

CA FOUNDATION ACCOUNTING

ACCOUNTING

 Indian
Institute
of Commerce **Lakshya**

Student's Name

Batch Name

Subject

Address



Contact Number

Capital and Revenue Expenditure

1. State whether the following are capital, revenue or deferred revenue expenditure.
 - a) Carriage of ₹ 7,500 spent on machinery purchased and installed.
 - b) Heavy advertising costs of ₹ 20,000 spent on the launching of a company's new product.
 - c) 200 paid for servicing the company vehicle, including ₹ 50 paid for changing the oil.
 - d) Construction of basement costing ₹ 1,95,000 at the factory premises

2. State whether the following are Capital Expenditure or Revenue Expenditure:
 - a) Expenses incurred in connection with obtaining a licence for starting the factory were ₹ 10,000.
 - b) 1,000 paid for removal of stock to a new site.
 - c) Rings and Pistons of an engine were changed at a cost of ₹ 5,000 to get full efficiency.
 - d) 2,000 spent as lawyer's fee to defend a suit claiming that the firm's factory site belonged to the Plaintiff. The suit was not successful.
 - e) 10,000 were spent on advertising the introduction of a new product in the market, the benefit of which will be effective during four years.
 - f) A factory shed was constructed at a cost of ₹ 1,00,000. A sum of ₹ 5,000 had been incurred for the construction of the temporary huts for storing building materials.

3. Classify each of the following transactions into capital or revenue transactions:
 - 1) Inauguration expenses of a new manufacturing unit in an existing Business.
 - 2) Installation of a new central heating system.
 - 3) Repainting of a delivery van.
 - 4) Providing drainage for a new piece of water-extraction equipment.
 - 5) Legal fees on the acquisition of land.
 - 6) Carriage costs on a replacement part for a piece of machinery.

4. Classify the following expenditures as capital or revenue expenditure:
 - a) An extension of railway tracks in the factory area.
 - b) Amount spent on painting the factory.
 - c) Payment of wages for building a new office extension.
 - d) Amount paid for removal of stock to a new site.
 - e) Rings and Pistons of an engine were changed to get full efficiency
 - f) Legal fees on the acquisition of land.
 - g) Complete repaint of existing building.
 - h) Repainting of a delivery van.
 - i) Providing drainage for a new piece of water-extraction equipment.
 - j) Carriage costs on a replacement part for a piece of machinery
 - k) Travelling expenses of the directors for trips abroad for purchase of capital assets.
 - l) Amount spent to reduce working expenses.
 - m) Amount paid for removal of stock to a new site.
 - n) Cost of repairs on second-hand car purchased to bring it into working condition.

5. State which of the following expenditures are capital, revenue, and capital loss:
1. Cost of overhauling and painting a second-hand truck newly purchased.
 2. Cost of making more exits in a cinema hall under order of the Government.
 3. 25,000 were spent on air conditioning the office of the General Manager.
 4. An old machine which stood in the books at ₹ 15,000 was sold for ₹ 13,000
 5. 2,000 were paid as municipal tax in connection with a building which was purchased last year for ₹ 2,00,000.
 6. 30,000 were spent on heavy advertising in connection with the introduction of a new product.
 7. 500 was paid out in connection with carriage on goods purchased.
 8. A temporary room constructed for ₹ 25,000 for storing raw material for the construction of a big building.
 9. 5,00,000 was spent on putting up a gallery in a theatre hall.
 10. Freight and cartage amounting to ₹ 4,000 were paid on purchase of a new plant and a sum of ₹ 2,000 was spent as erection charges of that plant.
 11. M/s Capital Properties, property dealers, purchased ten flats @ ₹ 7,00,000 each.
 12. Compensation paid to undesirable employees.
 13. 12,000 paid to Mahanagar Telephone Nigam Ltd. for installing a telephone in the office.
 14. Damages paid on account of breach of contract to supply certain goods.
 15. Imported goods worth ₹ 1,75,000 confiscated by customs authorities for non-disclosure of material facts.
 16. 20,000 spent for the trial run of newly installed machinery

Basic accounting Procedure, Journal entries.

6. Journalise the following transactions,
 - Jan. 1 Started business with cash 2,00,000
 - Jan. 3 Purchased goods for cash 60,000
 - Jan. 5 Sold goods to Shyam 60,000
 - Jan. 6 Sold goods for cash 20,000
 - Jan. 9 Received cash from Shyam 40,000
 - Jan. 13 Goods purchased from Ram 40,000
 - Jan. 20 Cash paid to Ram 20,000
 - Jan. 25 Paid office rent 4,000
 - Jan. 31 Paid salaries to staff 20,000
 - Jan. 31 Returned goods by Shyam 10,000

7. Enter the following transactions in the Journal of Bhagwat and sons.
 - January 1 Tarun started business with cash 1,00,000
 - January 2 Goods purchased for cash 20,000
 - January 4 Machinery Purchased from Vibhu 30,000
 - January 6 Rent paid in cash 10,000
 - January 8 Goods purchased on credit from Anil 25,000
 - January 10 Goods sold for cash 40,000
 - January 15 Goods sold on credit to Gurmeet 30,000
 - January 18 Salaries paid. 12,000
 - January 20 Cash withdrawn for personal use 5,000

8. Enter the following transactions in Journal
 - January 1 Sushil & Co. started business with cash 1,00,000
 - " 2 Paid into Bank 60000
 - " 4 Purchased Machinery and paid by cheque 30,000
 - " 6 Bought goods from Naresh 20,000
 - " 14 Paid salaries 5,000
 - " 15 Sold goods to Rajesh Kumar 15,000
 - " 17 Paid for Sundry Expenses 8,500
 - " 18 Cash deposited into Bank 20,000
 - " 19 Received Rent 6,000
 - " 22 Paid Naresh by cheque in full settlement of his A/c 19,750
 - " 24 Withdrawn cash for personal use 8,000
 - " 26 Salary paid in advance to Surjeet 2,500
 - " 28 Rajesh made the payment on A/c 10,000
 - " 30 Cash Sales for the month 16,500

9. Journalise the following transactions in the books of Shri Ganesh.
 1. Shri Ganesh started his business with Cash 50,000
 2. Purchased goods 5,000
 3. Purchased goods for Cash 10,000
 4. Purchased goods from Mr Sun for Cash 15,000
 5. Sold goods 6,000

6. Sold goods for Cash 12,000
7. Sold goods to Mr Sky for Cash 18,000
8. Purchased goods from Mr Moon 10,000
9. Purchased goods from Mr Star on Credit 20,000
10. Sold goods to Mr Sea 12,500
11. Sold goods to Mr Ocean on Credit 25,000
12. Mr Sea returned goods 2,500
13. Returned goods to Mr Moon 2,000
14. Received from Mr Sea 9,900 Allowed him discount 100
15. Paid Mr Moon 7,880 Discount allowed by him 120
16. Withdrew for personal use 1,000
17. Withdrew goods for private use (Cost 500. Selling Price 600)
18. Paid Salary to Mr Sevakram an employee 500
19. Paid Rent to Mr Estate, landlord 500
10. The following are the transactions of Kumar Swami for the month of January. Journalise these transactions. 2006
 - January | Capital paid into Bank 3,00,000
 - " 1 Bought Stationery for cash 400
 - " 2 Bought Goods for cash 25,000
 - " 3 Bought Postage Stamps 8,00
 - " 5 Sold Goods for Cash 10,000
 - " 6 Bought Office Furniture from Mahendra. 40,000
 - " 11 Sold goods to Jacob 12,000
 - " 12 Received cheque from Jacob 12,000
 - " 14 Paid Mahendra by cheque 40,000
 - " 16 Sold goods to Ramesh 5,000
 - " 20 Bought from Seth 15,000
 - " 23 Bought Goods for cash from Narain 22,000
 - " 24 Sold Good to Prakash 17,000
 - " 26 Ramesh Paid on account 2,500
 - " 28 Paid Seth by cheque in full settlement 14,800
 - " 31 Paid Salaries 2,800
 - " 31 Rent paid to Sharma 2,000
11. Journalize the following transactions in the books of Gaurav, post them into ledger
 - June 1: Gaurav started business with ₹ 10,00,000 of which 25% amount was borrowed from wife.
 - June 4: Purchased goods from Aniket worth ₹ 40,000 at 20% TD and 1/5th amount paid in cash.
 - June 7: Cash purchases ₹ 25,000.
 - June 10: Sold goods to Vishakha ₹ 30,000 at 30% TD and received 30% amount in cash.
 - June 12: Deposited cash into bank ₹ 20,000.
 - June 15: Uninsured goods destroyed by fire ₹ 5,500.
 - June 19: Received commission ₹ 3,500.
 - June 22: Paid to Aniket ₹ 25,500 in full settlement of A/c.
 - June 25: Cash stolen from cash box ₹ 1,000.
 - June 27: Received from Vishakha ₹ 14,500 and discount allowed ₹ 200.
 - June 30: Interest received ₹ 2,400 directly added in our bank account.

12. Journalize the following transactions in the books of M/s Kothari & Sons, post them into ledger for April 2013:

- Apr. 1: Commenced business with ₹ 40,000.
- Apr. 4: Bought goods for cash ₹ 4,000
- Apr. 7: Sold goods ₹ 700
- Apr. 10: Bought goods from M/s Bhandari Bros. ₹ 3,000 at 10% trade discount.
- Apr. 14: Purchased machinery of ₹ 5,000 from M/s Kirloskar Bros.
- Apr. 16: Paid for transportation of machinery ₹ 500 & installation charges ₹ 300 on it.
- Apr. 20: Paid quarterly interest of 150 on borrowed amount.
- Apr. 24: Supplied goods to M/s Kunal & Sons ₹ 3,500.
- Apr. 27: Paid to M/s Bhandari Bros. ₹ 2600 in full settlement of account.
- Apr. 28: M/s Kunal & Sons returned goods worth ₹ 300 & paid for ₹ 1,200 on account.
- Apr. 29: Received commission ₹ 250.
- Apr. 30: Paid conveyance to manager ₹ 450

13. Journalise the following transactions in the Journal of Mr T.

- 1) Started business with Cash 2,00,000, Goods 1,00,000, Furniture 50,000.
- 2) Opened Current Account with 1,00,000.
- 3) Placed an order with Ritik Roshan for the supply of goods of the list price of 1,00,000. In this connection, we paid 9% of the list price as an advance by cheque.
- 4) Roshan supplied goods of the list price of 1,00,000 less 12% trade discount.
- 5) Purchased goods from Murali of the list price of 1,00,000 less 12% trade discount and paid him by cheque under a cash discount of 5%.
- 6) Received an order from Shyam for supply of goods of the list price of 1,00,000 with an advance of 10% of list price.
- 7) Supplied the above goods at 10% trade discount.
- 8) Goods costing 80,000 sold to Mr X at a profit of 20,000 less 10% trade discount and received a cheque under 2% Cash discount.
- 9) Goods (Cost 3,000, Sale Price 4,000) taken away by the proprietor for his personal use.
- 10) Shyam became insolvent and paid 80 paise in a rupee in full & final settlement
- 11) Paid Roshan 80% on account.
- 12) Goods (Cost 3000, Sale Price 4,000) stolen.
- 13) Paid Life Insurance Premium 1,000.
- 14) Cash embezzled by an employee 1,000.

14. Journalise the following transactions in the books of Bharat S,

1. Received 9,000 from Hari Krishan in full settlement of his account for 10,000.
2. Received 9,000 from Shyam on his account for 10,000.
3. Received a first and final dividend of 90 paise in the rupee from the Official Receiver of Mr Rajah who owed us 10,000.
4. Paid 9,000 to Mohan in full settlement of his account for 10,000.
5. Paid 9,000 to Sohan on his account for 10,000.
6. Withdrawn for personal use: Goods (Sale Price 8,000, Cost 6,000), Cash 1,000
7. Goods costing 9,000 given as charity. (Sale Price 12,000)
8. Goods costing 3,000 distributed as free samples. (Sale Price 4,000)
9. Goods stolen in transit; (Sale Price 8,000, Cost 6,000)
10. Goods destroyed by fire (Sale Price 4,000, Cost 3,000)

11. Goods stolen by an employee (Sale Price 8,000, Cost 6,000), Cash embezzled by an employee 1,000.
 12. Goods used in making of Furniture (Sale Price 12,000, Cost 9,000)
 13. Paid Rent of building 50,000 half of the building is used by the proprietor for residential use.
 14. Paid Fire Insurance of the above building 20,000.
 15. Paid Life Insurance Premium 20,000.
 16. Paid Income tax 50,000
 17. Salary due to clerk 30,000.
 18. Received commission 1,00,000
 19. Purchased Second-hand Machinery from Jawahar for 30,000 against a cheque.
 20. Goods used in repairs of Machinery. (Sale Price 12,000, Cost 9,000)
 21. Paid Installation Charges of Machinery 1,000.
15. Journalise the following transactions in the books of Mr. Roy 2013 April
- 1) He started business with a capital of – Plant ₹ 10,000, Bank ₹ 8,000, Stock ₹ 12,000
 - 2) Bought furniture for resale ₹ 5,000, Bought furniture for Office decoration ₹ 3,000
 - 3) Paid rent out of personal cash for ₹ 2,000
 - 4) Sold furniture out of those for resale ₹ 6,000
 - 5) Paid Salary to Mr. X for ₹ 1,200
 - 6) Purchased goods from Mr. Mukherjee for cash ₹ 3,000
 - 7) Sold goods to Mr. Sen on credit for ₹ 8,000
 - 8) Mr. Sen returned goods valued ₹ 1,000
 - 9) Received cash from Mr. Sen of ₹ 6,500 in full settlement
 - 10) Bought goods from Mr. Bose on credit for ₹ 5,000
 - 11) Returned goods to Mr. Bose of ₹ 500 and paid to Mr. Bose ₹ 4,000 in full settlement.
16. Journalise the following transactions:
- | | |
|--|----------|
| 1. Commenced business with cash | 2,50,000 |
| 2. Purchased furniture for cash | 20,000 |
| 3. Cash purchases | 1,45,000 |
| 4. Deposited with bank | 30,000 |
| 5. Purchase from Patil | 40,000 |
| 6. Sold to Natarajan for cash | 14,300 |
| 7. Stationery purchased | 1,050 |
| 8. Purchase from Salil | 26,000 |
| 9. Sold to Mukherjee | 8,080 |
| 10. Rent paid | 24,000 |
| 11. Drawings by the proprietor for household expenses | 4,000 |
| 12. Goods taken out by the proprietor for domestic use | 500 |
| 13. Cash withdrawn from Bank | 25,000 |
| 14. Sold to Mathur on credit | 9,850 |
| 15. Purchases made, payment through cheque | 2,900 |
| 16. Cash received from Patil on account | 10,000 |
| 17. Cash paid to Salil after deduction of discount ₹1300 | 24,700 |
| 18. Cash received from Mathur in full settlement of his account | 9,750 |
| 19. Mukherjee becomes insolvent. A dividend of 50 paise in a rupee is received | 4,040 |
| 20. Purchase of a Scooter for cash | 30,000 |

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| 21. Sold goods to Aggarwal | 8,640 |
| 22. Sales to Nayak | 3,780 |
| 23. Cartage paid in cash | 150 |
| 24. Repairs to Scooter | 170 |
| 25. Payment of cash for petrol | 550 |
| 26. Purchases of goods for cash | 12,000 |
| 27. Purchases of Office Equipment for cash | 12,100 |
| 28. Repairs bill paid in cash | 170 |
| 29. Aggarwal returns goods | 400 |
| 30. Salary paid | 1,800 |
| 31. Bank charges for the month | 50 |
| 32. Salil agrees to take some defective goods purchased from him and immediately refunds the money | 700 |
| 17. Give Journal entries for the following Transactions | |
| July 1: Invested ₹50,000 in cash to start a new business. | |
| July 3: Purchased office furniture for ₹5,000 in cash. | |
| July 5: Sold goods worth ₹10,000 for cash. | |
| July 7: Paid ₹3,000 in cash for rent. | |
| July 10: Received ₹8,000 in cash from a customer as payment for a previous credit sale. | |
| July 12: Bought inventory for ₹15,000 on credit from Supplier A. | |
| July 15: Paid ₹2,500 in cash to Supplier A as a partial payment for the inventory purchased on credit. | |
| July 18: Received ₹500 in cash as interest income from a bank deposit. | |
| July 20: Paid ₹1,200 in cash for electricity expenses. | |
| July 22: Sold goods worth ₹12,000 on credit to Customer B. | |
| July 25: Received ₹4,000 in cash from Customer B as a partial payment for the credit purchase. | |
| July 27: Purchased a delivery van for ₹300,000 by making a down payment of ₹100,000 in cash and the rest on credit. | |
| July 29: Paid ₹1,500 in cash for office maintenance services. | |
| August 2: Sold goods worth ₹8,500 for cash. | |
| August 5: Paid ₹7,500 in cash to Supplier A, settling the remaining amount due for the inventory purchased on credit. | |
| August 8: Received ₹6,000 in cash from Customer B, completing the payment for the credit purchase. | |
| August 10: Paid ₹1,000 in cash for advertisement expenses. | |
| August 12: Purchased new office furniture for ₹20,000 in cash. | |
| August 15: Sold goods worth ₹15,000 on credit to Customer C. | |
| August 18: Received ₹9,000 in cash as repayment of a loan given to an employee. | |
| August 20: Paid ₹2,500 in cash for telephone and internet expenses. | |
| August 23: Received ₹3,500 in cash from a customer as an advance payment for an upcoming order. | |
| August 25: Paid ₹6,000 in cash for salaries and wages to employees. | |
| August 30: Received ₹2,000 in cash as interest income from a short-term investment. | |
| September 1: Sold goods worth ₹18,000 for cash. | |
| September 5: Paid ₹5,000 in cash for repair and maintenance of equipment. | |
| September 10: Paid ₹10,000 in cash for rent. | |
| September 15: Received ₹5,500 in cash from Customer C, settling the credit sale. | |
| September 18: Purchased computer software for ₹7,500 in cash. | |

- September 20: Paid ₹3,000 in cash for insurance premiums.
 September 22: Received ₹4,500 in cash from a customer as a refund for returned goods.
 September 25: Paid ₹2,200 in cash for office stationery.
 September 28: Sold goods worth ₹14,000 on credit to Customer D.
 September 30: Paid ₹1,800 in cash for miscellaneous expenses.
 October 2: Received ₹10,000 in cash as a capital contribution owner.
 October 5: Paid ₹3,500 in cash for advertising expenses.
 October 8: Sold goods worth ₹20,000 on credit to Customer E.
 October 10: Paid ₹6,000 in cash for insurance policy.
 October 12: Received ₹8,000 in cash from a customer as a down payment for an order to be delivered next month.
 October 15: Purchased new machinery for ₹100,000 by making a partial payment of ₹30,000 in cash and the rest on credit.
 October 18: Paid ₹4,500 in cash for repair and maintenance of the machinery.
 October 20: Received ₹5,000 in cash from a customer who had previously purchased goods on credit.
 October 25: Paid ₹2,500 in cash for office expenses.
 October 28: Sold goods worth ₹22,000 on credit to Customer F.
 November 1: Purchased raw materials for ₹50,000 in cash.
 November 5: Paid ₹7,000 in cash for repair and maintenance of the delivery van.

18. Journalise the following transactions:

| 2021 | Particulars | ₹ | 2021 | Particulars | ₹ |
|-------|--------------------------|--------|---------|---------------------------|-------|
| Jan 3 | Received cash from Ram | 15,000 | Jan. 17 | Receive from Hari | 1,100 |
| 4 | Purchased goods for cash | 2,500 | 20 | Bought Furniture from Ram | 2,200 |
| 11 | Sold goods to Hari | 3,200 | 27 | Paid rent | 480 |
| 13 | Paid Ramesh | 1,400 | 30 | Paid salary | 1,100 |

19. Journalise the following transactions

| 2021 | Particulars | ₹ | 2021 | Particulars | ₹ |
|-------|--|--------|---------|--|--------|
| Jan 1 | Started business with cash | 50,000 | Jan. 15 | Paid to M/s Singh & Co. | 21,000 |
| 2 | Paid into bank | 36,000 | | Discount allowed by them | 1,000 |
| 3 | Bought goods from M/s Singh & Co. on credit | 22,000 | 25 | Sold goods to M/s Ray & Co. | 5,000 |
| 4 | Purchased furniture | 4,200 | 26 | Received Cheque from M/s Sharda & co. in full settlement of amount due by them | 4,560 |
| | Purchased adding machine & typewriter (Payment made by cheque) | 8,400 | 31 | Paid for: Electric Charges | 100 |
| 6 | Paid for postage | 215 | | Paid salary | 1,500 |

| | | | | | |
|---|--|-------|--|----------------------|-------|
| 8 | Sold goods for cash | 5,400 | | Paid rent by cheque | 2,000 |
| 9 | Sold goods on credit to M/s Sharda & co. | 4,600 | | Drew for private use | 3,500 |

20. Journalise the following transactions in the Books of Rama & Co.

| 2021 | Particulars | ₹ | 2021 | Particulars | ₹ |
|-------|--------------------------------------|--------|-------|--|--------------|
| Jan 1 | Business started with | 50,000 | Jan 5 | Cash paid to Z in full settlement of his account | 8,800 |
| | Cash deposited in Bank | 20,000 | 16 | Cash received from Y in full settlement of his account | 24,500 |
| | Goods purchased | 10,000 | 20 | Goods sold to B | 6,000 |
| 2 | Furniture purchased for cash | 3,000 | | Goods purchased | 9,000 |
| | Office Stationery purchased for cash | 2,000 | 25 | Cash withdrawn from bank | 5,000 |
| 3 | Goods purchased from X | 20,000 | | Cash paid to X Allowed us a discount | 4,000 100 |
| 5 | Goods sold to Y | 25,000 | 28 | | |
| | Paid rent | 1,000 | | Cash received from B | 3,000 |
| 8 | Paid for repairs | 800 | 30 | Allowed a discount | 200 |
| 9 | Paid for advertisement | 1,500 | 31 | Cash deposited in bank | 4,000 |
| | Cash paid to X | 10,000 | | Cash paid for electricity | 400 |
| | discount received | 50 | | Cash paid for Salaries | 1,000 |
| 10 | Good purchased from Z | 9,000 | | Wages paid | 500 |
| | Goods purchased in cash from A | 6,000 | | Rent paid | 400 |

Ledger

21. Journalize the following transactions in the books of M/s Kothari & Sons, post them into ledger and prepare trial balance for April 2021:

- a) Commenced business with ₹ 40,000.
- b) Bought goods for cash ₹ 4,000
- c) Sold goods ₹ 700
- d) Bought goods from M/s Bhandari Bros. ₹ 3,000 at 10% trade discount.
- e) Purchased machinery of ₹ 5,000 from M/s Kirloskar Bros.
- f) Paid for transportation of machinery ₹ 500 & installation charges ₹ 300 on it.
- g) Paid interest 150.
- h) Supplied goods to M/s Kunal & Sons ₹ 3,500.
- i) Paid to M/s Bhandari Bros. ₹ 2,600 in full settlement of account.
- j) M/s Kunal & Sons returned goods worth ₹ 300 & paid for ₹ 1,200 on account.
- k) Received commission ₹ 250.

22. Journalize the following transactions, post them in the Ledger and balance the accounts on 31st December

1. X started business with a capital of ₹ 20,000
2. He purchased goods from Y on credit ₹ 4,000
3. He paid cash to Y ₹ 2,000
4. He sold goods to Z ₹ 4,000
5. He received cash from Z ₹ 6,000
6. He further purchased goods from Y ₹ 4,000
7. He paid cash to Y ₹ 2,000
8. He further sold goods to Z ₹ 4,000
9. He received cash form Z ₹ 2,000

23. Journalize the following transactions, post them into ledger and prepare trial balance.

| | |
|--|---|
| 1) Started with cash 2,00,000 | 21) Salary paid 3500 |
| 2) Deposited cash in to bank 75,000 | 22) Rent paid 4500 |
| 3) Purchased machinery for 30,000 | 23) Cheque issued to Ram 9,800 and discount received from him 200 |
| 4) Transportation charges of machinery 5,000 | 24) Cheque received from Shyam 15,200 and discount allowed to him 800 |
| 5) Installation charges of Machinery 3,000 | 25) Furniture purchased and issued cheque 15000 |
| 6) Purchased goods 30,000 | 26) Wages paid for installation of furniture 1500 |
| 7) Purchased goods from Anil 50,000 | 27) Goods returned to Ram 2000 |
| 8) Purchased goods for cash 20,000 | 28) Goods returned from Shyam 2400 |
| 9) Goods sold for cash 60,000 | 29) Goods withdrawn by owner 4000 |
| 10) Goods sold to Shyam 25000 @ 10% trade discount | 30) Commission received 8000 |

| | |
|--|--|
| 11) Goods purchased from Ram 30000 @15% trade discount | 31) Cash withdrawn from bank 3500 |
| 12) Salary paid 3000 | 32) Ram deposited 6000 in our bank account |
| 13) Drawings by owner 5000 | 33) Goods sold to Shyam 30,000 @ 20% TD and received 50 % amount in cash |
| 14) Cash sales 12,000 | 34) Additional capital contributed by owner 100000 |
| 15) Rent paid 8,000 | 35) Cash received from Shyam 10000 and discount allowed 500 |
| 16) Cash paid to Ram 25,000 | 36) Cash paid to Ram 15000 and discount received 500 |
| 17) Cheque received from Shyam 30,000 | 37) Wages paid 9000 |
| 18) Stationery Purchased for 4500 | 38) Cash withdrawn by owner 25000 |
| 19) Good returned by Shyam 3000 | 39) Rant paid 4000 |
| 20) Goods returned to ram 2500 | 40) Salary paid 3000 |

24. From the following transaction prepare Anil A/c, Mohan A/c, Cash A/c and Bank A/c

1. Cash in hand 25,000
2. Cash at Bank 30,000
3. Balance due from Anil 35,000
4. Balance Due to Mohan 50,000
5. Goods purchased from Mohan 30,000 at 30% TD
6. Goods sold to Anil 50,000 at 20 % TD
7. Cash received from Anil 35000
8. Cheque issued to Mohan 45000
9. Goods purchased from Mohan 25000 which is sold to Anil at a profit of 5000
10. Goods returned to Mohan 4000
11. Goods returned from Anil 5000
12. Anil deposited to Bank account 5000
13. Cash received from Anil 5600 and discount allowed to him 400
14. Cheque received from Anil 8600 and Discount allowed to him 400
15. Cash paid to Mohan 8200 and discount allowed by him 900
16. Cheque issued to Mohan 3400 and received discount of 600
17. Good sold to Mohan for cash 6000
18. Goods sold to Anil 5000 and received cheque
19. Goods purchased from Mohan for cash 8000
20. Goods purchased from Anil and issued cheque 10000
21. Cash withdrawn from bank 8000
22. Cash deposited in to bank 3000
23. Stationery purchased for 1800
24. Discount allowed to Anil 3200
25. Discount received from Mohan 800

25. Prepare the Ledger account of Mr. Solkar from the following:

| | |
|-----------------|--|
| 2021 March 1 | Debit balance to his account ₹2,000. |
| 3 | Sold goods on credit to him worth ₹10,800 |
| 8 | Received cash from him ₹12,600 and allowed discount of ₹200. |
| 10 | Solkar bought goods on credit ₹3,000. |
| 15 | Received cash from him ₹2,900 and allowed him discount ₹100 |
| 20 | Purchased goods on credit from Solkar worth ₹2,000 |
| 25 | Paid cash to Solkar ₹1,000 |
| 28 | Returned goods to him ₹200. |
| 31 | Paid cash to him in full settlement of his account ₹780. |

26. Prepare Ledger Accounts for the following transactions

Debit Balance on January 1, 2021:

| | |
|--------------|-----------|
| Cash in Hand | ₹ 8,000. |
| Cash at Bank | ₹ 25,000, |
| Building | ₹ 10,000. |

Trade receivables:

| |
|---------------|
| Vijay ₹ 2,000 |
| Madhu ₹ 2,000 |

Credit Balance on January 1, 2021:

Trade Payables:

| |
|------------------|
| Anand ₹ 5,000, |
| Capital ₹ 55,000 |

Following were further transactions in the month of January, 2021:

Jan. 1 Purchased goods worth ₹ 5,000 for cash less 20% trade discount and 5% cash discount.

Jan. 4 Received ₹ 1,980 from Vijay and allowed him ₹ 20 as discount

Jan. 8 Purchased plant from Mukesh for ₹ 5,000 and paid ₹ 100 as cartage for bringing the plant to the factory and another ₹ 200 as installation charges.

Jan. 12 Sold goods to Rahim on credit ₹ 600

Jan. 15 Rahim became insolvent and could pay only 50 paise in a rupee

Jan. 18 Sold goods to Ram for cash ₹1,000.

