

**[Q-1 IS COMPULSORY. ANSWER ANY FOUR FROM THE REST.]**

**Q-1.(a)** State with reasons, whether the following statements are True or False:

1. Matching concept is based on accrual concept.
2. Customers of business should not be considered as users of accounts prepared by business. They are not interested in knowing the performance of the business.
3. Under inflationary conditions, FIFO will not show lowest value of cost of goods sold.
4. For redemption of preference shares, proceeds from fresh issue of equity shares and debentures can be utilized.
5. Book keeping and accounting are not synonymous terms; they are different from each other.
6. A ledger is also known as the principal books of accounts.

**(12 MARKS)**

**Q-1.(b)** Explain Cash and Mercantile system of accounting.

**(4 MARKS)**

**Q-1.(c)** Prepare Sales Book of M/s. Alpha of Kanpur for March, 2024

**Mar. 5** Sold to M/s. ABC 10 pieces of Chairs @ ` 5,000/- each less Trade Discount 5%.

**Mar.12** Sold to M/s. PQR 25 pieces of Tables @ ` 2,000/- each less Trade Discount 10%.

**Mar.18** Sold to M/s. MTB 5 pieces of Recliner Chairs @ ` 11000/- each less Trade Discount 10%. Payment received through cash.

**Mar.28** Sold to M/s. LMS 50 pieces of cupboards @ ` 10,000/- each less Trade Discount 20%.

**(4 MARKS)**

**Q-2.(a)** According to the cash-book of Mihir there was balance of ` 4,45,000 in his bank on 30th June, 2024 On investigation you find that :

- (i) Cheques amounting to 60,000 issued to creditors have not been presented for payment till the date
- (ii) 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 2024
- (iii) 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.
- (iv) Insurance premium (up to 31st December, 2023) paid by the bank ` 2,700 not entered in the cash book.
- (v) The payment side of the cash book had been under cast by ` 500
- (vi) Bank charges ` 150 shown in the pass book had not been entered in the cash book.
- (vii) 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:**

- (1) To make the appropriate adjustments in the cash book, and
- (2) To prepare a statement reconciling it with the bank pass book.

**(10 MARKS)**

**Q-2.(b)** Closing stock is valued by Zebra Stores on generally accepted accounting principles. Stock taking for the year ended 31st March, 2024 was completed by 10th April, 2024, 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 mark up 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, 2024.

You are required to calculate the value of stock for inclusion in the final accounts for the year ended 31st March, 2024.

**(10 MARKS)**

**Q-3.(a)** The following Trial Balance is the Trial Balance of a Proprietor as on March 31 2024. Prepare Trading and Profit & Loss Account for the year ending March 31st 2024 and a Balance Sheet as at that date.

<b>Particulars</b>	<b>Amount (₹)</b>	<b>Particulars</b>	<b>Amount (₹)</b>
Plant and Machinery	5,00,000	Capital	4,00,000
Office Furniture	26,000	Sundry Creditors	5,20,000
Opening Stock	4,80,000	Sales	48,00,000
Motor Van	1,20,000	Bills Payable	56,000
Sundry Debtors	4,57,000	Provision for Doubtful Debts	25,000
Cash in hand	4,000	Return Outwards	55,000
Cash at Bank	65,000	Discount Received	37,000
Wages	15,00,000		
Salaries	1,40,000		
Purchases	21,35,000		
Bills Receivable	72,000		
Return Inwards	93,000		
Drawings	70,000		
Advertisements	60,000		
Factory Rent	8,000		
Insurance	63,000		
General Expenses	10,000		
Bad debts	25,000		
Discount allowed	65,000		
	<b>58,93,000</b>		<b>58,93,000</b>

Additional Information to be considered:

- Closing Stock on March 31st 2024 is ₹ 5,20,000.
- During the year, Plant and Machinery was purchased for ₹ 3,00,000 but it was debited to Purchase Account.
- 3 months factory rent is due but not paid ₹ 3,000.
- Provide depreciation at 5% per annum on furniture and 10% on plant and machinery and motor van.
- Further bad debts ₹ 7,000.
- Provision for doubtful debts to be increased to ₹ 30,000 at year- end.
- Provision for discount on Debtors to be made at 2%.

**(10 MARKS)**

**Q-3.(b)** The Machinery Account of a Factory showed a balance of ₹ 95 Lakhs on 1st April,2023. The Books of Accounts of the Factory are closed on 31st March every year and depreciation @ 10% per annum is charged under the Diminishing Balance Method. On 1st September,2023 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,2023 a machine which had cost ₹ 21,87,000 on 1st April,2021 was sold for ₹ 3,75,000. Another machine which had cost ₹ 21,85,000 on 1st April,2022 was scrapped on 1st September,2023 and it realized nothing.

