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**CA INTERMEDIATE NOV'19**

**SUBJECT- ACCOUNTS**

**Test Code - CIM 8373**

**BRANCH - () (Date :)**

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## ANSWER-1

			(Rs.) Dr.	(Rs.) Cr.
2008 Jan	1	Bank Dr.  To 9% Debenture Applications & Allotment Account  (Being application money on 20,000 debentures @ Rs. 100 per debenture received)	20,00,000	20,00,000
		9% Debentures Applications & Allotment Account Dr.  To 9% Debentures Account  (Being allotment of 20,000 9% Debentures of Rs.100 each at par)	10,00,000	20,00,000
(i) 2010 Jan.	1	9% Debenture Account Dr.  Loss on Redemption of Debentures Account Dr.  To Bank  (Being redemption of 2,000 9% Debentures of Rs.100 each by purchase in the open market @ Rs.101 each)	2,00,000  2,000	2,02,000
"	"	Profit & Loss Account/Securities Premium Account Dr.  To Loss on Redemption of Debentures Account  (Being loss on redemption of debentures being written off by transfer to Profit and Loss Account or Securities Premium Account)	2,000	2,000
(ii) 2013 Jan.	1	9% Debentures Account Dr.  To Sundry Debenture holders  (Being Amount payable to debenture holders on redemption debentures for Rs.6,00,000 at par by draw of a lot)	6,00,000	6,00,000

"	"	Sundry Debenture holders Dr. To Bank (Being Payment made to sundry debenture holders for redeeming debentures of Rs.6,00,000 at par)	6,00,000	6,00,000
(iii) 2014 Jan.	1	Own Debentures Dr. To Bank (Being purchase of own debentures of the face value of Rs.4,00,000 for Rs.3,95,600)	3,95,600	3,95,600
2015	"	9% Debentures Dr. To Own Debentures To Profit on Cancellation of Own Debentures Account (Being Cancellation of own debentures of the face value of Rs.4,00,000 purchased last year for Rs.3,95,600)	4,00,000	3,95,600 4,400
"	"	Profit on Cancellation of Own Debentures Account Dr. To Capital Reserve Account (Being transfer of profit on cancellation of own debentures to capital reserve)	4,400	4,400
(iv) 2018 Jan.		9% Debentures Account Dr. Premium on Redemption of Debentures Account Dr. To Sundry Debenture holders (Being amount payable to holders of debentures of the face value of Rs. 8,00,000 on redemption at a premium of 2% as per resolution of the board of directors)	8,00,000 16,000	8,16,000
"	"	Sundry Debenture holders Dr. To Bank Account (Being payment to sundry debenture holders)	8,16,000	8,16,000

”	”	Securities Premium Account Dr.  To Premium on Redemption of Debentures Account  (Being utilisation of a part of the balance in Securities Premium Account to write off premium paid on redemption of debentures)	16,000	16,000
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(10 MARKS)

**ANSWER-2**

**1. Computation of Cost of Goods Sold**

	Particulars	A		B		C	
	Sales at Actual Price	1,72,500		1,59,400		74,600	
Less:	Sales at Discounted Price	(7,500)		(2,400)		(600)	
	Net Sales at Normal Price	1,65,000		1,57,000		74,000	
Add:	Normal Value of Discounted Sales	10,000		3,000		1,000	
	Total Sales at Normal Selling Price	100%	1,75,000	100%	1,60,000	100%	75,000
Less:	GP on Normal Selling Price	20%	35,000	25%	40,000	33.33%	25,000
	<b>Total Cost of Goods Sold</b>	<b>80%</b>	<b>1,40,000</b>	<b>75%</b>	<b>1,20,000</b>	<b>66.67%</b>	<b>50,000</b>

(3 MARKS)

**2. Computation of Value of Closing Stock**

	Particulars	A	B	C
Add:	Opening Stock	24,000	36,000	12,000
	Purchases	1,46,000	1,24,000	48,000
Less:		1,70,000	1,60,000	60,000
	Cost of Goods Sold	(1,40,000)	(1,20,000)	(50,000)
	<b>Closing Stock</b>	<b>30,000</b>	<b>40,000</b>	<b>10,000</b>

(2 MARKS)

**3. Departmental Trading and Profit and Loss A/c for the year ending 31st December (in Rs.)**

Particulars	A	B	C	Particulars	A	B	C
To Opening Stock	24,000	36,000	12,000	By Sales	1,72,500	1,59,400	74,600
To Purchases	1,46,000	1,24,000	48,000	By Closing Stock(WN 2)	30,000	40,000	10,000
To Gross Profit	32,500	39,400	24,600				

<b>Total</b>	<b>2,02,500</b>	<b>1,99,400</b>	<b>84,600</b>	<b>Total</b>	<b>2,02,500</b>	<b>1,99,400</b>	<b>84,600</b>
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**Note:** The Gross Profit as per above Trading A/c can also be reconciled with GP as per WN 1 as under -

GP as per WN 1 (less) Difference between Normal Value and Discounted Price of Special Items as per Qn = Trading GP

For example, for Department A: 35,000 (-) [10,000 - 7,500] = 32,500 as per Trading A/c.

