

A man with a beard and glasses, wearing a dark blazer over a maroon turtleneck, is smiling and has his fists clenched in a celebratory gesture.

CA FOUNDATION
ACCOUNTS

MOST IMPORTANT
**PYQs | RTPs
& MTPs**

#100 ME 100

CA HARDIK
MANCHANDA

1. Study Mat ✓ 2 - Pass } 60-70 Min
+ Theory + True False + Imp Ques }
2. PYQs + RTPs + MTPs

Most Important Questions

Inventory – PYQ May 2025

A trader prepared his final accounts on 31st March, each year. Due to some unavoidable reasons, no inventory taking could be possible till 15th April, 2025 on which date total cost of goods in his store came to Rs.1,50,000.

The following facts were established between 31st March and 15th April, 2025:

Sales (Credit)	Rs. 70,000	} 95000 - 19000 = 76000
Sales (Cash)	Rs. 25,000	
Purchases (Cash)	Rs. 15,000	} 40,000
Purchases (Credit)	Rs. 25,000	

On 25th March, goods of the sale value of Rs. 30,000 were sent on sale or return basis to a customer, the period of approval being four weeks. He returned 25% of the goods on 12th April, approving the rest; the customer was billed on 25th April. *Ignore*

The trader had also received goods costing Rs. 10,000 in March, for sale on consignment basis. 50% of the goods had been sold by 31st March and another 25% by 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, 2025.

- Purch
+ Coys

Add: Cost of goods sent on App.

$[(30,000 \times 75\%)]$

Sale value 22500
(-) GP (4500)

Less: Goods Rec on cons

201500

150,000
18000

(2500)

+ 76000
- 40,000

Statement of Valuation of Inventory (Stock) on 31st March, 2025

Particulars	₹	Amount (₹)
Value of stock as on 15th April, 2025		1,50,000
<i>Add:</i> Cost of sales during the period from 31 st March, 2025 to 15 th April, 2025: Sales	95,000	
<i>Less:</i> Gross profit (20% of ₹ 95,000)	<u>(19,000)</u>	76,000
<i>Add:</i> Cost of goods sent on approval basis (80% of ₹ 22,500)		18,000
		2,44,000
<i>Less:</i> Purchases during the period from 31 st March, 2025 to 15th April, 2025 (15,000 + 25,000)	(40,000)	
<i>Less:</i> Unsold stock out of goods received on consignment basis (25% of ₹ 10,000)	<u>(2,500)</u>	(42,500)
		2,01,500

BRS – PYQ May 2025

Prepare the Bank Reconciliation Statement of M/s. XYZ Brothers on 31st March, 2025 from the particulars given below:

(i) The Bank Pass Book had a debit balance of Rs. 62,500 on 31st March, 2025.

(ii) A cheque worth Rs. 1,000 directly deposited into Bank by customer but no entry was made in the Cash Book.

(iii) Out of cheques issued worth Rs. 85,000. Cheques amounting to Rs. 50,000 only were presented for payment till 31st March, 2025.

(iv) A cheque for Rs. 10,000 received and entered in the Cash Book but in was not sent to the Bank.

(v) Cheques worth Rs. 50,000 had been sent to Bank for collection but the collection was reported by the Bank as under.

(1) Cheques collected before 31st March, 2025, Rs. 35,000.

(2) Cheques collected on 10th April, 2025 Rs. 10,000.

(3) Cheques collected on 12th April, 2025 Rs. 5,000.

(vi) The Bank made a direct payment of Rs. 1,500 which was not recorded in the Cash Book.

(vii) Interest on Overdraft charges by the bank Rs. 4,000 was not recorded in the Cash Book.

(viii) Bank charges worth Rs. 200 have been entered twice in the book whereas Insurance charges for Rs. 175 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 Rs. 5,000.

PB

35675

+

98700

-

62500

1000

35000

10000

15000

1500

4000

200

175

5000

Cr. bal as per CB

63025

98700

98700

Bank Reconciliation Statement as on 31st March, 2025

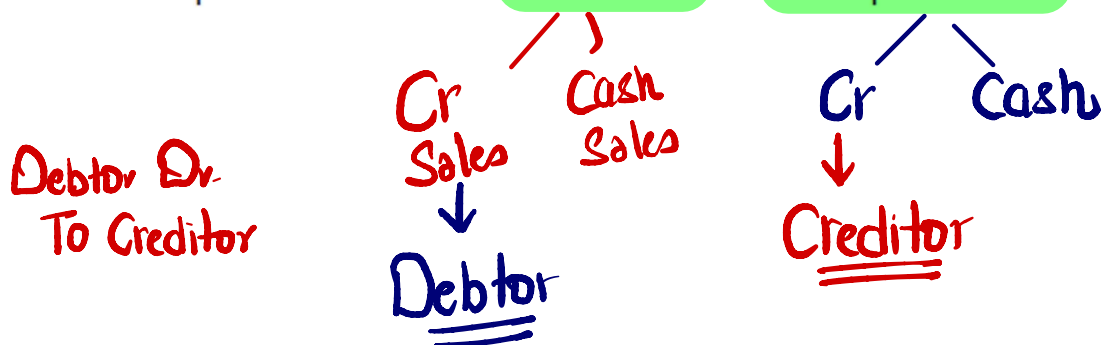
Particulars	Amount ₹	Amount ₹
Balance as per bank statement Dr (Overdraft)		62,500
Add: Cheques deposited directly by Customer	1,000	
Cheques issued but not presented for payment (₹ 85,000 - ₹ 50,000)	35,000	
Bank Charges entered twice in Cash Book	200	36,200
		98,700
Less: Cheques received but not sent to Bank	(10,000)	
Cheques collected on 10 th and 12 th April (₹ 10,000+₹ 5,000)	(15,000)	
Insurance charges paid by bank	(175)	
Direct Payment made by bank	(1,500)	
Interest on bank overdraft not entered in the cash book	(4,000)	
Credit side of the Cash Book undercast	(5,000)	(35,675)
Overdraft as per cash book Cr./(Overdraft)		63,025

Incomplete Records – RTP Sep 2025

Freeze Limited gives you the following information

Particulars	₹	Particulars	₹	Cr. To Disc Rec
Debtors as on 1 st April (Opening Balance)	1,57,500	Discount allowed by Suppliers	15,750	
Creditors as on 1 st April (Opening Balance)	1,82,250	Discount allowed to Customers	20,250	
Bills Receivable received during the year	1,05,750	Endorsed Bills Receivable dishonoured	6,750	
Bills Payable issued during the year	1,19,250	Sales Return - Cr.	24,750	
Cash received from Customers	3,51,000	Bills Receivable Discounted	18,000	
Cash paid to Suppliers	3,87,000	Discounted Bills Receivable Dishonoured	4,500	Debtor Dr. To Bank
Bad Debts Recovered	36,000	Cash Sales	3,79,125	
Bills Receivables endorsed to Creditors	60,750	Cash Purchases	4,45,050	
Bills Receivables dishonoured by Customers	11,250	Debtors on 31 st March (Closing Balance)	1,84,500	
		Creditors as on 31 st March (Closing Balance)	2,13,750	

You are required to calculate total sales and total purchases.



WNI

Debtors A/c

To bal bld	151500	By BIR A/c	105150
To BIR (Dish.)	11250	By Cash A/c	351000
To Creditor A/c	6150	By Disc. all.	20250
To Bank	4500	By Sales Ret	24150
To Sales A/c (bal. fig)	506250		
	<u> </u>	by bal cld	<u>184500</u>

Creditors A/c

To BIP A/c	119250	by bal bld	182250
To Cash	381000	By Debtors	6150
To BIR A/c	60750	By purch (bal. fig)	607500
To Disc Rec	15150		<u> </u>
To bal cld	<u>213750</u>		<u> </u>

$$\text{Total Sales} = 506250 + 379125$$

$$\text{Total Purchase} = 607500 + 445050$$

11.

Total Debtors A/c

Particulars	₹	Particulars	₹
To balance b/d (given)	1,57,500	By Cash / Bank A/c (Cash Received)	3,51,000
To Bills Receivable A/c (Dishonoured)	11,250	By Discount Allowed A/c	20,250
To Creditors A/c (Dishonour of endorsed B/R)	6,750	By Bills Receivable A/c (B/R Received)	1,05,750
To Bank A/c (Discounted B/R dishonoured)	4,500	By Sales Returns A/c	24,750
To Sales A/c (bal. fig. = Credit Sales)	5,06,250	By balance c/d (given)	1,84,500
Total	6,86,250	Total	6,86,250

Total Creditors A/c

Particulars	₹	Particulars	₹
To Cash / Bank A/c (Payment)	3,87,000	By balance b/d	1,82,250
To Discount Received A/c	15,750	By Debtors A/c (Dishonour of endorsed B/R)	6,750
To Bills Payable A/c (Issued)	1,19,250	By Purchases A/c (bal. fig. = Credit Purc.)	6,07,500
To Bills Receivable (Endorsement)	60,750		
To balance c/d (given)	2,13,750		
Total	7,96,500	Total	7,96,500

1. Total Sales = Credit Sales ₹5,06,250 + Cash Sales ₹ 3,79,125 = ₹ 8,85,375
2. Total Purchases = Credit Purchases ₹ 6,07,500 + Cash Purchases ₹ 4,45,050 = ₹ 10,52,550

ROE – MTP Sep 2025 ✓

Mr. Kamal's trial balance as on 31st March, 2025 did not agree. The difference was put to a Suspense Account. 3rd Stage

During the next trading period, the following errors were discovered:

(i) The total of the Purchases Book of one page, Rs. 15,615 was carried forward to the next page as Rs. 16,551. +936

(ii) A sale of Rs. 462 was entered in the Sales Book as Rs. 642 and posted to the credit of the customer. +180

(iii) A return to creditor, Rs. 5,420 was entered in the Returns Inward Book; however, the creditor's account was correctly posted. Dr. Cr.

