

Council of Education's
Deshbhakta Ratnappa Kumbhar College of Commerce, Kolhapur
(An Autonomous College)
B. Com. in Accountancy (Semester I)
MAJOR COURSE -ACCOUNTANCY II
(Accounting for Managers-I)

Unit I Introduction to Accounting:

Contents

Meaning, Classification of Accounts, Advantages and Limitations of Accounting, Book- Keeping VS Accounting, Journal Entries and Ledger Posting

Book Keeping

Introduction:

Book-keeping is related with recording of business transactions. Business enterprise and other organizations deal in activities which involve exchange of money or money's worth goods or services with a view to make profit. Manufactures purchase raw material , convert it into finished product and then sell out for profit. While traders buy and sell the goods and service providers render service to their client for fees. This means a business concern deals with other parties in exchange of goods or services. The number of these dealings/transactions is numerous. All details of the varied transactions cannot be remembered. Therefore, all these activities are recorded for the purpose of taking important decisions as to whether the activities are feasible, profitable and are to be continued or not. Information about the business and other organizations is required not only by the proprietors and managers of business and

other organisations but also by various stakeholders such as the government, investors, customers, employees and researchers.

It is necessary to keep a written record of all such transactions. This record should be systematic so that it can be used for future reference and decision making. In simple words, 'Book-keeping' means recording of the business transactions in the books of accounts in a systematic manner. The most important thing is that only the monetary transactions are recorded in chronological order (date wise) for getting accurate business results at the end of accounting year. Book-keeping is an art or science of systematic recording, classifying and summarising the financial transactions of business for a particular period, generally one year.

Definitions of Book-Keeping:

1. **J. R. Batliboi:**

"Book-keeping is an art of recording business dealings in a set of books."

2. According to **Richard E. Strahelm:**

"Book Keeping is the art of analysing and recording business transactions, reporting results of business operations through periodic statements and interpreting such results for the purpose of effective control of future operations."

3. **Noeth Cott:**

"Book-keeping is an art of recording in the books of accounts the monetary aspects of commercial or financial transactions."

4. **R.N. Carter:**

"Book-keeping is the science and art of correctly recording in the books of accounts, all those business transactions that result in transfer of money or money's worth."

Features of Book-keeping:

1. It is the method of recording day to day business transactions.
2. Only financial/monetary transactions are recorded.
3. All records are prepared for a specific period which are useful for future references.
4. Records of transactions are based on accounting principles, rules and regulations.
5. It is an art of recording business transactions scientifically.

Objectives of Book Keeping:

1. The main objective of book-keeping is to keep a complete and accurate record of all the financial transactions in a systematic, orderly and logical manner.
2. All the business transactions are to be recorded chronological order (date wise) and account wise.
3. Book Keeping serves as a permanent record of all monetary business transactions and it can be produced as an evidence, whenever and wherever required.
4. To know the profit or loss of the business during the financial year.
5. To know the total assets and liabilities of the enterprise.
6. To know what the businessman owes to others and what others owe him.
7. Businessman comes to know the current year's progress over previous year and compares financial results with other business enterprise.

Importance of Book-keeping:

- 1) **Record:** It is not possible for anyone to remember all transactions. But Book Keeping maintains records of all the transactions permanently and systematically in the books of accounts.
- 2) **Financial Information:** Book-keeping is useful to get information related to Assets, Liabilities, Investments and Stock, etc, at any given time.
- 3) **Decision Making:** Book-keeping provides financial information to the businessman for decision making.
- 4) **Controlling:** Book-keeping enables the management of the business to control the activities of the business.
- 5) **Evidence:** Businessman needs financial evidence to be produced in the Court of law in case of any disputes. Books of accounts may be produced for the same.
- 6) **Tax Liability:** Book-keeping is useful to find out the tax liabilities.
- 7) **Profit/ Loss:** With the help of records related to financial transactions, a firm can ascertain its profit or loss.

Utility of Book-keeping:

- 1) **Owner:** The businessman can find out Profit, Losses, Assets and Liabilities of an enterprise at any time.
- 2) **Management:** Management of an enterprise can plan, take decisions and control overall business activities.
- 3) **Investors:** Investors can take proper decisions whether to invest or not.

4) **Customer:** Customer can easily understand financial position of the business. He can be assured about supply of goods.

5) **Government:** With the help of accounting records, Government can easily find out different types of taxes due from a firm.

6) **Lenders:** Money Lenders can assess financial standing of the enterprise for arriving decision to lend money or not.

Meaning and Definition of Accountancy:

Book-keeping is a part of Accounting. It is the primary stage in accounting. It is the process of recording transactions in the books of accounts. Accounting is a part of Accountancy. Accountancy is the practice of recording, classifying, and reporting of business transactions. Accounting principles are the basic norms and assumptions developed and established as the basis for accounting system. These principles are adopted by the accountants universally.

Definitions of Accountancy:

1) **Kohler:** "Accountancy refers to the entire body of the theory and process of accounting."

2) **Prof. Anthony:** "Nearly every business enterprise has an accounting system. It is a means of collecting, summarizing, analyzing and reporting in monetary terms information about the business transactions."

Meaning of Account:

An account is a summarized record of transactions relating to a particular person, asset, liability, expense or income recorded at one place. In day to day business activity, a large number of business transactions takes place. It affects the several accounts. At the end of certain period of time, it is necessary for the businessman to balance the accounts to find out the information like total capital, total liabilities and assets, total incomes and expenses etc. of the business.

Definition of Account:

According to **Batliboi** "An account is summarized record of transactions affecting one person, one kind of property or one class of gain or loss."

Carter defined account as "An account is a ledger record in a summarized form of all the transactions that have taken place with the particular person or thing specified"

Classification of Accounts:

Accounts are broadly classified into two categories viz. Personal and Impersonal.

1) Personal Accounts:

Personal account represents a person and group of persons with whom business deals.

These accounts are classified into three categories-

- **Natural Personal Account:**

Accounts relating to individual human beings are Natural Personal Accounts.

e.g. Ashok's A/C, Brajesh's A/C, Priya's A/C, Dhondiram's A/C etc.

- **Artificial Personal Account:**

Artificial Personal Accounts include accounts of firms, organizations,

associations which are created by law. e.g. Bank of India A/C, XYZ & Co A/C,

Rotary Club A/C, Commerce College A/C etc.

- **Representative Personal Account:**

These Accounts represent a certain person or group of persons in business dealing. Accounts relating to outstanding and pre-paid/Pre-received items are called representative personal accounts e.g. Outstanding Rent A/C, Interest Received in Advance A/c, Pre-paid Wages A/C etc.

2) Impersonal Account:

Impersonal Accounts are related to the items other than persons. They may be of two types viz.

- **Real Accounts:**

All accounts related to assets and properties owned by the business are Real Accounts. Real Accounts may be Tangible or Intangible.

- a) **Tangible Real Account:**

Tangible Real Accounts are the Assets and properties, which can be seen, touched and felt e.g. Building A/C, Motor Car A/C, Machinery A/C, Stock of Goods A/C etc. The tangible assets may be Movable or immovable.

- b) **Intangible Real Account:** Intangible Real Accounts are assets which cannot be seen, touched, or felt but they can be measured in terms of money. e.g. Goodwill A/C, Trademark A/C, Patents A/C, Copyright A/C.

- **Nominal Accounts:**

The account of expenses, losses, profits, income and gains are called Nominal Accounts e.g. Wages A/C, Stationery A/C, Salary A/C, Depreciation A/C Commission Received A/C, Discount Received A/C etc.

Debit and Credit:

Left hand side of an Account is called Debit (Dr) side.

Right hand side of an Account is called Credit (Cr) side.

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Commercial Terms Used In Accountancy

- 1) **Transaction::** Transaction means an exchange of things or services for money or money's worth. Transactions may be of two types viz. monetary transactions and non-monetary transactions. Monetary transactions are those transactions wherein money is directly or indirectly involved on the other hand money is not involved in non-monetary transactions.

It is to be noted that, *only the monetary transactions are recorded in the books of accounts*. The transactions may either be cash transactions or credit transactions.

a) Cash Transactions: Cash transactions are those transactions in which payment or receipt of cash/cheque is involved at the time of effecting a transaction e.g. if furniture is purchased either on paying cash or issuing a cheque, it is a cash transaction. Similarly payment of any expense, say wages, in cash or by issuing cheque is a cash transaction. Sale of goods for cash or by receiving cheque, receiving interest in cash or by cheque are the examples of cash transactions.

b) Credit Transactions: In case of credit transactions cash/ cheque is not paid or received at the time of effecting a transaction, the cash/ cheque is paid / received at a later date. For Example- Purchased furniture on 1st January 2023 and cash is paid or cheque is issued on 15th January 2023.

c) Barter Transactions: When things / articles are sold / purchased in exchange of some other things / articles it is called a barter transactions e.g. selling of a goods in exchange of furniture. Though this type of transaction does not involve exchange of money, it involves money's worth and hence this type of transaction is also recorded in the books of accounts.

- 2) **Goods:** The term 'Goods' means the things, articles, merchandise etc. in which a trader trades/deals regularly They are the things in which the business is done. As such cloth purchased by a cloth merchant, machinery purchased by a

trader who trades in machinery, books purchased by a bookseller, furniture purchased by a furniture dealer are goods for the respective traders.

