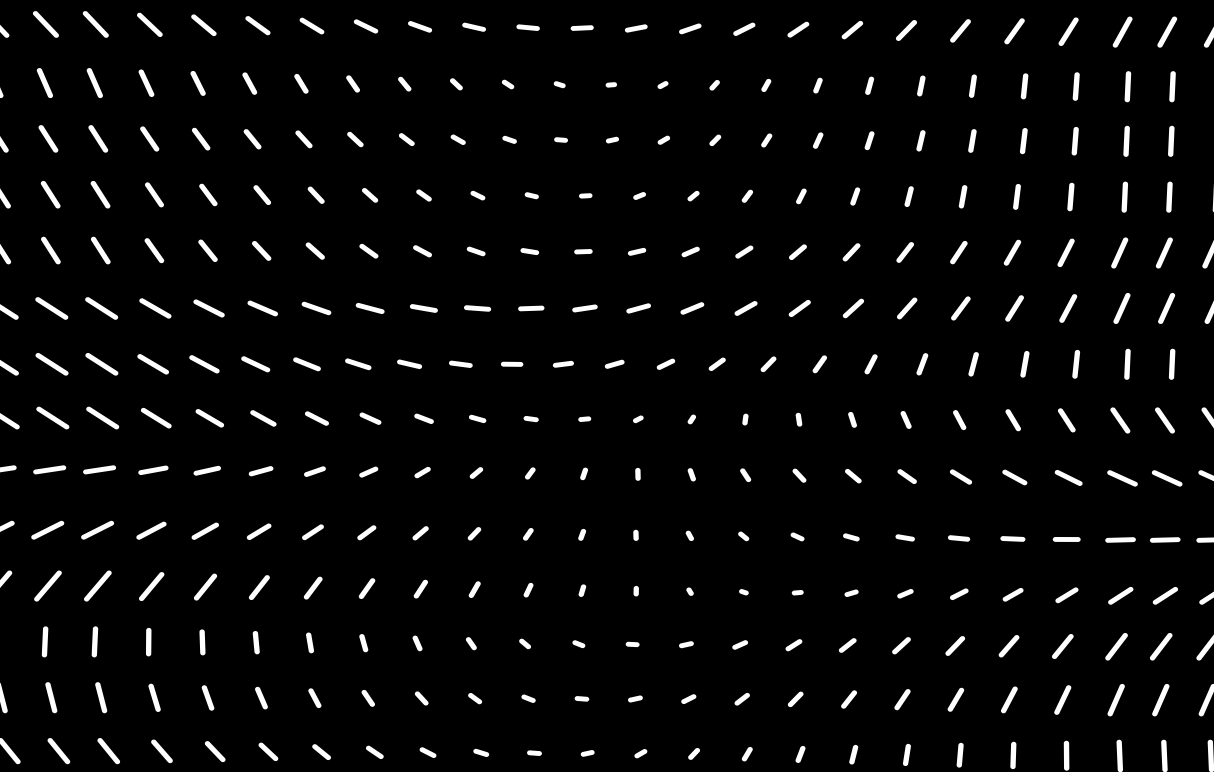


# 20 Expected Questions



1]

Record the following transactions in a Journal, assuming CGST and SGST@ 6% each.

- (i) Sold goods to Mukesh at the list price of ₹ 50,000 less 20% trade discount. 40,000
- (ii) Sold goods to Mukesh at the list price of ₹ 1,00,000 less 20% trade discount and 5% cash discount. 120,000 80,000
- (iii) Sold goods to Mukesh at the list price of ₹ 1,50,000 less 20% trade discount. Out of the amount due 60% is received out of which three-fourth is received by cheque. 120,000 72,000 72,000

## JOURNAL

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



Amt Due- 134400

Amt Rec-

80640 ✓

$\frac{3}{4}$

$\frac{1}{4}$

60480

20160

2]

