

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

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

The account classification is made as follows

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

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

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

The classification is made as follows

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

Q.3 Classify the following into assets, liabilities, capital, revenue, and expenses:

- (i) Plant and Machinery
- (ii) Bank Loan
- (iii) Sales
- (iv) Rent
- (v) Discount Received
- (vi) Carriage Inwards
- (vii) Carriage outwards
- (viii) Purchases
- (ix) Bills Payable
- (x) Wages
- (xi) Advance Income
- (xii) Accrued Income
- (xiii) Goodwill
- (xiv) Furniture and Fixtures
- (xv) Outstanding Expenses
- (xvi) Capital

The classification is made as follows

Assets	Liabilities	Capital	Revenue	Expenses
(i) Plant and Machinery	(ii) Bank Loan	(xvi) Capital	(iii) Sales	(iv) Rent
(xii) Accrued Income	(ix) Bills Payable		(v) Discount Received	(vi) Carriage Inwards
(xiii) Goodwill	(xi) Advance Income			(vii) Carriage Outwards
(xiv) Furniture and Fixtures	(xv) Outstanding Expenses			(viii) Purchases
				(x) Wages

Q4. On which side will the increase in the following accounts be recorded? Also, state the nature of the account:

- (i) Furniture A/c
- (ii) Mohan (proprietor)
- (iii) Salary A/c
- (iv) Purchases A/c
- (v) Sales A/c
- (vi) Interest Paid A/c
- (vii) Sohan (Creditor)
- (viii) Ram (Debtor)

The solution for this question is as follows:

Name of Accounts	Consequence of increase	Modern Approach	Nature of Account
(i) Furniture	Debit	Assets	Real Account
(ii) Mohan (Proprietor)	Credit	Capital	Personal Account
(iii) Salary	Debit	Expense	Nominal Account
(iv) Purchases	Debit	Expense	Nominal Account
(v) Sales	Credit	Revenue	Nominal Account
(vi) Interest Paid	Debit	Expense	Nominal Account
(vii) Sohan (Creditor)	Credit	Liabilities	Personal Account
(viii) Ram (Debtor)	Debit	Assets	Personal Account

Q.5 On which side will the decrease in the following accounts be recorded? Also, state the nature of the account:

- (i) Cash
- (ii) Bank Overdraft
- (iii) Outstanding salary paid
- (iv) Outstanding Rent
- (v) Prepaid Insurance
- (vi) Mohan, Proprietor of the business

The solution for this question is as follows:

Name of Accounts	Consequence of decrease	Modern Approach	Nature of Account
(i) Cash	Credit	Assets	Real Account
(ii) Bank Overdraft	Debit	Liability	Personal Account
(iii) Outstanding Salary Paid	Debit	Liability	Personal Account
(iv) Outstanding Rent	Debit	Liability	Personal Account
(v) Prepaid Insurance	Credit	Asset	Personal Account
(vi) Mohan, proprietor of the business	Debit	Capital	Real Account

Q.6 From the following Transactions, state the nature of account and state which account will be debited and which account credited:

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

The solution for this question is as follows:

Transactions	Nature of Account	
Manu started business with cash	Cash A/c- Debit	Capital A/c- Credit
He purchased furniture for business	Furniture A/c- Debit	Cash A/c- Credit
Purchased goods on credit from Anshul	Purchases A/c- Debit	Creditor A/c- Credit
Paid to his creditor, Anshul	Creditor A/c- Debit	Cash A/c- Credit
Paid salary to his clerk	Salary A/c- Debit	Cash A/c- Credit
Paid rent	Rent A/c- Debit	Cash A/c- Credit
Received interest	Cash A/c- Debit	Interest A/c- Credit

Q.7 Open a 'T' shape account for machinery and put the following transactions on the proper side:

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

The solution for this question is as follows:

Machinery (Asset) Account				
Dr.			Cr.	
Date	Particulars	Amount (₹)	Particulars	Amount (₹)
	Bank (Purchased)	40,000	Bank (Sale)	10,000
	Bank (Purchased)	8,000	Bank (Discarded)	14,000
			Depreciation	1,000
			Balance c/d	23,000
		48,000		48,000

Q8. Open a 'T' shape Cash Account. Put the following transactions on the proper side and balance the account:

