

## Paper 1

### **PRINCIPLES & PRACTICE OF ACCOUNTING**

Time allotted – 3 Hours

Date – 21-06-2023

Total Marks – 100

Question No. 1 is Compulsory

Candidates are also Required to answer any **Four** Questions From the  
Remaining **Five** Questions

Working Notes should form part of Respective Answers. Wherever  
necessary , Suitable Assumptions may be made and disclosed by way of  
a note

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#### **1 (a)**

**State with Reasons , Whether the Following Statements are True or False (6\*2) = (12)**

1. In case of bill of exchange, the drawer and the payee may not be the same person but in case of a promissory note, the maker and the payee may be the same person.
  2. A concern proposes to discontinue its business from December 2020 and decided to dispose off all its plants within a period of 3 months. The Balance Sheet as on 31<sup>ST</sup> December, 2020 should continue to indicate the plants at its historical costs as the assets will be disposed off after the Balance Sheet date.
  3. Gauri purchased goods worth Rs. 75,800 at 5% trade discount and she paid half of the amount in cash. The amount appearing in the purchase book is Rs. 36,005.
  4. If individual life policies are taken in the name of the partners and premium is paid from the firm, then retiring partner is entitled to surrender value of his policy only.
  5. When shares are forfeited, the share capital account is debited with called up capital of shares forfeited and the share forfeiture account is credited with calls in arrear of shares forfeited.
  6. In the balance sheet of X Limited, Preliminary expenses amounting to Rs. 5 lakhs and securities premium account of Rs. 35 lakhs are appearing. The accountant can use the balance in securities premium account to write off Preliminary expenses.
- b)** A trader prepared his accounts on 31<sup>st</sup> March , each year. Due to some unavoidable reasons, no stock taking could to be possible till 15<sup>th</sup> April, 2022 on which date the total cost of goods in his godown came to Rs. 50,000. The following facts were established between 31<sup>st</sup> March and 15<sup>th</sup> April 2022.
- a. Sales Rs. 41,000 ( including cash Sales Rs. 10,000)
  - b. Purchases Rs. 5,034 (including cash purchase Rs. 1,990)

- c. Sales Return Rs. 2,000
- d. The Trader Had Also Received Goods Costing Rs. 8000 in march , For Sale on Consignment Basis , 20% of Goods had Been Sold by 31<sup>st</sup> March and Another 80% Before 15<sup>th</sup> April. These Sales are not included in Sales Above.

Goods are sold by the trader at a profit of 20% on sales.

You are required to ascertain the value of inventory as on 31<sup>st</sup> March, 2022. **(4)**

**C) Differentiate Between Normal Loss & Abnormal Loss **(4)****

**2 (a) 10**

The Cash-book of M/s ABC shows 27,570 as the balance at Bank as on 31<sup>st</sup> March, 2021. But this does not agree with balance as per the Bank Statement. On scrutiny following discrepancies were found:

- a) Subsidy 10,250 received from the government directly by the bank, but not advised to the company
- b) On 15<sup>th</sup> March, 2021 the payments side of the Cash-book was under cast by 350.
- c) On 20<sup>th</sup> March, 2021 the debit balance of 2,156 as on the previous day, was brought forward as credit balance in Cash-book.
- d) A customer of the M/s ABC, who received a cash discount of 5% on his account of 2,000, paid to M/s ABC a cheque on 24<sup>th</sup> March, 2021. The cashier erroneously entered the gross amount in the Cash-Book.
- e) On 10<sup>th</sup> March, 2021 a bill for 5,700 was discounted from the bank, entered in Cash-book, but proceeds credited in Bank Statement amounted to 5,500 only.
- f) A cheque issued amounting to 1,725 returned marked 'out of date'. No entry made in Cash-book.
- g) Insurance premium 756 paid directly by bank under a standing order. No entry made in cash-book.
- h) A bill receivable for 1,530 discounted for 1,500 with the bank had been dishonoured on 30<sup>th</sup> March, 2021, but advice was received on 1<sup>st</sup> April, 2021.
- i) Bank recorded a Cash deposit of 1,550 as 1,505.

Prepare Bank Reconciliation Statement on 31<sup>st</sup> March, 2021.

**2 (b)****10**

X and Y were friends and in need of funds. On 1<sup>st</sup> Jan. X drew a bill for Rs 200000 for 3 months on Y. On 4<sup>th</sup> Jan. X got the bill discounted at 10% p.a. and remitted half of the proceeds to Y. On 1<sup>st</sup> April, X could not send the required sum, instead, he accepted Y's bill for Rs 120000 for two months. On 4<sup>th</sup> April, the bill was discounted by Y at 12% p.a. Out of this Rs 7800 were remitted to X. At maturity of second bill, due to financial crisis, X became insolvent and only 50 Paise in a rupee could be recovered from his estate.

