

TOPICS : Final Accounts for Sole traders, Depreciation Accounting & Consignment

NOTES: (1) WORKING NOTES SHOULD FORM PART OF ANSWERS.

(2) NEW QUESTION SHOULD BE ON NEW PAGE

QUESTION NO.1

(16 marks)

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

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

Cash at Bank	22,000	
Cash in Hand	16,000	
Total	30,73,400	30,73,400

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

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

QUESTION NO.2

(8 marks)

Ganpath of Nagpur consigns 500 cases of goods costing Rs. 1,500 each to Rawat of Jaipur. Ganpath pays the following expenses in connection with the consignment:

Particulars	Rs.
Carriage	15,000
Freight	45,000
Loading Charges	15,000

Rawat sells 350 cases at Rs. 2,100 per case and incurs the following expenses:

Clearing charges	18,000
Warehousing and Storage charges	25,000
Packing and selling expenses	7,000

It is found that 50 cases were lost in transit (which is an abnormal loss) and another 50 cases were in transit. Rawat is entitled to a commission of 10% on gross sales. **Draw up the Consignment Account and Rawat's Account in the books of Ganpath.**

QUESTION NO.3

(8 marks)

A Firm purchased an old Machinery for Rs. 37,000 on 1st January, 2015 and spent Rs. 3,000 on its overhauling. On 1st July 2016, another machine was purchased for Rs. 10,000. On 1st July 2017, the machinery which was purchased on 1st January 2015, was sold for Rs. 28,000 and

the same day a new machinery costing Rs. 25,000 was purchased. On 1st July, 2018, the machine which was purchased on 1st July, 2016 was sold for Rs. 2,000.

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

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

QUESTION NO.4

(10 marks)

Following are the Manufacturing A/c, Creditors A/c and Trading A/c provided by Ms. Shivi related to 2016-17. There are certain figures missing from these accounts.

Raw Material A/c

Date	Particulars	Amount (Rs.)	Date	Particulars	Amount (Rs.)
	To Opening Stock A/c	1,00,000		By Raw Material Consumed
	To Creditors A/c		By Closing Stock A/c

Creditors A/c

Date	Particulars	Amount (Rs.)	Date	Particulars	Amount (Rs.)
	To Bank A/c	22,00,000		By Balance b/d	15,00,000
	To Balance c/d	6,00,000			

Manufacturing A/c

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Raw Material Consumed	By Trading A/c	17,94,000
To Wages	3,50,000		
To Depreciation	2,00,000		
To Direct Expenses	2,44,000		

Additional Information:

- 1) Purchase of machinery worth Rs.10,00,000 has been omitted. Machinery are chargeable at a depreciation rate of 10%.
- 2) Wages include the following
 - Paid to Factory Workers - Rs. 3,00,000
 - Paid to labour at office - Rs. 50,000
- 3) Direct Expenses include following:
 - ◆ Electricity charges of Rs.80,000 of which 30% pertained to office.
 - ◆ Fuel Charges of Rs.20,000
 - ◆ Freight Inwards of Rs.35,000
 - ◆ Delivery charges to customers - Rs.20,000.

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

QUESTION NO.5**(8 marks)**

Exe sent on 1st July, 2016 to Wye goods costing Rs. 50,000 and spent Rs. 1,000 on packing etc. On 3rd July, 2016, Wye received the goods and sent his acceptance to Exe for Rs. 30,000 payable at 3 months. Wye spent Rs. 2,000 on freight and cartage, Rs. 500 on godown rent and Rs. 300 on insurance. On 31st December, 2016 he sent his Account Sales (along with the amount due to Exe) showing that $\frac{4}{5}$ of the goods had been sold for Rs. 55,000. Wye is entitled to a commission of 10%. One of the customers turned insolvent and could not pay Rs. 600 due from him. **Show the necessary journal entries in the consignee's book.**