

TOPICS : Sale of Return, Bank Reconciliation Statement

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

QUESTION NO.1

(10 MARKS)

Prepare the Bank Reconciliation Statement of M/s. R.K. Brothers on 30th June 2018 from the particulars given below:

- (i) The Bank Pass Book had a debit balance of Rs. 25,000 on 30th June, 2018.
- (ii) A cheque worth Rs. 400 directly deposited into Bank by customer but no entry was made in the Cash Book.
- (iii) Out of cheques issued worth Rs. 34,000, cheques amounting to Rs. 20,000 only were presented for payment till 30th June, 2018.
- (iv) A cheque for Rs. 4,000 received and entered in the Cash Book but it was not sent to the Bank.
- (v) Cheques worth Rs. 20,000 had been sent to Bank for collection but the collection was reported by the Bank as under.
 - (1) Cheques collected before 30th June, 2018, Rs. 14,000
 - (2) Cheques collected on 10th July, 2018, Rs. 4,000
 - (3) Cheques collected on 12th July, 2018, Rs. 2,000.
- (vi) The Bank made a direct payment of Rs. 600 which was not recorded in the Cash Book.
- (vii) Interest on Overdraft charged by the bank Rs. 1,600 was not recorded in the Cash Book.
- (viii) Bank charges worth Rs. 80 have been entered twice in the cash book whereas Insurance charges for Rs. 70 directly paid by Bank was not at all entered in the Cash Book.
- (ix) The credit side of bank column of Cash Book was under cast by Rs. 2,000.

QUESTION NO.2

- 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. CE sends goods to his customers on Sale or Return basis. The following transactions took place during 2016:

Sept. 15	Sent goods to customers on sale or return basis at cost plus 33 1/3 %	Rs.1,00,000
Oct. 20	Goods returned by customers	Rs.40,000
Nov. 25	Received letters of approval from customers	Rs.40,000
Dec . 31	Goods with customers awaiting approval	Rs.20,000

CE records sale or return transactions as ordinary sales. **You are required to pass the necessary Journal Entries** in the books of CE assuming that accounting year closes on 31st December, 2016.

(5 MARKS)

QUESTION NO.3

(10 MARKS)

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

QUESTION NO.4

- A. Mr. Ganesh sends out goods on approval to few customers and includes the same in the Sales Account. On 31.03.2018, the Trade Receivables balance stood at Rs. 75,000 which included Rs. 6,500 goods sent on approval against which no intimation was received during the year. These goods were sent out at 30% over and above cost price and were sent to-

Mr. Adhitya Rs. 3,900 and Mr. Bakkiram Rs.2,600.

Mr. Adhitya sent intimation of acceptance on 25th April, 2018 and Mr. Bakkiram returned the goods on 15th April, 2018.

Make the adjustment entries and show how these items will appear in the Balance Sheet as on 31st March, 2018. Show also the entries to be made during April, 2018. Value of Closing Inventories as on 31st March, 2018 was Rs. 50,000.

(6 MARKS)

- B. What are the features of sale of goods on approval or return basis? Explain in brief.

(2 MARKS)

- C. When 'sale or return basis' transactions are numerous, what books are maintained by the business entity.

(2 MARKS)

QUESTION NO.5

(10 MARKS)

The Cash – book of M/s ABC shows Rs. 27,570 as the balance at Bank as on 31st March, 2017. But this does not agree with balance as per the Bank Statement. On scrutiny following discrepancies were found :

- (i) Subsidy Rs. 10,250 received from the government directly by the bank, but not advised to the company.
- (ii) On 15th March, 2017 the payments side of the Cash – book was under cast by Rs. 350.
- (iii) On 20th March, 2017 the debit balance of Rs. 2,156 as on the previous day, was brought forward as credit balance in Cash – Book.
- (iv) A customer of the M/s ABC, who received a cash discount of 5% on his account of Rs. 2,000, paid to M/s ABC a cheque on 24th March, 2017. The cashier erroneously entered the gross amount in the Cash – Book.
- (v) On 10th March, 2017 a bill for Rs. 5,700 was discounted from the bank, entered in Cash – Book, but proceeds credited in Bank Statement amounted to Rs. 5,500 only.
- (vi) A cheque issued amounting to Rs. 1,725 returned marked 'out of date'. No entry made in Cash – book.
- (vii) Insurance premium Rs. 756 paid directly by bank under a standing order. No entry made in cash – book.
- (viii) A bill receivable for Rs. 1,530 discounted for Rs. 1,500 with the bank had been dishonoured on 30th March, 2017, but advice was received on 1st April, 2017.
- (ix) Bank recorded a Cash deposit of Rs. 1,550 as Rs. 1,505.

Prepare Bank Reconciliation Statement on 31st March, 2017.