Give journal Entries in the Books of Y & Y's ledger in the Books of X

**3 (a)****(5)**

Mr X provides you the following information:

1. Goods sent by Mr X to his agent Mr Y – 10000 Units @ Rs 20 per unit
2. Mr X's Forwarding and Insurance Expenses Rs 50000
3. Goods still-in-transit-200 units
4. Agent took delivery and brought the goods to his godown after incurring expenses @ Rs 1 per unit
5. Goods sold by Agent – 7300 units @ Rs 30
6. Agent's Commission --- 5%

**Required** - Calculate the amount of Closing Stock To be Shown in the Books of Consignor

**3 (b)****15**

While closing his books of account OM Pandey finds that the Trial Balance on that date, i.e, 31<sup>st</sup> March, 2022 is out by Rs.907 excess debit. He places the difference in a newly opened Suspense Account and prepares his final accounts which reveals a profit of Rs.14,780 for the year ended 31<sup>st</sup> March, 2022.

In April, 2022, the following errors were detected in the accounts for 2021-22

- A. Purchases Book was undercast by Rs.1,000.
- B. Cash received from Mohan das Rs.687 was posted to the debit of Rohan das as Rs.678.
- C. Discount received Rs.7,630 and discount allowed Rs.6,873 were not posted to the ledger.
- D. Schedule of debtors was totalled Rs.16,280 instead of Rs.16,380. Om Pandey maintains a provision for doubtful debts @5%.
- E. Bank Charges and interest Rs.115 remained unposted to the debit side of the Nominal Account.
- F. Depreciation on furniture Rs.970 was wrongly recorded as Rs.790.

Pass the Journal entries to rectify the above mentioned errors, prepare the Suspense Account and profit and loss Adjustment Account and

ascertain the correct amount of profit for the year ending 31st March, 2022.

**4 (a)**

**10**

Following is the Receipts and Payments Account of Mayur Club for the year ended 31<sup>st</sup> March, 2023:

Receipts	Rs.	Payments	Rs.
<b>Opening Balance (1.4.2022)</b>		Sports Materials	3,04,500
Cash on hand	39,100	Salaries	3,15,000
Cash at Bank	50,000	Equipment purchased on 01.10.2022	60,000
<b>Subscriptions Received</b>		Bank Fixed deposits on 31.3.2023	1,50,000
For the year 2021-22	18,000	Rent	1,48,500
For the year 2022-23	9,63,000	Ground maintenance	22,120
For the year 2023-24	4,500	Insurance	38,400
Interest on bank Fixed Deposits @10%	45,000	Stationery	3,450
		Sundry Expenses	5,880
		<b>Closing balances as on 31.3.2023</b>	
		Cash in hand	31,750
		Cash at Bank	40,000
	<b>11,19,600</b>		<b>11,19,600</b>

Following additional information is provided to you:

- The club has 220 members. The annual subscription is Rs.4,500 per member.
- Depreciation to be provided on furniture at 10% p.a. and on sports equipment at 15%p.a.
- On 31<sup>st</sup> March, 2023, stock of sports material in hand (after members use during the year) is valued at Rs.78,000 and stock of stationery at Rs.3,150. Rent for 1 month is outstanding. Unexpired insurance amounts to Rs.9,600.
- On 31<sup>st</sup> March, 2022 the club had the following assets:

Furniture	Rs.2,70,000
Sports Equipment	Rs.1,80,000
Bank Fixed Deposit	Rs.4,50,000
Stock of Stationery	Rs.1,500
Stock of Sports Material	Rs.73,500
Unexpired Insurance	Rs.8,400
Subscription in arrear	Rs.22,500

Note: There was no Liability on 31.3.2022.

**You are required to prepare:**

- Income and Expenditure Account; and
- Balance sheet as at 31<sup>st</sup> March, 2023.

**4 (b)****(5)**

The following amounts are due to X by Y. Y wants to pay off (a) on 18<sup>th</sup> March or (b) on 14<sup>th</sup> July. Interest rate of 8% p.a. is taken into consideration.

Due Dates	Rs.
10th January	500
26th January (Republic day)	1,000
23rd March	3,000
18th August (Sunday)	4,000

Determine the amount to be paid in (a) and (b).

**4 (c) (i)****5**

Caly Company sends out its gas containers to dealers on Sale or Return basis. All such transactions are, however, treated as actual sales and are passed through the Day book. Just before the end of the financial year, 100 gas containers, which cost them Rs.900 each have been sent to the dealer on 'Sale or return basis' and have been debited to his account at Rs.1,200 each. Out of this only 20 gas containers are sold at Rs.1,500 each.

You are required to pass necessary adjustment entries for the purpose of Profit and Loss Account Balance sheet.

**OR****4 (c) (ii)****5**

Roshan has a current account with partnership firm. It has debit Balance of Rs.75,000 as on 01.07.2016.

He has further deposited the following amounts:

Date	Amount (Rs.)
14.07.2016	1,38,000
18.08.2016	22,000

He withdrew the following amounts:

Date	Amount (Rs.)
<b>29.07.2016</b>	97,000
<b>09.09.2016</b>	11,000

Show Roshan's A/c in the ledger of the firm. Interest is to be calculated at 10% on debit balance and 8% on credit balance. You are required to prepare current account as on 30<sup>th</sup> September, 2016 by means of product of balances method.

