



**CA Darshan Jain**  
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CA FOUNDATION PRE EXAM MARATHON PLAN FOR DEC 23 ON YOU TUBE BY DJ SIR

DATE	DAY	TOPIC	TIME
18-12-2023	MONDAY	L1 - RECTIFICATION OF ERRORS	10.00 PM - 12.00 AM
19-12-2023	TUESDAY	L2 - BANK RECONCILIATION STATEMENT	10.00 PM - 12.00 AM
20-12-2023	WEDNESDAY	L3 - NPO	10.00 PM - 12.00 AM
21-12-2023	THURSDAY	L4 - BILLS OF EXCHANGE	10.00 PM - 12.00 AM
22-12-2023	FRIDAY	L5 - DEPRECIATION ACCOUNTING	10.00 PM - 12.00 AM
23-12-2023	SATURDAY	L6 - TIPS & TRICKS TO CRACK CA FOUNDATION ACCOUNTS	10.00 PM - 11.00 PM
24-12-2023	SUNDAY	100 MARKS MOCK TEST	AS PER CONVENIENCE OF STUDENTS
24-12-2023	SUNDAY	L7 - CONSIGNMENT	10.00 PM - 12.00 AM
25-12-2023	MONDAY	L8 - ISSUE , FORFEITURE & REISSUE OF SHARES	10.00 PM - 12.00 AM
26-12-2023	TUESDAY	L9 - FINAL ACCOUNTS OF SOLE PROPRIETOR	10.00 PM - 12.00 AM
27-12-2023	WEDNESDAY	L10 - FINAL ACCOUNTS OF MANUFACTURING ENTITY	10.00 PM - 12.00 AM
28-12-2023	THURSDAY	L11 - THEORY & TRUE OR FALSE	10.00 PM - 12.00 AM
29-12-2023		L12 - 12 HOURS PRE EXAM MAHA MARATHON (INVENTORY VALUATION , DEPRECIATION , ISSUE OF DEB , PARTNERSHIP , FINAL ACCOUNTS , BASICS OF ACCOUNTS)	8.00 AM ONWARDS
30-12-2023	SATURDAY	SELF STUDY DAY	-
31-12-2023	SUNDAY	L13 - WARM UP SESSION	9.00 AM TO 10.00 AM
12 HOURS PRE EXAM MAHA MARATHON (BRS , NPO , SHARES , ADD , ACCOUNT CURRENT , SOGRA , ROE , ACCOMADATION BILL) IS AVAILABLE ON YT			

# SUPER 75

## SUPER 75

SR.NO	NAME OF TOPIC	NO. OF QUE
1	RECTIFICATION OF ERRORS	4
2	BANK RECONCILIATION STATEMENT	4
3	BILL OF EXCHANGE & PROMISSORY NOTES	4
4	INVENTORY VALUATION	7
5	CONSIGNMENT	5
6	DEPRECIATION	4
7	AVERAGE DUE DATE	4
8	ACCOUNT CURRENT	3
9	PARTNERSHIP - BASICS	2
10	PARTNERSHIP - VALUATION OF GOODWILL	2
11	PARTNERSHIP - ADMISSION OF PARTNER	3
12	PARTNERSHIP - RETIREMENT OF PARTNER	2
13	PARTNERSHIP - DEATH OF PARTNER	3
14	PARTNERSHIP - CHANGE IN PSR	1
15	COMPANY ACCOUNTS AND ACCOUNTING FOR SHARES	6
16	ISSUE OF DEBENTURES	3
17	SALE OF GOODS ON APPROVAL BASIS	4
18	FINAL ACCOUNTS OF NON-MANUFACTURING ENTITIES	5
19	FINAL ACCOUNTS OF MANUFACTURING ENTITIES	3
20	FINANCIAL STATEMENTS OF NPO	6
	<b>TOTAL</b>	<b>75</b>

## ORDER OF CHAPTERS IN MAHA MARATHON NOTES

SR.NO	NAME OF TOPIC	REMARK
1	BANK RECONCILIATION STATEMENT	COVERED IN JUNE 23 MAHA MARATHON
2	FINANCIAL STATEMENTS OF NPO	COVERED IN JUNE 23 MAHA MARATHON
3	COMPANY ACCOUNTS AND ACCOUNTING FOR SHARES	COVERED IN JUNE 23 MAHA MARATHON
4	FINAL ACCOUNTS OF NON-MANUFACTURING ENTITIES	TO BE COVERED IN DEC 23 MAHA MARATHON
5	FINAL ACCOUNTS OF MANUFACTURING ENTITIES	TO BE COVERED IN DEC 23 MAHA MARATHON
6	RECTIFICATION OF ERRORS	COVERED IN JUNE 23 MAHA MARATHON
7	BILL OF EXCHANGE & PROMISSORY NOTES	COVERED IN JUNE 23 MAHA MARATHON
8	CONSIGNMENT	TO BE REVISED FROM DEC 23 MINI MARATHON
9	DEPRECIATION	TO BE COVERED IN DEC 23 MAHA MARATHON
10	INVENTORY VALUATION	TO BE COVERED IN DEC 23 MAHA MARATHON
11	AVERAGE DUE DATE	COVERED IN JUNE 23 MAHA MARATHON
12	ACCOUNT CURRENT	COVERED IN JUNE 23 MAHA MARATHON
13	SALE OF GOODS ON APPROVAL BASIS	COVERED IN JUNE 23 MAHA MARATHON
14	ISSUE OF DEBENTURES	TO BE COVERED IN DEC 23 MAHA MARATHON
15	PARTNERSHIP ACCOUNTS	TO BE COVERED IN DEC 23 MAHA MARATHON
16	BASICS OF ACCOUNTS	TO BE COVERED IN DEC 23 MAHA MARATHON



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CA-FOUNDATION JUNE / NOV 2024 BATCHES FROM MAR / APR 2024

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### WEIGHTAGE ANALYSIS

SR.NO	NAME OF TOPIC	May-18	Nov-18	May-19	Nov-19	Nov-20	Jan-21	Jul-21	Dec-21	Jun-22	Dec-22	Jun-23
1	MEANING AND SCOPE OF ACCOUNTING		4			4	4					
2	ACCOUNTING CYCLE	4	2		2				7.5	6		5
3	SUBSIDIARY BOOKS AND CASH BOOK					4	2	12	4.5	5	5	4
4	ACCOUNTING PRINCIPLES AND POLICIES			4		2			1	4	4	4
5	CAPITAL AND REVENUE EXPENDITURE AND RECIEPTS	2	2	2	2	2	2	4	4	2	5	2
6	CONTINGENT LIABILITIES AND PROVISIONS	4			4				2	2	4	
7	ACCOUNTING AS A MEASUREMENT DISCIPLINE											
8	ACCOUNTING STANDARDS							2				

SR.NO	NAME OF TOPIC	May-18	Nov-18	May-19	Nov-19	Nov-20	Jan-21	Jul-21	Dec-21	Jun-22	Dec-22	Jun-23
9	RECTIFICATION OF ERRORS	12	10	6	15	7	10	10	5	2	12	2
10	BANK RECONCILIATION STATEMENT	10	10	10	10	10	4	5	10	5	10	5
11	BILL OF EXCHANGE & PROMISSORY NOTES			5	2	10			10		15	5
12	INVENTORY VALUATION			5	7	10		7	4	5	2	5
13	CONSIGNMENT	10	12	2	10	7	12	10	2	10		12
14	DEPRECIATION		6	10	4	5	10	4	6	10	4	10
15	AVERAGE DUE DATE	5	5	7	5	5	5	5	5	2	5	5
16	ACCOUNT CURRENT	7	5		5	5	7		5	5	5	

SR.NO	NAME OF TOPIC	May-18	Nov-18	May-19	Nov-19	Nov-20	Jan-21	Jul-21	Dec-21	Jun-22	Dec-22	Jun-23
17	PARTNERSHIP - BASICS	2		2	2		5		5			5
18	PARTNERSHIP - VALUATION OF GOODWILL									5	5	
19	PARTNERSHIP - ADMISSION OF PARTNER			15		2			10		10	
20	PARTNERSHIP - CHANGE IN PSR											
21	PARTNERSHIP - RETIREMENT OF PARTNER	10				10		5		10		
22	PARTNERSHIP - DEATH OF PARTNER			10	10		10	12				20
23	COMPANY ACCOUNTS AND ACCOUNTING FOR SHARES	12	10	10	17	12	17	19	17	15	15	15
24	ISSUE OF DEBENTURES		5	5		5				2	2	3

SR.NO	NAME OF TOPIC	May-18	Nov-18	May-19	Nov-19	Nov-20	Jan-21	Jul-21	Dec-21	Jun-22	Dec-22	Jun-23
25	SALE OF GOODS ON APPROVAL BASIS	5	5		5		5	7		5		5
26	FINAL ACCOUNTS OF NON-MANUFACTURING ENTITIES	20	5	10	10	5	15	15	2		10	1
27	FINAL ACCOUNTS OF MANUFACTURING ENTITIES				5	10	5		15	20		2
28	FINAL ACCOUNTS OF NPO		12	10	10	10	10	10	10	10	12	15
29	OMITTED TOPICS	22	17	27								
	<b>TOTAL</b>	<b>125</b>	<b>125</b>	<b>125</b>	<b>125</b>	<b>125</b>	<b>125</b>	<b>125</b>	<b>125</b>	<b>125</b>	<b>125</b>	<b>125</b>

## RECTIFICATION OF ERRORS

### QUESTION 1 (10 MARKS)

Correct the following errors (i) without opening a Suspense Account and (ii) with opening a Suspense Account:

- (1) The sales book has been totalled ₹ 2,100 short.
- (2) Goods worth ₹ 1,800 returned by Gaurav & Co. have not been recorded anywhere.
- (3) Goods purchased ₹ 2,250 have been posted to the debit of the supplier Sen Brothers.
- (4) Furniture purchased from Mary Associates, ₹ 15,000 has been entered in the purchase Daybook.
- (5) Discount received from Black and White ₹ 1,200 has not been entered in the books.
- (6) Discount allowed to Radhe Mohan & Co. ₹ 180 has not been entered in the Discount Column of the Cashbook. The account of Radhe Mohan & Co. has, however, been correctly posted.

If a Suspense Account is not opened.

Sr.No	Rectification of Error
1	The Said Error Needs to be Rectified By crediting the Sales Account by 2100 as "By Wrong Totaling of the Sales Book"
2	Sales Return A/c.....Dr 1800 To Gaurav & Co A/c 1800
3	The Said Error needs to rectified by Crediting Sen Brothers by Rs. 4500 as "By Errors in Posting"
4	Furniture A/c....Dr 15000 to Purchase A/c 15000
5	Black & White A/c....Dr 1200 To Discount A/c 1200
6	The Said Error needs to be Rectified by Debiting Discount Account by Rs. 180 as " To Omission of Entry in Cash Book "

**If a Suspense Account is opened :**

Sr.No	Particulars	LF	Debit	Credit
1	Suspense A/c... To Sales (Being Sales A/c Undercasted Earlier Now Rectified)		2100	2100
2	Sales Return A/c... To Gaurav & Co. A/c (Being Sales return By Gaurav & Co Not recorded Earlier , Now Recorded)		1800	1800

Sr.No	Particulars	LF	Debit	Credit
3	Suspense A/c...Dr To Sen Brothers A/c (Being Purchase of Goods From Sen Brothers Earlier Debited to his A/c Wrongly , Now Rectified)		4500	4500
4	Furniture A/c... To Purchase A/c (Being Furniture Purchased Debited to Purchase Earlier Wrongly , Now Rectified)		15000	15000
5	Black & Co. A/c.....Dr To Discount A/c (Being Discount Received Earlier Not Recorded)		1200	1200

Sr.No	Particulars	LF	Debit	Credit
	In Books , Now Rectified)			
6	Discount A/c.....Dr To Suspense A/c (Being Discount not Entered in Cash Book Earlier , Now Rectified)		180	180

**QUESTION 2**

The following errors were committed by the Accountant of Hari Om Toys.

- Purchase of Rs. 1620 from Anupam & Co. passed through Sales Day Book as Rs. 1260
- Credit sale of Rs. 1600 to Soni & Co. was posted to the credit of their account.

How would you rectify the errors assuming that :

- they were detected before preparation of Trial Balance.
- they were detected after preparation of Trial Balance but before preparing Final Accounts, the difference was taken to Suspense A/c.
- they were detected after preparing Final Accounts.

(i)

**Before Preparation of Trial Balance**

Sales A/c.....Dr 1260  
Purchase A/c.....Dr 1620  
To Anupam & Co. A/c 2880

**After Preparation of Trial Balance**

Sales A/c.....Dr 1260  
Purchase A/c.....Dr 1620  
To Anupam & Co. A/c 2880

**After Preparation of Final Accounts**

Profit & Loss Adjustment A/c.....Dr 2880  
To Anupam & Co. A/c 2880

(ii)

**Before Preparation of Trial Balance**

The Said Error will be Rectified by Debiting Soni & Co. A/c by Rs. 3200 as "To Errors in Posting"

**After Preparation of Trial Balance**

Soni & Co. A/c.....Dr 3200  
To Suspense A/c 3200

**After Preparation of Final Accounts**

Soni & Co. A/c.....Dr 3200  
To Suspense A/c 3200

**QUESTION 3**

Mr. Roy was unable to agree the Trial Balance last year and wrote off the difference to the Profit and Loss Account of that year. Next Year, he appointed a Chartered Accountant who examined the old books and found the following mistakes:

- (1) Purchase of a scooter was debited to conveyance account ₹3,000.
- (2) Purchase account was over-cast by ₹10,000.
- (3) A credit purchase of goods from Mr. P for ₹2,000 entered as a sale.
- (4) Receipt of cash from Mr. A was posted to the account of Mr. B ₹1,000.
- (5) Receipt of cash from Mr. C was posted to the debit of his account, ₹500.
- (6) ₹ 500 due by Mr. Q was omitted to be taken to the trial balance.
- (7) Sale of goods to Mr. R for ₹2,000 was omitted to be recorded.
- (8) Amount of ₹2,395 of purchase was wrongly posted as ₹2,593.

Mr. Roy used 10% depreciation on vehicles. Suggest the necessary rectification entries.

**Journal Entries in the books of Mr. Roy**

Date	Particulars	LF	Amount	Amount
1	Motor Vehicles A/c.....Dr		2700	
	To Profit & Loss Adjustment A/c			2700
	(Being Purchase of Scooter wrongly debited to conveyance account now rectified) 3000 -10% Depreciation = 2700			
2	Suspense A/c.....Dr		10000	
	To Profit & Loss Adjustment A/c			10000
	(Being Purchase Account Over casted Earlier now Rectified)			

Date	Particulars	LF	Amount	Amount
3	Profit & Loss Adjustment A/c.....Dr		4000	
	To P A/c			4000
	(being Credit Purchase Recorded as Credit Sales Earlier , Now Rectified)			
4	B A/c.....Dr		1000	
	To A A/c			1000
	(Being Cash Received from A Posted to B Earlier , Now Rectified)			
5	Suspense A/c.....Dr		1000	
	To C A/c			1000
	(Being Amount Received from C was wrongly debited to his account earlier , Now Rectified)			

Date	Particulars	LF	Amount	Amount
6	Trade Receivables A/c.....Dr		500	
	To Suspense A/c			500
	(Being Balance of Due from Q Was omitted to be taken to Trial Balance Earlier , Now Rectified)			
7	R A/c...		2000	
	To Profit & Loss Adjustment A/c			2000
	(Being Sale to R not Recorded Earlier , Now Recorded)			

Date	Particulars	LF	Amount	Amount
8	Suspense A/c.....Dr		198	
	To Profit & Loss Adjustment A/c			198
	(Being Purchase Wrongly Posted as 2593 instead of 2395 Earlier , Now Rectified)			
9	Profit & Loss Adjustment A/c.....Dr		10898	
	To Roy's Capital A/c			10898
	(Being Balance of P/L adjustment Account transferred to Roy's Capital A/c)			
10	Roy's Capital A/c.....Dr		10698	
	To Suspense A/c			10698
	(Being balance of Suspense A/c transferred to Roy's Capital A/c as it was written to P/L Account in last Year)			

Profit & Loss Adjustment A/c			
Particulars	Amount	Particulars	Amount
To P A/c	4000	By Motor Vehicle A/c	2700
		By Suspense A/c	10000
To Roy's Capital A/c (Bal Fig)	10898	By R A/c	2000
		By Suspense A/c	198
	<b>14898</b>		<b>14898</b>
Suspense A/c			
Particulars	Amount	Particulars	Amount
To Profit & Loss Adjustment A/c	10000	By Trade Receivables A/c	500
To C A/c	1000		
To Profit & Loss Adjustment A/c	198	By Roy's Capital A/c (Bal Fig)	10698
	<b>11198</b>		<b>11198</b>

### QUESTION 4

Mr. Joshi's trial balance as on 31st March, 2020 did not agree. The difference was put to a Suspense Account. During the next trading period, the following errors were discovered:

- (i) The total of the Purchases Book of one page, ₹ 5,615 was carried forward to the next page as ₹ 6,551.
- (ii) A sale of ₹ 281 was entered in the Sales Book as ₹ 821 and posted to the credit of the customer.
- (iii) A return to creditor, ₹ 295 was entered in the Returns Inward Book; however, the creditor's account was correctly posted.
- (iv) Cash received from Senu, ₹ 895 was posted to debit of Sethu.
- (v) Goods worth ₹ 1,400 were dispatched to a customer before the close of the year but no invoice was made out.

(vi) Goods worth ₹ 1,600 were sent on sale or return basis to a customer and entered in the Sales Book at the close of the year, the customer still had the option to return the goods. The gross profit margin was 20% on Sale.

(vii) ₹ 600 due from Mr. Q was omitted to be taken to the trial balance.

(viii) Sale of goods to Mr. R for ₹ 3,000 was omitted to be recorded.

You are required to give journal entries to rectify the errors in a way so as to show the current year's profit or loss correctly.

### Journal Entries

Sr.No	Particulars	LF	Debit	Credit
(i)	Suspense A/c.....Dr To Profit & Loss Adjustment A/c (Being purchase book Carried Forward Wrongly Earlier , Now Rectified)		936	936
(ii)	Profit & Loss Adjustment A/c.....Dr Customer's Ac.....Dr To Suspense A/c (Being Error Rectified)		540 1102	1642

Date	Particulars	LF	Debit	Credit
(iii)	Suspense A/c....Dr To P/L Adjustment A/c (Being Error Rectified)		590	590
(iv)	Suspense A/c....Dr To Senu A/c To Sethu A/c (Being Cash Received From Senu Posted to Sethu Earlier , now Rectified)		1790	895 895

Date	Particulars	LF	Debit	Credit
(v)	Customer's A/c....Dr		1400	
	To profit & Loss Adjustment A/c			1400
	(Being Sales made Earlier not Recorded , Now Recorded)			
(vi)	Profit & Loss Adjustment A/c....Dr		1600	
	To Customer A/c			1600
	(Being Reversal of Sale For goods Sent on Approval Basis)			
(vii)	Stock With Customer on Approval Basis With			
	Customer A/c....Dr		1280	
	To Trading A/c			1280

Date	Particulars	LF	Debit	Credit
	(Being Goods Sent on Approval basis included In Stock)			
(Viii)	Trade Receivable A/c....Dr		600	
	To Suspense A/c			600
	(600 Due From Q not taken in trial Balance , Now Rectified)			
(ix)	R A/c....Dr		3000	
	To profit & Loss Adjustment A/c			3000
	(Goods Sold To R Not Recorded Earlier , Now Rectified)			

Date	Particulars	LF	Debit	Credit
(x)	Profit & loss Adjustment A/c....Dr		5066	
	To Joshi capital A/c			5066
	(Being profit & loss Adjustment A/c's Balance transferred to Capital A/c)			

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## BANK RECONCILIATION STATEMENT

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### QUESTION 5

Prepare a Bank Reconciliation statement for Satyam Traders as on 31<sup>st</sup> March, 2021

The cash book of Satyam Traders shows a debit balance of ₹ 4,12,200 at bank as on 31<sup>st</sup> March, 2021, but you find that it does not agree with the balance as per Pass Book. After checking you find the following:

1. On 12th March, 2021 the payment side of the Cash Book was under cast by ₹ 12,000/-
2. A cheque of ₹ 85,000 issued on 20th March, 2021 was not taken in the bank column.
3. On 22nd March, 2021 the debit balance of ₹ 18,500 as on the previous day, was brought forwards as credit balance.
4. Out of the total cheques amounting to ₹ 42,000 issued in, the last week of March, 2021, cheques aggregating ₹ 28,500 were encashed in March, 2021.
5. Dividends of ₹ 35,000 collected by the Bank and Fire insurance premium of ₹ 20,000 paid by it were not recorded in the cash book.

6. One cheque issued to a Creditor of ₹ 1,29,000 was recorded twice in the Cash book.
7. A debtor Mr. A has deposited the Cheque for ₹ 32,000 into the bank directly in the month of March, 2021 without intimating to Satyam Traders and the same cheque was dishonored by the bank due to insufficient funds in the month of March itself.
8. A cheque from customer for ₹ 5,000 was deposited in bank on 28th March, 2021 but was dishonored and advice received from bank on 3rd April, 2021.
9. Bank paid credit card bill of ₹ 2,500 which is not recorded in cash book.
10. Bank wrongly credited cheque of ₹ 25,000 of other customer in our account.
11. Bank credited cheque of ₹ 2,000 in savings account of proprietor of Satyam Traders instead of crediting cheque in current account of Satyam Traders.
12. ₹ 500 discount received wrongly entered in bank column in cash book.
13. Bank debited charges ₹ 200 on 25<sup>th</sup> March for which no intimation received till 31<sup>st</sup> March.