- 3) **Assets:** The term 'assets' means the total properties owned and possessed by a business are called assets. For Example- building, machinery, furniture, vehicles, goods, cash, debtors, bills receivables, stock, livestock, goodwill, patents, trademark, etc.
- 4) **Liabilities:** Liabilities are the total amounts payable by the business to others. For Example- loans taken, bank overdraft, bills payable, expenses payable etc.
- 5) **Capital:** Whatever money or money's worth (such as cash, furniture car), a proprietor brings into his business from his private sources, is called capital. Capital can be stated as net worth of business i.e. $\text{Assets Minus Liabilities} = \text{Capital}$. In other words it means excess of assets over liabilities. Suppose the total of the assets of the business is Rs. 20,00,000 and total of liabilities (other than capital) are Rs. 17,00,000, the capital will be Rs. 3,00,000 (i.e. Rs. 20,00,000 less Rs. 17,00,000). Capital is also termed as net worth of the business. Capital is a liability of the business i.e. the amount payable by the business to the owner of the business and as such it is shown on the liabilities side of the Balance Sheet.
- 6) **Drawings:** If a proprietor uses business cash or business assets for his personal purpose, it is termed as 'Drawings' of the proprietor. Suppose, the proprietor pays college fees of his son, or pays rent of his residential house from business cash or from business bank A/c, the amount is debited to 'Drawings A/c' and not to college fees A/c or rent account.
- 7) **Debtor:** A person who owes us something is our debtor. He remains a debtor till he pays the amount he owes. Suppose, goods of Rs. 50,000 are sold to Raju on credit, Raju is our debtor till he pays Rs. 50,000. Similarly, the term sundry debtors refers collectively to all debtors to whom goods have been sold on credit and they have still to pay the amount.
- 8) **Creditor:** A person to whom we owe something is our creditor. He remains a creditor till the amount owing to him is not paid in full. Suppose goods of Rs.

20,000 are purchased from Kakasaheb on credit, he is a creditor till the amount due to him is not paid in full. The term Sundry Creditors refers collectively to all creditors from whom we have purchased goods on credit and the amounts due to them are not yet paid in full.

- 9) **Trade Discount:** It is an allowance given on catalogue price of goods. This discount is given by wholesaler to retailer. As this discount is at the time of purchase / sale the value of goods purchased / sold is recorded in the books after deducting the amount of trade discount from the catalogue or invoice price. Therefore, *trade discount is not recorded separately in the books of account.* e.g. if goods worth Rs. 5000 are sold and trade discount allowed is 2%, the value of goods will be recorded as Rs. 4900 both by the seller and the purchaser. Hence, trade discount does not appear in the books of accounts.
- 10) **Cash Discount:** Cash Discount is an allowance given on sales price to encourage prompt payment of cash from the buyers/debtors. It is allowed to recover the amount from debtors in time. This discount is allowed at the time of payment of cash and it is allowed only if the cash is paid within the time limit. *Cash Discount is recorded separately in the books of accounts.* It means cash discount appears in the books of accounts.

Difference between Book Keeping and Accountancy
(Book Keeping VS Accountancy)

Sr.	Point	Book Keeping	Accountancy
1	Meaning	It is concerned with recording and classifying the business transactions	It is concerned with recording, classifying, using, summarising, analyzing and interpreting the financial data.
2	Stage	Book-keeping is the primary stage in accounting. It is the base for accounting.	Apart from the primary stage, it includes secondary stage of analysis and interpretation.
3	Objectives	To keep the records of all financial transactions in proper and systematic manner.	To prepare all the financial statements and further and communicate the information to the relevant authorities.
4	Responsibility	Junior staff is responsible for keeping records.	Senior staff is responsible for keeping accounts.
5	Outcomes	Book-keeping basically results in Journal and Ledger	The results of Accountancy is Profit and Loss A/c and Balance sheet.
6	Period	Book-keeping gives day to day details.	Accountancy gives details of entire year.
7	Analysis	The process of Book Keeping does not require any analysis.	Accountant uses information to analyse and interpret the data and then compiles it into reports.
8	Decision Making	Management cannot take a decision based on the data provided by book-keeping	Depending on the data provided by the accountants, the management can take critical business decisions.
9	Skill required	Analytical skill is not required for book-keeping	It requires analytical skill
10	Beginning	Bookkeeping ends where Accountancy starts	Accountancy starts where Bookkeeping ends

Advantages of Accounting:

- Financial Transparency: Accounting provides a clear and accurate picture of a company's financial health, helping stakeholders make informed decisions.
- Decision-Making: It aids in making strategic decisions, such as budgeting, investment, and cost control, based on financial data and analysis.
- Compliance: Accounting ensures that a company adheres to financial regulations and tax laws, reducing the risk of legal issues.
- Performance Evaluation: It helps evaluate the performance of a business, departments, or projects through financial statements and key performance indicators (KPIs).
- Investor Confidence: Accurate financial reporting enhances investor confidence and can attract potential investors or lenders.
- Resource Allocation: Efficient allocation of resources is facilitated by accounting, ensuring optimal utilization of assets, capital, and manpower.
- Accountability: Accounting promotes accountability within an organization by tracking financial transactions and responsibilities.
- Planning and Forecasting: Businesses can use historical data and accounting techniques for future planning and forecasting, which is crucial for growth.
- Tax Management: Proper accounting allows for effective tax planning and minimization of tax liabilities.

Limitations of Accounting:

Historical Data: Accounting records mainly focus on past transactions and events. It doesn't predict future trends or events.

- Monetary Measurement: Accounting primarily deals with quantifiable data, so it may not capture valuable non-monetary information like employee morale or brand reputation.
- Estimations and Assumptions: Financial statements often rely on estimates and assumptions, which can lead to inaccuracies or bias.

- Not Comprehensive: Accounting doesn't cover all aspects of a business's performance. It may miss important non-financial factors like environmental impact or employee satisfaction.
- Subjectivity: Certain accounting methods involve subjectivity, such as depreciation methods or inventory valuation, which can lead to different results for similar transactions.
- Lack of Timeliness: Preparing financial statements can take time, which means they may not reflect a company's current financial position accurately.
- Manipulation: There's a risk of financial manipulation or creative accounting to present a better financial picture than reality, leading to fraudulent reporting.
- Doesn't Account for Market Changes: Accounting doesn't consider market changes or economic fluctuations, which can impact a company's value and performance.
- Complexity: Accounting standards and regulations can be complex and vary across regions, making it challenging for businesses to comply fully.
- No Guarantee of Success: A company can have strong financial

Journal:

Meaning of Journal:

It is essential in a business to record each and every transaction immediately after it takes place as nobody can rely on his memory. This is also necessary to arrive at correct profit or loss, ascertain the correct financial position of the business and to use as evidence whenever the question arises. Therefore, a separate book, called 'Journal' is maintained to record each transaction immediately on its occurrence. Thus, a 'Journal' can be defined as 'a subsidiary book in which all day-to-day monetary transactions are recorded first as and when they take place in a chronological order (i.e. date wise), in a debit and credit form and in a systematic manner. The term 'Journal' is derived from the french word '*jour*' which means a day. It is called a Subsidiary Book because it helps or assists in posting the transactions in the ledger.

This book is also known as a **book of Original or Prime Entry**, because the transactions are first entered in this and then they are posted (i.e. recorded) in the Ledger.

Utility of Journal:

- Direct recording of transactions in the ledger
- may result in committing errors & omissions and it would be difficult to correct them later on. Hence, Journal is necessary.
- A complete record (ie. debit & credit aspects of each transaction) is available at one place.
- As the transactions are recorded date-wise, it facilitates quick and easy reference to any transaction, whenever necessary.
- Narration to journal entry explains the purpose of the entry and helps in understanding the transaction recorded.
- Entries in the ledger can be made at leisure by the clerk concerned according to his convenience. This in turn helps to minimise the mistakes in the ledger postings.
- Cross checking between journal and ledger is facilitated to check the accuracy.
- As the entries in the journal are made from basic documents like invoices, vouchers, receipts etc. the court considers the entries in the journal as proof of transactions.

Specimen of Journal

Date	Particulars	L. F. No.	Debit Amount (Rs.)	Credit Amount (Rs.)

Journalising: The act of recording a transactions in the Journal is called journalising.

Points to be remembered while Journalising the Transactions:

- Read the given transaction very carefully.
- Write the date of the transaction in the “Date” column.
- Identify/Find out the two or more accounts involved in transaction.
- Ascertain the types of those accounts and decide as to which account is to be debited and which account is to be credited by applying rules for debiting and crediting the accounts.
- Write the name of the account to be debited first in 'particulars' column. It is written close to the line of date column and write the word 'Dr' against the name of the account to be debited but within the particulars column closer to L. F. column.
- Write the name of the account to be credited in the second line. (It is started about five spaces away from the date line).
- The amount involved in the transaction is written under the debit /Dr. and Credit/Cr. columns against the in the respective lines.
- Then write narration in particulars column i.e. after the name of the account credited. (A brief explanation of the entry)
- Draw a line below each journal entry but within the particulars column so as to keep the entries of the transaction distinctly separate from one another.
- Write Ledger Folio (L. F.) number (page number in the Ledger) in L.F. column against the names of accounts.

Narration:

Narration is the brief explanation written just below the journal entry is called narration.

Ledger

All types of business transactions are first recorded in Journal. At the end of the particular period if we want to know what is the total amount spent on particular type of expense, or what is the amount payable to particular person /party? These types of questions cannot be answered easily through Journal. So, to overcome these limitations of Journal we need Ledger. Once the transactions are recorded in Journal or Subsidiary books the next stage is to transfer of these transactions in their respective accounts opened in the Ledger.