**5 (a)**

**(10)**

A, B and C are partners in a firm sharing profits and losses as 8:5:3. Their Balance Sheet as at 31<sup>st</sup> December, 2021 was as follows:

	<b>Rs.</b>		<b>Rs.</b>
Sundry Creditors	1,50,000	Cash	40,000
General Reserve	80,000	Bills Receivable	50,000
Partner's Loan Accounts:		Sundry Debtors	60,000
A	40,000	Stock	1,20,000
B	30,000	Fixed Assets	2,80,000
Partner's Capital Accounts:			
A	1,00,000		
B	80,000		
C	70,000		
	5,50,000		5,50,000

From 1<sup>st</sup> January, 2022 they agreed to alter their profit-sharing ratio as 5:6:5.

It is also decided that:

- a) The fixed assets should be valued at Rs.3,31,000;
- b) A provision of 5% on sundry debtors be made for doubtful debts;
- c) The goodwill of the firm at this date be valued at three year's purchase of the average net profits of the last five years before charging insurance premium; and
- d) The Stock be reduced to Rs.1,12,000.

There is a joint life insurance policy for Rs.2,00,000 for which an annual premium of Rs.10,000 is paid, the premium being charged to Profit and Loss Account. The surrender value of the policy on 31<sup>st</sup> December, 2021 was Rs.78,000.

The net profits of the firm for the last five years were Rs.14,000, Rs.17,000, Rs.20,000, Rs.22,000 and Rs.27,000.

Goodwill and the surrender value of the joint life policy was not to appear in the books.

Prepare Revaluation Account , partner's Capital Account & Revised balance Sheet.

**5(b)****(10)**

From following trial balance of Mr. Sundar Lal, prepare Manufacturing, Trading and Profit & Loss Account for the year ended 31<sup>st</sup> March, 2023 & Balance Sheet as on that date:

**Dr. Trial Balance as on March 31, 2023**

**Cr.**

<b>Debit Balances</b>	<b>Amount</b>	<b>Credit Balances</b>	<b>Amount</b>
Drawings	12,000	Capital	82,000
Cash in hand	1,000	Mr. Sundar Lal's Loan	8,000
Cash at Bank	8,000	Sundry Creditors	90,000
Sundry Debtors	80,000	Sales less returns	2,46,000
Patents	4,000	Discount Received	4,000
Plant & Machinery	45,000	Sale of Scrap	2,000
Land & Buildings	52,000	Bad Debts Recovered	5,000
Purchase of Raw Materials	70,000		
Stock of Raw Materials (1.4.2022)	7,000		
Stock of Work-in-progress (1.4.2022)	4,000		
Stock of Finished goods (1.4.2022)	36,000		
Carriage Inwards	2,000		
Wages	54,000		
Salary to Factory Manager	11,000		
Factory Expenses	6,000		
Factory Rent and Insurance	5,000		
Royalty (paid on sales basis)	2,000		
Advertisement	6,000		
Office Rent and Insurance	10,000		
Office Expenses	12,000		
Carriage Outwards	1,000		
Bad Debts	2,000		
Discount Allowed	3,000		
Printing and Stationery	4,000		
	<b>4,37,000</b>		<b>4,37,000</b>

The Stock as on 31<sup>st</sup> March, 2023 was as follows: Raw Materials Rs.8,000; Work-in-progress Rs.10,000; finished Goods Rs.30,000.

**6 (a)****10**

B Ltd. issued 20,000 equity shares of Rs 100 each at Rs 20 per share payable as follows: on application Rs 50; on allotment Rs 50 (including premium); on final call Rs 20. Applications were received for 24,000 shares. Letters of regret were issued to applicants for 4,000 shares and shares were allotted to all the other applicants. Mr. A, the holder of 150 shares, failed to pay the allotment and call money, the shares were forfeited. Show the Journal Entries and Cash Book in the books of B Ltd.

**6 (b)**

**(5)**

X Ltd. Obtains a Loan from IDBI of Rs.1,00,00,000, giving as collateral security of Rs.1,50,00,000 (of Rs.10 each), 14%, First Mortgage Debentures. Give Journal Entries and extract of balance sheet.

**6 (C)**

**(5)**

Explain Imprest & Non Imprest System of Petty Cash Book



## **SUGGESTED ANSWERS**

### **Paper 1**

#### **PRINCIPLES & PRACTICE OF ACCOUNTING**

Time allotted – 3 Hours

Date – 22-06-2023

Total Marks – 100

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#### **1 (a)**

**State with Reasons , Whether the Following Statements are True or False (6\*2) = 12**

1. In case of bill of exchange, the drawer and the payee may not be the same person but in case of a promissory note, the maker and the payee may be the same person.

Answer – False

The drawer and payee may be same person in case of bill of exchange whereas in promissory note maker and payee can't be same person.

2. A concern proposes to discontinue its business from December 2020 and decided to dispose off all its plants within a period of 3 months. The Balance Sheet as on 31<sup>ST</sup> December, 2020 should continue to indicate the plants at its historical costs as the assets will be disposed off after the Balance Sheet date.

Answer - False

Reason - If the fundamental accounting assumption of going concern is not followed, then the assets and liabilities should be stated at realizable value not historical cost.

3. Gauri purchased goods worth Rs. 75,800 at 5% trade discount and she paid half of the amount in cash. The amount appearing in the purchase book is Rs. 36,005.