Trial balance

| Heads of Accounts | Side of Trial Balance | Reasons |
|--------------------------|-----------------------|---------|
| Cash in hand | | |
| Cash at Bank | | |
| Cash at Bank (overdrawn) | | |
| Bank Overdraft | | |
| Capital | | |
| Opening stock | | |
| Wages | | |
| Purchase | | |
| Carriage Inwards | | |
| Freight | | |
| Royalty on production | | |
| Gas, Water, Fuel | | |
| Motive Power | | |
| Import Duty | | |
| Sales | | |
| Discount Allowed | | |
| Discount Received | | |
| Bad Debts | | |
| Commission Received | | |
| Salaries | | |
| Commission paid | | |
| Rent, rates, and taxes | | |
| Repairs and maintenance | | |
| Insurance | | |
| Carriage outward | | |
| Trade charges | | |
| Royalty on sales | | |
| Interest paid | | |
| Interest received | | |
| Advertisement | | |
| Sundry expenses | | |
| Miscellaneous expenses | | |
| Miscellaneous receipts | | |
| Income tax | | |
| L.I.C. Premium | | |
| Office expenses | | |
| Export duty | | |
| Allowances | | |
| Rebates | | |
| Sales tax | | |
| Horses and Carts | | |
| Watch Dog Squad | | |

| | | |
|-------------------------|--|--|
| Loan Secured | | |
| Loans Advanced | | |
| Building | | |
| Land | | |
| Plant | | |
| Machinery | | |
| Furniture & fittings | | |
| Motor vehicles | | |
| Computer | | |
| Office equipment | | |
| Goodwill | | |
| Patent rights | | |
| Copyrights | | |
| Trade marks | | |
| Investments | | |
| Shares & Securities | | |
| Sundry debtors | | |
| Sundry creditors | | |
| Bill Receivable | | |
| Bills Payable | | |
| Lighting and Heating | | |
| Drawings | | |
| Depreciation | | |
| Returns Inwards | | |
| Returns Outwards | | |
| Freehold Property | | |
| Premises | | |
| Leasehold Property | | |
| Loose Tools | | |
| Petty Cash | | |
| Loan on Mortgage | | |
| Bad Debts Recovered | | |
| Books | | |
| Newspaper and Magazine | | |
| Postage and Telegram | | |
| Travelling & Conveyance | | |
| | | |

27. Prepare a Trial Balance from the following information:

| Particulars | (₹) |
|-------------------------|----------|
| Cash A/c | 9,46,400 |
| Capital A/c | 7,50,000 |
| Loan A/c | 2,50,000 |
| Purchases A/c | 51,500 |
| Sales A/c | 21,000 |
| Bank A/c | 22,400 |
| Loss by Fire A/c | 5,500 |
| Commission Received A/c | 3,500 |
| Discount Allowed A/c | 100 |
| Loss by Theft A/c | 1,000 |
| Interest Received A/c | 2,400 |

28. Prepare a Trial Balance from the following information

| Particulars | Amount |
|-------------------------|--------|
| Cash A/c | 34,150 |
| Capital A/c | 40,000 |
| Purchases A/c | 6,700 |
| Sales A/c | 4,200 |
| Machinery A/c | 5,800 |
| Creditors A/c | 5,000 |
| Interest Allowed A/c | 150 |
| Debtors A/c | 2,000 |
| Discount Received A/c | 100 |
| Return Inwards A/c | 300 |
| Commission Received A/c | 250 |
| Conveyance A/c | 450 |

29. From the following ledger balances, prepare a trial balance of Anuradha Traders as on 31st March, 2020:

| Account Head | ₹ |
|-------------------|----------|
| Capital | 1,00,000 |
| Sales | 1,66,000 |
| Purchases | 1,50,000 |
| Sales return | 1,000 |
| Discount allowed | 2,000 |
| Expenses | 10,000 |
| Trade receivables | 75,000 |
| Trade payables | 25,000 |
| Investments | 15,000 |

| | |
|----------------------------------|--------|
| Cash at bank and in hand | 37,000 |
| Interest received on investments | 1,500 |
| Insurance paid | 2,500 |

30. From the following information, draw up a Trial Balance in the books of Shri M as on 31st March, 2021:

| Particulars | Amount (₹) | Particulars | Amount (₹) |
|---------------------------|------------|---------------------|------------|
| Capital | 1,40,000 | Purchases | 36,000 |
| Discount Allowed | 1,200 | Carriage Inward | 8,700 |
| Carriage Outwards | 2,300 | Sales | 60,000 |
| Return Inward | 300 | Return Outwards | 700 |
| Rent and Taxes | 1,200 | Plant and machinery | 80,700 |
| Stock on 1st April 2020 | 15,500 | Sundry Debtors | 20,200 |
| Sundry Creditors | 12,000 | Investments | 3,600 |
| Commission Received | 1,800 | Cash in Hand | 100 |
| Cash at bank | 10,100 | Motor Cycle | 34,600 |
| Stock on 31st March, 2021 | 20,500 | | |

31. One of your clients, Mr. Singhania has asked you to finalise his accounts for the year ended 31st March, 2020. Till date, he himself has recorded the transactions in books of accounts. As a basis for audit, Mr. Singhania furnished you with the following statement.

| | Dr. Balance (₹) | Cr. Balance (₹) |
|----------------------|--------------------|-----------------------|
| Singhania's Capital | | 1,556 |
| Singhania's Drawings | 564 | |
| Leasehold premises | 750 | |
| Sales | | 2,750 |
| Due from customers | | 530 |
| Purchases | 1,259 | |
| Purchases return | 264 | |
| Loan from bank | | 256 |
| Trade payables | 528 | |
| Trade expenses | 700 | |
| Cash at bank | 226 | |

| | | |
|------------------------|-------|-------|
| Bills payable | 100 | |
| Salaries and wages | 600 | |
| Inventories (1.4.2019) | | 264 |
| Rent and rates | 463 | |
| Sales return | | 98 |
| | 5,454 | 5,454 |

The closing inventory on 31st March, 2020 was valued at ₹ 574. Mr. Singhania claims that he has recorded every transaction correctly as the trial balance is tallied. Check the accuracy of the above trial balance.

32. An inexperienced book keeper has drawn up a Trial balance for the year ended 31st March, 2019.

| Particulars | Debit (₹) | Credit |
|---|---------------|---------------|
| Provision for Doubtful Debts | 250 | - |
| Cash Credit Account | 1,654 | - |
| Capital | - | 4,591 |
| Trade payables | - | 1,637 |
| Due from customers | 2,983 | - |
| Discount Received | 252 | - |
| Discount Allowed | - | 733 |
| Drawings | 1,200 | - |
| Office Furniture | 2,155 | - |
| Carriage Inward | - | 829 |
| Purchases | 10,923 | - |
| Returns Inward | - | 330 |
| Rent & Rates | 314 | - |
| Salaries | 2,520 | - |
| Sales | - | 16,882 |
| Inventory | 2,418 | - |
| Provision for Depreciation on Furniture | 364 | - |
| Total | 25,033 | 25,002 |

Draw up a corrected Trial Balance by debiting or crediting any residual errors to a suspense account.

33. One of your client Mr X asked you to finalize his account for the year ended 31st march 2022 as abasis for audit Mr x furnished you with the following statement

| | Dr | Cr |
|--------------------|-------|-------|
| X Capital | | 4,668 |
| X Drawings | 1,692 | |
| Leasehold premises | 2,250 | |
| Sales | | 8,250 |

| | | |
|--------------------|---------------|---------------|
| Due from customers | | 1,590 |
| Purchases | 3,777 | |
| Purchase return | 792 | |
| Loan from bank | | 768 |
| Trade expense | 2,100 | |
| Trade payable | 1,584 | |
| Bills payable | 300 | |
| Salaries and Wages | 1,800 | |
| Cash at Bank | 678 | |
| Opening inventory | | 792 |
| Rent and Rates | 1,389 | |
| Sales return | | 294 |
| | 16,362 | 16,362 |

The closing inventory was 1,722 Mr X claims that he has recorded every transaction correctly as the trial balance is tallied. Check the accuracy of the above trial balance and give reasons for the errors, if any.

Subsidiary books

34. From the following information prepare a cash book

- January 1 Opening cash balance was ₹ 3,800 and bank balance was ₹ 27,500
- January 4 Wages paid in cash ₹ 1,500
- January 5 received cheque of ₹ 19,800 from KBK enterprises after allowing discount of ₹ 200
- January 7 Paid to consultancy charges by cheque for ₹ 7,500
- January 10 Cash of ₹ 2,500 withdrawn from bank
- January 12 Received a cheque for ₹ 4,500 in full settlement of the account of Mr. X at a discount of 10% and deposited the same into the Bank.
- January 15 X's cheque returned dishonoured by the Bank

35. From the following transactions, prepare the Purchases Returns Book of Alpha & Co., a saree dealer and post them to ledger :

| Date | Debit Note No. | Particulars |
|------------|-------------------|--|
| 04.01.2020 | 101 | Returned to Goyal Mills, Surat – 5 polyester sarees @ ₹ 100. |
| 09.01.2020 | | Garg Mills, Kota – accepted the return of sarees (which were purchased for cash) – 5 Kota sarees @ ₹ 40. |
| 16.01.2020 | 102 | Returned to Mittal Mills, Bangalore – 5 silk sarees @ ₹ 260. |
| 30.01.2020 | | Returned one typewriter (being defective) @ ₹ 3,500 to B & Co. |

36. Enter the following transactions in Sales Book of Gurgaon Engineers, Gurgaon for January 2022:

| | |
|---------|--|
| 2022 | |
| January | |
| 5 | Sold to Praneet Electricals 10 pieces of microwaves @ ₹ 8,500/- each less trade discount 15% |
| 10 | Sold to Ajanta plaza 8 pieces of Mixer grinders @ ₹ 12,500/- each less trade discount 10%. |
| 20 | Sold to Naveen traders, 15 pieces of juicers @ ₹ 5,500/- each less trade discount 5% |

37. Enter the following transactions in the subsidiary books of Soundarya Saree Shop.

| | |
|---------------|---|
| 2021 Aug 1 | Purchased from Pathi Silk Kendra, 100 Silk sarees at ₹250 each. |
| 5 | Purchased from NSR and company, 200 Kanchi Silk sarees at ₹1,000 each |
| 7 | Sold to Kumar on account, 50 printed sarees at ₹300 and 100 Kanchi sarees at ₹1,000 each |
| 8 | Claimed for damages from Pathi Silk Kendra ₹500 |
| 9 | Returned damaged goods to NSR and Co. 5 Kanchi sarees |
| 12 | Purchased from Sudharshan Silks 150 Mysore Silk at ₹250 each, 100 Handloom sarees at ₹750 each, less trade discount at 10% |
| 16 | Sold to Kala on account 20 printed sarees at ₹300 each, 25 Kanchi sarees at ₹1,300 each, 20 Mysore Silk sarees at ₹300 each, less trade discount at 5%. |
| 20 | Sold to Kusum sarees, 40 Handloom sarees at ₹1,000 each |
| 21 | Kumar returned, 10 printed sarees and 20 Kanchi sarees |
| 25 | Returned to Sudharshan's Silk, 25 Mysore Silk |
| 27 | Returned from Kusum sarees, 10 handloom sarees |
| 30 | Purchased from Nandi Silk, 400 Nandi brand sarees at ₹500 each |

38. Enter the following transactions in Simple Cash Book and post them into ledger:

| | |
|-------------|---|
| 2021 July 1 | Balance of cash in hand ₹15,000 |
| 8 | Purchased goods for cash from X for ₹3,200 |
| 15 | Sold goods for cash ₹4,800 |
| 20 | Received commission ₹650 |
| 22 | Paid commission ₹550 |
| 31 | Paid salary to the office clerk ₹1,000 and office rent ₹600 |

39. Enter the following transactions in a two (Cash & discount) Column and post them into Ledger Accounts

| 2021 | Particulars | ₹ | 2021 | Particulars | ₹ |
|--------|------------------------------|--------|--------|-------------------------------|--------|
| Dec. 1 | Commenced business with cash | 50,000 | Dec.16 | Paid into bank | 10,000 |
| 2 | Brought goods for cash | 28,000 | 18 | Cash sales | 2,500 |
| 5 | Received cash from Arun | 2,000 | 20 | Purchased stationery for cash | 250 |
| 7 | Paid cash to Sanjay | 2900 | 23 | Paid suresh cash | 3900 |
| | Discount allowed by him | 100 | | Discount allowed | 100 |
| 10 | Paid wages | 3000 | 26 | Received from Rajesh | 1,900 |
| 14 | Received from Rajesh cash | 950 | | Allowed him discount | 100 |
| | Allowed him discount | 50 | 30 | Paid salaries | 2,000 |

40. Prepare a Three Column Cash Book from following transactions and bring down the balance for the start of next month.

| 2022 | Particulars | ₹ | 2022 | Particulars | ₹ |
|--------|-----------------------------------|--------|---------|--|-------|
| Aprl.1 | Cash in hand | 2,500 | Aprl.19 | Paid into Bank | 400 |
| 1 | Cash at bank | 10,000 | 23 | Withdrew from Bank for private exp. | 600 |
| 2 | Paid into Bank | 1,000 | 24 | Received cheque from Patel | 1,430 |
| 5 | Bought furniture and issuedcheque | 2,000 | | Allowed him discount | 20 |
| 8 | Purchased goods for cash | 500 | 26 | Deposited Patel's cheque intobank | |
| 12 | Received from Mohinder | 980 | 28 | Withdrew cash from Bank for the office use | 2,000 |
| 14 | Cash sales | 4,000 | 30 | Paid rent by cheque | 800 |
| 16 | Paid to Amarnath by cheque | 1,450 | | | |
| | Discount allowed | 50 | | | |

41. Prepare a Three Column Cash Book from following transactions having cash, bank and discount columns:

| | |
|-------------|---|
| 2022 Aprl.1 | Balance of cash in hand ₹400, overdraft at Bank ₹5,000 |
| 4 | Invested further capital ₹10,000 out of which ₹6,000 deposited bank |
| 5 | Sold goods for cash ₹8,000 |
| 6 | Collected from Sridhar a debtor of last year ₹8,000 discount allowed ₹200 |
| 7 | Paid Ramvilas out creditor, ₹2,500, discount allowed by him ₹65 |
| 13 | Commission paid to Robert our agent ₹530 |
| 14 | Office furniture purchased from Keshar ₹200 |
| 17 | Draw cheque for personal use ₹700 |
| 18 | Collection from Atal ₹4,000; deposited in the bank on 19 th |
| 20 | Draw from bank for office use ₹500 |
| 21 | Draw cheque for petty cash ₹150 |
| 29 | Drew from the bank and paid salary of office staff ₹1,500 |
| 30 | Deposited cash in the bank ₹10,000 |

42. Prepare a Triple Column Cash Book from the following transactions and bring down the balance for the start of next month:

| 201 | | | ₹ |
|------|---------------------|--|--------|
| Nov. | 1 | Cash in hand | 3,000 |
| | 1 | Cash at bank | 12,000 |
| | 2 | Paid into bank | 1,000 |
| | 5 | Bought furniture and issued cheque | 1,500 |
| | 8 | Purchased goods for cash | 500 |
| | 12 | Received cash from Mohan | 980 |
| | | Discount allowed to him | 20 |
| | 14 | Cash sales | 5,000 |
| | 16 | Paid to Amar by cheque | 1,450 |
| | | Discount received | 50 |
| | 19 | Paid into Bank | 500 |
| | 23 | Withdrawn from Bank for Private expenses | 600 |
| | 24 | Received cheque from Parul | 1,430 |
| | | Allowed him discount | 20 |
| | 26 | Deposited Parul's cheque into Bank | |
| | 28 | Withdrew cash from Bank for Office use | 2,000 |
| 30 | Paid rent by cheque | 800 | |

43. Prepare a Triple Column Cash Book from the following transactions and bring down the balance for the start of next month:

| 2020 | | | ₹ |
|------|---------------------|--|--------|
| Sep. | 1 | Cash in hand | 6,000 |
| | 1 | Cash at bank | 24,000 |
| | 2 | Paid into bank | 2,000 |
| | 5 | Bought furniture and issued cheque | 3,000 |
| | 8 | Purchased goods for cash | 1,000 |
| | 12 | Received cash from Mohan | 1,960 |
| | | Discount allowed to him | 40 |
| | 14 | Cash sales | 10,000 |
| | 16 | Paid to Amar by cheque | 2,900 |
| | | Discount received | 100 |
| | 19 | Paid into Bank | 1,000 |
| | 23 | Withdrawn from Bank for Private | 1,200 |
| | 24 | Received cheque from Parul | 2,860 |
| | | Allowed him discount | 40 |
| | 26 | Deposited Parul's cheque into Bank | |
| | 28 | Withdrew cash from Bank for Office use | 4,000 |
| 30 | Paid rent by cheque | 1,600 | |

| | | | |
|--|--|--|--|
| | | | |
|--|--|--|--|

44. Enter the following transactions in Cash Book with Discount and Bank Columns.
Cheques are first treated as cash receipt.

| 2020 | | ₹ |
|-------|--|--------|
| Jan.1 | Chandrika commences business with Cash | 20,000 |
| " 3 | He paid into Current A/c | 19,000 |
| " 4 | He received cheque from Kirti & Co. on account | 600 |
| " 7 | He pays in bank Kirty & Co.'s cheque | 600 |
| " 10 | He pays Rattan & Co. by cheque and is allowed discount ₹20 | 330 |
| " 12 | Tripathi & Co. pays into his Bank A/c | 475 |
| " 15 | He receives cheque from Warshi and allows him discount ₹35 | 450 |
| " 20 | He receives cash ₹75 and cheque ₹100 for cash sale | |
| " 25 | He pays into Bank, including cheques received on 15th and 20th | 1,000 |
| " 27 | He pays for cash purchase | 275 |
| " 30 | He pays sundry expenses in cash | 50 |

Rectification of errors

1. How would you rectify the following errors in the book of Rama & Co.?
 - a) The total to the Purchases Book has been under cast by ₹100.
 - b) The Returns Inward Book has been under cast by 50.
 - c) A sum of 250 written off as depreciation on Machinery has not been debited to Depreciation Account.
 - d) A payment of ₹75 for salaries (to Mohan) has been posted twice to Salaries Account.
 - e) The total of Bills Receivable Book ₹ 1,500 has been posted to the credit of Bills Receivable Account.
 - f) An amount of ₹151 for a credit sale to Hari, although correctly entered in the Sales Book, has been posted as ₹115.
 - g) Discount allowed to Satish ₹ 25 has not been entered in the Discount Column of the Cash Book. the amount has been posted correctly to the credit of his personal account.
2. The following errors were found in the book of Ram Prasad & Sons. Give the necessary entries to correct them.
 - a) 500 paid for furniture purchased has been charged to ordinary Purchases Account.
 - b) Repairs made were debited to Building Account for ₹ 50.
 - c) An amount of ₹100 withdrawn by the proprietor for his personal use has been debited to Trade Expenses Account.
 - d) ₹100 paid for rent debited to Landlord's Account.
 - e) Salary ₹125 paid to a clerk due to him has been debited to his personal account.
 - f) ₹100 received from Shah &Co. has been wrongly entered as from Shaw &Co.
 - g) ₹ 700 paid in cash for a typewriter was charged to Office Expenses Account.
3. Give journal entries to rectify the following:
 - i. A purchase of goods from Ram amounting to ₹150 has been wrongly entered through the Sales Book.
 - ii. A Credit sale of goods amounting ₹120 to Ramesh has been wrongly passed through the Purchase Book.
 - iii. On 31st December, 2016 goods of the value of ₹300 were returned by Hari Saran and were taken inventory on the same date but no entry was passed in the books.
 - iv. An amount of ₹ 200 due from Mahesh Chand, which had been written off as a Bad Debt in a previous year, was unexpectedly recovered, and had been posted to the personal account of Mahesh Chand.
 - v. A Cheque for ₹100 received from Man Mohan was dishonoured and had been posted to the debit of Sales Returns Account
4. Correct the following errors found in the books of Mr. Dutt. The Trial Balance was out by ₹ 493 excess credit. The difference thus has been posted to a Suspense Account.
 - a. An amount of ₹100 was received from D. Das on 31st December, 2015 but has been omitted to enter in the Cash Book.
 - b. The total of Returns Inward Book for December has been cast ₹100 short.
 - c. The purchase of an office table costing ₹ 300 has been passed through the Purchases Day Book.
 - d. ₹ 375 paid for Wages to workmen for making show-cases had been charged to "Wages Account".

- e. A purchase of ₹67 had been posted to the trade payables' account as ₹60.
 - f. A cheque for ₹200 received from P.C. Joshi had been dishonoured and was passed to the debit of "Allowances
 - g. ₹ 1,000 paid for the purchase of a motor cycle for Mr. Dutt had been charged to "Miscellaneous Expenses Account".
 - h. Goods amounting to ₹100 had been returned by customer and were taken in to inventory, but no entry in respect thereof, was made into the books.
 - i. A sale of ₹ 200 to Singh & Co. was wrongly credited to their account. Entry was made correctly made in sales book.
5. The following errors, affecting the account for the year 2015 were detected in the books of Jain Brothers, Delhi:
- (i) Sale of old Furniture ₹150 treated as sale of goods.
 - (ii) Receipt of ₹500 from Ram Mohan credited to Shyam Sunder.
 - (iii) Goods worth ₹100 brought from Mohan Narain have remained unrecorded so far.
 - (iv) A return of ₹120 from Mukesh posted to his debit.
 - (v) A return of ₹90 to Shyam Sunder posted as ₹9 in his account.
 - (vi) Rent of proprietor's residence, ₹600 debited to rent A/c.
 - (vii) A payment of ₹215 to Mohammad Sadiq posted to his credit as ₹125.
 - (viii) Sales Book added ₹900 short.
 - (ix) The total of Bills Receivable Book ₹ 1,500 left un posted

You are required to pass the necessary rectifying entries and show how the trial balance would be affected by the errors

6. Correct the following errors (i) without opening a Suspense Account and (ii) with opening a Suspense Account:
- a. The sales book has been totaled ₹ 2,100 short.
 - b. Goods worth ₹ 1,800 returned by Gaurav & Co. have not been recorded anywhere.
 - c. Goods purchased ₹ 2,250 have been posted to the debit of the supplier Sen Brothers.
 - d. Furniture purchased from Mary Associates, ₹ 15,000 has been entered in the purchase Daybook.
 - e. Discount received from Black and White ₹ 1,200 has not been entered in the books.
 - f. 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.
7. Write out the Journal Entries to rectify the following errors, using a Suspense Account.
- a. Goods of the value of ₹100 returned by Mr. Sharma were entered in the Sales Day Book and posted therefrom to the credit of his account;
 - b. An amount of ₹150 entered in the Sales Returns Book, has been posted to the debit of Mr. Philip, who returned the goods;
 - c. A sale of ₹ 200 made to Mr. Ghanshyam was correctly entered in the Sales Day Book but wrongly posted to the debit of Mr. Radheshyam as ₹ 20;
 - d. Bad Debts aggregating ₹450 were written off during the year in the Sales ledger but were not adjusted in the General Ledger; and
 - e. The total of "Discount Allowed" column in the Cash Book for the month of September, 2015 amounting to 250 was not posted.
8. Pass journal entries to Rectify the following errors:
- 1) A credit sale of goods of 423 to Krishan omitted to be recorded.
 - 2) A credit sale of goods of 423 to Krishan entered as 432.

- 3) A credit sale of goods of 423 to Krishan entered as sale to Kishan.
- 4) A credit sale of goods of 423 to Krishan entered as sale to Kishan 432.
- 5) A credit sale of goods of 423 to Krishan passed through the Purchases Book.
- 6) A credit sale of goods of 423 to Krishan entered in Purchases Book as 32.
- 7) A credit sale of goods of 423 to Krishan entered as purchase from Kishan.
- 8) A credit sale of goods of 423 to Krishan entered as purchase from Kishan 432
- 9) Sales Book overcast by 9.
- 10) Total of Sales Book 423 on page 5 is brought forward on page 6 as 432.
- 11) Total of Sales Book 423 omitted to be posted.
- 12) A credit sale of goods of 423 to Krishan omitted to be posted.
- 13) A credit sale of goods of 423 to Krishan posted as 432.
- 14) A credit sale of goods of 423 to Krishan credited to his account.
- 15) A credit sale of goods of 423 to Krishan credited to his account as 432.
- 16) A credit sale of goods of 423 to Krishan posted to the debit of Kishan.
- 17) A credit sale of goods of 423 to Krishan posted to be debit of Kishan as 432.
- 18) A credit sale of goods of 423 to Krishan posted to the credit of Kishan.
- 19) A credit sale of goods of 423 to Krishan posted to the credit of Kishan as 432.
- 20) A credit sale of an old machine of 423 to Krishan recorded as sale of goods.
- 21) A credit sale of goods of 423 to Krishan passed through the purchases book and posted therefrom to the debit of Krishan.
- 22) A credit sale of goods of 423 to Krishan entered in the purchases book as 432 and posted therefrom to the credit of Kishan as 423.
- 23) Goods (Cost 423. Sale Price 432) taken by Ganesh, the proprietor for his personal use recorded in the sales book.
- 24) Goods (Cost 423, Sale Price 432) given away as free samples to Mahesh, a customer recorded in the sales book.

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

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

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

10. Give journal entries (with narrations) to rectify the following errors located in the books of a Trader after preparing the Trial Balance:
- i. An amount of ₹ 4,500 received on account of Interest was credited to Commission account.
 - ii. A sale of ₹ 2,760 was posted from Sales Book to the Debit of M/s Sobhag Traders at ₹ 2,670
 - iii. ₹ 35,000 paid for purchase of Air conditioner for the personal use of proprietor debited to Machinery A/c.
 - iv. Goods returned by customer for ₹ 5,000. The same have been taken into stock but no entry passed in the books of accounts.
11. M/s. Applied Laboratories were unable to agree the Trial Balance as on 31st March, 2020 and have raised a suspense account for the difference. Next year the following errors were discovered:
- (i) Repairs made during the year were wrongly debited to the building A/c - ₹ 12,500.
 - (ii) The addition of the 'Freight' column in the purchase journal was short by ₹ 1,500.
 - (iii) Goods to the value of ₹ 1,050 returned by a customer, Rani & Co., had been posted to the debit of Rani & Co. and also to sales returns.
 - (iv) Sundry items of furniture sold for ₹ 30,000 had been entered in the sales book, the total of which had been posted to sales account.
 - (v) A bill of exchange (received from Raja & Co.) for ₹ 20,000 had been returned by the bank as dishonoured and had been credited to the bank and debited to bills receivable account.

You are required to pass journal entries to rectify the above mistakes

12. 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.

13. Pass necessary journal entries to rectify the following errors:

- a) An amount of ₹ 200 withdrawn by owner for personal use was debited to trade expenses.
- b) Purchase of goods of ₹ 300 from Nathan was wrongly entered in sales book.
- c) A credit sale of ₹ 100 to Santhanam was wrongly passed through purchase book.
- d) 150 received from Malhotra was credited to Mehrotra.
- e) 375 paid as salary to cashier Dhawan was debited to his personal A/c.
- f) A bill of ₹ 2,750 for extension of building was debited to building repairs A/c
- g) Goods of ₹ 500 returned by Akashdeep were taken into stock, but returns were not posted.
- h) Old furniture sold for ₹ 200 to Sethi was recorded in sales book.
- i) The period end total of sales book was under cast by ₹ 100
- j) Amount of ₹ 80 received as interest was credited to commission

14. Pass the necessary journal entries to rectify the following errors:

- a) A cash sale of Goods to X 17,000 posted as 71,000
- b) A credit sale of Goods to Y 17,000 posted as 71,000.
- c) A credit sale of Furniture to Z for 17,000 posted as 71,000.
- d) Bills Receivable from Henry of 16,000 posted to the credit of Bills Payable Account and also credited to Henry.
- e) Discounts received of 14,200 had been debited to discount allowed.
- f) A credit sale of Goods of 4,230 to Krishan passed through the Purchase Book as 4,320 and posted therefrom to the credit of Kishan as 4,230
- g) Goods (Cost 4,230, Sale Price 4,320) taken by Ganesh, the proprietor for his personal use recorded in the Sales Book.
- h) An amount of 8,000 owing by a customer had been omitted from the list of Sundry Debtors.
- i) A credit sale of old furniture to Fatheh for 17,000 omitted to be posted.
- j) Bills payable worth 3,000 accepted in favour of Muraly, was passed through bills receivable book with 300 and Muraly's account was debited with 3,000.

15. Give journal entries (narrations not required) to rectify the following:

- i. Purchase of Furniture on credit from Nigam for ₹ 3,000 posted to Subham account as ₹ 300.
- ii. A Sales Return of ₹ 5,000 to Jyothy was not entered in the financial accounts though it was duly taken in the stock book.
- iii. Investments were sold for ₹ 75,000 at a profit of ₹ 15,000 and passed through Sales account.
- iv. An amount of ₹ 10,000 withdrawn by the proprietor (Darshan) for his personal use has been debited to Trade Expenses account.

16. Miss Daisy was unable to agree the Trial Balance last year and wrote off the difference to the profit and loss account of that year. On verifying the old books by a Chartered Accountant next year, the following mistakes were found.

- I. Purchase account was undercast by ₹ 8,000.
- II. Sale of goods to Mr. Rahim for ₹ 2,500 was omitted to be recorded.
- III. Receipt of cash from Mr. Ashok was posted to the account of Mr. Anbu ₹

1,200.

- IV. Amount of ₹4,167 of sales was wrongly posted as ₹4,617.
 - V. Repairs to Machinery was debited to Machinery Account ₹1,800.
 - VI. A credit purchase of goods from Mr. Paul for ₹3,000 entered as sale.
- Suggest the necessary rectification entries.

17. Mr. Ratan 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:
- I. Purchase of a scooter was debited to conveyance account ₹30,000. Mr. Ratan charges 10% depreciation on scooter.
 - II. Purchase account was over cast by ₹1,00,000.
 - III. A credit purchase of goods from Mr. X for ₹20,000 was entered as sale.
 - IV. Receipt of cash from Mr. Anand was posted to the account of Mr. Bhaskar ₹10,000.
 - V. Receipt of cash from Mr. Chandu was posted to the debit of his account, ₹5,000.
 - VI. ₹5,000 due by Mr. Ramesh was omitted to be taken to the Trial Balance.
 - VII. Sale of goods to Mr. Ram for ₹20,000 was omitted to be recorded.
 - VIII. Amount of ₹23,950 of purchase was wrongly posted as ₹25,930.
- Suggest the necessary rectification entries.

18. Rectify the following errors:

- 1) A Credit Sale of goods to X ₹3,000 posted as ₹30,000.
- 2) A Cash Sale of goods to Y ₹3,000 posted as ₹30,000.
- 3) A Credit Sale of Furniture to Z ₹3,000 posted as ₹30,000.
- 4) A Credit Sale of goods of ₹3,000 to Krishan entered in the purchases book, as ₹30,000 and posted therefrom to the credit of Kishan as ₹3,000.
- 6) A Cash Sale of goods of ₹3,000 to Krishan posted to the credited of Kishan as ₹30,000.
- 7) A Credit Purchase of old machinery from Sohan for ₹17,000 was entered in the Purchases Book as purchase from Mohan for ₹71,000.
- 8) ₹3,000 paid as Repair Charges of this Machinery debited to General Expenses Account.
- 9) A Bill drawn on Meenu for ₹30,000 was passed through bills payable book with ₹3,000 and posted therefrom to the credit of Meena as ₹300.
- 10) Sales included a sale of furniture having a book of value of ₹900 for ₹850 on 31st March, 2018.

