

PART A
ACCOUNTING

Q11.

pg no 9:

In the books of Ltd.

JOURNAL ENTRIES

Particulars.	LF	Dr £	Cr £
BANK A/c Dr		12,00,000	
To Equity share capital A/c			10,00,000
To securities Premium A/c			2,00,000
[Being issue of 1,00,000 equity shares of £10 each at a premium of £ per share].			
10% Redeemable Preference share capital Dr		10,00,000	
To Preference shareholders A/c			10,00,000
[Being amount payable on redemption of preference shares transferred to Preference shareholders A/c].			
Preference shareholders A/c Dr		10,00,000	
To BANK A/c			10,00,000
[Being amount paid on redemption]			

Q12

pg no 9:

WN1: calculation of No of shares to be issued.Cash Required for Redemption of
Pref shares

(65000 + 10%)

71500

+ closing Cash balance

12000

Total Requirements 83500

(-) opening balance of cash

(31000)

(-) investment sold

(15000)

Total cash required.

37500

∴ issue price (50 + 10)

= 60

625 eq sh.

WN2: Redemption of Preference shares

FV = Fresh Issue + CRR.

65000 = 31250 + 33750 - PIL
(625 × 50)

Premium = Free Reserve

6500 = 6500 - PIL
(65000 × 10%)

Q2

Pg no 9

In the books of x Ltd

JOURNAL ENTRIES

Particulars	LF	Dr	E	Cr	E
Bank A/c	Dr	37,500			
To share Application A/c				37,500	
[Being application money received on 625 shares @ 60 per share]					
Bank A/c	Dr	37,500			
To Equity share capital A/c [625x50]				31,250	
To securities Premium A/c [625x10]				6,250	
[Being fresh issue made at premium]					
Preference share capital A/c	Dr	6,500			
Premium on Redemption A/c	Dr	6,500			
To Preference shareholders A/c				7,150	
[Being amount due to preference shareholders]					
Profit/Loss A/c	Dr	6,500			
To Premium on Redemption A/c				6,500	
[Being premium written off]					
Profit/Loss A/c	Dr	33,750			
To CRR A/c				33,750	
[Being CRR created]					
Preference shareholders A/c	Dr	71,500			
To Bank A/c				71,500	
[Being amount paid to preference shareholders]					
Bank A/c	Dr	15,000			
Profit/Loss A/c	Dr	3,500			
To Investment A/c				18,500	
[Being investment sold at loss]					

Balance sheet of X Ltd as on 31.3.13.

Particulars	Amount	C.Y	P.Y
I EQUITY AND LIABILITIES			
(1) Shareholders funds			
(a) Share capital	1	256250	
(b) Reserves & surplus	2	44250	
(2) Current liabilities			
(a) Trade payables			
Total		<u>357000</u>	
II ASSETS			
(1) Property, plant & equipment			
(a) Tangible Assets		345000	
(2) Current Assets			
(a) Cash & cash equivalent	3	12000	
		<u>357000</u>	

Notes to Accounts

(1) Share capital.		
[Equity shares 225000 + Fresh issue 31250 eq sh]		256250
(2) Reserves & surplus		
[48000 - 6500 - 33750 - 3500]		4250
Capital Redemption Reserve		33750
Securities Premium		6250
		<u>44250</u>
(3) Cash		
[31000 + 37500 - 71500 + 15000]		12000

Q3

pg no 9.

WN1:

$$\text{Face value} = \text{Fresh Issue} + \text{CRR}$$

$$300000 = 250000 + 50000 - \text{PIL}$$

$$(250000 \times 10\%)$$

$$\text{Premium} = \text{Full Reserve}$$

$$300000 \times 10\% = 30,000 - \text{PIL}$$

$$30000$$

Q13

pgno 9

In the books of ~~XYZ~~ Ltd.

JOURNAL ENTRIES.

Particulars	LF	Dr £	Cr £
12% Redeemable Preference share Capital A/c Dr		300 000	
Premium on Redemption A/c Dr		30 000	
To Preference share holder A/c			330 000
[Being amount due to pref sh holders]			
Profit Loss A/c Dr		30 000	
To Premium on Redemption A/c			30 000
[Being amount of premium written off]			
Profit Loss A/c Dr		50 000	
To CRR A/c			50 000
[Being CRR created]			
Preference shareholders A/c Dr		330 000	
To Bank A/c			330 000
[Being amount paid to pref share holders]			
Bank A/c Dr		250 000	
To Equity share capital A/c			250 000
[Being issue of 25000 equity shares of £10 each]			
Bank A/c Dr		100 000	
To 14% Debentures A/c			100 000
[Being issue of 1000 debentures of 100 each]			

Q14.

pg no: 10

WN1:

Face value = Fresh issue + CRR

$$\frac{6,000,000}{(6000 \times 100)} = \frac{3,000,000}{(3000 \times 100)} + 3,000,000 - \text{CRR.}$$

Premium = Free Reserves + 1st use securities

$$\frac{60,000}{(6000 \times 10)} = \text{Premium} = 60,000.$$

WN2: Conversion of partly paid up equity shares into fully paid up equity shares.

$$20,000 \times 20 = 40,000 \rightarrow \text{GIR.}$$

WN3: Fully paid up Bonus shares.

Bonus	Held
1	4
?	20,000
5000×100	

- $5,00,000$ ————
- CRR - 300,000
 - Cap Res - 85,000
 - Sec Prem - 15,000 [75,000 - 60,000]
 - Free Res - 1,00,000 - GIR.

Q14

pgno. 10

In the books of THE TATA STEEL Ltd

JOURNAL ENTRIES

Particulars	UF	Dr	Cr	Dr	Cr
8% Redeemable Preference share Capital A/c Dr		600000			
Premium on Redemption A/c Dr		60000			
To Preference share holders A/c					660000
[Being amount due to Preference shareholders]					
Securities Premium A/c Dr		60000			
To Premium on Redemption A/c					60000
[Being premium on redemption written off]					
Bank A/c Dr		3,75,000			
To 7.5% Cumulative Pref share Capital A/c					300000
To Securities Premium A/c					75000
[Being fresh (new issue made)]					
General Reserve A/c Dr		300000			
To CRR A/c					300000
[Being CRR created]					
Preference shareholders A/c Dr		660000			
To Bank A/c					660000
[Being amount paid to Preference shareholders]					
Share final call A/c Dr		40,000			
To Equity share capital A/c					40,000
[Being final call due]					
General Reserve A/c Dr		40000			
To Bonus to shareholders A/c					40000
[Being bonus declared]					
Bonus to shareholders A/c Dr		40000			
To share final call A/c					40000
[Being bonus adjusted against share					

final call].

Capital Redemption Reserve A/c	Dr	3000000	
Capital Reserve A/c	Dr	85000	
Securities Premium A/c	Dr	15000	
General Reserve A/c	Dr	100000	
To Bonus to shareholders A/c			500000
[Being bonus declared].			
Bonus to shareholders A/c	Dr	500000	
to Equity share capital A/c			500000
[Being bonus transferred to ESC].			

