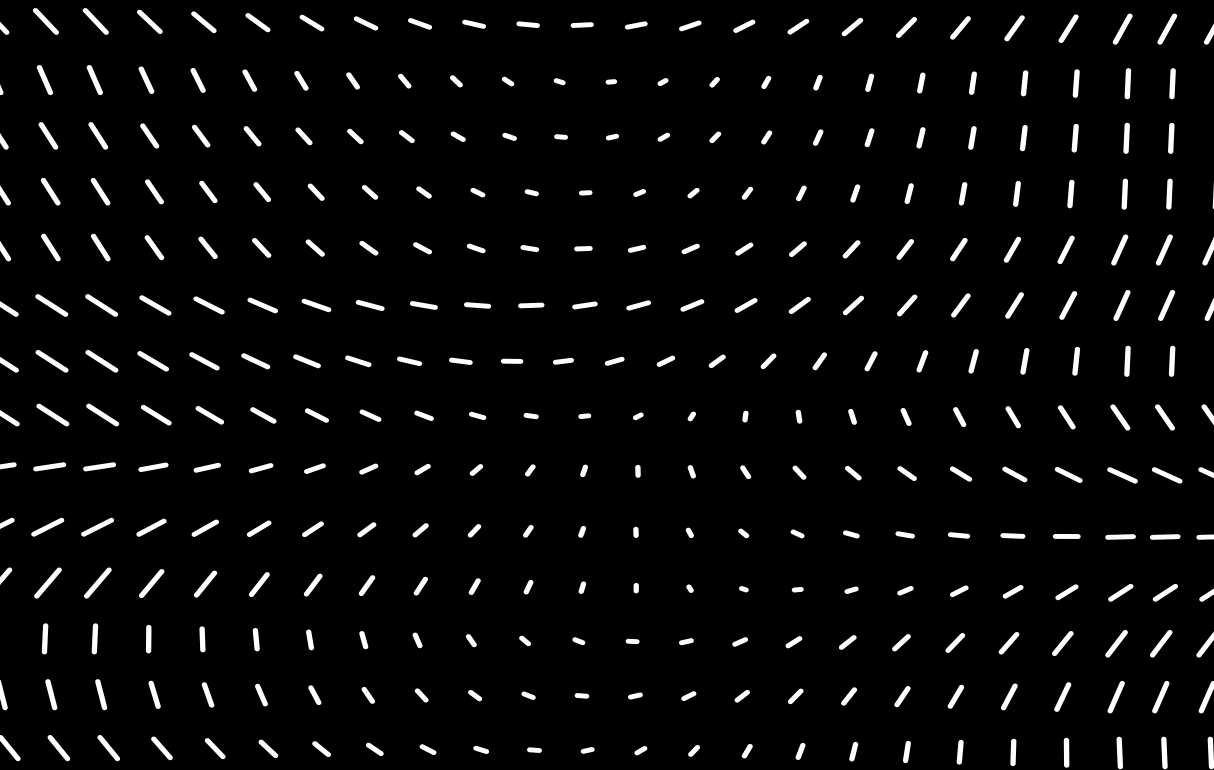


20 Expected Questions



1]

- Record the following transactions in a Journal, assuming CGST and SGST@ 6% each.
- (i) Sold goods to Mukesh at the list price of ₹ 50,000 less 20% trade discount. 40,000
 - (ii) Sold goods to Mukesh at the list price of ₹ 1,00,000 less 20% trade discount and 5% cash discount. 120,000 80,000
 - (iii) Sold goods to Mukesh at the list price of ₹ 1,50,000 less 20% trade discount. Out of the amount due 60% is received out of which three-fourth is received by cheque.

JOURNAL

Date	Part	Dr	Cr.
(i)	Mukesh Dr. ↳ To Sales A/c ↳ To CGST output ↳ To SGST output	44800	40,000 ✓ 2400 2400
(ii)	Cash A/c Dr. Disc. all Dr. (80,000 x 5%) ↳ To Sales A/c ↳ To CGST output ↳ To SGST outp	85600 4000 ✓	80,000 4800 4800
(iii)	Mukesh Dr. Cash Dr. Bank Dr. ↳ To Sales A/c ↳ To CGST output ↳ To SGST	53160 20160 60480 <u>134400</u>	120000 7200 7200

→

Amt Due - 134400

Amt Rec -

└→ 80640 ✓
┌───┴───┐
3/4 1/4

60480

20160

2]

Stage 1 - SuppX

Before preparation of the Trial Balance, the following errors were found in the books of Hare Rama & Sons. Give the necessary entries to correct them.

(i) Minor Repairs made to the building amounting to ₹ 1,850 were debited to the Building Account.

(ii) An amount of ₹ 3,000 due from Shayam Lal, which had been written off as bad debts in the previous year, recovered in the current year, and had been posted to the personal Account of Shayam Lal.
 Bank To Bad debt Acc.

(iii) Furniture purchased for office use amounting to ₹ 20,000 has been entered in the purchase day book.

(iv) Goods purchased from Ram Singh amounting to ₹ 8,000 have remained unrecorded so far.

(v) College fees of proprietor's son, ₹ 15,000 debited to the Audit fees Account.
 Drawings

(vi) Receipt of ₹ 4,500 from Meet Kumar credited to the Pinki Rani.
 Cash To Meet - Pinki

(vii) Goods amounting to ₹ 6,200 had been returned by a customer and were taken into inventory, but no entry was made in the books.
 Sales Ret.

(viii) ₹ 1500 paid for wages to workmen for making office furniture had been charged to wages account.

(ix) Salary paid to a clerk ₹ 12,000 has been debited to his personal account.