19. Give journal entries (with narrations) to rectify the following errors located in the books of a Trader after preparing the Trial Balance:

- a) 35,000 paid for purchase of Air conditioner for the personal use of proprietor debited to Machinery A/c.
- b) Goods returned by customer for ₹5,000. The same have been taken into stock but no entry passed in the books of accounts.
- c) An amount of ₹4,500 received on account of Interest was credited to Commission account.
- d) A sale of ₹2,760 was posted from Sales Book to the Debit of M/s Sobha Traders at ₹2,670

20. 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.
- (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.
- (vi) Receipt of ₹ 4,500 from Meet Kumar credited to the Pinki Rani.
- (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.
- (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

Bank reconciliation

1. Prepare a bank reconciliation statement from the following particulars as on 31st March, 2018

| Particulars | (₹) |
|--|-----------|
| Debit balance as per bank column of the cash book | 18,60,000 |
| Cheque issued to creditors but not yet presented to the Bank for payment | 3,60,000 |
| Dividend received by the bank but not entered in the Cash book | 2,50,000 |
| Interest allowed by the Bank | 6,250 |
| Cheques deposited into bank for collection but not collected by bank up to this date | 7,70,000 |
| Bank charges not entered in Cash book | 1,000 |
| A cheque deposited into bank was dishonoured, but no intimation received | 1,60,000 |
| Bank paid house tax on our behalf, but no intimation received from bank in this connection | 1,75,000 |

2. Prepare the Bank Reconciliation Statement of M/s. R.K. Brothers on 30th June 2018 from the particulars given below:

- (i) The Bank Pass Book had a debit balance of ₹ 25,000 on 30th June, 2018.
- (ii) A cheque worth ₹ 400 directly deposited into Bank by customer but no entry was made in the Cash Book.
- (iii) Out of cheques issued worth ₹ 34,000, cheques amounting to ₹ 20,000 only were presented for payment till 30th June, 2018.
- (iv) A cheque for ₹ 4,000 received and entered in the Cash Book but it was not sent to the Bank.
- (v) Cheques worth ₹ 20,000 had been sent to Bank for collection but the collection was reported by the Bank as under.
 1. Cheques collected before 30th June, 2018, ₹14,000
 2. Cheques collected on 10th July, 2018, ₹4,000
 3. Cheques collected on 12th July, 2018, ₹2,000.
- (vi) The Bank made a direct payment of ₹ 600 which was not recorded in the Cash Book.
- (vii) Interest on Overdraft charged by the bank ₹ 1,600 was not recorded in the Cash Book.
- (viii) Bank charges worth ₹ 80 have been entered twice in the cash book whereas Insurance charges for ₹ 70 directly paid by Bank was not at all entered in the Cash Book.
- (ix) The credit side of bank column of Cash Book was under cast by ₹ 2,000.

May 2019

3. On 30th September, 2018, the bank account of XYZ, according to the bank column of the cash book, was overdrawn to the extent of ₹ 8,062. An examination of the Cash book and Bank Statement reveals the following:
- i. A cheque for ₹ 11,14,000 deposited on 29th September, 2018 was credited by the bank only on 3rd October, 2018.
 - ii. A payment by cheque for ₹ 18,000 has been entered twice in the Cash book.
 - iii. On 29th September, 2018, the bank credited an amount of ₹ 1,15,400 received from a customer of XYZ, but the advice was not received by XYZ until 1st October, 2018.
 - iv. Bank charges amounting to ₹ 280 had not been entered in the cash book.
 - v. On 6th September 2018, the bank credited ₹ 30,000 to XYZ in error.
 - vi. A bill of exchange for ₹ 1,60,000 was discounted by XYZ with his bank. The bill was dishonoured on 28th September, 2018 but no entry had been made in the books of XYZ.
 - vii. Cheques issued up to 30th September, 2018 but not presented for payment upto that date totalled ₹ 13,46,000.
 - viii. A bill payable of ₹ 2,00,000 had been paid by the bank but was not entered in the cash book and bill receivable for ₹ 60,000 had been discounted with the bank at a cost of ₹ 1,000 which had also not been recorded in cash book.

You are required:

To show the appropriate rectifications required in the cash book of XYZ, to arrive at the correct balance on 30th September, 2018 and to prepare a Bank Reconciliation Statement as on that date.

Nov 2019

4. On 31-3-2020, Mahesh's Cash Book Showed a Bank overdraft of ₹ 98,700. On comparison he finds the following :
1. Out of the total cheques of ₹ 8,900 issued on 27th March, one cheque of ₹ 7,400 was presented for payment on 4th April and the other cheque of ₹ 1,500 handed over to the customer, was returned by him and in lieu of that a new cheque of the same amount was issued to him on 1st April. No entry for the return was made.
 2. Out of total cash and cheques of ₹ 6,800 deposited in the Bank on 24th March, one cheque of ₹ 2,600 was cleared on 3rd April and the other cheque of ₹ 500 was returned dishonoured by the bank on 4th April.
 3. Bank charges ₹ 35 and Bank interest ₹ 2,860 charged by the bank appearing in the passbook are not yet recorded in the cash book.
 4. A cheque deposited in his another account of ₹ 1,550 wrongly credited to this account by the bank.
 5. A cheque of ₹ 800, drawn on this account, was wrongly debited in another account by the bank.
 6. A debit of ₹ 3,500 appearing in the bank statement for an unpaid cheque returned for being 'out of date' had been re-dated and deposited in the bank account again on 5th April 2020.
 7. The bank allowed interest on deposit ₹ 1,000.
 8. A customer who received a cash discount of 4% on his account of ₹ 1,00,000 paid a cheque on 20th March, 2020. The cashier erroneously entered the gross amount in the bank column of the Cash Book.

Prepare Bank Reconciliation Statement as on 31-3-2020

Nov 2020

5. Prepare a Bank Reconciliation Statement from the following particulars as on 31st December, 2020

| Particulars | ₹ |
|--|----------|
| Bank Balance as per Cash Book (Debit) | 1,98,000 |
| Bank Charges debited by the bank not recorded in Cash Book | 34,000 |
| Received from debtors vide RTGS on 31st December, 2020 not recorded in Cash Book | 1,00,000 |
| Cheque issued but not presented for payment | 45,000 |
| Cheque deposited but not cleared | 25,000 |
| Cheque received and deposited but dishonoured. Entry for dishonor not made in the Cash Book | 5,000 |
| Instruction for payment given to the bank on 31st December, 2020 but the same effected by the Bank on 01 st January, 2021 | 4,000 |

Jan 2021

6. From the following information (as on 31.3.2020), prepare a bank reconciliation statement after making necessary adjustments in the cash book

| Particulars | |
|--|-----------|
| Bank balances as per the cash book (Dr.) | 32,50,000 |
| Cheques deposited, but not yet credited | 44,75,000 |
| Cheques issued but not yet presented for payment | 35,62,000 |
| Bank charges debited by bank but not recorded in the cash-book | 12,500 |
| Dividend directly collected by the bank | 1,25,000 |
| Insurance premium paid by bank as per standing instruction not intimated | 15,900 |
| Cash sales wrongly recorded in the Bank column of the cash-book | 2,55,000 |
| Customer's cheque dishonoured by bank not recorded in the cash-book | 1,30,000 |
| Wrong credit given by the bank | 1,50,000 |

Also show the bank balance that will appear in the trial balance as on 31.3.2020

RTP MAY 21

7. The Bank Pass Book of Account No.5678 of Mrs. Rani showed an overdraft of ₹ 33,575 on 31st 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 28th March 2018 being dishonoured is debited again in the pass book on 1st April 2018. There was no entry in the cash book about the dishonour of the cheque until 15 th 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 st March 2018 cheques amounting to ₹ 7,500 were collected on 7th April, 2018.
 - IV. Out of Cheques amounting to ₹ 7,800 drawn by her on 27th March, 2018 a cheque for ₹ 2,500 was encashed on 3rd 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 31st March, 2018.
 - VII. A Bill Receivable for ₹ 5,200 previously discounted (Discount ₹ 200) with the Bank had been dishonoured but advice was received on 1st 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 31st March, 2018.
- Prepare Bank Reconciliation Statement as on 31st March, 2018.
8. From the following information, ascertain the Cash Book balance of Mr. Bajaj as on 31st March, 2021:
- I. Debit balance as per Bank Pass Book ₹ 3,500.
 - II. A cheque amounting to ₹ 2,500 deposited on 15th March, but the same was returned by the Bank on 24th March for which no entry was passed in the Cash Book.
 - III. During March, two bills amounting to ₹ 2,500 and ₹ 500 were collected by the Bank but no entry was made in the Cash Book.
 - IV. A bill for ₹ 5,000 due from Mr. Balaji previously discounted for ₹ 4,800 was dishonoured. The Bank debited the account, but no entry was passed in the Cash Book.
 - V. A Cheque for ₹ 1,500 was debited twice in the cash book.
9. The Bank statement of Mr. J. White dated 31.12.2013 showed a balance with his Bank of ₹ 924, when checked with his Cash Book the following were noted :
- a) During December, the Bank had paid ₹200 for a yearly contribution of Mr. White, made to a local charity, as per his standing order. This amount appeared in the Bank statement but not in the Cash Book.
 - b) The Bank had credited his account with ₹28 interest and had collected on his behalf ₹ 230 as dividends. No corresponding entries were made in the Cash Book.

- c) A cheque of ₹ 65 deposited into the Bank on 28.12.2013 was not cleared by the Bank till after 31.12.2013.
- d) A cheque of ₹150 deposited into and cleared by the Bank before 31.12.2013 was not entered in the Cash Book, through an oversight.
- e) Cheques drawn by and posted to parties by Mr. White on 31.12.2013 for ₹73, ₹119 and ₹ 46 were presented for payment to the Bank only on 3.1.2014.

10. From the following particulars of M/s Suresh enterprises, prepare a Bank reconciliation statement:

- 1) Bank overdraft as per Pass Book as on 31st March 2013 was ₹ 8,800
- 2) Cheques deposited in Bank for ₹ 5,800 but only ₹ 2,000 were cleared till 31st March
- 3) Cheques issued were ₹ 2,500, ₹ 3,800 and ₹ 2,000 during the month. The cheque of ₹ 5,800 is still with supplier.
- 4) Dividend collected by Bank ₹ 1,250 was wrongly entered as ₹ 1,520 in Cash Book.
- 5) Amount transferred from fixed deposit A/c into the current A/c ₹ 2,000 appeared only in Pass Book
- 6) Interest on overdraft ₹ 930 was debited by Bank in Pass Book and the information was received only on 3rd April 2013.
- 7) Direct deposit by M/s Rajesh Traders ₹ 400 not entered in Cash Book.
- 8) Corporation tax ₹ 1,200 paid by Bank as per standing instruction appears in PB only.

11. Prepare a Bank Reconciliation Statement from the following data as on 30.11.2013:

- 1) Balance as per Pass Book on 30.11.2013, overdrawn ₹ 9,204.
- 2) Cheques drawn on 30.11.2013 but not cleared till December 2013, ₹3,225; ₹ 745 and ₹926.
- 3) Bank Overdraft interest charged on 28.11.2013, not entered in Cash Book ₹ 1,610.
- 4) Cheques received on 29.11.2013 entered in Cash Book but not deposited to Bank till 3rd December 2013, ₹11,322 and ₹1,730.
- 5) Cheque received amounting to ₹35 entered in the Cash Book twice.
- 6) Bills Receivable due on 29.11.13 was sent to Bank for collection on 28.11.13, and was entered in Cash Book forthwith but the proceeds were not credited in Bank Pass Book till 3rd Dec. 2013, ₹ 2,980.
- 7) A periodic payment by Bank for ₹ 80 under standing instruction not entered in Cash Book.
- 8) Cheque deposited on 30th Nov.2013 dishonoured but the entry, therefore, was not made in the Cash Book ₹ 1,890.

12. The cash book of Shri Gupta showed an overdraft of ₹ 30,000 on 31.3.2013. The scrutiny of the entries in the cash book and the pass book revealed that:

- a) On 22nd March, cheques totaling ₹ 6,000 were sent to bankers for collection, out of these, a chequ for ₹ 1,000 was wrongly recorded on the credit side of the cash book and cheques amounting to ₹ 300 could not be collected by bank within the accounting year.
- b) A cheque for ₹ 4,000 was issued to a supplier on 28th March, 2013. The cheque was presented to bank on 4th April, 2013.
- c) There were debits in the pass book for interest ₹ 2,000 on overdraft and bank charges ₹ 600 not recorded in the cash book.
- d) The credit side of the bank column of the cash book was under cast by ₹ 100.

- e) A cheque for ₹ 1,000 was issued to a creditor on 27th March, but the same was not recorded in the cash book. The cheque was, however, duly en-cashed before 31st March.
- f) As per standing instructions, the banker collected dividend of ₹ 500 on behalf of Gupta and credited the same to his account within 31st March, 2013. The fact was, however, intimated to Gupta on 3rd April, 2013.
13. From the following information supplied by Shri Mehta, prepare his bank reconciliation statement as on 31st March, 2013
1. Bank overdraft as per bank statement 1,65,000
 2. Cheques issued but not yet presented for payment 87,500
 3. Cheques deposited with the bank but not yet collected 1,05,000
 4. Cheque recorded in the bank column of the cash book but not sent to the bank for collection 20,000
 5. Payments received from customers direct by the bank 35,000
 6. Bank charges debited in the statement 200
 7. A bill for ₹ 30,000 (discounted with the bank in February at ₹ 29,780) dishonoured on 31st March and noting charges paid by the bank 100
 8. Premium on life policy of Mehta paid by the bank on standing advice 1,800
 9. Overdraft (credit) on 25.3.2013, ₹ 80,000 carried over as debit balance on the next day.
14. On 31st March, 2013, the cash book of Ajay Ghosh showed a bank overdraft of ₹ 3,458. On examination of the cash book and bank statement, the following discrepancies were noted:
- 1) Cheques issued for ₹1,200 were entered in the cash book but were not presented at the bank till first week of April, 2013.
 - 2) Cheques amounting to ₹ 1,000 were entered in the cash book on 30th March, 2013 but were banked on 2nd April, 2013.
 - 3) Cheques amounting to ₹ 500 were deposited in the bank but were not collected till March 31st, 2011.
 - 4) A cheque for ₹ 300 received from Mr. Dass Gupta and deposited in the bank was dishonoured but advice of non-payment was not received from the bank upto 31st March.
 - 5) ₹ 3,000 being the proceeds of a bill collected on 20th March did not appear in the cash book.
 - 6) ₹ 300 being the proceeds of a bill collected on 20th March were omitted to be credited in the pass book.
 - 7) The pass book showed an amount of ₹ 340, being rent which his tenant Madan Gopal had directly deposited on the bank on 30th March, 2013. The item did not appear in cash book.
 - 8) A bill payable of ₹ 600 was duly paid off on 30th March according to the instructions of Ajay Ghosh but this was not entered in cash book before 1st April, 2013.
 - 9) Bank charges of ₹ 30 and interest on overdraft ₹ 170 appeared in the pass book but not in the cash book.

Prepare a bank reconciliation statement and find out the balance as per pass book

15. From the following particulars, prepare a Bank Reconciliation Statement for Jindal offset Ltd.
- I. Balance as per cash book is ₹ 2,40,000
 - II. Cheques issued but not presented in the bank amounts to ₹ 1,36,000.
 - III. Cheques deposited in bank but not yet cleared amounts to ₹ 90,000.
 - IV. Bank charges amounts to ₹ 300.
 - V. Interest credited by bank amounts to ₹ 1,250.
 - VI. The balance as per pass book is ₹ 2,86,950.
16. On 31st March 2019, the Bank Pass Book of Namrata showed a balance of ₹ 1,50,000 to her credit while balance as per cash book was ₹ 1,12,050. On scrutiny of the two books, she ascertained the following causes of difference:
- a) She has issued cheques amounting to ₹ 80,000 out of which only ₹ 32,000 were presented for payment.
 - b) She received a cheque of ₹ 5,000 which she recorded in her cash book but forgot to deposit in the bank.
 - c) A cheque of ₹ 22,000 deposited by her has not been cleared yet.
 - d) Mr. Gupta deposited an amount of ₹ 15,700 in her bank which has not been recorded by her in Cash Book yet.
 - e) Bank has credited an interest of ₹ 1,500 while charging ₹ 250 as bank charges.
17. From the following particulars ascertain the balance that would appear in the Bank Pass Book of A on 31st December, 2019.
1. The bank overdraft as per Cash Book on 31st December, 2019 ₹ 6,340.
 2. Interest on overdraft for 6 months ending 31st December, 2019 ₹ 160 is entered in Pass Book.
 3. Bank charges of ₹ 400 are debited in the Pass Book only.
 4. Cheques issued but not cashed prior to 31st December, 2019, amounted to ₹ 11,68,000.
 5. Cheques paid into bank but not cleared before 31st December, 2019 were for ₹ 22,17,000.
 6. Interest on investments collected by the bank and credited in the Pass Book ₹ 12,00,000.
18. On 30th September, 2019, the bank account of X, according to the bank column of the Cash- Book, was overdrawn to the extent of ₹ 4,062. On the same date the bank statement showed a credit balance of ₹ 20,758 in favour of X. An examination of the Cash Book and Bank Statement reveals the following:
- a) A cheque for ₹ 13,14,000 deposited on 29th September, 2019 was credited by the bank only on 3rd October, 2019.
 - b) A payment by cheque for ₹ 16,000 has been entered twice in the Cash Book.
 - c) On 29th September, 2019, the bank credited an amount of ₹ 1,17,400 received from a customer of X, but the advice was not received by X until 1st October, 2019.
 - d) Bank charges amounting to ₹ 580 had not been entered in the Cash Book.
 - e) On 6th September, 2019, the bank credited ₹ 20,000 to X in error.
 - f) A bill of exchange for ₹ 1,40,000 was discounted by X with his bank. This bill was dishonoured on 28th September, 2019 but no entry had been made in the books of X.
 - g) Cheques issued upto 30th September, 2019 but not presented for payment up to that date totalled 13,26,000

You are required :

- to show the appropriate rectifications required in the Cash Book of X, to arrive at the correct balance on 30th September, 2019 and
- to prepare a bank reconciliation statement as on that date.

19. On 30th December, 2019 the bank column of A. Philip's cash book showed a debit balance of ₹ 4,610. On examination of the cash book and bank statement you find that:

- 1) Cheques amounting to ₹ 6,30,000 which were issued to trade payables and entered in the cash book before 30th December, 2019 were not presented for payment until that date.
- 2) Cheques amounting to ₹ 2,50,000 had been recorded in the cash book as having been paid into the bank on 30th December, 2019, but were entered in the bank statement on 1st January, 2020.
- 3) A cheque received for ₹ 73,000 had been dishonoured prior to 30th December, 2019, but no record of this fact appeared in the cash book.
- 4) A dividend of ₹ 3,80,000, paid direct to the bank had not been recorded in the cash book.
- 5) Bank interest and charges amounting to ₹ 4,200 had been charged in the bank statement but not entered in the cash book.
- 6) No entry had been made in the cash book for a trade subscription of ₹ 10,000 paid vide banker's order in November, 2019.
- 7) A cheque for ₹ 27,000 drawn by B. Philip had been charged to A. Philip's bank account by mistake in December, 2019.

You are required:

- to make appropriate adjustments in the cash book bringing down the correct balance, and
- to prepare a statement reconciling the adjusted balance in the cash book with the balance shown in the bank statement.

20. From the following information, prepare a Bank reconciliation statement as at 31st December, 2019 for Messrs New Steel Limited :

| | | |
|-----|--|-----------|
| (1) | Bank overdraft as per Cash Book on 31st December, 2019 | 22,45,900 |
| (2) | Interest debited by Bank on 26th December, 2019 but no advice received | 2,78,700 |
| (3) | Cheque issued before 31st December, 2019 but not yet presented to Bank | 6,60,000 |
| (4) | Transport subsidy received from the State Government directly by the Bank but not advised to the company | 14,25,000 |
| (5) | Draft deposited in the Bank, but not credited till 31st December, 2019 | 13,50,000 |
| (6) | Bills for collection credited by the Bank till 31st December, 2019 but no advice received by the company | 8,36,000 |

| | | |
|-----|---|----------|
| (7) | Amount wrongly debited to company account by the Bank, for which no details are available | 7,40,000 |
|-----|---|----------|

21. The Cash Book of Mr. Gadbadwala shows ₹ 8,36,400 as the balance at Bank as on 31st December, 2019, but you find that it does not agree with the balance as per the Bank Pass Book. On scrutiny, you find the following discrepancies:

1. On 15th December, 2019 the payment side of the Cash Book was undercast by ₹ 10,000.
2. A cheque for ₹ 1,31,000 issued on 25th December, 2019 was not taken in the bank column.
3. One deposit of ₹ 1,50,000 was recorded in the Cash Book as if there is no bank column therein.
4. On 18th December, 2019 the debit balance of ₹ 15,260 as on the previous day, was brought forward as credit balance.
5. Of the total cheques amounting to ₹ 11,514 drawn in the last week of December, 2019, cheques aggregating ₹ 7,815 were encashed in December.
6. Dividends of ₹ 25,000 collected by the Bank and subscription of ₹ 1,000 paid by it were not recorded in the Cash Book.
7. One out-going Cheque of ₹ 3,50,000 was recorded twice in the Cash Book.

Prepare a Reconciliation Statement.

22. When Nikki & Co. received a Bank Statement showing a favourable balance of ₹ 10,39,200 for the period ended on 30th June, 2019, this did not agree with the balance in the cash book.

An examination of the Cash Book and Bank Statement disclosed the following :

- 1) A deposit of ₹ 3,09,200 paid on 29th June, 2019 had not been credited by the Bank until 1st July, 2019.
- 2) On 30th March, 2019 the company had entered into hire purchase agreement to pay by bank order a sum of ₹ 3,00,000 on the 10th of each month, commencing from April, 2019. No entries had been made in Cash Book.
- 3) A customer of the firm, who received a cash discount of 4% on his account of ₹ 4,00,000 paid the firm a cheque on 12th June. The cashier erroneously entered the gross amount in the bank column of the Cash Book.
- 4) Bank charges amounting to ₹ 3,000 had not been entered in Cash-Book.
- 5) On 28th June, a customer of the company directly deposited the amount in the bank ₹ 4,00,000, but no entry had been made in the Cash Book.
- 6) ₹ 11,200 paid into the bank had been entered twice in the Cash Book.
- 7) A debit of ₹ 11,00,000 appeared in the Bank Statement for an unpaid cheque, which had been returned marked 'out of date'. The cheque had been re-dated by the customer and paid into Bank again on 5th July, 2019.

Prepare Bank Reconciliation Statement on 30 June, 2019.

23. The bank column of cash book of Mukesh was balanced on 31st March, 2019. It showed an overdraft of ₹ 5,000. This did not agree with the balance shown by bank statement of Mukesh. You are required to prepare a bank reconciliation statement taking the following into account :
- 1) Cheques issued but not presented for payment till 31.3.2019 ₹ 12,00,000.
 - 2) Cheques deposited but not collected by bank till 31.3.2019 ₹ 20,00,000.
 - 3) Interest on term-loan ₹ 10,00,000 debited by bank on 31.3.2019 but not accounted in Mukesh's book.
 - 4) Bank charges ₹ 2,500 was debited by bank during March, 2019 but accounted in the books of Mukesh on 4.4.2019.
 - 5) An amount of ₹ 30,68,000 representing collection of Remesh's cheque was wrongly credited to the account of Mukesh by the bank in their bank statement.
24. From the following particulars prepare a bank reconciliation statement as on 31st December 2019:
- i) On 31st December, 2019 the cash-book of a firm showed a bank balance of ₹ 60,000 (debit balance).
 - ii) Cheques had been issued for ₹ 15,00,000, out of which cheques worth ₹ 4,00,000 only were presented for payment.
 - iii) Cheques worth ₹ 11,40,000 were deposited in the bank on 28th December, 2019 but had not been credited by the bank. In addition to this, one cheque for ₹ 5,00,000 was entered in the cash book on 30th December, 2019 but was banked on 3rd January, 2020.
 - iv) A cheque from Susan for ₹ 4,00,000 was deposited in the bank on 26th December 2019 but was dishonoured and the advice was received on 2nd January, 2020.
 - v) Pass-book showed bank charges of ₹ 2000 debited by the bank.
 - vi) One of the debtors deposited a sum of ₹ 5,00,000 in the bank account of the firm on 20th December, 2019 but the intimation in this respect was received from the bank on 2nd January, 2020.
 - vii) Bank pass-book showed a debit balance of ₹ 3,82,000 on 31st December, 2019.
25. 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.
 - (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.
 - (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.

26. From the following information prepare a Bank Reconciliation Statement as on 31st March 2022 for A Ltd.

| | ₹ |
|---|-----------|
| Bank overdraft as per cash book as 31st March, 2022 | 15,50,750 |
| 1. Cheques deposited on 15th February, 2022 credited on 5th April, 2022 | 12,50,000 |
| 2. Interest debited by bank on 31st March, 2022 but not entered in Cash Book | 1,75,500 |
| 3. Cheques issued before 31st March, 2022 but not yet presented | 7,75,000 |
| 4. On 10th March, 2022 bank credited to A Ltd. in error | 1,50,000 |
| 5. Draft deposited in bank but not credited till 31st March, 2022 | 12,75,000 |
| 6. Bills for collection credited by bank but no advice received by the company | 9,45,000 |
| 7. Bank charges charged by bank but not entered in cash book | 2,85,000 |
| 8. Transport subsidy received from the state government directly by the bank not advised to the company | 17,50,000 |

27. The cash book of Mr. Karan shows ₹ 2,60,400 as the balance of bank as on 31st December, 2021 but you find that it does not agree with the balance as per the bank pass book. On analysis, you found the following discrepancies:

- (i) On 15th December, 2021 the payment side of the cash book was overcast by
- (ii) ₹ 10,000.
- (iii) A Cheque for ₹ 1,18,000 issued on 6th December, 2021 was not taken in the bank Column.
- (iv) On 20th December, 2021 the debit balance of ₹ 8,460 as on the previous day, was brought forward as credit balance in the cash book.
- (v) Of the total cheques amounting to ₹ 12,370 drawn in the last week of December 2021, cheques aggregating ₹ 9,360 were encashed in December, 2021.
- (vi) Dividends of ₹ 35,000 collected by the bank and fire insurance premium of ₹ 7,900 paid by the bank were not recorded in the cash book.
- (vii) A Cheque issued to a creditor of ₹ 1,75,000 was recorded twice in the cash book.
- (viii) Bill for collection amounting to ₹ 53,000 credited by the bank on 21st December, 2021 but no advice was received by Mr. Karan till 31st December, 2021.
- (ix) A Customer, who received a cash discount of 3% on his account of ₹ 60,000 paid a cheque on 10th December, 2021. The cashier erroneously entered the gross amount in the bank column of the cash book.

You are required to prepare the bank reconciliation statement as on 31st December, 2021.

28. According to the cash-book of G there was balance of ₹ 4,45,000 in his bank on 30th June, 2021 On investigation you find that :

- 1) Cheques amounting to 60,000 issued to creditors have not been presented for payment till the date
- 2) Cheques paid into bank amounting to 1,10,500 out of which cheques amounting to ₹ 55,000 only collected by bank up to 30th June 2021
- 3) A dividend of ₹ 4,000 and rent amounting to 60,000 received by the bank and entered in the pass-book but not recorded in the cash book.
- 4) Insurance premium (up to 31st December, 2020) paid by the bank ₹ 2,700 not entered in the cash book.
- 5) The payment side of the cash book had been under cast by ₹ 500
- 6) Bank charges ₹ 150 shown in the pass book had not been entered in the cash book.
- 7) A bill payable of ₹ 20,000 had been paid by the bank but was not entered in the cash book and bill receivable for ₹ 6,000 had been discounted with the bank at a cost of ₹ 100 which had also not been recorded in cash book.

You are required:

- A. To make the appropriate adjustments in the cash book, and
- B. To prepare a statement reconciling it with the bank pass book.

Valuation of Inventory

1. Raj Ltd. prepared their accounts financial year ended on 31st March 2019. Due to unavoidable circumstances actual stock has been taken on 10th April 2019, when it was ascertained at ₹ 1,25,000. It has been found that;
 - a) Sales are entered in the Sales Book on the day of dispatch and return inwards in the Returns Inward Book on the day of the goods received back.
 - b) Purchases are entered in the Purchase Book on the day the Invoices are received.
 - c) Sales between 1st April 2019 to 9th April 2019 amounting to ₹ 20,000 as per Sales Day Book.
 - d) Free samples for business promotion issued during 1st April 2019 to 9th April 2019 amounting to ₹ 4,000 at cost.
 - e) Purchases during 1st April 2019 to 9th April 2019 amounting to ₹ 10,000 but goods amounts to ₹ 2,000 not received till the date of stock taking.
 - f) Invoices for goods purchased amounting to ₹ 20,000 were entered on 28th March 2019 but the goods were not included in stock.
 - g) Rate of Gross Profit is 25% on cost.

Ascertain the value of Stock as on 31st March 2019.

May 2019

2. Physical verification of stock in a business was done on 23rd February, 2020. The value of the stock was ₹ 28,00,000. The following transactions took place from 23rd February to 29th February, 2020 :
 - a) Out of the goods sent on consignment, goods at cost worth ₹ 2,30,000 were unsold.
 - b) Purchases of ₹ 3,00,000 were made out of which goods worth ₹ 1,20,000 were delivered on 5th March, 2020.
 - c) Sales were ₹ 13,60,000 which include goods worth ₹ 3,20,000 sent on approval. Half of these goods were returned before 29th February, 2020, but no information is available regarding the remaining goods.
 - d) Goods are sold at cost plus 25%. However, goods costing ₹ 2,40,000 had been sold for ₹ 1,50,000.

Determine the value of stock on 29th February, 2020

Nov 2020

3. From the following particulars ascertain the value of inventories as on 31st March, 2020 :

| | |
|-----------------------------------|-------------|
| Inventory as on 1st April, 2019 | ₹ 3,50,000 |
| Purchase made during the year | ₹ 12,00,000 |
| Sales | ₹ 18,50,000 |
| Manufacturing Expenses | ₹ 1,00,000 |
| Selling and Distribution Expenses | ₹ 50,000 |
| Administration Expenses | ₹ 80,000 |

At the time of valuing inventory as on 31st March, 2019, a sum of ₹ 20,000 was written off on a particular item which was originally purchased for ₹ 55,000 and was sold during the year for ₹ 50,000. Except the above-mentioned transaction, gross profit earned during the year was 20 on sales.