(iv) Cash received from Sita, Rs. 1,420 was posted to debit of Geeta. Cr.

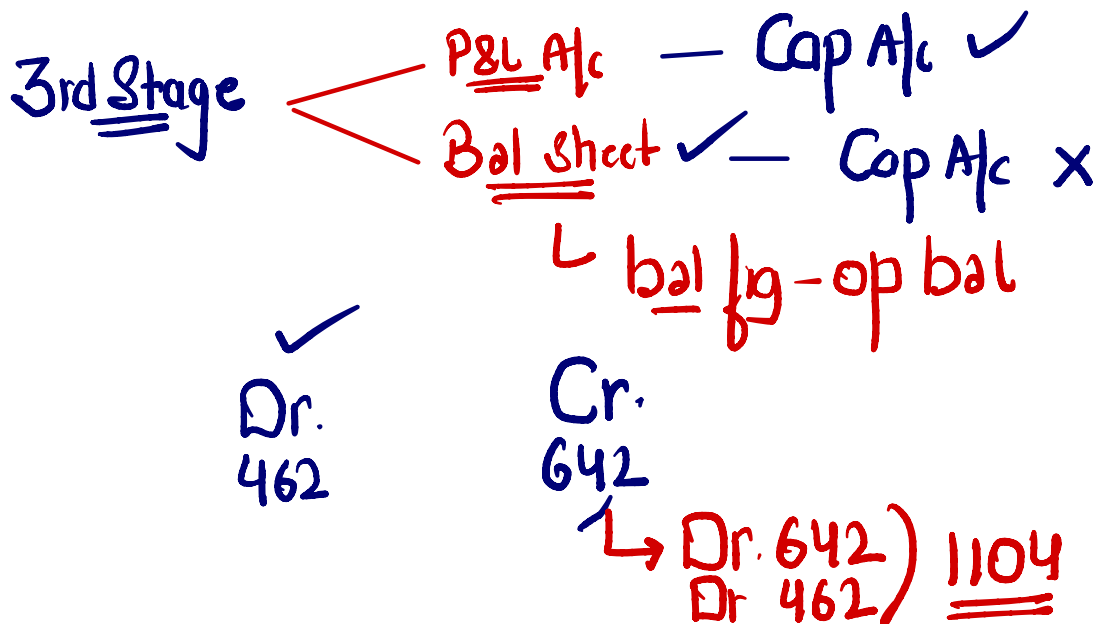
(v) Goods worth Rs. 1,400 were dispatched to a customer before the close of the year but no invoice was made out.

(vi) Goods worth Rs. 3,200 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. Dr.

(vii) Rs. 500 due from Mr. Sam was omitted to be taken to the trial balance.

(viii) Sale of goods to Mr. Manoj for Rs. 16,000 was omitted to be recorded.

You are required to give journal entries to rectify the errors in a way so as to show the current year's profit or loss correctly (10 Marks)



1. Supp A/c 936
To P&L Adj A/c 936

2. P&L Adj A/c Dr. 180
Debtor Dr. 1104
To Supp A/c 1284

3. Supp Dr. 10840
To P&L Adj A/c 10840

4. Supp A/c Dr 2840
To Geeta 1420
To Sita 1420

5. Debtor Dr 1400
To P&L Adj A/c 1400

6. a. P&L Adj A/c Dr. 3200
To Debtors 3200

b. Closing stock Dr 2560
To P&L Adj A/c 2560

7. Mr. Sam Dr 500
To Supp A/c 500

8. Manoj Dr. 16000
To P&L Adj A/c 16000

9.

WN

P&L Adj A/c

By Susp

	Particulars	L.F.	Dr. ₹	Cr. ₹
(i)	Suspense A/c Dr. To Profit and Loss Adjustment A/c (Correction of error by which Purchase Account was over debited last year)		936	936
(ii)	Profit & Loss Adjustment A/c Dr. Customer's A/c Dr. To Suspense A/c (Correction of the entry by which (a) Sales A/c was over credited by ₹ 180 (b) customer was credited by ₹ 642 instead of being debited by ₹ 462)		180 1,104	1,284

(iii)	Suspense A/c Dr. To Profit & Loss Adjustment A/c (Correction of error by which Returns Inward Account was debited by ₹ 5,420 instead of Returns Outwards Account being credited by ₹ 5,420)		10,840	10,840
(iv)	Suspense A/c Dr. To Sita A/c To Geeta A/c (Removal of wrong debit to Geeta and giving credit to Sita from whom cash was received)		2,840	1,420 1,420
(v)	Customer's A/c Dr. To Profit & Loss Adjustment A/c (Rectification of the error arising from non-preparation of invoice for goods delivered)		1,400	1,400
(vi)	Profit & Loss Adjustment A/c Dr. To Customer's A/c (The Customer's A/c credited with goods not yet purchased by him)		3,200	3,200
(vii)	Inventory A/c Dr. To Profit & Loss Adjustment A/c (Cost of goods debited to inventory and credited to Profit & Loss Adjustment A/c)		2,560	2,560
(viii)	Trade receivable/ Sam's Account Dr. To Suspense A/c (₹ 500 due by Sam not taken into trial balance, now rectified)		500	500
(ix)	Manoj's account/Trade receivable A/c Dr. To Profit & Loss Adjustment A/c (Sales to Manoj's omitted, now rectified)		16,000	16,000

(x)	Profit & Loss Adjustment A/c	Dr.	28,356	
	<u>To Kamal's Capital A/c</u>			28,356
	(Transfer of the Profit & Loss Adjustment A/c balance to the Capital Account)			
	Komal A/c	Dr.	12,832	
	To Suspense A/c			12,832
	(Transfer of the Suspense A/c balance to the Capital Account)			

Partnership – PYQ Sep 2024

X, Y and Z were in a firm sharing profit and loss as 3: 2: 1. Their Balance Sheet on 31st March, 2024 was as follows:

Liabilities	Amount (₹)	Assets	Amount (₹)
X's Capital	78,000	Goodwill	12,000
Y's Capital	42,000	Patents	30,000
Z's Capital	31,000	Machinery	60,000
Investment		Investment (Market value ₹27,600)	25,000
Fluctuation Fund	6,000	Stock	30,650
Workmen's Compensation	12,000	Debtors	50,000
Trade Creditors	31,000	Less: Provision for doubtful debts	4,000
Employee's Provident Fund	12,000	Cash at Bank	8,350
TOTAL	2,12,000	TOTAL	2,12,000

old g/d
↓
write off old Ratio

↓ 7000

10:1 = 5000

+10000 ✓

Z retired on the above date on the following terms:

G 10:1
To S

- (1) Goodwill of the firm was valued at Rs. 60,000.
- (2) Value of patents was to be reduced by 20% and that of machinery to 90%.
- (3) Provision for doubtful debts was to be raised to 10%.
- (4) Liability on account of Provident fund was only Rs. 6,000.
- (5) Liability for workmen compensation to the extent of Rs. 6,000 is to be created.
- (6) Z took over the investment at market value.
- (7) Amount due to Z is to be settled on the following basis- 50% on retirement, 50% of the balance within one year and the balance by a bill of exchange (without interest) at 3 months.

You are required the following:

- Show entries for the treatment of goodwill,
- Prepare Revaluation Account,
- Partner Capital Account, &
- Balance Sheet.

10,000
50:1
Bank
2500
4000 At
BIP
2500

(10 Marks)

1. Inv 2600
To Rev Als 2600

→ Z cap Dr 27600
To Inv. 27600

(a) (i) Entries for the treatment of goodwill

Total goodwill of firm is ₹ 60,000

Z's share ($1/6 \times ₹ 60,000$) = ₹ 10,000

(a) X's Capital A/c	Dr.	6,000	
Y's Capital A/c	Dr.	4,000	
Z's Capital A/c	Dr.	2,000	
			To Goodwill A/c
			12,000

(Being existing goodwill written off)

(b) X's Capital A/c	Dr.	6,000	
Y's Capital A/c	Dr.	4,000	
			To Z's Capital A/c
			10,000

(Being Z's share of goodwill credited to him and debited to gaining partners in gaining ratio)

(ii) Dr.