(x) A purchase of goods from Raghav amounting to ₹ 20,000 has been wrongly entered through the sales book.
 (10 Marks)

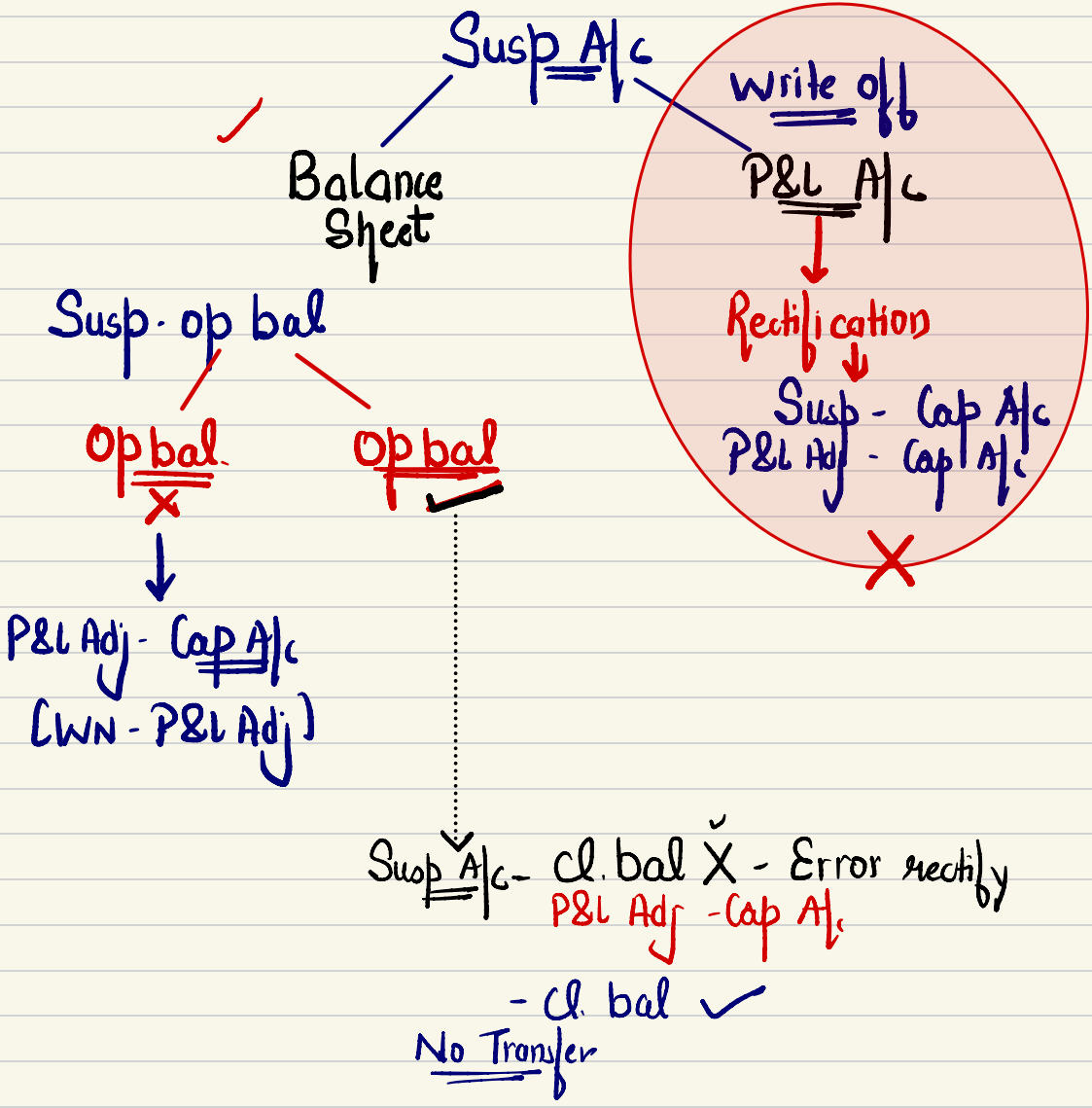
(ix) Salary Dr- 12000
To clerk A/c 12000

(x) Sales Dr- 20.000
Purch Dr 20.000
To Ragh. 40.000

Purch 20.000
To Ragh. 20.000
Ragh Dr
To Sales A/c

Journal

S.No.	Particulars	L.F.	Dr	Cr
1.	Repair Dr. To Build		1850	1850
2.	Shyam Lal Dr. To Bad debt Rec.		3000	3000
3.	Furniture Dr. To Purch A/c		20,000	20,000
4.	Purch Dr. To Ram		8000	8000
5.	Drawings Dr. To Audit fees		15000	15000
6.	Pinki Rani Dr. To Meet		4500	4500
7.	Sales Reti Dr. To Customer A/c		6200	6200
8.	Fum. Dr. To Wages		1500	1500



3]

Mr. Bhatt's trial balance as on 31st March, 2024 did not agree. The difference was put to a Suspense Account.

3rd Stage ✓

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.
 Purch. 5615 Dr. 6551 Cr. 936 Cr.
- (ii) ✓ A sale of ₹ 462 was entered in the Sales Book as ₹ 642 and posted to the credit of the customer.
 To P&L Adj 300
- (iii) ✓ A return to creditor, ₹ 300 was entered in the Returns Inward Book; however, the creditor's account was correctly posted.
 To P&L Adj 300
- (iv) ✓ Cash received from Geet, ₹ 895 was posted to debit of Meet.
 Cr.
- (v) ✓ Goods worth ₹ 1,400 were dispatched to a customer before the close of the year but no invoice was made out.
- (vi) ✓ Goods ^{SP} 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) ✓ ₹ 500 ^{Debit} due from Mr. Manas was omitted to be taken to the trial balance.
- (viii) ✓ Sale of goods to Mr. Deep for ₹ 6,000 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 (10 Marks)

Correct ✓

Customer Dr. 462
To Sales 462

Wrong

To customer 642
To Sales 642

Rec.