## Stage 1 - Sup X

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

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

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

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

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

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

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

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

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

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

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

(ix) *Salary Dr.*  
*To clerk A/c*

12000  
12000

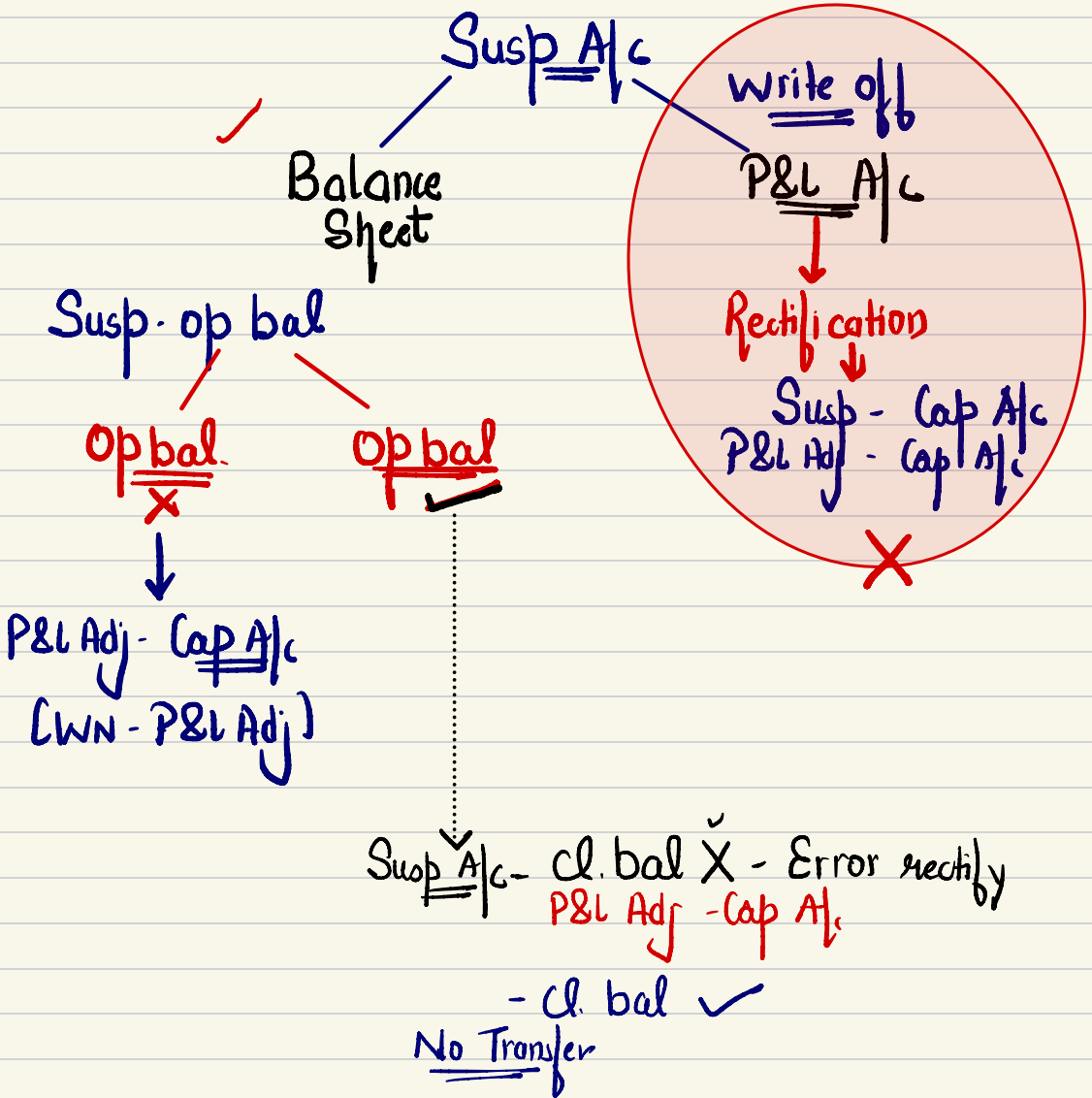
(x) *Sales Dr.* 20.000  
*Purch Dr.* 20.000  
*To Ragh.* 40.000

*Purch* 20.000  
*To Ragh.* 20.000

*Ragh Dr.*  
*To Sales A/c*

# Journal

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



3]