	₹		₹
To Patents A/c	6,000	By employee provident fund A/c	6,000
To Machinery A/c	6,000	By Investments A/c	2,600
To Provision for Bad Debts A/c	1,000	By Revaluation Loss	10,400
To workmen's compensation*	6,000	Partners' Capital A/cs –	
		X	5,200
		Y	3,467
		Z	1,733
	19,000		19,000

(iii)

Partners' Capital Account

		X (₹)	Y (₹)	Z (₹)			X (₹)	Y (₹)	Z (₹)
To	Goodwill	6,000	4,000	2,000	By	Balance b/d	78,000	42,000	31,000
To	Revaluation A/c	5,200	3,467	1,733	By	Investment	3,000	2,000	1,000
To	Investments			27,600		Fluctuation Fund			
To	Z's Capital A/c	6,000	4,000		By	X's Capital A/c			6,000
To	Bank A/c			5,334	By	Y's Capital A/c			4,000
To	Z's Loan A/c			2,667					
To	Bills Payable A/c			2,666					
To	Balance c/d	63,800	32,533						
		81,000	44,000	42,000			81,000	44,000	42,000

10668
 5334 5334
 501 501

(iv)

Balance Sheet as on 1st April, 2024

Liabilities	₹	₹	Assets	₹	₹
Capital accounts:			Patent		24,000
X	63,800		Machinery		54,000
Y	32,533	96,333	Closing stock		30,650
Z's loan account		2,666	Sundry debtors	50,000	
Trade creditors		31,000	Less: Provision for	(5,000)	45,000
Bills payable		2,667	bad debts		
Workman			Cash and bank		3,016
compensation		18,000	balances		
Employee		6,000			
Provident Fund					
		1,56,666			1,56,666

Working Notes:**1. Gaining ratio of existing partners:**

$$X \ 3/5 - 3/6 = 3/30$$

$$Y \ 2/5 - 2/6 = 2/30$$

*It is assumed that Workmen's Compensation is treated as liability.

BRS – MTP Sep 2025

On 30th June, 2025, Cash Book of Mr. Gaurav (Bank Column of Account No. 1) shows a Bank Overdraft of Rs. 1,97,400. On going through the Bank Pass book for reconciling the Balance, she found the following:

(a) Out of cheques drawn on 26th June, those for Rs. 14,800 were cashed by the bankers on 2nd July. issue + CB ↓ + Dish x

(b) A crossed cheque for Rs. 3000 given to Abdul, was returned by him on 1st July, 2025 and a bearer cheque was issued to him on the same date.

(c) Cash and cheques amounting to Rs. 13,600 were deposited in the Bank on 29th June, but cheques worth Rs. 5,200 were cleared by the Bank on 1st July, and one cheque for Rs. 1,000 was returned by them as dishonoured on the latter date. 5200 - 1000 -

(d) According to Gaurav's standing instructions, the bankers have on 30th June, paid Rs. 1,280 as interest to his creditors, paid quarterly premium on his policy amounting to Rs. 640 and have paid a second call of Rs. 2,400 on shares held by his and lodged with the bankers for safe custody. They have also received Rs. 600 as dividend on his shares and recovered an Insurance Claim of Rs. 3,200, as their charges and commission charged on the above being Rs. 400. On receipt of information of the above transaction, he has passed necessary entries in his Cash Book on 1st July. 4360 + 3800 +

(e) Bankers seem to have given a wrong credit for Rs. 2,000 paid in by him in No. 2 account and wrong debit in respect of a cheque for Rs. 1,200 drawn against her No. 2 account. deposit +

Prepare Bank Reconciliation Statement.

(10 Marks)

Bank Reconciliation Statement

Balance as per Cash Book			(1,97,400)
<i>Add:</i> Cheques issued but not presented for payment		14,800	
Crossed Cheque issued to Abdul not presented for payment		3,000	
Amounts collected by Bank on our behalf but not entered in the Cash Book			
Dividend	600		
Insurance claim	<u>3,200</u>		
	3,800		
(-) Bank Commission	<u>400</u>	3,400	
Amount paid in A/c No. 2 credited by the Bank wrongly to this A/c		<u>2,000</u>	<u>23,200</u>
			(1,74,200)
<i>Less:</i> Cheques deposited in the bank but not cleared (₹ 5,200 + ₹ 1,000)		6,200	
Payments made by Bank on our behalf but not entered in the Cash Book			
Interest	1,280		
Premium	640		
Second call	<u>2,400</u>	4,320	
Cheques issued against A/c No. 2 but wrongly debited by the Bank to this A/c		<u>1,200</u>	<u>(11,720)</u>
Overdraft as per Pass Book			1,85,920

Company Accounts – MTP Sep 2025

25 Marks

15 shares Q6

The Balance Sheet of XYZ Ltd. as at 31st March, 2023 inter alia includes the following information:

1,00,000, 8% Preference Shares of Rs. 100 each, Rs. 70 paid up	70,00,000
2,00,000 Equity Shares of Rs. 100 each fully paid up	2,00,00,000
Securities Premium	10,00,000
Capital Redemption Reserve	40,00,000
General Reserve	1,00,00,000
Bank	30,00,000

Under the terms of their issue, the preference shares are redeemable on 31st March, 2024 at 5% premium. In order to finance the redemption, the company makes a rights issue of 1,00,000 equity shares of Rs. 100 each at Rs. 110 per share, Rs. 20 being payable on application, Rs. 35 (including premium) on allotment and the balance on 1st January, 2025. The issue was fully subscribed and allotment made on 1st March, 2024. The money due on allotment were duly received by 31st March, 2024. The preference shares were redeemed after fulfilling the necessary conditions of Section 55 of the Companies Act, 2013.

You are asked to pass the necessary Journal Entries. (Ignore date column).

$$\begin{array}{r} 100 + 10 \\ \swarrow \quad \searrow \\ 20 \quad \quad 55 \\ \hline 35 \quad \times \\ (25 + 10) \end{array}$$

Sec-55

Fv of pref shares redeemed = 100,00,000
(100,000 × 100)

(-) Fv of eq. shares issued, till
31st Mar, 24 (100,000 × 45)

CRR

55,00,000

(c)

In the Books of XYZ Ltd

Journal Entries

		₹	₹
8% Preference Share Final Call A/c	Dr.	30,00,000	

To 8% Preference Share Capital A/c (For final call made on preference shares @ ₹ 30 each to make them fully paid up)			30,00,000
Bank A/c	Dr.	30,00,000	
To 8% Preference Share Final Call A/c (For receipt of final call money on preference shares)			30,00,000
Bank A/c	Dr.	20,00,000	
To Equity Share Application A/c (For receipt of application money on 1,00,000 equity shares @ ₹ 20 per share)			20,00,000
Equity Share Application A/c	Dr.	20,00,000	
To Equity Share Capital A/c (For capitalisation of application money received)			20,00,000
Equity Share Allotment A/c	Dr.	35,00,000	
To Equity Share Capital A/c			25,00,000
To Securities Premium A/c			10,00,000
(For allotment money due on 1,00,000 equity shares @ ₹ 35 per share including a premium of ₹ 10 per share)			
Bank A/c	Dr.	35,00,000	
To Equity Share Allotment A/c (For receipt of allotment money on equity shares)			35,00,000
General Reserve A/c	Dr.	55,00,000	
To Capital Redemption Reserve A/c (For transfer of CRR the amount not covered by the proceeds of fresh issue of equity shares i.e., 1,00,00,000 - 20,00,000 - 25,00,000)			55,00,000
8% Preference Share Capital A/c	Dr.	1,00,00,000	
Premium on Redemption of Preference Shares A/c	Dr.	5,00,000	
To Preference Shareholders A/c (For amount payable to preference shareholders on redemption at 5% premium)			1,05,00,000
Preference Shareholders A/c	Dr.	1,05,00,000	
To Bank A/c (For amount paid to preference shareholders)			1,05,00,000

(WN1)

FV

*
=

General Reserve A/c ✓	Dr.	5,00,000	
To Premium on Redemption A/c ✓ (For writing off premium on redemption of preference shares)			5,00,000

Note: On the redemption of redeemable preference shares out of accumulated divisible profits, it will be necessary to transfer to the Capital Redemption Reserve Account an amount equal to the amount repaid on the redemption of preference shares on account of face value less proceeds of a fresh issue of shares made for the purpose of redemption.

Partnership – MTP Sep 25

M/s. Wellore is a partnership firm with the partners X, Y and Z sharing profits and losses in the ratio of 3:2:5. The balance sheet of the firm as on 30th June, 2025 was as under:

Balance Sheet of M/s. Wellore as on 30-6-2025

Liabilities	Amount (₹)	Assets	Amount (₹)
X's Capital A/c	6,20,000	Land	6,00,000
Y's Capital A/c	4,80,000	Building	11,00,000
Z's Capital A/c	8,00,000	Plant & Machinery	20,00,000
Long Term Loan	21,00,000	Investments	2,10,000
Bank Overdraft	3,20,000	Inventories	6,80,000
Trade Payables	10,65,000	Trade Receivables	7,95,000
	53,85,000		53,85,000

It was mutually agreed that Y will retire from partnership and in his place P will be admitted as a partner with effect from 1st July, 2025. For this purpose, following adjustments are to be made:

(a) Goodwill of the firm is to be valued at Rs. 15 lakhs due to the firm's location advantage but the same will not appear as an asset in the books of the reconstituted firm.

(b) 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 Rs. 2,30,000. Trade receivables are considered good only upto 85% of the balance sheet figure. Balance to be considered bad.

(c) In the reconstituted firm, the total capital will be 20 lakhs, which will be contributed by X, Z and P in their new profit sharing ratio, which is 3:4:3.

(d) 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. (10 Marks)

<u>WN</u>	Old share	—	New share	
X	$\frac{3}{10}$	—	$\frac{3}{10}$	= NIL
Y	$\frac{2}{10}$			= $\frac{2}{10}$ Sac.
Z	$\frac{5}{10}$	—	$\frac{4}{10}$	= $\frac{1}{10}$ Sac.
P			$\frac{3}{10}$	= <u>$\frac{3}{10}$</u> Gain.