- (i) Mohan started business with cash – ₹ 40,000
- (ii) Purchased Goods – ₹ 20,000
- (iii) Sold Goods – ₹ 24,000
- (iv) Paid Rent – ₹ 400
- (v) Paid salaries – ₹ 600
- (vi) Drew for personal use – ₹ 1,000

The solution for this question is as follows:

Cash Account							
Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
(i)	Capital		40,000	(ii)	Purchases		20,000
(iii)	Sales		24,000	(iv)	Rent		400
				(v)	Salaries		600
				(vi)	Drawings		1,000
					Balance c/d		42,000
			64,000				64,000

Q.9 Open a 'T' shape account of creditor, Rakesh and write the following transactions on the proper side:

- (i) Goods purchased from Rakesh on credit – ₹ 50,000
- (ii) Goods returned to Rakesh for – ₹ 5,000
- (iii) Paid to Rakesh – ₹ 20,000
- (iv) Purchase goods from Rakesh on credit – ₹ 10,000

The solution for this question is as follows:

Rakesh							
Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
(ii)	Purchases Return		5,000	(i)	Purchases		50,000
(iii)	Cash		20,000	(iv)	Purchases		10,000
	Balance c/d		35,000				60,000
			60,000				

Q.10 Open a 'T' shape account of debtor 'Brij' and write the following transactions on the proper side:

(i) Sold goods to Brij on credit – ₹ 25,000

(ii) Cash received from Brij – ₹ 10,000

Discount allowed to him – ₹ 500

(iii) Goods returned by Brij – ₹ 5,000

The solution for this question is as follows:

Brij (Debtors)							
Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
(i)	Sales		25,000	(ii)	Cash		10,000
					Discount Received		500
				(iii)	Sales Return		5,000
					Balance c/d		9,500
			25,000				25,000

Q.11 Put the following on the proper side of a Cash Account, a Debtor's Account and a Creditor's Account:

- (i) Sold goods to Sanjay on credit – ₹ 50,000
- (ii) Sold goods to Mohan for cash – ₹ 20,000
- (iii) Purchased goods from Ram on credit – ₹ 25,000
- (iv) Cash received from Sanjay – ₹ 19,000
- (v) Goods returned by Sanjay – ₹ 2,000
- (vi) Paid rent – ₹ 500
- (vii) Cash paid to Ram – ₹ 15,000

The solution for this question is as follows:

Cash Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
(ii)	Sales		20,000	(vi)	Rent		500
(iv)	Sanjay		19,000	(vii)	Ram		15,000
					Balance c/d		23,500
			39,000				39,000

Sanjay (Debtors)

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
(i)	Sales		50,000	(iv)	Cash		19,000
				(v)	Sales Return		2,000
					Balance c/d		29,000
			50,000				50,000

Ram (Creditors)

Dr.				Cr.			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
(vii)	Cash		15,000	(iii)	Purchase		25,000
	Balance c/d		10,000				
			25,000				25,000

Q.12 From the following particulars, prepare the proprietor's Capital Account:

₹

1st April, 2018 – Commenced business with cash 2,00,000
 31st March, 2019 – Net Loss as per Profit and Loss Account 18,000
 31st March, 2019 – Drawings during the period 15,000

Balance the same and explain what the closing balance indicates.

The solution for this question is as follows:

Capital Account							
Dr.							Cr.
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)
2019 March 31	Profit and Loss A/c (Net Loss)		18,000	2018 April 01	Cash		2,00,000
March 31	Drawings		15,000				
March 31	Balance c/d		1,67,000				
			<u>2,00,000</u>				<u>2,00,000</u>

Q.13 From the following particulars, prepare the proprietor's Capital Account:

		₹
2013		
April 1	Started business with	45,000
May 10	Withdrew from business for personal use	10,000
July 15	Further Capital introduced	55,000
Nov. 30	Income tax paid	5,000
2014		
Mar. 31	Profit for the year	30,000

The solution for this question is as follows:

Proprietor's Capital Account					
Dr.					
Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
2013 Mar.10	Drawings A/c	10,000	2013 Apr.01	Cash A/c	45,000
Nov.30	Drawings A/c (Income Tax)	5,000	July 15	Cash A/c	55,000
2014 Mar.31	Balance c/d	1,15,000	2014 Mar.31	Profit and Loss A/c	30,000
		<u>1,30,000</u>			<u>1,30,000</u>