**Satyam Traders Closes Its Books Of Accounts on 31<sup>st</sup> Dec Every Year**

Satyam Traders			
Bank Reconciliation Statement as on 31-3-2021			
Sr.No	Particulars	Amount	Amount
A	Balance As Per cash Book		412200
B	Add -		
	Debit Balance carried Forward as credit Balance	37000	
	Cheques issued but Not presented	13500	
	Dividend Collected By bank Not recorded in Cash Book	35000	
	Cheque issued Recorded Twice in Cash Book	129000	
	Wrong Credit Given By Bank	25000	
	Discount Received Wrongly Credited in cash Book	500	240000

Sr.No	Particulars	Amount	Amount
C	Less -		
	Under casting of Payment Side of cash Book	12000	
	Cheque issued Not taken to bank Column	85000	
	Fire Insurance premium Paid By Bank Not Recorded in Cash Book	20000	
	Cheque Deposited Dishonoured	5000	
	Credit card Bill Not Paid Not Recorded in Cash Book	2500	
	Cheque Credited in Saving Account Instead of Current A/c	2000	
	Bank Charges Not Recorded in Cash book	200	126700
D	Balance As Per Pass Book (A+B-C)		525500

Note - No Effect in BRS for Cheque Deposited of Rs, 32000 & Dishonored in the Same Month.

### QUESTION 6

On 30<sup>th</sup> Sept. 2018 my Cash Book (Bank Column of Account No. 1) shows a Bank Overdraft of Rs. 49,350. On going through the Bank Pass book for reconciling the Balance, I found the following:

- (a) Out of cheques drawn on 26<sup>th</sup> Sept, those for Rs. 3,700 were cashed by the bankers on 2<sup>nd</sup> October.
- (b) A crossed cheque for Rs. 750 given to Abdul was returned by him and a bearer cheque was issued to him in lieu on 1<sup>st</sup> Oct.
- (c) Cash and cheques amounting to Rs. 3,400 were deposited in the Bank on 29<sup>th</sup> Sept., but cheques worth Rs. 1,300 were cleared by the Bank on 1<sup>st</sup> Oct., and one cheque for Rs. 250 was returned by them as dishonoured on the latter date.

- (d) According to my standing instructions, the bankers have on 30<sup>th</sup> Sept, paid Rs. 320 as interest to my creditors, paid quarterly premium on my policy amounting to Rs. 160 and have paid a second call of Rs. 600 on shares held by me and lodged with the bankers for safe custody. They have also received Rs. 150 as dividend on my shares and recovered an Insurance Claim of Rs. 800, as their charges and commission on the above being Rs. 15. On receipt of information of the above transaction, I have passed necessary entries in my Cash Book on 1<sup>st</sup> Oct.
- (e) My bankers seem to have given me a wrong credit for Rs. 500 paid in by me in No. 2 account and wrong debit in respect of a cheque for Rs. 300 drawn against my No. 2 account.

Prepare a Bank Reconciliation Statement as on 30<sup>th</sup> September, 2018.

Bank Reconciliation Statement as on 30-9-2018			
Sr.No	Particulars	Amount	Amount
A	Overdraft As Per Cash Book		49350
B	Add -		
	Cheque Deposited But Not Cleared	1300	
	Cheque Deposited Dishonoured not Recorded in Cash Book	250	
	Interest paid to Creditors not Recorded in cash book	320	
	Policy Premium paid By Bank Not Recorded in Cash Book	160	
	Calls on Shares paid By Bank Not Recorded in Cash Book	600	
	Bank Charges & Commission Charged by Bank not Recorded in Cash Book	15	
	Wrong Debit Given By Bank	300	2945
C	Less -		
	Cheque issued But Not presented	3700	
	Cheque issued By Abdul Returned by Him	750	
	Dividend Received By Bank Not recorded in Cash Book	150	
	Insurance Claim Received By Bank Not Recorded in cash Book	800	
	Wrong credit Given By Bank	500	5900
D	Overdraft As per Pass Book (A+B-C)		46395

### QUESTION 7

Prepare a Bank Reconciliation statement for Satyam Traders as on 31<sup>st</sup> March, 2021

The cash book of Satyam Traders shows a debit balance of ₹ 4,12,200 at bank as on 31<sup>st</sup> March, 2021, but you find that it does not agree with the balance as per Pass Book. After checking you find the following:

1. On 12th March, 2021 the payment side of the Cash Book was under cast by ₹ 12,000/-
2. A cheque of ₹ 85,000 issued on 20th March, 2021 was not taken in the bank column.
3. On 22nd March, 2021 the debit balance of ₹ 18,500 as on the previous day, was brought forwards as credit balance.
4. Out of the total cheques amounting to ₹ 42,000 issued in, the last week of March, 2021, cheques aggregating ₹ 28,500 were encashed in March, 2021.
5. Dividends of ₹ 35,000 collected by the Bank and Fire insurance premium of ₹ 20,000 paid by it were not recorded in the cash book.

6. One cheque issued to a Creditor of ₹ 1,29,000 was recorded twice in the Cash book.
7. A debtor Mr. A has deposited the Cheque for ₹ 32,000 into the bank directly in the month of March, 2021 without intimating to Satyam Traders and the same cheque was dishonored by the bank due to insufficient funds in the month of March itself.
8. A cheque from customer for ₹ 5,000 was deposited in bank on 28th March,2021 but was dishonored and advice received from bank on 3rd April, 2021.
9. Bank paid credit card bill of ₹ 2,500 which is not recorded in cash book.
10. Bank wrongly credited cheque of ₹ 25,000 of other customer in our account.
11. Bank credited cheque of ₹ 2,000 in savings account of proprietor of Satyam Traders instead of crediting cheque in current account of Satyam Traders.
12. ₹ 500 discount received wrongly entered in bank column in cash book.
13. Bank debited charges ₹ 200 on 25<sup>th</sup> March for which no intimation received till 31<sup>st</sup> March.

Cash Book (Amended Bank Column)			
Particulars	Amount	Particulars	Amount
To Bal B/d	412200	By Under Casting of Cash Book	12000
To Error of carrying Forward	37000	By party A/c	85000
To Dividend A/c	35000	By Insurance Premium A/c	20000
To Party A/c (Twice Recorded)	129000	By Party A/c (Cheque Dishonor)	5000
To Discount Received	500	By Credit Card A/c	2500
		By Bank charges	200
		By Bal C/d (Bal Fig)	489000
	<b>613700</b>		<b>613700</b>

Satyam Traders Bank Reconciliation Statement as at 31-03-2021			
Sr.No	Particulars	Amount	Amount
A	Balance as Per Adjusted Cash Book		489000
B	<b>Add -</b>		
	Cheques issued But Not Yet Presented	13500	
	Wrong Credit Given By Bank	25000	38500
C	<b>Less-</b>		
	Cheque Deposited Credited in Saving Account		2000
D	Balance as Per Pass Book (A+B-C)		525500

No Effect in BRS for Cheque Deposited of Rs, 32000 & Dishonored in the Same Month.  
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.

### QUESTION 8

The Bank Pass Book of Account No.5678 of Mrs. Rani showed an overdraft of ₹ 33,575 on 31<sup>st</sup> March 2018. On going through the Pass Book, the accountant found the following:

- (i) A Cheque of Rs,1,080 credited in the pass book on 28<sup>th</sup> March 2018 being dishonoured is debited again in the pass book on 1<sup>st</sup> April 2018. There was no entry in the cash book about the dishonour of the cheque until 15<sup>th</sup> April 2018.
- (ii) Bankers had credited her account with ₹ 2,800 for interest collected by them on her behalf, but the same has not been entered in her cash book.
- (iii) Out of ₹ 20,500 paid in by Mrs. Rani in cash and by cheques on 31<sup>st</sup> March 2018 cheques amounting to ₹ 7,500 were collected on 7<sup>th</sup> April, 2018.
- (iv) Out of Cheques amounting to ₹ 7,800 drawn by her on 27<sup>th</sup> March, 2018 a cheque for ₹ 2,500 was encashed on 3<sup>rd</sup> April, 2018.

- (v) Bankers seems to have given here wrong credit for ₹ 500 paid in by her in Account No. 8765 and a wrong debit in respect of a cheque for ₹ 300 against her account No.8765.
- (vi) A cheque for ₹ 1,000 entered in Cash Book but omitted to be banked on 31<sup>st</sup> March, 2018.
- (vii) A Bill Receivable for ₹ 5,200 previously dishonoured (Discount ₹ 200) with the Bank had been dishonoured but advice was received on 1<sup>st</sup> April, 2018.
- (viii) A Bill for ₹ 10,000 was retired /paid by the bank under a rebate of ₹ 175 but the full amount of the bill was credited in the bank column of the Cash Book.
- (ix) A Cheque for ₹ 2,400 deposited into bank but omitted to be recorded in Cash Book and was collected by the bank on 31<sup>st</sup> March, 2018.

Prepare Bank Reconciliation Statement as on 31<sup>st</sup> March, 2018.

Mrs. Rani			
Bank Reconciliation Statement as on 31st March,2018			
Sr.No	Particulars	Amount	Amount
A	Balance as per Bank Pass Book (Overdraft)		33575
B	Add :		
	No entry in cash book for interest collection by bank	2800	
	Cheque issued but not yet Presented	2500	
	wrong credit given by Bank	500	
	Rebate on bill retired not entered in cash book	175	
	cheques deposited in bank not yet recorded in cash book	2400	8375
C	Less :		
	Cheque Deposited but not yet Collected	7500	
	wrong Debit given by Bank	300	
	Cheque of Rs.1000 entered in cash book but omitted to be Banked	1000	
	Discounted Bill dishonoured but no entry in Cash Book	5200	14000
D	Balance as per Cash book (overdraft) (A+B-C)		27950

A Cheque of 1080 credited in Pass book on March 28th has no effect on BRS on 31-3-2018

## BILLS OF EXCHANGE

### QUESTION 9

Mr. Q accepted a bill for ₹ 10,000 drawn on him by Mr. P on 1<sup>st</sup> August, 2020 for 3 months. This was for the amount which Q owed to P. On the same date Mr. P got the bill discounted at his bank for ₹ 9,800.

On the due date, Q approached P for renewal of the bill. Mr. P agreed on condition that ₹ 2,000 be paid immediately along with interest on the remaining amount at 12% p.a. for 3 months and that for the remaining balance Q should accept a new bill for 3 months. These arrangements were carried through. On 31<sup>st</sup> December, 2020, Q became insolvent and his estate paid 40%.

Prepare Journal Entries in the books of Mr. P

**In The Books of P  
Journal Entries**

Date	Particulars	LF	Debit	Credit
01-08-20	Bills Receivable A/c.....Dr		10000	
	To Q A/c			10000
	(Being Drawn on Q)			
01-08-2020	Bank A/c Dr.		9800	
	Discount A/c Dr.		200	
	To Bills Receivable A/c			10,000
	(Being discounting of bill)			

Date	Particulars	LF	Debit	Credit
04-11-20	Q A/c.....Dr		10000	
	To Bank A/c			10000
	(Being the bill cancelled up due to Q's inability to pay it )			
04-11-20	Q A/c.....Dr		240	
	To Interest A/c			240
	(Being Interest on Renewed Bill)			

Date	Particulars	LF	Debit	Credit
4-11-20	Cash A/c....Dr		2240	
	To Q A/c			2240
	(Being Part Payment received)			
01-08-20	Bills Receivable A/c....Dr		8000	
	To Q A/c			8000
	(Being Drawn on Q)			

Date	Particulars	LF	Debit	Credit
31-12-20	Q A/c.....Dr		8000	
	To Bills Receivable A/c			8000
	(Being Bill Dishonored Due to Insolvency)			
31-12-20	Bank A/c.....Dr		3200	
	Bad Debts A/c....Dr		4800	
	To Q A/c			8000
	(Being Final Dividend received from Q's Estate)			

### QUESTION 10

On 12<sup>th</sup> May, 2020 A sold goods to B for Rs. 36,470 and drew upon the later two bills one for Rs. 16,470 at one month and the other for Rs. 20,000 at three months. B accepted both the bills.

On 5<sup>th</sup> June, 2020 A sent both the bills to his banker for collection on the due dates. The first bill was duly met. But due to some temporary financial difficulties, B failed to honor the second bill on the due date and the bank had to pay Rs. 20 as noting charges.

However, on 16<sup>th</sup> August, 2020 it was agreed between A and B that B would immediately pay Rs. 8,020 in cash and accept a new bill at 3 months for Rs. 12,480 which included interest for postponement of the part payment of the dishonored bill. A immediately sent new acceptance to it's bank for collection on the due date.

On 1<sup>st</sup> October, 2020 B approached A offering Rs. 12,240 for retirement of his acceptance. A accepted the request.

You are required to pass journal entries of all the above transactions in the books of A.

### In The Books of A Journal Entries

Date	Particulars	LF	Debit	Credit
12-5-20	B's A/c.....Dr		36470	
	To Sales A/c			36470
	(Being Goods Sold)			
12-5-20	Bills Receivable 1 A/c....Dr		16470	
	Bills Receivable 2 A/c....Dr		20000	
	To B's A/c			36470
	(Being Bills Drawn)			

Date	Particulars	LF	Debit	Credit
5-6-20	Bill For Collection A/c....Dr		36470	
	To Bills Receivable 1 A/c			16470
	To Bills Receivable 2 A/c			20000
	(Being Bill Sent To Bank For Collection)			
15-6-20	Bank A/c.....Dr		16470	
	To Bill For Collection A/c			16470
	(being First Bill Honored)			

Date	Particulars	LF	Debit	Credit
14-8-20	B's A/c.....Dr		20020	
	To Bill For Collection A/c			20000
	To Bank A/c			20
	(Being 2 <sup>nd</sup> Bill Dishonor on Due Date)			
16-8-20	B's A/c....Dr		480	
	To Interest A/c			480
	(Being Interest Receivable on Renewal of Bill)			

Date	Particulars	LF	Debit	Credit
16-8-20	Bank A/c.....Dr		8020	
	To B's A/c			8020
	(Being Part payment Received)			
16-8-20	Bills Receivable 3 A/c....Dr		12480	
	To B's A/c			12480
	(Being New Bill Drawn)			

Date	Particulars	LF	Debit	Credit
16-8-20	Bill For Collection A/c...Dr		12480	
	To Bills Receivable 3 A/c			12480
	(Being Bill Sent To Bank For Collection)			
1-10-20	Bank A/c....Dr		12240	
	Rebate A/c...Dr		240	
	To Bill For Collection A/c			12480
	(Being Bill Retired )			

### QUESTION 11

X draws on Y a bill of exchange for Rs 30,000 on 1st April, 2020 for 3 months. Y accepts the bill and sends it to X who gets it discounted for Rs 28,800. X immediately remits Rs 9,600 to Y. On the due date, X, being unable to remit the amount due, accepts a bill for Rs 42,000 for three months which is discounted by Y for Rs 40,110. Y sends Rs 6,740 to X. Before the maturity of the bill X becomes bankrupt, his estate paying fifty paise in the rupee. Give the journal entries in the books of X and Y.

### Working Note

#### Ascertainment of Discount to Be Borne By Parties to Bill of Exchange

**In The Books of X  
Journal Entries**

Date	Particulars	LF	Debit	Credit
01-04-2020	Bills Receivable A/c Dr. To Y A/c (Being acceptance received for Mutual accomodation)		30,000	30,000
01-04-2020	Bank A/c Dr. Discount A/c Dr. To Bills Receivable A/c (Being discounting of bill)		28,800 1,200	30,000

Date	Particulars	LF	Debit	Credit
01-04-2020	Y A/c Dr. To Cash/Bank A/c To Discount A/c (Being 1/3 proceeds of the bill transfer to the Y's A/c)		10,000	9,600 400
04-07-2020	Y A/c Dr. To Bills Payable A/c (Being acceptance of bill given)		42,000	42,000

Date	Particulars	LF	Debit	Credit
04-07-2020	Cash/Bank A/c Dr. Discount A/c Dr. To Y A/c (Being amount received from Y against 2nd Bill)		6,740 1,260	8,000
	Bills Payable A/c Dr. To Y A/c (Being dishonour of bill due insolvency)		42,000	42,000

Date	Particulars	LF	Debit	Credit
	Y A/c Dr. To Bank A/c To Deficiency A/c (Being Final Settlement at 50 Paise in A Rupee due to Insolvency)		28,000	14,000 14,000

**In The Books of Y  
Journal Entries**

Date	Particulars	LF	Debit	Credit
01-04-2020	X A/c.....Dr To Bills Payable (Being acceptance Given for Mutual accomodation)		30,000	30,000
01-04-2020	Cash/Bank A/c.....Dr Discount A/c.....Dr To X A/c (Being Proceeds Received from X and Share of Discount Debited)		9,600 400	10,000

Date	Particulars	LF	Debit	Credit
04-07-2020	Bills Recievable A/c.....Dr To X A/c (Being Bill Drawn on X)		42,000	42,000
04-07-2020	Bank A/c.....Dr Discount A/c.....Dr To Bills Recievable A/c (Being Bill Discounted with Bank)		40,110 1,890	42,000

Date	Particulars	LF	Debit	Credit
	X A/c...Dr To Discount A/c To Cash/Bank A/c (being 6740 Paid to X After Discounting of 2nd Bill)		8,000	1,260 6,740
	Bills Payable A/c.....Dr To Cash/Bank A/c (Being First Bill Honored)		30,000	30,000

Date	Particulars	LF	Debit	Credit
	X A/c...Dr To Bank A/c (Being Bill Dishonored Due to Insolvency)		42,000	42,000
	Cash/Bank A/c...Dr Bad Debts A/c...Dr To X A/c (Being Final Settlement at 50 Paise in A Rupee due to Insolvency)		14,000 14,000	28,000

## QUESTION 12

Journalize the following in the books of Don:

- (i) Bob informs Don that Ray's acceptance for ₹ 3,000 has been dishonoured and noting charges are ₹ 40. Bob accepts ₹ 1,000 cash and the balance as bill at three months at interest of 10%. Don accepts from Ray his acceptance at two months plus interest @ 12% p.a.
- (ii) James owes Don ₹ 3,200; he sends Don's own acceptance in favour of Ralph for ₹ 3,160; in full settlement.
- (iii) Don meets his acceptance in favour of Singh for ₹ 4,500 by endorsing John's acceptance for ₹ 4,450 in full settlement.
- (iv) Ray's acceptance in favour of Don retired one month before due date, interest is taken at the rate of 6% p.a.

In the Books of Don			
Sr.No	Particulars	Debit	Amount
1	Ray's A/c....Dr		3,040
	To Bob's A/c		3,040
	(Being Endorsed Bill Dishonoured and Noting charges paid)		
	Bob's A/c....Dr	3,040	
	Interest A/c....Dr	51	
	To Cash A/c		1,000
	To Bills payable A/c		2,091
	(being first bill paid in part & new bill accepted)		
	Bills receivable A/c...Dr	3,101	
	To Interest		61
	To ray's A/c		3040
	(Being bill drawn on ray for 3 months for 3040 plus interest)		
2	Bills payable A/c....Dr	3,160	
	Discount A/c....dr	40	
	To James A/c		3200
	(Being bill received from James in full Settlement)		

3	Bills payable A/c....Dr	4,500	
	To Bills receivable A/c		4,450
	To Discount A/c		50
	(being Bills payable to Singh paid by endorsing John's acceptance in full settlement)		
4	Cash/Bank A/c....dr	3,085	
	Rebate on Bills A/c....dr	16	
	To Bills receivable A/c		3,101
	(Being Bill retired by Ray one month before due date)		

## INVENTORY VALUATION



TRADING A/C							
PARTICULARS	NORMAL	ABNORMAL	TOTAL	PARTICULARS	NORMAL	ABNORMAL	TOTAL
To Opening Stock	560000	140000	700000	By Sales	5060000	160000	5220000
To Purchases	3460000	-	3460000				
To manufacturing Expenses	700000	-	700000	By Closing Stock (BF)	672000	-	672000
To Gross Profit	1012000 (20% of 5060000)	20000	1032000				
	<b>5732000</b>	<b>160000</b>	<b>5892000</b>		<b>5732000</b>	<b>160000</b>	<b>5892000</b>

**Value of Closing Stock = 672000**

### QUESTION 15

Inventory taking for the year ended 31st March, 2020 was completed by 10th April 2020, the valuation of which showed an inventory figure of ₹ 16,75,000 at cost as on the completion date. After the end of the accounting year and till the date of completion of inventory taking, sales for the next year were made for ₹ 68,750, profit margin being 33.33 percent on cost. Purchases for the next year included in the inventory amounted to ₹ 90,000 at cost less trade discount 10 percent. During this period, goods were added to inventory at the mark up price of ₹ 3,000 in respect of sales returns. After inventory taking it was found that there were certain very old slow-moving items costing ₹ 11,250, which should be taken at ₹ 5,250 to ensure disposal to an interested customer. Due to heavy flood, certain goods costing ₹ 15,500 were received from the supplier beyond the delivery date of customer. As a result, the customer refused to take delivery and net realizable value of the goods was estimated to be ₹ 12,500 on 31st March. Compute the value of inventory for inclusion in the final accounts for the year ended 30th March, 2020.

STATEMENT SHOWING COMPUTATION OF STOCK AS ON 30-3-2020				
SR.NO	PARTICULARS	AMOUNT	AMOUNT	
<b>A</b>	<b>Stock as on 10-4-2020</b>			<b>1675000</b>
<b>B</b>	<b>Add -</b>			
	Cost of Goods Sold (68750-25%)		51563	
<b>C</b>	<b>Less -</b>			
	Cost of Goods purchased (90000-10%)	81000		
	Cost of Goods returned by Customer (3000-25%)	2250		
	Reduction in Value of Slow Moving Item	6000		
	Reduction in Value of Stock due to Refusal by Customer	3000	92250	
<b>D</b>	<b>Value of Stock as on 30-3-2020</b>			<b>1634313</b>

### QUESTION 16

Physical verification of stock in a business was done on 23rd June, 2020. The value of the stock was ₹ 48,00,000. The following transactions took place between 23rd June to 30th June, 2020:

- Out of the goods sent on consignment, goods at cost worth ₹ 2,40,000 were unsold.
- Purchases of ₹ 4,00,000 were made out of which goods worth ₹ 1,60,000 were delivered on 5th July, 2020.
- Sales were ₹ 13,60,000, which include goods worth ₹ 3,20,000 sent on approval. Half of these goods were returned before 30th June, 2020.
- Goods are sold at cost plus 25%. However, goods costing ₹ 2,40,000 had been sold for ₹ 1,20,000.