P_{cap} Dr. 450,000

To Y Cap	300,000
To Z cap A/c	150,000

(b)

Revaluation Account

2025		₹	2025		₹
July 1	To Building	55,000	July 1	By Investments	20,000
	To Plant and Machinery	4,00,000		(2,30,000 – 2,10,000)	
	To Trade receivable (Bad Debts)	1,19,250		By Partners' Capital A/cs	
				(loss on revaluation)	
				X (3/10) 1,66,275	
				Y (2/10) 1,10,850	
				Z (5/10) 2,77,125	5,54,250
		5,74,250			5,74,250

Dr.

Partners' Capital Accounts

Cr.

	X ₹	Y ₹	Z ₹	P ₹		X ₹	Y ₹	Z ₹	P ₹
To Revaluation A/c	1,66,275	1,10,850	2,77,125		By Balance b/d	6,20,000	4,80,000	8,00,000	-
To Y's and Z's capital A/cs	-			4,50,000	By P's Capital A/c (W.N.1)		3,00,000	1,50,000	-
To Investments A/c	-	2,30,000			By Bank A/c (bal fig)	1,46,275		1,27,125	10,50,000
To Y's loan A/c	-	4,39,150							

To BankBy Bank
Add

To Balance c/d (W.N. 2)	6,00,000		8,00,000	6,00,000					
	7,66,275	7,80,000	10,77,125	10,50,000		7,66,275	7,80,000	10,77,125	10,50,000

Working Notes:

1. Adjustment of goodwill

Goodwill of the firm is valued at ₹ 15 lakhs

Sacrificing ratio:

$$X \quad 3/10 - 3/10 = 0$$

$$Y \quad 2/10 - 0 = 2/10$$

$$Z \quad 5/10 - 4/10 = 1/10$$

Hence, sacrificing ratio of Y and Z is 2:1. X has not sacrificed any share in profits after retirement of Y and admission of P in his place.

Adjustment of P's share of goodwill through existing partners' capital accounts in the profit sacrificing ratio:

	₹	
Y: $4,50,000 \times 2/3$	=	3,00,000
Z: $4,50,000 \times 1/3$	=	<u>1,50,000</u>
		<u>4,50,000</u>

$$20,00,000$$

$$X - \frac{3}{10} \times 20,00,000$$

$$Z - 8L$$

$$P - 6L$$

2. Capital of partners in the reconstituted firm:

	₹
Total capital of the reconstituted firm (given)	<u>20,00,000</u>
X (3/10)	6,00,000
Z (4/10)	8,00,000
P (3/10)	6,00,000

Depreciation - PYQ Jan 2025

A firm purchased a second-hand machinery on April 1, 2021 for Rs. 15,00,000 subsequent to which Rs. 2,00,000 were spent on its repairs and installation. On October 1, 2021 another machinery was purchased for Rs. 9,00,000 and cost of installing the machine in a new plant is Rs. 20,000. The firm also shifted the machinery purchased on April 1, 2021 to the new plant and incurred freight of Rs. 10,000. They adopted a policy of charging depreciation @ 12% per annum on diminishing balance method. On April 1, 2023 it was decided to change the method and rate of depreciation to straight line basis. On this date, the remaining useful life was assessed as 5 years for both the machines purchased with no scrap value. On October 1, 2023 the first machine become outdated and sold for Rs. 2,50,000. On the same date, another machinery was purchased for Rs. 8,50,000. The estimated useful life of the machine is 10 years and residual value is Rs. 30,000. You are required to prepare the machinery account for the year ending March 31, 2024. (10 Marks)

Answer**(a)****Machinery Account**

Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
2023			2023		
April 1	To Bal b/d-		Oct. 1	By Depreciation- on	1,31,648
	Machine 1 13,16,480			machinery 1 sold	
	Machine 2 <u>7,61,024</u>	20,77,504	Oct. 1	By Bank – machinery 1	2,50,000
Oct. 1	To Bank A/c (Machine 3) 8,50,000		Oct. 1	sold	
				By Profit & Loss– Loss on	9,34,832
				Sale of machinery (WN. 1)	
			2024		
			Mar. 31	By Depreciation	
				(WN. 2)	
				Machine 2 1,52,205	
				Machine 3 <u>41,000</u>	1,93,205
			Mar. 31	By bal c/d	14,17,819
		29,27,504			29,27,504

Working Note 1:**Calculation of depreciation and Profit/loss on sale:**

	Machine 1 purchased on April 1, 2021 (₹)	Machine 2 purchased on Oct 1, 2021 (₹)	Total (₹)
Cost of Purchase	15,00,000	9,00,000	
	<u>2,00,000</u>	<u>20,000</u>	
Total Cost	17,00,000	9,20,000	
Less: Depreciation @ 12%			

Machine 1 (12 months)	(2,04,000)		
Machine 2 (6 months)		(55,200)	2,59,200
W.D.V. on 31-3-2022	14,96,000	8,64,800	
Less: Depreciation @ 12%	(1,79,520)	(1,03,776)	2,83,296
W.D.V. on 31-3-2023	13,16,480	7,61,024	
Less: Depreciation on SLM Basis (WN. 2)	(1,31,648)	(1,52,205)	2,83,853
	11,84,832	6,08,819	
Less: Sale proceeds on 1-10-2023	(2,50,000)		
Loss on sale of machinery	9,34,832		

Working Note 2:

Calculation of Depreciation on the basis of Straight-line method with effect from April 1, 2023

- Machine 1 (purchased on 1st April, 2021) = $17,00,000 - 2,04,000 - 1,79,520 = 13,16,480 / 5 = 2,63,296 / 2 = ₹ 1,31,648$
- Machine 2 (purchased on 1st Oct, 2021) = $9,20,000 - 55,200 - 1,03,776 = 7,61,024 / 5 = ₹ 1,52,205$
- Machine 3 (purchased on 1st Oct, 2023) = $\frac{8,50,000 - 30,000}{10} = 82,000 / 2 = ₹ 41,000$

Note: Freight incurred on Machinery purchased on 1st April, 2021 is to be excluded from the cost of machinery since this cost is incurred only for shifting the machinery to the new plant and does not increase the operating capacity of the machinery.

Company Accounts – PYQ May 2025

Following notes pertain to the Balance Sheet of PQR Company Limited as at 31st March, 2024:

	₹ in lakhs
<u>Authorized capital:</u>	
<u>5,00,000 shares of ₹ 100 each</u>	<u>500</u>
	<u>500</u>
<u>Issued and Subscribed capital:</u>	
1,50,000 Equity Shares of ₹ 100 each, ₹ 70 paid up	105
10,000 11% Preference Shares of ₹ 100 each fully paid	10
	<u>115</u>
<u>Reserves and Surplus:</u>	
Revaluation Reserve \times $150.000 \times \frac{3}{5} = 90.000$	5.20
General Reserve \checkmark	25
Capital Redemption Reserve \checkmark	25
Securities premium (collected in cash) \checkmark $+480.000$	30
Profit and Loss Account (Cr. Balance) \checkmark	20

On 30th April, 2024, the Company has made final call @ ₹ 30 each on 1,50,000 equity shares. The call money was received by 31st May, 2024.

Thereafter, on 1st July, 2024 the company decided to issue bonus shares at the rate of 3 equity shares for every 5 equity shares held by way of capitalising its reserves, it decided that there should be minimum usage of balance in Profit & Loss A/c. \checkmark

On 1st October, 2024, the Company issued right shares at the rate of one equity share for every five shares held on that date at a premium of 10%. All the rights shares were accepted by the existing shareholders and the money was duly received by 31st October, 2024.

Show necessary journal entries in the books of the company for bonus issue and rights issue. Also prepare notes on Share Capital & Reserve & Surplus relevant to the Balance Sheet of the company after the issue of bonus shares & rights share. (10 Marks)

$240.000 \times \frac{1}{5} = 48.000$ sh
 Bank 5280.000
 To Cash up 4800.000
 To Sec Prem A/c 480.000

(c)

In the books of PQR Company

Journal Entries

Date		Dr. (₹)	Cr. (₹)
2024	Equity Share Final Call A/c	Dr. 45,00,000	
April 30	To Equity Share Capital A/c		45,00,000
	(Final call of ₹ 30 per share on 1,50,000 equity shares made due)		
May 31	Bank A/c	Dr. 45,00,000	
	To Equity Share Final Call A/c		45,00,000
	(Final call money on equity shares received)		
July 1	Capital Redemption Reserve A/c	Dr. 25,00,000	
	Securities Premium A/c	Dr. 30,00,000	
	General Reserve A/c	Dr. 25,00,000	
	Profit and Loss A/c (b.f.)	Dr. 10,00,000	
	To Bonus to Shareholders A/c		90,00,000
	(Bonus issue of 3 shares for every 5 shares held, by utilising various reserves as per Board's resolution dated.....)		
	Bonus to Shareholders A/c	Dr. 90,00,000	
	To Equity Share Capital A/c		90,00,000
	(Capitalisation of profit)		
Oct. 31	Bank A/c	Dr. 52,80,000	
	To Securities Premium A/c		4,80,000
	To Equity Share Capital A/c		48,00,000
	(Being Rights issue of 1 shares for every 5 shares held as per board resolution dated)		

Notes to Balance Sheet as at 31st October, 2024 (after bonus issue)

(₹ in Lakhs)

