



FOUNDATION- ACCOUNTS

Chapter: Bonus, Redemption, Co final Accounts, NPO, Final Accounts, Rectification, Subsidiary, Single Entry

Paper: Accounts

Marks: 50

SPC Receipt No: _____

Test ID: 12611

Time Allowed : 1.5 Hour

Q1) A company has decided to increase its existing share capital by making rights issue to its existing shareholders. The company is offering one new share for every two shares held by the shareholder. The market value of the share is Rs. 240 and the company is offering one share of Rs. 120 each. Calculate the value of a right. What should be the ex-right market price of a share? **Marks 4**

Q2) The following mistakes were located in the books of a concern after its books were closed and a Suspense Account was opened in order to get the Trial Balance agreed:

- (i) Sales Day Book was overcast by Rs. 1,000.
- (ii) A sale of Rs. 5,000 to X was wrongly debited to the Account of Y.
- (iii) General expenses Rs. 180 was posted in the General Ledger as Rs. 810.
- (iv) A Bill Receivable for Rs. 1,550 was passed through Bills Payable Book. The Bill was given by P.
- (v) Legal Expenses Rs. 1,190 paid to Mrs. Neetu was debited to her personal account.
- (vi) Cash received from Ram was debited to Shyam Rs. 1,500.
- (vii) While carrying forward the total of one page of the Purchases Book to the next, the amount of Rs.1,235 was written as Rs. 1,325.

Find out the amount of the Suspense Account and Pass entries (including narration) for the rectification of the above errors in the subsequent year's books. **Marks 8**

Q3) A. Adamjee keeps his books on single entry basis. The analysis of the cash book for the year ended on 31st March, 2022 is given below:

Receipts	Rs.	Payments	Rs.
Bank Balance as on 1st April, 2021	2,800	Payments to Sundry creditors	35,000
Received from Sundry Debtors	48,000	Salaries	6,500
Cash Sales	11,000	General expenses	2,500
Capital brought during the year	6,000	Rent and Taxes	1,500
Interest on Investments	200	Drawings	3,600
		Cash purchases	12,000
		Balance at Bank on 31st March, 2022	6,400
		Cash in hand on 31st March, 2022	<u>500</u>
	<u>68,000</u>		<u>68,000</u>

Particulars of other assets and liabilities are as follows:

	1 st April, 2021	31st March, 2022
Sundry debtors	14,500	17,600
Sundry creditors	5,800	7,900
Machinery	7,500	7,500
Furniture	1,200	1,200
Inventory	3,900	5,700
Investments	5,000	5,000

Prepare final accounts for the year ending 31st March, 2022 after providing depreciation at 10 per cent on machinery and furniture and Rs. 800 against doubtful debts. **Marks 16**

Q4) JHP Limited is a company with an authorised share capital of Rs.10,00,000 in equity shares of Rs.10 each, of which 6,00,000 shares had been issued and fully paid on 30th June, 2020. The company proposed to make a further issue of 1,00,000 of these Rs.10 shares at a price of Rs.14 each, the arrangements for payment being:

- (a) Rs. 2 per share payable on application, to be received by 1st July, 2020;
- (b) Allotment to be made on 10th July, 2020 and a further Rs. 5 per share (including the premium) to be payable;
- (c) The final call for the balance to be made, and the money received by 30th April, 2021. Applications were received for 3,55,000 shares and were dealt with as follows:
 - (i) Applicants for 5,000 shares received allotment in full;
 - (ii) Applicants for 30,000 shares received an allotment of one share for every two applied for; no money was returned to these applicants, the surplus on application being used to reduce the amount due on allotment;
 - (iii) Applicants for 3,20,000 shares received an allotment of one share for every four applied for; the money due on allotment was retained by the company, the excess being returned to the applicants; and
 - (iv) the money due on final call was received on the due date.

You are required to record these transactions (including cash items) in the Journal of JHP Limited.

Marks 6

Q5) The Income and Expenditure Account of the Youth Club for the Year 2020 is as follows:

Expenditure	Rs.	Income	Rs.
To Salaries	4,750	By Subscription	7,500
To General Expenses	500	By Entrance Fees	250
To Audit Fee	250	By Contribution for	
To Secretary's Honorarium	1,000	annual dinner	1,000
To Stationery & Printing	450	By Annual Sport meet	
To Annual Dinner Expenses	1,500	receipts	750
To Interest & Bank Charges	150		
To Depreciation	300		
To Surplus	600		
	9,500		9,500

This account had been prepared after the following adjustments:

	Rs.
Subscription outstanding at the end of 2019	600
Subscription received in Advance on 31st December, 2019	450
Subscription received in advance on 31st December, 2020	270
Subscription outstanding on 31st December, 2020	750

Salaries Outstanding at the beginning and the end of 2020 were respectively Rs. 400 and Rs. 450. General Expenses include insurance prepaid to the extent of Rs. 60. Audit fee for 2020 is as yet unpaid. During 2020 audit fee for 2019 was paid amounting to Rs. 200.

The Club owned a freehold lease of ground valued at Rs.10,000. The club had sports equipment on 1st January, 2020 valued at Rs. 2,600. At the end of the year, after depreciation, this equipment amounted to Rs. 2,700. In 2019, the Club has raised a bank loan of Rs. 2,000. This was outstanding throughout 2020. On 31st December, 2020 cash in hand amounted to Rs. 1,600.

Required

Prepare the Receipts and Payments Account for 2020 and Balance Sheet as at the end of the year.

Marks 10

Q6) Mr. Kotriwal is engaged in business of selling magazines. Several of his customers pay money in advance for subscribing his magazines. Information related to year ended 31st March 2020 has been given below:

On 1.4.2019 he had a balance of Rs. 2,00,000 advance from customers of which Rs. 1,50,000 is related to year 2019-20 while remaining pertains to year 2020-21. During the year 2019-20 he made cash sales of Rs. 5,00,000. You are required to compute:

(i) Total income for the year 2019-20.

(ii) Total money received during the year if the closing balance in advance from customers account is Rs. 1,70,000.

Marks 6