Determine the value of stock on 30th June, 2020.

### Working Note – Bifurcation of Sales & Its Cost

STATEMENT SHOWING COMPUTATION OF STOCK AS ON 30-6-2020			
SR. NO	PARTICULARS	AMOUNT	AMOUNT
<b>A</b>	<b>Stock as on 23-06-2020</b>		<b>4800000</b>
<b>B</b>	<b>Add -</b>		
	Goods lying with Consignee	240000	
	Cost of Goods Purchased & Received	240000	
	Cost of Goods in Transit	160000	
	50% of Goods Returned by Customer to whom Goods Sent on Approval	128000	
	50% of Goods lying with Customer to whom Goods Sent on Approval	128000	896000
<b>C</b>	<b>Less -</b>		
	Cost of Normal Goods Sold	736000	
	Cost of Goods on Approval Basis	256000	
	Cost of Abnormal Goods	240000	1232000
<b>D</b>	<b>Value of Stock as on 30-6-2020</b>		<b>4464000</b>

### QUESTION 17

Submarine Ltd. keeps no stock records but a physical inventory of stock is made half yearly and the valuation is taken at cost. The company's year ends on 31<sup>st</sup> March, 2021 and their accounts have been prepared to that date. The stock valuation taken on 31<sup>st</sup> March, 2021 was however, misleading and you have been advised to value the closing stocks as on 31<sup>st</sup> March, 2021 with the stock figure as on 30<sup>th</sup> September, 2020 and some other information is available to you:

- (i) The cost of stock on 30<sup>th</sup> September, 2020 as shown by the inventory sheet was ₹ 2,40,000.
- (ii) On 30<sup>th</sup> September, stock sheet showed the following discrepancies:
  - (a) A page total of ₹ 15,000 had been carried to summary sheet as ₹ 16,000.
  - (b) The total of a page had been undercast by ₹ 600.

- (iii) Invoice of purchases entered in the Purchase Book during the quarter from October,2020 to March,2021 totaled ₹ 2,10,000. Out of this ₹ 9,000 related to goods received prior to 30<sup>th</sup>September, 2020. Invoices entered in April,2021 relating to goods received in March, 2021 totaled ₹12,000.
  - (iv) Sales invoiced to customers totaled ₹2,70,000 from September,2020 to March, 2021. Of this ₹ 15,000 related to goods dispatched before 30<sup>th</sup> September, 2020. Goods dispatched to customers before 31<sup>st</sup> March, 2021 but invoiced in April, 2021 totaled ₹ 12,000.
  - (v) During the final quarter, credit notes at invoiced value of ₹ 3,000 had been issued to customers in respect of goods returned during that period. The gross margin earned by the company is 25% of cost.
- You are required to prepare a statement showing the amount of stock at cost as on 31<sup>st</sup> March, 2021.

STATEMENT SHOWING COMPUTATION OF STOCK AS ON 31-3-2021			
SR.NO	PARTICULARS	AMOUNT	AMOUNT
A	Stock as on 30-09-2020		240000
B	<b>Add -</b>		
	Under casting of Stock Sheet	600	
	Purchases (210000-9000+12000)	213000	
	Cost of Goods Returned (3000*80%)	2400	216000
C	<b>Less -</b>		
	overcasting of Stock Sheet	1000	
	Cost of Goods Sold (270000-15000+12000) * 80%	213600	214600
D	<b>Value of Stock as on 31-3-2021</b>		<b>241400</b>

### QUESTION 18

A trader prepared his accounts on 31st March, each year. Due to some unavoidable reasons, no stock taking could be possible till 15<sup>th</sup> April, 2018 on which date the total cost of goods in his godown came to ₹ 50,000. The following facts were established between 31st March and 15<sup>th</sup> April, 2018.

- (i) Sales ₹ 41,000 (including cash sales ₹ 10,000)
- (ii) Purchases ₹ 5,034 (including cash purchases ₹ 1,990)
- (iii) Sales Return ₹ 1,000.
- (iv) On 15th March, goods of the sale value of ₹ 10,000 were sent on sale or return basis to a customer, the period of approval being four weeks. He returned 40% of the goods on 10th April, approving the rest; the customer was billed on 16th April.

(v) The trader had also received goods costing ₹ 8,000 in March, for sale on consignment basis; 20% of the goods had been sold by 31st March, and another 50% by the 15th April. These sales are not included in above sales.

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

You are required to ascertain the value of Inventory as on 31st March, 2018.

STATEMENT SHOWING COMPUTATION OF VALUE OF STOCK AS ON 31-3-2018			
SR.NO	PARTICULARS	AMOUNT	AMOUNT
A	Value of Stock as on 15-4-2018		50000
B	<b>Add -</b>		
	Cost of Net Sales (40000-20%)	32000	
	Cost of Goods Lying with Customer Not added in Stock(10000*60%*80%)	4800	36800
C	<b>Less -</b>		
	Cost of Goods Purchased	5034	
	Cost Of Goods Received on Consignment (8000*30%)	2400	7434
D	<b>Value of Stock as on 31-03-2018</b>		<b>79366</b>

### QUESTION 19

M/s Kedar, Profit and loss account showed a net profit of Rs. 8,00,000, after considering the closing stock of Rs. 7,50,000 on 31<sup>st</sup> March, 2017. Subsequently the following information was obtained from scrutiny of the books:

- (i) Purchases for the year included Rs. 30,000 paid for new electric fittings for the shop.
- (ii) M/s Kedar gave away goods valued at Rs. 80,000 as free samples for which no entry was made in the books of accounts.
- (iii) Invoices for goods amounting to Rs. 5,00,000 have been entered on 27<sup>th</sup> March, 2017, but the goods were not included in stock.
- (iv) In March, 2017 goods of Rs. 4,00,000 sold and delivered were taken in the sales for April, 2017.
- (v) Goods costing Rs. 1,50,000 were sent on sale or return in March, 2017 at a margin of profit of 33-1/3% on cost. Though approval was given in April, 2017 these were taken as sales for March 2017.

You are required to **determine** the adjusted net profit for the year ended on 31.3.2017 and calculate the value of stock on 31<sup>st</sup> March, 2017.

STATEMENT SHOWING COMPUTATION OF STOCK AS ON 31-3-2017		
SR.NO	PARTICULARS	AMOUNT
A	Stock As on 31 <sup>st</sup> March 2017 (Given)	750000
B	Add – Goods Purchased But Not Included in Stock	500000
C	Add – Goods Sent To Customers on Approval Basis At Cost	150000
D	Value of Closing Stock as on 31 <sup>st</sup> march 2017 (A+B+C)	1400000

Adjusted Profit & Loss Account			
Particulars	Amount	Particulars	Amount
To Advertisement (Free Sample)	80000	By Net profit	800000
To Sales (Goods Sent on Approval Wrongly treated As Sale) (150000+1/3 of 150000)	200000	By Electric Fittings	30000
		By Goods Distributed as Free Sample	80000
To Adjusted Net Profit (Bal Fig)	1680000	By Sales to Be recorded in March	400000
		By Increase in Closing Stock (1400000-750000)	650000
	1960000		1960000

# CONSIGNMENT

## QUESTION 20

1,000 toys consigned by Rosie & Co. of Calcutta to Sahoo of Srinagar at a cost of ₹150 each. Rosie & Co. paid freight ₹ 10,000 and insurance ₹ 1,500. During the voyage 100 toys were totally damaged by fire and had to be thrown overboard. Sahoo took delivery of the remaining toys and paid ₹14,400 as customs duty. Sahoo sent a bank draft to Roy & Co. for ₹50,000 as advance payment and later sent an account sales showing that 800 toys had been sold at ₹220 each. Expenses incurred by Sahoo on go-down rent and advertisement, etc., amounted to ₹2,000. Sahoo was entitled to commission of 5 per cent. One of the credit customers could not pay for 5 toys.

You are required to prepare the Consignment Account, Goods sent on consignment, Inventories on consignment account and Sahoo's a/c in the books of Rosie & Co., assuming that nothing has been recovered from the insurers due to a defect in the policy. Sahoo settled his account immediately.

### In The Books of Rosie & Co. Consignment A/c

Particulars	Amount	Particulars	Amount

### Goods Sent on Consignment A/c

Particulars	Amount	Particulars	Amount

### Inventories on Consignment A/c

Particulars	Amount	Particulars	Amount



Trading & Profit & Loss A/c			
Particulars	Amount	Particulars	Amount
To Purchases A/c	2,00,000	By Goods Sent on Consignment	1,00,000
		By Sales	90,000
To Gross Profit c/d	26,000	By Stock in hand	40,000
		Less: 10%	4,000
			36,000
	<b>2,26,000</b>		<b>2,26,000</b>
To Expenses & Commission	3,000	By Gross profit b/d	26,000
		By Consignment A/c (profit)	55,490
To Net Profit	78,490		
	<b>81,490</b>		<b>81,490</b>

Working Notes	
1. Calculation of Commission	
Sales	= 160000
Sales at Specified Selling Price = 4000*30	= 120000
Surplus	= 40000
Commission = 5% of total Sales + 20% of surplus	
= 5% of 160000 + 20% of 40000	
= 8000 + 8000	
= 16000	

2. Calculation of value of Closing Inventories at IP & Cost and Stock reserve on It		
Sr.No	Particulars	Amount
A	IP of Goods in Stock (1000 Metres * 30)	30000
B	Add - Consignor Proportionate Expenses (5500/5000*1000)	1100
C	Total Value of Stock at IP (A+B)	31100
D	Total Value of Stock at IP as reduced by 10% (31100*90%)	27990
E	Cost of Goods in Stock (1000 Metres * 20)	20000
F	Add - Consignor Proportionate Expenses (5500/5000*1000)	1100
G	Total Value of Stock at Cost (E+F)	21100
H	Total Value of Stock at cost as reduced by 10% (21100*90%)	18990
	Stock Reserve (D-H)	9000

QUESTION 22
<p>Ajay of Mumbai consigned to Vijay of Delhi, goods to be sold at invoice price which represents 125% of cost. Vijay is entitled to a commission of 10% on sales at invoice price and 25% of any excess realised over invoice price. The expenses on freight and insurance incurred by Ajay were ₹10,000. The account sales received by Ajay shows that Vijay has effected sales amounting to ₹1,00,000 in respect of 75% of the consignment. His selling expenses to be reimbursed were ₹ 8,000. 10% of consignment goods of the value of ₹12,500 were destroyed in fire at the Delhi godown and the insurance company paid ₹12,000 net of salvage. Vijay remitted the balance in favour of Ajay. Prepare consignment account and the account of Vijay in the books of Ajay along with the necessary calculations.</p>

In The Books of Ajay Consignment to Vijay A/c			
Particulars	Amount	Particulars	Amount
To Goods Sent on Consignment A/c (WN 1)	125000	By Goods Sent on Consignment A/c	25,000
To Cash A/c	10,000	By Abnormal Loss (WN 2)	11,000
To Vijay (Expenses)	8,000	By Vijay (Sales)	1,00,000
To Vijay (Commission) (WN 4)	10,938	By Consignment Stock (WN 3)	20250
To Inventories/Stock Reserve A/c	3,750		
		By Profit & Loss A/c	1,438
	1,57,688		1,57,688

Vijay A/c			
Particulars	Amount	Particulars	Amount
To Consignment A/c	1,00,000	By Consignment A/c	8,000
		By Consignment A/c	10,938
		By Bank A/c (Bal Fig)	81,062
	<b>1,00,000</b>		<b>1,00,000</b>

Working Notes		
<b>1. Calculation of Value of Goods Sent on Consignment</b>		
Abnormal Loss at Invoice Price = 12500		
Abnormal Loss as a percentage of total Consignment = 10%		
Hence the value of goods sent on consignment = $12500/10\% = 125000$		
Loading of goods sent on consignment = $125000/125*25 = 25000$		
<b>2. Calculation of Cost of Abnormal Loss</b>		
Sr.No	Particulars	Amount
A	Cost of Goods Sent $(125000/125*100) * 10\%$	10000
B	Add - Consignor Proportionate Expenses $(10000*10\%)$	1000
C	Cost of Abnormal Loss (A+B)	11000

3. Calculation of value of Closing Inventories at IP & Cost and Stock reserve on It		
Sr.No	Particulars	Amount
A	IP of Goods in Stock $(125000* 15\%)$	18750
B	Add - Consignor Proportionate Expenses $(10000*15\%)$	1500
C	Total Value of Stock at IP (A+B)	20250
D	Cost of Goods in Stock $(100000* 15\%)$	15000
E	Add - Consignor Proportionate Expenses $(10000*15\%)$	1500
F	Total Value of Stock at Cost (D+E)	16500
G	Stock Reserve (C-F)	3750

#### 4. Calculation of Commission

Total Selling price = 100000  
 IP of Goods Sold =  $125000 \times 75\% = 93750$   
 Surplus =  $100000 - 93750 = 6250$   
 Commission = 10% of Sales at IP + 25% of Surplus  
 =  $10\% \text{ of } 93750 + 25\% \text{ of } 6250$   
 =  $9375 + 1563$   
 = 10938

#### QUESTION 23

Mr. Divik of Jaipur purchased, 5,000 pieces of sarees at ₹ 500 per saree. Out of these 3,000 sarees were sent on consignment to Mr. Manoj of Pillani at the selling price of ₹ 600 per saree. The consignor paid ₹ 30,000 for packing and freight. Mr. Manoj sold 2,500 sarees at ₹ 625 per saree and incurred ₹ 10,000 for selling expenses and remitted ₹ 5,00,000 to Jaipur on account of Mr. Divik. Mr. Manoj is entitled to a commission of 5% on total sales plus a further commission at 20% of surplus price realized over invoice price.

You are required to prepare Consignment Account in the books of Mr. Divik and Mr. Divik's account in the books of agent Mr. Manoj.

#### In The Books of Mr. Divik Consignment A/c

Particulars	Amount	Particulars	Amount
To Goods Sent on Consignment A/c	1800000	By Manoj A/c (Sales)	1562500
To Cash/Bank A/c (Exp)	30000	By Goods Sent on Consignment A/c (Loading)	300000
To Manoj A/c (Selling Exp)	10000	By Consignment Stock A/c (WN 2)	305000
To Manoj A/c (Commission) (WN 1)	90625		
To Inventory Reserve (WN 2)	50000		
To Profit Transferred To P/L A/c	186875		
	<b>2167500</b>		<b>2167500</b>

#### In The Books of Mr. Manoj Divik A/c

Particulars	Amount	Particulars	Amount
To Bank A/c (Selling Exp)	10000	By Cash/Bank A/c (Sales)	1562500
To Commission A/c	90625		
To Bank A/c	500000		
To Balance C/d (BF)	961875		
	<b>1562500</b>		<b>1562500</b>

**Working Notes**

**1. Calculation of Commission**

**Total Sales = 1562500**  
**Sales at IP = 2500\*600 = 1500000**  
**Surplus = 62500**

**Commission = 5% of 1562500 + 20% of 62500**  
**= 78125 + 12500**  
**= 90625**

**2. Calculation of value of Closing Inventories at IP & Cost and Stock reserve on It**

Sr.No	Particulars	Amount
A	IP of Goods Lying With Consignee (500*600)	300000
B	Add – Proportionate Expenses of Consigner (30000/3000*500)	5000
C	Total IP of Goods Lying With Consignee (A+B)	305000
D	Cost of Goods Lying With Consignee (500*500)	250000
E	Add – Proportionate Expenses of Consigner (30000/3000*500)	5000
F	Total Cost of Goods Lying With Consignee (D+E)	255000
G	Inventory Reserve (C-F)	50000

**QUESTION 24**

M of Mathura consigned 5,000 kg. of oil costing Rs. 20 per kg. to S of Surat. M paid Rs. 25,000 as Freight and Insurance. 125 kg. of oil was destroyed in transit. The insurance claim was settled at Rs. 2,250 and was paid directly to the consignor. S took delivery of consignment and accepted a bill drawn upon him by M for Rs 50,000. S reported as follow:

- A) 3,750 kg. of oil was sold at Rs. 30 per kg.
- B) His expenses were – Godown rent Rs. 10,000; Wages Rs. 1,000; Printing and Stationery Rs. 5,000.
- C) 125 kg. of oil was lost due to leakage, which is quite normal.

S is entitled to a commission of 5% on the sales effected. S paid the amount due in respect of the consignment. Show the Consignment Account, the Account of S and Abnormal Loss Account in the books of M.

**In The Books of M  
Consignment A/c**

Particulars	Amount	Particulars	Amount
To Goods Sent on Consignment (5000*20)	100000	By S A/c (3750*30)	1,12,500
To Cash/Bank A/c (Freight & Insurance)	25,000	By Abnormal Loss (WN 1)	3,125
<b>To S A/c</b>		By Consignment Stock A/c (WN 2)	25658
Godown Rent	10,000		
Wages	1,000	By Profit & Loss A/c	5,342
Printing & Stationary	5,000		
To S A/c (Commission) (112500*5%)	5,625		
	<b>1,46,625</b>		<b>1,46,625</b>

SA/c			
Particulars	Amount	Particulars	Amount
To Consignment A/c (Sales)	1,12,500	By B/R A/c	50,000
		By Consignment A/c (Expenses)	16,000
		By Consignment A/c (Commission)	5625
		By Cash/Bank A/c (Bal Fig)	40,875
	<b>1,12,500</b>		<b>1,12,500</b>

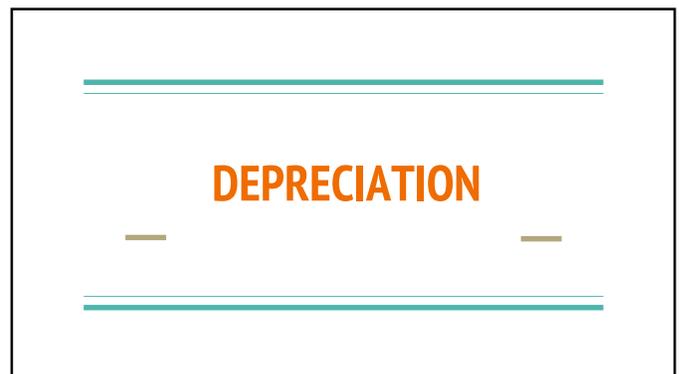
Abnormal Loss A/c			
Particulars	Amount	Particulars	Amount
To Consignment A/c	3,125	By Bank A/c	2,250
		By P/L A/c (Bal Fig)	875
	<b>3,125</b>		<b>3,125</b>

**WN 1 - Calculation of Amount of Abnormal Loss**

Sr.No	Particulars	Amount
A	Basic Cost of Oil (125Kg * 20 Per Kg)	2500
B	Add - Proportionate Expenses of Consignor (25000/5000*125)	625
C	Total Cost of abnormal Loss (A+B)	3125

**WN 2 - Calculation of value of Stock at End**

Sr.No	Particulars	units	Amount
A	Cost of Goods Sent to Consignee (5000*20)	5000	100000
B	Add - Expenses of Consignor	-	25000
C	Total Cost of 5000 Kg of oil Sent (A+B)	5000	125000
D	Less - Abnormal Loss in Transit	125	3125
E	Total Cost of 4875 Kg of Oil received by Consignee (C-D)	4875	121875
F	Less - Normal Loss at Consignee's Godown	125	-
G	Total Cost of Goods Available for Sale	4750	121875
H	Cost of 1000 Kg of Oil Lying With Consignee after Sales & Normal Loss (121875/4750*1000)	1000	25658



### QUESTION 25

The Machinery Account of a Factory showed a balance of ₹ 19,00,000 on 1st January, 2019. Its accounts were made up on 31<sup>st</sup> December each year and depreciation is written off at 10% p.a. under the Diminishing Balance Method.

On 1st June 2019, a new machinery was acquired at a cost of ₹ 2,80,000 and installation charges incurred in erecting the machine works out to ₹ 8,920 on the same date. On 1<sup>st</sup> June, 2019 a machine which had cost ₹ 4,37,400 on 1<sup>st</sup> January 2017 was sold for ₹ 75,000. Another machine which had cost ₹ 4,37,000 on 1<sup>st</sup> January, 2018 was scrapped on the same date and it realised nothing.

Write a plant and machinery account for the year 2019, allowing the same rate of depreciation as in the past calculating depreciation to the nearest multiple of a Rupee.

### Machinery A/c

Date	Particulars	Amount	Date	Particulars	Amount
1-1-19	To Bank A/c (354294 + 393300 + 1152406)	1900000	1-6-19	By Depreciation ON Machine Sold A/c	14762
1-6-19	To Bank A/c	280000	1-6-19	By Bank A/c	75000
1-6-19	To Bank A/c	8920	1-6-19	By P/L A/c	264532

Date	Particulars	Amount	Date	Particulars	Amount
			1-6-19	By Depreciation on Machine Scrapped A/c	16388
			1-6-19	By P/L A/c	376912
			31-12-19	By Depreciation A/c (115241 + 16854)	132095
			31-12-19	By Bal C/d (BF)	1309231
		<b>2188920</b>			<b>2188920</b>

### WN 1 - Calculation of Profit/Loss on Sale of Machinery 1

Sr.No	Particulars	Amount
A	Cost on 1-1-17	437400
B	Depreciation for 2017	43740
C	WDV as on 1-1-18	393660
D	Depreciation for 2018	39366
E	WDV as on 1-1-19	354294
F	Depreciation for For 5 Months of 2019	14762
G	WDV Before Sale as on 1-6-2019	339532
H	Sale Value	75000
I	Loss on Sale (G-H)	264532

**WN 2 - Calculation of Profit/Loss on Sale of Machinery 2**

Sr.No	Particulars	Amount
A	Cost on 1-1-18	437000
B	Depreciation for 2018	43700
C	WDV as on 1-1-19 (A-B)	393300
D	Depreciation for 2019 for 5 Months	16388
E	WDV Before Sale as on 1-6-2019 (C-D)	376912
F	Sale Value	0
G	Loss on Sale (E-F)	376912

**QUESTION 26**

M/s. Green Channel purchased a second-hand machine on 1st January, 2017 for ₹ 1,60,000. Overhauling and erection charges amounted to ₹ 40,000.