P&L Adj Dr 180
Customer Dr. 642
Customer Dr 462 } 1104
To Susp 1284

Rev of W/E
+ Corr. Entry

Journal

	Particulars	L.F	Dr	Cr
1.	Susp ↗ To P&L Adj A/c		936	936
2.	P&L Adj Dr. ↗ → Cust Dr. To Susp		(180) 1104	1284
3.	Susp ↗ Dr. To P&L Adj ↗		600	<u>600</u>
4.	Susp ↗ Dr. To Greet To Meet		1790	895 895
6.	Customer Dr. ↗ To P&L Adj ↗		1400	1400
6.	a) P&L Adj Dr. To customer		1600	1600
	b. <u>Cost</u> Inventory Dr. ↗ To P&L Adj A/c ↗ [1600 - 20%]		1280	1280

Journal

	Particulars	L.F.	Dr	Cr
1.	Manas Debtor Dr ✓ To Swap A/c		500	300
8.	Debtor Deep Dr ✓ To P&L Adj		6000	6000
9.	P&L Adj Dr ✓ To Bhott cap		8436	8436

P&L Adj A/c

To Susp To cust	180 1600	By Susp by Susp by customer by Inv. by Deep	936 600 1400 1280 6000
To Bhatt cap A/c	8436 <hr style="border: 1px solid black; width: 100%;"/>		<hr style="border: 1px solid black; width: 100%;"/>



BRS - Adj Cash book

if mentioned
in the ques
✓

Year end 31st March
Adj CB



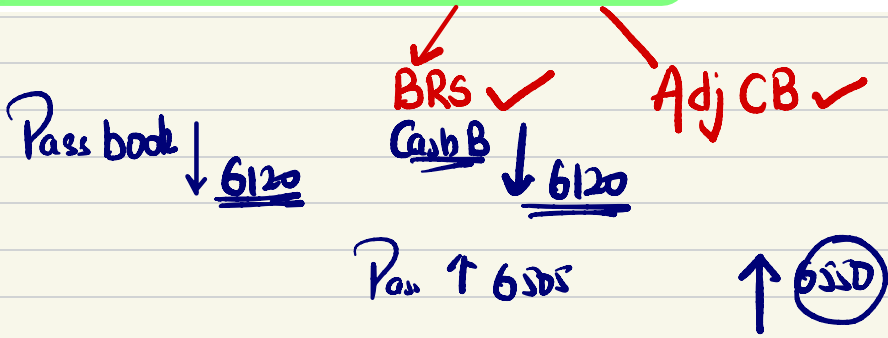
Dr 8624 (-)
 Cr. 8624
 ↓
 + Dr. 8624 } 17248
 + Dr. 8624 }

4] ✓

The Cash-book of M/s Rajat shows ₹ 1,10,280 as the balance at Bank as on 31st March, 2022. But this does not agree with balance as per the Bank Statement. On scrutiny following discrepancies were found:

- (i) Subsidy ₹ 41,000 received from the government directly by the bank, but not advised to the company. ✓
- (ii) On 15th March, 2022 the payments side of the Cash-book was under cast by ₹ 1400 ✓
- (iii) On 20th March, 2022 the debit balance of ₹ 8624 as on the previous day, was brought forward as credit balance in Cash-book. ✓
- (iv) A customer of the M/s Rajat, who received a cash discount of 5% on his account of ₹ 80,000, paid to M/s Rajat a cheque on 24th March, 2022. The cashier erroneously entered the gross amount in the Cash-Book. $4000 = 7600$
 $80000 \times 5\% = 4000$ ✓
- (v) On 10th March, 2022 a bill for ₹ 22,800 was discounted from the bank, entered in Cash-book, but proceeds credited in Bank Statement amounted to ₹ 22,000 only. ✓
- (vi) A cheque issued amounting to ₹ 6,900 returned marked 'out of date' No entry made in Cash-book. Dishonour ✓
- (vii) Insurance premium ₹ 3,024 paid directly by bank under a standing order. No entry made in cash-book. ✓
- (viii) A bill receivable for ₹ 6,120 discounted for ₹ 6,000 with the bank had been dishonoured on 30th March, 2022, but advice was received on 1st April, 2022. ✓
- (ix) Bank recorded a Cash deposit of ₹ 6,550 as ₹ 6,505. ✓

Prepare Bank Reconciliation Statement on 31st March, 2022.



175428

Bank Reconciliation Statement as on 31st Mar 22

Part	Plus	Minus
Bal. as per CB.	110280	
	41000	1400
	17248	4000
		800
	6900	3024
		6120
		45
Cr bal as per PB		160039
	<u>175428</u>	<u>175428</u>

$$\text{WN Int} - 32000 \times \frac{12}{100} \times \frac{3}{12} = \underline{\underline{960}}$$

5] BoE
- B/P

B/R

Mr. Y accepted a bill for ₹ 40,000 drawn on him by Mr. X on 1st August, 2022 for 3 months. This was for the amount which Y owed to X. On the same date Mr. X got the bill discounted at his bank for ₹ 39,200.

