1. Final accounts are the means of conveying the ________ and ________ to management.
2. Journal entries passed to effect the required adjustments are known as ________.
3. The unsold goods in stock at the end of the accounting period is called as ________.
4. Expenses which have been incurred but not yet paid during the accounting period ________.
5. Prepaid expense is otherwise known as ________.
6. Expenses which have been paid in advance are called as ________.
7. To motivate the debtors to make prompt payments, ________ may be allowed to them.
8. After providing provision for bad and doubtful debts, the remaining debtors are called as ________.
9. Every business suffers a percentage of bad debts over and above the debts definitely known as ________ and ________ as Bad debts.
10. Generally depreciation is charged at some percentage on the value of ________.
11. Interest receivable on investments is an ________ for the business.
12. Interest on drawings is an ________ for the business and will reduce the ________ of the owner.
13. Bad debts is a ________ for the business.
14. Accrued Incomes will come under ________ side on the Balance sheet.
15. Incomes Received in Advance will come under ________ side on the Balance sheet.
16. Income which has been ________ but not ________ during the accounting period is called as accrued income.
17. Loose stool is the ________ for the business.
18. Power and fuel will come under in ________ account.
20. Last step in Accounting cycle is called as ________.

Answers:

1. Profitability, financial position.
2. Adjusting entries.
3. Closing stock.
4. Outstanding Expenses.
5. Unexpired Expenses.
6. Prepaid Expenses.
7. Cash discount.
8. Good debtors.
9. Irrecoverable, written off.
10. Fixed asset.
11. Income.
12. Income, capital.
13. Loss
14. Asset Side
15. Liability Side
16. Earned, received
17. Asset
18. Trading
19. Profit & loss A/c
20. Final account
Answer the following questions: 10X2=20

1. What is an outstanding expense?
2. What do you understand by Bad debts?
3. What is meant by accrued income?
4. What is adjusting entry?
5. What is prepaid expense?
6. Give adjusting entry and transfer entry for Interest on capital Rs 4,700
7. Give adjusting and transfer entry for write off bad debts Rs 6,000
8. Commission received given in Trial Balance Rs 2,000 as on that date 31.12.1998. Commission accrued but not received Rs 350. Show the adjusting entry.
9. Give adjusting entry and transfer entry for Depreciation at 10% per annum on Machinery of Rs 75,000.
10. The value of closing stock shown outside Trial Balance (31.3.05) is Rs.2, 50,000. Pass adjusting entry.

Answer the following questions: 10X3=30

11. The Trial balance 31.3.2005 shows Rs 40,000 as Insurance premium paid. Unexpired insurance premium Rs 5,000. Show how this item will appear in the Profit and loss account and Balance sheet.
12. The Trial Balance shows the following as on 31.03.2006 Bank loan @ 10% [01.04.2005] Rs 10,00,000 Interest paid Rs 60,000. How it will appear in the final account?
13. How will the following adjustment appear in the balance sheet as on 31.12.2000 Sundry debtors Rs 21,000 bad debts to be written off Rs 1,000
   Adjustment: Provide @ 5% provision for bad and Doubtful debts.
14. Trial Balance (31.3.05) shows salaries paid Rs.15, 000. Salary for March 2005 Rs.4, 000 not yet paid. Show how this item will appear in the Final accounts.

15. As per Trial Balance Capital is Rs 9,00,000 drawings Rs 80,000
   Adjustment: Calculate interest on drawings @6% p.a . Show how this item will appear in the Final accounts.
16. The Trial Balance shows sundry creditors at Rs.10,000 on 31.3.2000.
   Adjustment: It is desired to make a provision for discount on Sundry creditors at 2½ %. You are required to show how it appears in Profit and Loss account and Balance sheet.
17. Write notes on Provision for bad and Doubtful debts.
18. What is income received in advance?
19. Write notes on Provision for discount on Debtors.
20. Pass necessary adjusting entries for the following adjustments:
   a) Interest accrued on investments Rs. 2,000
   b) Depreciation on machinery Rs. 4,000.
   c) Interest on loan outstanding Rs. 5,000.
Class: XII          Marks:20

1. Pass necessary journal entries for the following adjustments:-- 10X1=10

   a) Closing stock Rs. 3,50,000.
   b) Provide 6% interest on capital of Rs. 16,00,000
   c) Rent received in advance Rs. 5,000
   d) Interest accrued on investments Rs. 2,000
   e) Insurance premium prepaid Rs. 1,000
   f) Wages outstanding Rs. 15,000.
   g) Interest on drawings Rs. 10,000.
   h) Interest on loan outstanding Rs.5,000.
   i) Depreciation at 5% on furniture Rs.50,000.
   j) Write off bad and doubtful debts Rs.3,200.

2. The Trial Balance (31.3.04) shows the following: 5X2=10

   Bank loan @ 10% (1.4.03) ---- Rs. 10,00,000
   Interest paid Rs. 60,000
   Provide interest outstanding. You are required to show how this item will appear in the Final accounts.

3. Rent received shown in the Trial Balance as on 31st March 2001, Rs.10,000. Rent received in advance is
   Rs.1,000. You are required to show how it appears in the Profit and Loss account and Balance sheet.