Another machine was purchased for ₹ 80,000 on 1st July, 2017.

On 1st July, 2019, the machine installed on 1st January, 2017 was sold for ₹ 1,00,000. Another machine amounted to ₹ 30,000 was purchased and was installed on 30th September, 2019.

Under the existing practice the company provides depreciation @ 10% p.a. on original cost. However, from the year 2020 it decided to adopt WDV method and to charge depreciation @ 15% p.a. You are required to prepare Machinery account for the years 2017 to 2020.

**Machinery A/c**

Date	Particulars	Amount	Date	Particulars	Amount
1-1-17	To Bank A/c	160000	31-12-17	By Depreciation A/c (20000+4000)	24000
1-1-17	To Bank A/c	40000	31-12-17	By Bal C/d (BF) (180000+76000)	256000
1-7-17	To Bank A/c	80000			
		<b>280000</b>			<b>280000</b>

Date	Particulars	Amount	Date	Particulars	Amount
1-1-18	To Bal B/d (180000+76000)	256000	31-12-18	By Depreciation A/c (20000 + 8000)	28000
			31-12-18	By Bal C/d (BF) (160000+68000)	228000
		<b>256000</b>			<b>256000</b>

Date	Particulars	Amount	Date	Particulars	Amount
1-1-19	To Bal B/d (160000+68000)	228000	1-7-19	By Depreciation on Machine Sold A/c	10000
30-9-19	To Bank A/c	30000	1-7-19	By Bank A/c	100000
			1-7-19	By P/L A/c	50000
			31-12-19	By Depreciation A/c (8000 + 750)	8750
			31-12-19	By Bal C/d (BF) (60000 + 29250)	89250
		<b>258000</b>			<b>258000</b>

Date	Particulars	Amount	Date	Particulars	Amount
1-1-20	To Bal B/d (60000+29250)	89250	31-12-20	By Depreciation A/c (9000 + 4388)	13388
			31-12-20	By Bal C/d (BF) (51000+24862)	75862
		<b>89250</b>			<b>89250</b>

### QUESTION 27

Amazing group had Property, Plant & Equipment (PP&E) with a book value of ₹ 35,00,000 on 31st December 2019. The balance in Revaluation Surplus on that date was ₹ 3,00,000. As part of their practice of revaluing the assets on yearly basis, another revaluation was carried out on 31st December 2019. Evaluate the impact of Revaluation if the Fair Value as a result of Revaluation done on 31st December 2019 was (a) ₹ 37,00,000 (b) ₹ 33,00,000 and (c) ₹ 31,00,000. Also, give the journal entries.

#### Case A

Property Plant & Equipment A/c.....Dr 200000  
To Revaluation Surplus A/c 200000

#### Case B

Revaluation Surplus A/c.....Dr 200000  
To Property Plant & Equipment A/c 200000

#### Case C

Revaluation Surplus A/c.....Dr 300000  
Profit & Loss A/c.....Dr 100000  
To Property Plant & Equipment A/c 400000

### QUESTION 28

On April 1, 2018 Shubra Ltd. purchased a machinery for ₹ 12,00,000. On Oct 1, 2020, a part of the machinery purchased on April 1, 2018 for ₹ 80,000 was sold for ₹ 45,000 and a new machinery at a cost of ₹ 1,58,000 was purchased and installed on the same date. The company has adopted the method of providing 10% p.a. depreciation on the written down value of the machinery.

**Prepare Necessary Accounts Assuming provision For Depreciation Account is being Maintained**

Machinery A/c					
Date	Particulars	Amount	Date	Particulars	Amount
01/04/2018	To Bank A/c	12,00,000	31/03/2019	By Balance c/d (BF)	12,00,000
		<b>12,00,000</b>			<b>12,00,000</b>
01/04/2019	To Balance b/d	12,00,000	31/03/2020	By Balance c/d	12,00,000
		<b>12,00,000</b>			<b>12,00,000</b>

Date	Particulars	Amount	Date	Particulars	Amount
01/04/2020	To Balance b/d	12,00,000	01/10/2020	By Machinery Disposal A/c	80,000
01/10/2020	To Bank A/c	1,58,000	31/03/2021	By Balance c/d (BF)	12,78,000
		<b>13,58,000</b>			<b>13,58,000</b>

Provision for Depreciation A/c					
Date	Particulars	Amount	Date	Particulars	Amount
31/03/2019	To Balance c/d (BF)	120000	31/03/2019	By Depreciation A/c	120000
		<b>120000</b>			<b>120000</b>
31/03/2020	To Balance c/d (BF)	2,28,000	01/04/2019	By Balance b/d	120000
			31/03/2020	By Depreciation A/c	108000
		<b>2,28,000</b>			<b>2,28,000</b>

Date	Particulars	Amount	Date	Particulars	Amount
01/10/2020	To Machinery Disposal A/c	18,440	01/04/2020	By Balance b/d	2,28,000
			01/10/2020	By Depreciation A/c (Asset sold)	3,240
31/03/2021	To Balance c/d (BF)	3,11,420	31/03/2021	By Balance c/d (BF) (90720+7900)	98,620
		<b>3,29,860</b>			<b>3,29,860</b>

Machinery Disposal A/c					
Date	Particulars	Amount	Date	Particulars	Amount
01/10/2020	To Machinery A/c	80,000	01/10/2020	By Cash /Bank A/c	45,000
			01/10/2020	By Provision for Depreciation A/c	18,440
			31/03/2021	By P&L A/c (loss)	16,560
		<b>80,000</b>			<b>80,000</b>

Depreciation A/c					
Date	Particulars	Amount	Date	Particulars	Amount
31/03/2019	To Provision for Depreciation A/c	120000	31/03/2019	By P&L A/c	120000
		<b>120000</b>			<b>120000</b>
31/03/2020	To Provision for Depreciation A/c	1,08,000	31/03/2020	By P&L A/c	1,08,000
		<b>1,08,000</b>			<b>1,08,000</b>
01/10/2020	To Provision for Depreciation A/c	3,240	31/03/2021	By P&L A/c	1,01,860
31/03/2021	To Provision for Depreciation A/c (90720+7900)	98,620			
		<b>1,01,860</b>			<b>1,01,860</b>

**AVERAGE DUE DATE**

### QUESTION 29

For the goods sold, Geet Draws the following bills on Aditya who accepts the same as per following terms:

Amount of the bills (Rs.)	Date of Drawal	Date of Acceptance	Tenure
8,000	06.01.2011	09.01.2011	3 Months after the date
9,000	15.02.2011	18.02.2011	60 Days
8,000	21.02.2011	21.02.2011	2 Months
15,000	14.03.2011	17.03.2011	30 Days after sight

Find out the Average Due date for the above transactions. Also find the answers for following situations.

- Aditya pays the whole amount, together with interest @15% per annum, to Geet on 31<sup>st</sup> May, 2011. Calculate the interest payable on 31<sup>st</sup> May, 2011 by the average due date method.
- When should Aditya make the payment to earn interest of Rs.120 @15% per annum?

Date of Bill	Tenure	Statement Showing Computation of ADD Due Date	Amount	No. of Days from Base Date	Products
06-01-2011	3 Months	09-04-2011	8000	0	0
15-02-2011	60 Days	19-04-2011	9000	10	90000
21-02-2011	2 Months	24-04-2011	8000	15	120000
17-03-2011	30 Days	19-04-2011	15000	10	150000
			40000		360000
Let the Base Date Be 09-04-2011					
Average Due Date = Base Date + (Total of Products/Total of Amount) Days					
= 9-4-2011 + (360000/40000) Days					
= 9-4-2011 + 9 days					
= 18-4-2011					

On 18-4-2011 Aditya Needs to pay Geet Rs. 40000 Without any loss of Interest to either Party

<b>INTEREST TO BE PAID BY ADITYA</b>	<b>40000*15%/365*43</b>
	<b>707</b>
<b>DATE OF PAYMENT TO EARN INT OF 120</b>	
<b>PER DAY INTEREST SAVING IF PAYMENT MADE EARLY</b>	<b>40000*15%/365</b>
	<b>16.43</b>
<b>NO OF DAYS EARLY PAYMENT REQUIRED TO EARN INT OF 120</b>	<b>120/16.43</b>
	<b>8 DAYS</b>
<b>DATE ON WHICH PAYMENT NEEDS TO BE MADE TO EARN INTEREST OF 120</b>	<b>18-4-2011- 8 DAYS</b>
	<b>10-04-2011</b>

### QUESTION 30

Jay and Viru had the following mutual dealings and Desire to settle their account on the average due date:

You are asked to ascertain the average due date.

Particulars	Rs.	Particulars	Rs.
<b>Purchases by Jay from Viru</b>		<b>Sales by Jay to Viru</b>	
6th January 2011	9,000	6th January 2011	9,900
2nd February 2011	4,200	9th March 2011	3,600
31st March 2011	3,000	20th March 2011	750

Due Date	Statement Showing Computation of ADD from The View Point of Jay		No. of Days from Base Date	Products	
	Receivable Amount	Payable		Receivable	Payable
06-01-2011	-	9000	0		0
02-02-2011	-	4200	27		113400
31-03-2011	-	3000	84		252000
06-01-2011	9900	-	0	0	-
09-03-2011	3600	-	62	223200	-
20-03-2011	750	-	73	54750	-
	14250	16200		277950	365400
Let the Base Date Be 06-1-2011 Net Amount Payable = 1950 Net Products Payable = 87450 Average Due Date = Base Date + (Net Products/Net Amount) Days = 06-01-2011 + 44.84 Days Say 45 Days = 20th Feb 2011					
On 20th Feb Jay Shall Pay Viru Rs. 1950 Without Loss of Interest to Either Party					

### QUESTION 31

Mr. Yash and Mr. Harsh are partners in a firm. They had drawn the following amounts from the firm during the year ended 31.03.2016:

Date	Amount (Rs.)	Drawn By (Rs.)
01.05.2015	75,000	Mr. Yash
02.07.2015	20,000	Mr. Yash
15.08.2015	60,000	Mr. Harsh
31.12.2015	50,000	Mr. Harsh
04.03.2016	75,000	Mr. Harsh
31.03.2016	15,000	Mr. Yash

Interest is charged @10% p.a. on all drawings. Calculate interest chargeable from each partner by using Average due date system. (consider 1<sup>st</sup> May as base date).

Date of Drawings	Statement Showing Computation of ADD & Interest on Drawings of Yash		Products
	Amount	No. of Days from Base Date	
01-05-2015	75000	0	0
02-07-2015	20000	62	1240000
31-03-2016	15000	335	5025000
	110000		6265000
Let the Base Date Be 01-05-2015 ADD = Base Date + (Total Products/Total Amount) Days = 01-05-2015 + (6265000/110000) Days = 01-05-2015 + 56.95 Days Say 57 Days = 27th June 2015			
No of Days from ADD to 31-03-2016 = 278 Days Interest on Drawings = 110000*10%/366*278 = 8355			

Statement Showing Computation of ADD & Interest on Drawings of Harsh			
Date of Drawings	Amount	No. of Days from Base Date	Products
15-08-2015	60000	106	6360000
31-12-2015	50000	244	12200000
04-03-2016	75000	308	23100000
	185000		41660000
Let the Base Date Be 01-05-2015			
ADD = Base Date + (Total Products/Total Amount) Days			
= 01-05-2015 + (41660000/185000) Days			
= 01-05-2015 + 225.18 Days Say 226 Days			
= 13th Dec 2015			
No of Days from ADD to 31-03-2015 = 199 Days			
Interest on Drawings = 185000*12%/360*199 = 9510			

### QUESTION 32

Ramesh lent ₹ 1,50,000 to Deepak on 1<sup>st</sup> January, 2016 at the rate of 12% per annum. The loan is repayable as under:

- (i) ₹ 10,000 on 1<sup>st</sup> January, 2017
- (ii) ₹ 20,000 on 1<sup>st</sup> January, 2018
- (iii) ₹ 30,000 on 1<sup>st</sup> January, 2019
- (iv) ₹ 40,000 on 1<sup>st</sup> January, 2020
- (v) ₹ 50,000 on 1<sup>st</sup> January, 2021

You are required to determine the average due date for settling all the above installments by a single payment and compute interest.

Statement Showing Computation of ADD			
Date of Installment	Amount	No. of Years from Base Date	Products
01-01-2017	10000	0	0
01-01-2018	20000	1	20000
01-01-2019	30000	2	60000
01-01-2020	40000	3	120000
01-01-2021	50000	4	200000
	150000		400000
Let The Base Date be 1-1-2017			
ADD = 1-1-2017 + (Total Products/Total Amount) years			
ADD = 1-1-2017 + (400000/150000) Years			
ADD = 1-1-2017 + 2.67 Years			
ADD = 1-1-2017 + 2 Years & 8 Months			
ADD = 1-9-2019			
Tenure for Interest = ADD - Date of Loan = 1-9-2019 - 1-1-2016 = 44 months			
Interest = 150000*12%/12*44 = 66000			

## ACCOUNT CURRENT

### QUESTION 33

Following transactions took place between X and Y during the month of April, 2012.

2012	Particulars	Rs.
April.1	Amount Payable by X to Y	10,000
April.7	Received acceptance of X to Y for 2 months	5,000
April.10	Bills Receivable (accepted by Y) on 7.2.2012 honored on this due date.	10,000
April.10	X sold goods to Y (Invoice dated 10.5.2012)	15,000
April.12	X received cheque from Y (dated 15.5.2012)	7,500
April.15	Y Sold goods to X (Invoice dated 15.5.2012)	6,000
April.20	X returned goods sold by Y on 15.4.2012	1,000
April.20	Bills accepted by Y is dishonored on this due date	5,000

Prepare an 'Account Current' to be rendered by X to Y for the period from 1.4.2012 to 30.4.2012. Agreed rate of interest between the parties is 12% per annum.

In The Books of X Y in Account Current With X For The Period 1-4-2012 to 30-4-2012 Rate of Interest = 12% p.a Forward (Products) Method											
Date	Due Date	Particulars	Amount	No. of Products Days	Date	Due Date	Particulars	Amount	No. of Products Days		
07-04-2012	10-06-2012	To B/P	5000	-41 -205000	01-04-2012	01-04-2012	By Bal B/d	10000	30	300000	
10-04-2012	10-05-2012	To Sales	15000	-10 -150000	12-04-2012	15-05-2012	By Bank	7500	-15	-112500	
20-04-2012	15-05-2012	To Pur Return	1000	-15 -15000	15-04-2012	15-05-2012	By Purchase	6000	-15	-90000	
20-04-2012	20-04-2012	To B/R	5000	10 50000	30-04-2012	30-04-2012	By Interest			136.89	
30-04-2012	30-04-2012	To Bal of Products (Bal Fig)		417500	30-04-2012	30-04-2012	By Bal C/d (Bal Fig)	2363.11			
			26000	97500				26000	97500		
Interest = 417500 * 12% / 366 Days * 1 Day = 136.89											

### QUESTION 34

On January 1, 2011 Leena opened a current account with Bank, by depositing Rs.5,000/-.

Her further deposits were:

20th January	Rs.2,500
20th March	Rs.3,000
20th May	Rs.3,500
She withdrew:	Rs.6,000 on 20th Feb.
	Rs.5,000 on 20th April.
	Rs.2,500 on 20th June.

Calculate the Bank interest counting 12% p.a. on the customer's debit balances and 5% p.a. on credit balances and close account on 30<sup>th</sup> June, 2011.

In The Books of Bank Leena's Account								
For The Period 1-1-2011 to 30-6-2011								
Date	Particulars	Debit	Credit	Balance	Dr/Cr	No. Of Days	Debit Products	Credit Products
01/01/2011	By Cash Deposited	-	5000	5000	Cr	19	-	95000
20/01/2011	By Cash Deposited	-	2500	7500	Cr	31	-	232500
20/02/2011	To Cash Withdrawn	6000	-	1500	Cr	28	-	42000
20/03/2011	By Cash Deposited	-	3000	4500	Cr	31	-	139500
20/04/2011	To Cash Withdrawn	5000	-	500	Dr	30	15000	-
20/05/2011	By Cash Deposited	-	3500	3000	Cr	31	-	93000
20/06/2011	To Cash Withdrawn	2500	-	500	Cr	11	-	5500
30/06/2011	By Interest Payable	-	78.29	578.29	Cr		15000	607500

Interest Payable on Credit Products = $607500 \times 5\% / 365 \text{ Days} \times 1 \text{ Day} = 83.22$
Interest Receivable on Debit Products = $15000 \times 12\% / 365 \text{ Days} \times 1 \text{ Day} = 4.93$
<b>Net Interest Payable = 78.29</b>

### QUESTION 35

Sushmita had the following transactions with Kareena:

2011		Rs.
Jan.1	Balance Due from Kareena	1,000
Feb.16	Purchased Goods from her	6,000
Feb.28	Sold goods to her	10,000
March.16	Received a Cheque	3,000
April.20	Sold her goods (invoiced on May 3)	10,000
June.16	Purchased Goods from Her (invoiced on July 16)	15,000
Sep.23	Paid her Cash	3,000
Oct.24	Accepted Her bill for 3 months	5,000
Nov.26	Received her acceptance for 2 months	8,000

You are asked to prepare an Account current of Kareena completed up to Dec.31, 2011, as will appear in the books of Sushmita considering interest at @12% p.a. on the balance due using Epoque Method

In The Books of Sushmita											
Kareena in Account Current with Sushmita											
For The Period 1-1-2011 to 31-12-2011											
Rate of Interest = 12% p.a											
Backward/Epoque Method											
Date	Due Date	Particulars	Amount	No. of Products	Date	Due Date	Particulars	Amount	No. of Products		
				Days					Days		
01-01-2011	01-01-2011	To Bal B/d	1000	0	0	16-02-2011	16-02-2011	By Purchase	6000	47	282000
28-02-2011	28-02-2011	To Sales	10000	59	590000	16-03-2011	16-03-2011	By Bank	3000	75	225000
20-04-2011	03-05-2011	To Sales	10000	123	1230000	16-06-2011	16-07-2011	By Purchase	15000	197	2955000
23-09-2011	23-09-2011	To Cash	3000	266	798000	26-11-2011	29-01-2012	By B/R	8000	394	3152000
24-10-2011	27-01-2012	To B/P	5000	392	1960000						
31-12-2011	31-12-2011	To Products on Cl. Bal (3000*365)	-	-	1095000						
31-12-2011	31-12-2011	To Balance of Products (Bal Fig)	-	-	941000						
31-12-2011	31-12-2011	To Interest	309.37								
31-12-2011	31-12-2011	To Bal C/d (Bal Fig)	2690.63								
			32000	6614000				32000	6614000		
			Interest = $941000 \times 12\% \times 365 \text{ Days} \div 1 \text{ Day} = 309.37$								

# PARTNERSHIP BASICS

### QUESTION 36

Weak, Able and Lazy are in partnership sharing profits and losses in the ratio of 2:1:1. It is agreed that interest on capital will be allowed @ 10% per annum and interest on drawings will be charged @ 8% per annum. (No interest will be charged/allowed on Current Accounts).

The following are the particulars of the Capital and Drawings Accounts of the partners:

	Weak	Able	Lazy
	₹	₹	₹
Capital (1.1.2019)	75,000	40,000	30,000
Current Account (1.1.2019)	10,000	5,000	(Dr.) 5,000
Drawings	15,000	10,000	10,000

The draft accounts for 2019 showed a net profit of ₹ 60,000 before taking into account interest on capitals and drawings and subject to following rectification of errors:

The draft accounts for 2019 showed a net profit of ₹ 60,000 before taking into account interest on capitals and drawings and subject to following rectification of errors:

- Life Insurance premium of Weak amounting to ₹ 750 paid by the firm on 30th June, 2019 has been charged to Miscellaneous Expenditure A/c.
- Repairs of Machinery amounting to ₹ 10,000 has been debited to Plant Account and depreciation thereon charged @ 20%.
- Travelling expenses of ₹ 3,000 of Able for a pleasure trip to U.K. paid by the firm on 30th June, 2019 has been debited to Travelling Expenses Account.

You are required to prepare the Profit and Loss Appropriation Account, Current Accounts of partners Weak, Able and Lazy for the year ended 31st December, 2019.



## PARTNERSHIP VALUATION OF GOODWILL

### QUESTION 38

The following particulars are available in respect of the business carried on by Rathore

		₹
(1)	Capital Invested	1,50,000
(2)	Trading Results:	
	2016	Profit 40,000
	2017	Profit 36,000
	2018	Loss 6,000
	2019	Profit 50,000
(3)	Market Rate of interest on investment	10%
(4)	Rate of risk return on capital invested in business	2%
(5)	Remuneration from alternative employment of the proprietor (if not engaged in business).	₹ 6,000 per annum

You are required to compute the value of goodwill on the basis of 5 years' purchase of super profit of the business calculated on the average profits of the last four years.

### QUESTION 39

Vasudevan, Sunderarajan and Agrawal are in partnership sharing profit and losses at the ratio of 2:5:3. The Balance Sheet of the partnership as on 31.12.2017 was as follows:

Balance Sheet of M/s Vasudevan, Sunderarajan & Agrawal

Liabilities	₹	Assets	₹
Capital A/cs		Sundry fixed assets	5,00,000
Vasudevan	85,000	Inventory	1,00,000
Sunderarajan	3,15,000	Trade receivables	50,000
Agrawal	2,25,000	Bank	5,000
Trade payables	<u>30,000</u>		
	<u>6,55,000</u>		<u>6,55,000</u>

The partnership earned profit ₹ 2,00,000 in 2017 and the partners withdrew ₹ 1,50,000 during the year. Normal rate of return 30%.  
 You are required to calculate the value of goodwill on the basis of 5 years' purchase of super profit. For this purpose calculate super profit using average capital employed.