On the due date, Y approached X for renewal of the bill. Mr. X agreed on condition that ₹ 8,000 be paid immediately along with interest on the remaining amount at 12% p.a. for 3 months and that for the remaining balance Y should accept a new bill for 3 months. These arrangements were carried through. On 31st December, 2022, Y became insolvent and his estate paid 40%.

You are required to prepare Journal Entries in the books of Mr. X

Journal

	Particulars	L.F	Dr	Cr
2022 Aug 1	B/R Dr. To Y		40,000	40,000
Aug 1	Bank Dr. Disc ch Dr To B/R		39,200 800	40,000
Nov 4 <u> </u>	Y Dr. To Bank		40,000	40,000
Nov 4 <u> </u>	Cash Dr. (8000+960) To Y To Interest A/c		8,960	8,000 960

Journal

	Particulars	L.F	Dr	Cr
<u>Nov</u> 1	B/R Dr. To Y		32000	32000
<u>Dec</u> 31	Y Dr. To B/R		32000	32000
<u>Dec</u> 31	Bank Dr. Bad debt Dr. To Y		12800 19200	32000

6] Imp

The following balances appear in the books of Dheeraj Enterprises:

	₹
Machinery account as on 01.04.2021	12,00,000
Provision for depreciation account as on 01.04.2021	4,65,000

OC

Accumulate

On 1st October, 2021 the Machinery which was purchased on 1st April, 2018 for ₹2,00,000 was sold for ₹1,10,000 and on the same date another Machinery was purchased for ₹4,80,000. The firm has been charging depreciation at 10% p.a. on written down value of the Machinery every year. Prepare the Machinery account, Provision for Depreciation account and Machinery disposal account for the year ending 31st March, 2022.

Max 15 min (10 Marks)

<u>WN</u>	<u>Mach.</u>	<u>Prov for Dep</u>
1.4.18	200,000 ✓	
Dep - (18-19)	20,000	20,000
WDV 31.3.19	180,000	
Dep 2019-20	18,000	18,000
31.3.20	162,000	
Dep 20-21	16,200	16,200
31.3.21	✓	54,200

Machine A/c

Part	₹	Drury	₹
14.21 To bal b/d ✓ M ₁ - 10,00,000 M ₂ - <u>2,00,000</u>	12,00,000	1.10.21 By Mach Dep 31.3.21 By bal. c/d	2,00,000
1.10. To Bank A/c (M ₂)	<u>4,80,000</u>	M ₁ - 10,00,000 M ₃ - <u>4,80,000</u>	<u>14,80,000</u>

Prov. for Dep A/c

Part	₹	Part	₹
<p>1.10.21 To Mach Disp</p>	<p>61490</p>	<p>14.2021 by bal b/d M₁ 410800 M₂ - 54200</p>	<p>465000</p>
		<p>1.021 By Dep (M₂) $\left[(200,000 - 54200) \times \frac{10}{100} \times \frac{6}{12} \right]$</p>	<p>7290</p>
<p>31.3.22 To bal c/d M₁ - 469720 M₃ - 24000</p>	<p>493720</p>	<p>31.3.22 By Dep M₁ - 58920 $\left[589200 \times 10 \right]$ M₃ - 24000</p>	<p>82920</p>

WN Profit / Loss

Book value (200,000 - 61490)	138510
Sale	110,000
	28510

Machine Disp A/c

Part	₹	Part	₹
1.10 To Mach	200.000	By prov. for Dep	61490
		By Bank	1.10000
		By loss on sale	28510
	<div style="border-top: 1px solid black; width: 100%;"></div>		<div style="border-top: 1px solid black; width: 100%;"></div>

7) ✓

400000 ✓

M/s Pinku purchased a brand new machinery on 1st January 2017 for Rs. 3,20,000 and also incurred Rs. 80,000 on its installation. Another machinery was purchased on 1st July 2017 for Rs. 1,60,000. On 1st July 2019, the machinery purchased on 1st January 2017 was sold for Rs. 2,50,000. Another machinery was purchased and installed on 30th September 2019 for Rs. 60,000. Under existing practice, the company provided for Depreciation @ 10% p.a. on original cost. However, from the year 2020 it decided to adapt WDV method and charge depreciation @ 15% p.a. You are required to show the Machinery A/c for the years 2019 and 2020 considering books are closed on 31st December. (5)

<u>WN</u>	<u>M₁</u>	<u>M₂</u>
1.1.2017	<u>400000</u>	
1.7.2017		<u>160000</u>
Dep 2017	40000	8000
	-----	-----
	360000	152000
Dep 2018	40000	16000
	-----	-----
1.1.19	320000	136000

Machine A/c

Part	₹	Particulars	
1.1.19 To bal bld ✓ M ₁ - 320000 M ₂ - <u>136000</u>	456000	1.7.19 By Dep (M ₁) by Bank A/c by loss on sale	20.000 230.000 50.000
30.9.19 To Bank A/c (M ₃)	<u>60.000</u>	31.12.19 By Dep M ₂ - 16000 M ₃ - <u>1500</u> $(60,000 \times \frac{10}{100} \times \frac{3}{12})$ by bal bld M ₂ - 120.000 M ₃ - <u>58500</u>	17500 178500
1.1.20 To bal bld M ₂ - 120000 M ₃ - <u>58500</u>		31.12.20 By Dep M ₂ - 18000 M ₃ - <u>8775</u>	26775
	<u> </u>	31.12.20 by bal old M ₂ - 102000 M ₃ - <u>49725</u>	<u>151725</u>

8] Adj. Sell price + GST

ILLUSTRATION 6

M/s X, Y and Z are in retail business, following information are obtained from their records for the year ended 31st March, 2022:

Goods received from suppliers ✓

(subject to trade discount and taxes)

Trade discount 3% and GST 11% - Cost

Packaging and transportation charges, - Direct exp ₹ 87,500

Sales during the year ✓ ₹ 22,45,500

Sales price of closing inventories ✓ ₹ 2,35,000

Find out the non-historical cost of inventories using adjusted selling price method.