	₹
Authorised Capital	
5,00,000 shares of ₹ 100 each	500
	500

<i>Issued and subscribed capital</i>		
10,000 11% Preference shares of ₹ 100 each, fully paid	10	
2,88,000 Equity shares of ₹ 100 each, fully paid	288	298
(Out of the above, 90,000 equity shares @ ₹ 10 each were issued by way of bonus shares and 48,000 shares issued at 110 per share)		
Revaluation Reserve		5.20
Capital Redemption Reserve	25	
Less: Utilised for bonus issue	(25)	NIL
Securities premium	30	
Less: Utilised for bonus issue	(30)	
Add: Received from Bonus issued	4.8	4.8
General Reserve	25	
Less: Utilised for bonus issue	(25)	NIL
Profit and Loss Account	20	
Less: Utilised for bonus issue.	(10)	10
Closing Balance		20

Working Note:

1. Number of bonus shares to be issued- $15,00,000 \times \frac{3}{5} = 90,000$ shares
2. The Issued and subscribed and paid-up capital should be increased as per details given below:

Existing issued Equity share capital	1,50,00,000
Add: Issue of bonus shares to equity shareholders	90,00,000
Add: Issue of right share to Equity Shareholders	48,00,000
	<u>2,88,00,000</u>

Bills of Exchange – PYQ Jan 2025

B/R 1

B/R 2

Mr. A accepts two bills of exchange on June 1, 2024 for Rs. 1,50,000 and Rs. 60,000 drawn on him by Mr. B. The bill of exchange for Rs. 1,50,000 is for two months while the bill of exchange for Rs. 60,000 is for three months. Mr. B got the first bill discounted with the bank for Rs. 1,49,000 on June 3, 2024. On August 2, 2024 Mr. A requested Mr. B to cancel both the bills and drew a new bill on him with the combined amount of both the bills along with interest @ 12% per annum for a period of two months. Before the due date of the renewed bill on September 3, 2024, Mr. A becomes insolvent and only 40 paise in a rupee could be recovered from his estate. You are required to give the journal entries in the books of Mr. B.

3rd Sep

Mr. A 214200 ✓

June 1 - B/R 1 - 4th Aug ✓
B/R 2 - 4th Sep ✓

To B/R (3) 214200

Bank Dr. 85680

Bad debt 128520

To A 214200

Bank A/c Dr. 149000

Disc ch. Dr. 1000

To B/R 1 A/c 150,000

Aug 2

Mr. A Dr. 150,000

To Bank A/c 150,000

Mr. A Dr. 60,000

To B/R 2 A/c 60,000

$$\underline{\text{Int}} - 210,000 \times \frac{12}{100} \times \frac{2}{12} = \underline{4200}$$

→ B/R (3) Dr. 214200

To Mr. A

210,000

To Int A/c

4200

(b) (i)

Journal Entries in the books of Mr. B

Date 2024	Particulars		Amount (₹)	Amount (₹)
1 st June	Bills receivable (No. 1) A/c	Dr.	1,50,000	
	Bills receivable (No. 2) A/c	Dr.	60,000	
	To Mr. A's A/c			2,10,000
	(Being drawing of bills receivable No. 1 due for maturity on 4.8.2024 and bills receivable No. 2 due for maturity on 4.9.2024)			
3 rd June	Bank A/c	Dr.	1,49,000	
	Discount A/c	Dr.	1,000	
	To Bills receivable (No.1) A/c			1,50,000
	(Being 1 st bill discounted from bank)			
2 nd August	Mr. A's A/c	Dr.	2,10,000	
	To Bank A/c			1,50,000
	To Bills receivable (No.2) A/c			60,000
	(Being the reversal entry for cancellation of both the bills)			
2 nd August	Bills receivable (No. 3) A/c	Dr.	2,14,200	
	To Interest A/c			4,200
	To Mr. A's A/c			2,10,000
	(Being the bill of exchange no. 3 drawn together with interest at 12 %p.a. in lieu of the original acceptance of Mr. A)			
3 rd Sep*	Bank A/c	Dr.	85,680	
	Bad Debts A/c	Dr.	1,28,520	
	To Bills Receivable (No. 3) A/c			2,14,200
	(Being the amount received from official assignee of Mr. A at 40 paise per rupee against dishonoured bill)			

Bill of Exchange – RTP May 2025

On October 1, 2024, Samar sells goods to Amar for Rs. 25,000 plus IGST @ 18% and draws two bills of exchange on him; the first bill for Rs. 15,000 for 2 months and second bill for the balance for 3 months. Amar accepts and returns these bills to Samar. Both the bills are sent to the bank for collection on 1st October, 2024. In due course, Samar receives the information from the bank on the due date of the respective bill that the bill for Rs. 15,000 has been duly met and the other bill has been dishonored. Noting charges paid on the dishonor of second bill are Rs. 500. Pass the journal entries in the books of Samar along with narration.

1. Amar Dr. 29500
 To Sales A/c 25000
 To IGST output 4500

2. B/R 1 Dr. 15000
 B/R 2 Dr. 14500
 To Amar 29500

Journal Entries in the books of Samar

Date	Particulars	L.F.	Dr. ₹	Cr. ₹
2024 Oct.1	Amar A/c Dr. To Sales A/c To Output IGST A/c (Being the inter-state sale of goods to Amar, charged to IGST @ 18%)		29,500	25,000 4,500
Oct.1	Bills Receivable (No. 1) A/c Dr. Bills Receivable (No. 2) A/c Dr. To Amar A/c (Being the two bills acceptance - one for ₹15,000 and the other for ₹14,500 received)		15,000 14,500	29,500
Oct.1	Bills sent for collection A/c Dr. To Bills Receivable (No.1) A/c To Bills Receivable (No.2) A/c (Being the bills sent to bank for collection)		29,500	15,000 14,500
Dec.4	Bank A/c Dr. To Bills sent for collection A/c (Being the amount duly collected by bank on first bill)		15,000	15,000
2025 Jan.4	Amar A/c Dr. To Bills sent for collection A/c To Bank A/c (Being the second bill dishonored and bank paid ₹500 as noting charges)		15,000	14,500 500

14,500

NPO – RTP May 2025

From the following Receipts and Payments Account of Finance Professionals Club.

Receipts and Payments Account **for the year ended 31st March, 2024**

Receipts	₹	Payments	₹
To Cash in Hand (Opening)	67,500	By Salaries	7,42,500
To cash at Bank (Opening)	18,90,000	By Stationery	1,34,550
To Subscriptions	22,86,000	By Billard Table	8,70,750
To Donations ✓ - B/s ✗	10,80,000	By Investments	9,29,700
To Interest on Investments	27,000	By Miscellaneous Expenses	1,12,500
To Entrance Fees 986	2,70,000	By Furniture	18,45,000
To Interest Received from Bank	94,500	By Insurance Premium	40,500
To Sale of Old Newspapers	13,500	By Cash in Hand (Closing)	49,500
		By Cash at Bank (Closing)	10,03,500
	57,28,500		57,28,500

- (i) Subscriptions in arrears for the year ended 31st March, 2024 - ₹2,02,500 and Subscriptions received in advance during the year ended 31st March, 2024 - ₹58,500. ✓
- (ii) Insurance Premium prepaid is ₹ 4,500. ✓
- (iii) The detail with respect to Stationery of Accountants Club is as follows:

	1 st April, 2023 (₹)	31 st March, 2024 (₹)
Stock of Stationery	7,500	45,000
Creditors for Stationery	39,000	60,000
Advance paid for Stationery purchased during the year	---	10,500

Prepare the Income and Expenditure Account for the year ended 31st March, 2024. As per the club rules, donations are to be capitalized and entrance fees is the income of club.

WN

Creditors A/c

Cr.

fo bal bld (Adv.)		by bal bld	39000
To Bank	134550	By purch (bal. fig)	145050
To bal cld	<u>60.000</u>	by bal cld (Adv. paid)	<u>10500</u>

$$\begin{aligned} & \text{Op St} + \text{Purch} - \text{cl. Stock} \\ &= 7500 + 145050 - 45000 \\ & \quad \underline{\underline{107550}} \end{aligned}$$

Sub A/c

To o/s at beg		By Adv at beg	
To <u>DBE A/c</u>	2430.000	By Bank	2286000
To Adv at thrend	<u>58500</u>	By o/s at the end	<u>202500</u>

10.

Finance Professionals Club

Income and Expenditure Account

for the year ended 31st March, 2024

Expenditure	₹	Income	₹
To Salaries	7,42,500	By Subscriptions 22,86,000	
To Stationery (WN. 2)	1,07,550	Add: Arrears <u>2,02,500</u>	
To Miscellaneous Expenses	1,12,500	24,88,500	
To Insurance Premium	40,500	Less: Advance <u>(58,500)</u>	24,30,000
Less: Prepaid <u>(4,500)</u>	36,000	By Entrance Fees	2,70,000
To Surplus - Excess of Income over Expenditures	18,36,450	By Interest on Investments	27,000
		By Interest Received from Bank	94,500
		By Sale of Old Newspapers	13,500
	28,35,000		28,35,000

Working Note:

Computation of consumption of Stationery during the year

1.