<b>Value of Goodwill = 5 years X Super Profits</b>
<b>Super Profit = Average profit - Normal Profit</b>
<b>Average Profit (Given) = 200000</b>
<b>Average capital Employed = <math>\frac{\text{capital as on 31-12-18} + \text{Capital as on 31-12-19}}{2}</math></b>
<b>= <math>\frac{(625000-50000)+625000}{2}</math></b>
<b>= 600000</b>
<b>Normal Profit = Average Capital Employed X NRR</b>
<b>= <math>600000 \times 30\% = 180000</math></b>
<b>Super Profit = <math>200000 - 180000 = 20000</math></b>
<b>Value of Goodwill = <math>5 \text{ years} \times 20000 = 100000</math></b>
<b>Thus Value of Goodwill is 100000</b>

## PARTNERSHIP ADMISSION OF PARTNER

### QUESTION 40

The following is the Balance Sheet of Yellow and Green as at 31st December, 2019:

Liabilities	₹	Assets	₹
Trade payables	20,000	Cash at Bank	10,000
Capital:		Sundry Assets	55,000
Yellow	25,000		
Green	20,000		
	65,000		65,000

The partners shared profits and losses in the ratio 3:2. On the above date, Black was admitted as partner on the condition that he would pay ₹ 20,000 as Capital. Goodwill was to be valued at 3 years' purchase of the average of four years' profits which were:

	₹		₹
2016	9,000	2018	12,000
2017	14,000	2019	13,000

The new profit sharing ratio is 6:5:5.

**Give Journal Entries & Balance Sheet under Below Situations**

- A. If Goodwill is Paid Privately
- B. If Goodwill is Brought In Cash
- C. If Goodwill is Brought in Cash & Withdrawn By Partners
- D. If Goodwill is Adjusted Through Partners Capital A/c

### Calculation of Value of Goodwill

Value of Goodwill = 3 Yrs Purchase \* 4 Years Average Profit  
 Average Profit For Last 4 Years =  $9000+14000+12000+13000/4$   
 Average Profit For Last 4 Years = 12000

Value of Goodwill = 3 Yrs Purchase \* 12000  
 Value of Goodwill = 36000

Black's Share's in Goodwill =  $36000*5/16 = 11250$

### Calculation of Sacrificing Ratio

Yellow =  $3/5-6/16 = 18/80$

Green =  $2/5-5/16 = 7/80$

Sacrificing Ratio = 18:7

### Case B

Date	Particulars	LF	Amount	Amount
1	Bank A/c...Dr		11250	
	To Yellow's Capital A/c			8100
	To Greens's Capital A/c			3150
	(Being Goodwill Bought in Cash By Black Distributed to Sacrificing Partners in Sacrificing ratio)			

Balance Sheet			
Liabilities	Amount	Assets	Amount
Trade Payables	20000	Cash at Bank	41250
<b>Capital</b>		Sundry Assets	55000
Yellow	33100		
Green	23150		
Black	<u>20000</u>		
	<b>96250</b>		<b>96250</b>

Case C				
Date	Particulars	LF	Amount	Amount
1	Bank A/c....Dr		11250	
	To Yellow's Capital A/c			8100
	To Greens's Capital A/c			3150
	(Being Goodwill Bought in Cash By Black Distributed to Sacrificing Partners in Sacrificing ratio)			
2	Yellow's Capital A/c.....Dr		8100	
	Green's Capital A/c....Dr		3150	
	To Bank A/c			11250
	(Being Goodwill Withdrawn By Partners)			

Balance Sheet			
Liabilities	Amount	Assets	Amount
Trade Payables	20000	Cash at Bank	30000
<b>Capital</b>		Sundry Assets	55000
Yellow	25000		
Green	20000		
Black	<u>20000</u>	65000	
	<b>85000</b>		<b>85000</b>

Case D				
Date	Particulars	LF	Amount	Amount
1	Black's Capital A/c....Dr		11250	
	To Yellow's Capital A/c			8100
	To Greens's Capital A/c			3150
	(Being Goodwill Adjusted)			





You are required to prepare:

1. Revaluation account
2. Partners' capital accounts.
3. Cash and bank account.
4. Balance Sheet after admission

### Revaluation A/c

Particulars	Amount	Particulars	Amount
To Machinery	36000	By Land & Building	75000
To Furniture	4000		
To Bad Debts	2800		
To RDD	2000		
To Inventory	5200		
<b>To Profit Transferred to Capital A/c</b>			
Ramu	15000		
Mamu	<u>10000</u>		
	<b>75000</b>		<b>75000</b>

### Partners Capital A/c

Particulars	Ramu	Mamu	Damu	Particulars	Ramu	Mamu	Damu
To Ramu's & Mamu's Capital A/c			50000	By Bal B/d	210000	190000	
				By General Reserve A/c	36000	24000	
To Bank A/c (BF)	36000	99000		By Bank A/c			150000
				By Damu's Capital A/c	25000	25000	
To Bal C/d	250000	150000	100000	By Revaluation A/c	15000	10000	
	<b>286000</b>	<b>249000</b>	<b>150000</b>		<b>286000</b>	<b>249000</b>	<b>150000</b>

### Bank A/c

Particulars	Amount	Particulars	Amount
To Bal B/d	24000	By Ramu's Capital A/c	36000
	150000	By Mamu's Capital A/c	99000
To Damu's Capital A/c		By Bal C/d (BF)	39000
	<b>174000</b>		<b>174000</b>

Balance Sheet as on 1-4-20			
Liabilities	Amount	Assets	Amount
<b>Capital</b>		Land & Building	225000
Ramu	250000	Machinery	144000
Mamu	150000	Furniture	40000
Damu	100000	Trade Receivables	42800
	500000	Less - Bad Debts	2800
			40000
Loan from LFC Bank	25000	Less - RDD at 5%	2000
Trade Payables	21000	Inventory	60000
		Bank	39000
	<b>546000</b>		<b>546000</b>

### Working Notes

#### 1. Calculation of Sacrificing Ratio & New PSR

$$\text{Ramu} = \frac{3}{5} - \left(\frac{1}{5} \times \frac{1}{2}\right) = \frac{3}{5} - \frac{1}{10} = \frac{5}{10}$$

$$\text{Mamu} = \frac{2}{5} - \left(\frac{1}{5} \times \frac{1}{2}\right) = \frac{2}{5} - \frac{1}{10} = \frac{3}{10}$$

$$\text{Damu} = \frac{1}{5} \text{ That is } = \frac{2}{10}$$

$$\text{Therefore New PSR} = 5:3:2$$

$$\text{SR} = 1:1$$

### Working Notes

#### 2. Treatment of Goodwill

Value of Firms Goodwill = 250000

Damu's Share in Goodwill =  $250000 \times \frac{1}{5} = 50000$

#### Adjustment Entry

Damu's Capital A/c....Dr 50000

To Ramu's Capital A/c      25000

To Mamu's Capital A/c      25000

### Working Notes

#### 3. Capital Adjustment After Admission of Damu

Amount Brought in By Damu    150000

Less - Amount of Goodwill      50000

Therefore, Amount of Capital    100000

Total Capital of Firm =  $100000 \times \frac{5}{1} = 500000$

New Capital of All partners in Their New PSR Shall be

Ramu = 250000 , Mamu = 150000 & Damu = 100000





## 2. Treatment of Goodwill

### QUESTION 44

A, B, C were in partnership sharing profits and losses in the ratio of 3:2:1. The balance sheet of the firm as on 31.2.2020 was as under:

Liabilities		₹	Assets		₹
Capital accounts:					
A	1,50,000		Fixtures		30,000
B	1,00,000		Stock		1,70,000
C	50,000	3,00,000	Sundry debtors		90,000
Sundry creditors		40,000	Cash		50,000
		3,40,000			3,40,000

A, on account of ill-health, gave notice that he wished to retire from the firm. A retirement agreement was, therefore, entered as on 31.3.2020, the terms of which were as follows:

(a) The profit and loss account for the year ended 31.3.2020, which showed a net profit of ₹ 42,000 was to be re-opened. B was to be credited with ₹ 6,000 as bonus, in consideration of the extra work, which had devolved upon him during the year. The profit sharing basis was to be revised and the revised ratio is to be 2:3:1 as and from 1st April 2019.

(b) Goodwill was to be valued at two years' purchase of the simple average profits of five years. Profits for these five years ending on 31st March were as under:

	₹
31.3.2016	15,000
31.3.2017	23,000
31.3.2018	25,000
31.3.2019	35,000
31.3.2020	42,000

(c) Fixtures are to be valued at ₹ 39,800 and a provision of 2% was to be made for doubtful debts and the remaining assets were to be taken at their book value.

(d) That the amount payable to A shall be paid by B.

B and C agreed, as between themselves, to continue the business, sharing profits and losses in the ratio of 3:1 and decided to retain fixtures in the books at the revised value and increase the provision for doubtful debts to 6%. Total capital of the firm will be ₹ 3 lakhs as before to be maintained in the new ratio as between B and C.

You are required to give the necessary entries to give effect to the above arrangements. Prepare capital accounts of partners, cash account and balance sheet of B and C after giving effect to the above arrangements on the retirement of A.

### Journal Book

Date	Particulars	LF	Amount	Amount
	Fixtures A/c Dr.		9,800	
	To Revaluation A/c			9800
	(Being Fixtures revalued)			
	Revaluation A/c Dr.		1,800	
	To RDD A/c			1800
	(Being Provision Made on debtors at 2%)			

Date	Particulars	LF	Amount	Amount
	A's Capital A/c Dr.		21,000	
	B's Capital A/c Dr.		14,000	
	C's Capital A/c Dr.		7,000	
	To Profit and Loss Adjustment A/c			42,000
	(Being Profit written back for Adjustments)			
	Profit and Loss Adjustment A/c Dr.		6,000	
	To B's Capital A/c			6,000
	(Being Bonus credited to B's Capital A/c)			

Date	Particulars	LF	Amount	Amount
	Profit and Loss Adjustment A/c Dr.		36,000	
	To A's Capital A/c			12,000
	To B's Capital A/c			18,000
	To C's Capital A/c			6,000
	(Being distribution of profits in the new ratio)			
	B Capital A/c.....Dr (6/24*56000)		14000	
	C Capital A/c.....Dr (2/24*56000)		4667	
	To A's Capital A/c (2/6*56000)			18667
	(Being Goodwill Adjusted in partners Capital A/c)			

Date	Particulars	LF	Amount	Amount
	Revaluation A/c Dr.		8000	
	To A's Capital A/c			2,667
	To B's Capital A/c			4,000
	To C's Capital A/c			1,333
	(Being profit on revaluation Distributed)			
	A's Capital A/c Dr.		162,334	
	To B's Capital A/c			162,334
	(Being Amount payable to A paid by B)			

Date	Particulars	LF	Amount	Amount
	B's Capital A/c Dr.		2,700	
	C's Capital A/c Dr.		900	
	To RDD A/c			3600
	(Being Provision on Debtors increased to 6%)			
	Cash A/c Dr.		30234	
	To C's Capital A/c			30234
	(Being Cash received from C)			

Date	Particulars	LF	Amount	Amount
	B's Capital A/c Dr.		34624	
	To Cash A/c			34624
	(Being Cash Paid to B)			

Partners Capital A/c							
Particulars	A	B	C	Particulars	A	B	C
To P&L Adj A/c	21,000	14,000	7,000	By Balance b/d	1,50,000	1,00,000	50,000
To A's Capital A/c		14,000	4,667	By P&L Adj. A/c		6,000	
To RDD A/c	-	2,700	900	By P&L Adj. A/c	12,000	18,000	6,000
				By B & C Capital A/c	18,667		
To B's Capital A/c (Bal Fig)	162,334	-	-	By Revaluation A/c	2,667	4,000	1,333
To Cash A/c (Bal Fig)	-	34,634	-	By A's Capital A/c		162,334	
To Balance c/d	-	2,25,000	75,000	By Cash A/c (Bal Fig)			30,234
	183334	290334	87,567		183334	290334	87,567

Cash A/c			
Particulars	Amount	Particulars	Amount
To Balance b/d	50000	By B's Capital A/c	34634
To C's Capital A/c	30234	By Balance c/d (bal Fig)	45600
	80234		80234

Balance Sheet of B & C As on 31-3-20 (After Retirement of A)			
Liabilities	Amount	Assets	Amount
<b>Capital</b>		Fixtures	39800
B	225000	Stock	170000
C	<u>75000</u>	Sundry Debtors	90000
	300000	Less - RDD	<u>5400</u>
Sundry creditors	40000	Cash	45600
	<b>340000</b>		<b>340000</b>

Working Notes	
<b>1. Valuation of Firm's Goodwill</b>	
Average of Last five year's profit = $15000+23000+25000+35000+42000/5$ years	
= 28000	
value of Goodwill = 2yrs Purchase of Average profits of Last 5 years	
= 2 x 28000	
= 56000	

## PARTNERSHIP DEATH OF PARTNER

QUESTION 45			
On 31st March, 2020, the balance sheet of M/s Ram, Rahul and Rohit sharing profits and losses in proportion to their capital, stood as follows:			
Liabilities	₹	₹	Asset
Capital accounts:			Land & building
Ram	3,00,000		Machinery
Rahul	2,00,000		Closing stock
Rohit	<u>1,00,000</u>	6,00,000	Sundry debtors
Sundry creditors		2,00,000	Cash and bank balances
		8,00,000	
			8,00,000
On 31st March, 2020, Ram desired to retire from the firm and the remaining partners decided to carry on. It was agreed to revalue the assets and liabilities on that date on the following basis:-			
1. Land and buildings be appreciated by 30%.			



Cash A/c			
Particulars	Amount	Particulars	Amount
To Bal B/d	100000	By Ram's Loan A/c	210000
To Insurance Co.	60000		
To Rahul's Capital A/c	110000		
To Rohit's Capital A/c	250000	By Balance C/d	310000
	<b>520000</b>		<b>520000</b>

Balance Sheet of M/s. Rahul & Rohit As On 1-4-20			
Liabilities	Amount	Assets	Amount
<b>Capital</b>		Land & Building	260000
Rahul	300000	Machinery	160000
Rohit	<u>300000</u>	Closing Stock	80000
		Sundry Debtors	200000
Ram's Loan A/c	210000	Less -	<u>10000</u>
		Bank	310000
Sundry Creditors	200000		
Less - W/off	<u>10000</u>		
	<b>1000000</b>		<b>1000000</b>

Working Notes
<b>1. Calculation of Gaining &amp; Sacrificing Ratio</b>
Rahul - $1/2 - 1/3 = 1/6$
Rohit - $1/2 - 1/6 = 4/12$ that is $1/3$
<b>GR SHALL BE IN RATIO OF 1:2</b>

QUESTION 46			
Diya, Riya & Kiya are partners of M/s. DRK Fabrics sharing profits and losses in the ratio of 2:1:2. On 31st March 2020 their Balance Sheet was as under:			
Liabilities	₹	Assets	₹
Capitals :		Land & Building	1,65,000
Diya	1,50,000	Furniture	75,000
Riya	1,80,000	Joint life Policy	60,000
Kiya	70,000	Inventory	88,740
General Reserve	1,40,000	Trade Receivable	96,750
Trade payables	60,000	Bank	1,14,510
	<u>6,00,000</u>		<u>6,00,000</u>
Kiya died on 30th September, 2020.			
The partnership deed provides as follows:			

- (a) That partners be allowed interest at 12% p.a. on their capitals, but no interest be charged on drawings.
- (b) Upon the death of a partner, the goodwill of the firm be valued at one years' purchase of the average net profits (after charging interest on capital) for the four years to 31st March preceding the death of a partner. The profits of the firm before charging interest on capitals were
- |         |          |
|---------|----------|
| 2016-17 | 1,62,000 |
| 2017-18 | 1,99,000 |
| 2018-19 | 1,87,000 |
| 2019-20 | 1,96,000 |
- Average capital during preceding four years may be assumed as ₹ 3,00,000
- (c) Profits till the date of death to be ascertained on the basis of average profit of previous four years
- (d) Upon the death of a partner, she is to be credited with her share of the profits, interest on capitals etc. calculated till the date of death

- After the death of Kiya
- ₹ 2,00,000 was received from insurance company against Joint life Policy.
  - Land & Building was appreciated by 20%, Furniture to be depreciated by 10%, inventory to be revalued at ₹ 80,000. Bad debts amounted ₹ 1760.
  - Amount payable to Kiya was paid in cash.
- You are required to prepare
- Revaluation A/c
  - Partners' Capital A/c
  - Balance Sheet as on 30th September 2020, assuming other Assets and liabilities remaining the same.

Revaluation A/c			
Particulars	Amount	Particulars	Amount
To furniture	7500	By Land & Building	33000
To Inventory	8740		
To Bad Debts	1760		
To Profit Trf to Capital A/c			
Diya	6000		
Riya	3000		
Kiya	6000		
	<b>33000</b>		<b>33000</b>

Partners Capital A/c							
Particulars	Diya	Riya	Kiya	Particulars	Diya	Riya	Kiya
				By Bal B/d	1,50,000	180000	70,000
To Kiya Capital A/c	40,000	20,000		By General Reserve	56,000	28,000	56,000
				By JLP	56,000	28,000	56,000
				By Interest on Capital			4,200
To Bank A/c (BF)			2,79,800	By Riya & Diya Capital			60,000
To Bal C/d (Bal fig)	2,28,000	2,19,000		By P/L Suspense A/c			27,600
				By Revaluation A/c	6,000	3,000	6,000
	<b>268000</b>	<b>239000</b>	<b>279800</b>		<b>268000</b>	<b>239000</b>	<b>279800</b>

Balance Sheet As On 30-09-2020			
Liabilities	Amount	Assets	Amount
<b>Capital</b>		Land & Building	198000
Diya	228000	Furniture	67500
Riya	<u>219000</u>	Inventory	80000
	447000	Trade Receivables	94990
		By P/L Suspense A/c	31800
Trade Payables	60000	(4200 +27600)	
		Bank A/c	34710
	<b>507000</b>		<b>507000</b>

Working Notes 1. Bank A/c			
Particulars	Amount	Particulars	Amount
To Bal B/d	114510	By Kiya Capital A/c	279800
To JLP	200000		
		By Bal C/d (Bal Fig)	34710
	<b>314510</b>		<b>314510</b>

### 2. Ascertainment of Value of Firm's Goodwill & Its Treatment

value of Goodwill = 1Years Purchase of Average profits of Last 4 Years

Average Profit of Last 4 Years =  $(162000 - 36000) + (199000 - 36000) + (187000 - 36000) + (196000 - 36000) / 4 \text{ years}$

= 150000

Value of Goodwill =  $1 * 150000 = 150000$

Diya A/c.....Dr	40000	
Riya A/c..... Dr	20000	
To Kiya A/c (150000*2/5)		60000

### 3. Ascertainment of Deceased partner's Share in Profit Upto The Date of Death & its Treatment

Average Profit of Last 4 Years before Int =  $162000 + 199000 + 187000 + 196000 / 4 \text{ years} = 186000$

Net profit After After Interest on capital =  $186000 - (40000 * 12\%) = 138000$

Profit of the Firm upto Death of Death & Kiya's Share in it =  $138000 / 12M * 6M * 2/5 = 27600$

### QUESTION 47

The partnership deed of a firm consisting of 3 partners - P, Q and R (profit sharing ratio being 2:1:1) and whose fixed capitals are ₹ 30,000, ₹ 12,000 and ₹ 8,000 respectively provides as follows:

- (i) The partners be allowed interest @ 8% p.a. on their fixed capitals, but no interest to be allowed on undrawn profits or charged on drawings.
- (ii) That upon the death of a partner, the goodwill of the firm be valued at 2 years purchase of the average net profit (after charging interest on capital) for the 3 years to 31st December preceding the death of a partner.
- (iii) That an insurance policy of ₹ 25,000 each was taken in individual names of each partner. The premium was charged against the profits of the firm. The surrender value of the policy was 20% of the sum assured.
- (iv) Upon the death of a partner, he is to be credited with his share of the profits, interest on capitals, etc. calculated upto 31st December following his death.

(v) That the share of the partnership policy and goodwill be credited to a deceased partner as on 31st December following his death.

(vi) That the partnership books to be closed annually on 31st December.

P died on 30th September, 2020. The amount standing to the credit of his current account as on 31st December, 2019 was ₹ 5,000 and from that date to the date of death he had withdrawn ₹ 30,000 from the business.

An unrecorded liability of ₹ 6,000 was discovered on 30th September, 2020 and it was decided to record it and immediately pay it off.

The trading results of the firm (before charging interest on capital) had been as follows:

2017	Profit ₹ 29,340
2018	Profit ₹ 26,470
2019	Loss ₹ 8,320
2020	Profit ₹ 13,470

You are required to prepare an account showing amount due to P's legal heir as on 31st December, 2020.

Note: Impact for unrecorded liability not to be given in earlier years.