1. Selling price of goods av. for sale
 - Sales - 22,45,500
 Sale price of cl. Inv. 2,35,000

24,80,500

2. Cost of Goods av. for Sale -

Goods rec from Supp 15,75,500
 (-) Trade disc. (4,72,65)
15,28,235

Add GST @ 11% 1,68,106

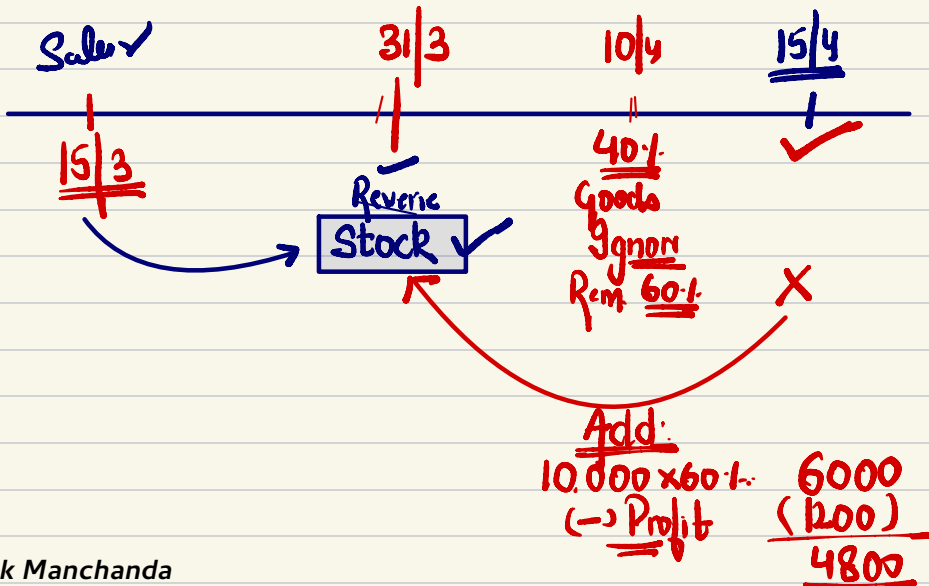
Add: Packag & Trans. 87,500

17,83,841

Gross Margin
 % Gross Marg.

69,66,59
69,66,59 x 100
 24,80,500
 = 28.09%

Closing stock - Selling price 235000
 (-) Gross Marg. (66012)
168988



9]

- Purch
+ COGS

A trader prepared his accounts on 31st March, each year. Due to some unavoidable reasons, no stock taking could be possible till 15th April, 2022 on which date total cost of goods in his godown came to ₹ 50,000. The following facts were established between 31st March and 15th April, 2022.

- (i) Sales ₹ 41,000 (including sales tax ₹ 1,000).
- (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. ₹ 8000 x 30%

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, 2022.

	₹
Value of Stock as on 15 th Apr	✓ 50,000
1. Add: Cost of goods sold (41,000 - 1,000) - $\frac{20}{100} \times 40,000$	32,000
1. Less: Purchases	(5,034)
Add: Cost of goods sent on sale or Ret bas (6,000 - 1,200)	4,800
Less: Goods Rec on Cons. (8,000 x 30%)	(2,400)
	<u>79,366</u>

10]

The following are the balances as at 31st March, 2024 extracted from the books of Mr. Chauhan.

Particulars		Particulars	Income - P&L Cr.
Plant and Machinery ✓	39,100	Bad debts recovered	900
Furniture and Fittings ✓	20,500	Salaries — P&L A/c	45,100
Bank Overdraft <u>Liab</u>	1,60,000	Salaries payable - o/s	4,900 <u>B/S</u>
Capital Account ✓	1,30,000	Prepaid rent — B/S - 4 months	600 <u>B/S</u>
Drawings ✓	- 16,000	Rent — P&L A/c	8,600
Purchases — 5150 — ✓	3,20,000	Carriage inward — Trading	2,250
Opening Stock — <u>Tred</u>	64,500	Carriage outward — P&L A/c	2,700
Wages ✓	24,330	Sales ✓	4,30,600
Provision for doubtful debts ✓	6,400	Advertisement ✓	6,700
Provision for Discount on debtors ✓	2,750	Expenses	
Sundry Debtors ✓	2,40,000	Printing and Stationery — P&L	2,500
Sundry Creditors	95,000	Cash in hand ✓ - A	2,900
Bad debts ✓	2,200	Cash at bank ✓	6,250
		Office Expenses — P&L	20,320
		Interest paid on loan — P&L	6,000

Additional Information:

Sales Ret 5150

- ✓ Purchases include sales return of ` 5,150 and sales include purchases return of ` 3,450. ✓
- ✓ Free samples distributed for publicity costing ` 1,650. ✓
- ✓ Wages paid in the month of April for installation of plant and machinery amounting to ` 900 were included in wages account.
4. Create a provision for doubtful debts @ 5% and provision for discount on debtors @ 2.5%. ✓ Dep ✓ A/c ->
- ✓ Depreciation is to be provided on plant and machinery @ 15% p.a. and on furniture and fittings @ 10% p.a.
- ✓ Closing stock as on 31st March, 2024 is ` 2,50,000.