Creditors for Stationery Account

Particulars	₹	Particulars	₹
To bank A/c (Paid)	1,34,550	By Balance b/d	39,000
To Balance c/d	60,000	By Stock of Stationery A/c (Balancing Figure)	1,45,050
		By advance paid for stationary purchased	10,500
	1,94,550		1,94,550

Redemption of Debentures – PYQ Jan 2025

$$20,000 \times 30\% = 6,000 \times 100$$
$$600,000 / 20 = 30,000$$

A company had issued 20,000, 8% partly convertible debentures of Rs. 100 each on April 1, 2023. The debentures are due for redemption on June 1, 2024. The terms of issue of debentures provided that 30% of the debentures will be converted into equity shares (Nominal Value Rs.10) at a price of 20 per share and remaining will be redeemable at a premium of 5%. ✓

14,000

(i) Calculate the number of equity shares to be allotted to the debenture holders at the time of conversion.

(ii) Give the necessary journal entries related to the conversion and redemption of debentures assuming that the company has created the Debenture Redemption Reserve and also invested required amount for redemption of debentures at the time of issue. Debenture Redemption Reserve Investment are sold at par value. ✓

(c)

Particulars	Number of debentures
Number of convertible Debenture issued	20,000
Converted into equity shares	30% ✓
Number of debentures to be converted (30% of 20,000)	6,000
Value per Debenture	₹ 100
Equity shares of ₹ 10 each issued on conversion [₹ 6,000 x 100 / ₹ 20]	30,000 shares

$$DRR = 14,000 \times 100 \times \frac{10}{100}$$
$$= 140,000 ✓$$

$$DRRI = 14,000 \times 100 \times \frac{15}{100}$$
$$= 210,000$$



→ 1. 8.1. Deb A/c Dr. 20,00,000

Prem on Red Dr. 70,000

(14000 x 5)

To Deb holder A/c. 20,70,000

2. Debentureholder Dr. 600,000

(30,000 x 10) To Eq. Sh cap 300,000

(30,000 x 10) To Sec Prem. 300,000

3. 1. Bank A/c Dr. 210,000

To DRR 210,000

2. Deb holder Dr. 14,70,000

To Bank A/c 14,70,000

3. DRR Dr. 140,000

To Gen Res A/c 140,000

4. P&L 70,000

To Prem on Red 70,000

Journal Entries

Date	Particulars	Amount (₹) Dr.	Amount (₹) Cr.
1-6-24	8% Debentures Dr. Premium on Redemption of Debentures Dr. To Debenture holders A/c (Being amount payable to debenture holders on redemption)	20,00,000 70,000	20,70,000
	*Debenture holders A/c Dr. To Equity Share Capital To Securities Premium (Being 30,000 equity shares issued on conversion)	6,00,000	3,00,000 3,00,000
	*Debenture holders A/c Dr. To Bank A/c (Being amount paid to debenture holders)	14,70,000	14,70,000
	Profit and Loss A/c Dr. To Premium on redemption of Debentures (Being premium on redemption of debentures transferred to Profit and Loss A/c)	70,000	70,000
	Debenture Redemption Reserve A/c Dr. To General Reserve (Being DRR transferred to General Reserve)	1,40,000	1,40,000
	Bank A/c Dr. To DRR Investment A/c (Being DRR Investment realised)	2,10,000	2,10,000

*Alternatively, a combined entry can also be passed for the entries marked in "**". In that case, the entry will be -

Debenture holders A/c	Dr.	20,70,000	
To Bank A/c			14,70,000
To Equity Share Capital			3,00,000
To Securities Premium			3,00,000
(Being amount paid to debenture holders on redemption and 30,000 equity shares issued on conversion)			

Note:

In case of partly convertible debentures, DRR shall be created in respect of non-convertible portion of debenture issue. Amount of DRR created at the time of issue is 10% of ₹14,00,000 = ₹1,40,000

Amount of DRR investment should be 15% of 14,00,000 = ₹ 2,10,000

Redemption of Debentures – Sep 2024

XYZ Ltd. an unlisted company issued 6000, 12% debentures of Rs. 100 each at a discount of 5% on 01.04.2021. Interest is payable annually on 31st March every year. The debentures are redeemable at premium of 10% in 3 equal annual installments beginning from 31.03.2022. The company invested in specified securities for the redemption of debentures. Entire loss on issue to be booked in the 1st year. You are required to pass journal entries for all the 3 years. (10 Marks)

Redemption of Debentures – Sep 2024

XYZ Ltd. an unlisted company issued 6000, 12% debentures of Rs. 100 each at a discount of 5% on 01.04.2021. Interest is payable annually on 31st March every year. The debentures are redeemable at premium of 10% in 3 equal annual installments beginning from 31.03.2022. The company invested in specified securities for the redemption of debentures. Entire loss on issue to be booked in the 1st year. You are required to pass journal entries for all the 3 years. (10 Marks)

(c)

In the Books of XYZ Ltd.

Journal Entries

		(₹)	(₹)
1-4-21	Bank A/c Dr.	5,70,000	
	Loss on Issue of Debentures A/c* (W.N. 1) Dr.	90,000	

	To 12% Debentures A/c		6,00,000
	To Premium on Redemption of Debentures A/c		60,000
	(For issue of debentures at discount and redeemable at premium)		
1-4-21	Profit and Loss A/c Dr. To Debenture Redemption Reserve A/c (Being Debenture Redemption Reserve (DRR) created at 10%)	60,000	60,000
1-4-21	Debenture Redemption Reserve Investment Dr. To Bank A/c (Being DRR Investment created at 15%)	30,000	30,000
31-3-22	Profit & Loss A/c Dr. To Loss on issue of debentures (Being entire loss on issue of debentures written off)	90,000	90,000
31-3-22	Debenture Interest A/c** Dr. To Bank A/c (Being interest to debentures holder paid)	72,000	72,000
31-3-22	Debenture Redemption Reserve (DRR) Dr. To General Reserve (For DRR transferred to General reserve)	20,000	20,000
31-3-22	Bank A/c Dr. To Debenture Redemption Reserve Investment	30,000	30,000

	Premium on redemption of debentures A/c Dr. To Bank A/c (Being amount of redemption of debentures paid to debenture holders)	20,000	2,20,000
01-04-23	Debenture Redemption Reserve Investment Dr. To Bank A/c (Being DRR Investment created at 15%)	30,000	30,000
31-03-24	Debenture Interest A/c Dr. To Bank A/c (Being interest to debentures holder paid)	24,000	24,000
31-03-24	Debenture Redemption Reserve (DRR) Dr. To General Reserve (For DRR transferred to General reserve)	20,000	20,000
31-03-24	Bank A/c Dr. To Debenture Redemption Reserve Investment (being encashment of Debenture Redemption Reserve Investment for redemption of debentures)	30,000	30,000
31-03-24	12% Debentures A/c Dr. Premium on redemption of debentures A/c Dr. To Bank A/c (Being final redemption of remaining 2000 debentures paid)	2,00,000 20,000	2,20,000

Working Note:**1. Discount /Loss on issue of debentures**

Discount on Issue of debentures = $6,000 \times 100 \times 5\% = ₹ 30,000$

Premium on redemption of debentures = $6,000 \times 100 \times 10\%$
= 60,000

Total loss on issue of debentures = ₹ 30,000 + ₹ 60,000 = ₹ 90,000

*Alternatively, discount on issue and premium on redemption of debentures can also be shown separately. In that case, the entry will be

Bank A/c	Dr.	5,70,000	
Discount on Issue of Debentures A/c (W.N.1)	Dr.	30,000	
Loss on Issue of Debentures A/c (W.N.2)	Dr.	60,000	
To 12% Debentures A/c			6,00,000
To Premium on Redemption of Debentures A/c			60,000
(For issue of debentures at discount and redeemable at premium)			

** The entries for interest on Debentures and Redemption of debentures can also be routed through debentures holders a/c.

In addition to above, the following entry every year to transfer debenture interest and Premium on redemption of Debentures A/c to Profit and Loss A/c can also be passed

Profit and Loss A/c	Dr.
To Debenture Interest A/c	
To Premium on Redemption of Debentures A/c	

Journal – RTP May 2025

Prepare Journal Entries for the following transactions in the books of Harpreet:

- i. Customer's cheque for Rs. 4,000 returned dishonoured for insufficient funds in his accounts. The customer had availed a cash discount of Rs. 400. **4400**
- ii. Income tax liability of proprietor Rs. 8,500 was paid out of petty cash.
- iii. Defective goods worth Rs. 5,000 are sold for 3,000. **1000**
- iv. Purchase of goods from Sunny of the list price of Rs. 20,000. He allowed 5% trade discount, Rs. 200 cash discount was also allowed for quick payment.
- v. Purchased goods from Sarah industries for Rs. 50,000 plus CGST and SGST @ 6% each.
- vi. Goods given as charity costing Rs. 1,600, sale price Rs. ~~2,000~~. CGST and SGST @ 6% each was paid at the time of purchase of such goods

→ Debtor Dr. 4400
To Bank A/c 4000
To Disc all. A/c 400

b) Drawings Dr.
To petty Cash A/c

c) Cash Dr. 3000
To Sales A/c 3000

d) Purch A/c Dr. 19000
To Disc Rec. 200
To Bank A/c 18800

(vi)

Charity Dr. 1792

To purch. A/c 1600 — Cr.