Meaning of Ledger:

Ledger is the Principal Book of accounts. It is also called as book of final entry/secondary. It is summarised record which contains all the accounts e.g. Assets A/C, Liabilities A/C, Capital A/C, Revenue A/C Expenses A/Cetc. The word 'Ledger' is derived from Latin word '*Ledger*' which means 'to contain'. "A Ledger Account may be defined as a summary, statement of all the transactions relating to a person, an asset, an expense or income which have taken place during a given period.

In the Journal, transactions are recorded date wise as and when they take place. Therefore, one cannot know at a glance the combined effect of all the transactions relating to a particular person or to a particular thing or to particular item of an expenditure or of an income, In the absence of the ledger accounts, one is required to go through every page and every entry in the Journal to collect the full information and to find out the net effect of all the dealings in respect of any particular account. On the contrary an account is a record of all dealings with a particular person a particular thing or a particular item of expenditure.

For Example: following transactions are effected with Shri. Kumar:

On 1st Jan, 2023 Purchased goods from Kumar Rs. 20,000.

On 15th Jan. 2023 Returned goods to Kumar Rs. 3000.

On 24th Feb. 2023 Paid cash to Kumar Rs. 8000.

On 25th March 2023 Paid cash to Kumar Rs. 2000

On 7th April 2023 Purchased goods from Kumar Rs. 1,000

These transactions will be recorded on different pages (in chronological order) in the Journal and as such it will not be possible to answer immediately the question how much do we owe to Shri. Kumar? But when we open Kumar's Account in the Ledger, all the above transactions are recorded on that account and we can find out within no time as how much amount we owe to Shri. Kumar.

Importance of Ledger :

- It is the summarised record of all the transactions in form of Asset A/c, Liabilities A/c, Expenses, Incomes A/c etc.
- It give clear idea about the amount receivable from Debtors A/c and amounts payable to Creditors A/c.
- It is necessary for preparation of Trial Balance.
- The financial position of the business can be easily known with the help of various types of Assets A/c and Liabilities A/c.
- It is possible to prepare various types of income statements on the basis of balances shown by different ledger Accounts.
- Ledger can be used as a control tool as it shows accounts of various expenses with the balance.
- On the basis of the results shown in the Ledger it is useful for the management to forecast or prepare the future plan of action.

Contents of Ledger..

Ledger is a bond book containing several pages. Each page of ledger is serially numbered. For each account separate page is allotted. The page number of the ledger is called Ledger Folio. Each ledger account is divided into two sides. The left side is known as debit side and the right side is known as credit side. This is indicated by writing the abbreviations Dr. on the left side top corner and Cr. on the right side top corner. The posting on the debit side begins with 'To' while posting on the credit side with 'By' Every Ledger has an index. It is prepared in the alphabetical order.

Specimen of a Ledger Account :

Name of Account

Dr.

Cr.

Date	Particulars	J.F	Amount (Rs.)	Date	Particulars	J. F.	Amount (Rs.)

The name of the account is written in bold letters at the top of the page and should be in the centre. The name of the account should be precise leaving no room for ambiguity.

The left-hand side of an account is known as a debit side and the right-hand side is known as a credit side.

Under 'Date' column the date of transaction is to be written. Under Particulars' a name of debited A/C is written on credit side and name of credited A/C is written on debit

side. Page on which original entry is made in the Journal/Subsidiary Book is written in J.F. (Journal Folio) .

Each account in the ledger may have some entries on the debit side and some entries on the credit side of an account. Find out the difference between the totals of each side. The difference in the totals of both the sides is termed as **Balance** of an account. The difference so calculated is written on the side whose total is lesser by writing 'By Balance c/d' (if Debit side total is more) or To Balance c/d (if Credit side total is more)

After writing the difference, the totals of both the sides are made (which equal). (c/d means carried down and b/d means brought down. c/f means carried forward and b/f means brought forward)

This process of extracting the balance and writing it on lesser side of an account is called Balancing or Closing of an account.

What does Balances Indicate?

Debit Balance: If the debit side of an account is heavier/more than its credit side the balance is called a Debit Balance.

Credit Balance: If the credit side of an account is heavier/more than its debit side the balance is called a Credit Balance.

Personal Accounts: Personal Accounts may have debit credit balance. The debit balances on personal accounts show what others owe the trader and the credit balances show what owes others.

Real Accounts: Real Accounts have always debit balance, which shows the value property assets owned by the trader.

Nominal Accounts: Nominal Accounts may have debit or credit balances. Debit balance nominal account shows the trader's expenses losses. Credit balances show the trader's incomes gains.

Unit I: Problems

Problem 1.: Thakur has the following transactions. State the two accounts involved in the transactions, their type and the accounts to be debited or credited with reason.

1. Thakur purchased goods on credit from Gabbarsigh for Rs. 50,000.
2. He sold goods for cash to Samba Rs. 60,000.
3. Received interest Rs. 1500 from his bank.
4. Paid rent Rs. 2500 for his business building.
4. Sold goods for Rs. 5000 in exchange of furniture.
6. Thakur sold his private car for Rs. 3,00,000 and brought the cash into business.
7. Withdraw from Bank Rs. 10,000.
7. Distributed goods of Rs. 5000 as free samples.
8. Cash Sales to Jay Rs. 50,000.
9. Purchased a cycle for his son for Rs. 3000 and issued a cheque from business A/C.
10. Received interest Rs. 5,000 from bank.
11. Paid commission to Viru Rs. 10,000.
11. Brought his private furniture of Rs. 20,000 into his business
13. Cash Sales Rs. 15,000.
14. Paid Rs. 25,000 to Basanti on account.
15. Returned goods Rs. 2,000 to Gabbarsing.
15. Withdrew Rs. 5,000 for household expenses.
16. Purchased government securities for Rs. 4,000 through bank.

Problem 2.: Journalise the following transaction in the books Virat and Post them in the ledger

2023 April 1	Virat started business with cash Rs. 50000 and furniture of Rs. 10,000
4	Bought goods from Rohit worth Rs. 20,000 at 5% trade discount.
5	Ajay sold goods to Virat Rs. 15,000.
6	Returned goods of Rs. 1000 to Rohit.
8	Deposited into bank Rs. 10, 000
9	Paid salary Rs. 6000.
10	cash Sales Rs. 10,000 less 5% cash discount.
10	Siraj purchased goods from Virat Rs. 5000.
11	Sold goods to Surya Rs. 8000 less trade discount Rs. 500.
15	Took for private use goods of Rs. 500 and cash Rs. 1000.
18	Virat received goods returned by Surya Rs. 500.
20	Purchased Furniture and Machinery for Rs. 10,000 and 20,000 respectively.
22	Received Commission Rs. 18,000
25	Cash purchases from M/S. Kuldeep & Co. Rs. 5000.
27	Surya deposited money directly into Virat's Bank account in full settlement of his account
27	Introduced cash Rs. 34, 000.
30	Paid Rent and Interest Rs. 2000 and 3000 respectively.
30	Withdrew cash from bank Rs. 4000.

Problem 3.: From the following particulars pass journal entries, prepare necessary ledger accounts and balance them.

Date	Particulars
Jan. 1	Asmita started his business with Rs. 3,00,000
2	She deposited in the Bank Rs. 50,000
3	Purchased goods from Vaishnavi Rs. 75,000
4	Purchased machinery Rs. 80000 and paid erection charges Rs. 5000
5	Paid to Vaishnavi Rs. 72,000 in full settlement.
6	Sold goods to Shruti Rs. 2,00,000
8	Paid to vaishnavi by cheque
9	Sold goods to Komal of Rs. 1,00,000 at 5% trade Discount
10	Paid office Rent 7,000
10	Received Commission by cheque Rs. 15,000
11	Komal settle her account by paying at 5% Cash Discount.
11	Paid wages and salary Rs. 80,000
12	Bank credited interest to our account Rs.7000

Problem 4.: Journalise following transactions prepare ledger accounts in the books of Anshuman.

2023 March 2	Anshuman commenced business with cash Rs. 12, 000
2	Cash purchases Rs.2000.
3	Bought goods from Athang Rs. 4,000
5	Sold goods to Shashwat Brothers Rs. 5000
8	Deposited in the Bank cash Rs. 4,000.
10	Received a cheque from Shashwat Brothers Rs. 2,500,
11	Shashwat Brothers returned goods worth Rs.500.
12	Received a crossed cheque of Rs. 2300 from Shashwat Brothers in full settlement.
13	Purchased Furniture of Rs. 3000
15	Returned goods to Athang not being according to sample Rs. 600.
16	Paid by cheque to Athang Rs. 3000 in full settlement of his account.
18	Anshuman purchased a gift for his father and paid Rs. 1000 from business.
20	Paid wages Rs. 1,000.

Problem 5.:

Journalise following transactions prepare ledger accounts in the books of Pandu.

2022 Dec 1. Pandu started business with cash Rs. 30,000.

2 Purchased goods from Dhondiba Rs. 3,000

3. Deposited cash into bank Rs. 14,000.

4. Sold goods to Dagadu Rs. 10,000

5. Purchased furniture of Rs. 5,000 from Kondiba.

6. Paid to Dhondiba by cheque Rs. 800.

7. Received a cheque for Rs. 2,500 from Dagadu.

8. Paid commission Rs. 2,000.

9. Withdrew cash Rs. 1,000 for personal use

10 Cheque received from Dagadu is paid into bank.

10. Goods Distributed as free samples Rs. 50.

11. Paid for Salary and wages Rs. 20,000.

12. Received goods returned by Dagadu Rs. 2,000.

13 Paid salary to Pintu, a clerk by cheque Rs. 500.

14. Received rent by cheque Rs. 2000 and the same is deposited into bank on the immediately.

15. Withdrew cash Rs. 1,500 from bank for office use.

Problem 6.:

Journalise the following transactions in the books of Mr. Black.