Prepare a Trading and Profit and Loss Account for the year ended 31st March, 2024, and a Balance Sheet as on that date. (12 Marks)

Trading and P&L A/c

for the year ended 31st Mar 24

Part	₹	Part	₹
To purch- 320.000 (-) Sales Ret (5150) (-) purch Ret (3450) (-) Adv. exp (1650)		By Sales- 430600 (-) Sales Ret (5150) (-) purch Ret (3450)	
To Wages- 24330 (-) Inst. <u>(900)</u>	23430	By cl. stock	250.000
To Adv Exp 6700 + free samples <u>1650</u>	8350		
To prov. for DD { Bad debt- 2200 (-) old prov (6400) + New prov. <u>12000</u> (24000 x 5%)	7800		
To prov. for Disc on Deb (5700 - 2750)	2950		

Balance-Sheet

as on 31st Mar 24

Liab	₹	Assets	₹
		P&M - 39100	
		Add: Inst 900	
		↳ Dep	
		Debtors - 240000	
		↳ prov. (12000)	
		228000	
		↳ prov for Disc (5100)	
		Cl. stock	250000

11)

From the following information supplied by ABC. Club, prepare Receipts and Payments Account and Income and Expenditure Account for the year ended 31st March 2022.

	01.04.2021 ₹	31.03.2022 ₹
Outstanding subscription ✓	8,40,000	12,00,000
Advance subscription ✓	1,50,000	1,80,000
Outstanding salaries ✓	90,000	1,08,000
Cash in Hand and at Bank ✓	6,60,000	?
10% Investment ✓	8,40,000	4,20,000
Furniture ✓	1,68,000	84,000
Machinery ✓	60,000	1,20,000
Sports goods ✓	90,000	1,50,000

Subscription for the year amount to ₹ 18,00,000/-. Salaries paid ₹ 3,60,000. Face value of the Investment was ₹ 10,50,000. 50% of the Investment was sold at 80% of Face Value. Interest on investments was received ₹ 84,000. Furniture was sold for ₹ 48,000 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: ₹ 3,00,000 ✓
 Rent: ₹ 1,44,000 out of which ₹ 12,000 outstanding ✓ 132,000
 Misc. Expenses: ₹ 30,000 ✓

WNI

Sub A/c

To o/s sub	840.000	by Adv sub	150,000
To 9 & EA/c	1800.000	By Bank A/c (Bal. b/d)	1470.000
To Adv Sub	180.000	by o/s sub	1200.000

WN2 Salary

Salary paid	360.000
o/s at the beg.	(90.000)
o/s at the end	<u>108000</u>
	<u>378000</u>

WN

50% of Investment

- Cost (840.000 x 50%)	420.000
Sale price	
C Face value - $10.50.000 \times \frac{50}{100} = 525000$	<u>525000</u>
	<u>807</u>
	<u>420000</u>

WN4

Cost of furn. sold	84000
(168000 - 84000)	
Sale price	<u>(48000)</u>
<u>Loss</u>	<u>36000</u>

Receipts & Payment A/c

Receipts	₹	Payments	₹
To bal b/d	660.000	By Salaries	360.000
To Sub. (WNI)	1410.000	By Sp Exp	300.000
To Sale of Inv.	420.000	By Rent	132000
To Int on Inv	84000	(144000 - 12000)	
To Sale of furn	48000	By Misc exp	30.000
		By Mach	60.000
		by Sp Goods	60.000
		by bal c/d	✓

Income & Exp A/c

Part	₹	Part	
		By Sub A/c	1800.000
To Salary (WN2)	378000	By Int on Inv	
To Loss on Sale of furn (WN4)	36000	[Rec- 84000]	105000
		[+ Accrued 21000]	
To Dep :			
Mach 9000			
Sp Goods 13500			
furn. <u>8400</u>	30900		
To Sp Exp	300.000		
To Rent	144000		
To Misc exp	30.000		

127

R&P A/c

(b) The Income and Expenditure Account of the Young Boys Club for the year 2022 is as follows:

Expenditure	Amount (₹)	Income	Amount (₹)
To Salaries	3,750	By Subscription	8,500
To General Expenses	1,500	By Entrance Fees	250
To Audit fee	250	By Contribution for Annual Dinner	1,000
To Secretary's Honorarium	1,000	By Annual Sports meet receipts	750
To Stationery and Printing	450		
To Annual Dinner expenses	1,500		
To Interest and Bank Charges	150		
To Depreciation	400		
To Surplus	1,500		
	10,500		10,500

C.V Inc

1500
+ 150
1650 - R&P

This Account has been prepared after the following adjustments:

- Subscription outstanding on 31st December, 2021 ✓ 700
- Subscription received in advance on 31st December, 2021 ✓ 550
- Subscription received in advance on 31st December, 2022 ✓ 370
- Subscription outstanding on 31st December, 2022 ✓ 750

3750 + 600
= 4350
- 150
= 4200

A/c

Salaries outstanding at the beginning and at the end of 2022 were respectively ₹ 600 and ₹ 150. General Expense include insurance prepaid to the extent of ₹ 150. Audit fee for 2022 is still unpaid. During 2022 audit fee for 2021 was paid amounting to ₹ 200.

The club owned a freehold lease of ground valued at ₹ 20,000. The club had sports equipment on 1 at January, 2022 valued at ₹ 2600. At the end of the year, after depreciation, the balance of equipment amounted to, 3,600. In 2021, the club raised a bank loan of ₹ 5,000. This was outstanding throughout 2022. On 31st December, 2022 cash in hand amounted to ₹ 1600.

You are required to prepare:

- (i) Receipts and Payments Account for 2022
- (ii) Balance Sheet as on 31st December, 2022
- (iii) Balance Sheet as on 31st December, 2021.