To Cyst Input 96

To Sgst Input 96

Journal – RTP May 2025

Prepare Journal Entries for the following transactions in the books of Harpreet:

- i. Customer's cheque for Rs. 4,000 returned dishonoured for insufficient funds in his accounts. The customer had availed a cash discount of Rs. 400.
- ii. Income tax liability of proprietor Rs. 8,500 was paid out of petty cash.
- iii. Defective goods worth Rs. 5,000 are sold for 3,000.
- iv. Purchase of goods from Sunny of the list price of Rs. 20,000. He allowed 5% trade discount, Rs. 200 cash discount was also allowed for quick payment.
- v. Purchased goods from Sarah industries for Rs. 50,000 plus CGST and SGST@6% each.
- vi. Goods given as charity costing Rs. 1,600, sale price Rs. 2,000. CGST and SGST @ 6% each was paid at the time of purchase of such goods

(a) **Journal Entries in the books of Harpreet**

	Particulars	Dr.	Cr.
		Amount (₹)	Amount (₹)
(i)	Customers (Debtors) A/c Dr. To Bank A/c To Discount Allowed A/c (Being customer cheque returned unpaid by bank, cash discount allowed earlier)	4,400	4,000 400
(ii)	Drawings A/c Dr. To Petty Cash A/c (Being the income tax of proprietor paid out of business money)	8,500	8,500
(iii)	Cash A/c Dr. <u>Profit and Loss A/c</u> <u>To Sales A/c</u> (Being defective goods costing ₹ 5,000 were sold for a loss of ₹ 2,000)	3,000 2,000	5,000

(iv)	Purchase A/c	Dr.	19,000	
	To Bank A/c			18,800
	To Discount Received A/c			200
	(Being the goods purchased from Sunny for ₹ 19,000 @ 5% trade discount and cash discount of ₹ 200)			
(v)	Purchases A/c	Dr.	50,000	
	Input CGST A/c	Dr.	9,000	
	Input SGST A/c	Dr.	9,000	
	To Sarah Industries			68,000
	(Being goods purchased and CGST and SGST payable at 6% each)			
(vi)	Charity A/c	Dr.	1,792	
	To Purchases A/c			1,600
	To Input CGST A/c			96
	To Input SGST A/c			96
	(Being goods given as charity, input CGST and input SGST debited at the time of purchases reversed)			

Divis Pharma Limited issued 50,000 equity shares of Rs. 10 each payable as Rs. 3 per share on application, Rs. 5 per share (including Rs. 2 as premium) on allotment and Rs. 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 Rs. 2 per share.

1. Eq Sh. cap Dr (3000 x 10) 30000.
Sec prem Dr. (1000 x 2) 2000

(1000 x 9
+ 2000 x 4)

To Calls in Arrear.
To eq. sh. for A/c.

17000
15000

10+2
3 5 4
(3+2)

$$1000 \times 3 = 3000$$
$$+ \underline{2000 \times 6 = 12000}$$

→ Bank Dr (2500 x 8) 20,000
Sh. for (2500 x 2) 5000

To 4q, 8h cap 25000

→ Eq. Sh. for 7000

To Cap Res At, 7000

~~X~~ (1000)

Amt for $\Rightarrow 1000 \times 3 = 3000$

\Rightarrow Disc.

Cap Res.

(2000)
1000

*

~~Y~~ (2000)

\downarrow 1500 Reissue

Amt for on 1500 sh: 9000

\Rightarrow Disc.

(3000)

6000



(a)

In the books of Divis Pharma Ltd.

Journal Entries

Date	Particulars		Dr. ₹	Cr. ₹
	Bank A/c To Equity Share Application A/c (Application money on 50,000 shares @ ₹ 3 per share received.)	Dr.	1,50,000	1,50,000
	Equity Share Application A/c To Equity Share Capital A/c (Transfer of application money to Equity Share Capital on 50,000 shares @ ₹ 3 per share as per Directors resolution no... dated...)	Dr.	1,50,000	1,50,000
	Equity Share Allotment A/c To Equity Share Capital A/c To Securities Premium A/c (Amount due from members in respect of allotment on 50,000 shares @ ₹ 5 per share including premium ₹ 2 per share as per Directors resolution no... dated...)	Dr.	2,50,000	1,50,000 1,00,000
	Bank A/c To Equity Share Allotment A/c (Amount received against allotment on 49,000 shares @ ₹ 5 per share including premium ₹ 2 per share.)	Dr.	2,45,000	2,45,000
	Equity Share Call A/c To Equity Share Capital A/c (Amount due from members in respect of call on 50,000 shares @ ₹ 4 per share as per Directors resolution no... dated...)	Dr.	2,00,000	2,00,000

Bank A/c To Equity Share Call A/c (Amount received against the call on 47,000 shares @ ₹ 4 per share.)	Dr.	1,88,000	1,88,000
Equity Share Capital A/c (3,000 x ₹ 10)	Dr.	30,000	
Securities Premium A/c (1,000 x ₹ 2)	Dr.	2,000	
To Equity Share Allotment A/c (1,000 X ₹ 5)			5,000
To Equity Share Call A/c (3,000 X ₹ 4)			12,000
To Forfeited Shares A/c			15,000
(Being forfeiture of 3,000 equity shares for non-payment of allotment and call money on 1,000 shares and for non-payment of call money on 2,000 shares as per Board's Resolution No.....dated)			
Bank A/c	Dr.	20,000	
Forfeited Shares A/c	Dr.	5,000	
To Equity Share Capital A/c			25,000
(Being re-issue of 2,500 shares @ ₹8 each as per Board's Resolution No.....dated....)			
Forfeited Shares A/c (WN 1)	Dr.	7,000	
To Capital Reserve A/c			7,000
(Being profit on re-issue transferred to Capital Reserve)			

Balance Sheet of Divis Pharma Limited as at.....

Particulars	Notes No.	₹
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	1	4,98,000
Reserves and Surplus	2	1,05,000
Total		6,03,000
ASSETS		
Current assets		
Cash and cash equivalents (bank)		6,03,000*
Total		6,03,000

* (5,83,000 + 20,000)

Notes to accounts

		₹	₹
1. Share Capital			
Equity share capital			
Issued share capital			
50,000 Equity shares of ₹ 10 each	5,00,000		
Subscribed, called up and paid up share capital			
49,500 Equity shares of ₹ 10 each	4,95,000		
Add: Forfeited shares	3,000	4,98,000	
2. Reserves and Surplus			
Securities Premium	98,000		
Capital Reserve	7,000	1,05,000	

Working Notes:

(1) Calculation of Amount to be Transferred to Capital Reserve

Amount forfeited per share of X ₹ 3	Amount forfeited per share of Y ₹ 6
Less: Loss on re-issue per share (<u>₹ 2</u>)	Less: Loss on re-issue per share (<u>₹ 2</u>)
Surplus <u>₹ 1</u>	Surplus <u>₹ 4</u>
Transferred to Capital Reserve: X share (1,000 x ₹ 1)	₹ 1,000
Y's Share (1,500 x ₹ 4)	<u>₹ 6,000</u>
Total	<u>₹ 7,000</u>

(2) Balance of Security Premium:

Total Premium amount receivable on allotment	= 1,00,000
Less: Amount reversed on forfeiture	= (<u>2,000</u>)
Balance remaining	= <u>98,000</u>

Depreciation – MTP May 2025

On 1st April, 2024, Supervisor & Co. which depreciates its machinery @10% p.a. on diminishing balance method, had Rs. 29,16,000 to the debit of Machinery Account. On 1st October, 2024, part of machinery purchased on 1st April, 2022 for Rs. 240,000 was sold for Rs. 1,35,000. Also, a new machinery at a cost of Rs. 4,50,000 was purchased on 1st October, 2024 and installed on the same date and installation charges being Rs. 24,000. The company changed the method of depreciation from diminishing balance method to straight line method with effect from 1st April, 2024. The rate of depreciation remains the same. Show the Machinery Account for the year 2024-25. (10 Marks)

2916000
└───┬───
194400 M₁ M₂

WN

1/4/22 -	240000
22.22 Dep.	(24000)
31.3.23	216000
23.24 Dep	(21600)
31.3.24	194400
<u>1.4.24</u>	

(a)

In the books of Supervisor & Co.

Machinery Account

Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
01.04.24	To Balance b/d	29,16,000	01.10.24	By Depreciation on machinery sold (W.N.1)	9,720
01.10.24	To Bank	4,74,000	01.10.24	By Bank-Machinery sold	1,35,000
			01.10.24	By Loss on sale of machinery (W.N.1)	49,680
			31.03.25	By Depreciation on remaining machineries (W.N.4)	2,95,860
			31.03.25	By Balance c/d	28,99,740
		33,90,000			33,90,000

Working Note:

1. Calculation of amount of Depreciation, written down value and loss on sale of the part of the machinery

Particulars	Amount (₹)
Cost as on 01.04.2022	2,40,000

Less: Depreciation @10% for the year 2022-2023	(24,000)
Written Down Value (WDV) as on 31.03.2023 or 01.04.2023	2,16,000
Less: Depreciation @10% for the year 2023-2024	(21,600)
Written Down Value (WDV) as on 01.04.2024	1,94,400
Less: Depreciation @10% for the half year till 30 th September, 2024	(9,720)
Written Down Value (WDV) as on 1.10.2024	1,84,680
Less: Sale price of the asset sold on 01.10.2024	(1,35,000)
Loss on sale of Machinery sold	49,680

Computation of written down value of the remaining asset as on 01.04.2024

	₹
Total WDV of the machinery as on 01.04.2024	29,16,000
Less: WDV of the part of the machinery sold as on 01.04.2024 (W.N. 1)	<u>(1,94,400)</u>
Written down value of the remaining asset as on 01.04.2024	27,21,600