4. Credit side of Trial Balance as on 31.4.05 shows ‘Commission received Rs.10,000.’ Commission accrued but
   not yet receivedRs.4,000. You are required to show how it appears in the Profit and Loss account and Balance sheet.

5. The Trial Balance shows on 31.3.2002, Sundry debtorsRs.1,50,000. Provide 5% provision for bad and doubtful
debts on Sundry debtors. You are required to show how it appears in the Profit and Loss account and Balance sheet.

6. Trial balance shows salaries paid Rs.22,000.
   Adjustment: Salary for March 2004, Rs.2,000 not yet paid.
1. The Trial Balance shows on 31.3.2002, Sundry debtors Rs.1,25,000.

**Adjustment:**
1. Bad debts to be written off Rs.5,000.
2. Provide @ 5% Provision for bad and doubtful debts and
3. Provide @ 2% Provision for discount on debtors.
Pass entries and show how these items will appear in the Final accounts.

2. The Trial Balance shows the followings:-
   - Capital as on 31.3.03 – Rs.6,00,000
   - Drawing as on 31.3.03 – Rs.50,000

**Adjustment:**
Charge interest on drawings @ 5%.
Pass adjusting and transfer entry. Show how this item will appear in the Final accounts.

3. Trial Balance (31.3.05) shows salaries paid Rs.1,50,000. Salary for March 2005 Rs.4,000 not yet paid.
Pass adjusting entry and show how this item will appear in the Final accounts.

4. Sundry debtors R 21,000
Bad debts to be written off Rs. 1,000

**Adjustment:** Provide @ 5% provision for Bad and Doubtful debts and @2% Provision for discount on Debtors.
Pass adjusting and transfer entry. Show how this item will appear in the Final accounts.

5. Trial Balance as on 31.3.05 shows Rs.40,000 as Insurance premium paid. Unexpired insurance premium Rs.5,000.
Pass adjusting entry and show how this item will appear in the Final accounts.

6. Prepare Profit and loss

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings 30,000</td>
<td></td>
</tr>
<tr>
<td>Machinery 31,400</td>
<td></td>
</tr>
<tr>
<td>Furniture 2,000</td>
<td></td>
</tr>
<tr>
<td>Motor Car 16,000</td>
<td></td>
</tr>
<tr>
<td>Purchases 1,88,000</td>
<td></td>
</tr>
<tr>
<td>Sales returns 1,000</td>
<td></td>
</tr>
<tr>
<td>General Expenses 1,600</td>
<td></td>
</tr>
<tr>
<td>Rates and Taxes 1,200</td>
<td></td>
</tr>
<tr>
<td>Discount allowed 1,400</td>
<td></td>
</tr>
<tr>
<td>Insurance premium 800</td>
<td></td>
</tr>
<tr>
<td>Capital 40,000</td>
<td></td>
</tr>
<tr>
<td>Purchase returns 2,000</td>
<td></td>
</tr>
<tr>
<td>Sales 2,80,000</td>
<td></td>
</tr>
<tr>
<td>Sundry Creditors 9,600</td>
<td></td>
</tr>
<tr>
<td>Discount received 1,000</td>
<td></td>
</tr>
<tr>
<td>Sundry Debtors 30,000</td>
<td></td>
</tr>
<tr>
<td>Cash at Bank 9,400</td>
<td></td>
</tr>
<tr>
<td>Bad Debts 400</td>
<td></td>
</tr>
<tr>
<td>Opening stock 20,000</td>
<td></td>
</tr>
<tr>
<td>Provision for bad and doubtful debts 600</td>
<td></td>
</tr>
</tbody>
</table>

**Adjustments:**
i) Outstanding rates and taxes Rs.1,600.
ii) Insurance Premium Prepaid Rs.200.
iii) Maintain Provision for bad and doubtful debts at 5% on debtors.
iv) Depreciate Motor car by 10%, Furniture by 4% and Buildings by 3%.
1. From the following Trial Balance of Mr. Ravi, prepare Trading and Profit and Loss Account for the year ended 31st March, 2002 and a Balance Sheet as on that date.

Capital 40,000
Sales 25,000
Purchases 15,000
Salaries 2,000
Rent 1,500
Insurance 300
Drawings 5,000
Machinery 28,000
Bank 4,500
Cash 2,000
Stock (1.4.2001) 5,200
Debtors 2,500
Creditors 1,000

Adjustments required:
- a) Stock on 31.3.02 Rs. 4,900
- b) Salaries unpaid Rs. 300
- c) Rent paid in advance Rs. 200
- d) Insurance prepaid Rs. 90


Capital 2,00,000
Drawings 3,600
Buildings 30,000
Furniture & Fittings 15,000
Computer 50,000
Loan from Mr.Ravi at 6% 30,000
Interest on Loan 1,800
Sales 2,00,000
Loose tools 32,200
Purchases 1,50,000
Stock on 1.4.94 50,000
General Expenses 30,000
Freight inward 4,000
Freight outward 2,000
Commission received 15,000
Sundry Debtors 56,000
Bank 40,400
Sundry Creditors 20,000

Adjustments:
- i) Closing stock Rs.64,000.
- ii) Depreciate computer at 10%; Buildings at 5%; Furniture and Fittings at 10%
- iii) Provide for Bad and doubtful Debts at 5% and for Discount on Debtors at 2%.
- iv) Provide interest on Drawings at 6% and on Capital at 6%.