Q11.

pgn036

Journal Entries

Particulars.	LF	Dr	£	Cr
Profit & loss A/c	Dr		1,50,000	
To Debenture Interest A/c				1,50,000
[Being transfer of debenture interest to profit/loss A/c]				
Profit/loss A/c	Dr		300,000	
To Provision for Taxation A/c				300,000
[Being provision for tax made @ 30% on 10,00,000]				
Profit/loss A/c	Dr		35,000	
To General Reserve A/c				35,000
[Being creation of general reserve @ 5% of net profit (i.e. £7,00,000).				

Balance sheet (Extracts) as on 31.3.14

Particulars.	NOTE	£
<u>EQUITY AND LIABILITIES.</u>		
Shareholders funds.		
(a) share capital	1	14,00,000
(b) Reserve & surplus.	2	14,00,000
Non current liabilities		
(a) long term borrowings.	3	10,00,000.

Notes to Accounts:

(1) share capital.

Equity share capital.

Issued, subscribed and called up.

13%, PSC

1000000

400000

1400000

(2) Reserves & surplus.

Securities Premium

700000

General Reserve

35000

Surplus (Profit/loss)

665000

1400000

(3) Long term Borrowings

Secured

15% Debentures

1000000

Q13

pg no: 37 calculation of effective capital and maximum amount of monthly remuneration.

	Ein (lacs).
Paid up equity share capital.	120
Paid up Preference share capital	20
Reserve including Revaluation Reserve (150-10)	140
Securities Premium	40
Long term loan	20
Deposit Payable after one year	720.
	<u>1060</u>
(-) Accumulated losses not written off investments	<u>(180)</u>
Effective capital for the purpose of managerial remuneration.	<u>700</u>

Since Kumar Ltd is incurring losses and no special resolution has been passed by the company for payment of remuneration, managerial remuneration payable to the will be calculated on the basis of effective capital of the company, therefore maximum remuneration payable to the Managing Director should be @ ₹4,00,000 p.a.

Note: Revaluation Reserve and application money pending allotment are not included while computing effective capital of Kumar Ltd -

Q14.

pg no 38

Haria chemicals Ltd

Balance sheet as at 31.3.2011.

Particulars	Sch NO.	£
I. EQUITY AND LIABILITIES		
(1) Shareholders funds		
(a) share capital	1	2,500,000
(b) Reserves & surplus.	2	740,000
(2) Non current liabilities		
(a) long term borrowings	3	114,500
(3) current liabilities		
(a) Trade Payables		281,000
		<u>4,666,000</u>
		total.
II. ASSETS.		
(1) Non current assets		
Property, plant & equipment		
(a) Tangible Assets	4.	30,05,000
(b) Intangible Assets (Goodwill)		2,65,000
(2) current Assets		
(a) Inventories		8,23,000
(b) Trade Receivables.		4,40,000
(c) Cash & Bank Balances	5	53,000
(d) Short term loans & advances	6	80,000
		<u>46,66,000</u>
		Total.

Harfa chemicals Ltd.

Statement of Profit Loss for the year ended 31.3.11.

Particulars.	sch NO	₹	₹
Revenue from operations.		42,68,000	
Other income (A)	7	56,000	
		<u>43,24,000</u>	
Expenses			
Cost of material consumed.	8	23,19,000	
change in inventory of finished good.	9	(1,43,000)	
Employee benefit expenses.	10	900,000	
Finance cost.	11	171,000	
Other expenses.	12	476,000	
	(B)	<u>37,23,000</u>	
Profit before tax (A-B).			601,000
Provision for tax			—
Profit for the period			<u>601,000</u>

Notes to Accounts.

(1) Share Capital.

Authorised.

Equity share capital of ₹10 each issued & subscribed	25,00,000
	<u>25,00,000</u>

(2) Reserves & surplus.

Balance as per last balance sheet	1,39,000
Balance in profit loss A/c	6,01,000
	<u>7,40,000</u>

(3) Long term Borrowings

11% Debentures.	500,000
Bank loans	645,000
	<u>11,45,000</u>

(4) Tangible Assets.

Furniture		2,00,000	
Plant & Machinery	8,60,000		
(-) PFD	(1,46,000)	7,14,000	
Fixtures		3,00,000	
Freehold land		15,46,000	
Tools & Equipment		2,45,000	3005000

(5) Cash & BankCash & cash equivalents.

Current A/c			45000
Cash			8000
Other bank Balances			NIL
			<u>53000</u>

(6) Short term loans & Advances

loan to directors			80000
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(7) Other Income

Rent Received.			46000
Transfer fees			10000
			<u>56000</u>

(8) Cost of materials consumed.

Purchases			23,19,000
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(9) changes in inventory of finished goods, WIP & stock in trade.

opening inventory		680000	
closing inventory	(823000)		1,43,000

(10) Employee benefit expenses

wages			900000.
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(11) Finance cost

Interest on bank loan			1,16,000
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Debt interest	55000
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	1,71,000
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(12) Other expenses.

consumables	84000	
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Preliminary expenses	10000	
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Bad debts	35000	
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Discount	40000	
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Rentals	25000	
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Commission	120000	
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Advertisement	20000	
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Dealers aids	21000	
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Transit insurance	30000	
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Trade expenses	37000	
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Distribution freight	54000	476000
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Q12

pgno 368

classmate

Date _____

Page _____

Bose And sen Ltd.

Balance sheet as on 31.3.11.

Particulars.		NO	NO	₹
I. EQUITY AND LIABILITIES.				
(1) Shareholders funds				
(a) share capital		1		69,93,000
(b) Reserve & surplus.		2		21,56,000
(2) Non current liabilities				
(a) long term borrowings		3		16,97,000
(3) current liabilities				
(a) Trade Payables				14,00,000
(b) other current liabilities		4		200000
(c) short term provisions		5		8,16,900
Total.				1,32,62,900
II ASSETS				
(1) Non current assets				
(a) Property, plant & Equipment				
(i) Tangible assets		6		74,75,000
(ii) Intangible Assets (Patents & trademarks)				4,00,000
(2) current Assets				
(a) Inventories		7		17,50,000
(b) Trade Receivables		8		10,20,000
(c) Cash & Bank Balances		9		19,39,000
(d) Short term loans and advances				2,98,900
Total.				1,32,62,900

Notes to Accounts:

(1) share capital.

Equity share capital.

Issued, subscribed, called up

7,00,000 equity shares of ₹10 each

70,00,000

Out of the above 4,20,000 shares have been issued for consideration other than cash)

(→) calls in arrears

(7000)

69,93,000

(2) Reserves & Surplus

General Reserve

1549100

Surplus (P/L)

700000

(→) Preliminary expenses

(93100)

6,06,900

21,56,000

(3) Long term Borrowings

Term loans - secured.

Loan from state finance corp

8,50,000

(10,50,000 - 200000)

Unsecured

Bank loan

200000

Loan from related parties

1000000

Others

547000

847000

16,97000

(4) Other current liabilities

Current maturities - (repayable 1 yr)

200000

(5) Short term provision.