1. Black commenced business with Rs. 100,000 of his own and Rs. 5,000 borrowed from his friend White..
1. Opened a current account in the SBI by depositing Rs. 10,000.
3. Purchased goods of Rs. 20,000 from Mr.Jambhale. @ trade discount of 2%.
4. Credit sales of Rs. 40,000 to Smt. Hirave.
5. Cash sales of Rs. 25,000 to Pandhare.
7. Purchased furniture of Rs. 10,000, of which furniture of Rs. 2000 was for residential house of Black.
7. Received cash from Hirave allowed cash discount Rs. 2000.
8. Cash purchases of Rs. 10,000.
9. Paid Travelling Expenses Rs. 500.
9. Withdrew from bank Rs. 2,000 for office use.
10. Returned goods of Rs. 600 to Mr. Jambhale.
15. Paid Mr. Jambhale Rs. 19,000 to settle his account.
16. Received a cheque for Rs. 100 in exchange of cash from Raju.
18. Received commission Rs. 1.600 from Pitambare.
20. Placed an order to purchase a tempo worth Rs. 3,00,000.
21. Distributed goods of Rs. 50 as free samples.

Problem 7.:

Enter the following transactions in the Journal of Vivek.

December 2022

1. Vivek transferred Rs. 100,000 from his private bank account to business bank account to start the business.
10. Gave a cheque for Rs. 12,000 to Nitin on account.
11. Purchased Stationery of Rs. 1000.
15. Received a cheque for Rs. 2000 from our debtor Madan in full settlement of his account for Rs. 2,200.
15. Sold old office furniture for Rs. 15,000.
17. Gave loan to Sudhir by cheque Rs. 2,000
20. Bought furniture of Rs. 10,000 in exchange of goods from Viresh & Co.
20. Goods of Rs. 16,000 were sold at 10% trade discount.
22. Paid life insurance premium Rs. 2,500 by cheque on the life of Vivek.
22. Purchased Machinery of Rs. 28,000, paying half the amount in cash from Pravin.

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Problem 8.:

Give Journal Entries and post them into ledger in the books of Mr. X.

April 1: Started business with Rs. 1,50,000

2: Purchased a building for Rs. 1,40,000.

3: Purchased furniture on credit from Mr. C Rs. 6,000.

5: Bought goods for cash 22,500

7: Sold goods to Mr. D Rs. 90,000.

8: Bought goods from Mr.B Rs. 20,000.

10. Cash sales Rs. 1,80,000

10. Received cash from D at 5% discount.

10. Sold goods to Mr. G Rs. 9,000..

15: Paid Cash to Mr. B Rs. 19,500 and received discount Rs.

17: Purchased goods from H Rs. 30,000.

17: Paid carriage on above Rs. 1000.

18: Received commission Rs. 5000.

20: Withdrew cash from bank and paid college fees of son Rs. 10,000.

20: Purchase goods Mr. Y Rs. 18,000 subject to 5% Trade Discount

22: Paid to H on account Rs. 29,600 in full settlement.

25 Paid for stationery Rs. 2000.

26 Paid sundry trade expenses Rs. 900.

27: Received Cash from Mr. Z at 2% cash discount in to close the his account of Rs. 19000.

28 : Goods returned by Mr. Y Rs. 1000.

30 Paid Salaries for the month Rs. 11,500,

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Problem 9

Journalise the following transactions; post them to ledger and balance the accounts.

June 2019

- 1: Dilip Started his business with cash Rs. 25000
- 2: Purchased furniture from Shah on credit Rs. 3000
- 4: Bought goods for cash from Malik Rs. 4000
- 6: Sold goods on credit to Amin Rs. 20000
- 7: Sold goods for cash to Joshi Rs. 10000
- 14: Paid cash to Shah Rs. 2000
- 18: Purchased diesel Rs. 500
- 20: Goods of Rs. 1000 lost in transit.
- 22: Received from Amin cash due from him.
- 24: Joshi returned goods sold on 7th, so cash returned
- 28: Deposited cash into bank Rs. 7000
- 30: Paid Office Salaries Rs. 500 Rent Rs. 250.
- 31: Bank credited interest Rs. 1700.

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Unit II: Final Accounts of Sole Proprietorship

Unit II: Final Accounts of Sole Proprietorship

Preparation of Trial Balance and Final Accounts of Sole Trading Concern (Simple Adjustments Only).

Introduction:

Sole proprietorship is the business organisation run by single person. One person invests capital and manages the business activities of sole proprietorship. Registration is optional for sole proprietorship. However, the sole proprietors also maintain books of accounts and prepare the final accounts to know the profit/loss and the financial condition. Final accounts of sole trading concern includes preparing Trading, Profit and Loss Account and Balance Sheet on the bases of Trial Balance.

Trial Balance

In order to see the arithmetic accuracy of the accounts all business organisations prepare a table showing the debit balances and the credit balances of ledger accounts. This table is termed as trial balance. It is the summary of all ledger balances on a particular date.

It is the technique of double entry book-keeping system that there are corresponding debit and credit effects in each journal entry. Every amount recorded on the debit side of an account has corresponding entry on the credit side of some other account. Therefore, the total of all debit balances must agree with the total of all credit balances. However, if there is any error in recording the

figures or debiting and crediting the accounts, these may not agree/tally. The errors are found out and rectified in order to make all the ledger accounts arithmetically correct.

However, All errors cannot be detected by trail balance because all errors may not affect total of the trial balance.

Final accounts are prepared from the Trial Balance.

Trial balance can be prepared in two different ways -

(A) Total Method: In this method, totals of both sides of each account are shown separately.

(B) Balance Method: In this method, the balance of each account is shown. The ledger accounts are totalled and the difference between debit and credit side is calculated. If the debit side of an account is more, that account shows debit balance and vice versa. This method is more convenient, simple and easy for further accounting process. This saves time and labour. Therefore majority of the accountants use this method. We have used this method only, for illustrations.

Final Accounts

Final accounts are the accounts prepared at the financial year end of the business concern. They include-

1. Trading Account as Income Statement.
2. Profit and Loss A/c as Income Statement.
3. Balance Sheet as Position Statement.

Trading Account and Profit and Loss A/c show operating results while Balance Sheet shows the financial position of the firm.

Trial balance provides necessary information for preparation of these accounts and statements.

Trading Account;

The business concerns which purchase goods for resale, prepare the trading account. This account shows profitability of the business; whether purchase and sale of goods is profitable or not. It compares sale proceeds (Credit Side) and cost of goods sold (Debit Side). The difference between these two is either Gross Profit or Gross Loss. When the sale proceed (Credit Side) exceeds the cost of goods (Debit Side), it results in gross profit. On the other hand, if the cost of sales exceeds its sale proceeds it results in gross loss. The cost of goods sold comprises the value of opening stock, purchases and direct expenses.

Cost of Sale = Opening stock + Purchases + Direct Expenses - Closing Stock.

Direct Expenses are all expenses incurred to bring the goods purchased to the place of a trader. It includes coolie charges, carriage inwards, cartage, octroi, customs duty etc.

Profit and Loss Account

This account is main Account of final Accounts which gives the final working results of business.

It is prepared on the basis of indirect expenses and indirect incomes of the business concern. Profit and Loss Account is maintained to ascertain Net Profit or Net Loss. The debit side of Profit and Loss Account includes all indirect expenses such as office or administrative expenses, financial expenses, selling or distribution expenses etc. The credit side of profit and Loss Account includes indirect incomes like interest received, commission received, rent received, discount earned etc. When the credit side of this account is greater than debit side, it is called Net Profit and when debit side of this account is greater than credit side it is called Net Loss.

Net Profit/Loss is transferred to Capital Account. Profit and Loss Account is a Nominal Account.

Balance Sheet:

After ascertainment of operating result, it is necessary to prepare balance sheet in order to know the **Financial Position** of the business concern.

All the nominal accounts are closed by transferring their balances to Trading and Profit and Loss Account but the real and personal account are not closed. Balances of these accounts are taken to Balance Sheet. It is a position statement. Real accounts represent assets; whereas personal accounts may represent capital, liabilities and assets.

Following points are to be considered while preparing balance sheet.

1. Balance sheet is the statement and not an account.
- 2 This statement has two sides- Liabilities on left and assets on the right hand side.
3. Balances of all real accounts and personal accounts are taken to this statement.
4. Real accounts (represent assets) are shown on the assets side.
5. The Personal Accounts showing credit balance (including capital A/c) are shown on the liabilities side. Whereas, Personal Accounts showing debit balances are shown on the assets side.
6. All accounts appearing on the liabilities side have credit balances; whereas, the accounts appearing on assets side have debit balance.
7. This statement is prepared after Trading, Profit and Loss A/c
8. Life of the balance sheet is one day. This means, it shows financial position of the concern as at the particular date on which it is prepared.
9. There is no specific format of balance sheet for sole proprietorship business.

11. There should be consistency in the format that is used. One can follow certain procedure of recording items in the Balance Sheet considering liquidity / durability of the assets and liabilities.

12. One can record assets in order of their liquidity. The most liquid asset to be recorded first followed by less liquid and ending with least liquid asset. Similarly, liabilities can be recorded in such order that the liability to be repaid most urgently are is recorded first followed by less urgent and lastly the capital. Following.

Recording Purchase, Sales and Wage:

The term purchase includes cash and credit purchases of goods. Purchase of any asset is not included in purchase account.

Drawings of goods and Goods distributed as free samples are deducted from purchase account.