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

### 3rd Stage ✓

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

- (i) The total of the Purchases Book of one page ₹ 5,615 was carried forward to the next page as ₹ 6,551.   
 *Purch. 5615 Dr. 6551 Cr. 936 Cr.*
- (ii) A sale of ₹ 462 was entered in the Sales Book as ₹ 642 and posted to the credit of the customer.   
 *To P&L Adj 300*
- (iii) A return to creditor, ₹ 300 was entered in the Returns Inward Book; however, the creditor's account was correctly posted.   
 *Cr.*
- (iv) Cash received from Geet, ₹ 895 was posted to debit of Meet.   
 *Cr.*
- (v) Goods worth ₹ 1,400 were dispatched to a customer before the close of the year but no invoice was made out.
- (vi) Goods 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.   
 *SP*
- (vii) ₹ 500 due from Mr. Manas was omitted to be taken to the trial balance.   
 *Debit*
- (viii) Sale of goods to Mr. Deep for ₹ 6,000 was omitted to be recorded.

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

#### Correct ✓

Customer Dr. 462  
To Sales 462

#### Wrong

To customer 642  
To Sales 642

#### Rec.

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

Rev of WGE  
+ Corr. Entry

# Journal

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

# Journal

[illegible]

## P&L Adj A/c

To Susp	180	By Susp	936
To cust	1600		
		by Susp	600
To Bhatt cap A/c	8436	by customer	1400
		by Inv.	1280
	<u>          </u>	by Deep	<u>6000</u>



## BRS. Adj Cash book

if mentioned  
in the ques  
✓

Year end 31st March  
Adj CB

X

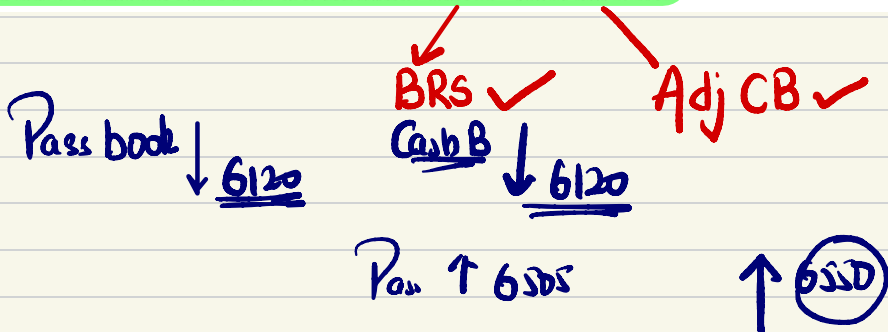
Dr 8624 (-)  
Cr. 8624  
↓  
+ Dr. 8624 } 17248  
+ Dr 8624 }

4] ✓

The Cash-book of M/s Rajat shows ₹ 1,10,280 as the balance at Bank as on 31<sup>st</sup> 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 15<sup>th</sup> March, 2022 the payments side of the Cash-book was under cast by ₹ 1400 ✓
- (iii) ✓ On 20<sup>th</sup> 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 24<sup>th</sup> March, 2022. The cashier erroneously entered the gross amount in the Cash-Book.  $4000 - 7600$   
 $80000 - 4000$  ✓
- (v) ✓ On 10<sup>th</sup> 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. ✓  
 $22800$
- (vi) ✓ A cheque issued amounting to ₹ 6,900 returned marked 'out of date' No entry made in Cash-book. Dishonour ✓
- (vii) ✓ Insurance premium ₹ 3,024 paid directly by bank under a standing order. No entry made in cash-book. ✓
- (viii) ✓ A bill receivable for ₹ 6,120 discounted for ₹ 6,000 with the bank had been dishonoured on 30<sup>th</sup> March, 2022, but advice was received on 1<sup>st</sup> April, 2022. ✓  
 $6120$
- (ix) ✓ Bank recorded a Cash deposit of ₹ 6,550 as ₹ 6,505. ✓

Prepare Bank Reconciliation Statement on 31<sup>st</sup> March, 2022.



