

**ACCOUNTANCY CLASS – XI**  
**Examination Paper 2016**

**Time Allowed: 3 Hours**

**Max. Marks: 80**

**General Instructions:**

1. All the questions are compulsory.
2. Attempt all the parts of a question at one place.
3. Show your workings clearly.

**GROUP-A**

**1. Answer the following questions:**

(1 × 24 = 24)

**Select the Correct Alternative:**

- (i) Which of the following is not a branch of accounting?  
(a) Management Accounting                      (b) Cost Accounting  
(c) Financial Accounting                      (d) Book-keeping
- (ii) In which basis of accounting the doctrine of conservatism is observed?  
(a) Cash Basis                                      (b) Accrual Basis  
(c) Mixed Basis                                      (d) None of these
- (iii) Which of the following will not be recorded in the books of account?  
(a) Sale of Goods                                      (b) Payment of Salary  
(c) Quality of Staff                                      (d) Paid for Stationery
- (iv) Which of the following is not an asset?  
(a) Patent    (b) Goodwill  
(c) Stock    (d) Bills Payable
- (v) Financial Institutions are ..... users of accounting information.  
(a) External    (b) Internal  
(c) Primary    (d) None of these
- (vi) Which of the following is transaction?  
(a) To recruit Mr. Roy as a manager with monthly salary of ₹ 10,000.  
(b) To give a gift on sister's marriage.  
(c) To open a Current Account in a commercial bank by ₹ 20,000.  
(d) All of these.
- (vii) Depreciation is under which Accounting Standard of India?  
(a) AS-6    (b) AS-3  
(c) AS-7    (d) AS-29
- (viii) Which Institution is responsible in India to implement Accounting Standards?  
(a) IASB    (b) ICAI  
(c) ICSI    (d) ICWAI
- (ix) Which of the following is not a Liability?  
(a) Capital    (b) Bills Payable  
(c) Provision for Doubtful Debts                      (d) Patent Right

- (x) If Calcutta Furniture Mart purchased 2 almirahs, it will be treated in accounting as
- (a) Asset. (b) Expenses.  
(c) Purchase. (d) Income.
- (xi) Under Matching Concept, matching is done between
- (a) Assets and Liabilities. (b) Capital and Drawings.  
(c) Receipts and Payments. (d) Expenses and Incomes.
- (xii) Purchase of Assets indicates
- (a) Capital Expenditure. (b) Revenue Expenditure.  
(c) Deferred Revenue Expenditure. (d) None of these.
- (xiii) What will be the amount of liability to the owners, if total assets of an organisation are ₹ 1,20,000 and liabilities to the third party of ₹ 50,000?
- (a) ₹ 1,70,000 (b) ₹ 1,20,000  
(c) ₹ 70,000 (d) ₹ 50,000
- (xiv) Depreciation on fixed asset is
- (a) Cash transaction. (b) Credit transaction.  
(c) Internal transaction. (d) None of these.
- (xv) An order for sale of an article is received on the 1st, goods are sent on the 15th and amount received in cash on the 18th. The date of revenue recognition in this case will be
- (a) 1st. (b) 15th.  
(c) 18th. (d) closing date of accounting year.
- (xvi) On 01.01.2015, Mr. X draws a bill on Mr. Y for 3 months, the maturity date of the bill will be
- (a) 01.04.15. (b) 04.05.15.  
(c) 03.04.15. (d) 04.04.15.
- (xvii) In case of 'after sight bill' due date is counted
- (a) from the date of acceptance.  
(b) from the date of drawing of bill.  
(c) no difference between the date of drawing and date of acceptance.  
(d) none of these.
- (xviii) The credit balance of Income and Expenditure Account is
- (a) Surplus. (b) Deficit.  
(c) Capital. (d) Asset.
- (xix) A club has total 1,100 members. Annual subscription for every member of ₹ 1,000, opening and closing accrued subscription are ₹ 1,00,000 and ₹ 2,00,000 respectively, Which amount of money as subscription is to be credited to Income and Expenditure Account for that accounting year?
- (a) ₹ 11,00,000 (b) ₹ 12,00,000  
(c) ₹ 10,00,000 (d) None of these

