc. All assets have debit balance. If assets increase, they are debited and if assets decrease, they are credited.

For example, furniture purchased and payment made by cheque. The journal entry is:

Furniture A/c Dr.

To Bank A/c

Here, furniture and bank balance, both are assets to the firm. As furniture is purchased, so furniture account will increase, and will be debited. On the other hand, payment of furniture is being made by cheque that reduces the bank balance of the business, so bank account will be credited.

2. Expense- It is made to run business smoothly and to carry day to day business activities.

All expenses have debit balance. If an expense is incurred, it must be debited.

For example, rent paid. The journal entry is:

Rent A/c Dr.

To Cash A/c

Here, rent is an expense. All expenses have debit balance. Hence, rent is debited. On the other hand, as rent is paid in cash that reduces the cash balances, so cash account is credited.

3. Liability- Liability is an obligation of business. Increase in liability is credited and decrease in liability is debited.

For example, loan taken from bank. The journal entry is:

Bank A/c Dr.

To Bank Loan A/c

Here, loan from bank is a liability to the firm. As all liabilities have credit balance, so loan from bank has been credited because it increases the liabilities.

4. Income- Income means profit earned during an accounting period from any source. Income also means excess of revenue over its cost during an accounting period. Income has credit balance because it increases the balance of capital.

For example, rent received from tenant. The journal entry is:

Cash A/c Dr.

To Rent A/c

Here, rent is an income; hence, rent account has been credited and cash has been debited, as rent received increases the cash balances.

5. Capital- Capital is the amount invested by the proprietor in the business. Capital has credit balance. Increase in capital is credited and decrease in capital is debited

For example, additional capital introduced by owner. The journal entry is:

Cash A/c Dr.

To Capital A/c

As additional capital is introduced, so the amount of capital will increase, i.e. why, capital account is credited. On the other hand, as capital is introduced in form of cash, so the cash balances decrease, i.e. why, cash account is debited.

32. Prepare Ledger Accounts from the following Journal Entries:

DATE	PARTICULAR	LF	DEBIT	CREDIT
1/8/2025	Cash A/c ---Dr To Dharma Capital A/c		70000	70000
6/8/2025	Cash A/c----Dr To Ganesan A/c		10000	10000
10/8/2025	Rent A/c--- Dr To Cash A/c		3000	3000
20/8/2025	Cash A/c ---Dr		5000	

	To Commission Received A/c			5000
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Ans)

Cash Account

Dr.

Cr.

Date	Particulars	J.F.	₹	Date	Particulars	J.F.	₹
2017				2017			
Aug. 1	To Dharma Capital A/c		70,000	Aug. 10	By Rent A/c		3,000
6	To Ganesh A/c		10,000	Aug. 31	By Balance c/d		82,000
20	To Commission A/c		5,000				
			85,000				85,000
Sep. 1	To Balance b/d		82,000				

Capital Account

Dr.

Cr.

Date	Particulars	J.F.	₹	Date	Particulars	J.F.	₹
2017				2017			
Aug. 31	To Balance c/d		70,000	Aug. 1	By Cash A/c		70,000
			70,000				70,000
				Sep. 1	By Balance b/d		70,000

Ganesan Account

Dr.

Cr.

Date	Particulars	J.F.	₹	Date	Particulars	J.F.	₹
2017				2017			
Aug. 31	To Balance b/d		10,000	Aug. 6	By Cash A/c		10,000
			10,000				10,000
				Sep. 1	By Balance b/d		10,000

Rent Account

Dr.

Cr.

Date	Particulars	J.F.	₹	Date	Particulars	J.F.	₹
2017				2017			
Aug. 10	To Cash A/c		3,000	Aug. 31	By Balance c/d		3,000
			3,000				3,000
Sep. 1	To Balance b/d		3,000				

Received Commission Account

Dr.

Cr.

Date	Particulars	J.F.	₹	Date	Particulars	J.F.	₹
2017				2017			
Aug. 31	To Balance c/d		5,000	Aug. 20	By Cash A/c		5,000
			5,000				5,000
				Sep. 1	By Balance b/d		5,000

33. Prepare Return Inward and Return Outward books of Mahi, Mumbai from the following transactions:

March 1 2025 - Mathur Bros., New Delhi, returned: 5 pairs of Shoes for being defective @ ₹ 2,000 per pair Less: Trade Discount 10%

March 5 2025 - Returned to Kanpur Leather Private Ltd., Kanpure:

100 pairs of Chappals being not up to the approved sample. They were purchased @ ₹ 300 per pair

Less: Trade Discount 15%

March 12 2005 - Baluja Shoes Co., Mumbai returned 12 pairs of ladies chappals sold to them @ ₹ 4,000 per pair Less: Trade Discount 10%.