175428

# Bank Reconciliation Statement as on 31st Mar 22

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

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

5] BoE  
B/P

B/R

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

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

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

## Journal

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

# Journal

	Particulars	L.F	Dr	Cr
<u>Nov</u> 4	B/R Dr. To y		32000	32000
<u>Dec</u> 31	y Dr. To B/R		32000	32000
<u>Dec</u> 31	Bank Dr. Bad debt Dr. To y		12800 19200	32000

6] 2mb

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

Max 15 min (10 Marks)

WN

Mach.

Prov for Dep

1.4.18  
Dep - (18-19)  
WDV 31.3.19  
Dep 2019-20  
31.3.20  
Dep 20.21  
31.3.21

200,000 ✓  
20,000  
180,000  
18,000  
162,000  
16,200  
✓

20,000  
18,000  
16,200  
54,200

# Machine A/c

Part	₹	Drury	₹
14.21 To bal b/d ✓ M <sub>1</sub> - 10.00000 M <sub>2</sub> - <u>200000</u>	1200.000	1.10.21 By Mach Dep 31.3.21 By bal. c/d	200.000
1.10. To Bank A/c (M <sub>3</sub> )	<u>480.000</u>	M <sub>1</sub> - 10.00000 M <sub>3</sub> - <u>480.000</u>	<u>1480000</u>

# Prov. for Dep A/c

Part	₹	Part	₹	Cr
1.10.21 To Mach Disp	61490	14.2021 by bal b/d M <sub>1</sub> 410800 M <sub>2</sub> - 54200	465000	
		1.021 By Dep (M <sub>2</sub> ) $\left[ (200,000 - 54200) \times \frac{10}{100} \times \frac{6}{12} \right]$	7290	
31.3.22 To bal c/d M <sub>1</sub> - 469720 M <sub>3</sub> - 24000	493720	31.3.22 By Dep M <sub>1</sub> - 58920 $\left[ 589200 \times \frac{10}{100} \right]$ M <sub>3</sub> - 24000	82920	

Wdy Profit / Loss

Book value  
(200,000 - 61490)  
Sale

138510

110,000  
28510

# Machine Disp A/c

Part	₹	Part	₹
31.10 To Mach	200.000	31.10 By prov. for Dep	61490
		By Bank	1.10.000
		By loss on sale	28510

7) ✓

400000 ✓

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

WN

1.1.2017  
1.7.2017

Dep 2017

M<sub>1</sub>

400000

40000

360000

40000

320000

M<sub>2</sub>

160000

8000

152000

16000

136000

Dep 2018

1.1.19

# Machine A/c

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

# 8] Adj. sel. price + GST

## ILLUSTRATION 6

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

Goods received from suppliers ✓

(subject to trade discount and taxes)

Trade discount 3% and GST 11% - Cost

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

Sales during the year ✓ ₹ 22,45,500

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

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

1. Selling price of goods av. for sale

- Sales - 22,45,500  
Sale price of cl. Inv. 2,35,000

24,80,500

2. Cost of Goods av. for sale -

Goods rec from Supp 15,75,500  
(-) Trade disc. (47,265)

15,28,235

Add GST @ 11%

1,68,106

Add: Packag. & Trans.

1,69,634

87,500

17,83,841

Gross Margin  
% Gross Marg.