Jan 2021

4. Closing stock is valued by Zebra Stores on generally accepted accounting principles. Stock taking for the year ended 31st March, 2020 was completed by 10th April, 2020, the valuation of which showed a stock figure of ₹ 5,02,500 at cost as on the completion date. After the end of the accounting year and till the date of completion of stock taking, sales for the next year were made for ₹ 20,625, profit margin being 33.33 percent on cost. Purchases for the next year included in the stock amounted to ₹ 27,000 at cost less trade discount 10 percent. During this period, goods were added to stock of the markup price of ₹ 900 in respect of sales returns. After stock taking it was found that there were certain very old slow moving items costing ₹ 3,375 which should be taken at ₹ 1,575 to ensure disposal to an interested customer. Due to heavy floods, certain goods costing ₹ 4,650 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 ₹ 3,750 on 31st March, 2020. You are required to calculate the value of stock for inclusion in the final accounts for the year ended 31st March, 2020
5. 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:
- i) Out of the goods sent on consignment, goods at cost worth ₹ 2,40,000 were unsold.
 - ii) Purchases of ₹ 4,00,000 were made out of which goods worth ₹ 1,60,000 were delivered on 5th July, 2020.
 - iii) 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, but no information is available regarding the remaining goods.
 - iv) 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.

6. The Profit and loss account of Hanuman showed a net profit of ₹ 6,00,000, after considering the closing stock of ₹ 3,75,000 on 31st March, 2020. Subsequently the following information was obtained from scrutiny of the books:
- I. Purchases for the year included ₹ 15,000 paid for new electric fittings for the shop.
 - II. Hanuman gave away goods valued at ₹ 40,000 as free samples for which no entry was made in the books of accounts.
 - III. Invoices for goods amounting to ₹ 2,50,000 have been entered on 27th March, 2020, but the goods were not included in stock.
 - IV. In March, 2020 goods of ₹ 2,00,000 sold and delivered were taken in the sales for April, 2020.
 - V. Goods costing ₹ 75,000 were sent on sale or return in March, 2020 at a margin of profit of 33-1/3% on cost. Though approval was given in April, 2020 these were taken as sales for March, 2020.

Calculate the value of stock on 31st March, 2020 and the adjusted net profit for the year ended on that date.

7. X who was closing his books on 31.3.2020 failed to take the actual stock which he did only on 9th April, 2020, when it was ascertained by him to be worth ₹ 2,50,000.

It was found that sales are entered in the sales book on the same day of dispatch and return inwards in the returns book as and when the goods are received back. Purchases are entered in the purchases day book once the invoices are received.

It was found that sales between 31.3.2020 and 9.4.2020 as per the sales day book are ₹ 17,200. Purchases between 31.3.2020 and 9.4.2020 as per purchases day book are ₹ 1,200, out of these goods amounting to ₹ 500 were not received until after the stock was taken.

Goods invoiced during the month of March, 2020 but goods received only on 4th April, 2020 amounted to ₹ 1,000. Rate of gross profit is 33-1/3% on cost.

Ascertain the value of physical stock as on 31.3.2020

8. From the following information, ascertain the value of stock as on 31.3.2020:

| | |
|--|-----------|
| Value of stock on 1.4.2019 | 7,00,000 |
| Purchases during the period from 1.4.2019 to 31.3.2020 | 34,60,000 |
| Manufacturing expenses during the above period | 7,00,000 |
| Sales during the same period | 52,20,000 |

At the time of valuing stock on 31.3.2019 a sum of ₹ 60,000 was written off a particular item which was originally purchased for ₹ 2,00,000 and was sold for ₹ 1,60,000. But for the above transaction the gross profit earned during the year was 25% on cost.

9. The following are the details of a spare part of Sriram Mills:

| | | |
|-----------|------------------------|---------------------------|
| 1-1-2020 | Opening Inventory | Nil |
| 1-1-2020 | Purchases | 100 units @ ₹ 30 per unit |
| 15-1-2020 | Issued for consumption | 50 units |
| 1-2-2020 | Purchases | 200 units @ ₹ 40 per unit |
| 15-2-2020 | Issued for consumption | 100 units |
| 20-2-2020 | Issued for consumption | 100 units |

Find out the value of Inventory as on 31-3-2020 if the company follows Weighted Average basis.

10. A trader prepared his accounts on 31st March, each year. Due to some unavoidable reasons, no inventory taking could be possible till 15th April, 2020 on which date the total cost of goods in his godown came to ₹ 5,00,000. The following facts were established between 31st March and 15th April, 2020.

Sales ₹ 4,10,000 (including cash sales ₹ 1,00,000), Purchases ₹ 50,340 (including cash purchases ₹ 19,900), Sales Return ₹ 10,000. 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, 2020.

11. 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 the total cost of goods in his Godown came to ₹ 2,50,000. The following facts were established between 31st March and 15th April, 2022.

- I. Sales ₹ 2,05,000 (including cash sales ₹ 50,000)
- II. Purchases ₹ 25,170 (including cash purchases ₹ 9,950)
- III. Sales Return ₹ 5,000
- IV. On 15th March, goods of the sale value of ₹ 50,000 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 ₹ 40,000 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, 2022.

12. The Profit and Loss account of Ram showed a net profit of ₹ 5,75,000 after considering the closing stock of ₹ 2,55,000 on 31st March 2022. Subsequently the following information was obtained from scrutiny of the books.

- (i) Purchases for the year included ₹ 10,500 paid for electrical fittings of the shop.
- (ii) Ram gave goods worth of ₹ 25,000 as free samples for which no entry was made.
- (iii) Invoices for goods amounting to ₹ 1,85,000 have been entered on 29th March 2022 but were not included in the stock.
- (iv) Sales amounting to ₹ 2,05,000 were dispatched on 27th March but were included in sales of April, 2022.
- (v) Goods costing ₹ 55,000 were sent on sale or return basis in March, 2022 at a margin of profit of 33½ % on cost. Approval was given in April, 2022 but these were considered as sales in March, 2022.

Calculate. the value of stock as on 31st March, 2022 and the adjusted net profit for the year ended on that date

13. Zed Enterprises furnishes the following information for the year ended 31st March, 2021.

| Particulars | Amount (₹) |
|--|-------------|
| Value of Stock as on 1st April, 2020 | 28,00,000 |
| Purchases during the year | 1,38,40,000 |
| Manufacturing Expenses during the year | 28,00,000 |
| Sales during the year | 2,08,80,000 |

The following further information is also provided:

- a) At the time of valuing stock on 31st March,2020 a sum of ₹ 2,40,000 was written off for a particular item which was originally purchased for ₹ 8,00,000. This item was sold during the year ended 31st March,2021 for ₹ 6,40,000.
- b) Except for the above transaction, the rate of gross profit during the year was 1/3rd on cost.

Ascertain the value of Stock as on 31st March,2021.

Accounting for Depreciation

1. A Plant & Machinery costing ₹ 10,00,000 is depreciated on straight line assuming 10 year working life and zero residual value, for four years. At the end of the fourth year, the machinery was revalued upwards by ₹ 40,000. The remaining useful life was reassessed at 8 year. Calculate Depreciation for the fifth year. **Nov 2018**

2. A Firm purchased an old Machinery for ₹ 37,000 on 1st January, 2015 and spent ₹ 3,000 on its overhauling. On 1st July 2016, another machine was purchased for ₹ 10,000. On 1st July 2017, the machinery which was purchased on 1st January 2015, was sold for ₹ 28,000 and the same day a new machinery costing ₹ 25,000 was purchased. On 1st July, 2018, the machine which was purchased on 1st July, 2016 was sold for ₹ 2,000.

Depreciation is charged @ 10% per annum on straight line method. The firm changed the method and adopted diminishing balance method with effect from 1st January, 2016 and the rate was increased to 15% per annum. The books are closed on 31st December every year.

Prepare Machinery account for four years from 1st January, 2015. **May 2019**

3. X purchased a machinery on 1st January 2017 for ₹ 4,80,000 and spent ₹ 20,000 on its installation. On July 1, 2017 another machinery costing ₹ 2,00,000 was purchased. On 1st July, 2018 the machinery purchased on 1st January, 2017 having become scrapped and was sold for ₹ 2,90,000 and on the same date fresh machinery was purchased for ₹ 5,00,000. Depreciation is provided annually on 31st December at the rate of 10% p.a. on written down value.

Prepare Machinery account for the years 2017 and 2018. **Nov 2019**

4. M/s. Dayal Transport Company purchased 10 trucks @ ₹ 50,00,000 each on 1st July 2017. On 1st October, 2019, one of the trucks is involved in an accident and is completely destroyed and ₹ 35,00,000 is received from the insurance in full settlement. On the same date, another truck is purchased by the company for the sum of ₹ 60,00,000. The company writes off 20% of the original cost per annum. The company observes the calendar year as its financial year.

Give the motor truck account for two years ending 31st December, 2020. **Jan 2021**

5. M/s Roxy purchased a brand new machinery on 1st January 2017 for ₹ 3,20,000 and also incurred ₹ 80,000 on its installation. Another machinery was purchased on 1st July 2017 for ₹ 1,60,000. On 1st July 2019, the machinery purchased on 1st January 2017 was sold for ₹ 2,50,000. Another machinery was purchased and installed on 30th September 2019 for ₹ 60,000.

Under existing practice, the company provides for depreciation @10% p.a. on Original cost. However, from the year 2020 it decided to adapt WDV method and charge the depreciation @ 15% p.a. You are required to show the Machinery Account for the years 2019 and 2020 considering the books of accounts are closed on 31st December each year. **RTP MAY 21**

6. M/s. Green Channel purchased a second-hand machine on 1st January, 2015 for ₹ 1,60,000. Overhauling and erection charges amounted to ₹ 40,000. Another machine was purchased for ₹ 80,000 on 1st July, 2015. On 1st July, 2017, the machine installed on 1st January, 2015 was sold for ₹ 1,00,000. Another machine amounted to ₹ 30,000 was purchased and was installed on 30th September, 2017.

Under the existing practice the company provides depreciation @ 10% p.a. on original cost. However, from the year 2018 it decided to adopt WDV method and to charge depreciation @ 15% p.a. You are required to prepare Machinery account for the years 2015 to 2018

7. M/s Ewaan Traders & Co. commenced business on 1st January 2017, when they purchased plant and equipment for ₹ 8,00,000. They adopted a policy of charging depreciation at 15% per annum on diminishing balance basis and over the years, their purchases of plant have been:

| Date | Amount |
|----------|----------|
| 1-1-2018 | 2,50,000 |
| 1-1-2021 | 4,00,000 |

On 1-1-2021 it was decided to change the method and rate of depreciation to straight line basis. On this date remaining useful life was assessed as 5 years for all the assets purchased before 1.1.2021 with no scrap value and 12 years for the asset purchased on 1.1.2021.

Required

Prepare Machinery account for the year 2021

8. The Machinery Account of a Factory showed a balance of ₹ 20,00,000 on 1st January, 2019. Its accounts were made up on 31st December each year and depreciation are written off at 10% p.a. under the Diminishing Balance Method.

On 1st June 2019, a new machinery was acquired at a cost of ₹ 3,00,000 and installation charges incurred in erecting the machine works out to ₹ 20,000 on the same date. On 1st June, 2019 a machine which had cost ₹ 4,50,000 on 1st January 2017 was sold for ₹ 75,000. Another machine which had cost ₹ 4,00,000 on 1st January, 2018 was scrapped on the same date and it realized 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.

9. Amazing group had Property, Plant & Equipment (PP&E) with a book value of ₹ 45,00,000 on 31st December 2019. The balance in Revaluation Surplus on that date was ₹ 5,00,000. 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) ₹ 47,00,000 (b) ₹ 42,00,000 and (c) ₹ 38,00,000. Also, give the journal entries.

10. The Machinery Account of a Factory showed a balance of ₹ 95 Lakhs on 1st April, 2020.

The Books of Accounts

Depreciation is written off of the Factory are closed on 31st March every year and @ 10% per annum under the Diminishing Balance Method. On 1st September, 2020 a new machine was acquired at a cost of ₹ 14 Lakhs and ₹ 44,600 was incurred on the same day as installation charges for erecting the machine. On 1st September, 2020 a machine which had cost ₹ 21,87,000 on 1st April, 2018 was sold for ₹ 3,75,000. Another machine which had cost ₹ 21,85,000 on 1st April, 2019 was scrapped on 1st September, 2020 and it realized nothing. Prepare Machinery Account for the year ended 31st March, 2021. Allow the same rate of depreciation as in the past and calculate depreciation to the nearest multiple of a rupee. Also show all the necessary working notes.

11. 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 |

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.

12. A purchased a machinery for ₹ 1,30,000 on 1st April, 2019 and paid ₹ 20,000 for freight & installation charges. On 1st October, 2021 another machine was purchased for 50,000 and sold old machinery for ₹ 1,00,000. The machine purchased on 1st October, 2021 was installed on 1st January, 2022.

Under existing practice, the company is charging depreciation @ 20% p.a. on the original cost. However, from 1st April, 2021 it decided to adopt WDV method and charge depreciation @15% p.a. You are required to prepare Machinery Account from 1st April, 2019 to 31st March, 2022.

13. On 1st January, 2019 Kohinoor Transport Company purchased a Bus for ₹ 8,00,000. On 1st July, 2020 this bus was damaged due to fire and was completely destroyed and ₹ 6,00,000 were received by a cheque from the Insurance Company in full settlement on 1st October, 2020. On 1st July, 2020 another Bus was purchased by the company for ₹ 10,00,000. The Company charges Depreciation @ 20% per annum under the WDV Method. Calculate the amount of depreciation for the year ended 31 st March, 2021 and gain or loss on the destroyed Bus.

Bill of exchange

1. On 1st January 2018, Akshay draws two bills of exchange for ₹ 16,000 and ₹ 25,000.

The bill of exchange for ₹ 16,000 is for two months while the bill of exchange for ₹ 25,000 is for three months. These bills are accepted by Vishal. On 4th March, 2018, Vishal requests Akshay to renew the first bill with interest at 15% p.a. for a period of two months. Akshay agreed to this proposal. On 25th March, 2018, Vishal retires the acceptance for ₹ 25,000, the interest rebate i.e. discount being ₹ 250. Before the due date of the renewed bill, Vishal becomes insolvent and only 50 paise in a rupee could be recovered from his estate.

Show the Journal Entries (with narrations) in the books of Akshay. **May 2019**

2. Suresh draws a bill for ₹15,000 on Anup on 15th April, 2020 for 3 months, which is returned by Anup to Suresh after accepting the same. Suresh gets it discounted with the bank for ₹ 14,700 on 18th April, 2020 and remits one-third amount to Anup. On the due date Suresh fails to remit the amount due to Anup, but he accepts bill of ₹ 17,500 for 3 months, which Anup discounts for ₹ 17,100 and remits ₹ 2,825 to Suresh. Before the maturity of the renewed bill Suresh becomes insolvent and only 50% was realized from his estate on 31st October, 2020.

Pass necessary Journal entries for the above transactions in the books of Suresh.

Nov 2020

3. Prepare Journal entries for the following transactions in Samarth's books.
- 1) Samarth's acceptance to Aarav for ₹ 1,250 discharged by a cash payment of ₹ 500 and a new bill for the balance plus ₹ 25 for interest.
 - 2) G. Gupta's acceptance for ₹ 4,000 which was endorsed by Samarth to Sahni was dishonoured. Sahni paid ₹ 20 noting charges. Bill withdrawn against cheque.
 - 3) Harshad retires a bill for ₹ 5,000 drawn on him by Samarth for ₹ 20 discount.
 - 4) Samarth's acceptance to Patel for ₹ 19,000 discharged by Sandeep Chadha's acceptance to Samarth for a similar amount.

RTP MAY 21

4. Prepare Journal entries for the following transactions in David's books.
- i. David's acceptance to Samuel for ₹ 5,000 discharged by a cash payment of ₹ 1,000 and a new bill for the balance plus ₹ 100 for interest.
 - ii. Samantha's acceptance for ₹ 8,000 which was endorsed by David to Flex was dishonoured. Flex paid ₹ 50 noting charges. Bill withdrawn against cheque.
 - iii. Simon retires a bill for ₹ 2,000 drawn on him by David for ₹ 20 discount.
 - iv. David's acceptance to Ralph for ₹ 20,000 discharged by Ralph's Kent's acceptance to David for a similar amount.

RTP NOV 21

5. Mr. B accepted a bill for ₹ 10,000 drawn on him by Mr. A on 1st August, 2017 for 3 months. This was for the amount which B owed to A. On the same date Mr. A got the bill discounted at his bank for ₹ 9,800. On the due date, B approached A for renewal of the bill. Mr. A 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 B should accept a new bill for 3 months. These arrangements were carried through. On 31st December, 2017, B became insolvent and his estate paid 40%.
6. Priya owed ₹5,00,000 to Pratika. On 1st October, 2022, Priya accepted a bill drawn by

Pratika for the amount at 3 months. Pratika got the bill discounted with his bank for ₹4,95,000 on 3rd October, 2022. Being unable to pay the amount on due date, Priya approached Pratika for renewal of the bill. Pratika agreed on the conditions that ₹ 2,50,000 be paid immediately together with interest on the remaining amount at 10% per annum for 3 months and for the balance, Priya should accept a new bill at three months. These arrangements were carried out. But afterwards, Priya became insolvent and 60% of the amount could be recovered from his estate.

Pass journal entries (with narration) in the books of Pratika.

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

7. Mr. David draws two bills of exchange on 1.1.2020 for ₹6,000 and ₹10,000. The bills of exchange for ₹6,000 is for two months while the bill of exchange for ₹10,000 is for three months. These bills are accepted by Mr. Thomas. On 4.3.2020, Mr. Thomas requests Mr. David to renew the first bill with interest at 18% p.a. for a period of two months. Mr. David agrees to this proposal. On 20.3.2020, Mr. Thomas retires the acceptance for ₹10,000, the interest rebate i.e. discount being ₹100. Before the due date of the renewed bill, Mr. Thomas becomes insolvent and only 50 paise in a rupee could be recovered from his estate.

You are to give the journal entries in the books of Mr. David.

8. On 1st July, 2019 Gorge drew a bill for ₹1,80,000 for 3 months on Harry for mutual accommodation. Harry accepted the bill of exchange. Gorge had purchased goods worth ₹1,81,000 from Jack on the same date. Gorge endorsed Harry's acceptance to Jack in full settlement. On 1st September, 2019, Jack purchased goods worth ₹1,90,000 from Harry. Jack endorsed the bill of exchange received from Gorge to Harry and paid ₹ 9,000 in full settlement of the amount due to Harry. On 1st October, 2019, Harry purchased goods worth ₹2,00,000 from Gorge. Harry paid the amount due to Gorge by cheque. Give the necessary Journal Entries in the books of Harry and Gorge.
9. For the mutual accommodation of 'X' and 'Y' on 1st April, 2019, 'X' drew a four months' bill on 'Y' for ₹4,000. 'Y' returned the bill after acceptance of the same date. 'X' discounts the bill from his bankers @ 6% per annum and remit 50% of the proceeds to 'Y'. On due date 'X' is unable to send the amount due and therefore 'Y' draws a bill for ₹7,000, which is duly accepted by 'X'. 'Y' discounts the bill for ₹6,600 and sends ₹1,300 to 'X'. Before the bill is due for payment 'X' becomes insolvent. Later 25 paise in a rupee received from his estate. Record Journal entries in the books of 'X'.
10. Anil draws a bill for ₹9,000 on Sanjay on 5th April, 2019 for 3 months, which Sanjay returns it to Anil after accepting the same. Anil gets it discounted with the bank for ₹ 8,820 on 8th April, 2019 and remits one-third amount to Sanjay. On the due date Anil fails to remit the amount due to Sanjay, but he accepts a bill for ₹12,600 for three months, which Sanjay discounts it for ₹ 12,330 and remits ₹ 2,220 to Anil. Before the maturity of the renewed bill Anil becomes insolvent and only 50% was realized from his estate on 15th October, 2019. Pass necessary Journal entries for the above transactions in the books of Anil.
11. On 12th May, 2020 A sold goods to B for 36,470 and drew upon the later two bills one for ₹ 16,470 at one month and the other for ₹ 20,000 at three months. B accepted both the bills. On 5th 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 honour the second bill on the due date and the bank had to pay ₹ 20 as noting charges. However, on 16th August, 2020 it was agreed between A and B that B would

immediately pay ₹ 8,020 in cash and accept a new bill at 3 months for ₹ 12,480 which included interest for postponement of the part payment of the dishonoured bill. A immediately sent new acceptance to its bank for collection on the due date. On 1st October, 2020 B approached A offering ₹ 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.

12. Mr. Tanu accepted a bill for ₹ 1,00,000 drawn on him by Mr. Manu on 1st August, 2021 for 3 months. This was for the amount which Tanu owed to Manu. On the same date Mr. Manu got the bill discounted at his bank for ₹ 98,000.

On the due date, Tanu approached Manu for renewal of the bill. Mr. Manu agreed on condition that ₹ 20,000 be paid immediately along with interest on the remaining amount at 12% p.a. for 3 months and that for the remaining balance Tanu should accept a new bill for 3 months. These arrangements were carried through. On 31st December, 2021, Tanu became insolvent and his estate paid 40%.

Prepare Journal Entries in the books of Mr. Manu.

13. T draws on J a bill of exchange for ₹ 1,80,000 on 1st April, 2022 for 3 months. J accepts the bill and sends it to T, who gets it discounted from his banker for ₹ 1,72,800. T immediately remits ₹ 57,600 to J. On the due date, T, being unable to remit the amount due, accepts a bill for ₹ 2,52,000 for three months, which is discounted by J from his banker for ₹ 2,40,660. J sends ₹ 40,440 to T. Before the maturity of the bill, T becomes bankrupt and his estate paying fifty paise in a rupee.

Give the journal entries in the books of T and J.

Final accounts

1. Following is the trial balance of M/s. Chandu traders as on 31st march 2021. Prepare Trading and Profit& Loss Account for the year ended 31st march 2021 and Balance sheet as on that date.

| Particulars | Debit | Credit |
|------------------------|-----------|-----------|
| Capital | | 9,00,000 |
| Building | 3,15,000 | |
| Drawings | 1,18,000 | |
| Furniture and fittings | 17,500 | |
| Motor van | 1,25,000 | |
| Loan from Hari | | 1,50,000 |
| Interest paid on above | 9,000 | |
| Sales | | 10,00,000 |
| Purchase | 7,50,000 | |
| Opening stock | 2,50,000 | |
| Establishment expenses | 1,15,000 | |
| Wages | 12,000 | |
| Insurance | 11,000 | |
| Commission received | | 24,500 |
| Sundry debtors | 3,28,100 | |
| Bank balance | 2,46,900 | |
| Sundry creditors | | 2,10,000 |
| Interest | | 13,000 |
| Total | 22,97,500 | 22,97,500 |

The value of inventory on 31/03/2021 was 3,20,000

2. The following is the trial balance of Mahesh on 31st march 2019

| Particulars | Debit | Credit |
|------------------------------------|-----------|-----------|
| Capital | | 2,00,000 |
| Inventory on 01.04.2018 | 2,40,000 | |
| Plant and machinery | 2,50,000 | |
| Furniture and fittings | 13,000 | |
| Debtors and creditors | 2,28,500 | 2,60,000 |
| Purchase and sales | 10,67,500 | 24,00,000 |
| Bills receivable and bills payable | 36,000 | 28,000 |

| | | |
|-----------------------------------|-----------|-----------|
| Return inwards and return outward | 46,500 | 27,500 |
| Discount | 32,500 | 18,500 |
| Bad debt | 12,500 | |
| General expenses | 5,000 | |
| Insurance | 31,500 | |
| Electricity charges | 4,000 | |
| Rent | 30,000 | |
| Drawings | 35,000 | |
| Profit on sale of fixed Furniture | | 12,500 |
| Salaries | 70,000 | |
| Wages | 7,50,000 | |
| Cash at bank | 32,500 | |
| Cash in hand | 2,000 | |
| Motor vehicle | 60,000 | |
| Total | 29,46,500 | 29,46,500 |

Inventory on 31/03/2019 was 2,60,000

You are required to prepare Trading and Profit and Loss account for the year ended 31/03/2019 and balance sheet as on that date.

3. Following is the Trial Balance of M/s kasturi Agencies as on 31st March, 2015. Prepare Trading, Profit and Loss Account for the year ended 31st March, 2015 and a Balance Sheet on that date.

| Particulars | ₹ | ₹ |
|------------------------|--------|----------|
| Capital | | 1,00,000 |
| Buildings | 15,000 | |
| Drawings | 18,000 | |
| Furniture & Fittings | 7,500 | |
| Motor van | 25,000 | |
| Loan from Hari | | 15,000 |
| Interest paid on above | 900 | |
| Sales | | 1,00,000 |
| Purchases | 75,000 | |
| Opening stock | 25,000 | |

| | | |
|------------------------|----------|----------|
| Establishment expenses | 15,000 | |
| Wages | 2,000 | |
| Insurance | 1,000 | |
| Commission received | | 4,500 |
| Sundry debtors | 28,100 | |
| Bank balance | 20,000 | |
| Sundry creditors | | 10,000 |
| Interest | | 3,000 |
| | 2,32,500 | 2,32,500 |

The value of stock on 31-3-2015 was ₹32,000.

4. Following particulars are extracted from the books of Mr. Vaid for the year ended 31st March, 2021.

| Particulars | Amount | Particulars | Amount |
|------------------------|------------|-------------------------|------------|
| Debit Balances: | Rs. | Credit Balances: | Rs. |
| Cash in hand | 3,000 | Capital | 32,000 |
| Purchase | 24,000 | Bank overdraft | 4,000 |
| Sales return | 2,000 | Sales | 18,000 |
| Salaries | 5,000 | Purchase return | 4,000 |
| Tax and Insurance | 1,000 | Interest | 2,000 |
| Bad debts | 1,000 | Creditors | 4,000 |
| Debtors | 10,000 | Commission | 1,000 |
| Investments | 8,000 | Bills payable | 5,000 |
| Opening stock | 2,800 | | |
| Drawings | 4,000 | | |
| Furniture | 3,200 | | |
| Bills receivables | 6,000 | | |
| | 70,000 | | 70,000 |

Closing stock was valued at Rs. 9,000.

You are required to prepare the final accounts after making above adjustments.

5. The following are the balances extracted from the books of Shri Raghuram as on 31.03.2018, who carries on business under the name and style of M/s Raghuram and Associates at Chennai:

| Particulars | Debit (₹) | Credit (₹) |
|------------------------------|-----------|------------|
| Capital A/c | | 14,11,400 |
| Purchases | 12,00,000 | |
| Purchase Returns | | 18,000 |
| Sales | | 15,00,000 |
| Sales Returns | 24,000 | |
| Freight Inwards | 62,000 | |
| Carriage Outwards | 8,500 | |
| Rent of Godown | 55,000 | |
| Rates and Taxes | 24,000 | |
| Salaries | 72,000 | |
| Discount allowed | 7,500 | |
| Discount received | | 12,000 |
| Drawings | 20,000 | |
| Printing and Stationery | 6,000 | |
| Insurance premium | 48,000 | |
| Electricity charges | 14,000 | |
| General expenses | 11,000 | |
| Bank charges | 3,800 | |
| Bad debts | 12,200 | |
| Repairs the Motor vehicle | 13,000 | |
| Interest on loan | 4,400 | |
| Profit on sale of investment | | 10,000 |
| Loan from Mr. Raian | | 60,000 |
| Sundry creditors | | 62,000 |
| Motor vehicles | 1,00,000 | |
| Land and Buildings | 5,00,000 | |
| Office equipment | 2,00,000 | |
| Furniture and Fixtures | 50,000 | |
| Stock as on 31.03.2017 | 3,20,000 | |
| Sundry debtors | 2,80,000 | |
| Cash at Bank | 22,000 | |
| Cash in Hand | 16,000 | |
| Total | 30,73,400 | 30,73,400 |

Prepare Trading and Profit and Loss Account for the year ended 31.03.2018 and the Balance Sheet as at that date after making provision for the following:

Value of stock at the close of the year was ₹ 4,10,000.

6. From the following information prepare trading and profit and loss account and Balance sheet for the year ended 31st March 2017

| Particulars | Debit | Credit |
|------------------------------|-----------|-----------|
| Capital. | | 5,00,000 |
| Loan from Bank | | 5,00,000 |
| Investment in Gvt Securities | 4,50,000 | |
| Sales | | 39,00,000 |
| Returns | 90,000 | 1,44,000 |
| Purchase | 20,10,000 | |
| Wages | 2,40,000 | |
| Salaries | 2,00,000 | |
| Carriage inward | 1,20,000 | |
| Carriage outward | 90,000 | |
| Freight | 43,000 | |
| Printing and stationery | 22,000 | |
| Profit on sale of furniture | | 12,000 |
| Sundry debtors | 4,00,000 | |
| Trade payables | | 2,40,000 |
| Rent | 1,20,000 | |
| Discount | 39,000 | 34,000 |
| Opening inventory | 1,40,000 | |
| Drawings | 1,60,000 | |
| Plant and machinery | 4,00,000 | |
| Furniture and fixtures | 2,40,000 | |
| Trademark | 4,11,000 | |
| Commission | 1,92,000 | 52,000 |
| Interest | 50,000 | 35,000 |
| | 54,17,000 | 54,17,000 |

Closing Inventory valued at 1,20,000

7. Following is the Trial Balance of M/s Brijesh and Sons. Prepare final accounts for the year ended on 31st March 2013.

| Particulars | Debit (₹) | Credit (₹) |
|--|------------------|------------------|
| Stock as on 01.04.2012: Finished goods | 2,00,000 | |
| Purchases and Sales | 22,00,000 | 35,00,000 |
| Bills receivables | 50,000 | |
| Returns | 1,00,000 | 50,000 |
| Carriage Inwards | 50,000 | |
| Debtors and Creditors | 2,00,000 | 4,00,000 |
| Carriage Outwards | 40,000 | |
| Discounts | 5,000 | 5,000 |
| Salaries and wages | 2,20,000 | |
| Insurance | 60,000 | |
| Rent | 60,000 | |
| Wages and salaries | 80,000 | |
| Bad debts | 10,000 | |
| Furniture | 4,00,000 | |
| Brijesh's capital | | 5,00,000 |
| Brijesh's drawing | 70,000 | |
| Loose tools | 1,00,000 | |
| Printing & stationery | 30,000 | |
| Advertising | 50,000 | |
| Cash in hand | 45,000 | |
| Cash at bank | 2,00,000 | |
| Petty Cash | 5,000 | |
| Machinery | 3,00,000 | |
| Commission | 10,000 | 30,000 |
| Total | 44,85,000 | 44,85,000 |

Adjustments: (i) Finished goods stock. Stock on 31st March was valued at 400,000.