Wages: The amount of wages is taken to trading account as direct expenditure if it is given as wages or wages and salary, it is debited to trading account. However if it is given as salary and wages it is debited to profit and loss account. If the wages are paid are related to purchase, construction or erection of the assets, amount of such wages is to be debited to concern asset account and not Trading Account.

Following points should be considered while preparing final accounts.

1. When trial balance is given, each item from trial balance should be recorded at only once either in Trading, Profit and Loss A/c or in the Balance Sheet

2 If the trial balance is not given, only ledger balances are given, one should prepare trial balance. If there is any difference in trial balance, it is to be transferred to Suspense A/c and taken to balance sheet.

3. Nominal accounts showing debit balances are to be debited and showing credit balances are to be credited to Trading A/c or Profit and Loss A/c

4. Real accounts show debit balances only and they are to be recorded on assets side in the balance sheet.

5. Personal accounts showing debit balance are to be recorded on the assets side in the balance sheet; whereas, those showing credit balance are to be in the liabilities side.

6. If a particular item is not appeared in the trial balance but it is stated separately as adjustment. It implies that the double entry for such item is not made. Two effects of such items are to be given while preparing final accounts. For Example- the balance of closing stock is given outside of the trial balance as an adjustment, it is to be credited to trading account and shown in the balance sheet on assets side. Same is the case of outstanding expenditure/income when it is given as an adjustment. Amount of such outstanding item is added to the respective expenditure or income and recorded in the balance sheet as an asset if income is outstanding. If it is the expenditure, it is be recorded as a liability.

7. Only the business expenses are to be recorded in the trading and profit and loss account. If they include any personal expenditure of the proprietor, in the trial balance, it is drawing and deducted from capital in the balance sheet.

Specimen of Trading Account

Trading Account for the year ended

Dr.			Cr.		
Particulars	Amount	Amount	Particulars	Amount	Amount
To Opening Stock		X	By Sales	X	
To Purchases	X		Less : Sales Return (Return Inward)	X	X
Less : Purchase Return (Return outwards)	X	X	By Goods distributed as		X
To Direct Expenses		X	free sample		X
To Freight & Carriage		X	By Goods taken by		X
Inward		X	proprietor for personal		X
To Custom Duty		X	use		X
To Wages		X	By Closing Stock		X
To Coal, Gas, Fuel etc.		X	By Gross Loss c/d		X
To Royalties		X			X
To Factory expenses		X			
To Gross Profit c/d		X			
		XXX			XXX

Specimen of Profit and Loss Account:

Profit & Loss Account for the year ended

Dr.

Cr.

Particulars	Amount	Amount	Particulars	Amount	Amount
To Gross Loss b/d (if any)		X	By Gross Profit b/d (if any)		X
To Salaries & Wages		X	By Rent received		X
To Rent Rates & Taxes		X	By Commission received		X
To Insurance		X	By Interest on Investment		X
To Bank Charges		X	By Interest on Deposits		X
To Discount (allowed)		X	By Misc. Income		X
To Audit fees		X	By Discount received		X
To Depreciation on			By Net Loss		X
Land & Building	X		(transferred to Capital A/c)		X
Plant & Machinery	X				
Furniture etc.	X	XX			
To Travelling expenses		X			
To Advertisement		X			
To Printing & Stationery		X			
To Interest (paid)		X			
To Loss by fire		X			
To Loss by theft		X			
To Packing expenses		X			
To Commission		X			
To Bad Debts (old)	X				
Add : New bad debts	X				
+	X				
Add : New RDD	X	XX			
+					
Less : Old RDD					
-					
To Net Profit (Transferred to Capital A/c)		XX			
		XXX			XXX

Specimen of Balance Sheet:**In the books of M/s
Balance Sheet as on 31st March.....**

Liabilities	Amount	Amount	Assets	Amount	Amount
Capital (opening)	X		Cash in hand		X
Add : Net Profit	X		Cash at Bank		X
Add : Interest on capital	X		Bills Receivable		X
Less : Drawings	X		Sundry Debtors		X
Less : Interest on Drawings	X		Goodwill		X
Less : Net Loss	X	XX	Furniture		X
Bank Loan		X	Plant & Machinery		X
Bank Overdraft		X	Land & Building		X
Sundry Creditors		X	Prepaid expenses		X
Bills Payable		X	Outstanding Income		X
Outstanding Expenses		X	Closing Stock		X
Pre-received Income		X			
		XXX			XXX

Important Items, Adjustments and their two effects:

Depreciation: Depreciation means gradual and continuous decrease or reduction in the value of asset. This amount of depreciation is charged on fixed assets. It is treated as loss so it to debited to Profit & Loss account and to be deducted from respective asset.

Outstanding/Unpaid Expenses : The expenses which have been incurred but not paid during the year are unpaid expenses. Outstanding expenses are included in respective expenses A/c on Trading account/Profit & Loss account and to be shown on Liability side of Balance sheet.

Prepaid expenses (Unexpired expenses) : The expenses are the expenses paid in advance. They are deducted from trading account or profit and loss account from respective expense and shown on asset side of balance sheet.

Outstanding Income (Accrued Income/Income Receivable): The income which have been earned but not received during the year are outstanding income. The outstanding income is included in respective income on credit side of profit and loss account and shown on asset side of balance sheet.

Income Received in Advance (Pre-received Income): The income related to next accounting year but received in current year is known as income received in advance. This is deducted from respective income on credit side of profit and loss account and shown on the liabilities side of balance sheet.

Bad Debts and Reserve or Provision for Doubtful Debts : The Debts which are irrecoverable are called Bad-debts. The amount of Bad debts is loss to business. So Bad debts are debited to Profit & Loss A/c and is to be deducted from Sundry Debtors,

Reserve or Provision for Doubtful Debts (RDD): There are some debtors, of which recovery is doubtful. It may not be realised. For this purpose such provision is created which is known as Reserve for doubtful debts. This provision is created on the experiences of previous year. It is an anticipated loss therefore provision for doubtful debts is necessary. The RDD is shown on the debit side of profit and loss account and deducted from sundry debtors on the asset side of balance sheet.

- When only Bad debts are given in Trial Balance they are known as old bad debts and are debited to Profit & Loss A/c as it is loss.
- When R.D.D. is given in Trial Balance, it is known as old R.D.D. and it is deducted from debit side of profit and loss account or shown on the credit side of profit and loss account.

- When R.D.D. is given in adjustment, it is called New R.D.D. and it is added to debit side of profit and loss account.

Goods withdrawn by proprietor for Personal use: These are nothing but the drawings of the proprietors. They are deducted from Purchases from the debit side of trading account and from capital on liability side of balance sheet.

Goods distributed as Free sample: Distribution of goods as a free sample is an advertisement. So amount of goods distributed as a free sample is added to advertisement (if any) on debited to Profit and Loss account and deducted from purchases on debit side of profit and loss account. If advertisement is not given then free samples are shown under the head of advertisement.

Closing Stock; Closing stock given in the adjustment is shown on the credit side of trading account and on the asset side of balance sheet.

Solved Illustrations:

Illustration 1:

Prepare Trial Balance from the following Balances as on 31st March 2021

Balances	₹
Cost of Goods Sold	5,20,000
Opening Stock	50,000
Closing Stock	50,000
Salary and Wages	50,000
Sales	8,00,000
Plant & Machinery	2,00,000
Drawing	50,000
Investment	4,30,000
Creditors	1,00,000
Capital	4,00,000

Solution:

TRIAL BALANCE
(As on 31st March 2021)

Name of Account	L.F	Debit Balance	Credit Balance
Cost of Goods Sold		5,20,000	–
Closing Stock		50,000	–
Salary and Wages		50,000	–
Sales		–	8,00,000
Plant & Machinery		2,00,000	–
Drawing		50,000	–
Investment		4,30,000	–
Creditors		–	1,00,000
Capital		–	4,00,000
Total		13,00,000	13,00,000

Cost of Goods Sold = Opening Stock + Net Purchase + Direct Expenses – Closing Stock

Note: If the cost of goods sold given in the question appears on the debit side of the trial balance. In that case, the opening stock does not appear in the trial balance and the Closing stock appears on the debit side of the trial balance.

Illustration 2

The following balances were extracted from the ledger of Mr. Sachin as on 31st March 2021. You are required to prepare a trial balance as on that date.