Answer - True

Reason - The trade discount is to be deducted from the total value of Rs. 75,800. The amount paid in cash includes cash purchases and only the credit purchase will be shown in the purchase book = 36,005 (72,010 X 50%).

4. If individual life policies are taken in the name of the partners and premium is paid from the firm, then retiring partner is entitled to surrender value of his policy only.

Answer - False

Reason - If individual life policies are taken in the name of the partners and premium is paid from the firm, then retiring partner is entitled to surrender value of all partners' policies.

5. When shares are forfeited, the share capital account is debited with called up capital of shares forfeited and the share forfeiture account is credited with calls in arrear of shares forfeited.

Answer – False

When shares are forfeited, the share capital account is debited with called up capital of shares forfeited and the share forfeiture account is credited with amount received on shares forfeited.

6. In the balance sheet of X Limited, Preliminary expenses amounting to Rs. 5 lakhs and securities premium account of Rs. 35 lakhs are appearing. The accountant can use the balance in securities premium account to write off Preliminary expenses.

Answer - True

Reason - According to Section 52 of The Companies Act, 2013, securities premium account may be used by the company to write off Preliminary expenses of The Company. Thus the accountant can use the balance in securities premium account to write off Preliminary expenses amounting to Rs. 5 lakhs.

(b)

<b>STATEMENT SHOWING COMPUTATION OF VALUE OF STOCK AS ON 31-3-2022</b>			
<b>SR.NO</b>	<b>PARTICULARS</b>	<b>AMOUNT</b>	<b>AMOUNT</b>
<b>A</b>	<b>Value of Stock as on 15-4-2022</b>		<b>50000</b>
<b>B</b>	<b>Add -</b>		
	Cost of Sales (41000-20%)		32800
<b>C</b>	<b>Less -</b>		
	Cost of Goods Purchased	5034	
	Cost of Goods Returned By Customer (2000-20%)	1600	6634
<b>D</b>	<b>Value of Stock as on 31-03-2022</b>		<b>76166</b>

Note – Goods Received on Consignment basis and Sold on behalf of Consignor Will have No Effect

(c)

Normal loss	Abnormal loss
Normal loss occurs due to inherent nature of the goods being shipped e.g. leakage, evaporation, loss of perishable goods etc.	Abnormal loss occurs mainly because of unforeseen events e.g. accident or natural calamity etc.
Normal loss is not accounted for immediately and is loaded on the remaining goods. It gets accounted for as cost of remaining goods as and when they are sold.	Abnormal loss is accounted for immediately in profit and loss account.
As normal loss is added to cost of remaining goods, it impact gross profit.	Abnormal loss does not impact gross profit.
Insurance companies generally do not cover normal loss as it is expected to be incurred on each consignment or storage of goods.	Insurance is generally available for abnormal losses.
Normal loss is almost certain however it may vary from time to time.	Abnormal loss is because of unforeseen events and is not certain.

2 (a)

**Cash Book (Amended Bank Column)**

Particulars	Amount	Particulars	Amount
To Bal B/d	27570	By Under Casting of Cash Book	350
To Subsidy A/c	10250	By party A/c	100
To Error of carrying Forward	4312	By Discounting Charges	200
To Party A/c (Cheque Issued Returned)	1725	By Insurance Premium A/c	756
		By Discounted Bill Dishonoured	1530
		By Bal C/d (Bal Fig)	40921
	<b>43857</b>		<b>43857</b>

**M/s. ABC**

**Bank Reconciliation Statement as at 31-03-2021**

Sr.No	Particulars	Amount	Amount
A	Balance as Per Adjusted Cash Book		40921
B	<b>Less-</b>		
	Bank Recorded Short Cash Deposit		45
C	Balance as Per Pass Book (A-B)		40876

Note - In The Absence of Information It is Assumed that Books of Accounts are Being Closed on 31<sup>st</sup> March 2021 & Accordingly BRS is Being Prepared With Adjusted Cash Book.

**2 (b)**

## Y's Journal

Date	Particulars	Dr. (Rs.)	Cr. (Rs.)
Jan.1	X Dr. To Bills Payable A/c (Being acceptance of the bill given to X)	2,00,000	2,00,000
Jan.4	Bank A/c Dr. Discount A/c Dr. To X (Being the half the proceeds received from X)	97,500 2,500	1,00,000
April.1	Bills Receivable A/c Dr. To X (Being the acceptance of a bill received from X)	1,20,000	1,20,000
April.4	Bank A/c Dr. Discount A/c Dr. To Bill Receivable A/c (Being the bill discounted @ 12 p.a.)	1,17,600 2,400	1,20,000
April.4	Bills Payable A/c Dr. To Bank A/c (Being the first bill discharged)	2,00,000	2,00,000

April.4	X Dr. To Bank A/c To Discount A/c [Being Rs.7,800 remitted to X and proportionate discount Rs.2,200 (i.e. Rs.2,400x Rs.1,07,800/ Rs. 1,17,600 charged)]	10,000	7,800 2,200
4th June	X Dr. To Bank A/c (Being the bill of X dishonoured on X's bankruptcy)	1,20,000	1,20,000
4th June	Bank A/c Dr. Bad Debts A/c Dr. To X (Being a dividend of 50 paise in a rupee received on X's bankruptcy and the balance written off as bad debts)	55,000 55,000	1,10,000