Provision for tax

325500

Proposed dividend

420000

Provision for dividend distribution tax

71400

816900

(6) Tangible Assets.

land

1400000

Buildings

2800000

(→) Depn

7,50,000

2050000

Plant & Machinery

49,00,000

(→) Depn

12,25,000

36,75,000

Furniture & Fixture

4,37,500

(→) Depn

87,500

3,50,000

74,75,000

(7) Inventories

Raw materials

3,50,000

Finished goods

14,00,000

17,50,000

(8) Trade Receivables

10,20,000

Debtors

4,00,000

14,00,000

(+) Bad debts

3,80,00010,20,000

(9) Cash & Bank Balances

Cash at bank.

12,11,000

18000

12,29,000

Cash in hand

2,10,000

Bank deposit

500,000

14,89,000

CASH FLOW STATEMENT

classmate

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Date _____
Page _____

Q1.

pgn053:

cash flow statement of MNT Ltd for y.e 31.3.15

Particulars.	£	£
<u>Cash flow from operating activities</u>		
cash sales [3,82,500 × 100/30]	12,75,000	
(-) paid to creditors	(4,60,000)	
(-) operating expenses (4,92,500 + 75,000)	(5,67,500)	2,47
cash generated from operations.		2,47,500
Taxes paid		(65,000)
net cash generated from operating activities (A)		<u>1,82,500</u>
<u>Cash flow from investing activities</u>		
sale of investments		7,20,000
Purchase of plant & machinery.		(2,50,000)
net cash generated from investing activities (B)		<u>4,70,000</u>
<u>Cash flow from financing activities</u>		
Bank loan repaid - principal		(2,00,000)
Interest		(15,000)
Dividend paid		(30,000)
net cash used in financing activities (C)		<u>2,45,000</u>
Net increase in cash and cash equivalents during the year A+B+C		4,07,500
cash & cash equivalent at beginning of year end of year		2,00,000
		<u>6,07,500</u>

Q2.

pg no 53:

Calculation of cash from operating activities of ABC Ltd for year ended 31.3.11

Particulars	£	£
Cash sales	NIL	
Collection from Debtors	4000	
Cash purchase	NIL	
Payment ^{to} operating expense creditors	(2,380)	
Taxes paid	(978)	642
		(195)
		<u>447</u>

WN1:

Debtors A/c

To Balance b/d	250	By Cash/bank A/c	4000
To sales	4150	By Balance c/d	400
	<u>4400</u>		<u>4400</u>

WN2:

Creditors A/c

To Cash/Bank A/c	2380	By Bal b/d	230
To Bal c/d	250	By Purchase A/c	2400
	<u>2630</u>		<u>2630</u>

WN3:

Operating expenses as per P/L A/c	1000
(+) o/s @ beg.	50
(-) o/s @ end	(72)
	<u>978</u>

Q2.

INDIRECT METHOD.

Calculation of cash from operating activities of ABC Ltd

Particulars	£	£
NPBT	710	
Adjustments for:		
Depreciation	100	
Interest expenses	60	
Interest and dividend income	(100)	
Operating profit before WC changes	770	
(+) Increase in Trade Receivables	(150)	
(-) Increase in Inventory	(20)	
(+) Increase in Trade Payable	20	
(+) Increase in O/S wages	12	
(+) Increase in O/S expenses	10	
Cash generated from operations		642.
Tax paid		(195)
		<u>447</u>

pg no 54
Q3.

Cash flow statement of gamma Ltd for y.e. 31.3.17

Particulars.	₹	₹
<u>Cash flow from operating activities</u>		
Cash sales	81	
Collection from debtors	49	
Cash purchases	(11)	
Cash paid to creditors	(42)	
Cash paid for operating expenses	(40)	
Cash generated from operations		37
Tax paid		(8)
Net cash generated from operating activities (A)		<u>29</u>
<u>Cash flow from investing activities</u>		
Sale of investment		14.40
Purchase of new plant		(11)
Net cash generated from investing activities (B)		<u>3.40</u>
<u>Cash flow from financing activities</u>		
Redemption of debentures.		(7)
Interest paid		(1.5)
Dividend paid		(11.7)
Net cash used in financing activities (C)		<u>(20.2)</u>
Net increase in cash & cash equivalents during year (A+B+C)		12.20
Cash & cash equivalents at beginning of year		6.00
Cash & cash equivalents at end of year		<u>18.20</u>

WN1:

Debtors A/c

To Bal b/d	45	By Cash/bank A/c	49
To Cr sales	54		
		By Balance c/d	50
	<u>99</u>		<u>99</u>

WN2:

Creditors A/c

To Cash Bank A/c	42	By Balance b/d	21
		By Cr purchase	44
To Balance c/d	23		
	<u>65</u>		<u>65</u>

WN3:

Administrative expenses	18
Salary	<u>22</u>
	<u>40</u>

Q5

pg no: 56

Cash from operating activities

Particulars	₹	₹
NPBT	22,200	
Adjustment for depreciation	7,450	
Patent amortization	900	
Interest expenses	10,650	
Other income	(6,000)	
Operating profit before WC changes	35,200	
+ decrease in Trade Receivable	7,150	
(-) decrease in allowance B/D	(1,900)	
(-) increase in Inventory	(2,700)	
(-) increase in PP insurance	(700)	
(+) increase in Trade Payable	5,650	
(-) decrease in salaries payable	(2,050)	
Cash generated from operations		40,650
Taxes paid		(6,600)
Cash generated from operating activities		34,050

Q4
Pg 55

Cash flow statement of Ryan Ltd for the
year ended 31.3.11

Particulars	£	£
Net Profit before Taxation (WN1)	245000	
Adjustment for		
depreciation (WN3)	£135000	
Profit on sale of plant (WN3)	(40000)	
Profit on sale of investments (WN3)	(20000)	
Interest on debentures (WN4)	18000	
Operating Profit before working capital changes	3,38,000	
Increase in inventory	(5000)	
Increase in trade receivables	(25000)	
Increase in accrued liabilities	10000	
Increase in trade payables	5000	
Cash generated from operations	3,23,000	
Income taxes paid (WN8)	(100000)	
Voluntary separation payments (WN9)	(1,10,000)	
Net cash generated from operating activities		1,13,000
Cash flow from investing activities		
Proceeds from sale of land (WN2)	1,50,000	
Proceeds from sale of plant (WN3)	90000	
Proceeds from sale of investments (WN4)	70000	
Purchase of plant (WN3)	(3,50,000)	
Purchase of investments (WN4)	(25,000)	
Dividend received (WN4)	5000	
Net cash used in investing activities		(60000)
Cash flow from financing activities		
Proceeds from issue of equity (6L-5L)	100000	
Proceeds from issue of debentures (2L-1L)	100000	
Redemption of preference shares	(200000)	
Dividend paid	(60000)	
Interest paid on debentures	(18000)	
Net cash used in financing activities		(78000)

Net decrease in cash & cash equivalents	(25000)
Cash & cash equivalents at beginning	90000
Cash & cash equivalents at end	<u>65000</u>

