

BRAIN INTERNATIONAL SCHOOL

SUBJECT: ACCOUNTANCY

CLASS XI

OCTOBER'2018

TOPIC - FINANCIAL STATEMENTS OF SOLE PROPRIETORSHIP

1. Name the expense incurred on maintaining the earning capacity of the business.
2. The benefits of which expenditure would exhaust in one year?
3. State with reasons whether the following items of expenditure are of capital or revenue nature:
 - (i) A second-hand car was purchased for a sum of Rs. 50,000. A sum of Rs. 10,000 was spent on its overhauling.
 - (ii) Rs. 2,500 paid for the installation of a new machine.
 - (iii) Repairs for Rs. 5,000 necessitated by negligence
4. How the following will be treated in the final accounts:-
 - a. During the year ended 31st March, 2015, salaries amounting to Rs.12,000 for ten months have been paid, salaries for two months Rs.2,400 has not been paid.
 - b. Insurance premium of Rs.2,430 has been paid on 1st Aug. 2014, for one year.(accounts are closed 31st March)
 - c. Extract of Trial Balance as at 31st March,2015

Particulars	Debit	Credit
Debtors	1,50,000	
Bad debts	6,500	
Provision for doubtful debts		15,000

- Adjustments:-
- i. Write off further Bad debts Rs.5,000.
 - ii. Provision for doubtful debts is to be kept at 5% of debtors.
 - iii. Provision for discount on debtors is to be maintained at 4%.

4. Arun Enterprises deals in a stationery business. Being a socially aware business concern, they wanted to pay back to the society. They decided to supply free stationery to 50 schools located in the backward areas. On 26th March,2015 stock worth Rs.50,000 was destroyed by fire. The stock was insured and insurance company admitted a claim of Rs. 35,000 only. How will you show the effect in final accounts and identify one value which the organization wants to communicate to the society.

5. The Trail Balance of a business as on 31st March, 2011 is given below

Debit balances	Rs.	Credit Balances	Rs.
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Stock(1.4.2010)	25,000	Sales	2,27,800
Furniture	8,000	Commision	500
Plant and Machinery	140,000	Return Outwards	1,000
Additions to Plant and Machinery(1.10.2010)	10,000	Creditors	40,000
Debtors		Capital	1,50,000
Wages	30,000		
Salaries	12,000		
Bad Debts	20,000		
Purchases	1,000		
Electricity Charges	1,20,000		
Telephone Charges	1,200		
General Expences	2,400		
Postage and telegram	3,000		
Return Inwards	1,800		
Insurance Premium	900		
Cash in hand	1,500		
Cash at Bank	2,500		
	<u>40,000</u>		
	<u>419,300</u>		<u>4,19,300</u>

Prepare the Trading account and the Profit and Loss account for the year ended 31st March, 2011 and the Balance Sheet as at that date after taking into account the following adjustments:

1. Closing Stock value at Rs 7,000.
2. Outstanding liabilities for wages Rs 600 and salaries Rs 1,400.
3. Depreciation is to be provided @ 5% p.a. on all fixed assets.
4. Insurance premium paid in advance Rs 200.

6. The following balances were extracted from the books of Shri R. Lal on March 31, 2005

Account Title	Amount Rs.	Account Title	Amount Rs.
Capital	1,00,000	Rent (Cr.)	2,100
Drawings	17,600	Railway freight on sales	16,940
Purchases	80,000	Carriage inwards	2,310
Sales	1,40,370	Office expenses	1,340
Purchases return	2,820	Printing and Stationery	660
Stock on April 01, 2004	11,460	Postage and Telegram	820
Bad debts	1,400	Sundry debtors	62,070
Bad debts reserve (April 01, 2004)	3,240	Sundry creditors	18,920
Cash in bank	12,400	Buildings	25,000
Rates and Insurance	1,300	Salaries and Commission	9,870
Discount	(Cr.) 190	Cash in hand	2,210
Bills receivable	1,240	Office furniture	3,500
Addition to buildings	7,000	Sales returns	4,240
		Wages	6,280

Prepare the trading and profit and loss account and a balance sheet as on March 31, 2012 after keeping in view the following adjustments :

- (i) Depreciate old building by Rs. 625 and addition to building at 2% and office furniture at 5%.

- (ii) Write-off further bad debts Rs. 570.
- (iii) Increase the bad debts reserve to 6% of debtors.
- (iv) On March 31, 2005 Rs. 570 are outstanding for salary.
- (v) Rent receivable Rs. 200 on March 31, 2005.
- (vi) Interest on capital at 5% to be charged.
- (vii) Unexpired insurance Rs. 240.
- (viii) Stock was valued at Rs. 14,290 on March 31, 2005.