### P's Capital A/c

Particulars	Amount	Particulars	Amount
To Drawings	30,000	By Bal B/d	30,000
To Revaluation A/c (6000*2/4)	3000	By Interest on Capital A/c	2,400
		By P's Current A/c	5,000
		By Q's & R's Capital A/c	
To P's Executor A/c (Bal Fig)	38,465	(Goodwill)	11,830
		By P/L Suspense A/c (profit)	4,735
		By Share in SLP	17,500
	<b>71,465</b>		<b>71,465</b>

### Working Notes

#### 1. Ascertainment of Value of Firm's Goodwill & P's Share in it

Value of Goodwill = 2 Years Purchase of Average profits of Last 3 Years

$$\text{Average Profit of Last 3 Years} = \frac{(29340 - 4000) + (26470 - 4000) - (8320 - 4000)}{3 \text{ years}} = 11830$$

$$\text{Value of Goodwill} = 11830 \times 2 \text{ Years} = 23660$$

$$\text{Share of P in Firm's Goodwill} = 23660 \times \frac{2}{4} = 11830$$

## 2. Ascertainment of Share of Profit to be credited to deceased Partner

Profit for 2020 after debiting interest on Capital = 13470 - 4000 = 9470

Share of P in Profit for 2020 =  $9470 \times \frac{2}{4} = 4735$

## 3. Adjustment on Account of SLP

Amount of SLP to be Adjusted = 25000 of P's Policy + 20% of 25000 of Q's policy  
 + 20% of 25000 of R's Policy  
 = 35000

P's Share in SLP =  $35000 \times \frac{2}{4} = 17500$

## PARTNERSHIP CHANGE IN PSR

### QUESTION 48

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, 2018 was as follows:

	Rs.		Rs.
Sundry creditors	1,50,000	Cash	40,000
General reserve	80,000	Bills receivable	50,000
Partners' loan accounts:		Sundry debtors	60,000
A	40,000	Stock	1,20,000
B	30,000	Fixed assets	2,80,000
Partners' capital accounts:			
A	1,00,000		
B	80,000		
C	<u>70,000</u>		
	<u>5,50,000</u>		<u>5,50,000</u>

From 1<sup>st</sup> January, 2019 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 to be made for doubtful debts;
- (c) the goodwill of the firm at this date be valued at three years' 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, 2018 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.

Draft journal entries necessary to adjust the capital accounts of the partners and prepare the revised balance sheet.

### Journal Entries

Date	Particulars	LF	Amount	Amount
01-01-2019	General Reserve A/c.....Dr		8000	
	To A's Capital A/c			40000
	To B's Capital A/c			25000
	To C's Capital A/c			15000
	(Being General Reserve Distributed to all Partners in Old ratio)			
01-01-2019	Revaluation.....Dr		3000	
	To RDD A/c			3000
	(Being Provision Created on Debtors at 5%)			

Date	Particulars	LF	Amount	Amount
01-01-2019	Revaluation.....Dr		8000	
	To Stock A/c			8000
	(Being Value of Stock Reduced)			
01-01-2019	Fixed Assets A/c.....Dr		51000	
	To Revaluation A/c			51000
	(Being Fixed assets Revalued)			
01-01-2019	B's capital A/c.....Dr		5625	
	C's capital A/c.....Dr		11250	
	To A's Capital A/c			16875
	(Being Goodwill Adjusted in Partners Capital A/c)			

Date	Particulars	LF	Amount	Amount
01-01-2019	B's capital A/c.....Dr		4875	
	C's capital A/c.....Dr		9750	
	To A's Capital A/c			14625
	(Being Surrender Value of JLP Adjusted in Partner's Capital A/c)			
01-01-2019	Revaluation A/c.....Dr		40000	
	To A's Capital A/c			20000
	To B's Capital A/c			12500
	To C's Capital A/c			7500
	(Being Revaluation profit Distributed to Partners in Old ratio)			

Balance Sheet			
Liabilities	Amount	Assets	Amount
<b>Partners Capital A/c</b>		Cash	40000
A	191500	Bills Recievable	50000
B	107000	Debtors	60000
C	<u>71500</u>	Less - RDD	<u>3000</u>
	370000	Stock	112000
<b>Partners Loan A/c</b>		Fixed Assets	331000
A	40000		
B	<u>30000</u>		
	70000		
Sundry Creditors	150000		
	<b>590000</b>		<b>590000</b>

WN 1 - Revaluation A/c			
Particulars	Amount	Particulars	Amount
To RDD	3000	By Fixed Assets	51000
To Stock	8000		
To Revaluation profit			
A	20000		
B	12500		
C	<u>7500</u>		
	40000		
	<b>51000</b>		<b>51000</b>

WN 2 - Partners Capital A/c							
Particulars	A	B	C	Particulars	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>

WN 3 - Calculation of Gaining & Sacrificing Ratio	
A	$8/16 - 5/16 = 3/16$ (Sacrifice)
B	$5/16 - 6/16 = (1/16)$ (Gain)
C	$3/16 - 5/16 = (2/16)$ (Gain)

## WN 4 - Ascertainment of Value of Firm's Goodwill & Its Treatment

Average profit of Last 5 Years after Charging Insurance Premium  
 i.e.  $14000+17000+20000+22000+27000 / 5 \text{ Years} = 20000$   
 Average profit of last 5 Years Before Charging Insurance Premium =  $20000 + \text{Insurance Premium per Year}$   
 $= 20000 + 10000$   
 $= 30000$

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

### 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

## WN 5 - Treatment of Surrender Value of JLP

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

## ISSUE , FORFEITURE & REISSUE OF SHARES

### QUESTION 49

Rashmi Limited issued at par 1,00,000 Equity shares of ₹10 each payable ₹2.50 on application; ₹3 on allotment; ₹2 on first call and balance on the final call. All the shares were fully subscribed. Mr. Nair who held 10,000 shares paid full remaining amount on first call itself. The final call which was made after 3 months from first call was fully paid except a shareholder having 1000 shares who paid his due amount after 2 months along with interest on calls in arrears. Company also paid interest on calls in advance to Mr. Nair. Give journal entries to record these transactions.

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

Sr.No	Particulars	LF	Debit	Credit
1	Bank A/c.....Dr (100000*2.50)		250000	
	To Share Application A/c			250000
	(being Application Money received on 100000 Shares)			
2	Share Application A/c.....Dr		250000	
	Share Allotment A/c...Dr (100000*3)		300000	
	To Equity Share Capital A/c (100000*5.50)			550000
	(Being Shares allotted and allotment money due)			

Sr.No	Particulars	LF	Debit	Credit
3	Bank A/c.....Dr		300000	
	To Share Allotment A/c			300000
	(Being Amount received on allotment)			
4	Share First Call A/c.....Dr (100000*2)		200000	
	To Equity Share Capital A/c			200000
	(Being Amount on First Call Due)			

Sr.No	Particulars	LF	Debit	Credit
5	Bank A/c.....Dr		225000	
	To Share First Call A/c			200000
	To Calls in Advance (10000*2.50)			25000
	(Being Amount received on first call and Calls in advance received from Mr. nair)			
6	Share Final Call A/c.....Dr (100000*2.50)		250000	
	To Equity Share Capital A/c			250000
	(Being Amount due on Final Call)			

Sr.No	Particulars	LF	Debit	Credit
7	Bank A/c.....Dr		222500	
	Calls in Arrears A/c.....Dr (1000*2.50)		2500	
	Calls in Advance A/c.....Dr		25000	
	To Share Final Call A/c			250000
	(Being amount received on Final Call)			
8	Interest on Calls in Advance A/c.....Dr		750	
	To Mr. Nair A/c			750
	(Being Interest on Calls in Advance Payable to Mr. Nair Calculated as 25000*12%*3/12)			

Sr.No	Particulars	LF	Debit	Credit
9	Mr. Nair A/c....Dr		750	
	To Bank A/c			750
	(Being interest on Calls			
10	Shareholder A/c....Dr		41.67	
	To Interest on calls in Arrears			41.67
	(Being Interest recoverable from Shareholder Calculated as $2500 \times 10\% \times 2/12$ )			

Sr.No	Particulars	LF	Debit	Credit
11	Bank A/c....Dr		2541.67	
	To Calls in Arrears A/c			2500
	To Shareholder A/c			41.67
	(Being Amount received on calls in Arrears with Interest)			

### QUESTION 50

B Limited issued 50,000 equity shares of ₹ 10 each payable as ₹ 3 per share on application, ₹ 5 per share (including ₹ 2 as premium) on allotment and ₹ 4 per share on call. All these shares were subscribed. Money due on all shares was fully received except from X, holding 1000 shares who failed to pay the allotment and call money and Y, holding 2000 shares, failed to pay the call money. All those 3,000 shares were forfeited. Out of forfeited shares, 2,500 shares (including whole of X's shares) were subsequently re-issued to Z as fully paid up at a discount of ₹ 2 per share.

Pass necessary journal entries in the books of B limited. Also prepare Balance Sheet and notes to accounts of the company.

### In The Books of B Ltd Journal Entries

Sr.No	Particulars	LF	Debit	Credit
1	Bank A/c....Dr (50000 Shares * 3)		150000	
	To Share Application A/c			150000
	(Being application received for 50000 Shares)			
2	Share Application A/c....Dr		150000	
	Share Allotment A/c....Dr (50000*5)		250000	
	To Equity Share Capital A/c (50000*6)			300000
	To Securities Premium A/c (50000*2)			100000
	(Being 50000 Shares Allotted)			

Sr.No	Particulars	LF	Debit	Credit
3	Bank A/c....Dr (49000*5)		245000	
	To Share Allotment A/c			245000
	(Being Money received on Allotment)			
4	Share Call A/c...Dr (50000*4)		200000	
	To Equity Share Capital A/c			200000
	(Being Share call due)			

Sr.No	Particulars	LF	Debit	Credit
5	Bank A/c....Dr (47000 Shares * 4)		188000	
	To Share Call A/c			188000
	(Being Share call amount received )			
6	Equity Share Capital A/c...Dr (1000*10)		10000	
	Securities Premium A/c...Dr (1000*2)		2000	
	To Forfeited Shares A/c (1000*3)			3000
	To Share Allotment A/c (1000*5)			5000
	To Share Call A/c (1000*4)			4000
	(Being X's 1000 Shares Forfeited)			

Sr.No	Particulars	LF	Debit	Credit
7	Equity Share Capital A/c...Dr (2000*10)		20000	
	To Forfeited Shares A/c (2000*6)			12000
	To Share Call A/c (2000*4)			8000
	(Being Y's 1000 Shares Forfeited)			
8	Bank A/c....Dr (2500*8)		20000	
	Forfeited Shares A/c...Dr (2500*2)		5000	
	To Equity Share Capital A/c (2500*10)			25000
	(Being 2500 Shares Reissued)			

Sr.No	Particulars	LF	Debit	Credit
9	Forfeited Shares A/c...Dr (WN 1)		7000	
	To Capital Reserve A/c			7000
	(Being profit Transferred to Capital Reserve)			

Balance Sheet of B Ltd as on....		
Particulars	Note. No.	Rs.
<b>Equity and Liabilities</b>		
<b>Shareholders' Funds</b>		
Share Capital	1	498000
Reserve and surplus	2	105000
<b>Total</b>		<b>603000</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash equivalents (Bank)		603000
<b>Total</b>		<b>603000</b>

Note 1 - Share Capital		
Particulars	Amount	
<b>Equity share capital</b>		
<b>Issued share capital</b>		
50,000 Equity shares of Rs.10 each	5,00,000	
<b>Subscribed, Called up and paid up share capital</b>		
49,500 equity shares of Rs.10 each	4,95,000	
Add: Forfeited Shares	3,000	4,98,000

Note 2 - Reserves & Surplus		
Particulars		Amount
Securities Premium	98,000	
Capital Reserve	7,000	1,05,000

**WN 1 - Ascertainment of Amount To be transferred to Capital Reserve**

X's Shares = (Profit on forfeiture - Loss on Reissue) \* No. of shares Reissued  
X's Shares = (3-2)\*1000 = 1000

Y's Shares = (Profit on forfeiture - Loss on Reissue) \* No. of shares Reissued  
Y's Shares = (6-2)\*1500 = 6000

### QUESTION 51

X Limited invited applications for issuing 75,000 equity shares of ₹ 10 each at a premium of ₹ 5 per share. The total amount was payable as follows:

- ₹ 9 per share (including premium) on application and allotment
- Balance on the First and Final Call

Applications for 3,00,000 equity shares were received. Applications for 2,00,000 equity shares were rejected and money refunded. Shares were allotted on pro-rata basis to the remaining applicants. The first and final call was made. The amount was duly received except on 1,500 shares applied by Mr. Raj. His shares were forfeited. The forfeited shares were re-issued at a discount of ₹ 4/- per share.

Pass necessary journal entries for the above transactions in the books of X Limited.

### In The Books of X Ltd Journal Entries

Sr.No	Particulars	LF	Debit	Credit
1	Bank A/c.....Dr (300000 Shares * 9)		2700000	
	To Equity Share Application & Allotment A/c (Being application Money received for 300000 Shares)			2700000
2	Equity Share Application & Allotment A/c.....Dr		2700000	
	To Equity Share Capital A/c (75000*4)			300000
	To Securities Premium Reserve A/c (75000*5)			375000
	To Bank A/c (200000*9)			1800000
	To Equity Share First & Final Call A/c (25000*9)			225000
	(Being 75000 Shares Allotted Excess money Received on 25000 Shares adjusted in First & Final call & Application money on 200000 Shares)			

Sr.No	Particulars	LF	Debit	Credit
3	Equity Share First & Final Call A/c.....Dr (75000*6)		450000	
	To Equity Share Capital A/c (75000*6)			450000
	(Being First & Final call Made)			
4	Bank A/c.....Dr (450000-225000-3375)		221625	
	Calls in Arrears A/c.....Dr (WN 1)		3375	
	To Equity Share First & Final call A/c			225000
	(Being Final call amount Received except from raj who held 1125 Shares)			

Sr.No	Particulars	LF	Debit	Credit
5	Equity Share Capital A/c.....Dr (1125*10)		11250	
	To Forfeited Shares A/c (13500-5625)			7875
	To Calls in Arrears A/c (Being 1125 Shares Forfeited)			3375
6	Bank A/c....Dr (1125*6)		6750	
	Forfeited Shares A/c.....Dr (1125*4)		4500	
	To Equity Share capital A/c (1125*10)			11250
	(Being 1125 Forfeited Shares Reissued)			

Sr.No	Particulars	LF	Debit	Credit
7	Forfeited Shares A/c...Dr (7875-4500)		3375	
	To Capital Reserve A/c			3375
	(Being profit on Reissue credited to capital Reserve)			
<b>Note – Amount Not Received on First &amp; Final Call transferred to calls in Arrears)</b>				

WN 1 – Ascertainment of Calls in Arrears of Mr. Raj		
Sr.No	Particulars	No./Amount
A	Shares Applied by Raj	1500
B	Application Money Received from Raj (1500*9)	13500
C	Shares Allotted to Raj (1500/10*7.50)	1125
D	Application Money that Should have been received on the Basis of Shares Allotted (1125*9)	10125
E	Excess Money to be Adjusted in First & Final call (B-D)	3375
F	First & Final Call Amount Receivable from Raj (1125*6)	6750
G	Calls in arrears of Raj (F-E)	3375

## QUESTION 52

JHP Limited is a company with an authorised share capital of ₹10,00,000 in equity shares of ₹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 ₹10 shares at a price of ₹14 each, the arrangements for payment being:

- ₹2 per share payable on application, to be received by 1st July, 2020;
- Allotment to be made on 10th July, 2020 and a further ₹5 per share (including the premium) to be payable;
- 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:

- Applicants for 5,000 shares received allotment in full;

- 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;
- 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
- 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.

Category	No. of Shares Applied	No. of Shares Allotted	Working Note for Adjustment & Refund				Amount Due on Allotment	Amount Received on Allotment
			Amount received on Application	Amount required on Application	Amount adjusted in Allotment	Refund		
(i)	5000	5000	10000	10000	-	-	25000	25000
(ii)	30000	15000	60000	30000	30000	-	75000	45000
(iii)	320000	80000	640000	160000	400000	80000	400000	-
<b>Total</b>	<b>355000</b>	<b>100000</b>	<b>710000</b>	<b>200000</b>	<b>430000</b>	<b>80000</b>	<b>500000</b>	<b>70000</b>

In The Books of JHP Ltd Journal Entries				
Sr.No	Particulars	LF	Debit	Credit
1	Bank A/c.....Dr		710000	
	To Share Application A/c			710000
	(Being Amount Received on Application as per Working Note)			

Sr.No	Particulars	LF	Debit	Credit
2	Share Application A/c.....Dr		710000	
	Share Allotment A/c.....Dr (100000 * 5)		500000	
	To Equity Share Capital A/c (100000*3)			300000
	To Share Allotment A/c			430000
	To Bank A/c			80000
	To Securities Premium (100000*4)			400000
	(Being Shares allotted , excess amount refunded as per working Note)			

Sr.No	Particulars	LF	Debit	Credit
3	Bank A/c.....Dr		70000	
	To Share Allotment A/c			70000
	(Being Amount received on Allotment as per Working Note)			
4	Share Final call A/c.....Dr (100000*7)		700000	
	To Equity Share Capital A/c (100000*7)			700000
	(Being Final call Due)			

Sr.No	Particulars	LF	Debit	Credit
5	Bank A/c....Dr		700000	
	To Share Final call A/c			700000
	(Being Amount on Final call Recieved)			

### QUESTION 53

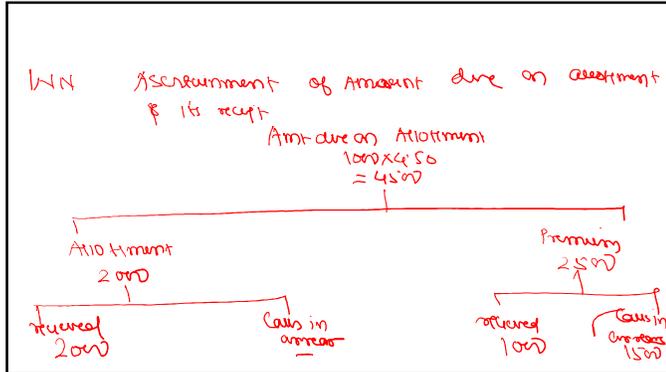
Hament applies for 2,000 shares of Rs. 10 each at a premium of Rs. 2.50 per share. He was allotted 1,000 shares. After having paid Rs. 3 per share on application, he did not pay the allotment money of Rs. 4.50 per share (including premium) and on his subsequent failure to pay the first call of Rs. 2 per share, his share were forfeited. These share were reissued at Rs. 8 per share, his shares were forfeited.

At the time of re-issue of forfeited shares of Mr. Hament, final call money amount all other shareholders were duly called up.

You are required to pass journal entries to record forfeiture and reissue of shares.

Journal Entries				
Sr.No	Particulars	LF	Debit	Credit
1	Share Capital A/c	Dr.	7,000	
	Securities Premium Reserve A/c	Dr.	1,500	
	To Forfeited Share A/c			5,000
	To Share Allotment A/c			1,500
	To Share First Call A/c			2,000
	(Being 100 shares forfeited for non-payment of allotment money and first call)			
2	Bank A/c	Dr.	8,000	
	Forfeited Shares A/c	Dr.	2,000	

Sr.No	Particulars	LF	Debit	Credit
	To Share Capital A/c			10,000
	(Being 1000 forfeited shares reissued as fully paid up for Rs. 8 per share)			
3	Forfeited Shares A/c	Dr.	3,000	
	To Capital Reserve A/c			3,000
	(Being the transfer of gain on reissue)			



### QUESTION 54

B Ltd. issued 20,000 equity shares of ₹100 each at a premium of ₹20 per share payable as follows: on application ₹50; on allotment ₹50 (including premium); on final call ₹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.

#### In the Books of B Ltd.

##### JOURNAL ENTRIES

Date	Particulars	LF	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)			

Date	Particulars	LF	Debit	Credit
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	1200000	By Equity Share Application A/c	200000
To Equity Share Allotment A/c	992500		
		By Balance C/d (Bal Fig)	2389500
To Equity Share First & Final call A/c	397000		
	2589500		2589500



**QUESTION 55**

On 1st April, 2020, Sky Ltd. took over assets of ₹ 4,50,000 and liabilities of ₹ 60,000 of Universe Ltd. for the purchase consideration of ₹ 4,40,000. It paid the purchase consideration by issuing 8% debentures of ₹ 100 each at 10% premium. On the same date it issued another 3,000, 8% debentures of ₹ 100 at discount of 10% redeemable at the premium of 5% after 5 years. According to the terms of the issue ₹ 30 is payable on application and the balance on the allotment of debenture.

You are required to pass journal entries in the books of Sky Ltd. for financial year 2020-21.

In the Books of Sky Ltd				
Journal Entries				
Date	PARTICULARS	L.F	DEBIT	CREDIT
01/04/2020	Sundry Assets A/c.....Dr		450000	
	Goodwill A/c.....Dr		50000	
	To Sundry Liabilities A/c			60000
	To Universe Limited A/c			440000
	(Being Assets & liabilities Taken Over at a Consideration of 440000)			
01/04/2020	Universe Limited A/c.....Dr		440000	
	To 8% Debentures A/c (4000*100)			400000
	To Securities Premium Reserve A/c (4000*10)			40000
	(Being 4000 Debentures allotted to universe limited at a Premium of 10%)			

01/04/2020	Bank A/c.....Dr (3000*30)		90000	
	To Debenture Application A/c			90000
	(Being Application Money Received on 3000 Debentures at 30 Each)			
01/04/2020	Debenture Application A/c....Dr		90000	
	Debenture Allotment A/c....Dr (3000*60)		180000	
	Loss on Issue of Debentures A/c (3000*15)		45000	
	To 8% Debentures A/c (3000*100)			300000
	To Debenture Redemption Premium A/c (3000*5)			15000
	(Being 3000 8% Debentures Alloted at 10% Discount to Be redeemed after 5 years at a premium of 5%)			

31/03/2021	Securities Premium Reserve A/c....Dr		40000	
	Profit & Loss A/c....Dr		5000	
	To Loss on Issue of Debentures A/c			45000
	(Being Securities Premium used to Sett off Loss on Issue of Debentures to the Extent Available & balance Loss Debited to P/L A/c)			

**Note**

1. No Entry For Interest on Debentures Passed as necessary Information Not Provided
2. Securities Premium Reserve used to Sett off Loss on Issue of Debentures as per Section 52 of Companies Act 2013

**QUESTION 56**

Avantika Ltd. purchased machinery worth ₹9,90,000 from Avneet Ltd. The payment was made by issue of 10% debentures of ₹100 each. Pass the necessary journal entries for the purchase of machinery and issue of debentures when: (i) Debentures are issued at par; (ii) Debentures are issued at 20 % discount; and (iii) Debentures are issued at 20% premium.