- (xx) If the opening capital is ₹ 20,000 more than the closing capital and the amount of drawings is ₹ 50,000, then what will be the amount of trading profit?
- (a) ₹ 30,000 (b) ₹ 70,000  
(c) ₹ 20,000 (d) ₹ 50,000
- (xxi) Surplus or Deficit of a non-profit seeking organisation is transferred to which account?
- (a) Capital Account (b) Capital Fund Account  
(c) Drawing Account (d) Special Fund Account
- (xxii) Machinery purchased for ₹ 10,000 and wrongly recorded in Purchase Day Book. It is the error of
- (a) Omission. (b) Commission.  
(c) Principle. (d) Compensating.
- (xxiii) Which of the following is not a hardware?
- (a) Key-board (b) Mouse  
(c) Monitor (d) Operating System
- (xxiv) RAM is
- (a) Permanent Memory. (b) Temporary Memory.  
(c) Human Memory. (d) None of these.

### GROUP-B

#### 2. Answer the following questions in very short (Alternatives are to be noted):

(1 × 12 = 12)

- (i) What is a Transaction?
- (ii) Give an example of Fictitious Asset.
- OR
- What do you mean by Current Liability?
- (iii) What is the full form of ASB?
- (iv) What are the sources of income of a non-profit seeking concern?
- OR
- Write one disadvantage of Receipts and Payments Account.
- (v) What is Trade Discount?
- OR
- State one distinction between Cash Discount and Trade Discount?
- (vi) Give an example of error of complete omission.
- OR
- What is error of principle?

(vii) Give the Journal entry for bad debt recovery.

OR

State one difference between Reserve and Provision.

(viii) Who is a drawer of a bill?

(ix) Goods worth ₹ 10,000 destroyed by fire. How will it be shown in the final accounts?

(x) What type of enterprise generally follow Single Entry System?

(xi) What is Voucher?

OR

What is Current Asset?

(xii) Write one difference between Software and Hardware.

### GROUP-C

#### 3. Answer the following questions in very short (Alternatives are to be noted):

(4 × 4 = 16)

(i) The following errors were detected in the books of Nath & Co. after preparation of their Trial Balance. Rectify these errors:

(a) Purchases Return Book was overcast by ₹ 5,000.

(b) Purchased Furniture of ₹ 10,000 for office use but wrongly included in Purchases Account.

(c) Recovery of bad debt earlier written off ₹ 800 credited to Debtors Account.

(d) Goods sold on credit of ₹ 2,000 to Mr. Roy but wrongly debited to Mr. Ghosh's Account.

(ii) Show the differences between Revenue Reserve and Capital Reserve.

OR

On 01.04.2015, a business had a balance of ₹ 76,000 in its Machinery Account. The business closes the books of account on 31st March every year. Depreciation is charged @ 10% p.a. on machineries under Reducing Balance Method. On 01.10.2015 a new machinery was purchased for ₹ 13,920 and on the same day an old machinery sold for ₹ 3,000, which was installed on 01.4.2012 at ₹ 4,000.

Prepare a Machinery Account for the year ended 31.3.2016.

(iii) On 05.01.2015, Bimal sold goods to Kamal for ₹ 30,000. On the same day, Kamal accepted a bill for the same amount for three months. On 07.01.2015, Bimal endorsed the bill to Gopal in full settlement of his claim of ₹ 31,500. On the due date, the bill was dishonoured.

Show necessary Journal entries in the books of Bimal.

OR

Explain: (a) Noting charges, (b) Days of grace.

(2 + 2)

(iv) State four limitations of computerised accounting.

**GROUP-D****4. Answer the following questions (Alternatives are to be noted):** (6 × 3 = 18)

(i) From the following particulars, prepare a Sales Day Book of Rahul Traders:

2015

January 8 Sold to White Tea Centre 200 kg. of Green Tea @ ₹ 100 per kg. Less Trade discount @ 10%, Sales Tax was 5%.

January 15 Sold to Black Tea Company 150 kg. of special quality tea @ ₹ 160 per kg. Less Trade discount @ 5%, Sales Tax was 6% and Packing charges were ₹ 50.

January 24 Sold to Red Tea Ltd. 100 kg. of Herbal Tea for ₹ 4,000. Less Trade discount @ 5%.