WN1:NPBT

Retained Profit	70000
(-) Balance as on 31.3.2010	(50000)
	20000
Provision for taxation	135000
Dividend Payable	90000
	<u>245000</u>

WN2:

Land & Building A/c

To Balance b/d	200000	By (cash sale)	1,50,000
To Capital Reserve (Profit on sale)	30000	By Balance b/d	1,50,000
To Capital Reserve (Rev Profit)	70000		
	<u>300000</u>		<u>300000</u>

WN3:

Plant & Machinery A/c

To Balance b/d	500000	By (cash sale)	90000
To P/L A/c	40000	By Depreciation	1,35,000
To Debentures	100000	By Balance b/d	7,65,000
To Bank	350000		
	<u>990000</u>		<u>990000</u>

WN4:

Investment A/c

To Balance b/d	80000	By (cash sale)	70000
To P/L A/c	20000	By Dividend (Prateq)	5000
To Bank	<u>25000</u>	By Balance b/d	50000
	<u>1,25,000</u>		<u>1,25,000</u>

WN5:

Capital Reserve A/c

To Balance b/d	100000	By Profit on sale of land	30000
		By Profit on Rev of land	70000
	<u>100000</u>		<u>100000</u>

WN6:

General Reserve A/c

To Voluntary Separation	50000	By Balance b/d	250000
To Capital Redemption Revenue	100000		
To Balance b/d	<u>100000</u>		
	250000		<u>250000</u>

WN7:

Dividend Payable A/c

To Bank	<u>60000</u>	By Balance b/d	60000
To Balance b/d	90000	By P/L A/c	90000
	150000		<u>150000</u>

WN8:

Prov for Tax A/c

To Bank	<u>100000</u>	By Balance b/d	60000
To Balance b/d	95000	By P/L A/c	135000
	195000		<u>195000</u>

WN9:

Voluntary Separation Payment A/c

To Balance b/d	65000	By General Reserve	50000
To Bank	<u>110000</u>	By Balance b/d	125000
	175000		<u>175000</u>

PROFIT PRIOR TO INCORPORATION

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Date _____
Page _____

(1)

Q7

pg no 63

Fellow Travellers Ltd.

statement showing calculation of profit/losses for pre & post

Particulars	Basis	Ratio	Pre	Post
Gross Profit (sales Ratio)		1:2	20,000	40,000
less: Expenses				
salaries & wages.	Time	5:7	4167	5833
debenture interest	WN.	Post	-	5250.
Depreciation.	Time	5:7	417	583.
Interest on purchase consideration	WN	5:1	-	1500
selling commission	sale	1:2	7500	6000
Director's fee	1:2	Post	3000	600
Preliminary Expenses		Post	-	6000.
Provision for taxes		Post	-	900
Capital Reserve Net			4917	13,333

WN1: Time Ratio

DOA DOI DOA

1.1.11 31.5.11 31.12.11

5m 7m

$$\therefore TR = \underline{5:7}$$

WN2: Sales Ratio.

Jan to May = 60,000

June to Dec = 1,20,000

$$\therefore SR = \underline{1:2}$$

WN3: Int on purchase consideration.

DOA DOI DOsettlement

1.1.11 31.5.11 30.6.11

5m 1m.

$$\therefore \text{Int} = 9000$$

Pre 5:1 Post
7500 1500

$$\text{Debenture Interest} = 1,50,000 \times 7\% \times 6/12$$

$$= \underline{5250}$$

Q8.

pg no 64:

SALE Ltd.

statement showing calculation of pre & post profits.

Particulars	BASE	RATIO	PRE	POST	Total
Gross Profit	WN3	1:3	1,50,000	4,50,000	6,00,000
less: Expenses					
Salaries	Time	1:2	40,000	80,000	1,20,000
Rent, Rates & Taxes	Time	1:2	26,667	53,333	80,000
Common sales	sales	2:5	6000	15000	21000
Depreciation	Time	1:2	8333	16667	25000
Directors fees	POST	POST	—	12000	12000
Advertisement		POST	—	36000	36000
Interest on debenture		POST	—	32000	32000
Capital Reserve PIL A/C			69000	2,05,000	2,74,000

WN1: Time Ratio.

DOA

1.4.11

DOI

1.8.11

DOA

31.3.12

\therefore TR 1:2

WN2: Sales Ratio.

Let pre period per month sales be n .

\therefore Post period per month sales be $1.25n$

Pre

4m

 $\times n$ 4n

Post

8m

 $\times 1.25n$ 10n

\therefore SR = 4:10

i.e. 2:5

WN3: Gross Profit:

PRE

POST.

Sales

4x

10x.

GP%

25%

30%

\therefore GP Ratio

1n

3n.

1:3

Total gross profit = 6,00,000

Pre

1:3

Post

1,50,000

4,50,000.

Q9.

pg no 64:

Rama udyog. Ltd.

statement showing calculation of pre & post incorp profit

Particulars	Basis	Ratio	Pre	Post	Total
Gross Profit	WN3	2:7	1,20,000	4,20,000	5,40,000
less: Expenses					
Depreciation	Time	1:2	41,000	82,000	1,23,000
Directors Fees		Post	-	50,000	50,000
Preliminary expense		Post	-	12,000	12,000
Office expenses	Time	1:2	26,000	52,000	78,000
Selling expenses	Sales	2:7	16,000	56,000	72,000
Interest to vendors	WN4.	Actual	4,000	1,000	5,000
Capital Reserve PIL Alc.			33,000	1,67,000	2,00,000

WN1: Time Ratio

DOA 1.4.11 — 4 — 1.8.11 — 8 — 31.3.12
DOI

\therefore TR 1:2

WN2: Sales Ratio.

Let sales in first half = n

\therefore Sales in second half = $2n$

April to July = $4n$

Aug to Mar = $14n$

\therefore SR = $4:14$

i.e. 2:7

WN3: Gross Profit

GP = Net Profit + All expenses

$2,00,000 = (1,23,000 = 50,000 + 12,000 + 78,000 + 72,000 + 5,000)$

$2,00,000 + 3,40,000$

\therefore GP = $5,40,000 \rightarrow$ in SR.

WN4: Interest to vendors

DOA 1.4.11 — 4 — 1.8.11 — 8 — 31.8.11
DOI

\therefore Int 5000

Due 4000 4:1 Post 1000

Q10

pg no 65

Glorious Ltd

Statement showing calculation of pre & post incorp profits

Particulars	Ratio	Basis	Pre	Post	Total
Gross Profit	1:3	WN3	100	300	400
less: Expenses					
Salaries	1:2	Time	23	46	69
Rent, Rates, Insurance	1:2	Time	8	16	24
Sundry off expenses	1:2	Time	22	44	66
Travellers commission	1:3	Sales	4	12	16
Discount Allowed	1:3	Sales	3	9	12
Bad debts	1:3	Sales	1	3	4
Directors fee.	Post	-	-	25	25
Tax Audit fee.	1:3	Sales	2.25	6.75	9
Depreciation	1:2	Time	4	8	12
Debtenture interest	Post	Time	-	11	11
Capital Reserve P/L A/c			32.75	119.25	152

Q11.