Balances	₹
Drawings	60,000
Salaries	95,000
Capital	4,40,000
Sales return	10,000
Sundry creditors	2,30,000
Purchases return	11,000
Bills payable	40,000
Commission paid	1,000
Sundry debtors	5,00,000
Trading expenses	25,000
Bills receivable	52,000

Discount earned	5,000
Plant & Machinery	45,000
Rent	20,000
Opening stock	3,70,000
Bank overdraft	60,000
Cash in hand	9,000
Purchases	7,08,000
Cash at bank	25,000
Sales	11,80,000
Investment	46,000
Closing Stock	80,000

Solution:

TRIAL BALANCE
(As on 31st March 2021)

Name of Account	L.F	Debit Balance	Credit Balance
Drawings		60,000	–
Salaries		95,000	–
Capital		–	4,40,000
Sales return		10,000	–
Sundry creditors		–	2,30,000
Purchases return		–	11,000
Bills payable		–	40,000
Commission paid		1,000	–
Sundry debtors		5,00,000	–
Trading expenses		25,000	–
Bills receivable		52,000	–
Discount earned		–	5,000
Plant & Machinery		45,000	–
Rent		20,000	–
Opening stock		3,70,000	–
Bank overdraft		–	60,000
Cash in hand		9,000	–
Purchases		7,08,000	–
Cash at bank		25,000	–
Sales		–	11,80,000
Investment		46,000	–
Total		19,66,000	19,66,000

Illustration 3

Prepare Trial Balance from the Following Balances as on 31st March 2021:

Balances	₹
Purchase:	5,05,000
Return Outward:	5,000
Sales:	8,20,000
Return Inward:	20,000
Debtors:	2,80,000
Cash in Hand:	20,000
Capital:	4,00,000
Plant and Machinery:	3,20,000
Wages:	30,000
Drawing:	50,000
Furniture:	35,000
Bank Overdraft:	32,000
Commission Received:	10,000
Rent Paid:	7000
General Reserve:	30,000
Manufacturing Expenses:	25,000
Prepaid Expenses:	5000
Bad Debt:	10,000
Creditors:	80,000
Administrative Expenses:	50,000
Bills Receivable:	20,000
Opening Stock:	25,000
Carriage Inward:	5000
Carriage Outward:	10,000
Bills Payable:	30,000
Bank Loan:	10,000

Solution:**TRIAL BALANCE
(As on 31st March 2021)**

Name of Account	L.F	Debit Balance	Credit Balance
Purchase:		5,05,000	–
Return Outward:		–	5,000
Sales:		–	8,20,000
Return Inward:		20,000	–
Debtors:		2,80,000	–
Cash in Hand:		20,000	–
Capital:		–	4,00,000
Plant and Machinery:		3,20,000	–
Wages:		30,000	–
Drawing:		50,000	–
Bank Overdraft :		–	32,000
Furniture:		35,000	–
Commission Received:		–	10,000
Rent Paid:		7,000	–
General Reserve:		–	30,000
Manufacturing Expenses:		25,000	–
Prepaid Expenses:		5,000	–
Bad Debt:		10,000	–
Creditors:		–	80,000
Administrative Expenses:		50,000	–
Bills Receivable:		20,000	–
Opening Stock:		25,000	–
Carriage Inward:		5,000	–
Carriage Outward:		10,000	–
Bills Payable:		–	30,000
Bank Loan:		–	10,000
Total		14,17,000	14,17,000

Illustration 4

Prepare the Trial Balance from the following balances as of 31st March 2021.

Balances	₹
Capital:	5,00,000
Opening Stock:	75,000
Purchase:	4,25,000
Salary & Wages:	10,000
Depreciation:	50,000
Purchase Return:	15,000
Sales:	6,20,000
Sales Return:	20,000
Plant & Machinery:	4,00,000
Debtors:	1,50,000
Drawing:	40,000
Travel Expenses:	10,000
Creditors:	2,20,000
Bills Payable:	80,000
Motor Vehicle:	2,00,000
Cash in Hand:	25,000
Investment:	40,000
Bad Debts:	6000
Carriage:	4000
Closing Stock:	65,000

Solution:**TRIAL BALANCE**
(As of 31st March 2021)

Name of Account	L.F	Debit Balance	Credit Balance
		₹	₹
Capital Account:		–	5,00,000
Opening Stock:		75,000	–
Purchase:		4,25,000	–
Salary & Wages:		10,000	–
Depreciation:		50,000	–
Purchase Return:		–	15,000
Sales:		–	6,20,000
Sales Return:		20,000	–
Plant & Machinery:		4,00,000	–
Debtors:		1,50,000	–
Drawing:		40,000	–
Travel Expenses:		10,000	–
Creditors:		–	2,20,000
Bills Payable:		–	80,000
Motor Vehicle:		2,00,000	–
Cash in Hand:		25,000	–
Investment:		20,000	–
Bad Debts:		6,000	–
Carriage:		4,000	–
Total		14,35,000	14,35,000

Illustration 5 (For Practice)

The Following Balances were taken from the Books of Mohan Traders as of 28th February 2021.

Balances	₹
Capital	5,00,000
Opening Stock	50,000
Debtors	2,00,000
Machinery	1,00,000
Cash	50,000
Investments	1,00,000
Sales	4,50,000
Purchases	3,00,000
Creditors	50,000
Land	2,00,000
Purchase Return	10,000
Sales Return	6,000
Wages	4,000

Prepare Trial Balance for the Month of March 2021

Illustrations with Solutions on Final Accounts:

Illustration 1 :From the following Trial balance of Raju & Sons, you are required to prepare Trading Account and Profit & Loss A/c for the year ended 31st March, 2018.

Debit balance	Amount	Credit Balance	Amount
Wages	9,200	Purchases Returns	6,520
Purchases	66,800	Sales	1,52,900
Carriage Inward	3,350	Commission received	18,000
Sales returns	4,800	Rent Received	9,000
Opening Stock	31300	Discount Received	4,600
Salary	17,400		
Royalty	4,800		
Rent, Rates & Taxes	12,680		
Bad debts	500		
Carriage Outward	3,720		
Printing & Stationery	2,400		
Advertisement	18,000		
Discount Allowed	1,520		
Insurance	5,750		
Factory Rent	7,000		
Commission paid	1,800		
	1,91,020		1,91,020

Adjustment: 1) Closing stock Rs. 56,850

Solution: In the Books of Raju & Sons Trading Account for the year ended 31st March, 2018

Dr.

Cr.

Particulars	Amount	Amount	Particulars	Amount	Amount
To Opening stock		31,300	By Sales	1,52,900	
To Purchases	66,800		Less : Sales Return	4,800	1,48,100
Less : Purchase Return	6,520	60,280	(Return Inward)		
(Return outwards)			By Closing stock		56,850
To Wages		9,200			
To Carriage Inward		3,350			
To Royalty		4,800			
To Factory Rent		7,000			
To Gross Profit c/d		89,020			
(Balancing figure)					
		2,04,950			2,04,950

Profit & Loss Account for the year ended 31st March, 2018

Dr			Cr		
Particulars	Amount	Amount	Particulars	Amount	Amount
To Salary		17,400	By Gross Profit b/d		89,020
To Advertisement		18,000	By Commission received		18,000
To Discount		1,520	By Rent Received		9,000
To Rent, Rates and Taxes		12,680	By Discount Received		4,600
To Insurance		5,750			
To Bad Debts		500			
To Carriage Outward		3,720			
To Commission		1,800			
To Printing & Stationery		2,400			
To Net Profit		56,850			
(Transfer to Capital A/c)					
		1,20,620			1,20,620

Illustration 2

Following is a Trial Balance of Bagi Enterprises, you are required to prepare Trading Account and Profit & Loss Account for the year ended 31st March, 2020 and Balance Sheet as on that date

Trial Balance as on 31st March, 2020

Particulars	Debit Balance	Credit Balance
Debtors	52,835	
Opening Stock	8,605	
Purchases	25,375	
Fuel and Power	1,818	
Creditors		42,860
Carriage Outwards	1,860	
Drawings	5,000	
Capital		1,60,000
Sales		39,472
Returns	860	1,375
Cash at Bank	16,375	
Furniture (Purchased on 1/7/2018)	39,500	
Salaries	7,000	
Motor car	20,500	
Wages	7,000	
General Expenses	7,295	
8% Loan (taken on 1/10/2018)		15,000
Bad debts	2,000	
R.D.D.		800
Bills Payable		6,866
Machinery	40,800	
Insurance	5,000	
Commission Received		1,450
Investments	26,000	
	2,67,823	2,67,823

Adjustments :

- 1) Stock on hand 31st March 2020, amounted to Rs.28,000
- 2) Write off Rs.1,500 as Bad debts and create a Provision for doubtful debts @ 5% on Debtor.
- 3) Depreciation on Furniture, Motor car, and Machinery @ 10%, 7% and 5% respectively.
- 4) Commission Rs.550 is due but not received.
- 5) Outstanding Expenses General Expenses Rs. 1,000 and Wages Rs.500.
- 6) Prepaid expenses Insurance Rs.2,000

Solution:

In the Books of Bagi Enterprises
Trading and Profit and loss Account for the year ended 31st March 2019

Dr.

Cr.

Particulars	Amount	Amount	Particulars	Amount	Amount
To Opening Stock		8,605	By Sales	39,472	
To Purchases	25,375		Less : Returns	860	38,612
Less : Returns	1,375	24,000	By Closing Stock		28,000
To Wages	7,000				
Add : Outstanding	500	7,500			
To Fuel & Power		1,818			
To Gross Profit c/d		24,689			
		66,612			66,612
To Salaries		7,000	By Gross Profit b/d		24,689
To Insurance	5,000		By Commission	1,450	
Less : Prepaid	2,000	3,000	Add : Accrued	<u>550</u>	2000
To Carriage Outward		1,860	commission		
To Gen. Expenses	7,295		By Net Loss		5,771
Add : Outstanding	<u>1,000</u>	8,295	(Transferd to		
To bad debts (old)	2,000		Capital A/c)		
Add : Bad debts (New)	1,500				
Add : R.D.D. (New)	2,567				
Less : R.D.D. (Old)	<u>800</u>	5267			
To Depreciation on :					
Motor Car	1,435				
Furniture	2,963				
Machinery	<u>2,040</u>	6438			
To Interest on Loan		600			
		32,460			32,460

Illustrations for Practice:

1) From the following Trial Balance of Patil and Sons as on 31st March 2019. Prepare Final Accounts after considering the adjustments given below.