OR

Redraft the following Trial Balance:

A Book keeper extracted the following Trial Balance as on 31st March, 2016:

Heads of Accounts	Dr. Balances ₹	Cr. Balances ₹
Furniture	20,000	...
Capital	...	2,00,000
Debtors	2,00,000	...
Stock (01.04.2015)	1,04,000	...
Creditors	...	80,000
Trade Expenses	50,000	...
Sales	...	8,58,000
Wages	30,000	...
Stock (31st March, 2016)	98,000	...
Machinery	...	50,000
Purchase	6,25,000	...
Wife's Loan to the Business	50,000	...
Discount Allowed	...	4,000
Drawings made by the Proprietors	...	45,000
Motor Van	60,000	...
<b>Total</b>	<b>12,37,000</b>	<b>12,37,000</b>

- (ii) What do you mean by Income and Expenditure Account? State the characteristics of Income and Expenditure Account. (2 + 4)

OR

From the given Receipts and Payments Account of Calcutta Recreation Club, and other information, prepare an Income and Expenditure Account for the year ended 31st December, 2015:

RECEIPTS AND PAYMENTS ACCOUNT			
<i>for the year ended 31st December, 2015</i>			
<i>Dr.</i>			<i>Cr.</i>
Receipts	₹	Payments	₹
To Balance <i>b/f</i>		By Salaries	45,000
in hand	50,000	By Repairs	15,000
at Bank	60,000	By Sports Equipments	1,50,000
To Subscriptions:		By Miscellaneous Expenses	25,000
2014	20,000	By Insurance Premium	5,000
2015	1,00,000	By Balance <i>c/f</i> :	
2016	20,000	in hand	12,000
To Donations	60,000	at Bank	88,000
To Admission Fees	20,000		
To Interest on Bank Deposit	7,000		
To Sale of old Newspapers	3,000		
	3,40,000		3,40,000

*Additional Information:*

- (a) Subscription outstanding for 2015 was ₹ 20,000 and Subscription received in 2014 for the year 2015 amounted to ₹ 10,000.
- (b) 40% of donations is to be capitalised.
- (c) Depreciation are to be charged on Sports Equipment @ 10%.
- (iii) From the following information, ascertain the total purchase:

	₹
Opening Balance of Creditors	9,850
Cash paid to Suppliers	45,760
Discount Received	1,740
Bills Payable accepted	12,500
Returned Defective Goods	2,100
Cash Purchase	35,000
Closing Balance of Creditors	8,300

OR

What do you mean by Double Entry System? Differentiate between Single Entry System and Double Entry System. (2 + 4)

## GROUP-E

## 5. Answer the following question:

(10 × 1 = 10)

The Trial Balance of Mr. Sarkar as on 31st March, 2016 was as follows:

Heads of Accounts	Dr. Balances ₹	Cr. Balances ₹
Purchase	8,12,525	...
Sales	...	12,62,000
Provision for Doubtful Debts	...	26,000
Sundry Debtors	2,51,000	...
Sundry Creditors	...	1,52,630
Bills Payable	...	19,750
Opening Stock	1,33,625	...
Wages	1,15,685	...
Salaries	27,875	...
Furniture	36,250	...
Postage	21,130	...
Power and Fuel	6,750	...
Trade Expenses	29,155	...
Bad Debts	2,625	...
Loan to Rajkumar (01.10. 2015)	15,000	...
Cash in Hand and at Bank	50,000	...
Trade Expenses Accrued but not paid	...	3,500
Drawings A/c	22,260	...
Capital A/c	...	50,000
Outstanding Wages	...	10,000
<b>Total</b>	<b>15,23,880</b>	<b>15,23,880</b>

Prepare Trading and Profit & Loss Account for the year ended 31st March, 2016 and Balance Sheet as on that date after taking into consideration the following information:

- (i) Closing Stock on 31st March, 2016 was ₹ 65,000.
- (ii) Depreciation on Furniture is to be charged @ 10%.
- (iii) Provision for Doubtful Debts is to be maintained @ 5% on Sundry Debtors.
- (iv) Sundry Debtors include an item of ₹ 2,500 due from a customer who has become insolvent.
- (v) Goods of the value of ₹ 7,500 have been destroyed by fire and insurance company admitted a claim for ₹ 5,000.
- (vi) Received ₹ 6,000 worth of goods on 27th March, 2016 but the invoice of purchases was not recorded in Purchase Book.

## Answers

### GROUP-A

1. (i) (d); (ii) (b); (iii) (c); (iv) (d); (v) (a); (vi) (c); (vii) (a); (viii) (b); (ix) (d); (x) (c); (xi) (d); (xii) (a); (xiii) (c); (xiv) (c); (xv) (b); (xvi) (d); (xvii) (a); (xviii) (a); (xix) (a); (xx) (a); (xxi) (b); (xxii) (c); (xxiii) (d); (xxiv) (b).