**(3 MARKS)**

**ANSWER-3**

**Trading and Profit & Loss Account for  
the year ended 31.12.2007**

Dr.	Rs.	Cr.	Rs.
To Opening stock	50,000	By Sales (W.N.8)	3,25,000
To Purchases (W.N.7)	2,72,500	By Closing stock	62,500
To Gross profit (W.N.6)	<u>65,000</u>		<u>        </u>
	<u>3,87,500</u>		<u>3,87,500</u>
To Expenses	49,250	By Gross profit	65,000
To Loss on sale of fixed asset	750		
To Depreciation on fixed assets	1,000		
To Net Profit	<u>14,000</u>		<u>        </u>
	<u>65,000</u>		<u>65,000</u>

**(3 MARKS)**

**Balance Sheet as at 31.12.2007**

Liabilities	Rs.	Rs.	Assets	Rs.
Capital as on 1.1.2007	1,69,000		Fixed Assets	9,000
<i>Add:</i> Net profit	14,000		Debtors	87,500
Additional capital	<u>5,000</u>		Stock	62,500
	1,88,000		Bank	50,000
<i>Less:</i> Drawings	<u>25,000</u>	1,63,000		

Creditors		<u>46,000</u>		
		<u>2,09,000</u>		<u>2,09,000</u>

(2 MARKS)

**Working Notes:**

(5 MARKS)

1. **Balance Sheet as at 1.1.2007**

Liabilities	Rs.	Assets	Rs.
Capital (Bal. Fig.)	1,69,000	Fixed Assets	7,500
Creditors	53,500	Debtors	1,02,500
		Stock	50,000
	2,22,500	Bank Balance	62,500
			<u>2,22,500</u>

2. **Bank account**

	Rs.		Rs.
To Balance b/d (Bal. Fig.)	62,500	By Creditors	2,80,000
To Debtors	3,40,000	By Expenses	49,250
To Capital	5,000	By Drawings	25,000
To Fixed Assets	1,750	By Fixed Assets (purchased)	5,000
		By Balance c/d	<u>50,000</u>
	<u>4,09,250</u>		<u>4,09,250</u>

3. **Debtors account**

	Rs.		Rs.
To Balance b/d (Bal. Fig.)	1,02,500	By Bank	3,40,000
To Sales (W.N.8)	<u>3,25,000</u>	By Balance c/d	<u>87,500</u>
	<u>4,27,500</u>		<u>4,27,500</u>

4. **Creditors account**

	Rs.		Rs.
To Bank	2,80,000	By Balance b/d (Bal. Fig.)	53,500
To Balance c/d	<u>46,000</u>	By Purchases (W.N.7)	<u>2,72,500</u>
	<u>3,26,000</u>		<u>3,26,000</u>

5. **Fixed Assets account**

	Rs.		Rs.
To Balance b/d	7,500	By Bank (Sale)	1,750

To Bank	5,000	By Profit and Loss A/c (loss on sale)	750
		By Depreciation (Bal. Fig.)	1,000
	<u>      </u>	By Balance c/d	<u>9,000</u>
	<u>12,500</u>		<u>12,500</u>

6. Gross Profit = Rs. 2,60,000 x 25% = Rs.65,000.

7. Cost of goods sold = Opening stock + Purchases – Closing stock

$$\text{Rs. } 2,60,000 = \text{Rs. } 50,000 + \text{Purchases} - \text{Rs. } 62,500$$

$$\text{Purchases} = \text{Rs. } 2,72,500$$

8. Sales = Cost of goods sold + gross profit

$$= \text{Rs. } 2,60,000 + \text{Rs. } 65,000$$

$$= \text{Rs. } 3,25,000.$$

#### ANSWER-4

M/s X

#### Departmental Trading A/c for the year ending 31st December, 20X1

	Deptt.A. Rs.	Deptt.B. Rs.		Deptt.A. Rs.	Deptt.B. Rs.
To Stock	20,000	12,000	By Sales	1,40,000	1,12,000
To Purchases	92,000	68,000	By Purchased Goods transferred	8,000	10,000
To Wages	12,000	8,000	By Finished Goods transferred	35,000	40,000
To Carriage	2,000	2,000	By Return of finished Goods	10,000	7,000
To Purchased Goods transferred	10,000	8,000	By Closing Stock: transferred		
To F.G. transferred	40,000	35,000	Purchased Goods	4,500	6,000
To Return of finished Goods	7,000	10,000	Finished Goods	24,000	14,000
To Gross profit c/d (b.f.)	38,500	46,000			
	<b>2,21,500</b>	<b>1,89,000</b>		<b>2,21,500</b>	<b>1,89,000</b>