1) R&P - 200 ✓
2) O/s in the beg - 200
Op bal Lib. 200 ✓

(10 Marks)

<u>WN</u>	op b/s A	Sub A/c	op bal. <u>liab</u>
Tools at the beg.	700	by Adv	550
To 98 E A/c	8500	By Bank	<u>8270</u>
To Adv.	370	By ops at end	750
	liab. cl.		Adv

<u>OP B/s</u>	Eq. A/c	
To bal b/d	2600	By Dep 400
To Bank A/c (bal f/s)	1400	by bal c/d 3600 → cl. b/s
	<u>4000</u>	<u>4000</u>

R&P

OP B/s

Receipts & Payment A/c

Receipts	₹	Payments	₹
By bal b/d	Bal. fty		
To Sub	8270		
		by bal c/d	2600
		↓	
		<u>Cl. B/s</u>	

13)

Seema, Meena & Tina are partners sharing profits and losses in the ratio of 5:3:2. Their capitals were ₹ 13,440, ₹ 8,400, ₹ 11,760 respectively.

Liabilities and assets of the firm are as under:

Liabilities:	₹	
Trade creditors	2,800	✓ =] o/s <u>Liab</u>
Loan from partners	1,400	✓
Assets:	₹	
Patent	<u>1,400</u>	✓
Furniture	2,800	✓
Machinery	1,680	✓
Stock	5,600	✓

The assets realized in full in the order in which they are listed above. Meena is insolvent.

You are required to prepare a statement showing the distribution of cash as and when available, applying maximum possible loss procedure.

Statement of Distribution of Cash

	Real. Cash	Cred.	Part Loan	Part Cap		
				S	M	T
Balances	-	2800	1400	13440	8400	11760
1. Sale of patents (-) pay. to creditors	1400 <u>(1400)</u> -	<u>(1400)</u> 1400	1400			
2. Sale of furn (-) paym. to cred. (-) Part Loan	2800 <u>(1400)</u> <u>(1400)</u>	<u>(1400)</u>	<u>(1400)</u>		/	✓
	-	-	-	13440	8400	11760
3. Sale of Mach Max poss loss [33600 - 1680] = 31920	1680			(15960)	(9576)	(6384)
Deficiency Paid to Part	(1680)			2520	1176	(3696)
				-	-	1680
				<u>(2520)</u>	<u>(1176)</u>	<u>5376</u>
				2520	1176	(3696)
				-	-	1680
				<u>(1680)</u>	<u>(1680)</u>	<u>(1680)</u>
4. Sale of stock Max poss loss [31920 - 5600] = 26320	5600			(13160)	(7896)	(5264)
Payment	(5600)			280	504	4816
				<u>(280)</u>	<u>(504)</u>	<u>(4816)</u>
<u>Loss</u>				13160	7896	5264

14]

Ram carried on business as retail merchant. He has not maintained regular account books. However, he always maintained ₹ 10,000 in cash and deposited the balance into the bank account. He informs you that he has sold goods at profit of 25% on sales.

Following information is given to you:

Assets and Liabilities	As on 1.4.2021	As on 31.3.2022
Cash in Hand	10,000	10,000
Sundry Creditors	40,000	90,000
Cash at Bank	50,000 (Cr.)	80,000 (Dr.)
Sundry Debtors	1,00,000	3,50,000
Stock in Trade	2,80,000	?
Ram's capital	3,00,000	?

Analysis of his bank pass book reveals the following information:

- Payment to creditors ₹ 7,00,000
- Payment for business expenses ₹ 1,20,000
- Receipts from debtors ₹ 7,50,000
- Loan ₹ 1,00,000 taken on 1.10.2021 at 10% per annum
- Cash deposited in the bank ₹ 1,00,000

He informs you that he paid creditors for goods ₹ 20,000 in cash and salaries ₹ 40,000 in cash. He has drawn ₹ 80,000 in cash for personal expenses. During the year Ram had not introduced any additional capital. Surplus cash if any, to be taken as cash sales. All purchases are on credit basis.

You are required to prepare Trading and Profit and Loss Account for the year ended 31.3.2022 and Balance Sheet as at 31st March, 2022.

15)

On 31st March, 2022, 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	2,00,000
Ram	3,00,000		Machinery	2,00,000
Rahul	2,00,000		Closing stock	1,00,000
Rohit	<u>1,00,000</u>	6,00,000	Sundry debtors	2,00,000
Sundry creditors		2,00,000	Cash and bank balances	1,00,000
		<u>8,00,000</u>		<u>8,00,000</u>

On 31st March, 2022, 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%.
2. Machinery be depreciated by 20%.
3. Closing stock to be valued at ₹ 80,000.
4. Provision for bad debts be made at 5%.
5. Old credit balances of sundry creditors ₹ 10,000 be written off.
6. Joint life policy of the partners surrendered and cash obtained ₹ 60,000.
7. Goodwill of the entire firm be valued at ₹ 1,80,000 and Ram's share of the goodwill be adjusted in the accounts of Rahul and Rohit who share the future profits equally. No goodwill account being raised.
8. The total capital of the firm is to be the same as before retirement. Individual capital be in their profit sharing ratio.
9. Amount due to Ram is to be settled as 50% on retirement and the balance 50% within one year.

Prepare revaluation account, capital account of partners: Rahul & Rohit, loan account of Ram, cash account and balance sheet as on 1.4.2022 of M/s Rahul and Rohit.