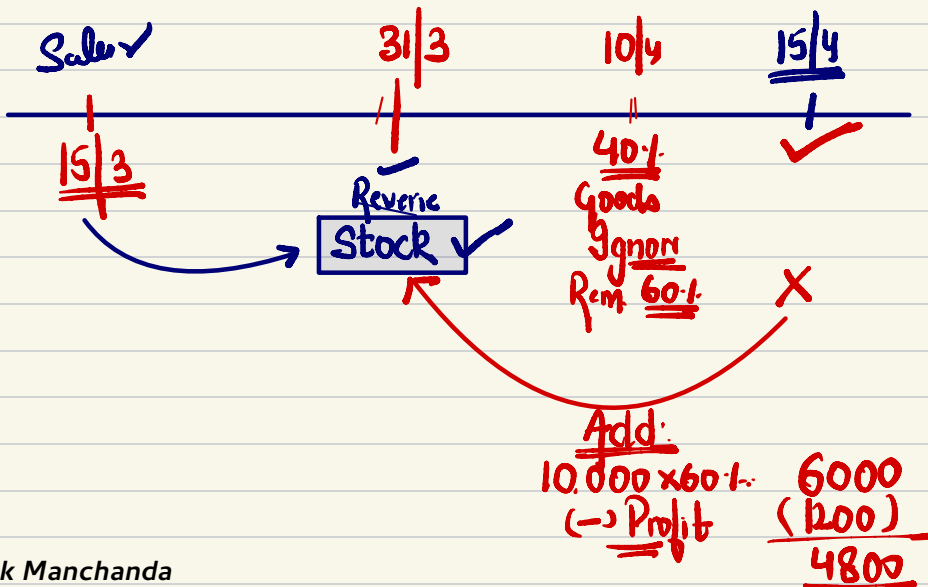
69,6659

69,6659 x 100

24,80,500

= 28.09.1

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



9]

- Purch.  
+ COGS

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

(i) Sales ₹ 41,000 (including sales tax ₹ 1,000).

(ii) Purchases ₹ 5,034 (including purchase tax ₹ 500) (-)

(iii) Sales return ₹ 1,000.

(iv) On 15<sup>th</sup> March, goods of the sale value of ₹ 10,000 were sent on sale or return basis to a customer, the period of approval being four weeks. He returned 40% of the goods on 10<sup>th</sup> April, approving the rest; the customer was billed on 16<sup>th</sup> April.

(v) The trader had also received goods costing ₹ 8,000 in March, for sale on consignment basis. 20% of the goods had been sold by 31<sup>st</sup> March, and another 50% by the 15<sup>th</sup> April. These sales are not included in above sales. ₹ 8000 x 30%

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

You are required to ascertain the value of inventory as on 31<sup>st</sup> March, 2022.

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

10]

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

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

Additional Information:

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%. ✓ Dep ✓ A/c
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 31<sup>st</sup> March, 2024 is ` 2,50,000.

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

# Trading and P&L A/c for the year ended 31st Mar 24

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

# Balance Sheet

as on 31st Mar 24

Liab	₹	Assets	₹
		P8M - 39100	
		Add: Inst 900	
		(-) Dep	
		Debtors - 240000	
		(-) prov. (12000)	
		228000	
		(-) prov for Disc (5100)	
		Cl. stock	250000

11)

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

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

Subscription for the year amount to ₹ 18,00,000/-. Salaries paid ₹ 3,60,000. Face value of the Investment was ₹ 10,50,000. 50% of the Investment was sold at 80% of Face Value. Interest on investments was received ₹ 84,000. Furniture was sold for ₹ 48,000

at the beginning of the year Machinery and Sports Goods purchased and put to use at the last date of the year. Charge depreciation @ 15% p.a. on Machinery and Sports goods and @10% p.a. on Furniture.

Following Expenses were made during the year:

Sports Expenses: ₹ 3,00,000

Rent: ₹ 1,44,000 out of which ₹ 12,000 outstanding

Misc. Expenses: ₹ 30,000

WNI

Sub A/c

To o/s Sub	840.000	by Adv sub	150,000
To 98 EA/c	1800.000	By Bank A/c (Bal. b/d)	1470.000
To Adv Sub	180.000	by o/s Sub	1200.000

## WN2 Salary

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

## WN

### 50% of Investment

- Cost (840.000 x 50%)	420.000
Sale price	
C Face value - $10.50.000 \times \frac{50}{100}$	525000
	<u>80%</u>
	<u>420000</u>

## WN4

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

## Receipts & Payment A/c

Receipts	₹	Payments	₹
To bal b/d	660.000	By Salaries	360.000
To Sub. (WN1)	1410.000	By Sp Exp	300.000
To Sale of Inv.	420.000	By Rent	132000
To Int on Inv	84000	(1144000 - 12000)	
To Sale of furn	48000	By Misc exp	30.000
		By Mach	60.000
		by Sp Goods	60.000
		by bal c/d	✓

# Income & Exp A/c

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

127

R&amp;P A/c

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

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

This Account has been prepared after the following adjustments:

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

3750 + 600  
= 4350  
- 150  
= 4200

A/c

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

The club owned a freehold lease of ground valued at ₹ 20,000. The club had sports equipment on 1st 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.