**In The Books of X**

Y's A/c

Particulars	Amount	Particulars	Amount
To Bank A/c	97500	By B/R A/c	200000
To Discount A/c	2500	By Bank A/c	7800
To B/P A/c	120000	By Discount A/c	2200
To Bank A/c	55000	By B/P A/c	120000
To Deficit A/c	55000		
	330000		330000

**3 (a)****Calculation of Value of Goods Still in Transit**

Sr.No	Particulars	Amount
A	Cost of Goods Still in transit (200 Units * 20)	4000
B	Add - Proportionate Expenses of Consignor (50000/10000*200)	1000
C	Total Cost of Goods Still in Transit (A+B)	5000

**Calculation of Cost of Closing Stock Lying With Consignee**

Sr.No	Particulars	Amount
A	Cost of Goods lying with Consignee (2500 units *20)	50000
B	Add - Proportionate Expenses of Consignor (50000/10000*2500)	12500
C	Add - Proportionate Non Recurring Expenses of Consignee (9800/9800*2500)	2500
D	Total Cost of Goods Lying with Consignee (A+B+C)	65000

Total Cost of Goods to Be Shown in Books of Consignor = 5000+65000 = 70000

**3 (b)****JOURNAL**

DATE	PARTICULARS	L.F.	Dr. Amount	Cr. Amount
1	Profit and Loss Adjustment A/C Dr. To Suspense A/C  (Being the rectification of error caused by under casting of purchase book for 21-22 by Rs. 1000)		1,000	1,000
2	Suspense A/C Dr. To Mohan Das A/C To Rohan Das A/C  (Being the rectification of wrong debit of Rs. 678 to Rohan Das and Omission to credit of Rs. 687 to Mohan Das, in 21-22 books )		1,365	687 678
3 (a)	Suspense A/C Dr. To Profit And Loss Adjustment A/C  (Being the rectification of Omission of posting of discount received in 21-22)		7,630	7,630
(b)	Profit And Loss Adjustment A/C Dr. To Suspense A/c		6,873	6,873

	(Being the rectification of Omission of posting of discount Allowed in 20-21)			
4	Sundry Debtor A/C Dr. Profit And Loss Adjustment A/C Dr. To Suspense A/C To Provision for doubtful debts A/C		100 5	100 5
	(Being the rectification of schedule of debtors and also rectification of provision for bad debts account due to wrong basis on which the amount of provision was calculated in 21-22)			
5	Profit And Loss Adjustment A/C Dr. To Suspense A/C (Being the rectification of omission of posting of bank charges and interest)		115	115
6	Profit And Loss Adjustment A/C Dr. To Furniture A/C  (Being the rectification of wrong entry for depreciation of furniture)		180	180
7	Capital A/C Dr. To Profit And Loss Adjustment A/C  (Being the balance of profit and loss Adjustment A/C Transferred to Capital A/C)		543	543

#### SUSPENSE A/C

Dr.				Cr.			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
Apr-22	To Mohan Das A/C		687	Mar-22	By Difference in Trial Balance b/d		907
Apr-22	To Rohan Das A/C		678	Apr-22	By Profit And Loss Adjustment A/C		1,000
Apr-22	To Profit And Loss Adjustment A/C		7,630	Apr-22	By Profit And Loss Adjustment A/C		6,873
				Apr-22	By Sundry Debtors A/C		100
				Apr-22	By Profit And Loss		115

					Adjustment A/C		
			8,995				8,995

**Profit And Loss Adjustment A/C**

Dr.				Cr.			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
Apr-22	To Suspense A/C		1,000	Apr-22	By Suspense A/C		7,630
Apr-22	To Suspense A/C		6,873	Apr-22	By Capital A/C(Loss) (b/f)		543
Apr-22	To Provision for Doubtful Debts A/C		5				
Apr-22	To Suspense A/C		115				
Apr-22	To Furniture A/c		180				
			8,173				8,173

The Correct profit for 21-22 Shall Be  $14780 - 543 = 14237$

**4 (a)**

**In The Books of Mayur Club  
Income & Expenditure A/c  
for the year ended 31st march 2023**

<b>Expenditure</b>	<b>Amount</b>	<b>Income</b>	<b>Amount</b>
To Salaries	3,15,000	By Subscription	9,90,000
To Ground Maintenance	22,120	By Interest on Bank Fixed Deposit	45,000
To Sundry Expenses	5,880		
<b>To Depreciation</b>			
Sports Equipment	31,500		
Furniture	27,000		
To Sports Material	3,00,000		
To Stationery	1,800		
To Insurance	37,200		
To Rent	1,62,000		
To Surplus for the year*	1,32,500		
	<b>10,35,000</b>		<b>10,35,000</b>



**Balance Sheet (Closing)  
As on 31st March 2023**

Liabilities	Amount	Assets	Amount
Capital Fund 1095000	12,27,500	Bank Fixed Deposit	6,00,000
Add - Surplus 132500		Cash in Hand	31,750
Subscription received in advance	4,500	Cash at Bank	40,000
Outstanding Rent	13,500	Furniture 2,70,000	2,43,000
		Less: Dep 27,000	
		Stock of Sports material	78,000
		Stock of Stationery	3,150
		unexpired insurance	9,600
		outstanding Subscription	31,500
		sports Equipment	2,08,500
	<b>12,45,500</b>		<b>12,45,500</b>