Computation of the written down value of the machinery as on 31.03.2025

	₹	
Written down value of the remaining asset as on 01.04.2024	27,21,600	
Less: Depreciation @ 10% for the year 2024-2025	<u>(2,72,160)</u>	24,49,440
Add: New machinery purchased on 1.10.2024 (450,000 + 24,000)	4,74,000	
Less: Depreciation for 6 months @10%	<u>(23,700)</u>	<u>4,50,300</u>
Written down value of the machinery as on 31.03.2025		<u>28,99,740</u>

4. **Total Depreciation to be charged to Profit and Loss Account during the year 2024-2025**

S. No.	Particulars	Depreciation (₹)
1.	Depreciation at 10% on existing machinery on 01.4.2024 i.e. $(27,21,600 \times 10\%)$	2,72,160
2.	Depreciation on addition i.e. $474,000 \times 10\% \times 1/2$	23,700
	Sub-Total	2,95,860
3.	Depreciation on machinery sold 1.10.2024	9,720
	Grand Total	3,05,580

Model Test Papers

Following information is provided for M/s. Vikram traders for the year ended 31st March, 2024:

Opening Inventory	1800,000	3,00,000 ✓
Purchases		20,16,000 ✓
Carriage Inwards		90,000 ✓
Wages	To purch	1,50,000 ✓
Sales		33,00,000 ✓
Returns inward		3,00,000 ✓
Returns outward	P/R	2,16,000
Closing Inventory		6,00,000 ✓

Net off

Sales Dr. 30,00,000
To Sales Ret
30,00,000

You are required to pass necessary closing entries in the journal proper of M/s. Vikram traders.

(b) (i) (1) Journal Proper in the Books of M/s. Vikram Traders

Date 2024	Particulars	Amount ₹	Amount ₹
Mar. 31	Returns outward A/c	Dr. 2,16,000	
	To Purchases A/c (Being the transfer of returns to purchases account)		2,16,000
	Sales A/c To Returns Inward A/c (Being the transfer of returns to sales account)	Dr. 3,00,000	3,00,000
	Sales A/c To Trading A/c (Being the transfer of balance of sales account to trading account)	Dr. 30,00,000	30,00,000
	Trading A/c	Dr. 23,40,000	
	To Opening Inventory A/c		3,00,000
	To Purchases A/c		18,00,000
	To Wages A/c		1,50,000
	To Carriage Inwards A/c		90,000
	(Being the transfer of balances of opening inventory, purchases and wages accounts)		
	Closing Inventory A/c To Trading A/c (Being the incorporation of value of closing inventory)	Dr. 6,00,000	6,00,000

Sales 30,00,000
To Trad

Trading A/c To Gross Profit (Being the amount of gross profit)	Dr.	12,60,000	12,60,000
Gross profit To Profit and Loss A/c (Being the transfer of gross profit to Profit and Loss Account)	Dr.	12,60,000	12,60,000

2) Final Accounts

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

Particulars	₹	Particulars	₹
Plant and Machinery	39,100	Bad debts recovered	900
Furniture and Fittings	20,500	Salaries	45,100
Bank Overdraft	1,60,000	Salaries payable	4,900
Capital Account	1,30,000	Prepaid rent	600
Drawings	16,000	Rent	8,600
Purchases	3,20,000	Carriage inward	2,250
Opening Stock	64,500	Carriage outward	2,700
Wages	24,330	Sales	4,30,600
Provision for doubtful debts	6,400	Advertisement Expenses	6,700
Provision for Discount on debtors	2,750	Printing and Stationery	2,500
Sundry Debtors	2,40,000	Cash in hand	2,900
Sundry Creditors	95,000	Cash at bank	6,250
Bad debts	2,200	Office Expenses	20,320
		Interest paid on loan	6,000

Additional Information:

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

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

(b) **Trading and Profit and Loss Account of Mr. Chauhan**
for the year ended 31st March, 2024

Dr.

Cr.

	Particulars	₹	Amount (₹)		Particulars	₹	Amount (₹)
To	Opening stock		64,500	By	Sales	4,27,150	
To	Purchases	3,13,200			Less: Sales return	<u>5,150</u>	4,22,000
	Less: Purchases return	<u>3,450</u>	3,09,750	By	Closing stock		2,50,000
To	Carriage inward		2,250				
To	Wages		23,430				
To	Gross profit c/d		<u>2,72,070</u>				
			<u>6,72,000</u>				<u>6,72,000</u>
To	Salaries		45,100	By	Gross profit b/d		2,72,070
To	Rent		8,600	By	Bad debts recovered		900
To	Advertisement expenses		8,350				
To	Printing and stationery		2,500				
To	Bad debts		2,200				
To	Carriage outward		2,700				
To	Provision for doubtful debts						
	5% of ₹ 2,40,000	12,000					
	Less: Existing provision	<u>6,400</u>	5,600				
To	Provision for discount on debtors						
	2.5% of ₹ 2,28,000	5,700					
	Less: Existing provision	<u>2,750</u>	2,950				
To	Depreciation:						
	Plant and machinery	6,000					
	Furniture and fittings	<u>2,050</u>	8,050				
To	Office expenses		20,320				
To	Interest on loan		6,000				
To	Net profit (Transferred to capital account)		<u>1,60,600</u>				
			<u>2,72,970</u>				<u>2,72,970</u>

Balance Sheet of Mr. Chauhan as on 31st March, 2024

Liabilities	₹	Amount ₹	Assets	₹	Amount ₹
Capital account	1,30,000		Plant and machinery	40,000	
Add: Net profit	<u>1,60,600</u>		Less: Depreciation	<u>6,000</u>	34,000
	2,90,600		Furniture and fittings	20,500	
Less: Drawings	<u>16,000</u>	2,74,600	Less: Depreciation	<u>2,050</u>	18,450
Bank overdraft		1,60,000	Closing stock		2,50,000
Sundry creditors		95,000	Sundry debtors	2,40,000	
Payable salaries		4,900	Less: Provision for doubtful debts	12,000	
			Less: Provision for bad debts	<u>5,700</u>	2,22,300
			Prepaid rent		600
			Cash in hand		2,900
			Cash at bank		6,250
		<u>5,34,500</u>			<u>5,34,500</u>

(a) The trial balance of Saurav as at 31st March, 2024 is as follows:

Particulars	Dr.	Cr.
	₹	₹
Saurav's capital account	-	1,91,725
Stock 1 st April, 2023	1,17,000	-
Sales	-	9,74,000
Returns inward	21,500	-
Purchases	8,04,250	-
Returns outward	-	14,500
Carriage inwards	49,000	-
Rent & taxes	11,750	-
Salaries & wages	23,250	-
Sundry debtors	60,000	-
Sundry creditors	-	37,000
Bank loan @ 14% p.a.	-	50,000
Bank interest	2,750	-
Printing and stationary expenses	36,000	-
Bank balance	20,000	-
Discount earned	-	11,100
Furniture & fittings	12,500	-
Discount allowed	4,500	-
General expenses	28,625	-
Insurance	3,250	-
Postage & telegram expenses	5,825	-
Cash balance	950	-
Travelling expenses	2,175	-
Drawings	75,000	-
	12,78,325	12,78,325

The following adjustments are to be made:

- (1) Provision for bad and doubtful debts be created at 5% and for discount @ 2% on sundry debtors.
- (2) Personal purchases of Saurav amounting to ₹ 1,500 had been recorded in the purchases day book.
- (3) Depreciation on furniture & fittings @ 10% shall be written off.
- (4) Included amongst the debtors is ₹ 7,500 due from Sunder and included among the creditors ₹ 2,500 due to him.
- (5) A quarter of the amount of printing and stationary expenses is to be carried forward to the next year.
- (6) Credit purchase invoice amounting to ₹ 1,000 had been omitted from the books.
- (7) Stock on 31.03.2024 was ₹ 1,96,500.
- (8) Interest on bank loan shall be provided for the whole year.

You are required to prepare Trading & Profit and Loss Account for the year ended 31.03.2024. **(12 Marks)**

(a) **Trading and Profit and Loss Account of Mr. Saurav**
for the year ended 31st March, 2024

	₹	₹		₹	₹
To Opening stock		1,17,000	By Sales	9,74,000	
To Purchases	8,04,250		Less: Returns	21,500	9,52,500
Add: Omitted invoice	1,000		By Closing stock		1,96,500
	8,05,250				
Less: Returns	14,500				
	7,90,750				
Less: Drawings	1,500	7,89,250			

To Carriage Inwards		49,000		
To Gross profit c/d		1,93,750		
		11,49,000		11,49,000
To Rent and taxes		11,750	By Gross profit b/d	1,93,750
To Salaries and wages		23,250	By Discount received	11,100
To Bank interest	2,750			
Add: Due	4,250	7,000		
To Printing and stationary	36,000			
Less: Prepaid (1/4)	9,000	27,000		
To Discount allowed		4,500		
To General expenses		28,625		
To Insurance		3,250		
To Postage & telegram expenses		5,825		
To Travelling expenses		2,175		
To Provision for bad debts [W.N.]		2,875		
To Provision for discount on debtors [W.N.]		1,093		
To Depreciation on furniture & fittings		1,250		
To Net profit		86,257		
		2,04,850		2,04,850

Working Note:

Provision for bad & doubtful debts:

@ 5% on ₹ 57,500 (60,000-2,500)

2,875

Provision for discount:

2% on ₹ 54,625 (57,500 -2,875)

1,093