



INDIAN SCHOOL AL WADI AL KABIR

Class: XI	Department: Commerce
	Topic: FINANCIAL STATEMENTS WITH ADJUSTMENTS

I.State True or False.

- 1.Insurance claim received on loss of goods by accident is a revenue receipt. TRUE.
- 2.Return Inward is deducted from Sales in the Trading A/c. FALSE
- 3.Payment to vendors for raw material is a direct expense. TRUE
- 4.Computers purchases for office use is a revenue expenditure. FALSE
- 5.Prepaid wages mentioned in trial balance is deducted from wages in Trading A/c. FALSE
- 6.Closing Stock is valued at lower of market value or cost price. TRUE
- 7.Indirect expenses are debited to Profit/Loss A/c. FALSE

II.Fill in the blanks:

- 1.Unearned income are shown as _____ in the Balance sheet. ASSETS
- 2.The outcome of Trading A/c is _____ or _____. GROSS PROFIT /GROSS LOSS.
- 3.Registration charges paid on purchase of Land is _____ expenditure. CAPITAL.
- 4.Motor vehicle purchased by a car dealer for resale is _____ expenditure. REVENUE.
- 5.Salaries and wages are debited to _____ A/c. PROFIT/LOSS A/C.
6. When sales are of Rs.25,000 and Gross Profit earned is Rs.3,500. Then the Cost of Goods sold is _____. Rs.16,500.
- 7.Freight is debited to _____ A/c. TRADING A/c.
- 8._____ is also called as Position Statement. BALANCE SHEET.
- 9.Interest on investment given as adjustment is shown _____ and _____. PROFIT/LOSS A/c credit and BALANCE SHEET.
- 10.Bad debt recovered is recorded in _____ side of _____ A/c. CREDIT PROFIT/LOSS A/c.

III.Match the following:

Column A	Column B
i.Outstanding expenses	a.)Income
ii.Bad debt	b)Liability
iii.Commission (Cr)	c)Capital Receipt
iv.Loan obtained	d)Loss

i-b; ii-d; iii-a; iv-c.

IV.Choose the correct Answer:

- 1.Financial Statement is prepared from
A.Journal B.Ledger **C.Trial Balance** D.Purchase Book.

2. Sales = Rs. 2,00,000. The Gross profit is 20% on sales. The Cost of Goods sold = ?
A. Rs. 1,50,000 B. Rs. 1,40,000 C. Rs. 1,80,000 **D. Rs. 1,60,000**

3. Depreciation on fixed assets mentioned as an adjustment, is shown :

A. Debited to P/L a/c. Deducted from the concerned asset.

B. Credited to P/L a/c. Deducted from the concerned asset.

C. Debited to P/L a/c. Added to the concerned asset.

D. Credited to P/L a/c. Deducted from the concerned asset.

4. Prepaid Rent, if given in the Trial Balance, is shown in

A. Trading A/c as deduction from rent.

B. Profit/Loss A/c as deduction from rent.

C. Balance sheet as an asset.

D. Balance Sheet as a liability

5. On 1.4.2019, the business had a Provision for doubtful of Rs. 6,500. During the year 2019-20, Rs. 4,000 was written off as further bad debt. The Debtors stood in the books on 31.3.2020 at Rs. 1,96,000 before writing off the bad debt. It was decided to maintain Provision for doubtful debt @ 5%. The amount for bad debt and provision debited to P/L A/c will be

A. Rs. 13,600 **B. Rs. 7,100** C. Rs. 9,600 D. Rs. 12,100.

6. The Gross profit = Rs. 45,000. Salaries = Rs. 5,500; Discount (Cr) = Rs. 900; Repairs = Rs. 8,400. Net profit of the firm will be

A. Rs. 32,000 B. Rs. 33,800 C. Rs. 30,200 D. Rs. 39,500.

7. What will be Gross profit, if Sales = Rs. 1,20,000; purchases = Rs. 54,000; wages = Rs. 6,000. Return outward Rs. = Rs. 1,000. Closing stock = Rs. 5,000

A. Rs. 65,000 B. Rs. 63,000 C. Rs. 67,000 **D. Rs. 66,000**

8. Trial Balance shows 10% Bank Loan Rs. 70,000 and Interest on loan paid Rs. 4,200. What is the amount of interest outstanding?

A. Rs. 3,500 B. Rs. 2,000 **C. Rs. 2,800** D. Rs. 3,800.

9. Cost of goods sold is Rs. 6,69,000; sales Rs. 7,44,000 and closing stock Rs. 50,400. Gross profit for the year is

A. Rs. 90,400 **B. Rs. 74,400** C. Rs. 1,24,800 D. Rs. 2,24,000.

10. Net profit before manager's commission is Rs. 13,200 and the manager is entitled for a commission of 10% of Net profit after charging the commission. How much commission is payable to the manager?

A. Rs. 1,320 B. Rs. 1,300 C. Rs. 1,250 **D. Rs. 1,200**

11. Trial Balance as on 31.3.2020 shows bad debt Rs. 1,000; provision for doubtful debt Rs. 1,700 and debtors Rs. 9,000.

A customer owing Rs. 500 was declared bankrupt and the firm decided to maintain a provision for doubtful debt @ 2%. What will be the amount of bad debt and provision shown in Profit/Loss A/c?

A. Rs. 30 Debit **B. Rs. 30 credit** C. Rs. 1,030 debit D. Rs. 1,030 credit

12. In Trial Balance 5% Investments of Rs.20,000 is shown. It also shows interest on investment Rs.650. What will be interest on investment shown in Profit/Loss A/c according to accrual concept?

A.Rs.350 B.Rs.900 **C.Rs.1,000** D.Rs.1,100

13. The Gross Profit =Rs.66,000. The Trial balance shows insurance premium Rs.14,000, Building Rs.2,00,000.

Adjustment shows depreciation on building @10%p.a and prepaid insurance Rs.2,000. What will be net profit of the business?

A.Rs34,000 B.Rs.32,000 C.Rs.30,000 D.Rs.36,000

14. Capital as on 1.4.2019 = Rs.1,90,000; Drawings Rs.7,000, Net loss Rs.24,900. What will be the capital on 31.3.2020?

A.Rs.2,07,900 **B.Rs.1,58,100** C.Rs.2,21,900 D.Rs.172,100

15. Opening stock Rs.40,000; purchases Rs.3,60,000; closing stock Rs.1,30,000; sales Rs.3,80,000; Freight inward Rs.10,000; Salaries and wages Rs.50,000; return inward Rs.20,000 and return outward Rs.40,000. Gross profit for the year will be

A.Rs.70,000 B.Rs.1,50,000 C.Rs.1,10,000 **D. Rs.1,20,000**