8. Mr. Arvindkumar had a small business enterprise. He has given the trial balance as at 31st March 2013

| Particulars | Debit (₹) | Credit (₹) |
|-------------------------------|-----------|------------|
| Mr. Arvinkumar's Capital | | 1,00,000 |
| Machinery | 36,000 | |
| Depreciation on machinery | 4,000 | |
| Repairs to machinery | 5,200 | |
| Wages | 54,000 | |
| Salaries | 21,000 | |
| Income tax of Mr. Arvindkumar | 1,000 | |
| Cash in had | 4,000 | |
| Land & Building | 1,49,000 | |
| Depreciation on building | 5,000 | |
| Purchases | 2,50,000 | |
| Purchase returns | | 3,000 |
| Sales | | 4,98,000 |
| Citi Bank | | 7,600 |
| Accrued Income | 3,000 | |
| Salaries outstanding | | 4,000 |
| Bills receivables | 30,000 | |
| Discount | | 10,000 |
| Bills payable | | 16,000 |
| Bad debts | 2,000 | |
| Discount on purchases | | 7,080 |
| Debtors | 70,000 | |
| Creditors | | 62,520 |
| Opening stock | 74,000 | |
| Total | 708200 | 708200 |

Additional information:

Stock as on 31st March 2013 was valued at ₹ 60,000

9. The following is the trial balance of Hari as on 31st March, 2014. You are requested to prepare the trading and profit and loss account for the year ended 31st March, 2014 and a balance sheet as on that date after making the necessary adjustments

| Particular | Amount | Amount |
|-----------------------------|-----------------|-----------------|
| Purchases | 3,10,000 | |
| Sales | | 4,20,000 |
| Discount on sales | 20,000 | |
| Stock of goods as on 1.4.13 | 50,000 | |
| Cash in hand | 2,100 | |
| Cash at bank | 12,000 | |
| Mr. Hari's capital | | 2,88,600 |
| Drawings | 4,000 | |
| Rates and taxes | 5,000 | |
| Salaries | 32,000 | |
| Postage and telephones | 11,500 | |
| Commission paid to salesmen | 35,000 | |
| Insurance | 9,000 | |
| Furniture and fittings | 22,000 | |
| Advertising | 17,000 | |
| Printing and stationery | 3,000 | |
| Motor car | 48,000 | |
| Bad debts | 2,000 | |
| Cash discounts | 4,000 | |
| General expenses | 14,000 | |
| Carriage inwards | 22,000 | |
| Carriage outwards | 10,000 | |
| Wages | 20,000 | |
| Sundry creditors | | 40,000 |
| Sundry debtors | 96,000 | |
| | 7,48,600 | 7,48,600 |

The following adjustments are to be made:

Stock on 31st March, 2014 was valued at ₹ 1,45,000.

10. Following is the trial balance of Amar as on 31st March, 2013

| Particulars | Debit | Credit |
|-------------------------|------------------|------------------|
| Capital Account | | 8,00,000 |
| Drawing Account | 60,000 | |
| Stock (1.4.2012) | 4,50,000 | |
| Purchases | 26,00,000 | |
| Sales | | 31,00,000 |
| Furniture | 1,00,000 | |
| Sundry Debtors | 4,00,000 | |
| Freight and Octroi | 46000 | |
| Trade Expenses | 5,000 | |
| Salaries | 55,000 | |
| Rent | 24,000 | |
| Advertising Expenses | 50,000 | |
| Insurance Premium | 4,000 | |
| Commission | | 13,000 |
| Discount | 2,000 | |
| Bad Debts | 16,000 | |
| Provision for Bad Debts | | 9,000 |
| Creditors | | 2,00,000 |
| Cash in hand | 52,000 | |
| Bank | 58,000 | |
| Goodwill (at cost) | 2,00,000 | |
| | 41,22,000 | 41,22,000 |

Adjustments:

Stock on 31st March, 2013 was valued at ₹ 5,30,000.

Prepare trading and profit and loss account for the year ended 31st March, 2013 and balance sheet as on that date.

11. Following particulars are extracted from the books of Mr. Sandeep for the year ended 31st December, 2018.

| Particulars | Amount | Particulars | Amount |
|-------------------|--------|------------------|--------|
| Debit Balances: | ₹ | Credit Balances: | ₹ |
| Cash in hand | 1,500 | Capital | 16,000 |
| Purchase | 12,000 | Bank overdraft | 2,000 |
| Sales return | 1,000 | Sales | 9,000 |
| Salaries | 2,500 | Purchase return | 2,000 |
| Tax and Insurance | 500 | Interest | 1,000 |
| Bad debts | 500 | Creditors | 2,000 |
| Debtors | 5,000 | Commission | 500 |
| Investments | 4,000 | Bills payable | 2,500 |
| Opening stock | 1,400 | | |
| Drawings | 2,000 | | |
| Furniture | 1,600 | | |
| Bills receivables | 3,000 | | |
| | 35,000 | | 35,000 |

Other information

Closing stock was valued at ₹ 4,500

You are required to prepare the final accounts after making above adjustments.

12. From the following Trial Balance of Bharat Tushar as on 31st March, 2019, you are required to prepare a Trading and Profit & Loss Account for the year ended 31st March, 2019 and Balance Sheet as on that date,

| Particulars | Debit Balance (₹) | Credit Balance (₹) |
|------------------------------|-------------------|--------------------|
| Capital and Drawings | 24,000 | 1,60,000 |
| Furniture and Fixtures | 8,000 | - |
| Plant and Machinery | 60,000 | - |
| Patents | 40,000 | - |
| Opening Stock | 40,000 | - |
| Purchases and Sales | 1,70,000 | 2,64,000 |
| Salaries | 14,800 | - |
| Wages | 30,000 | - |
| Sundry Debtors and Creditors | 20,400 | 24,000 |
| Land | 28,350 | - |
| Loan from Shyam | - | 20,000 |
| Postage and Fax | 3,000 | - |
| Rent, Rates and Taxes | 7,200 | - |
| Bad Debts | 800 | - |

| | | |
|---------------------|----------|----------|
| Discount | - | 1,200 |
| Carriage Inward | 400 | - |
| Interest on loan | 300 | - |
| Insurance | 1,600 | - |
| Travelling expenses | 1,000 | - |
| Sundry expenses | 600 | - |
| Cash and Bank | 33,750 | - |
| Bank Overdraft | - | 15,000 |
| Total | 4,84,200 | 4,84,200 |

Closing Stock is valued at ₹ 30,000.

13. The following information have been obtained from the trail balance of Shiv&co

| Name of accounts | Dr | Cr |
|------------------------|-----------|----------|
| Wages | 1,80,000 | |
| Salaries | 3,43,000 | |
| Rent received | | 2,70,000 |
| Repair | 6,000 | |
| Insurance premium | 48,000 | |
| 8% investment | 15,00,000 | |
| Interest on investment | | 60,000 |

Adjustments.

- 1) Wages for two month is outstanding
- 2) Salaries include prepaid salaries for two months
- 3) Rent received for 18 months
- 4) Outstanding repair 6,000
- 5) Only 2/3 of insurance premium is related to current year
- 6) Interest on investment is accrued for 6 months

Give necessary entries for above adjustments. also prepare Adjusted Trial balance.

14. Max & Co. employs a team of 9 workers who were paid ₹ 40,000 per month each in the year ending 31st December, 2018. At the start of 2019, the company raised salaries by 10% to ₹ 44,000 per month each.

On 1 July, 2019 the company hired 2 trainees at salary of ₹ 21,000 per month each. The work force are paid salary on the first working day of every month, one month in arrears, so that the employees receive their salary for January on the first working day of February, etc.

You are required to calculate :

- i. Amount of salaries which would be charged to the profit and loss account for the year ended 31st December, 2019.
- ii. Amount actually paid as salaries during 2019.
- iii. Outstanding salaries as on 31st December, 2019. Nov 2020

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

On 1st April, 2019 he had a balance of ₹ 3,00,000 advance from customers of which ₹ 2,25,000 is related to year 2019-20 while remaining pertains to year 2020-21- During the year 2019-20 he made cash sales of ₹ 7,50,000.

You are required to compute:

Total income for the year 2019-20.

Total money received during the year, if the closing balance as on 31st March, 2020 in Advance from Customers Account is ₹ 2,55,000.

16. Following is the trial balance of M/s. Chandu traders as on 31st march 2021. Prepare Trading and Profit& Loss Account for the year ended 31st march 2021 and Balance sheet as on that date.

| Particulars | Debit | Credit |
|------------------------|----------|-----------|
| Capital | | 9,00,000 |
| Building | 3,15,000 | |
| Drawings | 1,18,000 | |
| Furniture and fittings | 17,500 | |
| Motor van | 1,25,000 | |
| Loan from Hari @12% | | 1,50,000 |
| Interest paid on above | 9,000 | |
| Sales | | 10,00,000 |
| Purchase | 7,50,000 | |
| Opening stock | 2,50,000 | |
| Establishment expenses | 1,15,000 | |
| Wages | 12,000 | |
| Insurance | 11,000 | |
| Commission received | | 24,500 |
| Sundry debtors | 3,28,100 | |
| Bank balance | 2,46,900 | |

| | | |
|------------------|-----------|-----------|
| Sundry creditors | | 2,10,000 |
| Interest | | 13,000 |
| Total | 22,97,500 | 22,97,500 |

Adjustments

1. The value of inventory on 31/03/2021 was 3,20,000
2. Outstanding wages 1500
3. Prepaid insurance 3,000
4. Commission received in advance 13,000
5. Allowed interest on capital @ 10%
6. Depreciate building 10% Furniture 10% Motor van 15 %
7. Charge interest on drawings 5,000
8. Accrued interest 2,500

17. The following is the trial balance of Mahesh on 31st march 2019

| Particulars | Debit | Credit |
|------------------------------------|-----------|-----------|
| Capital | | 2,00,000 |
| Inventory on 01.04.2018 | 2,40,000 | |
| Plant and machinery | 2,50,000 | |
| Furniture and fittings | 13,000 | |
| Debtors and creditors | 2,28,500 | 2,60,000 |
| Purchase and sales | 10,67,500 | 24,00,000 |
| Bills receivable and bills payable | 36,000 | 28,000 |
| Return inwards and return outward | 46,500 | 27,500 |
| Discount | 32,500 | 18,500 |
| Bad debt | 12,500 | |
| General expenses | 5,000 | |
| Insurance | 31,500 | |
| Factory lighting | 4,000 | |
| Rent | 30,000 | |
| Drawings | 35,000 | |
| Provision for doubtful debt | | 12,500 |
| Salaries | 70,000 | |
| Wages | 7,50,000 | |

| | | |
|---------------|-----------|-----------|
| Cash at bank | 32,500 | |
| Cash in hand | 2,000 | |
| Motor vehicle | 60,000 | |
| Total | 29,46,500 | 29,46,500 |

The following adjustments are to be made

- Inventory on 31/03/2019 was 2,60,000
- Furniture to be depreciated by 5 %
- Depreciation to be charged @ 15% on plant and machinery and motor vehicle
- Factory lighting is due for 3 months but not paid 1,500
- Write off further bad debt 3,500
- The provision for bad debt to be increased to 15,000
- During the year machinery was purchased for 1,00,000 but it was debited to purchase account

You are required to prepare Trading and Profit and Loss account for the year ended 31/03/2019 and balance sheet as on that date.

18. Following is the Trial Balance of M/s kasturi Agencies as on 31st March, 2015. Prepare Trading, Profit and Loss Account for the year ended 31st March, 2015 and a Balance Sheet on that date.

| Particulars | ₹ | ₹ |
|-------------------------------|--------|----------|
| Capital | | 1,00,000 |
| Buildings | 15,000 | |
| Drawings | 18,000 | |
| Furniture & Fittings | 7,500 | |
| Motor van | 25,000 | |
| Loan from Hari @ 12% interest | | 15,000 |
| Interest paid on above | 900 | |
| Sales | | 1,00,000 |
| Purchases | 75,000 | |
| Opening stock | 25,000 | |
| Establishment expenses | 15,000 | |

| | | |
|---------------------|----------|----------|
| Wages | 2,000 | |
| Insurance | 1,000 | |
| Commission received | | 4,500 |
| Sundry debtors | 28,100 | |
| Bank balance | 20,000 | |
| Sundry creditors | | 10,000 |
| Interest | | 3,000 |
| | 2,32,500 | 2,32,500 |

Adjustments: (a) The value of stock on 31-3-2015 was ₹32,000. (b) outstanding wages ₹500 (c) Prepaid Insurance ₹300. (d) Commission received in advance ₹ 1,300 (e) Allow interest on capital @ 10%. (f) Depreciate building 2½%. Furniture & Fitting 10%, Motor van 10%. (g) charge interest on drawings ₹ 500. (h) Accrued Interest ₹ 500.

19. Following particulars are extracted from the books of Mr. Vaid for the year ended 31st March, 2021.

| Particulars | Amount | Particulars | Amount |
|-------------------|--------|-------------------------|--------|
| Debit Balances: | Rs. | Credit Balances: | Rs. |
| Cash in hand | 3,000 | Capital | 32,000 |
| Purchase | 24,000 | Bank overdraft | 4,000 |
| Sales return | 2,000 | Sales | 18,000 |
| Salaries | 5,000 | Purchase return | 4,000 |
| Tax and Insurance | 1,000 | Provision for Bad debts | 2,000 |
| Bad debts | 1,000 | Creditors | 4,000 |
| Debtors | 10,000 | Commission | 1,000 |
| Investments | 8,000 | Bills payable | 5,000 |
| Opening stock | 2,800 | | |
| Drawings | 4,000 | | |
| Furniture | 3,200 | | |
| Bills receivables | 6,000 | | |
| | 70,000 | | 70,000 |

Other information :

- Closing stock was valued at Rs. 9,000.
- Goods withdrawn by Mr. Vaid for own consumption Rs. 4000 included in purchases.
- Salary of Rs. 200 and Tax of Rs. 400 are outstanding whereas insurance Rs. 100 is prepaid.

- d) Commission received in advance is Rs. 200.
- e) Interest accrued on investment is Rs. 420.
- f) Interest on overdraft is unpaid Rs. 600.
- g) Provision for bad debts is to be kept at Rs. 2,000.
- h) Depreciation on furniture is to be charged @ 10%.

You are required to prepare the final accounts after making above adjustments.

20. The following are the balances extracted from the books of Shri Raghuram as on 31.03.2018, who carries on business under the name and style of M/s Raghuram and Associates at Chennai:

| Particulars | Debit (₹) | Credit (₹) |
|---------------------------|-----------|------------|
| Capital A/c | | 14,11,400 |
| Purchases | 12,00,000 | |
| Purchase Returns | | 18,000 |
| Sales | | 15,00,000 |
| Sales Returns | 24,000 | |
| Freight Inwards | 62,000 | |
| Carriage Outwards | 8,500 | |
| Rent of Godown | 55,000 | |
| Rates and Taxes | 24,000 | |
| Salaries | 72,000 | |
| Discount allowed | 7,500 | |
| Discount received | | 12,000 |
| Drawings | 20,000 | |
| Printing and Stationery | 6,000 | |
| Insurance premium | 48,000 | |
| Electricity charges | 14,000 | |
| General expenses | 11,000 | |
| Bank charges | 3,800 | |
| Bad debts | 12,200 | |
| Repairs the Motor vehicle | 13,000 | |
| Interest on loan | 4,400 | |
| Provision for Bad-debts | | 10,000 |
| Loan from Mr. Rajan | | 60,000 |
| Sundry creditors | | 62,000 |
| Motor vehicles | 1,00,000 | |
| Land and Buildings | 5,00,000 | |
| Office equipment | 2,00,000 | |
| Furniture and Fixtures | 50,000 | |
| Stock as on 31.03.2017 | 3,20,000 | |

| | | |
|----------------|-----------|-----------|
| Sundry debtors | 2,80,000 | |
| Cash at Bank | 22,000 | |
| Cash in Hand | 16,000 | |
| Total | 30,73,400 | 30,73,400 |

Prepare Trading and Profit and Loss Account for the year ended 31.03.2018 and the Balance Sheet as at that date after making provision for the following:

- Depreciate Building by 5%, Furniture and Fixtures by 10%, Office Equipment by 15% and Motor Car by 20%.
- Value of stock at the close of the year was ₹ 4,10,000.
- One month rent for godown is outstanding.
- Interest on loan from Rajan is payable @ 10% per annum. This loan was taken on 01.07.2017
- Reserve for bad debts is to be maintained at 5% of Sundry debtors.
- Insurance premium includes ₹ 42,000 paid towards proprietor's life insurance policy and the balance of the insurance charges cover the period from 01.04.2017 to 30.06.2018.

21. From the following information prepare trading and profit and loss account and Balance sheet for the year ended 31st March 2017

| Particulars | Debit | Credit |
|-----------------------------------|-----------|-----------|
| Capital. | | 5,00,000 |
| Loan from Bank @12% | | 5,00,000 |
| Investment in Gvt Securities @ 9% | 4,50,000 | |
| Sales | | 39,00,000 |
| Returns | 90,000 | 1,44,000 |
| Purchase | 20,10,000 | |
| Wages | 2,40,000 | |
| Salaries | 2,00,000 | |
| Carriage inward | 1,20,000 | |
| Carriage outward | 90,000 | |
| Freight | 43,000 | |
| Printing and stationery | 22,000 | |
| Provision for Bad debt | | 12,000 |
| Sundry debtors | 4,00,000 | |
| Trade payables | | 2,40,000 |
| Rent | 1,20,000 | |

| | | |
|------------------------|-----------|-----------|
| Discount | 39,000 | 34,000 |
| Opening inventory | 1,40,000 | |
| Drawings | 1,60,000 | |
| Plant and machinery | 4,00,000 | |
| Furniture and fixtures | 2,40,000 | |
| Trademark | 4,11,000 | |
| Commission | 1,92,000 | 52,000 |
| Interest | 50,000 | 35,000 |
| | 54,17,000 | 54,17,000 |

Additional information;

Depreciation Plant and machinery 20%, Furniture and fixtures 10%, Provision to be created @ 5 % on debtors, Closing Inventory valued at 1,20,000

22. The balance sheet of S on 1st April, 2021 was as follows:

| Particulars | Amount (₹) | Particulars | Amount (₹) |
|------------------|------------|------------------------|-----------------|
| Trade Payables | 6,50,000 | Furniture and Fixtures | 6,50,000 |
| Expenses Payable | 75,000 | Vehicle | 2,75,000 |
| Capital | 22,00,000 | Trade Receivable | 11,00,000 |
| | ————— | Cash at Bank | 4,75,000 |
| | 29,25,000 | Inventories | <u>4,25,000</u> |
| | | | 29,25,000 |

During 2021-22, his profit and Loss Account revealed a net profit of ₹ 6,70,000. This was after allowing for the following:

- i. Commission paid to selling agent ₹ 65,000
- ii. Discount received from creditors ₹ 75,000
- iii. Purchased a vehicle of ₹ 50,000 on 31st March, 2022
- iv. Depreciation on Furniture and Fixtures @ 10% and on Vehicle @ 20%
- v. A provision for doubtful debts @ 3% of the trade receivables as at 31st March, 2022

But while preparing the Profit and Loss Account he had forgotten to provide for

1. prepaid expenses ₹ 15,000 and
2. outstanding commission ₹ 35,000.

His current assets and liabilities on 31st March, 2022 were: Inventories ₹ 6,50,000. Trade

Receivables 13,00,000 (before provision for doubtful debts), cash at Bank 5,50,000 and Trade Payables ₹ 1,46,000.

During the year he introduced further capital of ₹ 3,00,000 into the business.

You are required to prepare the balance sheet as at March 31, 2022.

23. Following is the Trial Balance of M/s Brijesh and Sons. Prepare final accounts for the year ended on 31st March 2013.

| Particulars | Debit (₹) | Credit (₹) |
|--|-----------|------------|
| Stock as on 01.04.2012: Finished goods | 2,00,000 | |
| Purchases and Sales | 22,00,000 | 35,00,000 |
| Bills receivables | 50,000 | |
| Returns | 1,00,000 | 50,000 |
| Carriage Inwards | 50,000 | |
| Debtors and Creditors | 2,00,000 | 4,00,000 |
| Carriage Outwards | 40,000 | |
| Discounts | 5,000 | 5,000 |
| Salaries and wages | 2,20,000 | |
| Insurance | 60,000 | |
| Rent | 60,000 | |
| Wages and salaries | 80,000 | |
| Bad debts | 10,000 | |
| Furniture | 4,00,000 | |
| Brijesh's capital | | 5,00,000 |
| Brijesh's drawing | 70,000 | |
| Loose tools | 1,00,000 | |
| Printing & stationery | 30,000 | |
| Advertising | 50,000 | |
| Cash in hand | 45,000 | |
| Cash at bank | 2,00,000 | |
| Petty Cash | 5,000 | |
| Machinery | 3,00,000 | |
| Commission | 10,000 | 30,000 |
| Total | 44,85,000 | 44,85,000 |

Adjustments: (i) Finished goods stock. Stock on 31st March was valued at Cost price ₹ 4,20,000 and market price ₹ 400,000. (ii) Depreciate furniture @ 10% p.a. and machinery @ 20% p.a. on reducing balance method. (iii) Rent of ₹ 5,000 was paid in advance. (iv) Salaries & wages due but not paid ₹ 30,000. (v) Make a provision for doubtful debts @ 5% on debtors. (vi) Commission receivable ₹ 5,000.

24. Mr. Arvindkumar had a small business enterprise. He has given the trial balance as at 31st March 2013

| Particulars | Debit (₹) | Credit (₹) |
|-------------------------------|-----------|------------|
| Mr. Arvinkumar's Capital | | 1,00,000 |
| Machinery | 36,000 | |
| Depreciation on machinery | 4,000 | |
| Repairs to machinery | 5,200 | |
| Wages | 54,000 | |
| Salaries | 21,000 | |
| Income tax of Mr. Arvindkumar | 1,000 | |
| Cash in had | 4,000 | |
| Land & Building | 1,49,000 | |
| Depreciation on building | 5,000 | |
| Purchases | 2,50,000 | |
| Purchase returns | | 3,000 |
| Sales | | 4,98,000 |
| Citi Bank | | 7,600 |
| Accrued Income | 3,000 | |
| Salaries outstanding | | 4,000 |
| Bills receivables | 30,000 | |
| Provision for doubtful debts | | 10,000 |
| Bills payable | | 16,000 |
| Bad debts | 2,000 | |
| Discount on purchases | | 7,080 |
| Debtors | 70,000 | |

| | | |
|---------------|--------|--------|
| Creditors | | 62,520 |
| Opening stock | 74,000 | |
| Total | 708200 | 708200 |

Additional information:

- Stock as on 31st March 2013 was valued at ₹ 60,000
- Write off further ₹ 6,000 as bad debt and maintain a provision of 5% on doubtful debt.
- Goods costing ₹ 10,000 were sent on approval basis to a customer for ₹ 12,000 on 30th March, 2013. This was recorded as actual sales.
- ₹ 2,400 paid as rent for office was debited to Landlord's A/c and was included in debtors.
- General Manager is to be given commission at 10% of net profits after charging his commission.
- Works manager is to be given a commission at 12% of net profit before charging General Manager's commission and his own.

You are required to prepare final accounts in the books of Mr. Arvindkumar.

25. The following is the trial balance of Hari as on 31st March, 2014. You are requested to prepare the trading and profit and loss account for the year ended 31st March, 2014 and a balance sheet as on that date after making the necessary adjustments

| Particular | Amount | Amount |
|-----------------------------|----------|----------|
| Purchases | 3,10,000 | |
| Sales | | 4,20,000 |
| Discount on sales | 20,000 | |
| Stock of goods as on 1.4.13 | 50,000 | |
| Cash in hand | 2,100 | |
| Cash at bank | 12,000 | |
| Mr. Hari's capital | | 2,88,600 |
| Drawings | 4,000 | |
| Rates and taxes | 5,000 | |
| Salaries | 32,000 | |
| Postage and telephones | 11,500 | |
| Commission paid to salesmen | 35,000 | |
| Insurance | 9,000 | |
| Furniture and fittings | 22,000 | |

| | | |
|-------------------------|----------|----------|
| Advertising | 17,000 | |
| Printing and stationery | 3,000 | |
| Motor car | 48,000 | |
| Bad debts | 2,000 | |
| Cash discounts | 4,000 | |
| General expenses | 14,000 | |
| Carriage inwards | 22,000 | |
| Carriage outwards | 10,000 | |
| Wages | 20,000 | |
| Sundry creditors | | 40,000 |
| Sundry debtors | 96,000 | |
| | 7,48,600 | 7,48,600 |

The following adjustments are to be made:

- Stock on 31st March, 2014 was valued at ₹ 1,45,000.
- Mr. Hari has taken out for personal use goods costing ₹ 5,000 out of purchases during the year.
- Furniture purchased for ₹ 10,000 was wrongly included in purchases.
- ₹ 5,000 due from a debtor included in sundry debtors has become bad.
- Creditors include a balance of ₹ 4,000 to the credit of Mr. Ram in respect of which it has been settled that only ₹ 1,000 is to be paid to him.
- Provision for bad debts to be created at 5% on sundry debtors.
- Depreciate furniture and fittings by 10% and motor car by 25%.
- The salesmen are entitled to a commission of 10% on sales

26. Following is the trial balance of Amar as on 31st March, 2013

| Particulars | Debit | Credit |
|--------------------|-----------|-----------|
| Capital Account | | 8,00,000 |
| Drawing Account | 60,000 | |
| Stock (1.4.2012) | 4,50,000 | |
| Purchases | 26,00,000 | |
| Sales | | 31,00,000 |
| Furniture | 1,00,000 | |
| Sundry Debtors | 4,00,000 | |
| Freight and Octroi | 46000 | |
| Trade Expenses | 5,000 | |
| Salaries | 55,000 | |
| Rent | 24,000 | |

| | | |
|-------------------------|----------------|------------------|
| Advertising Expenses | 50,000 | |
| Insurance Premium | 4,000 | |
| Commission | | 13,000 |
| Discount | 2,000 | |
| Bad Debts | 16,000 | |
| Provision for Bad Debts | | 9,000 |
| Creditors | | 2,00,000 |
| Cash in hand | 52,000 | |
| Bank | 58,000 | |
| Goodwill (at cost) | 2,00,000 | |
| | 4122000 | 41,22,000 |

Adjustments:

- Stock on 31st March, 2013 was valued at ₹ 5,30,000.
- Salaries have been paid only for 11 months.
- Unexpired insurance included in the figure of ₹ 4,000 appearing in trial balance is ₹ 1,000.
- Commission earned but not yet received amounting to ₹ 1,220 is to be recorded in books of account.
- Provision for bad debts is to be brought upto 3% of sundry debtors.
- Manager is to be allowed a commission of 10% of net profits after charging such commission.
- Furniture is depreciated @10% per annum.

Prepare trading and profit and loss account for the year ended 31st March, 2013 and balance sheet as on that date.

27. Following particulars are extracted from the books of Mr. Sandeep for the year ended 31st December, 2018.

| Particulars | Amount | Particulars | Amount |
|-------------------|--------|-------------------------|--------|
| Debit Balances: | ₹ | Credit Balances: | ₹ |
| Cash in hand | 1,500 | Capital | 16,000 |
| Purchase | 12,000 | Bank overdraft | 2,000 |
| Sales return | 1,000 | Sales | 9,000 |
| Salaries | 2,500 | Purchase return | 2,000 |
| Tax and Insurance | 500 | Provision for Bad debts | 1,000 |
| Bad debts | 500 | Creditors | 2,000 |
| Debtors | 5,000 | Commission | 500 |
| Investments | 4,000 | Bills payable | 2,500 |
| Opening stock | 1,400 | | |
| Drawings | 2,000 | | |
| Furniture | 1,600 | | |

| | | | |
|-------------------|--------|--|--------|
| Bills receivables | 3,000 | | |
| | 35,000 | | 35,000 |

Other information

1. Closing stock was valued at ₹ 4,500
2. Salary of ₹ 100 and Tax of ₹ 200 are outstanding whereas insurance ₹ 50 is prepaid.
3. Commission received in advance is ₹ 100.
4. Interest accrued on investment is ₹ 210
5. Interest on overdraft is unpaid ₹ 300
6. Reserve for bad debts is to be kept at ₹ 1,000
7. Depreciation on furniture is to be charged @ 10%

You are required to prepare the final accounts after making above adjustments.

28. The balance sheet of Mittal on 1st January, 2018 was as follows:

| Liabilities | Amount ₹ | Assets | Amount ₹ |
|------------------|-----------|---------------------|-----------|
| Trade payables | 16,00,000 | Plant & Machinery | 31,00,000 |
| Expenses payable | 2,50,000 | Furniture & Fixture | 4,00,000 |
| Capital | 51,00,000 | Trade receivables | 14,50,000 |
| | | Cash at bank | 7,00,000 |
| | | Inventories | 13,00,000 |
| | 69,50,000 | | 69,50,000 |

During 2018, his profit and loss account revealed a net profit of ₹ 15,10,000. This was after allowing for the following:

- (i) Interest on capital @ 6% p.a.
- (ii) Depreciation on plant and machinery @ 10% p.a. and on Furniture and Fixtures @ 5% p.a..
- (iii) A provision for Doubtful debts @ 5% of the trade receivables as at 31st December 2018.

But while preparing the profit and loss account he had forgotten to provide for

- (1) outstanding expenses totalling ₹ 1,85,000 and
- (2) prepaid insurance to the extent of ₹ 25,000.

His current assets and liabilities on 31st December, 2018 were:

Trade receivables ₹ 21,00,000; Cash at bank ₹ 5,20,000 and Trade payables ₹ 13,84,000. During the year he withdrew ₹ 6,20,000 for domestic use. Closing inventories is equal to net trade receivables at the year-end.