**Balance Sheet (Opening)  
As on 31st March 2022**

Liabilities	Amount	Assets	Amount
Capital Fund (Bal Fig)	10,95,000	Cash in Hand	39,100
		Cash at Bank	50,000
		Furniture	2,70,000
		Sports Equipment	1,80,000
		Bank Fixed Deposits	4,50,000
		Stock of Stationery	1,500
		Stock of Sports Material	73,500
		Unexpired Insurance	8,400
		Outstanding Subscription	22,500
	<b>10,95,000</b>		<b>10,95,000</b>

**WORKING NOTES  
Subscription A/c**

Particulars	Amount	Particulars	Amount
To Bal B/d	22500	By Cash/Bank A/c	9,63,000
To Income & Expenditure A/c (220 members X Rs.4,500)	9,90,000		
To Bal C/d	4500	By Bal C/d (Bal Fig)	31500
	<b>9,90,000</b>		<b>9,90,000</b>

**Sports Material A/c**

Particulars	Amount	Particulars	Amount
To Balance B/d	73,500	By Income & Expenditure A/c (Bal Fig)	3,00,000
To Cash/Bank A/c	3,04,500	By Balance c/d	78,000
	<b>3,78,000</b>		<b>3,78,000</b>

**Stationary A/c**

Particulars	Amount	Particulars	Amount
To Balance b/d	1,500	By Income & Expenditure A/c (Bal Fig)	1,800
To Cash/Bank A/c	3,450	By Balance c/d	3,150
	<b>4,950</b>		<b>4,950</b>

**Insurance A/c**

Particulars	Amount	Particulars	Amount
To Bal B/d	8,400	By Income & Expenditure A/c (Bal Fig)	37,200
To Cash/Bank A/c	38,400	By Bal C/d	9,600
	<b>46,800</b>		<b>46,800</b>

**Rent A/c**

	Amount	Particulars	Amount
To Cash/Bank A/c	1,48,500	By Income & expenditure A/c (Bal Fig)	1,62,000
To Bal C/d	13,500		
	<b>1,62,000</b>		<b>1,62,000</b>

**Sports Equipment A/c**

Particulars	Amount	Particulars	Amount
To Balance B/d	1,80,000	By Depreciation A/c	31,500
To Cash/bank A/c	60,000	By Balance C/d (Bal Fig)	2,08,500
	<b>2,40,000</b>		<b>2,40,000</b>

## 4 (b)

## Statement Showing Computation of ADD

Due Date	Amount	No. of Days from Base Date	Products
10th January	500	0	0
25th January	1000	15	15000
23rd March	3000	72	216000
17th August	4000	219	876000
	<b>8500</b>		<b>1107000</b>

**Let the Base Date Be 10th January**

**Average Due Date = Base Date + (Total of Products/Total of Amount) Days**

**= 10th January + (1107000/8500) Days**

**= 10th January + 130.23 Days Say 131 Days**

**= 21st May**

**Note - As The No of Days to Be added to base Date to Arrive At Average Due Date are in Decimal , The No of Days are Rounded up to Next Day Hence taken 131 Days**

**Amount Payable If Entire Amount Paid on 18th March**

**ADD = 21st May**

**Date of payment = 18th March**

**No. Of Days Early Payment = 64 Days**

**Saving In Interest =  $8500 \times 8\% / 365 \times 64 = 119.23$  Say 119**

**Total Amount Payable =  $8500 - 119 = 8381$**

**Amount Payable If Entire Amount Paid on 14th July**

**ADD = 21st May**

**Date of payment = 14th July**

**No. Of Days Delayed Payment = 54 Days**

**Interest payable =  $8500 \times 8\% / 365 \times 54 = 100.60$  Say 101**

**Total Amount Payable =  $8500 + 101 = 8601$**

#### 4 (C) (i)

#### JOURNAL BOOK

DATE	PARTICULARS	L.F	DEBIT	CREDIT
	<b>Customer's A/c....Dr (20 Containers * Rs.300)</b>		<b>6000</b>	
	<b>To Sales A/c</b>			<b>6000</b>
	<b>(Being Goods sent on Sale or return Basis accounted as sale for increase in price)</b>			
	<b>Sales A/c....Dr (80 Containers* Rs. 1200)</b>		<b>96000</b>	
	<b>To Customer's A/c</b>			<b>96000</b>
	<b>(Being reversal of Sales on Balance Sheet date for goods unsold)</b>			
	<b>Stock With Customer on Approval Basis A/c....Dr (80 Conatiners* Rs. 900)</b>		<b>72000</b>	
	<b>To Trading A/c</b>			<b>72000</b>
	<b>(Being Stock Lying with Customer Sent on Approval Basis)</b>			

#### 4 (C) (ii)

**In The Books of Partnership Firm  
Roshan in Account Current with Partnership Firm  
For The Period 1-7-2016 to 30-09-2016**