(5 MARKS)

**Consolidated Trading Account for the year ending 31st December, 20X1**

Particular	Rs.	Particulars	Rs.
To Opening Stock	32,000	By Sales	2,52,000
To Purchases	1,60,000	By Closing Stock:	
To Wages	20,000	Purchased Goods	10,500
To Carriage	4,000	Finished Goods	38,000
To Stock Reserve	2,196		
To Gross Profit c/d	82,304		
	<b>3,00,500</b>		<b>3,00,500</b>

**Working note:**

	Deptt. A	Deptt. B
Sale	1,40,000	1,12,000
Add : Transfer	35,000	40,000
	1,75,000	1,52,000
Less: Returns	(7,000)	(10,000)
Net Sales plus Transfer	1,68,000	1,42,000
Rate of Gross profit	$\frac{38,500}{1,68,000} \times 100 = 22.916\%$	$\frac{46,000}{1,42,000} \times 100 = 32.394\%$
Closing Stock out of transfer	4,800	2,800
(20% of closing stock)		
Unrealised Profit	Rs. 4,800 × 32.394% = 1,555	2,800 × 22.916% = Rs. 641

**(5 MARKS)**

**ANSWER-5**

**Working Notes:**

1. Given Tax Provision is 50% (of Pre Tax Profits), Hence, PAT = balance 50%. Hence, Tax = Profit after Tax = 7,000.

2.  $\frac{\text{Current Liabilities}}{\text{Debentures}} = \frac{2}{1}$ . So, Current Liabilities = 6,000 × 2 = 12,000

3.  $\frac{\text{Current Assets}}{\text{Current Liabilities}} = \frac{2}{1}$   $\frac{8,750 + \text{Debtors} + 1,250}{12,000} = \frac{2}{1}$  10,000 + Debtors = 24,000.

So, Debtors = 14,000.

**Note:** In this question, the Financial Statements of the Company are prepared in the **format specified in the question**, irrespective of the requirements of Schedule III of the Companies Act, 2013.

**(3\*1 = 3 MARKS)**



**Trading and Profit & Loss A/c of Kumaran Ltd for the year ended 31st March**

Particulars	Rs.000s	Particulars	Rs.000s
To Opening Stock	7,000	By Sales (21,000 ÷ 60%)	35,000
To Purchases (bal. fig.)	14,000	By Closing Stock (25% of Sales 35,000)	8,750
To Manufacturing Expenses	1,750		
To Gross Profit c/d	21,000		
<b>Total</b>	<b>43,750</b>	<b>Total</b>	<b>43,750</b>
To Office and Administrative Expenses	7,400	By Gross Profit b/d	21,000
To Interest on Debentures	600	By Commission Received	1,000
To Provision for Taxation (WN 1)	7,000		
To Net Profit after Tax for the year c/d (b/fd)	7,000		
<b>Total</b>	<b>22,000</b>	<b>Total</b>	<b>22,000</b>
To Declared Dividend (40% x Capital 10,000)	4,000	By Balance b/f (given)	1,400
To Transfer to General Reserve (= Prop Dvds)	4,000	By Net Profit after Tax for the year b/d (bal. fig.)	7,000
To Balance tfr to B/S (10% of Prop Dvd 4,000)	400		
<b>Total</b>	<b>8,400</b>	<b>Total</b>	<b>8,400</b>

(5 MARKS)

**2. Balance Sheet of Kumaran Ltd as on 31st March**

Liabilities	Rs. 000s	Assets	Rs. 000s
<b>Paid up Capital</b>	10,000	<b>Fixed Assets:</b>	
<b>General Reserves:</b>		Plant and Machinery	14,000
Balance at yr beginning (2 x 4,000)	8,000	Other Fixed Assets (bal. fig)	2,400
Proposed Addition (= Prop Dvds)	4,000	<b>Current Assets:</b>	
Profit and Loss Appropriation A/c	400	Stock in Trade (from Trading A/c)	8,750
10% Debentures (600 ÷ 10%)	6,000	Sundry Debtors (WN 3)	14,000
Current Liabilities (WN 2)	12,000	Bank Balance	1,250
<b>Total (of above)</b>	<b>40,400</b>	<b>Total (same as Liab. Side)</b>	<b>40,400</b>

(4 MARKS)