You are required to draw up revised Profit and Loss account and Balance Sheet at the end of the year.

29. 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:

She withdrew ₹ 5,000 by cheque each month for her personal expenses.

Depreciation on building @ 5% p.a. and oil furniture @ 10% p.a.

Closing stock in hand as on 31st 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.

30. On 31st march 2021 the Trial balance of Mr Black was as follows.

| Particulars | Debit | Particulars | Credit |
|----------------------------|-----------|-----------------------------|-----------|
| Stock on 01/04/2020 | | Sundry creditors | 1,50,000 |
| Raw materials | 2,10,000 | Bills payable | 75,000 |
| Work in progress | 95,000 | Sale of scrap | 25,000 |
| Finished goods | 1,55,000 | Commission received | 4,500 |
| Sundry debtors | 2,40,000 | Provision for doubtful debt | 16,500 |
| Carriage on purchase | 15,000 | Capital | 10,00,000 |
| Bills receivable | 1,50,000 | Sales | 16,72,000 |
| Wages | 1,30,000 | Bank overdraft | 85,000 |
| Salaries | 1,00,000 | | |
| Telephone and postage | 10,000 | | |
| Repair to office furniture | 3,500 | | |
| Cash at bank | 1,70,000 | | |
| Office furniture | 1,00,000 | | |
| Repair to plant | 11,000 | | |
| Purchase | 8,50,000 | | |
| Plant and machinery | 7,00,000 | | |
| Rent | 60,000 | | |
| Lighting | 13,500 | | |
| General expenses | 15,000 | | |
| | 30,28,000 | | 20,28,000 |

The following additional information available

Stock on 31st march 2021 is follows

| | |
|------------------|----------|
| Raw material | 1,62,000 |
| Finished goods | 1,81,000 |
| Work in progress | 78,000 |

Salaries and wages unpaid for the year ended 31st march 2021 were respectively, 9,000 and 20,000. Machinery is to be depreciated by 10% , and office furniture by 7.5%. a provision for doubtful debt is to be maintained at 1% of sales. Rent to be charged as $\frac{3}{4}$ to factory and $\frac{1}{4}$ to office. lighting is to be charged as to $\frac{2}{3}$ to factory and $\frac{1}{3}$ to office

Prepare Manufacturing account, Trading and profit & loss account for the year ended 31st march 2021.

31. Mr. Shyamal runs a factory, which produces detergents. Following details were available in respect of his manufacturing activities for the year ended 31-03-2019.

| | |
|--|----------|
| Opening work-in-progress (9000 units) | 26,000 |
| Closing work-in-progress (14,000 units) | 48,000 |
| Opening inventory of Raw Materials | 2,60,000 |
| Closing inventory of Raw Materials | 3,20,000 |
| Purchases | 8,20,000 |
| Hire charges of Machinery @ ₹ 0.70 per unit manufactured | |
| Hire charges of factory | 2,60,000 |
| Direct wages-contracted @ ₹ 0.80 per unit manufactured and @ ₹ 0.40 per unit of closing W.I.P. | |
| Repairs and maintenance | 1,80,000 |
| Units produced - 5,00,000 units | |

You are required to prepare a Manufacturing Account of Mr. Shyamal for the year ended 31-03-2019.

32. Following are the Manufacturing A/c, Creditors A/c and Raw Material A/c provided by M/s. Shivam related to financial year 2019-20. There are certain figures missing in these accounts.

Raw Material A/c

| Particulars | Amount (₹) | Particulars | Amount (₹) |
|----------------------|---------------|---------------------------|---------------|
| To Opening Stock A/c | 1,27,000 | By Raw Materials Consumed | |
| To Creditors A/c | - | By Closing Stock | - |

Creditors A/c

| Particulars | Amount (₹) | Particulars | Amount (₹) |
|----------------|---------------|----------------|---------------|
| To Bank A/c | 23,50,000 | By Balance b/d | 15,70,000 |
| To Balance c/d | 6,60,000 | | - |

Manufacturing A/c

| Particulars | Amount (₹) | Particulars | Amount (₹) |
|---------------------|---------------|----------------|---------------|
| To Raw Material A/c | - | By Trading A/c | 17,44,000 |
| To Wages | 3,65,000 | | |
| To Depreciation | 2,15,000 | | |
| to Direct Expenses | 2,49,000 | | |

Additional Information:

- (i) Purchase of machinery worth ₹ 12,00,000 on 1st April; 2019 has been omitted, Machinery is chargeable at a depreciation rate of 15%.
- (ii) Wages include the following:
 - Paid to factory workers - ₹ 3,15,000
 - Paid to labour at office - ₹ 50,000
- (iii) Direct expenses included the following :
 - Electricity charges - ₹ 80,000 of which 25% pertained to office
 - Fuel charges - ₹ 25,000
 - Freight inwards - ₹ 32,000
 - Delivery charges to customers - ₹ 22,000

You are required to prepare revised Manufacturing A/c and Raw Material A/c. **Nov 2020**

33. On 31st March, 2020 the Trial Balance of Mr. White were as follows:

Trial Balance as on 31st March 2020

| Particulars | Dr. ₹ | Particulars | Cr. ₹ |
|-----------------------------|--------|------------------------------|----------|
| Stock on 1st April 2019 | | | |
| Raw Materials | 21,000 | Sundry Creditors | 15,000 |
| Work in Progress | 9,500 | Bills Payable | 7,500 |
| Finished goods | 15,500 | Sale of Scrap | 2,500 |
| Sundry Debtors | 24,000 | Commission Received | 450 |
| Carriage on Purchases | 1,500 | Provision for doubtful debts | 1,650 |
| Bills Receivable | 15,000 | Capital Account | 1,00,000 |
| Wages | 13,000 | Sales | 1,67,200 |
| Salaries | 10,000 | Bank Overdraft | 8,500 |
| Telephone, Postage etc. | 1,000 | | |
| Repairs to Office Furniture | 350 | | |
| Cash at Bank | 17,000 | | |

| | | | |
|---------------------|----------|--|----------|
| Office Furniture | 10,000 | | |
| Repairs to Plant | 1,100 | | |
| Purchases | 85,000 | | |
| Plant and Machinery | 70,000 | | |
| Rent | 6,000 | | |
| Lighting | 1,350 | | |
| General Expenses | 1,500 | | |
| | 3,02,800 | | 3,02,800 |

The following additional information is available:

Stocks on 31st March, 2020 were:

Raw Materials ₹16,200 Finished goods ₹18,100 Semi-finished goods ₹ 7,800

Salaries and wages unpaid for March 2020 were respectively, ₹ 900 and ₹ 2,000 Machinery is to be depreciated by 10% and office furniture by 7 1/2 % Provision for doubtful debts is to be maintained @ 1% of sales, Office premises occupy 1/4 of total area. Lighting is to be charged as to 2/3 to factory and 1/3 to office.

Prepare the Manufacturing Account Trading Account, Profit and Loss Account and the Balance Sheet relating to 31st March 2020.

34. The following the trial balance of Mr B for the year ended 31st march 2021

| Particulars | Dr | Particulars | Cr |
|--------------------------|-----------|-------------------------|-----------|
| Opening stock | | Sundry creditors | 1,75,000 |
| Raw Material | 5,25,000 | Purchase return | 17,500 |
| Finished Goods | 2,62,500 | Capital | 3,50,000 |
| Purchase of Raw material | 17,50,000 | Bills payable | 84,000 |
| Land & building | 3,50,000 | long Term Loan | 7,00,000 |
| Loos Tools | 1,05,000 | provision for Bad debts | 7,000 |
| Plant & Machinery | 1,05,000 | Sales | 29,75,000 |
| Investments | 87,500 | Bank Overdraft | 80,500 |
| Cash in Hand | | | |

| | | | |
|------------------------|----------|--|--|
| | 70,000 | | |
| Cash at bank | 17,500 | | |
| Furniture and Fixtures | 52,500 | | |
| Bills Receivables | 52,500 | | |
| Sundry Debtors | 1,40,000 | | |
| Drawings | 70,000 | | |
| Salaries | 70,000 | | |
| Coal and Fuel | 52,500 | | |
| Factory rent and rates | 70,000 | | |
| General Expense | 14,000 | | |
| Advertisement | 17,500 | | |
| Sales Return | 35,000 | | |
| Bad Debt | 14,000 | | |
| Direct Wages (Factory) | 2,80,000 | | |
| Power | 1,05,000 | | |
| Interest paid | 24,500 | | |
| Discount allowed | 10,500 | | |
| Carriage Inward | 52,500 | | |
| Carriage outward | 24,500 | | |
| Commission Paid | 17,500 | | |

| | | | |
|---------------|-----------|--|-----------|
| Dividend paid | 14,000 | | |
| | 43,89,000 | | 43,89,000 |

Additional Information

- a) Stock of finished goods at the end of the year was 3,50,000
- b) A provision for bad debt is to be created @5% on Sundry Debtors. Provide Depreciation on building 3,500 and Machinery 10,500
- c) Accrued commission 43,750 Interest has accrued on investment 52,500
- d) Salary outstanding is 7,000 and prepaid interest is 5,250

You are required to prepare manufacturing account and Profit & Loss account for the Year ended 31st march 2021 and Balance sheet as at that date.



Partnership

- 1) Good, Better and Best are in partnership sharing profits and losses in the ratio 3:2:4. Their capital account balances as on 31st March, 2012 are as follows:

Good 1,70,000 (Cr)

Better 1,10,000 (Cr)

Best 1,22,000 (Cr)

Following further information provided:

- (i) ₹ 22,240 is to be transferred to General Reserve.
- (ii) Good, Better and Best are paid monthly salary in cash amounting ₹ 2,400, ₹ 1,600 and ₹ 1,800 respectively.
- (iii) Partners are allowed interest on their closing capital balance @ 6% p.a. and are charged interest on drawings @ 8% p.a.
- (iv) Good and Best are entitled to commission @ 8% and 10% respectively of the net profit before making any appropriation.
- (v) Better is entitled to commission @ 15% of the net profit before charging Interest on Drawings but after making all other appropriations.
- (vi) During the year Good withdraw ₹ 2,000 at the beginning of every month, Better
- (vii) ₹ 1,750 at the end of every month and Best ₹ 1,250 at the middle of every month.
- (viii) Firm's Accountant is entitled to a salary of ₹ 2,000 per month and a commission of 12% of net profit after charging such commission.

The Net Profit of the firm for the year ended on 31st March, 2012 before providing for any of the above adjustments was ₹ 2,76,000.

You are required to prepare Profit and Loss Appropriation Account for the year ended on 31st March, 2012

- 2) A, B and C were partners their capital were 30,000 and 10,000 respectively. According to the partnership deed, they were entitled to interest on capital @ 5% per annum. In addition, B also entitled to draw salary of 500 pm. C was entitled commission of 5% on the profit after charging the interest on capital but before charging the salary payable to B

The net profit for the year were 30,000 distributed in their capital without providing for any of the above adjustments. The profit were to be shared in the ratio of 2:2:1 pass adjustment entries

- 3) A, B and C are partners in a firm. On 1st April 2019 their fixed capital stood at ₹ 50,000, ₹ 25,000 and ₹ 25,000 respectively.

As per the provision of partnership deed:

1. C was entitled for a salary of 5,000 p.a.
2. All the partners were entitled to interest on capital at 5% p.a.
3. Profits and losses were to be shared in the ratio of Capitals of the partners.

Net Profit for the year ended 31st March, 2020 of ₹ 33,000 and 31st March, 2021 of ₹

45,000 was divided equally without providing for the above adjustments.

You are required to pass an adjustment journal entry to rectify the above errors

- 4) A, B and C entered into partnership on 1.1.2019 to share profits and losses in the ratio of 5 : 3 : 2. A personally guaranteed that C's share of profit after charging interest on capitals at 5% p.a. would not be less than ₹ 30,000 in any year. Capitals of A, B and C were ₹ 3,20,000, ₹ 2,00,000 and ₹ 1,60,000 respectively.

Profits for the year ending 31.12.2019 before providing for interest on partners capital was ₹ 1,59,000.

You required to prepare the Profit and Loss Appropriation Account.

- 5) Rose, Lilly and Lotus start business with capital of ₹ 2,00,000/-, ₹ 3,00,000/- and ₹4,00,000 on 1st April 2019. Lotus is entitled to a salary of ₹ 50,000 per annum. Interest is allowed on capitals at 12% p.a. and is charged on drawings at 12% per annum. Profits are to be distributed in the ratio 1:2:3 after the above-mentioned adjustments. Rose was given guarantee of minimum profit of ₹ 50,000 by Lotus. Partners drawings during the year were Rose ₹ 40,000/-Lilly ₹ 30,000/- Lotus ₹ 20,000/-. Lotus had paid ₹ 10,000/- as tuition fees of his son on 31st March 2020, which was wrongly debited to salaries account. The profit for the year 2019-20 before allowing interest on capital and charging interest on drawings and salary paid to Lotus was ₹3,34,600/-. Assuming the capitals to be fixed, prepare the Profit and Loss Appropriation Account and the Capital and Current Accounts relating to the partners.

- 6) A and B are partners in a firm sharing profits and losses equally. On 1st April, 2020 the balance of their Capital Accounts were : A ₹ 50,000 and B ₹ 40,000. On that date the balances of their Current Accounts were: A ₹ 10,000 (credit) and B ₹ 3,000 (debit). Interest @ 5% p.a. is to be allowed on the balance of Capital Accounts as on 1.4.2020. B is to get annual salary of ₹ 3,000 which had not been withdrawn. Drawings of A and B during the year were ₹ 1,000 and ₹ 2,000 respectively. The profit for the year ended 31st March, 2021 before charging interest on capital but after charging B's salary was ₹ 70,000. It is decided to transfer 10% of divisible profit to a Reserve Account. Prepare Profit & Loss Appropriation Account for the year ended 31st March, 2021 and show Capital and Current Accounts of the Partners for the year.

- 7) X and Y were partners in a firm, sharing profit and losses in the ratio of 3: 2. They admit Z for 1/6th share in profits and guaranteed that his share of profits will not be less than 50,00,000. Total profits of the firm for the year ended 31st March, 2022 were 1,80,00,000.

Calculate share of profit for each partner when:

- Guarantee is given by firm
- Guarantee is given by X* and Y* equally.

- 8) Mr. X gives the following particulars in respect of business carried on by him:

| Particulars | Amount (₹) |
|---------------------------------------|------------|
| Capital Invested in business | 9,00,000 |
| Market rate of interest on investment | 8% |

| | |
|--|--------|
| Rate of risk return on capital invested in business | 3% |
| Remuneration per annum from alternative employment of proprietor if he was not engaged in business | 36,000 |

The business earned profits of ₹ 2,40,000, ₹ 2,16,000 and ₹ 3,00,000 in the years 2018, 2019 and 2021 respectively but made a loss of ₹ 36,000 in the year 2020.

Compute the value of Goodwill on the basis of 6 years' purchase of super profits of the business, calculated on the basis of average profit of last four years.

- 9) J and K are partners in a firm. Their capital are J ₹ 3,00,000 and K ₹ 2,00,000. During the year ended 31st March, 2019 the firm earned a profit of ₹ 1,50,000. Assuming that the normal rate of return is 20%, calculate the value of goodwill on the firm:
- By Capitalization Method; and
 - By Super Profit Method if the goodwill is valued at 2 years' purchase of Super Profit.

- 10) A and B are partners sharing Profits and Losses in the ratio of 3:1. Their capitals were ₹ 3,00,000 and ₹ 2,00,000 respectively. As from 1st April, 2009, it was agreed to change the profit sharing ratio to 3:2. According to the partnership deed, goodwill should be valued at two years' purchase of the average of three years' profits. The profits of the previous three years ending 31st March were:

2007- ₹ 1,50,000 (including insurance claim received against loss of machinery 20,000)

2008 - ₹ 2,50,000 including voluntary compensation paid 50,000)

2009 - ₹ 2,10,000. (Including profit on sale of fixed assets 10,000)

Pass the necessary journal entry to give effect to the above arrangement in the capital accounts of the partners.

- 11) The profits and losses for the previous years are: 2017 Profit ₹ 5,000, 2018 Loss ₹ 8,500, 2019 Profit ₹ 25,000, 2020 Profit ₹ 37,500. The average Capital employed in the business is ₹ 1,00,000. The rate of interest expected from capital invested is 10%. The remuneration from alternative employment of the proprietor ₹ 3,000 p.a. Calculate the value of goodwill on the basis of 3 years' purchases of Super Profits based on the average of 4 years.
- 12) 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 31.12.2019 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 | 30,000 | | |
| | 6,55,000 | | 6,55,000 |

The partnership earned profit ₹ 2,00,000 in 2019 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.

Admission of Partner

13) A, B and C are partners sharing profits in the ratio of 3:2:1. Their Balance Sheet as at 31st March, 2018 stood as:

| Liabilities | ₹ | | Assets | ₹ | |
|---------------------------|----------|-----------|------------------------------------|----------|-----------|
| Capital Accounts | | | Building | | 10,00,000 |
| A | 8,00,000 | | Furniture | | 2,40,000 |
| B | 4,20,000 | | Office equipment | | 2,80,000 |
| C | 4,00,000 | 16,20,000 | Stock | | 2,50,000 |
| Sundry Creditors | | 3,70,000 | Sundry debtors | 3,00,000 | |
| Workman compensation fund | | 3,40,000 | Less: Provision for Doubtful debts | 30,000 | 2,70,000 |
| Outstanding expense | | 20,000 | Joint life policy | | 1,60,000 |
| | | | Cash at Bank | | 1,50,000 |
| | | 23,50,000 | | | 23,50,000 |

The following adjustments made in the books of accounts:

- 1) Building revalued to 12,00,000
- 2) Furniture revalued upward by 60,0000
- 3) Depreciate office equipment by 15%
- 4) Provision for doubtful debt created @ 15%
- 5) Surrendered value of Joint life policy 1,50,000
- 6) Stock revalued to 2,20,000
- 7) Creditors include 20,000 due to Ram not to be paid off.
- 8) Credit purchase of 50,000 omitted to be recorded in the books.

9) There is no liability towards workman compensation.

10) Outstanding expense includes 15,000 due to Shyam paid by Mr.A

Pass journal entries, Prepare Revaluation account and balance sheet after revaluation.

14) A and B are in partnership sharing profits and losses in the ratio of 3:2. The capitals of A and B are ₹ 80,000 and ₹ 60,000 respectively. They admit C as a partner who contributes ₹ 35,000 as capital for 1/5th share of profits to be acquired equally from both A & B. The capital accounts of old partners are to be adjusted on the basis of the proportion of C's capital to his share in the business. Calculate the amount of actual cash to be paid off or brought in by the old partners for the purpose and pass the necessary journal entries.

15) Dinesh, Ramesh and Naresh are partners in a firm sharing profits and losses in the ratio of 3:2:1. Their Balance Sheet as on 31st March, 2018 is as below:

| Liabilities | | Assets | |
|-------------------------|--------|----------------------|--------|
| Trade payables | 22,500 | Land & Buildings | 37,000 |
| Outstanding Liabilities | 2,200 | Furniture & Fixtures | 7,200 |
| General Reserve | 7,800 | Closing stock | 12,600 |
| Capital Accounts: | | Trade Receivables | 10,700 |
| Dinesh 15,000 | | Cash at bank | 5,000 |
| Ramesh 15,000 | | | |
| Naresh 10,000 | 40,000 | | |
| | 72,500 | | 72,500 |

The partners have agreed to take Suresh as a partner with effect from 1st April, 2018 on the following items:

- (i) Suresh shall bring ₹ 8,000 towards his capital.
- (ii) The value of stock to be increased to ₹ 14,000 and Furniture & Fixtures to be depreciated by 10%.
- (iii) Reserve for bad and doubtful debts should be provided at 5% of the Trade Receivables.
- (iv) The value of Land & Buildings to be increased by ₹ 5,600 and the value of the goodwill be fixed at ₹ 18,000.
- (v) The new profit sharing ratio shall be divided equally among the partners.

The outstanding liabilities include ₹ 700 due to Ram which has been paid by Dinesh.

Necessary entries were not made in the books.

Prepare (i) Revaluation Account, (ii) Capital Accounts of the partners, (iii) Balance Sheet of the firm after admission of Suresh

16) A and B are partners, sharing profits and losses in the proportion of 3/4th and 1/4th As at 31st March, 2021, following is the Balance Sheet of A and B.

Balance Sheet as at 31st March, 2021

| Liabilities | (₹) | Assets | (₹) |
|------------------|-----------------|-------------------|-----------------|
| Capital accounts | | Cash in hand | 1,15,000 |
| A | 2,85,000 | Cash at bank | 1,10,000 |
| B | <u>1,55,000</u> | Sundry Debtors | 1,60,000 |
| | 4,40,000 | Stock | 2,00,000 |
| Creditors | 3,75,000 | Bills receivable | 30,000 |
| General reserve | 60,000 | Land and building | 2,50,000 |
| | | Office furniture | 10,000 |
| | 8,75,000 | | 8,75,000 |

They agreed to take C into Partnership on 1st April, 2021 on the following terms:

- I. Goodwill is to be valued at ₹ 2,00,000. C is unable to bring cash for his share of goodwill. So, it was decided that due credit for goodwill be given to A and B for their sacrifice in favour of C through C's current account.
- II. C pays ₹ 1,40,000 as his capital for 1/5th share in the future profits.
- III. Stock and Furniture to be reduced by 10%.
- IV. A provision @ 5% for doubtful debts to be created on debtors.
- V. Land and building to be appreciated by 20%.
- VI. Capital Accounts of the partners be readjusted on the basis of their profit sharing arrangement and any excess or deficiency is to be transferred to their Current Accounts.

Prepare Revaluation Account and Partners Capital Accounts.

17) X and Y are in partnership business sharing profits and losses in the ratio of 2:3. Their Balance Sheet as at 31st March, 2022 is as follows:

| Liabilities | Amount (₹) | Assets | Amount (₹) |
|-------------------|--------------|------------------|---------------|
| Capital Accounts: | | Building | 60,000 |
| X | 60,000 | Plant | 45,000 |
| Y | 1,40,000 | Furniture | 23,500 |
| General Reserve | 40,000 | Debtors | 38,400 |
| Creditors | 42,600 | Bills receivable | 12,500 |
| Bills payable | 15,400 | Stock | 42,600 |
| Salary payable | <u>2,000</u> | Bank | <u>78,000</u> |
| | 3,00,000 | | 3,00,000 |

On 1st April, 2022 they decided to admit Z into the partnership giving him 1/5th share in

the future profits. He brings in ₹ 1,00,000 as his share of capital. Goodwill was valued at ₹ 1,20,000 at the time of admission of Z. The partners decided to revalue the assets and liabilities as follows:

- (i) Plant ₹ 40,000, Stock ₹ 42,000, Furniture ₹ 20,000 and Bills Receivable ₹ 12,000.
- (ii) Out of total Debtors, ₹ 2400 is bad and 5% provision is to be provided for bad and doubtful debts.
- (iii) Building is to be appreciated by 75%.
- (iv) Actual liability towards salary payable is ₹ 1200 only

You are required to show the following accounts in the books Of the firm:

1. Revaluation Account
2. Partner's Capital Accounts
3. Balance sheet of the Firm after Admission of Z.

18) Moscow and Danial are partners of the firm MD & Co., from 1.4.2017. Initially both of them contributed Rs. 1,00,000 each as capital. They did not contribute any capital thereafter. They maintain accounts of the firm on mercantile basis. They were sharing profits and losses in the ratio of 5:4. After the accounts for the year ended 31.3.2021 were finalized, the partners decided to share profits and losses equally with effect from 1.4.2017.

It was also discovered that in ascertaining the results in the earlier years certain adjustments, details of which are given below, had not been noted.

| Year ended 31st March | 2018 | 2019 | 2020 | 2021 |
|---|--------|----------|----------|----------|
| | Rs. | Rs. | Rs. | Rs. |
| Profit as per accounts prepared and finalized | 70,000 | 1,30,000 | 1,60,000 | 1,80,000 |
| Expenses not provided for (as at 31st March) | 15,000 | 10,000 | 18,000 | 12,000 |
| Incomes not taken into account (as at 31st March) | 9,000 | 7,500 | 6,000 | 10,500 |

The partners decided to admit Spinny as a partner with effect from 1.4.2021. It was decided that Spinny would be allotted 20% share in the firm and he must bring 20% of the combined capital of Moscow and Danial.

Following is the Balance sheet of the firm as on 31.3.2021 before admission of Spinny and before adjustment of revised profits between Moscow and Danial.

Balance Sheet of MD & Co. as at 31.3.2021

| Liabilities | Rs. | Assets | Rs. |
|-------------------|----------|---------------------|--------|
| Capital Accounts: | | Plant and machinery | 30,000 |
| Moscow | 1,05,750 | Cash on hand | 5,000 |

| | | | |
|----------------|----------|-------------------|----------|
| Danial | 75,750 | Cash at bank | 2,500 |
| Trade Payables | 1,13,500 | Stock in trade | 1,55,000 |
| | | Trade Receivables | 1,02,500 |
| | 2,95,000 | | 2,95,000 |

You are required to prepare:

1. Profit and Loss Adjustment account;
2. Capital accounts of the partners; and
3. Balance sheet of the firm after admission

19) Anik and babul were carrying on business in partnership sharing profits and losses in the ratio of 3:2. On December 31, 2017 their balance Sheet was as follows:

Balance Sheet

| Liabilities | ₹ | Assets | ₹ |
|---------------------------|----------|-------------------|----------|
| Capital : Anik | 30,200 | Land and Building | 40,000 |
| Babul | 35,400 | Furniture | 10,600 |
| Bank Loan | 20,000 | Stock | 38,500 |
| Sundry Creditors | 20,800 | Debtors | 19,000 |
| Bills payable | 10,000 | Cash | 20,300 |
| Workmen compensation fund | 12,000 | | |
| Total | 1,28,400 | Total | 1,28,400 |

On January 1, 2018 Charu was admitted to partnership on the following conditions:

- a) Charu would be entitled to 1/3rd share in profits.
- b) Charu would bring ₹30,000 as his capital.
- c) He would not be able to bring his share of Goodwill in cash for ₹10,000.
- d) The book value of land and building will be increased by ₹10,000, that of furniture would be reduced to
- e) ₹10,000 and stock would be reduced by 10%.
- f) A provision for bad debts @ 5% of sundry debtors would be created
- g) The actual liability of workmen compensation fund is estimated at ₹2,000.
- h) Bank loan would be paid off.

Prepare Revaluation Account, Partners Capital Accounts and the Balance sheet of the new firm.

20) Ramu and Mamu were partners in a firm sharing profits and losses in the ratio 3:2 Their Balance Sheet as on 31st March, 2020 was as follows:

| Liabilities | ₹ | Assets | ₹ |
|--------------------|----------|-------------------|----------|
| Capital : | | Land & Building | 1,50,000 |
| Ramu | 2,10,000 | Machinery | 1,80,000 |
| Mamu | 1,90,000 | Furniture | 44,000 |
| General Reserve | 60,000 | Trade Receivables | 42,800 |
| Loan from LFC bank | 25,000 | Inventory | 65,200 |
| Trade Payables | 21,000 | Bank | 24,000 |
| | 5,06,000 | | 5,06,000 |

Damu was admitted as partner from 1st April, 2020 on the following terms:

- (1) He shall bring ₹ 1,50,000 as capital and goodwill.
- (2) He shall get 1/5th share in future profits, to be acquired equally from Ramu and Mamu.
- (3) Goodwill of the firm to be valued at ₹ 2,50,000. It was agreed that goodwill shall not appear in the books of accounts.
- (4) Land & Building is to be appreciated by 50% and inventory is revalued at ₹ 60,000
- (5) Machinery to be depreciated by 20%. Debtors of ₹ 2,800 are to be written off as bad debts and a Reserve for doubtful debts should be created @ 5% of debtors.
- (6) Furniture to be reduced to ₹40,000.
- (7) After admission of Damu, capitals of the partners' to be adjusted in their new profit sharing ratio, taking Damu's capital as base.

You are required to prepare:

- Revaluation account
- Partners' capital accounts.
- Cash and bank account.
- Balance Sheet after admission

Retirement of Partner

21) On 31st March, 2022, the Balance Sheet of Aadi, Arnav and Aarush sharing profits and losses in proportion to their Capital stood as below:

| Liabilities | ₹ | Assets | ₹ |
|------------------|-----------------|------------------------|-----------------|
| Capital Account: | | Land and Building | 1,20,000 |
| Mr. Aadi | 80,000 | Plant and Machinery | 80,000 |
| Mr. Arnav | 1,20,000 | Stock of goods | 48,000 |
| Mr. Aarush | 80,000 | Sundry debtors | 44,000 |
| Sundry Creditors | 40,000 | Cash and Bank Balances | 28,000 |
| | 3,20,000 | | 3,20,000 |

On 1st April, 2022, Aadi desired to retire from the firm and remaining partners decided to carry on the business. It was agreed to revalue the assets and liabilities on that date on the following basis:

- 1) Land and Building be appreciated by 20%. Plant and Machinery be depreciated by 30%.
- 2) Stock of goods to be valued at ₹40,000. Old credit balances of Sundry creditors, ₹8,000 to be written back.
- 3) Provisions for bad debts should be provided at 5%. Joint life policy of the partners surrendered and cash obtained ₹ 30,200.
- 4) Goodwill of the entire firm is valued at ₹56,000 and Aadi's share of the goodwill is adjusted in the A/cs of Arnav and Aarush, who would share the future profits equally. No goodwill account being raised.
- 5) The total capital of the firm is to be the same as before retirement. Individual capital is in their profit sharing ratio.
- 6) Amount due to Mr. Aadi is to be settled on the following basis: @ 50% on retirement and the balance 50% within one year.

Prepare (a) Revaluation Account, (b) Capital Accounts of the partners, (c) Cash and Bank Account and (d) Balance Sheet of the new firm M/s Arnav & Aarush as on 1.04.2022.

