

TOPICS : Sale of Return, Bank Reconciliation Statement, Depreciation Accounting, Average Due Date and Account Current

**NOTES: (1) WORKING NOTES SHOULD FORM PART OF ANSWERS
(2) NEW QUESTION SHOULD BE ON NEW PAGE**

QUESTION NO.1

(10 MARKS)

On 30th September, 2018, the bank account of XYZ, according to the bank column of the cash book, was overdrawn to the extent of Rs. 8,062. An examination of the Cash book and Bank Statement reveals the following:

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

You are required:

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

QUESTION NO.2

A. The following are the transactions that took place between G and H during the period from 1st October, 2017 to 31st March, 2018 :

2017		Rs.
Oct. 1	Balance due to G by H	3,000
Oct. 18	Goods sold by G to H	2,500
Nov. 16	Goods sold by H to G (invoice dated November, 26)	4,000
Dec. 7	Goods sold by H to G (invoice dated December, 17)	3,500
2018		Rs.
Jan. 3	Promissory note given by G to H, at three months	5,000

Feb. 4	Cash paid by G to H	1,000
Mar. 21	Goods sold by G to H	4,300
Mar. 28	Goods sold by H to G (invoice date April, 8)	2,700

Draw up an Account Current up to March 31st, 2018 to be rendered by G to H, charging interest at 10% per annum. Interest is to be calculated to the nearest rupee.

(5 MARKS)

- B. The following amounts are due to X by Y. Y wants B to pay on 10th July, 2019. Interest rate of 9% p.a. is taken into consideration.

Due dates	Rs.
10th January	750
26th January (Republic Day)	1,200
23rd March	3,300
18th August (Sunday)	4,100

Determine average due date and the amount to be paid on 10th July, 2019. Assume 10th January as base date.

(5 MARKS)

QUESTION NO.3

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.

(8 MARKS)

QUESTION NO.4

- A. X supplied goods on sale or return basis to customers, the particulars of which are as under :

Date of dispatch	Party's name	Amount Rs.	Remarks
10.12.2017	M/s ABC Co.	10,000	No information till 31.12.2017
12.12.2017	M/s DEF Co.	15,000	Returned on 16.12.2017
15.12.2017	M/s GHI Co.	12,000	Goods worth Rs. 2,000 returned on 20.12.2017
20.12.2017	M/s DEF Co.	16,000	Goods Retained on 24.12.2017
25.12.2017	M/s ABC Co.	11,000	Good Retained on 28.12.2017
30.12.2017	M/s GHI Co.	13,000	No information till 31.12.2017

Goods are to be returned within 15 days from the dispatch, failing which it will be treated as sales. The books of 'X' are closed on the 31st December, 2017.

Prepare the following account in the books of 'X'.

Goods on "sales or return, sold and returned day books".

Goods on sales or return total account.

(5 MARKS)

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

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

(7 MARKS)