March 20 2025 - Returned to Bata Shoes Pvt. Ltd., Mumbai: 100 pairs B.S.C Canvas Shoes @ ₹ 500 per pair Less: Trade Discount 15%

Date	Particulars	www.commerceschool.in	Invoice No	c/f	Details	Total
2022 March 5	M/s Kanpur Leather Pvt. Ltd. 100 Pairs chappals @ ₹ 300 Each				30000	
	Less Trade Discount @ 15%				4500	25500
March 20	M/s Bata Shoes Pvt. Ltd. 100 Pairs B.S.C Canvas @ ₹ 500				50000	
	Less Trade Discount @ 15%				7500	42500
March 31	Return outward A/c	Dr. www.commerceschool.in				68000

Date	Particulars	www.commerceschool.in	Invoice No	c/f	Details	Total
2022 March 1	M/s Mathur Bros. New Delhi 5 Pair Shoes @ ₹ 2000 Each				10000	
	Less Trade Discount @ 10%				1000	9000
March 12	M/s Baluja Shoes Co. Mumbai 12 Pairs of Ladies Chappals sold @ ₹ 4000 per pair				48000	
	Less Trade Discount @ 10%				4800	43200
	Return Inward A/c	Dr. www.commerceschool.in				52200

OR

(B) Difference between Return inward and Return outward on the below basis: Meaning, Balance, Treatment, Issued, Reduction, Term.

Answer :

Basis of Difference	Return Inwards	Return Outwards
Meaning	Goods sold to the customers, are returned by them.	Goods purchased are returned to the suppliers.
Balance	It has debit balance.	It has credit balance.
Treatment	It is deducted from Sales in the Trading Account.	It is deducted from Purchases in the Trading Account.
Issued	Credit note is prepared by the seller.	Debit note is prepared by the buyer.
Reduction	It reduces the payment from the Debtors.	It reduces the payment made to the Creditors.
Term	It is also termed as Sales Returns.	It is also termed as Purchases Returns.

34. From the following information; Prepare Trading account and Profit and Loss Account for the year ended 31st March, 2025.

Capital	1,00,000	Bank	10,000
Creditors	17,000	Repairs	500
Return outwards	5,000	Stock (1/4/2024)	20,000
Sales	1,64,000	Rent	4,000

Plant & Machinery	40,000	Manufacturing expenses	8,000
Debtors	24,000	General expenses	7,000
Drawings	10,000	Bad debts	2,000
Purchases	1,05,000	Carriage inwards	1,500
Return inward	3,000	Electricity expenses (factory)	1,000
Wages	50,000		

Additional information:

- 1) Closing stock valued at 14,500.
- 2) Depreciate Plant & Machinery by 4,000.
- 3) Write off Bad debts Rs.5,000.
- 4) Rs.400 is due for repairs.

Ans)

Dr. Trading A/c for the year ending 31st March Cr.			
Particulars	₹	Particulars	₹
To opening stock	20000	By Sales	164000
To Purchase	105000	Less Return Inward	3000
Less Return outward	5000		161000
To Wages	50000	By closing stock	14500
To Manufacturing Exp	8000	By Goods lost & lost	5000
To Carriage Inward	1500	(transferred to P&L A/c)	
To Fuel & Power	1000		
	180500		180500

Dr. Profit & Loss A/c for the year ending 31st March Cr.			
Particulars	₹	Particulars	₹
To Gross Loss B/d	5000		
To Depreciation Plant & Machinery	4000		
To B&B Debts	2000		
Add Further B&B Debts	5000		
To Repair & Add of Repairs	500		
	400		
To Rent	4000	By Net Loss	27900
To Trade Expenses	7000		
	27900		27900

Balance sheet as at 31st March			
Liabilities	₹	Assets	₹
Capital	100000	Plant & Machinery	40000
Less Net Loss	27900	Less Depreciation	4000
	72100	Sundry Debtors	24000
Less Drawings	10000	Less Further B&B Debts	5000
	62100	Closing stock	14500
Creditors	17000	Bank	10000
Outstanding Repairs	400		
	79500		79500

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