16]

Give necessary journal entries for the forfeiture and re-issue of shares:

- (i) X Ltd. forfeited 300 shares of Rs. 10 each fully called up, held by Ramesh for non-payment of allotment money of Rs. 3 per share and final call of Rs. 4 per share. He paid the application money of Rs. 3 per share. These shares were re-issued to Suresh for Rs. 8 per share.
- (ii) Mr. P, who was the holder of 2,500 preference shares of Rs. 100 each, on which Rs. 70 per share has been called up, could not pay his dues on Allotment and First call each at Rs. 20 per share. The Directors forfeited the above shares and reissued 2,000 of such shares to Mr. Q at Rs. 60 per share paid-up as Rs. 70 per share.

Journal

Particulars	L.F	Dr	Cr

17]

15

V Kohli Ltd. invited applications for 15 lakhs shares of ₹ 100 each payable as follows :

	₹	
On Application	20	
On Allotment (on 1st June, 2022)	30	} 9ms 30,000 x 50 = 15lac
On First Call (on 1st Nov., 2022)	30	
On Final Call (on 1st March, 2023)	20	

All the shares were applied for and allotted. A shareholder holding 30,000 shares paid the whole of the amount due along with allotment.

You are required to prepare the journal entries for the above-mentioned transactions, assuming all sums due were received. Interest was paid to the shareholder concerned on 1st March, 2023.

Journal

Particulars		L.F	₹ in lakhs Dr	₹ in lakhs Cr
	Bank A/c Dr To Eq. Sh App		300	300
	Eq. Sh App Dr To Eq. Sh cap		300	300
	Eq. Sh All Dr. To Eq. Sh cap		450	450
<u>June</u>	Bank Dr. To Eq. Sh All To calls in Adv.		465	450 15

Journal

	Particulars	L.F.	Dr	Cr
-	Sh. first call Dr To Eq. Sh. cap		450	450
<u>Nov 1</u>	Bank Dr Calls in Adv A/c To Eq. Sh. first call		441 9	450
	Eq. Sh. final call Dr To Eq. Sh. cap		300	300
	Bank Dr Calls in Adv Dr. To Eq. Sh. final		294 6	300
<u>Mar 1</u>	Int on calls in Adv Dr. To Eq. Sh. A/c		0.99	0.99
<u>Mar 1</u>	Sh. a/c To Bank		0.99	0.99

Q.N Int on first call

$$= 30,000 \times 30 \times \frac{12}{100} \times \frac{3}{12}$$
$$= \underline{\underline{45000}} \checkmark$$

Int on final call

$$= 30,000 \times 20 \times \frac{12}{100} \times \frac{9}{12}$$

$$= 54000 \checkmark$$

Total Int = $\frac{99000}{10000} = 0.99 \text{ la}$

18]

$$\text{WN } \frac{880,000}{110} = \underline{\underline{8000}}$$

On 1st April 2023, Sapan Ltd. (an unlisted NBFC) took over assets of ₹ 9,00,000 and liabilities of 1,20,000 of Plus Herbs Ltd. for the purchase consideration of ₹ 8,80,000. It paid the purchase consideration by issuing 8% debenture of ₹ 100 each at 10% premium on same date.

Sapan Ltd. issued another 3000, 8% debenture of ₹ 100 at discount of 10% redeemable at premium of 5% after 5 years. According to the terms of the issue ₹ 30 is payable on application and the balance on the allotment on debentures. It has been decided to write off the entire loss on issue of discount in the current year itself.

You are required to pass the journal entries in the books of Sapan Ltd. for the financial year 2023-24.

Journal

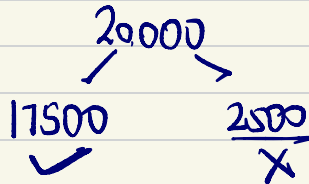
	Particulars	L.F.	Dr	Cr
1.	Assets A/c Dr. Goodwill A/c Dr. (bal. f.y.) To Liab To Plus herbs		900,000 100,000	120,000 880,000
2.	Plus herbs Dr. To 8% Deb To Sec prem		880,000	800,000 <u>80,000</u>

Journal

	Particulars	L.F.	Dr	Cr
1.	Bank A/c Dr To Deb App		90,000	90,000
2.	Deb App To 8+ Deb		90,000	90,000
3.	Deb All A/c Dr (3000 X 60)		180,000	
	Loss on issue of Deb Dr (3000 X 10 + 3000 X 5)		45,000	
	(3000 X 70) To 8+ Deb			210,000
	To Prem on Red			15,000
	St of P&L Dr To loss on issue		45,000	<u>45,000</u>

19]

A company had issued 20,000, 13% debentures of ₹ 100 each on 1st April, 2021. The debentures are due for redemption on 1st July, 2022. The terms of issue of debentures provided that they were redeemable at a premium of 5% and also conferred option to the debenture holders to convert 20% of their holding into equity shares (Nominal value ₹ 10) at a price of ₹ 15 per share. Debenture holders holding 2,500 debentures did not exercise the option. Calculate the number of equity shares to be allotted to the debenture holders exercising the option to the maximum.



1. Debenture holders opted for conv (20000 - 2500)	17500
2. No. of Deb. to be converted (17500 × 20%)	3500
3. Redemption value (3500 × 105)	₹ 367500
No. of eq. shares $\left[\frac{367500}{15} \right]$	24500 eq. sh.

~~Payment~~ - $2500 \times 105 = ₹ 262500$
 $\underline{17500} \times \underline{80\%} \times 105 = \underline{1470000}$

20]

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

$$\text{Ex-Right} = \frac{240 \times 2 + 1 \times 120}{3} = ₹ 200$$

$$\text{Value of Right} = 240 - 200 = ₹40$$