23) A, B and C are partners sharing profits in the ratio of 3:2:1. Their Balance Sheet as at 31st March, 2018 stood as:

| Liabilities | ₹ | | Assets | ₹ | |
|------------------|----------|------------------|-------------------|----------|------------------|
| Capital Accounts | | | Building | | 10,00,000 |
| A | 8,00,000 | | Furniture | | 2,40,000 |
| B | 4,20,000 | | Office | | 2,80,000 |
| C | 4,00,000 | 16,20,000 | Stock | | 2,50,000 |
| Sundry Creditors | | 3,70,000 | Sundry debtors | 3,00,000 | |
| General Reserves | | 3,60,000 | Less: Provision | | |
| | | | Doubtful debts | 30,000 | 2,70,000 |
| | | | Joint life policy | | 1,60,000 |
| | | | Cash at Bank | | 1,50,000 |
| | | 23,50,000 | | | 23,50,000 |

B retired on 1st April, 2018 subject to the following conditions:

- Office Equipment revalued at ₹ 3,27,000.
- Building revalued at ₹ 15,00,000. Furniture is written down by ₹ 40,000 and Stock is reduced to Rs,2,00,000 .
- Provision for Doubtful Debts is to be created @ 5% on Debtors.
- Joint Life Policy will appear in the Balance Sheet at surrender value after B's retirement. The surrender value is ₹ 1,50,000
- Goodwill was to be valued at 3 years purchase of average 4 years profit which were:

| Year | ₹ |
|------|----------|
| 2014 | 90,000 |
| 2015 | 1,40,000 |
| 2016 | 1,20,000 |
| 2017 | 1,30,000 |

- Amount due to B is to be transferred to his Loan Account.

Prepare the Revaluation Account, Partners' Capital Accounts and the Balance Sheet immediately after B's retirement.

24) M/s. TB is a partnership firm with the partners A, B and C sharing profits and losses in the ratio of 3:2:5. The balance sheet of the firm as on 30th June, 2020 was as under:

Balance Sheet of M/s. TB as on 30-6-2020

| Liabilities | Amount (₹) | Assets | Amount (₹) |
|-----------------|------------------|-------------------|------------------|
| A's Capital A/c | 1,24,000 | Land | 1,20,000 |
| B's Capital A/c | 96,000 | Building | 2,20,000 |
| C's Capital A/c | 1,60,000 | Plant & Machinery | 4,00,000 |
| Long Term Loan | 4,20,000 | Investments | 42,000 |
| Bank Overdraft | 64,000 | Inventories | 1,36,000 |
| Trade Payables | 2,13,000 | Trade Receivables | 1,59,000 |
| | 10,77,000 | | 10,77,000 |

It was mutually agreed that B will retire from partnership and in his place, D will be admitted as a partner with effect from 1st July, 2020. For this purpose, following adjustments are to be made:

- Goodwill of the firm is to be valued at ₹ 3 lakhs due to the firm's location advantage but the same will not appear as an asset in the books of the reconstituted firm.
- Building and Plant & Machinery are to be valued at 95% and 80% of the respective balance sheet values. Investments are to be taken over by the retiring partner at ₹ 46,000. Trade receivables are considered good only up to 85% of the balance sheet figure. Balance to be considered bad.
- In the reconstituted firm, the total capital will be 4 lakhs, which will be contributed by A, C and D in their new profit-sharing ratio, which is 3:4:3.
- The amount due to retiring partner shall be transferred to his loan account.

You are required to prepare Revaluation Account and Partners' Capital Accounts after reconstitution, along with working notes.

25) Acme & Co. is a partnership firm with partners Mr. A, Mr. B and Mr. C, sharing profits and losses in the ratio of 10:6:4. The balance sheet of the firm as at 31 st March, 2021 is as under:

| Liabilities | ₹ | Assets | ₹ |
|-------------|---|--------|--------|
| Capitals: | | Land | 30,000 |

| | | | | |
|--------------------------|----------|------------------|---------------------|------------------|
| Mr. A | 2,40,000 | | Buildings | 6,00,000 |
| Mr. B | 60,000 | | Plant and machinery | 3,90,000 |
| Mr. C | 90,000 | 3,90,000 | Furniture | 1,29,000 |
| Reserves | | | Investments | 36,000 |
| (un-appropriated profit) | | 60,000 | Inventories | 3,90,000 |
| Long Term Debt | | 9,00,000 | Trade receivables | 4,17,000 |
| Bank Overdraft | | 1,32,000 | | |
| Trade payables | | 5,10,000 | | |
| | | 19,92,000 | | 19,92,000 |

It was mutually agreed that Mr. B will retire from partnership and in his place Mr. F will be admitted as a partner with effect from 1st April, 2021. For this purpose, the following adjustments are to be made:

Goodwill is to be valued at ₹3 lakh but the same will not appear as an asset in the books of the reconstituted firm.

Buildings and plant and machinery are to be depreciated by 5% and 20% respectively. Investments are to be taken over by the retiring partner at ₹ 45,000. Provision of 20% is to be made on Trade receivables to cover doubtful debts.

In the reconstituted firm, the total capital will be ₹ 6 lakhs which will be contributed by Mr. A, Mr. C and Mr. F in their new profit-sharing ratio, which is 2:2:1.

The surplus funds, if any, will be used for repaying bank overdraft.

The amount due to retiring partner shall be transferred to his loan account.

You are required to prepare

Revaluation account;

Partners capital accounts;

Bank account; and

Balance sheet of the reconstituted firm as on 1st April, 2021.

26) On 31st March, 2020, the Balance Sheet of P, Q and R sharing profits and losses in proportion to their Capital stood as below:

| Liabilities | ₹ | Assets | ₹ |
|------------------|---------------|------------------------|---------------|
| Capital Account: | | Land and Building | 30,000 |
| Mr. P | 20,000 | Plant and Machinery | 20,000 |
| Mr. Q | 30,000 | Stock of goods | 12,000 |
| Mr. R | 20,000 | Sundry debtors | 11,000 |
| Sundry Creditors | 10,000 | Cash and Bank Balances | 7,000 |
| | 80,000 | | 80,000 |

On 1st April, 2020, P desired to retire from the firm and remaining partners decided to carry on the business. It was agreed to revalue the assets and liabilities on that date on the following basis:

- I. Land and Building be appreciated by 20%.
- II. Plant and Machinery be depreciated by 30%.
- III. Stock of goods to be valued at ₹10,000.
- IV. Old credit balances of Sundry creditors, ₹2,000 to be written back.
- V. Provisions for bad debts should be provided at 5%.
- VI. Joint life policy of the partners surrendered and cash obtained ₹ 7,550.
- VII. Goodwill of the entire firm is valued at ₹14,000 and P's share of the goodwill is adjusted in the A/cs of Q and R, who would share the future profits equally. No goodwill account being raised.
- VIII. The total capital of the firm is to be the same as before retirement. Individual capital is in their profit sharing ratio.
- IX. Amount due to Mr. P is to be settled on the following basis: 50% on retirement and the balance 50% within one year.

Prepare (a) Revaluation account, (b) The Capital accounts of the partners, (c) Cash account and (d) Balance Sheet of the new firm M/s Q & R as on 1.04. 2020..

27) X, Y and Z are partners sharing profits and losses in the ratio of 1:2:3. Their Balance Sheet as on 31st March, 2021 was as follows:

| Liabilities | Amount (₹) | Assets | Amount (₹) |
|-----------------|------------------|--------------|------------------|
| Capitals: | | Building | 2,50,000 |
| X | 1,75,000 | Machinery | 3,37,500 |
| Y | 2,50,000 | Debtors | 3,25,000 |
| Z | 4,00,000 | Stock | 4,00,000 |
| General Reserve | 3,00,000 | Bank | 62,500 |
| Trade Creditors | 2,50,000 | | |
| Total | 13,75,000 | Total | 13,75,000 |

Z retired from business on 1st April, 2021 on the following terms:

- (i) Building to be appreciated by 25%.
- (ii) X and Y to bring in additional capital of ₹ 5,00,000 each.
- (iii) Machinery to be depreciated by 10%.
- (iv) Stock is revalued at ₹ 3,72,250.
- (v) Provision for Doubtful Debts to be created at 4%.
- (vi) Goodwill was to be valued at 3 years' purchase of average profits of past 3 years. The profits of past 3 years were ₹ 2,75,000, ₹ 2,50,000 and ₹ 1,95,000 respectively.
- (vii) Goodwill was not to be raised in the Books of Accounts.
- (viii) Balance payable to Z was to be paid immediately.

Prepare Revaluation Account, Bank Account and Partners' Capital Accounts after giving effect to Z's retirement, Also show the valuation of Goodwill and pass a Journal Entry for adjustment of Goodwill.

Death of Partner

28) Monika, Yedhant and Zoya are in partnership, sharing profits and losses equally.

Zoya died on 30th June 2018. The Balance Sheet of Firm as at 31st March 2018 stood as

| Liabilities | Amount | Assets | Amount |
|-------------------|----------|--------------------------------------|----------|
| Creditors | 20,000 | Land and Building | 1,50,000 |
| General Reserve | 12,000 | Investments | 65,000 |
| Capital Accounts: | | Stock in trade | 15,000 |
| Monika | 1,00,000 | Trade receivables 35,000 | |
| Yedhant | 75,000 | Less: Provision for doubtful (2,000) | 33,000 |
| Zoya | 75,000 | Cash in hand | 7,000 |
| | | Cash at bank | 12,000 |
| | 2,82,000 | | 2,82,000 |

In order to arrive at the balance due to Zoya, it was mutually agreed that:

- (1) Land and Building be valued at ₹ 1,75,000
- (2) Debtors were all good, no provision is required
- (3) Stock is valued at ₹ 13,500
- (4) Goodwill will be valued at one Year's purchase of the average profit of the past five years. Zoya's share of goodwill be adjusted in the account of Monika and Yedhant.
- (5) Zoya's share of profit from 1st April 2018, to the date of death be calculated on the basis of average profit of preceding three years.
- (6) The profit of the preceding five years ended 1st March were:

| | | | | |
|--------|--------|--------|--------|--------|
| 2018 | 2017 | 2016 | 2015 | 2014 |
| 25,000 | 20,000 | 22,500 | 35,000 | 28,750 |

You are required to prepare

Revaluation account

Capital accounts of the partners and

Balance sheet of the Firm as at 1st July 2018.

29) Arup and Swarup were partners. The partnership deed provides inter alia:

- I. That the annual accounts be balanced on 31st December each year;
- II. That the profits be allocated as follows:
Arup: One-half; Swarup: One-third and -Carried to reserve account: One sixth;
- III. That in the event of death of a partner, his executor will be entitled to the following:
 - a) The capital to his credit at the date of death;
 - b) His proportionate share. of profit to date of death based on the average profits of the last three completed years; and
 - c) His Share of goodwill based on three years' purchase of the average profits for the three preceding completed years.

Trial Balance as on 31st December, 2018

| Particulars | Debit (₹) | Credit (₹) |
|------------------|-----------|------------|
| Arup's Capital | | 90,000 |
| Swarup's Capital | | 60,000 |
| Reserve | | 45,000 |
| Bills receivable | 50,000 | |
| Investment | 55,000 | |
| Cash | 1,10,000 | |
| Trade payables | | 20,000 |
| Total | 2,15,000 | 2,15,000 |

The profits for the three year were 2016: ₹ 51,000; 2017: ₹ 39,000 and 2018: ₹ 45,000. Swarup died on 1st May 2019.

Show the calculation of Swarup (A) Share of profits; (B) Share of Goodwill; (C) Draw up Swarup's Executor Account as would appear in the firms' ledger transferring the amount to the Loan account.

- 30) 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.

31) It was provided under the Partnership Agreement between Ram, Laxman and Bharat that in the event of death of a partner, the survivors would have to purchase his share in the firm on the following terms:

- (i) Goodwill is to be valued at 3 year's purchase of simple average profits of last 4 completed years.
- (ii) Outstanding amount due to the representative of a deceased partner shall be paid in 4 equal half yearly installments commencing 6 months after the death plus interest @ 5% p.a. on the outstanding dues.

They shared profit and loss in the ratio 9:4:3.

Ram died on 30th September 2020 and Partner's Capital account balances on that date were: Ram - ₹ 21,600, Laxman - ₹ 12,800 and Bharat - ₹ 7,200. Ram's current account on 30th September, 2020 after crediting his share of profit to that date, however showed a debit balance of ₹ 1,920.

Firm profits were for the year ended

- 31st March, 2017 ₹ 70,400
- 31st March, 2018 ₹ 56,320
- 31st March, 2019 ₹ 48,160
- 31st March, 2020 ₹ 17,408

Show Ram's Capital Account and Executor's Account (of Ram) till full payment is made to Ram's Executor.

32) The following is the Balance Sheet of M/s. TMR as at 31st March, 2021 they share profit equally:

Balance Sheet as at 31st March, 2021

| Liabilities | | ₹ | Assets | | ₹ |
|-----------------|-------|--------|---------------------|--------|--------|
| Capital | Tina | 24,600 | Machinery | | 30,000 |
| | Meena | 24,600 | Furniture | | 16,800 |
| | Rita | 27,000 | Fixture | | 12,600 |
| General Reserve | | 9,000 | Cash | | 9,000 |
| Trade payables | | 14,100 | Inventories | | 5,700 |
| | | | Trade receivables | 27,000 | |
| | | | Less: Provision for | 1800 | 25,200 |
| | | | Doubtful debts | | |
| | | 99,300 | | | 99,300 |

Rita died on 5th April, 2021 and the following agreement was to be put into effect.

- Assets were to be revalued: Machinery to ₹ 35,100; Furniture to ₹ 13,800; Inventory to ₹ 4,500.
- Goodwill was valued at ₹ 18,000 and was to be credited with his share, without using a Goodwill Account.
- ₹ 6,000 was to be paid away to the executors of the dead partner on 8th April, 2021.
- After death of Rita, Tina and Meena share profit equally.

Prepare Revaluation Account and Capital Accounts of the partners and also show Journal Entry for Goodwill adjustment.

33) The following is the Balance Sheet of M/s. LMN Bros as at 31st December, 2017, they share profit equally:

Balance Sheet as at 31st December, 2017

| Liabilities | ₹ | Assets | ₹ |
|-------------|---|--------|---|
|-------------|---|--------|---|

| | | | | |
|-----------------|--------|-------------------|------|--------|
| Capital | | Machinery | | 10,000 |
| L | 8,200 | Furniture | | 5,600 |
| M | 8,200 | Fixture | | 4,200 |
| N | 9,000 | | | |
| General Reserve | 3,000 | Cash | | 3,000 |
| Trade payables | 4,700 | Inventories | | 1,900 |
| | | Trade receivables | 9,00 | |
| | | Less: Provision | 600 | 8,400 |
| | | | | |
| | 33,100 | | | 33,100 |

N died on 3rd January, 2018 and the following agreement was to be put into effect.

Assets were to be revalued: Machinery to ₹ 11,700; Furniture to ₹ 4,600; Inventory to ₹ 1,500. Goodwill was valued at ₹ 6,000 and was to be credited with his share, without using a Goodwill Account. ₹ 2,000 was to be paid away to the executors of the dead partner on 5th January, 2018. After death of N, L and M share profit equally. You are required to prepare:

Journal Entry for Goodwill adjustment.

Revaluation Account and Capital Accounts of the partners

- 34) A, B and C were trading in partnership sharing profits and losses in the proportion of 4:3:3. The balances in the books of the firm as on 31st December, 2022 subject to final adjustment were as under:

| | Debit | Credit |
|------------------------|----------|----------|
| | Amount ₹ | Amount ₹ |
| Capital Accounts | | |
| A | | 2,25,000 |
| B | | 1,12,500 |
| C | | 1,35,000 |
| Current Account | | |
| A | 36,000 | |
| B | 54,000 | |
| C | 54,000 | |
| Land and Building | 1,80,000 | |
| Furniture and Fixtures | 33,750 | |
| Stock | 2,81,250 | |
| Debtors | 45,000 | |

| | | |
|--|-----------------|-----------------|
| Bank Account | 90,000 | |
| Profit for the year before charging interest | | 2,34,000 |
| Creditors | | 67,500 |
| Total | 7,74,000 | 7,74,000 |

Goodwill may be recorded separately, instead of through Revaluation Account. C died on 30th June, 2022. The Partnership deed provided that:

- a) Interest was credited on Capital Account of Partners as @ 12% per annum on the balance at the beginning of the year.
- b) On the death of partner
 - (i) Goodwill was to be valued at three years purchase of average annual profits of three years up to the death, after deducting interest on capital employed at 10%p.a. and a fair remuneration for each of the partners.
 - (ii) Fixed assets were to be valued by an independent valuer and all other assets and liabilities to be taken at book value, and
- c) Whenever necessary, profit or loss should be apportioned on a time basis. You ascertain that:
 - (i) Profit for three years, before charging partners' interest were:

| | |
|------|----------|
| 2019 | 2,52,000 |
| 2020 | 2,83,500 |
| 2021 | 2,70,000 |
 - (ii) The independent valuation on the date of death revealed:

| | |
|------------------------|------------|
| Land and Building | ₹ 2,25,000 |
| Furniture and Fixtures | ₹ 22,500 |
 - (iii) For valuation of goodwill a fair remuneration for each of the partners would be ₹ 56,250 per annum and that the capital employed in the business to be taken as 5,85,000 throughout.

It was agreed between the partners that:

- 1) Goodwill was not be shown as an asset of the firm as on 31st December, 2022. Therefore, adjustment for goodwill was to be made in Capital Accounts.
- 2) The amount due to C's Estate was to remain as loan with the firm carrying interest at 12% p.a.
- 3) A and B would share profits equally from the date of death of C.
- 4) Depreciation on revised value of assets would be ignored.

You are required to prepare:

- A. Partners' Capital Account and Current Account; and
- B. Balance Sheet of the firm as on 31st December, 2022.

Working should be done correct to the nearest rupee.

Financial statement of not-for-profit organization

1. The following information of M/s. TT Club are related for the year ended 31st March, 2020:

| Balances | As on 01-04-2019 | As on 31-3-2020 |
|----------------------------------|------------------|-----------------|
| Stock of Sports Material | 75,000 | 1,12,500 |
| Amount due for Sports Material | 67,500 | 97,500 |
| Subscription due | 11,250 | 16,500 |
| Subscription received in advance | 9,000 | 5,250 |

Subscription received during the year ₹ 3,75,000

Payments for Sports Material during the year ₹ 2,25,000

You are required to:

- Calculate the amount of Subscription and Sports Material that will appear in Income & Expenditure Account for the year ended 31.03.2020 and
 - Also show how these items would appear in the Balance Sheet as on 31.03. 2020.
2. From the following receipts and payments account of Pune Club, prepare income and expenditure account for the year ended 31.03.2021 and its balance sheet as on that date:

| Receipts | ₹ | Payments | ₹ |
|-----------------------------|--------|--------------------------|-------|
| Cash in hand | 4,000 | Salary | 2,000 |
| Cash at bank | 10,000 | Repair expenses | 500 |
| Donations | 5,000 | Purchase of furniture | 6,000 |
| Subscriptions | 12,000 | Misc. expenses | 500 |
| Entrance fees | 1,000 | Purchase of investments | 6,000 |
| Interest received from bank | 500 | Insurance premium | 200 |
| Sale of old newspaper | 150 | Snooker table | 8,000 |
| Sale of drama tickets | 1,050 | Stationary | 150 |
| | | Drama expenses | 500 |
| | | Cash in hand (closing) ₹ | 2,650 |
| | | Cash at bank (closing) | 7,200 |

| | | | |
|--|--------|--|--------|
| | 33,700 | | 33,700 |
|--|--------|--|--------|

The following adjustments are to be made while drawing up the accounts:

- i. Subscriptions in arrear for year 2020-21 ₹900 and subscriptions in advance for 2021-22 ₹ 350.
 - ii. Insurance premium outstanding ₹ 40 and Misc. expenses prepaid ₹90.
 - iii. 50% of donation is to be capitalized.
 - iv. Entrance fees are to be treated as revenue income.
 - v. 8% interest has accrued on investment for five months.
 - vi. Snooker table costing ₹ 30,000 was purchased on 31st March,2020 and ₹22,000 were paid for it.
3. From the following data, prepare an Income and Expenditure Account for the year ended 31st December 20, 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 | 5,200 | 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 | | 2,400 | By Diet expenses | | 15,600 |
| To Government Grant: | | | By Rent and rates | | 2,000 |
| For building | | 80,000 | (₹ 300 for 2020) | | |
| For maintenance | | 20,000 | By Electricity and water charges | | 2,400 |
| To Fees from sundry Patients | | 4,800 | By office expenses | | 2,000 |
| To Donations (not to be capitalized) | | 8,000 | By Investments | | 20,000 |
| To Net collections from benefit shows | | 6,000 | By Balances: | | |
| | | 1,56,800 | Cash 1,400 | | |
| | | | Bank 6,800 | | 8,200 |
| | | | | | 1,56,800 |
| Additional information: | | | | | ₹ |
| 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 | | | | | |

| | |
|---|-------|
| Investments in 8% Govt. securities were made on 1st July, 2019. | 6,500 |
|---|-------|

4. The Receipts and Payments account of Peppapig Club prepared on 31st March, 2021 is as follows:

Receipts and Payments Account

| Receipts | ₹ | Amount ₹ | Payments | Amount ₹ |
|---|------------|-------------|---|----------|
| To Balance b/d | | 900 | By Expenses (including Payment for sports material ₹ 5,400) | 12,600 |
| Annual Income from Subscription | 9,180 | | By Loss on Sale of Furniture (cost price ₹ 900) | 360 |
| To Add: Outstanding of last year received this year | <u>360</u> | | By Balance c/d | 1,80,900 |
| | 9,540 | | | |
| Less: Prepaid last year | <u>180</u> | 9,360 | | |
| To Other fees | | 3,600 | | |
| To Donation for Building | | 1,80,000 | | |
| | | 1,93,860 | | 1,93,860 |

Additional information:

Peppapig club had balances as on 1.4.2020 : -

Furniture ₹ 3,600; Investment at 5% ₹ 54,000; Sports material ₹ 13,320;

Balance as on 31.3.2021 :

Subscription Receivable ₹ 540 Subscription received in advance ₹ 180; Stock of sports material ₹3,600.

Do you agree with above Receipts and Payments account? If not, prepare correct Receipts and Payments account and Income and Expenditure account for the year ended 31st March, 2021 and Balance Sheet on that date.

5. The following is the Receipt and Payment Account of Park View Club in respect of the year ended 31st March, 2012.

| Receipt | Amount (₹) | Payments | Amount (₹) |
|----------------------------|-----------------|-----------------------|-----------------|
| To Balance b/d | 1,02,500 | By Salaries | 2,08,000 |
| To Subscriptions | | By Stationery | 40,000 |
| 2010-11 4,500 | | By Rent | 60,000 |
| 2011-12 2,11,000 | | By Telephone expenses | 10,000 |
| 2012-13 <u>7,500</u> | 2,23,000 | By Investment | 1,25,000 |
| To Profit on sports meet | 1,55,000 | By Sundry expenses | 92,500 |
| To Income from investments | 1,00,000 | By Balance c/d | 45,000 |
| | <u>5,80,500</u> | | <u>5,80,500</u> |

Additional information:

There are 450 members each paying an annual subscription of ₹500. On 1st April, 2011 outstanding subscription was ₹5,000.

There was an outstanding telephone bill for ₹3,500 on 31st March, 2012.

Outstanding sundry expenses as on 31st March, 2011 totalled ₹7,000.

Stock of stationery:

On 31st March, 2011 ₹ 5,000

On 31st March, 2012 ₹ 9,000

On 31st March, 2011 building stood in the books at ₹ 10,00,000 and it was subject to depreciation @ 5% per annum.

Investment on 31st March, 2011 stood at ₹20,00,000.

On 31st March, 2012, income accrued on the investments purchased during the year amounted to ₹ 3,750.

You are required to prepare income and expenditure account and balance sheet

6. Income and Expenditure Account for the year ended 31st March, 2012 of South Asia Club is given below:

| | | | |
|-------------|---|--------|---|
| Expenditure | ₹ | Income | ₹ |
|-------------|---|--------|---|

| | | | |
|--------------------------------------|---------------|---------------------|---------------|
| To Salaries & wages | 47,500 | By Subscription | 75,000 |
| To Miscellaneous expenses | 5,000 | By Entrance fee | 2,500 |
| To Audit fee | 2,500 | By Contribution for | 7,500 |
| To Executive's honorarium | 10,000 | annual day(After | |
| To Sports day expenses | 5,000 | deducting expenses | |
| To Printing & stationary | 4,500 | ₹7,500) | |
| To Interest on bank loan | 1,500 | | |
| To Depreciation on sports equipment | 3,000 | | |
| To Excess of income over expenditure | <u>6,000</u> | | |
| | <u>85,000</u> | | <u>85,000</u> |

Following additional information are also available

| | | 31.3.2011 ₹ | 31.3.2012 ₹ |
|-----|---|----------------|----------------|
| (1) | Subscription received in advance | 4,500 | 2,700 |
| (2) | Subscription outstanding | 6,000 | 7,500 |
| (3) | Salaries outstanding | 4,000 | 4,500 |
| (4) | Sports equipment (After deducting depreciation) | 26,000 | 27,000 |

Cash in hand on 31-3-12 was ₹16,000. The club took a 5% loan of ₹ 30,000 from a bank during 2010-11 for which interest was not paid in the financial year 2011-12.

Prepare Receipts and Payments account of South Asia Club for the year ending 31st March 2012.

7. Summary of receipts and payments of Bombay Medical Aid society for the year ended 31.12.2011 are as follows:

Opening cash balance in hand ₹ 8,000, subscription ₹ 50,000, donation ₹ 15,000, interest on investments @ 9% p.a. ₹ 9000, payments for medicine supply ₹ 30,000 Honorarium to doctor 10,000, salaries ₹ 28,000, sundry expenses ₹ 1,000, equipment purchase ₹ 15,000, charity show expenses ₹ 1,500, charity show collections ₹ 12,500.

Additional information:

| | 1.1.2011 | 31.12.2011 |
|----------------------------------|----------|------------|
| Subscription due | 1,500 | 2,200 |
| Subscription received in advance | 1,200 | 700 |
| Stock of medicine | 10,000 | 15,000 |
| Amount due for medicine supply | 9,000 | 13,000 |
| Value of equipment | 21,000 | 30,000 |
| Value of building | 50,000 | 48,000 |

You are required to prepare receipts and payments account and income and expenditure account for the year ended 31.12.2011 and balance sheet as on 31.12.2011.

8. You are provided the following information related to Krishna sports club:

| | 31 st Dec. 2015 | 31 st Dec. 2016 |
|--|----------------------------|----------------------------|
| Building (subject to 10% depreciation for current year) | 60,000 | ? |
| Furniture (subject to 10% depreciation for current year) | - | 20,000 |
| Stock of Sports Materials | 5,000 | 2,000 |
| Prepaid Insurance | 3,000 | 6,000 |
| Outstanding Subscription | 12,000 | 8,000 |
| Advance Subscription | 6,000 | 4,000 |
| Outstanding Locker Rent | | 6,000 |
| Advance Locker Rent received | - | 2,000 |
| Outstanding Rent for Godown | 6,000 | 3,000 |
| 12% General Fund Investments | 2,00,000 | 2,00,000 |
| Accrued Interest on above (for 2 months) | - | 4,000 |
| Cash Balance | 1,000 | 64,000 |
| Bank Balance | 2,000 | - |
| Bank Overdraft | | 2,000 |

Entrance Fees received ₹ 20,000, Life Membership Fees received ₹ 20,000, surplus from Income & expenditure Account ₹ 60,000. It is the policy of the club to treat 60% of entrance fees and 40% of Life Membership Fees as of revenue nature. The furniture was purchased on 1.01.2016

You are required to prepare the opening and closing balance sheets of Krishna sports club as on 1st January, 2016 and 31st December, 2016.

9. You are provided with the following:

Balance Sheet as on 31st March, 2017

| Liabilities | (₹) | Assets | (₹) |
|--------------------------|------------------------|-------------------------|------------------------|
| Capital Fund | 1,06,200 | Building | 1,50,000 |
| Subscription received in | 6,000 | Outstanding | 3,800 |
| Outstanding Expenses | 14,000 | Outstanding Locker Rent | 2,400 |
| Loan | 40,000 | Cash in hand | 20,000 |
| Sundry Creditors | <u>10,000</u> | | |
| Total | <u>1,76,200</u> | | <u>1,76,200</u> |

The Receipts and Payment Account for the year ended on 31st March, 2018

| Receipt | | Payment | |
|-----------------------------------|----------------------|---------------------------|----------------------|
| To Balance b/d | 20,000 | <u>By Expenses:</u> | |
| <u>To Subscriptions:</u> | | For 2017 | 12,000 |
| For 2017 | 2000 | For 2018 | <u>20,000</u> |
| For 2018 | 21,000 | By Land | 40,000 |
| For 2019 | <u>1,000</u> | By Interest | 4,000 |
| To Entrance Fees | 38,000 | By Miscellaneous Expenses | 4,700 |
| To Locker Rent | 7,000 | By Balance c/d | 18,300 |
| To Saleproceeds of old newspapers | 1,000 | | |
| To Miscellaneous Income | <u>9,000</u> | | |
| | <u>99,000</u> | | <u>99,000</u> |

You are required to prepare Income and Expenditure account for the year ended 31st March, 2018 and a Balance Sheet as at 31st March, 2018 (Workings should form part of your answer).

10. From the following information supplied by M.B.S. Club, prepare Receipts and Payments account and Income and Expenditure Account for the year ended 31st 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

May 2019

11. From the following Income and Expenditure account and the Balance sheet of a club, prepare its Receipts and Payments Account and subscription account for the year ended

31st March, 2019:

Income & Expenditure Account for the year 2018-19

| Particulars | ₹ | Particulars | ₹ |
|------------------------------|---------------|-----------------------------|--------------|
| To Upkeep of ground | 11,000 | By Subscriptions | 19,052 |
| To Printing | 1,100 | By Sale of Newspapers (Old) | 286 |
| To Salaries | 11,100 | By Lectures (Fee) | 1,650 |
| To Depreciation on furniture | 1,100 | By Entrance Fee | 2,145 |
| To Rent | 1,660 | By Misc. Income | 440 |
| | | By Deficit | <u>2,387</u> |
| | <u>25,960</u> | | 25,960 |

Balance sheet as at 31st March 2019

| Liabilities | | ₹ | Assets | ₹ |
|-----------------------------------|--------------|---------------|--|---------------|
| Subscription in advance (2019-20) | | 110 | Furniture | 9,900 |
| Prize fund: | | | Ground and Building | 51,700 |
| Opening balance Add: | 27,500 | | Prize Fund | 22,000 |
| Interest | <u>1,100</u> | | Investment | 2,530 |
| | 28,600 | | Cash in Hand | 770 |
| Less: Prizes given | <u>2,200</u> | 26,400 | Subscription (outstanding) (2018-2019) | |
| General Fund: | | | | |
| Opening balance | 62,062 | | | |
| Less: Deficit | <u>2,387</u> | | | |
| | 59,675 | | | |
| Add: Entrance Fee | <u>715</u> | <u>60,390</u> | | |
| | | 86,900 | | 86,900 |

The following adjustments have been made in the above accounts:

- Upkeep of ground ₹ 660 and printing ₹ 264 relating to 2017-18 were paid in 2018-19.
- One fourth of entrance fee has been capitalized by transfer to General Fund.
- Subscription outstanding in 2017-18 was ₹ 880 and for 2018-19 ₹ 770.
- Subscription received in advance in 2017-18 was ₹ 220 and in 2018-19 for 2019-20 was ₹ 110.
- Furniture was purchased during the year.