### GROUP-B

2. (i) Transaction means a financial transaction or event entered into by two parties and recorded in the books of account.  
(ii) Advertisement Expenses written off in more than one year.

OR

Current liability is a liability that is payable within 12 months from the end of the accounting period such as creditors, bills payable.

- (iii) Accounting Standards Board.  
(iv) The sources of income of a non-profit seeking concern are subscriptions, donations and rent.

OR

Disadvantage of Receipts and Payments Account is that it does not show Income and Expense of the Accounting Year.

- (v) *Trade Discount*: Trade Discount is the rebate allowed by the seller on the basis of sales, either quantity or value. Sales are recorded at net value, *i.e.*, Sales – Trade Discount. Similarly, purchases are recorded by the purchaser at net value, *i.e.*, Purchases – Trade Discount.

OR

### Distinction between Cash Discount and Trade Discount (Any One):

<i>Basis</i>	<i>Cash Discount</i>	<i>Trade Discount</i>
1. <b>Nature</b>	It is allowed on payment being made promptly on or before an agreed date.	It is allowed on purchases made in large quantity.
2. <b>Recording</b>	Cash Discount is recorded separately in the books of account.	It is not recorded separately in the books of account.
3. <b>Deduction from Invoice</b>	It is not deducted from the invoice.	It is deducted from the invoice.
4. <b>Nature of Transaction</b>	It is allowed only on payment.	It is allowed on both credit and cash transactions.
5. <b>Consideration</b>	The consideration for allowance is payment.	The consideration for allowance is purchases.
6. <b>Relation</b>	It is related to payment.	It is related to sales and purchases of goods.





## GROUP-C

## 3. (i) RECTIFYING JOURNAL ENTRIES

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(a)	Purchases Return A/c ...Dr. To Suspense A/c (Being the error caused by overcasting of Purchases Return Book, now corrected)		5,000	5,000
(b)	Furniture A/c ...Dr. To Purchases A/c (Being the furniture purchased for office use wrongly debited to Purchases Account, now rectified)		10,000	10,000
(c)	Debtor's A/c ...Dr. To Bad Debts Recovered A/c (Being the amount earlier written off recovered wrongly credited to Debtor, now rectified)		800	800
(d)	Roy ...Dr. To Ghosh (Being the Sale to Mr. Roy was wrongly debited to Mr. Ghosh, now rectified)		2,000	2,000

## (ii) Difference between Revenue Reserve and Capital Reserve:

Basis	Revenue Reserve	Capital Reserve
1. Source	It is created out of business profits.	It is created out of capital profits.
2. Usage	It can be used for distribution of dividends without any precondition.	It can be used for distribution of dividends only if the company satisfies certain conditions prescribed by the Companies Act.
3. Purpose	It is created for strengthening the financial position and meeting the unforeseen contingencies or some specific purpose.	It is created for meeting capital losses or to be used for purposes specified by the Companies Act.

OR

Dr.		MACHINERY ACCOUNT		Cr.	
Date	Particulars	₹	Date	Particulars	₹
2015			2015		
Apr. 1	To Balance b/d	76,000	Oct. 1	By Cash/Bank A/c	3,000
Oct. 1	To Cash/Bank A/c	13,920		By Depreciation A/c (WN 1) (on Machine sold)	146
Oct. 1	To Gain (Profit) on Sale of Machinery A/c	230	2016		
			Mar. 31	By Depreciation A/c (WN 2)	8,004
				By Balance c/d	79,000
		90,150			90,150

**Working Notes:**

1. <i>Gain (Profit)/Loss on Sale of Machine:</i>		₹
Purchase Cost (1st April, 2012)		4,000
Depreciation for year ended 31st March, 2013	400	
Add: Depreciation for year ended 31st March, 2014	360	
Depreciation for year ended 31st March, 2015	324	1,084
Book Value of Machinery Sold as on 31st March, 2015		2,916
Less: Depreciation for Six Months (Up to Date of Sale)		146
Book Value of Machinery Sold on 1st October, 2015		2,770
Sale Consideration		3,000
Gain (Profit) on Sale of Machine (₹ 3,000 – ₹ 2,770)		230
2. <i>Depreciation for the Year:</i>		
On Old Machinery (Book Value as on 1st April, 2015)		76,000
Less: Book value of Machinery Sold (As on 1st April, 2015) (as per WN 1)		2,916
Remaining Machinery		73,084
Depreciation @ 10% p.a. for 1 year		7,308
Add: Depreciation on New Machinery for 6 Months (10% p.a. of ₹ 13,920)		696
Total Depreciation		8,004

