



J.K. SHAH[®]
TEST SERIES
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SUGGESTED SOLUTION

FYJC 2020

SUBJECT- BOOK KEEPING AND ACCOUNTANCY

Test Code – FYJ 6094 A

BRANCH - () (Date :)

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ANSWER : 1

(05)

1. Closing stock (Stock)
2. Final Account
3. Distribution of sample of goods (advertisement expenses)
4. Direct expenses
5. Deprecation

ANSWER : 2

(15)

In the Books of Nandini & Co.
Trading and Profit & Loss Account for the Year ended 31st March 2019

Dr.					Cr.
Particulars	Amt. (Rs.)	Amt. (Rs.)	Particulars	Amt. (Rs.)	Amt. (Rs.)
To Opening stock		52,000	By Sales (cash)	21,000	
To Purchase	77,000		Add : Credit sales	+ 81,000	
Less : Returns	(-) 600	76,400	Less : Returns	(-) 400	1,01,600
Outward			Inward		
To Salaries (2/3 rd of 18,000)		12,000			
To Carriage Inward			By Closing Stock		1,00,000
To Royalty		6,000			
To Gross Profit		55,200			
		2,01,600			2,01,600
To Bad Debts	1,400		By Gross Profit b/d		55,200
Add : Further Bad Debts	+ 2,000		By Interest		1,200
Add : New R.D.D.	+ 3,980		By Dividend		2,800
	7,380				
Less : Old R.D.D.	(-) 8,000	xxx			
To Interest on Capital		7,200	By Old R.D.D.	8,000	
To Repair and Maintenance		1,200	Less : Bad Debts	(-) 1,400	
To Salaries (1/3 rd of 18,000)		6,000	Less : Additional Bad Debts	(-) 2,000	
To Rates, taxes and insurance		6,000	Less : New R.D.D.	(-) 3,980	620
To Advertisement		4,800			
To Rent paid for 11 months	2,200				
Add : Outstanding Rent	+ 200	2,400			
To Interest on bank loan		1,800			
To Discount		1,000			
To Depreciation on : Machinery	7,200				
Loose tools	+ 10,000	17,200			
To Carriage outwards		4,000			
To Net Profit transferred to capital		8,220			

A/c.		8,220		
		59,820		59,820

Hint :

Carriage Inward is pertaining to Purchases, therefore, it has to be entered in Trading Account debit (Dr.) side.

Carriage Outward is to be entered in Profit and Loss account debit (Dr.) side.

Whenever Bad debt write off and create R.D.D. is given in the adjustment, first you should reduce the Bad Debt from Sundry Debtors and R.D.D. on the balance Amount.

Negative Balance in Bad debts after adjustments should be shown in credit side of Profit and Loss a/c.

Balance Sheet as on 31st March 2019

Liabilities	Amt. (Rs.)	Amt. (Rs.)	Assets	Amt. (Rs.)	Amt. (Rs.)
Capital	3,60,000		Debtors	81,600	
Less : Drawings	(-)14,000		Less : Bad debts adjustment	(-) 2,000	
Add : interest on capital	+ 7,200		Less : Reserve for doubtful debts	(-) 3,980	75,620
	3,53,200		Furniture and fixtures		81,000
Profit for the year	+ 8,220	3,61,420	Closing stock		1,00,000
Outstanding rent		200	Machinery	84,000	
Sundry Creditors		70,000	Less : depreciation 10%	7,200	76,800
9% Bank Loan	40,000		Loose tools	1,10,000	
Add : interest on bank loan	1,800	41,800	Less : depreciation	(-) 10,000	1,00,000
			Bank Balance		40,000
		4,73,420			4,73,420

Working notes :

1. Salaries :

$$18000 \times \frac{2}{3} = 12,000 \text{ Trading account Dr. Side}$$

$$18000 \times \frac{1}{3} = 6,000 \text{ Profit and loss account Dr. Side}$$

2. Rent

$$\text{Rent for 11 months} \qquad \qquad \qquad 2,200$$

There are 12 months in one year

Rent paid for 11 months

Therefore, rent outstanding for one month 200

$$\frac{2200}{11} = 200$$

$$200 \times 1 = 200$$

Therefore, rent for 12 months : 2400

1st effect : Add to rent account in profit and loss account Dr. side

2nd effect : Balance sheet liability side under the heading outstanding expenses

3. Machinery : Rs. 84,000 (include machinery worth Rs. 24,000 Purchased on 1st Oct 2018).

Depreciation on Rs. 60,000	@ 10%	For 12 months	6,000	
Depreciation on Rs. 24,000	@ 10%	For 6 months	1,200	$\left(24,000 \times \frac{10}{100} \times \frac{6}{12}\right)$
			<u>7,200</u>	

1st effect : Balance sheet Asset Side. Deduct Depreciation Amount of Rs. 6,000 From Machinery A/c.

2nd effect : Profit and Loss Account Dr. side.

4. 9% bank loan 30th Sep. 2018 40,000
Interest on bank loan 9%
Loan taken on 30th Sep. 2018
Interest applicable for 6 months

$[40000 \times 9\%] \times \frac{6}{12}$ 1,800

5. Interest on capital : 2% of capital

Capital 3,60,000

Therefore, interest on capital 7,200

$[360000 \times \frac{2}{10}]$

1st effect : Balance Sheet liability side **add to capital**

2nd effect : Profit and Loss account Dr. Side

6. Loose tools :

In Trial Balance	1,10,000
Valued at	1,00,000
Depreciation in value	10,000
Therefore depreciation of loose Tools =	10,000

1st effect : Balance sheet Asset's side. Deduct depreciation from Loose tools

2nd effect : Profit and Loss account Dr. side.