Nov 2019

12. From the following balances and particulars of AS College, prepare Income & Expenditure Account for the year ended March, 2020 and a Balance Sheet as on the date

| Particulars | Amount | Amount |
|-------------|--------|--------|
|-------------|--------|--------|

| | | |
|--|------------|-----------|
| Security Deposit - Students | - | 1,55,000 |
| Capital Fund | - | 13,08,000 |
| Building Fund | - | 19,10,000 |
| Tuition Fee Received | - | 8,10,000 |
| Government Grants | - | 5,01,000 |
| Interest & Dividends on Investments | - | 1,75,000 |
| Hostel Room Rent | - | 1,65,000 |
| Mess Receipts (Net) | - | 2,05,000 |
| College Stores - Sales | - | 7,60,000 |
| Outstanding expenses | - | 2,35,000 |
| Stock of Stores and Supplies (opening) | - 3,10,000 | - |
| Purchases - Stores & Supplies | 8,20,000 | - |
| Salaries - Teaching | 8,75,000 | - |
| Salaries - Research | 1,25,000 | - |
| Scholarships | 85,000 | - |
| Students Welfare expenses | 37,000 | - |
| Games & Sports expenses | 52,000 | - |
| Other investments | 12,75,000 | - |
| Land | 1,50,000 | - |
| Building | 15,50,000 | - |
| Plant and Machinery | 8,50,000 | - |
| Furniture and Fittings | 5,40,000 | - |
| Motor Vehicle | 2,40,000 | - |
| Provision for Depreciation : | | |
| Building | - | 4,90,000 |
| Plant & Equipment | - | 5,05,000 |
| Furniture & Fittings | - | 3,26,000 |
| Cash at Bank | 3,16,000 | - |
| Library | 3,20,000 | - |
| | 75,45,000 | 75,45,000 |

Adjustments :

(a) Materials & Supplies consumed (From college stores):

Teaching ₹ 52,000.

| | | |
|--------------------|---|------------|
| Research | - | ₹ 1,45,000 |
| Students Welfare - | | ₹ 78,000 |
| Games or Sports - | | ₹ 24,000 |

(b) Tuition fee receivable from Government for backward class Scholars ₹82,000.

(c) Stores selling prices are fixed to give a net profit of 15% on selling price:

Depreciation is provided on straight line basis at the following rates

| | |
|-------------------|-----|
| Building | 5% |
| Plant & Equipment | 10% |
| Furniture & | 10% |
| Motor Vehicle | 20% |

Nov 2020

13. Dr. Deku started private practice on 1st April, 2019 with ₹ 2,00,000 of his own fund and ₹ 3,00,000 borrowed at an interest of 12 p.a. on the security of his life policies. His accounts for the year were kept on a cash basis and the following is his summarized cash account:

| Receipts | ₹ | Payments | ₹ |
|-------------------|------------------|---------------------------------|------------------|
| Own Capital | 2,00,000 | Medicines Purchased | 2,45,000 |
| Loan | 3,00,000 | Surgical Equipment | 2,50,000 |
| Prescription Fees | 6,60,000 | Motor Car | 3,20,000 |
| Visiting Fees | 2,50,000 | Motor Car Expenses | 1,20,000 |
| Lecture Fees | 24,000 | Wages and Salaries | 1,05,000 |
| Pension Received | 3,00,000 | Rent of Clinic | 60,000 |
| | | General Charges | 49,000 |
| | | Household Expenses | 1,80,000 |
| | | Household Furniture | 25,000 |
| | | Expenses on Daughter's Marriage | 2,15,000 |
| | | Interest on Loan | 36,000 |
| | | Balance at Bank | 1,10,000 |
| | | Cash in Hand | 19,000 |
| | 17,34,000 | | 17,34,000 |

1/3rd of the motor car expenses may be treated as applicable to the private use of car and ₹ 30,000 of salaries are in respect of domestic servants. The stock of medicines in hand on 31st March, 2020 was valued at ₹ 95,000.

You are required to prepare his private practice income and expenditure account and capital

account for the year ended 31st March, 2020. Ignore depreciation on fixed assets.

Jan 2021

14. From the following Income and Expenditure Account and additional information of A TK Club, prepare Receipts and Payments Accounts and Balance Sheet of the club as on 31st March, 2020.

Income and Expenditure Account for the year ending 31st March, 2020

| Expenditure | ₹ | Income | ₹ |
|------------------------------------|----------|------------------|----------|
| To Salaries | 4,80,000 | By Subscription | 6,80,000 |
| To Printing and Stationery | 24,000 | By Entrance Fees | 16,000 |
| To Postage | 2,000 | By Misc. Income | 1,44,000 |
| To Telephone | 6,000 | | |
| To Office expenses | 48,000 | | |
| To Bank Interest | 22,000 | | |
| To Audit Fees | 10,000 | | |
| To Annual General Meeting Exp. | 1,00,000 | | |
| To Depreciation (Sports Equipment) | 28,000 | | |
| To Surplus | 1,20,000 | | |
| | 8,40,000 | | 8,40,000 |

Additional Information:

| Particulars | As on 31st March, 2019 | As on 31st March, 2020 |
|----------------------------------|---------------------------|---------------------------|
| Subscription Outstanding | 64,000 | 72,000 |
| Subscription Received in advance | 52,000 | 33,600 |
| Salaries Outstanding | 24,000 | 32,000 |
| Audit Fees Payable | 8,000 | 10,000 |
| Bank Loan | 1,20,000 | 1,20,000 |
| Value of Sports Equipment | 2,08,000 | 2,52,000 |
| Value of Club Premises | 7,60,000 | 7,60,000 |
| Cash in Hand | ? | 1,14,000 |

Jan 2021

15. The Income and Expenditure Account of the Women Club for the Year ended on December 31, 2021 is as follows.

| Expenditure | ₹ | Income | ₹ |
|------------------------------|--------|-----------------------------------|--------|
| To Salaries | 47,500 | By Subscription | 75,000 |
| To General Expenses | 5,000 | By Entrance Fees | 2,500 |
| To Audit Fee | 2,500 | By Contribution for Annual Dinner | 10,000 |
| To Secretary's honorarium | 10,000 | By Annual Sports Meet Receipts | 7,500 |
| To Stationary and Printing | 4,500 | | |
| To Annual Dinner Expenses | 15,000 | | |
| To Interest and bank charges | 1,500 | | |
| To Depreciation | 3,000 | | |
| To Surplus | 6,000 | | |
| | 95,000 | | 95,000 |

This account had been prepared after the following adjustments:

| | ₹ |
|---|-------|
| Subscription outstanding at the end of 2020 | 6,000 |
| Subscription received in advance on 31st December, 2020 | 4,500 |
| Subscription received in advance on 31st December, 2021 | 2,700 |
| Subscription outstanding on 31st December, 2021 | 7,500 |

Salaries outstanding at the beginning and end of the year 2021 were respectively ₹ 4,000 and ₹ 4,500. General Expenses include insurance prepaid to the extent of ₹ 600. Audit fee for the year 2021 is as yet unpaid. During the year 2021 audit fee for the year 2020 was paid amounting to ₹ 2,000

The Club owned a freehold lease of ground valued at ₹ 1,00,000. The club had sports equipment on 1st January, 2021 valued at ₹ 26,000. At the end of the year 2021, after depreciation, this equipment amounted to ₹27,000. In the year 2020, the Club had raised a bank loan of ₹20,000. This was outstanding throughout the year 2021. On 31st December, 2021 in hand was ₹ 16,000.

You are required to:

Prepare the Receipts and Payments Account for the year ended on December 31, 2021 and the Balance Sheet as on that date.

16. Summary of Receipts and Payments of AMA Society for the year ended 31st March, 2021 are as follows:

| Receipts | Amount | Payments | Amount |
|----------|--------|----------|--------|
|----------|--------|----------|--------|

| | | | |
|---|----------|-----------------------------|----------|
| Subscription Received | 5,00,000 | Payment for Medicine Supply | 3,00,000 |
| Donation Raised for meeting revenue expenditure | 1,50,000 | Honorarium to Doctors | 1,00,000 |
| Interest on Investments @ 9% p.a. | 90,000 | Salaries | 2,80,000 |
| Charity Show Collection | 1,25,000 | Sundry Expenses | 10,000 |
| | | Equipment Purchase | 1,50,000 |
| | | Charity Show Expenses | 15,000 |

Additional Information:

| Particulars | 01.04.2020 | 31.03.2021 |
|----------------------------------|------------|------------|
| Subscription due | 15,000 | 22,000 |
| Subscription received in advance | 12,000 | 7,000 |
| Stock of medicine | 1,00,000 | 1,50,000 |
| Amount due for medicine supply | 90,000 | 1,30,000 |
| Value of equipment | 2,10,000 | 3,00,000 |
| Value of building | 5,00,000 | 4'80 '000 |
| Cash Balance | 80,000 | 90,000 |
| Opening Balance of Capital Fund | 18,03,000 | |

You are required to prepare:

Income and Expenditure Account for the year ended 31st March, 2021.

Balance Sheet as on 31st March, 2021

17. The following is the Receipts and Payments Account of Mumbai Club for the year ended March 31, 2021:

Receipt and Payment Account of Mumbai Club

| Receipts | Amount (₹) | Payments | Amount (₹) |
|-----------------------------------|------------|-----------------------------------|------------|
| Cash in hand | 20,000 | Ground man's Fee | 75,000 |
| Balance at Bank as per Pass Book: | | Purchase of Equipment's | 1,55,000 |
| Saving Account | 1,93,000 | Rent of Ground | 25,000 |
| Current Account | 60,000 | Club night expenses | 38,000 |
| Bank Interest | 5,000 | Printing and Office Expenses | 30,000 |
| Donations and Subscriptions | 2,50,000 | Repairs to Equipment | 50,000 |
| Entrance fees | 18,000 | Honorarium to Secretary (2019-20) | 40,000 |

| | | | |
|----------------------------|---------------|-----------------------------------|---------------|
| Contribution to Club night | 10,000 | Balance at Bank as per Pass Book: | |
| Sale of Equipment | 8,000 | Saving Account | 2,04,000 |
| Bar Room receipts | 20,000 | Current Account | 20,000 |
| Proceeds from club night | <u>78,000</u> | Cash in hand | <u>25,000</u> |
| | 6,62,000 | | 6,62,000 |

You are given the following additional information (All figures are in ₹)

| | 01.04.20 | 31.03.21 |
|---|----------|----------|
| Subscription due | 15,000 | 10,000 |
| Amount due for printing etc. | 10,000 | 8,000 |
| Cheques unrepresented being payment for repairs | 30,000 | 25,000 |
| Interest not yet entered in the Pass book | - | 2,000 |
| Estimated value of machinery and equipment | 80,000 | 1,75,000 |

For the year ended March 31, 2021, the honorarium to the Secretary is to be increased by a total of ₹ 20,000 and Ground man is to receive a bonus of ₹ 20,000. Prepare the Income and Expenditure Account for period ended 31st March, 2021 and the Balance Sheet as at that date

18. Following is the Receipts and Payments account of Pune Medical Aid Society for the year ended 31-12-2022.

Receipts and Payments Account for the year ended 31-12-2022

| Receipts | Amount ₹ | Payments | Amount ₹ |
|---------------------------------|-------------|----------------------------------|-------------|
| To Opening cash in hand | 12,000 | By Medicine supply | 35,000 |
| To Subscription | 65,000 | By Honorarium to Doctors | 15,000 |
| To Donations | 25,000 | By Salaries | 36,000 |
| To Interest on Investment (10%) | 10,000 | By Sundry expenses. | 950 |
| To Charity show collection | 16,500 | By Purchase of Medical equipment | 25,000 |
| | | By Charity show expenses | 2,750 |
| | | By Closing Cash in hand | 13,800 |
| | 1,28,500 | | 1,28,500 |

The following is the additional information provided

| | | |
|--|------------|------------|
| | 01-01-2022 | 31-12-2022 |
|--|------------|------------|

| | Amount ₹ | Amount ₹ |
|----------------------------------|----------|----------|
| Subscription due | 2,500 | 3,100 |
| Subscription received in advance | 1,800 | 1,400 |
| Stock of medicine | 12,500 | 17,250 |
| Amount due for medicine supply | 12,000 | 16,500 |
| Value of equipment | 21,500 | 37,200 |
| Value of building | 65,000 | 61,750 |

You are required to prepare Income and Expenditure account, and Balance sheet as on 31-12-2022.

19. The Income and Expenditure Account of the Young Boys Club for the rear 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 | |
| To Secretary's Honorarium | 1,000 | Annual Dinner | 1,000 |
| To Stationery and Printing | 450 | By Annual Sports | |
| To Annual Dinner expenses | 1,500 | meet receipts | 750 |
| To Interest and Bank Charges | 150 | | |
| To Depreciation | 400 | | |
| To Surplus | 1,500 | | |
| | 10,500 | | 10,500 |

This Account has been prepared after the following adjustments:

| | Amount (₹) |
|---|------------|
| 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 |

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:

Receipts and Payments Account for 2022

Balance Sheet as on 31st December, 2022

Balance Sheet as on 31st December, 2021.

Accounting for share capital

1. Piyush Limited is a company with an authorized share capital of ₹ 2,00,00,000 in equity shares of ₹ 10 each, of which 15,00,000 shares had been issued and fully paid on 30th June, 2017. The company proposed to make a further issue of 1,30,000 shares of ₹ 10 each at a price of ₹ 12 each, the arrangements for payment being:
 - i. ₹ 2 per share payable on application, to be received by 1st July, 2017;
 - ii. Allotment to be made on 10th July, 2017 and a further ₹ 5 per share (including the premium) to be payable;
 - iii. The final call for the balance to be made, and the money received by 30th April, 2018.

Applications were received for 4,20,000 shares and were dealt with as follows:

- 1) Applicants for 20,000 shares received allotment in full;
- 2) Applicants for 1,00,000 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;
- 3) Applicants for 3,00,000 shares received an allotment of one share for every five shares applied for; the money due on allotment was retained by the company, the excess being returned to the applicants; and
- 4) 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 Piyush limited.

2. A Limited is a company with an authorized share capital of ₹ 1,00,00,000 in equity shares of ₹ 10 each, of which 6,00,000 shares had been issued and fully paid up on 31st March, 2020. The company proposes to make a further issue of 1,35,000 of these ₹ 10 shares at a price of ₹ 14 each, the arrangement of payment being :
 1. ₹ 2 per share payable on application, to be received by 31st May, 2020;
 2. Allotment to be made on 10th June, 2020 and a further ₹ 5 per share (including the premium to be payable);
 3. The final call for the balance to be made, and the money received by 31st December, 2020.

Applications were received for 5,60,000 shares and dealt with as follows:

- i. Applicants for 10,000 shares received allotment in full;
- ii. Applicants for 50,000 shares received allotment of 1 share for every 2 applied for; no money was returned to these applicants, the surplus on application being used to reduce the amount due on allotment;
- iii. Applicants for 5,00,000 shares received an allotment of 1 share for every 5 shares applied for; the money due on allotment was retained by the company, the excess being returned to the applicants; and
- iv. The money due on final call was received on the due date.

You are required to record these transactions (including bank transactions) in the Journal Book of A Limited

3. 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 30 th June, 2016. 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:
 - a) 2 per share payable on application, to be received by 1 st July, 2016;
 - b) Allotment to be made on 10 th July, 2016 and a further 5 per share (including the premium) to be payable;
 - c) The final call for the balance to be made, and the money received by 30th April, 2017.

Applications were received for 3,55,000 shares and were dealt with as follows:

- 1) Applicants for 5,000 shares received allotment in full;
- 2) 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;
- 3) 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
- 4) 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

4. X Ltd issued 20,000 shares of 10 each at a premium of 4 amount payable were,

| | |
|-----------------------|----|
| On application | 5, |
| On allotment | 4, |
| On first call | 3 |
| Balance on final call | |

Application received for 30,000 shares and directors decided to reject 5000 application balance made allotment on pro-rata basis. Pass journal entries

5. X Ltd issued 25,000 shares of 20 each at premium of 25% amount payable as follows

| | |
|------------------------------|-----------------------|
| 15/07/2023 application money | 8 including premium 2 |
| 01/08/2023 allotment money | 7 including premium 3 |
| 31/08/2023 first call money | 5 |
| 30/09/2023 Final call money | 5 |

Application received for 30,000 shares and directors decided to reject all excess applications.

X who allotted 1,000 shares failed to pay allotment and first call money but he paid it with final call money.

Y who allotted 2,000 shares failed to pay first call and final call but he paid it on 15/10/2023

Z who allotted 3,000 shares failed to pay final call money but he paid it on 31/10/2023

Pass journal entries in the books of the company.

6. X Ltd issued 50,000 shares of ₹ 10 each at a premium of ₹ 3 amount payable were,

1/4/2023 application ₹ 5

1/05/2023 allotment ₹ 4

01/07/2023 First call ₹ 2

01/09/2023 final call ₹ 2

Application received for 80,000 shares and directors made allotment on pro-rata basis.

X who allotted 2,000 shares failed to pay allotment money and first call but he paid it with final. Y who applied for 2,400 shares failed to pay first call and final call but he paid it on 30/09/2023.

Pass journal entries in the books of the company.

7. X Ltd issued 25,000 shares of ₹ 100 each at par amount payable as follows.

01/04/2023 application ₹ 20 per share

01/05/2023 allotment ₹ 20 per share

01/07/2023 First call ₹ 30 Per share

01/08/2023 final call ₹ 30 per share

All the shares are fully subscribed and monies are duly received.

X who allotted 3,000 shares paid the entire amount of his share holdings along with allotment money. Company allows interest on calls in advance at 12% p.a. pass journal entries in the books of the company.

8. Alankit Limited issued at par 2,00,000 Equity shares of ₹ 100 each payable ₹ 25 on application; ₹ 30 on allotment; ₹ 20 on first call and balance on the final call. All the shares were fully subscribed. Mr. Dhawan who held 40,000 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 4,000 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. Dhawan.

You are required to prepare journal entries to record these transactions.

9. Konica Limited registered with an authorized equity capital of ₹ 2,00,000 divided into 2,000 shares of ₹ 100 each, issued for subscription of 1,000 shares payable at ₹ 25 per share on application, ₹ 30 per share on allotment, ₹ 20 per share on first call and the balance as and when required. Application money on 1,000 shares was duly received and allotment was made to them. The allotment amount was received in full, but when the first call was made, one shareholder failed to pay the amount on 100 shares held by him and another shareholder with 50 shares, paid the entire amount on his shares. The company did not make any other call. Give the necessary journal entries in the books of the company to record these transactions.

10. A limited Company was registered with a capital of ₹ 5,00,000 in share of ₹ 100 each and issued 2,000 such shares at a premium of ₹ 20 per share, payable as ₹ 20 per share on application, ₹ 50 per share on allotment (including premium) and ₹ 20 per share on first call made three months later. All the money payable on application, and allotment were duly received but when the first call was made, one shareholder paid the entire balance on his

holding of 30 shares, and another shareholder holding 100 shares failed to pay the first call money. Required: Give Journal entries to record the above transactions.

11. On 1st May 2022 Superman Ltd. issued 5,000 Equity Shares of ₹ 100 each payable as follows: On application 20 On 1st Call 20 (Last date fixed for payment 31st July) On allotment 30 On Final Call 30 (Last date fixed for payment 30th August) Applications were received on 15th May 2022 for 6,000 shares and allotment was made on 1st June 2022. Applicants for 2,500 shares were allotted in full, those for 3,000 shares were allotted 2,500 shares and applications for 500 shares were rejected. Balance of amount due on allotment was received on 15th June. The calls were duly made on 1st July, 2022 and 1st August 2022 respectively. One shareholder did not pay the 1st Call money on 150 shares which he paid with the final call together with interest at 10% p.a. Another shareholder holding 100 shares did not pay the final call money till end of the accounting year which ends on 31st October.

Required: Show the Cash Book and Journal Entries.

12. A Limited issued 20,000 Equity shares of, 10 each at a premium of 10%, payable ₹ 2 on application; ₹ 4 on allotment (including premium); ₹ 2 on first call and balance on the final call. All the shares were fully subscribed. Mr. M who held 2000 shares paid full remaining amount on first call itself. The final call which was made after 4 months from the first call was fully paid except a shareholder having 200 shares and one another shareholder having 100 shares. They paid their due amount after 3 months and 4 months respectively along with interest on calls in arrears, Company also paid interest on calls in advance to Mr. M. The Company maintains Calls in Arrear and Calls in Advance A/c. Give journal entries to record these transactions. Show workings of Interest calculation. (Ignore dates).

13. Give journal entries for the following:

- 1) PK Ltd. forfeited 10,000 equity shares of ₹ 10 each for non payment of first call of ₹ 2 and final call of ₹ 3 per share. These shares were reissued at a discount of ₹ 3.50 per share.
- 2) KP Ltd. forfeited 20,000 equity shares of ₹ 15 each (including ₹ 5 per share as premium), for non payment of final call of ₹ 3 per share. Out of these 10,000 shares were reissued at a discount of ₹ 4 per share.
- 3) KP Ltd. forfeited 15,000 equity shares of ₹ 15 each (including ₹ 5 per share as premium), for non payment of allotment money ₹ 8 (including premium money) and first & final call of ₹ 5 per share. Out of these 10,000 shares were reissued at ₹ 14 per share.

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

- (i) X Ltd. forfeited 300 shares of ₹ 10 each fully called up, held by Ramesh for non-payment of allotment money of ₹ 3 per share and final call of ₹ 4 per share. He paid the application money of ₹ 3 per share. These shares were re-issued to Suresh for ₹ 8 per share.
- (ii) X Ltd. forfeited 200 shares of ₹ 10 each (₹ 7 called up) on which Naresh had paid application and allotment money of ₹ 5 per share. Out of these, 150 shares were re- issued to Mahesh as fully paid up for ₹ 6 per share.

15. Bhagwati Ltd. invited applications for issuing 2,00,000 equity shares of ₹ 10 each. The amounts were payable as follows:

On application - ₹ 3 per share

On allotment - ₹ 5 per share

On first and final call - ₹ 2 per share

Applications were received for 3,00,000 shares and pro-rata allotment was made to all the applicants. Money overpaid on application was adjusted towards allotment money. B, who was allotted 3,000 shares, failed to pay the first and final call money. His shares were forfeited. Out of the forfeited shares, 2,500 shares were reissued as fully paid-up @ ₹ 6 per share.

Pass necessary Journal entries to record the above transactions in the books of Bhagwati Ltd.

16. 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.

17. ABC Limited issued 20,000 equity shares of ₹ 10 each payable as:

₹ 2 per share on application

₹ 3 per share on allotment

₹ 4 per share on first call

₹ 1 per share on final call

All the shares were subscribed. Money due on all shares was fully received except for Mr. Bird, holding 300 shares, who failed to pay first call and final call money. All these 300 shares were forfeited. The forfeited shares of Mr. Bird were subsequently re-issued to Mr. John as fully paid up at a discount of ₹ 2 per share.

Pass the necessary Journal Entries to record the above transactions in the books of ABC Limited.

18. Samuel who was the holder of 12,000 preference shares of ₹ 100 each, on which ₹ 75 per share has been called up could not pay his dues on Allotment and First call each at ₹ 25 per share. The Directors forfeited the above shares and reissued 10,000 of such shares to Mr. Robert at ₹ 65 per share paid-up as ₹75 per share.

You are required to prepare journal entries to record the above forfeiture and re-issue in the books of the company.

19. Mr. Hello who was the holder of 4,000 preference shares of ₹ 100 each, on which ₹ 75 per share has been called up could not pay his dues on Allotment and First call each at ₹ 25 per share. The Directors forfeited the above shares and reissued 3,000 of such shares to Mr. X at ₹ 65 per share paid-up as ₹75 per share.

You are required to prepare journal entries to record the above forfeiture and re-issue in the books of the company.

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

- 9 per share (including premium) on application and allotment
- Balance on the first and final call

Application for 3,00,000 shares received. Application for 2,00,000 shares rejected and money refunded. Shares were allotted on pro-rata basis to remaining applicants. The first and final call was made. The amount was duly received except on 1500 shares applied by Raj his share were forfeited. The forfeited shares reissued at discount of 4 per share.

Pass necessary journal entries on the above transaction in the books of X Limited.

21. SOS Limited issued a prospectus inviting applications for 6,000 shares of ₹ 10 each at a premium of ₹ 2 per share, payable as follows;

On application ₹ 2 per share; On allotment ₹ 5 per share (including premium): On 1st call ₹ 3 per share; On Second and Final Call ₹ 2 per share.,

Applications were received for 9,000 shares and allotment was made pro-rata to the applicants of 7,500 shares, the remaining applicants were refused allotment. Money overpaid on applications were applied towards sums due on allotment.

D to whom 100 shares were allotted, failed to pay the allotment money and on his subsequent failure to pay the first call, his shares were forfeited.

Z, the holder of 200 shares, failed to pay both the calls, and his shares were forfeited after the second and final call.

Of the shares forfeited 200 shares were sold to C credited as fully paid up for ₹ 8.50 per share, the whole of Ds shares being included.

22. Alpha Ltd issued a prospectus inviting applications for 2,000 shares of ₹ 10 each at a premium of ₹ 2 per share, payable as follows:

On Application ₹ 2 On Allotment ₹ 5 (including premium)

On First Call ₹ 3 On Second & Final Call ₹ 2

Applications were received for 3,000 shares and pro rata allotment was made on the applications for 2,400 shares. It was decided to utilize excess application money towards the amount due on allotment. Mohit, to whom 40 shares allotted, failed to pay the allotment money and on his subsequent failure to pay the first call, his shares were forfeited.

Jagat, the holder of 60 shares failed to pay the two calls and on his such failure, his shares were forfeited.

Of the shares forfeited, 80 shares were sold to Rishav credited as fully paid for ₹ 9 per share, the whole of Mohit's shares being included.

Required: Give Journal Entries to record the above transactions (including cash transactions)

23. Nivedita Fertilizers Ltd. issued a prospectus inviting applications for 20,000 shares of ₹ 10 each at a premium of ₹ 2 per share, payable as follows:

On Application 3 (including ₹ 1 premium)

On Allotment 4 (including ₹ 1 premium)

On First Call 3 On Second & Final Call 2

Applications were received for 30,000 shares and pro rata allotment was made on the applications for 24,000 shares. It was decided to utilize excess application money towards the amount due on allotment.

Arunavo, to whom 400 shares were allotted, failed to pay the allotment money and on his subsequent failure to pay the first call, his shares were forfeited.

Victor, who applied for 720 failed to pay the two calls and on his such failure, his shares were forfeited.

Of the shares forfeited, 800 shares were sold to Srijita credited as fully paid for ₹ 9 per share, the whole of Arunavo's shares being included.

Required: Give Journal Entries to record the above transactions (including cash transactions)

24. BP Limited issued a prospectus inviting applications for 1,20,000 equity shares of ₹ 10 each at a premium of ₹ 2 per share payable as follows:

| | | |
|-------------------------|---|-----------------------------------|
| On Application | - | ₹ 3 per share |
| On Allotment | - | ₹ 5 per share (including premium) |
| On First and Final Call | - | ₹ 4 per share |

Applications were received for 3,60,000 equity shares. Applications for 80,000 shares were rejected and the money refunded. Shares allotted to remaining applications as follows:

| Category | No. of shares Applied | No. of shares Allotted |
|----------|-----------------------|------------------------|
| I | 1,60,000 | 80,000 |
| II | 1,20,000 | 40,000 |

Excess money received with applications was adjusted towards sums due on Allotment and the balance amount returned to the applicants. All calls were made duly received except the final call by a shareholder belonging to Category I who has applied for 680 shares. His shares were forfeited. The forfeited shares were reissued at ₹ 13 per share fully paid-up.

Pass necessary journal entries for the above transactions in the books of BP Ltd, Open call in arrears account whenever required.

25. PQR Limited issued 2,00,000 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 Mr. J, holding 5,000 shares who failed to pay the allotment and call money and Mr. K, holding 10,000 shares, who failed to pay the call money. All these 15,000 shares were forfeited. Out of the forfeited shares, 10,000 shares (including whole of J's shares) were subsequently re-issued to Mr. L as fully paid up at a discount of ₹ 1 per share.

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

26. Fashion Garments Ltd invited applications for issuing 10,000 Equity Shares of ₹ 10 each. The amount was payable as follows:

| | |
|--------------------------|---------------|
| (On Application | ₹ 1 per share |
| On Allotment | ₹ 2 per share |
| (On First call | ₹ 3 per share |
| On Second and final Call | ₹ 4 per share |

The issue was fully subscribed. Ram to whom 100 shares were allotted, failed to pay the allotment money and his shares were forfeited immediately after the allotment. Shyam to whom 150 shares were allotted, failed to pay the first call. His shares were also forfeited after the first call. Afterwards the second and final call was made. Mohan to whom 50 shares were allotted failed to pay the second and final call. His shares were also forfeited. All the forfeited shares were re-issued at ₹ 9 per share fully paid-up.

Pass necessary Journal entries in the books of Fashion Garments Ltd.

35. B Ltd purchase the assets of ₹ 10,80,000 from C Ltd. The consideration was payable in fully paid equity shares of ₹ 100 each.

Required: Show the necessary journal entries in books of B Ltd. assuming that —

- Such shares are issued at par
- Such shares are issued at premium of 20%



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