Pg no 65:

ABC Ltd -

Statement showing calculation of pre & post incorp profits

Particulars	Base	Ratio	Pre	Post	Total
Gross Profit	sales	1:3	80,000	2,40,000	3,20,000
less: Expenses					
salaries	Time	1:2	16,000	32,000	48,000
Stationery	Time	1:2	1600	3200	4,800
Travelling expense		WN4	5200	11600	16,800
Advertisement	sales	1:3	4000	12000	16000
Misc Trade exp	Time	1:2	12600	25200	37800
Rent		WN3	8000	18400	26400
Electricity charges	Time	1:2	1400	2800	4200
Directors fees	₹	Post	-	11200	11200
Bad debts.	sales	1:3	800	2400	3200
Commission to selling agents	sales	1:3	4000	12000	16000
Tax Audit fees	sales	1:3	1500	4500	6000
Debenture Interest		Post	-	3000	3000
Interest to vendors.		WN6	2800	1400	4200
Selling expenses	sales	1:3	6300	18900	25200
depreciation		WN5	3000	6600	9600
			<u>12800</u>	<u>74800</u>	<u>87600</u>

WN1: Time Ratio

DOA

1.4.11

DOI

1.8.11

DOFA

31.3.12

4

8

$$\text{TR} = 1:2$$

WN2: sales Ratio

Total sales = 19,20,000

let sales from 1.4.11 to 30.9.11 be $\text{£}n$ p/m.

$$\therefore \text{sales from 1.10.11 to 31.3.12} = \text{£} \left(n + \frac{2n}{3} \right) \text{ p/m. } \left[\frac{5}{3}n \right]$$

Due April to July = $4n$

Post Aug to Mar = $12n$.

$$\text{SR} = 1:3$$

WN3: Rent of office building.

Due April to July = 8000

Post Aug to Mar = 18400

[Aug - sep] = 4000

out to Mar = $(2000 + 400) \times 6m$
 $= 2400 \times 6m$

WN4: Travelling Expenses

Total expenses = 16,800

Towards sales
promotion

(SR)

4800

Due 1:3 Post

1200

3600

Balance

(TR)

12000

Due 1:2 Post

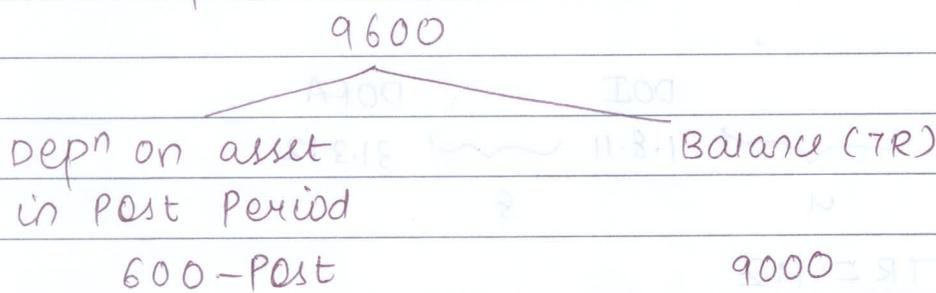
4000

8000

$$\therefore \text{Total Due} = 1200 + 4000 = \underline{5200}$$

$$\therefore \text{Total Post} = 3600 + 8000 = \underline{11,600}$$

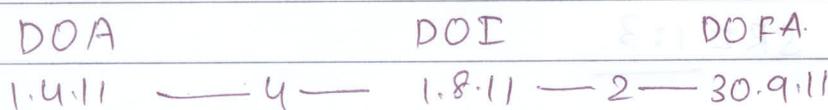
WNS: Depreciation



Total Bue = 3000

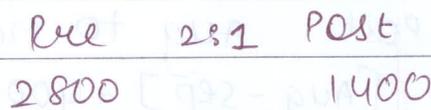
Total Post = 6600

WN6: Int paid to vendor



∴ Ratio = 2:1

Total Interest paid to vendor 4200

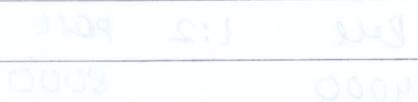


(TR)

12000

(TR)

4800



∴ Total Bue = 1200 + 4000 = 5200

∴ Total Post = 8000 + 1500 = 9500

INVESTMENTS ACCOUNTS

classmate

①

Date _____

Page _____

Q7
Pg no 76:

BOOKS OF RAJAT.

Dr					Cr				
INVESTMENT A/c									
date	Particulars	Qty	Div	Cost	date	Particulars	Qty	Div	Cost
1-4-11	To Balance b/d	50,000	-	7,50,000					
20-6-11	To Bank A/c	10,000	-	1,60,000					
1-8-11	To Bonus Issue	10,000	-	-					
					31-3-12	By Balance c/d	90,000		12,10,000
31-10-11	To Bank A/c	20,000	-	3,00,000					
		90,000		12,10,000			90,000		12,10,000

Timeline:

Date	Particulars.
1-4-11	opening balance 50,000 eq shares of ₹15 p/sh.
20-6-11	Purch 10,000 shares of 16 p/sh.
1-8-11	Bonus shares [6-1] (10,000 shares)
31-10-11	Right issues [7-3] (30,000 shares). Case A - 20,000 @ 15 p/sh. Case B - 10,000 @ 2 p/sh.

Q8.

pg no 76.

BOOKS OF A INVESTMENT IN EQUITY SHARES OF

Date	Particulars	Qty	DIV	Cost
1.4.11	To Bank A/c	5000	-	5,35,500
30.6.11	To Bonus issue	1000	-	-
1.10.11	To Bank A/c	250	-	11,250
31.12.11	To P/L A/c (WN5)			21,660
		<u>6250</u>		<u>5,68,410</u>

Timeline

Date	Particulars
1.4.11	Purch 5000 eq sh @ 105 cum dividend & 2% brok
15.5.11	Dividend received 2% for yr 10-11
30.6.11	Bonus issue [5-1] 1000 shares
1.10.11	Right shares [12-1] 500 shares Case A : 250 shares @ 45 Case B : 250 shares @ 5 sold.
30.11.11	Interim dividend of 1%
31.12.11	Sold 3000 shares @ 95 & 2% brok

Ltd.

ALLIANZ LTD.

Date	Particulars	Qty	Div	Cost
15.5.11	By Bank A/c (WN2)	-	-	10,000
30.11.11	By Bank A/c (WN3)	-	6000	-
31.12.11	By Bank A/c (WN4)	3000	-	2,79,300
31.3.12	By Balance c/d	3250	-	2,79,110
		<u>6250</u>		<u>5,68,410</u>

WN2: $5000 \times 100 \times 2\% = 10,000$ - adjusted invst A/c

WN3: $6000 \times 100 \times 1\% = 6000$ - Interim dividend declared on 30.11.11 will be credited to P/L A/c as revenue

WN4: $3000 \times 95 = 2,85,000$

(-) 2% (5,700)

2,79,300

WN5: P/L on sale of investment

SP 2,79,300

(-) cost

6250 - 536750

3000 - ?