1) R&P - 200 ✓

2) O/s in the beg - 200  
Op bal Lib - 200 ✓

(10 Marks)

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

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

R&P

## Receipts & Payment A/c

by bal c/d ↓ <u>Cl. B/s</u>	2600
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13]

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

Liabilities and assets of the firm are as under:

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

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

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

# Statement of Distribution of Cash

	Real. <del>Cash</del>	Cred.	Part Loan	Part Cap		
				S	M	T
<b>Balances</b>	-	2800	1400	13440	8400	11760
1. Sale of patents (-) pay to creditors	1400 <del>(1400)</del> -	<del>(1400)</del> 1400	1400			
2. Sale of furn (-) paym. to cred (-) part Loan	2800 <del>(1400)</del> <del>(1400)</del>	<del>(1400)</del>	<del>(1400)</del>			
	-	-	-	13440	8400	11760
3. Sale of Mach Max poss loss [33600 - 1680] = 31920	<del>1680</del>			(15960)	(9576)	(6384)
Deficiency Paid to Part	(1680)			2520	1176	(3696)
				-	-	1680
				13440	8400	10080
4. Sale of stock Max poss loss [31920 - 5600] = 26320	5600			(13160)	(7846)	(5264)
<u>Payment</u>	(5600)			280 <del>(280)</del>	504 <del>(504)</del>	4816 <del>(4816)</del>
<u>loss</u>				13160	7846	5264

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

Following information is given to you:

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

Analysis of his bank pass book reveals the following information:

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

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

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

15)

On 31st March, 2022, the balance sheet of M/s Ram, Rahul and Rohit sharing profits and losses in proportion to their capital, stood as follows:

<b>Liabilities</b>	₹	₹	<b>Asset</b>	₹
Capital accounts:			Land & building	2,00,000
Ram	3,00,000		Machinery	2,00,000
Rahul	2,00,000		Closing stock	1,00,000
Rohit	<u>1,00,000</u>	6,00,000	Sundry debtors	2,00,000
Sundry creditors		2,00,000	Cash and bank balances	1,00,000
		8,00,000		8,00,000

On 31st March, 2022, Ram desired to retire from the firm and the remaining partners decided to carry on. It was agreed to revalue the assets and liabilities on that date on the following basis:-

1. Land and buildings be appreciated by 30%.
2. Machinery be depreciated by 20%.
3. Closing stock to be valued at ₹ 80,000.
4. Provision for bad debts be made at 5%.
5. Old credit balances of sundry creditors ₹ 10,000 be written off.
6. Joint life policy of the partners surrendered and cash obtained ₹ 60,000.
7. Goodwill of the entire firm be valued at ₹ 1,80,000 and Ram's share of the goodwill be adjusted in the accounts of Rahul and Rohit who share the future profits equally. No goodwill account being raised.
8. The total capital of the firm is to be the same as before retirement. Individual capital be in their profit sharing ratio.
9. Amount due to Ram is to be settled as 50% on retirement and the balance 50% within one year.

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

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

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

# Journal

[illegible]

17]

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

	₹
On Application	20
On Allotment (on 1st June, 2022)	30
On First Call (on 1st Nov., 2022)	30
On Final Call (on 1st March, 2023)	20

$$30,000 \times 50 = 15 \text{ lac}$$

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

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

## Journal

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

# Journal

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

Q.N Int on first call

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

Int on final call

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

$$= 54000 \checkmark$$

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

18]

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

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

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

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

## Journal

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

# Journal

	Particulars	L.F.	Dr	Cr
1.	Bank A/c Dr To Deb App		90.000	90.000
2.	Deb App To 8+ Deb		90.000	90.000
3.	Deb All A/c Dr (3000 X 60)		180.000	
	Loss on Issue of Deb Dr (3000 X 10 + 3000 X 5)		45000	
	(3000 X 70) To 8+ Deb			210.000
	To Prem on Red			15000
	St of P&L Dr To Loss on Issue		45000	<u>45000</u>

19]

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

$$\begin{array}{r} 20000 \\ \swarrow \quad \searrow \\ 17500 \quad 2500 \\ \checkmark \quad \times \end{array}$$

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

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

20]

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

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

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