Prepare Machinery Account for the year ended 31st March,2024. 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.

**(5 MARKS)**

**Q-3.(c)** On October, 2024, Samar sells goods to Amar for ₹ 25,000 plus IGST @ 18% and draws two bills of exchange on him; the first bill for ₹ 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 ₹ 15,000 has been duly met and the other bill has been dishonored. Noting charges paid on the dishonor of second bill are ₹ 500. Pass the journal entries in the books of Samar along with narration.

(5 MARKS)

**Q-4.(a)** A, B and C are partners sharing profits & losses in the ratio of 3:2:1.

The following is the Balance Sheet of their firm M/s ABC Trading Corporation as on 31 March, 2024:

**Balance Sheet as on 31st March, 2024**

<b>Liabilities</b>	<b>Amount (₹)</b>	<b>Assets</b>	<b>Amount (₹)</b>
<i>Capital Accounts:</i>		<i>Land &amp; Building</i>	<i>2,40,000</i>
<i>A</i>	<i>2,80,000</i>	<i>Machinery</i>	<i>1,50,000</i>
<i>B</i>	<i>1,90,000</i>	<i>Furniture &amp; Fixtures</i>	<i>1,05,000</i>
<i>C</i>	<i>1,50,000</i>	<i>Trade Receivables</i>	<i>1,55,200</i>
<i>General Reserve</i>	<i>1,35,000</i>	<i>Less: Provision for</i>	
<i>Trade Payables</i>	<i>97,400</i>	<i>Doubtful debts</i>	<i>5,700</i>
		<i>Stock</i>	<i>85,600</i>
		<i>Joint Life Policy</i>	<i>90,000</i>
		<i>Cash &amp; Bank</i>	<i>32,300</i>
	<i>8,52,400</i>		<i>8,52,400</i>

C died on 30th June, 2024. As per Partnership deed the following arrangement was to be put into effect:

i. Goodwill of firm was to be valued at 2 years' purchase of average profit of four years to 31 March preceding the death of partner. The profits were as under:

31st March, 2021 ₹ 1,14,000

31st March, 2022 ₹ 1,22,000

31st March, 2023 ₹ 1,19,000

31st March, 2024 ₹ 1,25,000

Goodwill Account will not be opened in the books of accounts and C was to be credited with his share. The new profit-sharing ratio of A and B will be 5:3.

ii. Profit till the date of death to be ascertained on the basis of average profit of previous four years and share of C was to be credited to his capital account.

iii. Assets were to be revalued: Land & Building was appreciated by 15%, Machinery to be depreciated by 5%, Furniture & Fixtures to be revalued at ₹ 1,00,000 and the value of Stock to be taken at ₹ 90,000.

iv. Provision for doubtful debts to be increased by ₹ 1,800.

v. A sum of ₹ 2,40,000 was received from insurance company against Joint Life Policy.

vi. Amount due to C was paid to the executors.

You are required to prepare Revaluation Account, Partners Capital Accounts and Balance Sheet as on 30th June, 2024, along with necessary workings.

(15 MARKS)

**Q-4.(b)** Following are the details of Assets and Liabilities of Mr. Sarthak for the year ended 31st March, 2023 and 31 March, 2024:

	<b>31<sup>st</sup> March, 2023 (₹)</b>	<b>31<sup>st</sup> March, 2023 (₹)</b>
<b>Assets:</b>		

Building	2,00,000	?
Furniture	75,000	?
Inventory	1,05,000	1,95,000
Sundry Debtors	68,000	94,000
Cash at Bank	72,500	86,800
Cash in hand	2,400	3,800
<b>Liabilities:</b>		
Loans	1,50,000	1,25,000
Sundry Creditors	58,400	79,500

It was decided to depreciate Building by 5% p.a. and Furniture by 10% p.a. On 1st June, 2023 an additional capital of ₹ 40,000 was brought in the business. Proprietor has withdrawn @ ₹ 2,500 p.m. for meeting the family expenses. Prepare Statement of Affairs as on 31st March, 2023 and 31st March, 2024. Find the profit or loss earned by Mr. Sarthak for the year ended 31st March, 2024.

(5 MARKS)

**Q-5.(a)** You are required to pass necessary journal entries in the books of Kewal:

- Cheque amounting ₹ 9,000 from Hari Krishan in full settlement of his account for ₹ 10,000.
- Withdrawn for personal use: Goods (Sales Price ₹ 8,000, Cost ₹ 6,000), cash ₹ 1,000
- Goods costing ₹ 3,000 (Sale price ₹ 4,000) distributed as free samples.
- Received commission ₹ 10,000, half of which does not relate of current year and is received in advance.
- Purchased second hand machinery from Jawahar industries for ₹ 3,00,000 plus CGST and SGST @ 6% each. Paid ₹ 1,00,000 immediately by cheque and balance to be paid after two months.