2,57,640

21,660

Q9

pg no 76:

date	particulars	BOOKS OF INVESTMENT IN 8% DEB		
		FV	@ 4% int	Cost
1.4.11	To Balance b/d	120000	-	118000
1.7.11	To Bank A/c (WN 23)	10000	200	9898
1.10.12	To P/L A/c (WN 6)	-	-	133
1.1.12	To Bank A/c (WN 78)	5000	100	4849
31.3.12	To P/L A/c	-	9233	-
		<u>135000</u>	<u>9533</u>	<u>132880</u>

Timeline:

Date	Particulars
1.4.11	opening Bal nominal value 120000 cost 118000
1.7.11	Purch 100 deb @ 98 en int
30.9.11	Receipt of interest
1.10.11	sold 200 deb @ 100 en int
1.1.12	Purch 50 deb @ 98 cum int
1.2.12	sold 200 deb @ 99 en int
31.3.12	Receipt of interest

PURCHIT.

ENTURE OF P Ltd.

Date	Particulars	FV	INT	Cost
30.9.11	By Bank A/c	-	5200	-
1.10.11	By Bank A/c	20000	-	19800
1.2.12	By Bank A/c (WN9,10)	20000	533	19602
1.2.12	By P/L A/c (Loss) (WN11)	-	-	65
31.3.12	By Balance c/d	95,000	3800	93413.
		<u>1,35,000</u>	<u>9533</u>	<u>132880</u>

WN2: Calcⁿ of int on 1.7.11

$$10,000 \times 8\% \times \frac{3}{12} = 200$$

WN3: Calcⁿ of cost on 1.7.11

$$100 \times 98 = 9800$$

+1%

$$\underline{9898}$$

WN4: Calcⁿ of int on 30.9.11.

$$130000 \times 8\% \times \frac{6}{12} = 5200.$$

WN5: Calcⁿ of cost on 1.10.12

$$20,000$$

- 2%

$$\underline{19800}$$

WN6: Calcⁿ of PIL on sale of 200 deb on 1.10.12.

$$\begin{array}{r}
 \text{SP} \quad 19800 \\
 (-) \text{CP} \\
 \hline
 120000 - 118000 \\
 20000 - ? \quad 19667 \\
 \hline
 133 - \text{Profit}
 \end{array}$$

WN7: Calcⁿ of int on 1.1.12.

$$5000 \times 8\% \times \frac{3}{12} = 100.$$

WN8: Calcⁿ of cost on 1.1.12

$$\begin{array}{r}
 50 \times 98 \quad 4900 \\
 (-) \text{int} \quad (100) \\
 \hline
 4800 \\
 + 1\% \text{ int} \quad 49 \\
 \hline
 4849
 \end{array}$$

WN9: Calcⁿ of int on 1.2.12.

$$20,000 \times 8\% \times \frac{4}{12} = 533\frac{1}{3}$$

WN10: Calcⁿ of cost on 1.2.12

$$\begin{array}{r}
 200 \times 99 = 19800 \\
 \hline
 - 1\% \\
 \hline
 19602
 \end{array}$$

WN11: PIL on sale

$$\begin{array}{r}
 \text{SP} \quad 19602 \\
 (-) \text{CP} \\
 \hline
 \text{FV} \quad \text{cost} \\
 120000 \quad 118000 \\
 20000 \quad ? \quad 19667 \\
 \hline
 65 \rightarrow \text{loss}
 \end{array}$$

Q10

pg no: 77.

BOOKS OF KRISHNA MURTY.

INVESTMENT A/C

Date	Particulars	FV	cost	Date	Particulars	FV	cost
1.4.11	To Bank A/c (WN1)	1,00,000	1,23,000	31.3.12	By Bank A/c (WN3)	50,000	44,100
31.1.12	To Bonus shares (WN2)	50,000	-				
31.3.12	To P/L (WN4)	-	3,100	31.3.12	By Balance c/d	1,00,000	82,000
		<u>1,50,000</u>	<u>1,26,100</u>			<u>1,50,000</u>	<u>1,26,100</u>

WN1: $1000 \times 120 = 120000$

+ 2% of 120000 2400

+ 0.5% of 120000 600

123000

WN5: CP CDR-4) 82000

MV = $1000 \times 90 = 90000$

WN2: Bonus shares

2 - 1

100000 - ?

50000

WN3: Cost of Bonus shares

$500 \times 90 = 45000$

- 2% (900)

44100

WN4: P/L on sale of Bonus shares

SP 44100

CP 41000

$150000 - 123000$

50000 - ?

3100 - Profit

Q11

pg no: 77

BOOKS OF

8% BONDS

date	Particulars	FV	INT	Cost
1.4.11	TO BANK A/c (WN1,2)	12,00,000	40,000	9,26,000
1.10.11	TO P/L A/c (WN6)	—	—	11,500
31.3.12	TO P/L	—	84,000	
		<u>12,00,000</u>	<u>1,20,000</u>	<u>9,37,500</u>

WN1: $12,00,000 \times 8\% \times 5/12 = 40,000$

WN2: Cost on 1.4.11
 $12,00,000 \times 80.50 = 9,66,000$
 (-) 40,000
9,26,000

WN3: INT on 1.5.11
 $12,00,000 \times 8\% \times 6/12 = 48,000$

WN4: INT on 1.10.11
 $3,00,000 \times 8\% \times 5/12 = 10,000$

WN5: P/L on sale

SP	2,43,000
(-) CP	
12,00,000	9,26,000
3,00,000	?
	<u>(23,1500)</u>
	11,500 - Profit

NIDHI

A/c

Date	Particulars	FV	INT	COST
1.5.11	By Bank A/c (WN3)	—	48,000	—
1.10.11	By Bank A/c (WN4)	3,00,000	1,00,000	2,43,000
1.11.11	By Bank A/c (WN6)	—	36,000	—
31.3.12	By Balance c/d (WN7)	9,00,000	30,000	6,94,500
		<u>12,00,000</u>	<u>1,24,000</u>	<u>9,37,500</u>

WN6: Int on 1.11.11

$$9,00,000 \times 8\% \times 6/12 = 36,000$$

WN7: Int on 31.3.12

$$9,00,000 \times 8\% \times 5/12 = 30,000$$

BOOKS OF
INVESTMENT IN EQUITY.

Date	Particulars	Qty	DIV	AMT
12.4.11	TO BANK A/c	1,00,000	-	4,00,000
15.5.11	TO Bonus shares (WN1)	1,50,000	-	-
15.5.11	TO PIC (WN2)	-	-	5,00,000
31.3.12	TO PIC	-	2,25,000	-
		<u>2,50,000</u>	<u>2,25,000</u>	<u>4,50,000</u>

WN1: Bonus shares

2 - 3

100000 ? = 150000 shares

WN2: PIC on sale

SP 25,00,000

CP

2,50,000 - 40,00,000

125,000 - ? 20,00,000

5,00,000 - Profit

WN3: Dividend.