Date	Particulars	Debit	Credit	Balance	Dr/Cr	No. Of Days	Debit Products	Credit Products
01/07/2016	To Bal B/d	75000		75000	Dr	13	975000	
14/07/2016	By Cash Deposited		138000	63000	Cr	15		945000
29/07/2016	To Cash Withdrawn	97000		34000	Dr	20	680000	
18/08/2016	By Cash Deposited		22000	12000	Dr	22	264000	
09/09/2016	To Cash Withdrawn	11000		23000	Dr	22	506000	
							<b>2425000</b>	<b>945000</b>
30/09/2016	To Interest	456.01		23456.01	Dr			

**Interest Payable on Credit Products = 945000\*8%/366 Days \* 1 Day = 206.56**

**Interest Recievable on Debit Products = 2425000\*10%/366 Days \* 1 Day = 662.57**

**Net Interest Recievable = 662.57-206.56 = 456.01**

## 5 (a)

### Revaluation A/c

Particulars	Rs.	Particulars	Rs.
To RDD	3,000	By Fixed Assets	51,000
To Stock	8,000		
To Revaluation profit			
A           20000			
B           12500			
C           7500	40000		
	<b>51,000</b>		<b>51,000</b>

### Partners Capital Accounts

	A	B	C		A	B	C
To A's Capital A/c	-	5625	11,250	By Bal B/d	1,00,000	80,000	70,000
To A's Capital A/c		4,875	9,750	By General Reserve	40,000	25,000	15,000
				By B & C's Capital (G/W)	16,875		
				By B & C's Capital (JLP)	14,625		
To bal C/d (Bal Fig)	1,91,500	1,07,000	71,500	By Revaluation A/c	20000	12,500	7,500
	<b>1,91,500</b>	<b>1,17,500</b>	<b>92,500</b>		<b>1,91,500</b>	<b>1,17,500</b>	<b>92,500</b>

### Balance sheet as on 1<sup>st</sup> Jan 2022

Liabilities	Rs.	Assets	Rs.
<b>Partners Capital A/c</b>		Cash	40,000
A           191500		Bills Receivable	50,000
B           107000		Debtors           60000	
C           71500	3,70,000	Less - RDD <u>3000</u>	57000
<b>Partners Loan A/c</b>		Stock	112000
A           40000		Fixed Assets	3,31,000
B           30000	70,000		
Sundry Creditors	1,50,000		
	<b>5,90,000</b>		<b>5,90,000</b>

### Working Notes

#### 1. Computation of Gaining & Sacrificing Ratio

$$A = 8/16 - 5/16 = 3/16 \text{ (Sacrifice)}$$

$$B = 5/16 - 6/16 = (1/16) \text{ (Gain)}$$

$$C = 3/16 - 5/16 = (2/16) \text{ (Gain)}$$

#### 2. Calculation of Value of Goodwill & Its Treatment

Average profit of Last 5 Years after Charging Insurance Premium

$$\text{i.e. } 14000 + 17000 + 20000 + 22000 + 27000 / 5 \text{ Years} = 20000$$

$$\begin{aligned} \text{Average profit of last 5 Years Before Charging Insurance Premium} &= 20000 + \text{Insurance Premium per Year} \\ &= 20000 + 10000 \\ &= 30000 \end{aligned}$$

$$\begin{aligned} \text{Value of Goodwill} &= 3\text{Yrs Purchase} * \text{Average profit Before Charging Insurance Premium} \\ &= 3 * 30000 \\ &= 90000 \end{aligned}$$

#### Accounting Entry For Goodwill Adjustment

B's Capital A/c.....Dr (1/16\*90000) 5625

C's Capital A/c.....Dr (2/16\*90000) 11250

To A's Capital A/c (3/16\*90000) 16875

**3. Treatment of Surrender Value Rs. 78000 of JLP**

**Accounting Entry**

B's Capital A/c.....Dr (1/16*78000)	4875	
C's Capital A/c.....Dr (2/16*78000)	9750	
To A's Capital A/c (3/16*78000)		14625

**5 (b)**

**In The Books of Mr. Sundarlal  
Manufacturing A/c  
For the year Ended 31-03-2023**

Particulars	Amount	Particulars	Amount
To Opening Work in Progress	4000	By Sale of Scrap	2000
<b>To Raw Material Consumed</b>		By Closing Work in Progress	10000
Opening stock		By Cost of Production trf to Trading Account	139000
7000			
Add - Purchases			
70000			
Less - Closing Stock			
8000	69000		
To Carriage Inwards	2000		
To Wages	54000		
To Salary to Factory Manager	11000		
To Factory Expenses	6000		
To Factory Rent & Insurance	5000		
	<b>151000</b>		<b>151000</b>

**Trading & P/L A/c  
For the year Ended 31-03-2023**

Particulars	Amount	Particulars	Amount
To Opening Stock of Finished Goods	36000	By Sales	246000
To Cost of Production	139000	By Closing Stock	30000
To Gross profit	101000		
	<b>276000</b>		<b>276000</b>
		By Gross Profit B/d	101000
To Royalty	2000	By Discount Received	4000
To Advertisement	6000	By Bad Debts Recovered	5000
To office Rent & Insurance	10000		
To Office Expenses	12000		
To Carriage outward	1000		
To Bad Debts	2000		
To Discount Allowed	3000		
To Printing & Stationary	4000		
To Net Profit Trf to Capital A/c	70000		
	<b>110000</b>		<b>110000</b>