(iii)

**In the Books of Bimal  
JOURNAL**

Date	Particulars	L.F.	Dr. ₹	Cr. ₹
2015 Jan. 5	Kamal ...Dr. To Sales A/c (Being the goods sold to Kamal)		30,000	30,000
	Bills Receivable A/c ...Dr. To Kamal (Being the acceptance for 3 months of Kamal received)		30,000	30,000
Jan. 7	Gopal ...Dr. To Bills Receivable A/c To Discount Received A/c (Being the acceptance of Kamal endorsed to Gopal in settlement of his claim of ₹ 31,500)		31,500	30,000 1,500
April 8	Kamal ...Dr. Discount Received A/c ...Dr. To Gopal (Being the acceptance of Kamal dishonoured and thus, Discount Received reversed and granted credit to Gopal)		30,000 1,500	31,500

OR

- (a) **Noting Charges:** Noting Charges is the fee paid to the Notary Public for noting and establishing the fact of dishonour of the bill.
- (b) **Days of Grace:** Days of Grace are three extra days added to the period of bill. It is a custom to add the days of grace.

(iv) Computerised Accounting suffers from the following limitations:

- (a) **Controls:** If adequate controls are not built and, where built, are not followed, it can lead to loss of data. It is important to take back-ups at regular intervals to avoid such a situation.
- (b) **Data Corruption:** The data can get corrupted through viruses that may come in through the internet or the use of external input devices without scanning them for viruses.
- (c) **Untrained Computer Operators:** Untrained computer operators can lead to loss of data.
- (d) **Limitations of Software:** The software is developed on the basis of the experiences of the team of developers. As such, it may not be able to deal with a specific problem that may arise.

#### GROUP-D

4. (i)

#### Rahul Traders SALES DAY BOOK

Date	Particular	L.F.	Invoice No.	Sale Amount ₹	Sales Tax ₹	Packing Charges ₹	Total ₹
2015							
Jan. 8	<b>White Tea Centre</b>						
	200 kg. Green Tea						
	@ ₹ 100 per kg.	20,000					
	Less: Trade Discount @ 10%	2,000					
		<u>18,000</u>					
	Add: Sales Tax @ 5%	900					
		<u>18,900</u>		18,000	900	...	18,900
Jan. 15	<b>Black Tea Company</b>						
	150 kg. Special Qualified						
	@ ₹ 160 per kg.	24,000					
	Less: Trade Discount @ 5%	1,200					
		<u>22,800</u>					
	Add: Sales Tax @ 6%	1,368					
		<u>24,168</u>					
	Add: Packing	50					
		<u>24,218</u>		22,800	1,368	50	24,218
Jan. 24	<b>Red Tea Ltd.</b>						
	100 kg. Herbal Tea	4,000					
	Less: Trade Discount @ 5%	200					
		<u>3,800</u>		3,800	...	...	3,800
				<u>44,600</u>	<u>2,268</u>	<u>50</u>	<u>46,918</u>

OR

## REDRAFTED TRIAL BALANCE as on 31st March, 2016

Heads of Accounts	Dr. (₹)	Cr. (₹)
Furniture	20,000	
Capital		2,00,000
Debtors	2,00,000	
Stock (01.04.2015)	1,04,000	
Creditors		80,000
Trade Expenses	50,000	
Sales		8,58,000
Wages	30,000	
Machinery	50,000	
Purchase	6,25,000	
Wife's Loan to Business		50,000
Discount Allowed	4,000	
Drawings by Proprietor	45,000	
Motor Van	60,000	
	11,88,000	11,88,000

Stock as on 31st March, 2016 was ₹ 98,000.

- (ii) Income and Expenditure Account is prepared by a Not-for-Profit Organisation following the accrual system of accounting to ascertain the Surplus (Excess of Income over Expenditure) or Deficit (Excess of Expenditure over Income).