Particulars	Debit Amount (₹)	Credit Amount (₹)
Loose Tools	1,10,000	
Furniture & Fixtures	81,000	
Bad debts	1,400	
Sundry Debtors	81,600	
Stock (31st March 2018)	52,000	
Purchases	77,000	
Sales Cash		21,000
Sales Credit		81,000
Returns	400	600
Advertisements	4,800	
Rate taxes & Insurances	6,000	
Repairs & maintenance	1,200	
Salaries (2/3rd for factory)	18,000	
Rent (Paid for 11 months)	2,200	
Machinery (Includes ₹ 24,000 purchased on 1st Oct. 2018)	84,000	
Capital		3,60,000
R.D.D.		8,000
Sundry Creditors		70,000
Drawings	14,000	
Interest		1,200
Dividend		2,800
Bank Balance	40,000	
Royalty	6,000	
9% Bank loan (30th Sept 2018)		40,000
Carriage Outwards	4,000	
Discount	1,000	
	5,84,600	5,84,600

Adjustments :

- 1) Closing stock valued at ₹ 1,00,000
- 2) Write off ₹ 2,000 as bad debts and create a provision for doubtful debts @ 5% on Sundry Debtor
- 3) Depreciate Machinery by 10% p.a. and Loose Tools is valued at ₹ 1,00,000
- 4) Charge Interest on Capital @ 2% p.a.

2) Prepare Final accounts of Powar Traders for the year ending 31st March, 2019 with the help of following Trial Balance and Adjustments.

Trial Balance as on 31st March, 2019

Debit Balance	Amount (₹)	Credit Balance	Amount (₹)
Salaries	10,000	Interest Received	2,400
Purchases	71,400	Capital	1,60,000
Rent (11 months)	2,200	Sales	85,000
Machinery	56,000	Provision for Bad Debts	2,000
Advance against wages	4,000	Commissions Received	1,600
Opening stock	20,000	Bills Payable	9,200
Bad debts	1,000	Creditors	56,000
Prepaid Insurance	2,400		
Wages	2,600		
Loose Tools	26,000		
Commission receivable	400		
Sundry Debtors	64,000		
Cash	1,000		
Bank	3,000		
Drawings	7,600		
Freight Inward	1,000		
Bills Receivable	13,600		
Loan to Aruna	30,000		
	3,16,200		3,16,200

Adjustments :

- 1) Closing stock valued at ₹ 89,600
- 2) Outstanding expenses Salaries ₹ 2,000, Wages ₹ 4,000
- 3) Charge depreciation on Machinery @ 10%
- 4) Bad debts written off ₹ 2,000 and create a provision for bad and doubtful debts 5% on Sundry Debtors

3) Following is the Trial Balance of Vjay. You are *required* to prepare Trading and Profit & Loss Account for the year ended 31st March, 2019 and Balance Sheet as on that date after taking into account the additional information provided to you.

Trial Balance as on 31st March, 2019

Particulars	Debit Amount (₹)	Credit Amount (₹)
Capital A/c		50,000
Drawings	1,750	
Opening Stock	8,000	
Purchases & Sales	16,500	22,500
Returns	625	750
Carriage Outward	425	
Wages - Productive	1,000	
Unproductive	600	
Salaries	1,000	
Travelling expenses	1,125	
Trade Expenses	325	
Fuel and Coal	250	
Discount	460	550
Sundry expenses	225	
Bad Debts	200	
Plant & Machinery	20,000	
Furniture	5,500	
Packing expenses	175	
Sundry Debtors & Creditors	10,090	6,750
Cash in hand	2,200	
Investments	10,250	
Reserve for Doubtful debts		150
	80,700	80,700

Additional information :

- 1) Closing stock of goods on 31st March, 2019 valued at ₹ 7,100 at cost price and ₹ 7,500/- as market price.
- 2) Travelling expenses include ₹ 125 spent on personal travelling.
- 3) ₹ 175 are to be written off as bad debts which were due from Mr. Ashok, a debtor and 5% R.D.D. is to be maintained on debtors
- 4) Reserve for discount on debtors as well as on creditors is to be maintained at 2% and 3% respectively.
- 5) Provide 10% depreciation on Plant & Machinery and Furniture.

4) Following are the closing ledger balances of Bose & Co. Prepare Trading Account and Profit & Loss Account for the year ended 31st March 2019 and Balance sheet as on that date.

Ledger Balances of Mr Deepak and Co. as on 31st March, 2019

Particulars	Amount (₹)	Particulars	Amount (₹)
Bank	30,000	Capital	1,20,000
Bills Payable	7,500	Insurance Premium	18,000
Furniture	19,500	(1.1.2019 to 31.12.2019)	
Commission Received	3,000	Salaries	30,000
Stock (1.4.2018)	27,000	Bank loan	30,000
Building	37,500	Sundry expenses	7,500
Wages	7,500	Interest paid	1,500
Creditors	37,500	Machinery	25,500
Bad Debts	4,500	Sales	96,000
R.D.D. (old)	3,000	Purchases	42,000
Sales Returns	1,500	Debtors	31,500
		Purchases returns	3,000
		Cash in hand	16,500

Adjustments :

- 1) Closing stock was valued at ₹ 60,000
- 2) An amount of ₹ 3,000 is still to be received on account of commission.
- 3) Provision for discount on debtors and Provision for discount on Creditors are to be created 2% and 3% respectively.
- 4) Amount of Furniture is to reduce by ₹ 4,500 and Building by 10%.
- 5) Outstanding expenses Salaries ₹ 4,500 and Wages ₹ 1,500

5) Following is the Trial Balance extracted from the books of Prakash Traders. You are required to prepare Trading A/c, Profit & Loss A/c for the year ending on 31st March 2019 and Balance Sheet as on that date after Considering the additional information given below.

Trial Balance as on 31st March, 2019

Particulars (Debit)	Amount (₹)	Particulars (Credit)	Amount (₹)
Raju's Drawings	5,000	Capital	2,00,000
Opening stock	30,000	Sales	1,64,000
Wages	5,000	Returns outward	2,400
Purchases	60,000	Creditors	40,000
Trade Expenses	800	Discount	1,600
Royalties	1,600	Bills payable	13,600
Salaries	20,000		
Debtors	80,000		
Plant & Machinery	56,000		
Printing & Stationery	2,400		
Bad debts	900		
Discount	1,200		
Furniture	16,000		
Advertisement	3,000		
Carriage outwards	600		
Computers	1,20,000		
Bills Receivable	16,000		
Cash in hand	1,100		
Cash at Bank	2,000		
	4,21,600		4,21,600

Adjustments :

- 1) Closing stock is valued at ₹ 40,000 at Cost Price and ₹ 44,000 as Market Price.
- 2) Provide Depreciation on Plant & Machinery, Furniture, Computers @ 5%, 10%, 15% respectively.
- 3) Salaries are paid for 10 months only.
- 4) Further Bad debts amounted to ₹ 400 and provide 10% R.D.D. on Sundry Debtors.
- 5) Advertisement is paid for 2 years

6) From the following Trial Balance of Sagar Enterprises, you are required to prepare Final Accounts for the year ending on 31st March 2019.

Trial Balance as on 31st March, 2019

Debit balances	Amount (₹)	Credit Balances	Amount (₹)
Opening Stock	2,40,000	Capital	13,00,000
Purchases	8,50,000	Sundry Creditors	1,20,000
Returns Inward	15,000	Bills Payable	60,000
Wages	29,000	Sales	25,00,000
Power and Fuel	21,800	Return Outward	8,000
Travelling Expenses	14,700	Discount	2,000
Audit fees	7,000	Bank Overdraft	1,54,000
Royalty	72,000	Reserve for Bad and doubtful debts	8,000
Discount	1,750		
Postage	13,500		
Bad debts	3,000		
Sundry Debtors	5,20,000		
Furniture	1,20,000		
Plant & Machinery	15,00,000		
Freehold Premises	7,02,000		
Rent, Rates and Insurance	42,250		
	41,52,000		41,52,000

Adjustments :

- 1) Insurance is prepaid to the extent of ₹ 2,250
- 2) Closing stock is valued at ₹ 3,80,000 Cost price and ₹ 4,00,000 as Market price.
- 3) Outstanding Expenses are Wages ₹ 6,000 and Rent ₹ 5,000
- 4) Write off further bad debts ₹ 1,500 and provide 5% Reserve for doubtful debts.
- 5) Depreciation on Furniture and Plant & Machinery at 10% p.a. and on Freehold Premises at 15% p.a.

- 7) From the following Trial Balance of Raman & Co. as on 31st March 2019, you are required to prepare Trading Account, Profit and Loss Account for the year ending 31st March 2019 and Balance Sheet as on that date after making necessary adjustments..

Trial Balance as on 31st March, 2019

Debit balances	Amount (₹)	Credit Balances	Amount (₹)
Cash in hand	4,575	Discount	900
Cash at Bank	15,450	Loan from Abhay	15,000
Drawings	18,000	Creditors	18,225
Furniture	6,000	Sales	1,95,000
Plant & Machinery	45,000	Returns Outward	3,000
Opening Stock	30,000	Capital	90,000
Purchases	1,20,000		
Salaries & Wages	33,600		
Debtors	30,600		
Returns Inward	7,500		
Audit Fees	2,250		
Rent. Rates and Taxes	5,400		
Bad debts	600		
Travelling Expenses	750		
Insurance	1,200		
Interest on Loan from Abhay	450		
Trade Expenses	300		
Sundry expenses	450		
	3,22,125		3,22,125

Adjustments :

- 1) Stock on hand on 31st March, 2019 valued at ₹ 60,000
- 2) Rent amounting to ₹ 600 Prepaid.
- 3) Bad Debts ₹ 600 and create a Provision for Doubtful Debts 5%
- 4) Depreciation on Plant & Machinery by 10% and Furniture is valued at ₹ 4,500
- 5) Outstanding Salaries ₹ 900

8) From the following Trial Balance of Durgesh & Sons and the additional information given below prepare Trading & Profit and Loss Account for the year ending on 31st March 2018 and Balance Sheet as on that date.