(5 MARKS)

**Q-5.(b)** The following is the summarized Balance Sheet of Trinity Ltd. as at 31.3. 2023:

Liabilities	₹	Assets	₹
Share Capital		Fixed Assets 3,00,000	
Authorised		Less:Dep 1,00,000	2,00,000
10,000 10% Redeemable Preference		Investments	1,00,000
Shares of ₹ 10 each	1,00,000		
90,000 Equity Shares of ₹10 each	9,00,000		
	10,00,000		
Issued, Subscribed and Paid-up Capital		Current Assets and Loans and Advances	
10,000 10% Redeemable Preference		Inventory	45,000
Shares of ₹ 10 each	1,00,000	Trade receivables	25,000
10,000 Equity Shares of ₹ 10 each	1,00,000	Cash and Bank Balances	50,000
(A)	2,00,000		
Reserves and Surplus			
General Reserve	1,20,000		
Securities Premium	70,000		
Profit and Loss A/c	18,500		

(B)	2,08,500		
Current Liabilities and Provisions (C)	11,500		
Total (A + B + C)	4,20,000	Total	4,20,000

For the year ended 31.3. 2024, the company made a net profit of ₹ 35,000 after providing ₹ 20,000 depreciation.

The following additional information is available with regard to company's operation :

1. The preference dividend for the year ended 31.3. 2024 was paid.
2. Except cash and bank balances other current assets and current liabilities as on 31.3. 2024, was the same as on 31.3.2023.
3. The company redeemed the preference shares at a premium of 10%.
4. The company issued bonus shares in the ratio of two share for every equity share held as on 31.3.2024.
5. To meet the cash requirements of redemption, the company sold investments.
6. Investments were sold at 90% of cost on 31.3.2024.

You are required to prepare necessary journal entries to record redemption and issue of bonus shares.

(10 MARKS)

**Q-5.(c) Attempt any ONE of the two sub-parts i.e. either (i) or (ii):**

- (i) PQR associates bought a computer set on 01.04.2020 for ₹ 2,00,000 and charged depreciation @ 20% p.a. on diminishing balance method. They made further additions as follows:

Date	Amount
01.04.2021	₹ 1,50,000
01.04.2023	₹ 1,00,000

On 01.04.2023 it was decided to change the method to straight line basis and charge depreciation assuming the expected life of all the computers

to be 8 years from 01.04.2023. Prepare Computers A/c for year ending 31.03.2024.

OR

- (ii) Following information relates to Mr. Prem who maintains his books under single entry system. He is not able to ascertain the amount of bad debts incurred by him and seeks your help.

Debtors as on 01.04.2023 ₹ 6,50,000

Debtors as on 31.03.2024 ₹ 8,50,000

Sale for Financial Year 2023-2024 is 16,00,000 out of which 80% is on credit.

Payment received during the year is ₹ 7,50,000 out of which cheques of ₹ 18,000 were dishonored. Bills of exchange accepted by customers ₹ 2,90,000

Discount allowed is 1% of the credit sale.

(5 MARKS)

**Q-6.(a) The following balances appeared in the Books of Mac Ltd. as on 31st December, 2023:**

	Amount (₹)
80,000, 10% Preference shares of ₹ 100 each, ₹ 75 paid up	60,00,000
2,00,000 Equity share of ₹ 100 each fully paid up	2,00,00,000
Securities Premium	6,50,000
Capital Redemption Reserve	42,00,000
General Reserve	85,00,000

Under the terms of their issue, the preference shares are redeemable on 31st March, 2024 at a premium of 5%. In order to finance the redemption, the company makes a right issue of 60,000 equity shares of ₹ 100 each at a premium of 10%, ₹ 25 being payable on application, ₹ 45 (including premium) on allotment and the balance on 1st August, 2024. The issue was fully subscribed and the allotment made on 1st March, 2024. The amount due on allotment was duly received by 25th March, 2024.

The preference shares were redeemed after fulfilling the necessary conditions of section 55 of the Companies Act, 2023.

You are required to pass the necessary Journal Entries (including narrations) to give effect to the above arrangement.

Also prepare the Notes to accounts on Share Capital Reserves and Surplus relevant to the Balance Sheet immediately after the redemption of preference shares as on 31st March, 2024. Ignore date column in Journal.

**(15 MARKS)**

**Q-6.(b)** What are the advantages of Subsidiary Books?

**(5 MARKS)**

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