**Journal Entries**

Sr.No	Particulars	LF	Debit	Credit
1	Machinery A/c	Dr.	9,90,000	
	To Avneet Ltd			9,90,000
	(Being Machinery Purchased)			
	Case 1			
2	Avneet Ltd A/c	Dr.	9,90,000	
	To 10% Debentures A/c			9,90,000
	(Being 10% Debentures Issued to Avneet Ltd)			

Sr.No	Particulars	LF	Debit	Credit
	Case 2			
3	Avneet Ltd A/c	Dr.	9,90,000	
	Discount on Issue of Debenture A/c	Dr.	2,47,500	
	To 10% Debentures A/c			12,37,500
	(Being 10% Debentures Issued to Avneet Ltd at 20% Discount)			

Sr.No	Particulars	LF	Debit	Credit
	Case 3			
4	Avneet Ltd A/c	Dr.	9,90,000	
	To 10% Debentures A/c			8,25,000
	To Premium on Issue of Debentures A/c			1,65,000
	(Being 10% Debentures Issued to Avneet Ltd at 20% Premium)			

Working Note				
Statement Showing No of Debentures to be issued				
SR.NO	PARTICULARS	CASE A	CASE B	CASE C
A	Consideration Payable in Debentures	990000	990000	990000
B	Issue Price Per Debenture	100	80	120
C	No. Of Debentures to be Issued (A/B)	9900	12375	8250
		Deb	Deb	Deb

### QUESTION 57

A company issued 12% debentures of the face value of ₹10,00,000 at 10% discount on 1-1-2017. Debenture interest after deducting tax at source @ 10% was payable on 30th June and 31st of December every year. All the debentures were to be redeemed after the expiry of five year period at 5% premium.

Pass journal entries for the accounting year 2020.

JOURNAL BOOK				
DATE	PARTICULARS	L.F	DEBIT	CREDIT
30-06-2020	Interest on Debentures A/c.....Dr To Debentureholders A/c (Being Interest on debentures payable)		60000	60000
30-06-2020	Debentureholders A/c.....Dr To TDS Payable A/c To Bank A/c (Being interest paid to debentureholders net of TDS)		60000	6000 54000
30-06-2020	TDS payable A/c...Dr To Bank A/c (Being TDS Paid to Government)		6000	6000

31-12-2020	Interest on Debentures A/c.....Dr To Debentureholders A/c (Being Interest on debentures payable)		60000	60000
31-12-2020	Debentureholders A/c.....Dr To TDS Payable A/c To Bank A/c (Being interest paid to Debentureholders net of TDS)		60000	6000 54000
31-12-2020	TDS payable A/c...Dr To Bank A/c (Being TDS Paid to Government)		6000	6000
31-12-2020	P/L A/c.....Dr To Loss on Issue of Debentures A/c To Interest on Debentures A/c (Being Loss & Interest on Debentures transferred to P/L A/c)		150000	30000 120000

## SALE OF GOODS ON RETURN OR APPROVAL BASIS

### QUESTION 58

From the following information show the journal entries in the books of ABC Limited for the year ended 31st March, 2020:

- (1) 100 units of goods costing ₹ 500 each sent to XYZ Limited on Sales or Return Basis @ ₹ 750 per unit. This transaction was however treated as actual sales in the books of accounts.
- (2) Out of the above 100 units, only 60 units were accepted by XYZ Limited during the year @ ₹ 700 per unit. No information was received about acceptability of balance units by the year end.

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

Date	Particulars	LF	Debit	Credit
31-3-20	Sales A/c....Dr (60 units * 50) To XYZ limited A/c (Being 60 units Accepted at Reduced Price)		3000	3000
31-3-20	Sales A/c....Dr (40*750) To XYZ limited A/c (Being Reversal of Sale at year End)		30000	30000

Date	Particulars	LF	Debit	Credit
31-3-20	Stock With Customer on Approval basis A/c....Dr To Trading A/c (being goods Lying With Customer which were Sent on approval basis Included in Stock At Cost)		20000	20000

**QUESTION 59**

A sends out goods on an approval to few customers and include the same in the Sales Account. On 31.03.2020, the Trade Receivables balance stood at Rs.1,00,000 which included Rs.7,000 goods sent on approval against which no intimation was received during the year. The goods were sent out at 25% over and above cost price and were sent to-

Mr. X – Rs.4,000 and Mr. Y- Rs.3,000.

Mr. X sent intimation of acceptance on 30<sup>th</sup> April and Mr. Y returned the goods on 10<sup>th</sup> April, 2020.

Make the adjustment entries and show how these items will appear in the Balance sheet on 31<sup>st</sup> March, 2020. Show also the entries to be made during April, 2020. Value of Closing Inventories as on 31<sup>st</sup> March, 2020 was Rs.60,000.

**In The Books of A  
Journal Entries**

Date	Particulars	LF	Debit	Credit
31/03/2020	Sales A/c....Dr To X To Y (Being reversal of Sales on Balance Sheet date for goods unsold)		7000	4000 3000
31/03/2020	Stock With Customer on Approval Basis A/c....Dr To Trading A/c (Being Stock Lying with Customers Sent on Approval Basis)		5600	5600

Date	Particulars	LF	Debit	Credit
30/04/2020	X A/c....Dr		4000	
	To Sales A/c (Being Entry for goods accepted by X sent on Approval basis)			4000

BALANCE SHEET (EXTRACT)				
AS ON 31-3-2020				
LIABILITIES	AMOUNT	ASSETS		AMOUNT
		Trade Receivables	100000	
		Less - Reversal	7000	93000
		Stock	60000	
		Add- Stock with customer on sale or Return basis	5600	65600

### QUESTION 60

On 31<sup>st</sup> December, 2020 Goods sold at a sale price of Rs.3,000 were lying with customer, Ritu to whom These goods were sold on ' sale or return basis' were recorded as actual sales. Since no consent has been received from Ritu, you are required to pass adjustment entries presuming goods were sent on approval at a profit of Cost plus 20%. Present market price is 10% less than the cost price.

### In The Books of .....

Date	Particulars	LF	Debit	Credit
31/03/2016	Sales A/c....Dr		3000	
	To Ritu A/c (Being reversal of Entry for goods sent on approval Basis)			3000
31/03/2016	Stock With Customer on Approval Basis A/c....Dr		2250	
	To Trading A/c (Being Stock Lying with Customers Sent on Approval Basis)			2250

Working Note		
Ascertainment of Price at Which Stock Lying With Customer to be recorded		
Sr.No	Particulars	Amount
A	Sale Price of Goods Sent on Approval Basis	3000
B	Cost Price of Above Goods (3000/120*100)	2500
C	Market Price of Goods (B-10%)	2250
<b>The above goods Will be recorded at Cost or Market price Whichever is lower that is 2250</b>		

QUESTION 61			
X supplied goods on sale or return basis to customers, the particulars of which are as under.			
Date of dispatch	Party's name	Amount ₹	Remarks
10.12.2019	M/s. ABC	10,000	No information till 31.12.2019
12.12.2019	M/s. DEF	15,000	Returned on 16.12.2019
15.12.2019	M/s. GHI	12,000	Goods worth ₹ 2,000 returned on 20.12.2019
20.12.2019	M/s. DEF	16,000	Goods Retained on 24.12.2019
25.12.2019	M/s. ABC	11,000	Good Retained on 28.12.2019
30.12.2019	M/s. GHI	13,000	No information till 31.12.2019

Goods are to be returned within 15 days from the dispatch, failing which it will be treated as sales. The books of 'X' are closed on the 31st December, 2020.

Prepare the following accounts in the books of 'X'.

(a) Goods on "sales or return, sold and returned day books".

(b) Goods on sales or return total account.

In The Books of X							
Goods on Sales or return , Sold and Returned Day Book							
Date of Sending	Party	Amount	Date of sale	Amount of Sale	Date of Return	Amount of Return	Balance
10/12/2019	M/s. ABC	10000	25/12/2019	10000	-	-	-
12/12/2019	M/s. DEF	15000	-	-	16/12/2019	15000	-
15/12/2019	M/s. GHI	12000	30/12/2019	10000	20/12/2019	2000	-
20/12/2019	M/s. DEF	16000	24/12/2019	16000	-	-	-
25/12/2019	M/s. ABC	11000	28/12/2019	11000	-	-	-
30/12/2019	M/s. GHI	13000	-	-	-	-	13000
		72000		42000		17000	13000

Goods on Sales Or Return Total A/c					
Date	Particulars	Amount	Date	Particulars	Amount
31/12/2019	To Sales	47000	31/12/2019	By Goods Sent on Sales or Return basis	77000
31/12/2019	To Returns	17000			
31/12/2019	To Bal C/d	13000			
		<b>77000</b>			<b>77000</b>

## FINAL ACCOUNTS OF NON MANUFACTURING ENTITY

**QUESTION 62**

The balance sheet of Thapar on 1st April, 2019 was as follows:

Liabilities	Amount ₹	Assets	Amount ₹
Trade payables	15,00,000	Plant & Machinery	30,00,000
Expenses Payable	1,50,000	Furniture & Fixture	3,00,000
Capital	50,00,000	Trade receivables	14,00,000
		Cash at Bank	6,50,000
		Inventories	13,00,000
	<b>66,50,000</b>		<b>66,50,000</b>

During 2019-20, his Profit and Loss Account revealed a net profit of ₹ 18,30,000. This was after allowing for the following :

(a) Rent received from property let out ₹ 3,00,000.

(b) Depreciation on Plant and Machinery @ 10% and on Furniture and Fixtures @ 5%.

(c) A provision for Doubtful Debts @ 5% of the trade receivables as at 31st March, 2020.

But while preparing the Profit and Loss Account he had forgotten to provide for (1) outstanding expenses totaling ₹ 1,80,000 and (2) prepaid insurance to the extent of ₹ 20,000.

His current assets and liabilities on 31st March, 2020 were: Inventories ₹ 14,50,000; Trade receivables ₹ 20,00,000; Cash at Bank ₹ 10,35,000 and Trade payables ₹ 11,40,000.

During the year he withdrew ₹ 6,00,000 for domestic use.

**Required**

Draw up his Balance Sheet at the end of the year.

Balance Sheet as on 31st March 2020			
Liabilities	Amount	Assets	Amount
Capital	5000000	Plant & Machinery	3000000
Less - Drawings	600000	Less - Depreciation at 10%	300000
Add - Net profit	1670000	Furniture & Fixture	300000
	6070000	Less - Depreciation at 5%	15000
		Trade Receivables	2000000
		Less - RDD at 5%	100000
		Cash at Bank	1035000
		Inventories	1450000
		Prepaid Insurance	20000
Trade Payables	1140000		
Outstanding Expenses	180000		
	<b>7390000</b>		<b>7390000</b>
Working Notes			
Profit & Loss A/c (Revised)			
Particulars	Amount	Particulars	Amount
To Expenses	180000	By Bal B/d	1830000
To NP Trf to Capital A/c (Bal Fig)	16,70,000	By Insurance	20000
	<b>15,50,000</b>		<b>15,50,000</b>

### QUESTION 63

The following is the schedule of balances as on 31.3.20 extracted from the books of Shri Gavaskar, who carries on business under the same name and style of Messrs Gavaskar Viswanath & Co., at Bombay:

Particulars	Dr.	Cr.
	₹	₹
Cash in hand	14,000	
Cash at bank	26,000	
Sundry Debtors	8,60,000	
Stock on 1.4.2019	6,20,000	
Furniture & fixtures	2,14,000	
Office equipment	1,60,000	
Buildings	6,00,000	
Motor Car	2,00,000	

Sundry Creditors		4,30,000
Loan from Viswanath		3,00,000
Provision for bad debts		30,000
Purchases	14,00,000	
Purchase Returns		26,000
Sales		23,00,000
Sales Returns		42,000
Salaries	1,10,000	
Rent for Godown	55,000	
Interest on loan from Viswanath	27,000	
Rates & Taxes	21,000	
Discount allowed to Debtors	24,000	
Discount received from Creditors		16,000
Freight on purchases	12,000	

Carriage Outwards	20,000	
Drawings	1,20,000	
Printing and Stationery	18,000	
Electricity Charges	22,000	
Insurance Premium	55,000	
General office expenses	30,000	
Bad Debts	20,000	
Bank charges	16,000	
Motor car expenses	36,000	
Capital A/c		16,20,000
TOTAL	47,22,000	47,22,000

Prepare Trading and Profit and Loss Account for the year ended 31st March, 2020 and the Balance Sheet as at that date after making provision for the following:



### QUESTION 64

From the following particulars extracted from the books of Ganguli, prepare trading and profit and loss account and balance sheet as at 31st March, 2020 after making the necessary adjustments:

	₹		₹
Ganguli's capital account (Cr.)	5,40,500	Interest received	7,250
Stock on 1.4.2019	2,34,000	Cash with Traders Bank Ltd.	40,000
Sales	14,48,000	Discounts received	14,950
Sales return	43,000	Investments (at 5%) as on 1.4.2019	25,000
Purchases	12,15,500	Furniture as on 1-4-2019	9,000
Purchases return	29,000	Discounts allowed	37,700
Carriage inwards	93,000	General expenses	19,600
Rent	28,500	Audit fees	3,500
Salaries	46,500	Fire insurance premium	3,000

Sundry debtors	1,20,000	Travelling expenses	11,650
Sundry creditors	74,000	Postage and telegrams	4,350
Loan from Dena Bank Ltd. (at 12%)	1,00,000	Cash in hand	1,900
Interest paid	4,500	Deposits at 10% as on 1-4-2019 (Dr.)	1,50,000
Printing and stationery	17,000	Drawings	50,000
Advertisement	56,000		

#### Adjustments:

- (1) Value of stock as on 31st March, 2020 is ₹ 3,93,000. This includes goods returned by customers on 31st March, 2020 to the value of ₹ 15,000 for which no entry has been passed in the books.
- (2) Purchases include furniture purchased on 1st January, 2020 for ₹10,000.
- (3) Depreciation should be provided on furniture at 10% per annum.
- (4) The loan account from Dena bank in the books of Ganguli appears as follows:

		₹				₹		
31.3.2020	To Balance c/d	1,00,000	1.4.2019	By Balance b/d	50,000	31.3.2020	By Bank	50,000
		1,00,000						1,00,000

- (5) Sundry debtors include ₹ 20,000 due from Robert and sundry creditors include ₹ 10,000 due to him.
- (6) Interest paid include ₹ 3,000 paid to Dena bank.
- (7) Interest received represents ₹ 1,000 from the sundry debtors (due to delay on their part) and the balance on investments and deposits.
- (8) Provide for interest payable to Dena bank and for interest receivable on investments and deposits.
- (9) Make provision for doubtful debts at 5% on the balance under sundry debtors. No such provision need to be made for the deposits.

In The Books of Mr. Ganguli Trading & Profit & Loss Account For the year Ended 31-03-2020					
Particulars	Amount	Amount	Particulars	Amount	Amount
To Opening Stock		234000	By Sales	1448000	
To Purchases	1215500		Less - Sales Return (43000+15000)	58000	1390000
Less - Returns	29000		By Closing Stock		393000
	1186500				
Less - Furniture Purchased	10000	1176500			
To Carriage Inward	93000				
To Gross Profit		279500			
		<b>1783000</b>			<b>1783000</b>
To Postage & Telegram	4350		By Gross profit B/d		279500
To Travelling Expenses	11650		By Interest Received	7250	
To Depreciation on Furniture	1150		Add - O/s Interest on Deposit & Investment	10000	17250
To Rent	28500		By Discount received		14,950
To Salaries	46500				
To RDD	4,750				
To Interest Paid	4500				
Add - O/s Interest on loan from Dena Bank	3000	7500			
To Printing & Stationary	17000				
To Advertisement	56,000				
To Discount Allowed	37,700				
To General Expenses	19,600				
To Audit Fees	3,500				
To Fire Insurance Premium	3,000				
To Net Profit		70,500			
		<b>311700</b>			<b>311700</b>



Rectification Entries				
Sr.No	Particulars	LF	Amount	Amount
1	Sales Return A/c.....Dr		10300	
	To Purchase A/c			10300
	(Being Sales return Included in Purchase , now Rectified)			
2	Sales A/c.....Dr		6900	
	To Purchase Return A/c			6900
	(Being Purchase Return Included in Sales , Now Rectified)			

Sr.No	Particulars	LF	Amount	Amount
3	Drawings A/c.....Dr		14000	
	To Purchase A/c			14000
	(Being goods Withdrawn included in purchase , Now Rectified)			
4	Plant & Machinery A/c.....dr		1800	
	To Wages A/c			1800
	(Being wages paid for installation of P & M was debited to wages , now rectified)			

Sr.No	Particulars	LF	Amount	Amount
5	Advertisement A/c.....Dr		3300	
	To Purchase A/c			3300
	(Being Entry Recorded)			

Trading and Profit and Loss Account of Mr. Satendra for the year ended 31st March, 2021					
Dr.			Cr.		
	Amount		Amount		
	₹	₹	₹	₹	₹
To Opening stock		1,29,000	By Sales	8,54,300	
To Purchases	6,12,400		Less: Sales return	<u>10,300</u>	8,44,000
Less: Purchases return	<u>6,900</u>	6,05,500	By Closing stock		
To Carriage inward	4,500				5,00,000
To Wages	46,860				
To Gross profit c/d	<u>5,58,140</u>				
		<u>13,44,000</u>			<u>13,44,000</u>
To Salaries	90,200		By Gross profit b/d		5,58,140
To Rent	17,200		By Bad debts recovered		1800
To Advertisement expenses	16,700				
To Printing and stationery	5,000				
To Bad debts	4,400				

To Carriage outward	5,400			
To Provision for doubtful debts				
5% of ₹ 4,80,000	24,000			
Less: Existing provision	<u>12,800</u>	11,200		
To Provision for discount on debtors				
2.5% of ₹ 4,56,000	11,400			
Less: Existing provision	<u>5,500</u>	5,900		
To Depreciation:				
Plant and machinery				
16,000				
Furniture and fittings	<u>4,100</u>	20,100		
To Office expenses				
		40,640		
To Interest on loan				
		12,000		
To Net profit				
(Transferred to capital account)	<u>3,31,200</u>			
	<u>5,59,940</u>			<u>5,59,940</u>

Balance Sheet of Mr. Satendra as on 31st March, 2021				
	Amount		Amount	
<b>Liabilities</b>	₹	₹	<b>Assets</b>	₹
Capital account	2,60,000		Plant and machinery	80,000
Add: Net profit	<u>3,31,200</u>		Less: Depreciation	<u>16,000</u>
	5,91,200		Furniture and fittings	41,000
Less: Drawings	<u>46,000</u>	5,45,200	Less: Depreciation	<u>4,100</u>
Bank overdraft		3,20,000	Closing stock	5,00,000
Sundry creditors		1,90,000	Sundry debtors	4,80,000
Payable salaries		9,800	Less: Provision for doubtful debts	<u>35,400</u>
				4,44,600
			Prepaid rent	1,200
			Cash in hand	5800
			Cash at bank	<u>12,500</u>
		<u>10,65,000</u>		<u>10,65,000</u>

### QUESTION 66

Karuna decided to start business of fashion garments under the name of M/s. Designer Wear on 1st April, 2020. She had a saving of about ₹ 10,00,000. She invested ₹ 3,00,000 out of her savings and borrowed equal amount from bank. She purchased a commercial space for ₹ 5,00,000 and further spent ₹ 1,00,000 on its renovation to make it ready for business.

Loan and interest repaid by her in the first year are as follows:

30th June, 2020	-	₹ 15,000 principal+ ₹ 9,000 interest
30th September, 2020	-	₹ 15,000 principal+ ₹ 8,550 interest
31st December, 2020	-	₹ 15,000 principal+ ₹ 8,100 interest
31st March, 2021	-	₹ 15,000 principal+ ₹ 7,650 interest.

In view of further capital requirement, she transferred ₹ 2,00,000 from her saving bank account to the bank account of the business. She paid security deposit of ₹ 7,000 for telephone connection. Furniture of ₹ 10,000 was purchased. All payments were made by cheque and all receipts in cash were deposited in the bank.

At the end of the year, her business showed the following results:

Particulars	Amount	Particulars	Amount
Total Sales	20,00,000	Total Purchases	17,00,000
Electricity Expenses paid	40,000	Telephone Charges	50,000
Cartage Outwards	60,000	Travelling Expenses	45,000
Entertainment Expenses	5,000	Maintenance Expenses	25,000
Misc. Expenses	15,000	Electricity Expenses Payable	20,000

**Other Information:**

- (i) She withdrew ₹5,000 by cheque each month for her personal expenses.
- (ii) Depreciation on building @ 5% p.a. and oil furniture @ 10% p.a.
- (iii) Closing stock in hand as on 31<sup>st</sup> March, 2021: ₹5,50,000

Prepare trading account, profit and loss account for the year ended 31-3-2021 and Balance Sheet as on that date.