125000 shares $\times 10 \times 18\% = 2,25,000$

NIDHI

SHARES OF X Ltd

Date	Particulars	Qty	DIV	Amt
15.5.11	By Bank A/c	1,25,000	—	25,00,000
1.12.11	By Bank A/c (WN3)	—	2,25,000	—
31.3.12	By Balance c/d	1,25,000	—	20,00,000
		<u>2,50,000</u>	<u>2,25,000</u>	<u>45,00,000</u>

Q12.

Pg no. 77

In the books of M/s Bull & Bear

INVESTMENT A/c.

for the period from 1st Dec, 20X2 to 1st March, 20X3

Date	Particulars	FV	INT	Cost	Date	Particulars	FV	INT	Cost
1.12.12	To Bank A/c (WN1)	10,00,000	20,000	10,00,100	1.3.13	By Bank A/c (WN2)	10,00,000	50,000	9,99,400
1.3.13	To Profit/Loss		30,000		1.3.13	By Profit/Loss			700
		<u>10,00,000</u>	<u>50,000</u>	<u>10,00,100</u>			<u>10,00,000</u>	<u>50,000</u>	<u>10,00,100</u>

WN^o: Cost on 1.12.12

Cost value $(10,000 \times 101)$	10,10,000
+ 1% Brok	10,100
(-) Int $(10,000 \times 100 \times 12\% \times 2/12)$	<u>(20,000)</u>
	<u>10,00,100</u>

Sale proceeds of 12% deb sold

SP $(10,000 \times 106)$	10,60,000
(-) 1% Brok	<u>(10,600)</u>
(-) Int $(10,000 \times 100 \times 12\% \times 5/12)$	<u>(50,000)</u>
	<u>9,99,400</u>

Q13

Pgno: 77

INVESTMENT A/c - EQUITY SHARES IN X Ltd.

Date	Particulars	NO OF shares	DIV	Amt	Date	Particulars	NO OF shares	DIV	Amt
20X1 Jan 1	To Balance b/d	20,000	-	3,20,000	20X1 Oct 20	By BANK.*	30,000		7,500
June 1	To BANK	5000	-	70,000	NOV 1	By BANK	20,000		2,60,000
Aug 2	To Bonus Issue	5000	-	-	NOV 1	By P/L A/c (WN2)			1429.
sep 30	To BANK (right)	5000	-	75,000					
NOV 1	To Profit/loss		30,000						
		<u>35000</u>	<u>30000</u>	<u>4,65,000</u>			<u>35000</u>	<u>30000</u>	<u>4,65,000</u>
Jan 1 20X2	To Balance b/d	15000		1,96,071					

* [20,000 x 10 x 15%] [5000 x 10 x 15%]

WN1:

NO OF Right shares issued $(20,000 + 5000 + 5000) / 3 = 10,000$ sharesNO OF Right shares subscribed $10,000 \times 50\% = 5000$ sharesAmt of Right shares issued $5000 \times 15 = 75000$ NO OF Right shares sold $10,000 - 5000 = 5000$ sharessale of Right shares $5000 \times 1.5 = 7500$ to be credited to

P/L

WN2: cost of shares sold.

Amt paid for 35000 shares (3,20,000 + 70,000 + 75,000)	4,65,000
(-) Div on shares purchased on 1 June	(7,500)
Cost of 35,000 shares	<u>4,57,500</u>
Cost of 20,000 shares (Average cost Basis)	<u>2,61,429</u>
Sale proceeds	2,60,000
Loss on sale	<u>1,429</u>

WN3: value of investment at end of year.

$$\text{NRV } 15,000 \times \text{£}14 = 2,10,000.$$

$$\text{Cost } \frac{4,57,500}{35,000} \times 15,000 = 1,96,071. \quad \downarrow$$

Q14.

Pg no 78.

In the books of M. Brown.

12% Bonds for the year ended 31.3.12.

Date	Particulars	Nos.	Income	Amt	Date	Particulars	Nos.	Income	Amt
20X1 May 1	TO BANK A/C (WN7)	24000	24000	1992000	20X1 Sept	By BANK (24000x100x 12% x 6/12)		144000	
20X2 Mar 1	TO PIL A/C (WN1)			1,05,000	20X2 Mar 1	By BANK A/C (WN8)	15000	75000	1350000
					20X2 Mar 31	By BANK A/C (9000x100x 12% x 6/12)		54,000	
20X2 Mar 31	TO PIL A/C		2,49,000			By Balance c/d	9000		747000
		24000	2,73,000	20,97,000			24000	2,73,000	20,97,000

INVESTMENT IN EQUITY SHARES OF ALPHA Ltd for y.e. 31.3.12

Date	Particulars	Nos	Income	Amt	Date	Particulars	Nos	Income	Amt
20X1 June 15	TO BANK A/C (1,50,000 x 25) + [2% x (1,50,000 x 25)]	1,50,000	-	38,25,000	20X1 Oct 31	By BANK A/C	80,000	-	1,76,000
					20X2 Jan 1	By BANK A/C div. (1,70,000 x 10 x 50%)		2,55,000	
Oct 14	TO Bonus issue (1,50,000/3x2)	1,00,000	-	-	Mar 31	By Balance c/d. (WN4)	1,70,000	-	26,01,000
20X1 Oct 31	TO PIL A/C (WN3)			5,36,000					
20X2 Apr 31	TO PIL A/C		2,55,000						
		2,50,000	2,55,000	43,61,000			2,50,000	2,55,000	43,61,000

INVESTMENT IN EQUITY SHARES OF BETA Ltd for y.e. 31.3.12

Date	Particulars	NOS	Income	Amt	Date	Particulars	NOS	Income	Amt
20x1	To Bank A/c	60,000	-	26,92,800	20x2	By Bank		1,18,800	
July 10	([60,000 x 44] + [2% x 60,000 x 44])				Mar 15	([60,000 + 6,000] x 10 x 18%)			
20x2	To Bank A/c (W.S)	6,000	-	30,000	Mar 31	By Balance c/d	66,000		27,22,800
Mar 31	To P/L A/c		1,18,800						
		66,000	1,18,800	27,22,800			66,000	1,18,800	27,22,800

WN%

(1) Profit on sale of 12% Bond.

SP 13,50,000

(-) CP.

24,000 19,92,000

15,000 ? (12,45,000)

Profit 1,05,000

(2) closing Balance as on 31.3.12 of 12% Bonds

24,000 19,92,000 7,47,000

9,000 ?

(3) Profit on sale of Alpha Ltd.

SP 17,60,000

(-) CP.

25,000 38,25,000 (12,24,000)

80,000

5,36,000

(4) closing balance as on 31.3.12 of Alpha Ltd -

250000	3825000	
170000	?	26,01,000

(5) Calcⁿ of Right shares subscribed by Beta Ltd

Right shares $\frac{60,000}{4} \times 1 = 15000$ shares

Shares subscribed = $15000 \times 40\% = 6000$ shares

Value of right shares subscribed = $6000 \times 5 = 30,000$

(6) Calcⁿ of sale of right entitlement by Beta Ltd

No of right shares sold = $15000 - 6000 = 9000$ shares

sale^{value} of right = $9000 \times 2.25/- = 20,250 \rightarrow$ Price

(7) Purchase of Bonds On 1.5.11.