Features of Income and Expenditure Account are:

- (a) **Nature:** It is a Revenue Account and also Expense Account.
- (b) **Basis of Recording:** It records incomes, expenses and losses of revenue nature on accrual basis of accounting.
- (c) **Period:** It records only those incomes, expenses and losses which relate to the accounting period, whether paid or not.
- (d) **Closing Balances:** Its balance at the end represents either surplus or deficit. It is transferred to capital fund in the Balance Sheet.
- (e) **Adjustments:** This account is prepared on accrual basis of accounting and thus all adjustments relating to prepaid or outstanding expenses and incomes, Provision for Depreciation or Doubtful Debts are made.

OR

**Calcutta Recreation Club**  
INCOME AND EXPENDITURE ACCOUNT  
for the year ended 31st December, 2015

Dr.	₹	Cr.	₹
Particulars		Particulars	
To Salaries	45,000	By Subscriptions	1,00,000
To Repairs	15,000	Add: Outstanding	20,000
To Miscellaneous Expenses	25,000	Received in Advance (2014)	10,000
To Insurance Premium	5,000		1,30,000
To Depreciation on Sports Equipment	15,000	By Donations (60%)	36,000
To Surplus	91,000	By Admission Fees	20,000
(Excess of Income Over Expenditure)		By Interest on Bank Deposit	7,000
	1,96,000	By Sale of Old Newspapers	3,000
			1,96,000

(iii)

Dr.		CREDITORS ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Cash A/c	45,760	By Balance <i>b/d</i>	9,850		
To Discount Received A/c	1,740	By Purchases A/c (Credit Purchases)	60,550		
To Bills Payable A/c	12,500	(Balancing Figure)			
To Purchases Return A/c	2,100				
To Balance <i>c/d</i>	8,300				
	70,400				70,400

$$\begin{aligned} \text{Total Purchases} &= \text{Credit Purchases} + \text{Cash Purchases} \\ &= ₹ 60,550 + ₹ 35,000 = ₹ 95,550. \end{aligned}$$

OR

Double Entry system of Accounting is a system of accounting under which both the aspects of debit and credit of a transaction are recorded in the books of account. It is a scientific and complete system of accounting.

*Difference between Double Entry System and Single Entry System of Accounting:*

Double Entry system maintains a complete record of each transaction recording both the aspects. Under Single Entry System, on the other hand, all the transactions are not recorded as in Double Entry System. In some transactions both the aspects are recorded while in some one aspect is recorded or not recorded at all.

**GROUP-E**

Dr.		TRADING AND PROFIT AND LOSS ACCOUNT		Cr.	
		<i>for the year ended 31st March, 2016</i>			
Particulars	₹	Particulars	₹		
To Opening Stock	1,33,625	By Sales	12,62,000		
To Purchases	8,12,525	By Loss by Fire	7,500		
<i>Add: Purchase Not Recorded</i>	<u>6,000</u>	By Closing Stock	65,000		
To Wages	1,15,685				
To Power and Fuel	6,750				
To Gross Profit transferred to Profit and Loss A/c	2,59,915				
	13,34,500				13,34,500
To Salaries	27,875	By Gross Profit <i>b/d</i>	2,59,915		
To Postage	21,130	By Excess Provision written back (WN 2)	13,575		
To Trade Expenses	29,155				
To Loss by Fire	2,500				
To Bad Debts (₹ 2,625 + ₹ 2,500)	5,125				
To Depreciation (Furniture)	3,625				
To Net Profit transferred to Capital A/c	1,84,080				
	2,73,490				2,73,490

BALANCE SHEET  
as at 31st March, 2016

Liabilities	₹	Assets	₹
Capital	50,000	Furniture	36,250
Add: Net Profit	1,84,080	Less: Depreciation	3,625
	2,34,080	Debtors	2,48,500
Less: Drawings	22,260	Less: Provision for Doubtful Debts	12,425
	2,11,820	Insurance Company	5,000
Sundry Creditors (₹ 1,52,630 + ₹ 6,000)	1,58,630	Closing Stock	65,000
Bills Payable	19,750	Loan to Rajkumar	15,000
Trade Expenses Payable	3,500	Cash in Hand and at Bank	50,000
Outstanding Wages	10,000		
	4,03,700		4,03,700

**Working Notes:**

	₹
1. Debtors	2,51,000
Less: Bad Debts	2,500
	2,48,500
Less: Provision for Doubtful Debts @ 5%	12,425
	2,36,075
2. Existing Provision for Doubtful Debts	26,000
Less: Bad Debts	2,625
Further Bad Debts	2,500
Provision for Doubtful Debts (Required)	12,425
	17,550
Credited to Profit and Loss A/c	8,450