In the books of M/s Designer wear					
Trading and Profit & Loss Account (for the year ending 31.3.2021)					
		₹			₹
To	Purchases	17,00,000	By	Sales	20,00,000
To	Gross profit	<u>8,50,000</u>	By	Closing stock	<u>5,50,000</u>
		<u>25,50,000</u>			<u>25,50,000</u>
To	Interest (9,000+8,550+8,100+7,650)	33,300	By	Gross profit	8,50,000
To	Telephone charges	50,000			
To	Travelling expenses	45,000			
To	Maintenance expenses	25,000			
To	Entertainment expenses	5,000			

To	Electricity exp	40,000			
	Add: outstanding	<u>20,000</u>	60,000		
To	Carriage outward		60,000		
To	Depreciation				
	Building 5%	30,000			
	Furniture 10%	<u>1,000</u>	31,000		
To	Misc. exp		15,000		
To	Net profit		<u>5,25,700</u>		
			<u>8,50,000</u>		<u>8,50,000</u>

Balance Sheet as on 31st March, 2021					
LIABILITIES	₹	₹	ASSETS	₹	₹
Capital	3,00,000		Building	6,00,000	
Further Capital	2,00,000		Less: dep	<u>30,000</u>	5,70,000
Less: Drawings	(60,000)		Furniture	10,000	
Add: Net profit	<u>5,25,700</u>	9,65,700	Less: dep	<u>1,000</u>	9,000
			Security deposit-Telephone		7,000
Bank Loan	3,00,000		Bank		89,700
Less: repayment	<u>60,000</u>	2,40,000	Closing stock		<u>5,50,000</u>
outstanding		<u>20,000</u>			
electricity exp					
		<u>12,25,700</u>			<u>12,25,700</u>

Bank Account					
	PARTICULARS	RS.		PARTICULARS	RS.
To	Capital	3,00,000	By	Building	6,00,000
To	Further capital	2,00,000	By	Furniture	10,000
To	Bank loan	3,00,000	By	Bank loan repaid	60,000
To	Sales	20,00,000	By	Interest	33,300
			By	Security deposit	7,000
			By	Drawings	60,000
			By	Purchase	17,00,000
			By	Telephone charges	50,000
			By	Travelling expenses	45,000
			By	Maintenance expenses	25,000

			By	Entertainment expenses	5,000
			By	Electricity	40,000
			By	Carriage outward	60,000
			By	Misc. expenses	15,000
			By	Balance c/d	<u>89,700</u>
					28,00,000
					28,00,000

## FINAL ACCOUNTS OF MANUFACTURING ENTITY

**QUESTION 67**

Mr. Pankaj runs a factory which produces motor spares of export quality. The following details were obtained about his manufacturing expenses for the year ended on 31.3.2020.

			₹
W.I.P.	- Opening		3,90,000
	- Closing		5,07,000
Raw Materials	- Purchases		12,10,000
	- Opening		3,02,000
	- Closing		3,10,000
	- Returned		18,000
	- Indirect material		16,000
Wages	- direct		2,10,000
	- indirect		48,000



3) Direct Expenses include following:

- ♦ Electricity charges of ₹ 80,000 of which 30% pertained to office.
- ♦ Fuel Charges of ₹ 20,000
- ♦ Freight Inwards of ₹ 35,000
- ♦ Delivery charges to customers - ₹ 20,000.

You are required to prepare revised Manufacturing A/c, and Raw Material A/c.

In The Books of M/s. Shivi			
Manufacturing A/c			
For the year Ended 31-03-2020			
Particulars	Amount	Particulars	Amount
To RM Consumed (Bal Fig)	1000000		
To Wages	350000		
less - Wages for Office	50000	300000	
		By Trading Account (WN 2)	1800000
To Direct Manufacturing Expenses	244000		
less - Electricity expenses of office	24000		
less - Delivery Charges to customer	20000	200000	
To Indirect Manufacturing Expenses			
Depreciation (200000+100000)	300000		
	<b>1800000</b>		<b>1800000</b>
Raw Material A/c			
For the year Ended 31-03-2020			
Particulars	Amount	Particulars	Amount
To Opening Stock	100000	By RM Consumed	1000000
To Creditors (WN 1)	1300000	By Closing Stock (Bal Fig)	400000
	<b>1400000</b>		<b>1400000</b>

Working Notes			
WN - 1 Creditors A/c			
For the year Ended 31-03-2020			
Particulars	Amount	Particulars	Amount
To Bank A/c	2200000	By Bal B/d	1500000
		By Purchases (Bal Fig)	1300000
To Bal C/d	600000		
	<b>2800000</b>		<b>2800000</b>
WN - 2 CALCULATION OF REVISED COST OF PRODUCTION			
PARTICULARS			AMOUNT
Cost of Production as Per Manufacturing Account			1794000
Add - Depreciation on Plant			100000
less - Electricity Expenses			24000
less - Delivery Charges to customer			20000
less - Wages of Office labour			50000
Revised Cost of Production			<b>1800000</b>

**QUESTION 69**

The following is the trial balance of Mr. Pandit for the year ended 31<sup>st</sup> March, 2020:

**Trial Balance as on 31<sup>st</sup> March 2020**

Particulars	Dr. ₹	Particulars	Cr. ₹
Opening Stock:			
Raw Materials	1,50,000	Sundry Creditors	50,000
Finished goods	75,000	Purchase Returns	5,000
Purchase of Raw Materials	5,00,000	Capital	1,00,000
Land & Building	1,00,000	Bills Payable	24,000
Loose tools	30,000	Long-Term Loan	2,00,000
Plant & Machinery	30,000	Provision for Bad and Doubtful Debts	2,000
Investments	25,000	Sales	8,50,000
Cash in Hand	20,000	Bank Overdraft	23,000

Cash at Bank	5,000		
Furniture & Fixtures	15,000		
Bills Receivable	15,000		
Sundry Debtors	40,000		
Drawings	20,000		
Salaries	20,000		
Coal and Fuel	15,000		
Factory rent & rates	20,000		
General Expenses	4,000		
Advertisement	5,000		
Sales Return	10,000		
Bad Debts	4,000		
Direct Wages (Factory)	80,000		
Power	30,000		

Interest Paid	7,000		
Discount Allowed	3,000		
Carriage Inwards	15,000		
Carriage Outwards	7,000		
Commission Paid	5,000		
Dividend Paid	4,000		
	12,54,000		12,54,000

**Additional Information**

Stock of finished goods at the end of the year ₹1,00,000.

A provision for doubtful debts. at 5% on Sundry Debtors. Depreciation on building ₹ 1,000 and ₹ 3,000 on Machinery to be provided.

Accrued commission ₹ 12,500. Interest has accrued on investment ₹ 15,000.

Salary Outstanding ₹ 2,000 and Prepaid Interest ₹ 1,500.

You are required to prepare Manufacturing, Trading and Profit and Loss Account for the year ended 31<sup>st</sup> March, 2020.

In The Books of Mr. Pandit			
Manufacturing A/c			
For the year Ended 31-03-2020			
Particulars	Amount	Particulars	Amount
To Opening Stock of RM	150000		
To Purchase	500000	By cost of Production trf to trading A/c (Bal Fig)	808000
Less - Returns	5000		
To Coal & Fuel	15000		
To factory Rent & rates	20000		
To Direct Wages	80000		
To Depreciation on Plant & Machinery	3000		
To Power	30000		
To carriage inward	15000		
	808000		808000

Trading & P/L A/c			
For the year Ended 31-03-2020			
Particulars	Amount	Particulars	Amount
To opening Stock of FG	75000	By Sales	850000
To Cost of Production	808000	Less - Sales return	10000
To Gross profit (bal Fig)	57000	By Closing Stock	100000
	940000		940000
To Interest paid	7000	By Gross profit	57000
Less - Prepaid	1500	By Old RDD	2000
To Salary	20000	By Commission	12500
Add - O/s Salary	2000	By interest on Investments	15000
To RDD	2000		
To Depreciation on Land & Building	1000		
To general Expenses	4000		
To Advertisement	5000		
To bad Debts	4000		
To Discount Allowed	3000		
To carriage outward	7000		
To Commission Paid	5000		
To Dividend paid	4000		
To Net profit	24000		
	86500		86500

BALANCE SHEET AS ON 31-03-2020			
Particulars	Amount	Particulars	Amount
Capital	100000	Land & Building	100000
Less - drawings	20000	Less - Depreciation	1000
Add - Net profit	24000	Plant & machinery	30000
		Less - Depreciation	3000
		Prepaid interest	1500
		Loose Tools	30000
		Sundry Debtors	40000
		Less - RDD	2000
Sundry Creditors	50000	Investments	25000
Outstanding Salary	2000	Cash in hand	20000
Bills payable	24000	Cash at Bank	5000
Long Term loan	200000	Furniture & Fixtures	15000
Bank Overdraft	23000	Bills Receivable	15000
		Closing Stock	100000
		Accrued Commission	12500
		Accrued interest	15000
	<b>403000</b>		<b>403000</b>

# FINANCIAL STATEMENTS OF NPO

### QUESTION 70

The Sportwriters Club gives the following Receipts and Payments Account for the year ended March 31, 2020:

Receipts and Payments Account			
Receipts	₹	Payments	₹
To Balance b/d	4,820	By Salaries	12,000
To Subscriptions	28,600	By Rent and electricity	7,220
To Miscellaneous income	700	By Library books	1,000
To Interest on Fixed deposit	2,000	By Magazines and newspapers	2,172
		By Sundry expenses	10,278
		By Sports equipments	1,000
		By Balance c/d	2,450
	<b>36,120</b>		<b>36,120</b>

Figures of other assets and liabilities are furnished as follows:

	As at March 31	
	₹	₹
	2019	2020
Salaries outstanding	710	170
Outstanding rent & electricity	864	973
Outstanding for magazines and newspapers	226	340
Fixed Deposit (10%) with bank	20,000	20,000
Interest accrued thereon	500	500
Subscription receivable	1,263	1,575
Prepaid expenses	417	620
Furniture	9,600	
Sports equipments	7,200	
Library books	5,000	

The closing values of furniture and sports equipments are to be determined after charging depreciation at 10% and 20% p.a. respectively inclusive of the additions, if any, during the year. The Club's library books are revalued at the end of every year and the value at the end of March 31, 2020 was ₹ 5,250.



Salary A/c			
Particulars	Amount	Particulars	Amount
		By Bal B/d	710
To Cash/Bank A/c	12,000	By Income & Exp A/c (Bal Fig)	11,460
To Bal C/d	170		
	<b>12,170</b>		<b>12,170</b>
Rent & Electricity A/c			
Particulars	Amount	Particulars	Amount
		By Bal B/d	864
To Cash/Bank A/c	7,220	By Income & Exp A/c (Bal Fig)	7,329
To Bal C/d	973		
	<b>8,193</b>		<b>8,193</b>

Magazine & Newspaper A/c			
Particulars	Amount	Particulars	Amount
		By Bal B/d	226
To Cash/Bank A/c	2,172	By Income & Exp A/c (Bal Fig)	2,286
To Bal C/d	340		
	<b>2,512</b>		<b>2,512</b>
Sundry Expenses A/c			
Particulars	Amount	Particulars	Amount
To Bal B/d	417		
To Cash/Bank A/c	10,278	By Income & Exp A/c (Bal Fig)	10,075
		By Bal C/d	620
	<b>10,695</b>		<b>10,695</b>

Library Books A/c			
Particulars	Amount	Particulars	Amount
To Bal B/d	5000		
To Cash/Bank A/c	1,000	By Depreciation (Bal Fig)	750
		By Bal C/d	5,250
	<b>6,000</b>		<b>6,000</b>
Sports Equipment A/c			
Particulars	Amount	Particulars	Amount
To Bal B/d	7200		
To Cash/Bank A/c	1,000	By Depreciation (8200*20%)	1,640
		By Bal C/d (Bal Fig)	6,560
	<b>8,200</b>		<b>8,200</b>

QUESTION 71			
The Income and Expenditure Account of the Youth Club for the Year 2020 is as follows:			
Expenditure	₹	Income	₹
To Salaries	4,750	By Subscription	7,500
To General Expenses	500	By Entrance Fees	250
To Audit Fee	250	By Contribution for annual dinner	1,000
To Secretary's Honorarium	1,000	By Annual Sport meet receipts	750
To Stationery & Printing	450		
To Annual Dinner Expenses	1,500		
To Interest & Bank Charges	150		
To Depreciation	300		
To Surplus	600		
	<b>9,500</b>		<b>9,500</b>

This account had been prepared after the following adjustments:

	₹
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 ₹ 400 and ₹450. General Expenses include insurance prepaid to the extent of ₹60. Audit fee for 2020 is as yet unpaid. During 2020 audit fee for 2019 was paid amounting to ₹200.

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

**Required**

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

In The Books of Youth Club  
Receipt & payment A/c  
For the Year Ended 31<sup>st</sup> Dec 2020

Receipts	Amount	Payment	Amount
To Bal B/d (Bal Fig)	1390	By Audit Fees	200
To Subscription	7170	By Honararium to Secretary	1000
To Entrance Fees	250	By Printing & Stationary	450
To Contribution for Annual Dinner	1000	By Annual Dinner Expenses	1500
To Annual Sports Meet Receipts	750	By Interest & Bank charges	150
		By Salary	4700
		By Sports Equipment	400
		By General Expenses	560
		By Bal C/d	1,600
	<b>10560</b>		<b>10560</b>

Balance Sheet

Liability	31-12-20	31-12-19	Assets	31-12-20	31-12-19
Capital Fund	11540	11540	Freehold Ground	10000	10000
Add - Surplus	600	12140	Sports Equipment	2700	2600
Outstanding Salary	450	400	Cash in Hand	1600	1390
Subscription Received in Advance	270	450	Prepaid Insurance	60	
Bank Loan	2000	2000	Outstanding Subscription	750	600
Outstanding Audit Fees	250	200			
	<b>15,110</b>	<b>14,590</b>		<b>15,110</b>	<b>14,590</b>

Subscription A/c

Particulars	Amount	Particulars	Amount
To Bal B/d (Opening O/S Sub)	600	By Bal B/d (op. sub recd in adv)	450
To Income & Exp A/c	7500	By Cash/Bank A/c (Bal Fig)	7,170
To Bal C/d (Cl. Sub recd in adv)	270	By Bal C/d (cl.o/s sub)	750
	<b>8,370</b>		<b>8,370</b>
<b>General Expenses A/c</b>			
Particulars	Amount	Particulars	Amount
To Cash / Bank A/c (Bal Fig)	560	By Income & Exp A/c	500
		By Bal C/d (Prepaid Insurance)	60
	<b>560</b>		<b>560</b>





Building A/c			
Particulars	Amount	Particulars	Amount

QUESTION 73						
From the following data, prepare an Income and Expenditure Account for the year ended 31st December 2019, and Balance Sheet as at that date of the Jeevan Hospital:						
Receipts and Payments Account for the year ended 31 December, 2019						
RECEIPTS		₹		PAYMENTS		₹
To	Balance b/d			By	Salaries:	
	Cash	800			(₹ 7,200 for 2018)	31,200
	Bank	<u>5,200</u>	6,000	By	Hospital Equipment	17,000
To	Subscriptions:			By	Furniture purchased	6,000
	For 2018		5,100	By	Additions to Building	50,000
	For 2019		24,500	By	Printing and Stationery	2,400
	For 2020		<u>2,400</u>			

To	Government Grant:		By	Diet expenses		15,600
	For building	80,000	By	Rent and rates		2,000
	For maintenance	20,000		(₹ 300 for 2020)		
	Fees from sundry Patients	4,800	By	Electricity and water charges		2,400
To	Donations (not to be capitalized)	8,000	By	office expenses		2,000
			By	Investments		20,000
To	Net collections from benefit shows	6,000	By	Balances:		
				Cash	1,400	
				Bank	<u>6,800</u>	<u>8,200</u>
		<u>1,56,800</u>				<u>1,56,800</u>
<b>Additional information:</b>						₹
	Value of building under construction as on 31.12.2019					1,40,000
	Value of hospital equipment on 31.12.2019					51,000
	Building Fund as on 1.1. 2019					80,000
	Subscriptions in arrears as on 31.12.2018					6,500
	Investments in 8% Govt. securities were made on 1st July, 2019.					

In The Books of Jeevan Hospital Income & Expenditure A/c For the Year Ended 31 <sup>st</sup> December 2019			
Expenditure	Amount	Income	Amount
To Rent	1700	By Fees From Patients	4800
To Printing & Stationary	2400	By Subscription	24500
To Diet Expenses	15600	By Government Grant	20000
To Electricity & Water Charges	2400	By Donation	8000
To Office Expenses	2000	By Net Collection from Benefit Shows	6000
To Salaries	24000	By Interest on Investments	800
To Surplus Trf to Capital Fund	16000		
	<b>64100</b>		<b>64100</b>



Building Fund A/c			
Particulars	Amount	Particulars	Amount
		By Bal B/d	80000
		By Cash/Bank A/c	80,000
To Bal C/d (Bal Fig)	160000		
	<b>1,60,000</b>		<b>1,60,000</b>

### QUESTION 74

From the following information supplied by M.B.S. Club, prepare Receipts and Payments account and Income and Expenditure Account for the year ended 31<sup>st</sup> March 2019.

	01.04.2018 ₹	31.03.2019 ₹
Outstanding subscription	1,40,000	2,00,000
Advance subscription	25,000	30,000
Outstanding salaries	15,000	18,000
Cash in Hand and at Bank	1,10,000	?
10% Investment	1,40,000	70,000
Furniture	28,000	14,000
Machinery	10,000	20,000
Sports goods	15,000	25,000

Subscription for the year amount to ₹3,00,000/-. Salaries paid ₹60,000. Face value of the Investment was ₹1,75,000, 50% of the Investment was sold at 80% of Face Value. Interest on investments was received ₹14,000. Furniture was sold for ₹8000 at the beginning of the year. Machinery and Sports Goods purchased and put to use at the last date of the year. Charge depreciation @ 15% p.a. on Machinery and Sports goods and @10% p.a. on Furniture.

Following Expenses were made during the year:

Sports Expenses: ₹50,000

Rent: ₹24,000 out of which ₹2,000 outstanding

Misc. Expenses: ₹5,000

In The Books of MBS Club			
Receipts & payment A/c			
for the year ended 31st March 2019			
Receipts	Amount	Payments	Amount
To Bal B/d			
Cash in Hand & at Bank	110000	By Salary	60000
To Sale of 10% Investments	70000	By Sports Expenses	50000
To Interest on 10% Investments	14000	By Misc Expenses	5000
To Sale of Furniture	8000	By Sports Goods	10000
To Subscription	245000	By Machinery	10000
		By Rent	22000
		By Bal C/d	
		Cash in Hand & at Bank	290000
	<b>447000</b>		<b>447000</b>

Income & Expenditure A/c			
for the year ended 31st March 2019			
Expenditure	Amount	Income	Amount
<b>To Depreciation</b>		By Subscription	300000
Machinery	1500	By Interest on Investment	17500
Sports Goods	2250		
Furniture	1400		
To Sports Expenses	50000		
To Rent	24000		
To Misc Expenses	5000		
To Loss on Sale of Furniture	6000		
To Salary	63000		
To Surplus	164350		
	<b>317500</b>		<b>317500</b>

Working Notes			
Subscription A/c			
Particulars	Amount	Particulars	Amount
To bal B/d	140000	By Bal B/d	25000
To Income & Exp A/c	300,000	By Cash /Bank (Bal Fig)	245,000
To Bal C/d	30000	By Bal C/d	200,000
	<b>470,000</b>		<b>470,000</b>
Salary A/c			
Particulars	Amount	Particulars	Amount
		By Bal B/d	15000
To Cash/Bank A/c	60,000	By Income & Exp a/c (Bal Fig)	63,000
To Bal C/d	18000		
	<b>78,000</b>		<b>78,000</b>

10% Investment			
Particulars	Amount	Particulars	Amount
To Bal B/d	140000		
		By Cash/Bank A/c (175000*50%*80%)	70,000
		By Bal C/d	70,000
	<b>140,000</b>		<b>140,000</b>
Furniture A/c			
Particulars	Amount	Particulars	Amount
To Bal B/d	28000	By Cash/Bank A/c	8000
		By Loss on Sale of Furniture (Bal Fig)	6,000
		By Depreciation	1,400
		By Bal C/d (14000-1400)	12,600
	<b>28,000</b>		<b>28,000</b>

Interest on Investment A/c			
Particulars	Amount	Particulars	Amount
To Income & Expenditure A/c (17500*10%)	17500	By Bank A/c	14000
		By Bal C/d (Bf)	3500
	<b>17500</b>		<b>17500</b>



### Bank Interest A/c

Particulars	Amount	Particulars	Amount
To Income & Exp A/c (Bal Fig)	50	By Bank A/c	30
		By Bal C/d (Interest accrued)	20
	<b>50</b>		<b>50</b>

### Donation & Subscription A/c

Particulars	Amount	Particulars	Amount
To Bal B/d	150		
To Income & Exp A/c (Bal Fig)	2,550	By Cash/Bank A/c	2,600
		By Bal C/d	100
	<b>2,700</b>		<b>2,700</b>

### Equipment A/c

Particulars	Amount	Particulars	Amount
To Bal B/d	800	By Depreciation (Bal Fig)	470
To Cash/Bank A/c	1,500	By Cash/Bank A/c	80
		By Bal C/d	1,750
	<b>2,300</b>		<b>2,300</b>

### Printing & Office Expenses A/c

Particulars	Amount	Particulars	Amount
		By Bal B/d	100
To Cash/Bank A/c	280	By Income & Exp A/c (Bal Fig)	260
To Bal C/d	80		
	<b>360</b>		<b>360</b>

### Repairs A/c

Particulars	Amount	Particulars	Amount
		By Bal B/d	300
To Cash/Bank A/c	500	By Income & Exp A/c (Bal Fig)	460
To Bal C/d	260		
	<b>760</b>		<b>760</b>

### Honarium to Secretary & Treasurer A/c

Particulars	Amount	Particulars	Amount
		By Bal B/d	400
To Cash/Bank A/c	400	By Income & Exp A/c	600
To Bal C/d (Bal Fig)	600		
	<b>1,000</b>		<b>1,000</b>

### Bonus to Groundsmen A/c

Particulars	Amount	Particulars	Amount
		By Income & Exp A/c (Bal Fig)	300
To Bal C/d	300		
	<b>300</b>		<b>300</b>

BRS as on 31-03-2019	
Particulars	Amount
A. Balance as Per Pass Book	600
B. Less - Cheque Issued but Not Presented	300
C. Balance as Per Cash Book	300
BRS as on 31-03-2020	
Particulars	Amount
A. Balance as Per Pass Book	150
B. Less - Cheque Issued but Not Presented	260
C. Balance as Per Cash Book (Overdraft)	-110