Trial Balance as on 31st March 2018

Debit balances	Amount (₹)	Credit Balances	Amount (₹)
Stock (01.04.2017)	1,20,000	Capital	6,00,000
Purchases	4,00,000	Sales	3,00,000
Wages	17,000	Return outward	8,000
Carriage	6,000	Sundry Creditors	1,80,000
Salaries	60,000	Bills Payable	90,000
Rent, Rates and Taxes	12,000	8% Loan (taken on 01.10.2017)	1,00,000
Insurance	8,000	Bank Overdraft	79,200
Royalties	10,000		
Discount	4,500		
Courier charges	5,200		
Bad Debts	7,000		
Trade Expenses	2,500		
Drawings	15,000		
Machinery	3,00,000		
Furniture	1,50,000		
Patents	50,000		
Sundry Debtors.	1,90,000		
	13,57,200		13,57,200

Adjustments :

- 1) Closing Stock valued at ₹ 3,00,000 cost price and ₹ 3,20,000 at Market price.
- 2) Salaries were paid for 10 months only.
- 3) Insurance is paid for one year ending on 30.06.2018
- 4) One of the debtors Mr. Amit became insolvent, from whom ₹ 10,000 was not received.
- 5) 5% R.D.D. is to be maintained on Debtors
- 6) Depreciate Machinery & Furniture @ 10% and 5% respectively.

9) From the following Trial Balance of Kaluram & Sons you are required to prepare Trading Account, Profit and Loss Account for the year ending 31st March 2019 and Balance Sheet as on that date.

Trial Balance as on 31st March 2019

Debit balances	Amount (₹)	Credit Balances	Amount (₹)
Drawings (1st July 2018)	12,000	Sundry Creditors	40,000
Cash in hand	8,000	Returns	4,500
Cash at Bank	20,000	Dividend	100
Bills Receivable	15,000	Rent	200
Wages	1,800	Sales	53,200
Discount	700	Bank Loan	5,000
Rent	2,000	Capital	99,700
Advertisement	3,000		
Bad debts	1,200		
Travelling Expenses	800		
Purchases	40,000		
Machinery	15,000		
Motor Car	18,000		
Returns	1,200		
Stock (1st April 2018)	10,000		
Sundry Debtors	35,000		
Carriage outwards	1,000		
6% Investment (1st Sept 2018)	18,000		
	2,02,700		2,02,700

Adjustments :

- 1) Closing Stock ₹ 27,000
- 2) Charge Depreciation on Machinery and Motor car @ 10% and 5% respectively.
- 3) Create R.D.D. 5% on Sundry Debtors
- 4) Interest on Drawings @ 5% p.a.
- 5) Create Discount on Sundry Creditors 3%
- 6) Advertisement ₹ 1,000 is prepaid.
- 7) Outstanding Rent ₹ 1,500

10) From the following Trial Balance of Hishikesh you are required to prepare Trading Account and Profit and Loss Account for the year ended 31st March 2019 and Balance Sheet as on that date.

Trial Balance as on 31st March 2019

Debit balances	Amount (₹)	Credit Balances	Amount (₹)
Drawings	2,000	Capital	80,000
Motor Car	30,000	Sundry Creditors	25,000
Cash in hand	1,000	Dividend	4,800
Bills Receivable	20,000	Commission	2,535
Wages	1,000	8% Loan (taken on 1.7.2018)	13,700
Discount	235	Purchases Returns	400
Rent	300	Sales	38,680
Advertisement	2,500		
Bad Debts	500		
Travelling expenses	1,000		
Purchases	27,400		
Machinery	30,000		
Office expenses	500		
Sales Returns	680		
Opening Stock	10,000		
Sundry Debtors	35,500		
Carriage Outward	500		
Cash at Bank	2,000		
	1,65,115		1,65,115

Adjustments :

- 1) Stock on 31st March, 2019 was valued at ₹ 28,000
- 2) Create a Provision for doubtful debts on Sundry Debtors @ 5%
- 3) Depreciate Motor car by 5% p.a. and Machinery by 7% p.a.
- 4) Outstanding expenses Rent ₹ 800 & Wages ₹1,000
- 5) Charge interest on Capital @ 3% p.a.
- 6) Goods of ₹ 4,000 withdrawn by proprietor for personal use.

1 1) From the following Trial Balance of Mantri Trading Co. Prepare a Trading Account and Profit and Loss Account for the year ended 31st March 2019 and Balance Sheet as on that date.

Trial Balance as on 31st March 2019

Debit balances	Amount (₹)	Credit Balances	Amount (₹)
Stock (1.4.2018)	9,500	Capital	2,00,000
Sales Returns	750	R.D.D.	1,000
Loose Tools	55,000	Sales	38,750
Debtors	50,800	Purchases return	455
Bills Receivable	4,000	Creditors	47,000
Purchases	29,455	Bills Payable	8,000
Furniture	15,000	Discount	1,845
Salaries	5,000		
Carriage Outward	3,000		
Legal expenses	2,000		
Insurance	2,200		
Goodwill	20,000		
Machinery	40,000		
Wages	2,345		
Bank	30,000		
Drawings	8,000		
Investments	20,000		
	2,97,050		2,97,050

Adjustments :

- 1) Closing stock valued at ₹ 58,000 Cost Price while Market price is ₹ 60,000
- 2) Write off ₹ 1,200 as Bad debts and create provision for doubtful debts 2% on Sundry Debtors and also create provision for discount on Creditors 5%.
- 3) Loose Tools is valued at ₹ 52,000 and depreciate Furniture by 10% p.a.
- 4) Outstanding expenses Salary ₹ 1,000 and Wages ₹ 225
- 5) Charge interest on Capital 2% and on Drawings 10%.

1 2) From the following Trial Balance of Lucky Enterprise, Prepare the Trading Account and Profit and loss Account for the year ended 31st March 2019 and Balance sheet as on that date.

Trial Balance as on 31st March 2019

Debit balances	Amount (₹)	Credit Balances	Amount (₹)
Cash in hand	5,200	Capital	50,000
Opening stock	10,370	Bank Loan	15,000
Goodwill	10,000	Bills Payable	8,500
Patents	4,000	Creditors	38,260
Cash at Bank	4,400	General Reserve	1,500
Freight	2,500	Dividend	2,000
Power & Fuel	1,500	Interest on Fixed Deposit	3,440
Furniture	12,000	Sales	40,000
Purchases	35,260		
Mobile charges	3,200		
Factory Salaries	2,400		
Repairs	800		
Lighting	1,000		
Carriage outward	360		
Professional charges	1,240		
Debtors	40,000		
Plant & Machinery	13,700		
Office Equipments	10,000		
Carriage Inwards	770		
	1,58,700		1,58,700

Adjustments :

- 1) Closing Stock was ₹ 32,000.
- 2) Write off 50% of patents, depreciate Plant & Machinery by 10% p.a and Office Equipments by 20%.
- 3) Reserve for bad debts is to be created 5% and discount on Debtors 2%.
- 4) Outstanding expenses Mobile charges ₹ 300 and Freight ₹ 500
- 5) Charge Interest on Capital @ 5%.
- 6) Goods of ₹ 2,000 distributed on free sample.

References:

1. The Institute of Cost Accountants of India (2014)- Fundamentals of Accounting.
2. Book –keeping and accountancy standard XI – published by the Maharashtra State
3. Board of Secondary and Higher Education.
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6. S. N. Maheshwari- Introduction to Accounting –Vikas Publishing house Pvt.Ltd.
7. Singal R. S: Book-Keeping and Basic Accounting.
8. Agarwal B.D: Advanced Accounting.
9. Gupta R.L & Radhaswamy- Fundamentals of Accounting.
10. S.N. Mittal (2021) Pearson Education Accounting & Financial Management – *Shree Mahavir Book Depot, New Delhi.*

Course Objectives:

- To impart the knowledge of meaning and classification of accounts.
- To acquaint the students about Journal and ledger.
- To know the preparation of Final Accounts of sole proprietorship.

Course Outcomes:

After the completion of course students will be able to-

CO1: Understand the meaning and classification of accounts.

CO2: Familiar with the journal and ledger posting.

CO3: Prepare Final Accounts for sole proprietorship.

Syllabus: Unit I: Introduction to Accounting:

Meaning, Classification of Accounts, Advantages and Limitations of Accounting, Book-Keeping VS Accounting, Journal Entries and Ledger Posting.

Unit II: Final Accounts of Sole Proprietorship:

Preparation of Trial Balance and Final Accounts of Sole Trading Concern (Simple Adjustments Only).

Examination Pattern for Semester End Examination

Nature of Question Paper

Total Marks – 40

Duration – 2 Hours

Instructions:

1. All questions are compulsory.
2. Figures to the right indicate marks.

Q.1 Objective type questions (MCQs)	08 Marks
Q.2 Practical Problem	08 Marks
Q.3 Practical Problem	16 Marks
Q.4 Short Notes (Any 2 out of 3)	08 Marks

Continuous Internal Evaluation - Total 10 Marks

Home Assignments/ Problem Solving/ Role Play/ Oral/ Quiz/ Seminar/ Case Studies/ Group Discussion

Criteria for Passing:

- 1) Students should pass separately in Semester End Examination (SEE) and Continuous Internal Evaluation (CIE)
- 2) Semester End Examination (SEE): 16 Marks Out of 40
- 3) Continuous Internal Evaluation (CIE)- 4 Marks Out of 10
- 4) Minimum 20 Marks Out of 50

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