**BALANCE SHEET  
AS ON 31-03-2023**

Particulars	Amount	Particulars	Amount
Capital 82000		Patents	4000
Less - Drawings 12000		Plant & Machinery	45000
Add - Net Profit <u>70000</u>	140000	Land & Building	52000
		Sundry Debtors	80000
Sundarlal's Loan	8000	Cash in hand	1000
Sundry Creditors	90000	Cash at Bank	8000
		<b>Closing Stock</b>	
		Raw Material 8000	
		Work in Progress 10000	
		Finished Goods <u>30000</u>	48000
	<b>238000</b>		<b>238000</b>

**6 (a)**

**In The Books of B Ltd  
Journal Entries**

Sr.No	PARTICULARS	L.F	DEBIT	CREDIT
1	Equity Share Application A/c		1000000	
	Equity Share Allotment A/c		1000000	
	To Equity Share Capital A/c			1600000
	To Securities Premium Reserve A/c			400000
	(Being Shares allotted & Allotment Money Due)			
2	Calls In Arrears A/c.....Dr		7500	
	To Equity Share Allotment A/c			7500
	(Being Allotment Money Not Received on 150 Shares at Rs. 50 Each Transferred to Calls in Arrears)			
3	Equity Share First & Final call A/c.....Dr		400000	
	To Equity Share Capital A/c			400000
	(Being Share First & Final call Due)			
4	Calls In Arrears A/c.....Dr		3000	
	To Equity Share First & Final call A/c			3000
	(Being First & Final call Not Received on 150 Shares at Rs. 20 Each Transferred to Calls in Arrears)			
5	Equity Share Capital A/c.....Dr (150*100)		15000	
	Securities Premium A/c.....Dr (150*20)		3000	
	To Forfeited Shares A/c (150*50)			7500
	To Call in Arrear's A/c			10500
	(Being 150 Shares Forfeited for non payment of allotment & Final call Money)			

**In The Books of B Ltd**

**Cash Book**

Particulars	Amount	Particulars	Amount
To Equity Share Application A/c (Being Application money Received on 24000 Shares at Rs. 50 Each)	1200000	By Equity Share Application A/c (Being Excess Application money on 4000 Shares at 50 each Refunded)	200000
To Equity Share Allotment A/c (Being Allotment money Received on 19850 Shares at Rs. 50 Each)	992500		
To Equity Share First & Final call A/c (Being First & Final Call Received on 19850 Shares at Rs. 20 Each)	397000	By Balance C/d (Bal Fig)	2389500
	<b>2589500</b>		<b>2589500</b>

**6 (b)**

**In the Books of X Ltd.  
Journal**

Date	Particulars	Rs.	Rs.
	Bank A/c.....Dr	1,00,00,000	
	To IDBI Loan A/c (Being Bank Loan taken)		1,00,00,000
	Debentures Suspense A/c      Dr	1,50,00,000	
	To 14% First Mortgage Debentures A/c (Being the Issue of Rs.15,00,000 debentures @ Rs.10 collaterally as per Board's Resolution No... Dated...)		1,50,00,000



**Balance Sheet of X Limited as at.... (Extracts)**

	<b>Particulars</b>		<b>Notes No.</b>	<b>Rs.</b>	
	<b>EQUITY AND LIABILITIES</b>				
(i)	<b>Non-Current Liabilities</b>				
	Long Term Borrowings		1	2,50,00,000	
		<b>Total</b>		<b>2,50,00,000</b>	
	<b>ASSETS</b>				
(ii)	<b>Non-current Assets</b>				
	Other Non-current Assets		2	1,50,00,000	
(iii)	<b>Current Assets</b>				
	Cash and Cash Equivalent			1,00,00,000	
		<b>Total</b>		<b>2,50,00,000</b>	
<b>Notes to accounts</b>					
				<b>Rs.</b>	<b>Rs.</b>
(i)	<b>Long Term Borrowings</b>				
	Secured Loan				
	IDBI Loan			1,00,00,000	
	14% First Mortgage Debentures			1,50,00,000	<b>2,50,00,000</b>
(ii)	<b>Other Non-current Assets</b>				
	Debenture Suspense Account				
	(Issue of Rs.15,00,000 14% first debentures as collateral security as per contract)				<b>1,50,00,000</b>

**6 (C)**

- "Imprest' or 'Float' is the amount which the main cashier hands over to the petty cashier in order to meet the petty cash expenses of a given period.
- Petty cash book may be maintained on Imprest system or no Imprest system.

**Imprest System of petty cash** – under Imprest system. The chief cashier *makes the reimbursement* of the amount spent by the petty

cashier and the petty cashier again has the same amount of petty cash at the end as in the beginning.

**Non Imprest system of Petty Cash** - Under the non Imprest system the Chief Cashier may hand over the cash to the Petty Cashier equal to/ more than / less than the amount spent by the petty cashier. The petty cashier may or may not have the same closing balance of petty cash as opening balance.