Int. $\rightarrow 24000 \times 100 \times 12\% \times \frac{4}{12} = 24000$

Inst $\rightarrow (24000 \times 84) - 24000$
19,92,000

(8) Sale of bonds On 1.3.12.

Int $\rightarrow 15000 \times 100 \times 12\% \times \frac{5}{12} \rightarrow 75000$

Inst $\rightarrow 15000 \times 90 = 13,50,000$

Q15

Pg 95: Loss of Profit

→ Dislocation Period = 6m. (1.3.12 - 31.8.12)

→ Indemnity Period = 6m (1.3.12 - 31.8.12)

→ Calculation for which expenses less = 6m (1.3.12 - 31.8.12)

Op NP	90000	+	ISC	60000	&	UISC	5000
Financial TIO							
<u>500000</u>							

std TIO = 2,40,000. (1.3.11 to 31.8.11)

+ Trend 10%

Adj std TIO 2,64,000

Actual TIO = 80,000 (1.3.12 to 31.8.12)

Addⁿ exp = 9,300 saving 2700

→ Adjusted Annual TIO (1.3.11 to 28.2.12)

600000

Trend + 10%

6,60,000

Step 1: Find GP%

$$\begin{aligned} \text{GP\%} &= \frac{\text{Op NP} + \text{ISC}}{\text{Financial TIO}} \times 100 \\ &= \frac{90000 + 60000}{500000} \times 100 \\ &= 30\% \end{aligned}$$

-/+ Tend

30%

Step 2: Find short sales

$$\begin{aligned} \text{short sales} &= \text{Adjusted std TIO} - \text{Actual TIO} \\ &= 2,64,000 - 80,000 \\ &= \underline{1,84,000} \end{aligned}$$

Step 3: Find loss of Profit

$$\begin{aligned} \text{Loss of Profit} &= \text{short sales} \times \text{GP\%} \\ &= 1,84,000 \times 30\% \\ &= \underline{55,200} \end{aligned}$$

Step 4: Find claim for Additional Expense.

(A) Actual Amt spent = 9300.

or

(B) GP on Addⁿ sales. 24000 7500
30% on ~~80000~~ 25000

or

(C) Prop Amt = $\frac{\text{GP on AATO}}{\text{GP as above} + \text{VISC}} \times \text{Add}^n \text{ exp}$

Q16
Pg 96

Memorandum Trading A/c

[1/4/12 to 29/8/12]

(i)

Particulars	£	Particulars	£
To opening stock	790100	By sales	4536000
To Purchases	3310700	By Goods distributed as free samples	41000
		By Goods withdrawn	2000
To Gross Profit	1360800	By stock on date of fire	882600
	<u>5461600</u>		<u>5461600</u>

(ii)

Statement of stock loss by fire

Particulars	£
Stock on date of fire	882600
(-) salvage	(108000)
Stock destroyed by fire	774600
(+) Fire fighting expense	4700
	<u>779300</u>

(iii)

Policy 900000 > SDF 779300

∴ Overinsurance

∴ Avg clause is not applicable

WN:

Trading A/c

Particulars	£	Particulars	£
To opening stock	7,10,500	By sales	8000000
To purchases	56,79,600		
To Gross Profit c/d	24,00,000		
		By closing stock	790100
	<u>8790100</u>		<u>8790100</u>

$$\text{GP Ratio} = \frac{\text{GP}}{\text{sales}} \times 100$$

$$= \frac{2400000}{8000000} \times 100$$

$$= \underline{30\%}$$

Q17

pg 96:

→ Dislocation Period = 15.6.12 - 15.12.12 = 6m

→ Indemnity Period = 15.6.12 - 15.1.13 = 7m

→ Calculation for whichever is less = 6m (15.6.12 to 15.12.12)

OpNP 80000 + ISC 70000 + UISC 50000
Financial T/O 600000

Std T/O 240000 (15.6.11 to 15.12.11)
+ Trend 25%
Adj Std T/O 300000

Actual T/O ~~240~~ 70000 (15.6.12 to 15.12.12)
Addⁿ exp. 12,000 = saving 2000

→ Adjusted Annual T/O = (16.6.11 to 15.6.12)
5,60,000
Trend + 25%
700000

Step 1: Find GP%.

$$\begin{aligned} \text{GP\%} &= \frac{\text{Op NP + ISC}}{\text{Financial TIO}} \times 100 \\ &= \frac{80000 + 70000}{600000} \times 100 \\ &= \underline{25\%} \end{aligned}$$

Step 2: Find short sales

$$\begin{aligned} \text{Short sales} &= \text{Adjusted std TIO} - \text{Actual TIO} \\ &= 300000 - 70000 \\ &= \underline{230000} \end{aligned}$$

Step 3: Find out loss of profit

$$\begin{aligned} \text{Loss of Profit} &= \text{Short sales} \times \text{GP\%} \\ &= 230000 \times 25\% \\ &= \underline{57500} \end{aligned}$$

Step 4: Find claim for Additional expense

(A) Actual Amt spent = 12000
or

(B) GP on Addⁿ sales = 17500
 $70,000 \times 25\%$

or

(C) Prop Amt

$$\frac{\text{GP on AA TIO}}{\text{GP as above + UISC}} \times \text{Addⁿ exp}$$

$$\frac{175000}{175000 + 500000} \times 12000 = \boxed{9333}$$

For claim A, B, C whichever is less 9333

Step 5: Savings in cost 2000

Step 6: Find Gross claim / Total loss

(a) loss of profit (step 3)	57500
+ (b) Add ⁿ exp (step 4)	9333
- (c) saving in cost (step 5)	(2000)
	<u>64833</u>

Step 7: Policy ~~140000~~ GP on AA70

140000

175000

∴ Under insurance

∴ Avg clause is applicable

∴ $\frac{\text{Policy}}{\text{GP on AA70}} \times \text{Total loss}$

$$\frac{140000}{175000} \times 64833$$

∴ claim = £ 51866

Q18

M/S Emakbee Ltd

Pg 97

Memorandum Trading A/c

(I)

[1/4/16 to 16/11/16]

Particulars	£	Particulars	£
To opening stock	180000	By sales (WN3)	1750000
To Purchase (WN2)	1030000		
To Freight & discount (WN3)	1,87,500		
To wages (WN3)	375000	By stock on date of fire	(547500)
To Gross Profit	525000		
	<u>2297500</u>		<u>2297500</u>

(II)

Statement of loss of stock

Particulars	£
stock on date of fire	547500
(-) salvage [10% of cost of stock] ady 2	(54750)
loss of stock by fire	<u>492750</u>

(III)

Policy < SODF
200000 < 547500

∴ under insurance

∴ Avg clause is applicable

$$\therefore \text{claim} = \frac{\text{Policy} \times 100}{\text{SODF}}$$

$$\frac{200000 \times 492750}{547500}$$

$$\therefore \text{claim} = \underline{1,80,000}$$

WN1:

$$GP\% = \frac{900000}{3000000} \times 100$$

[FY 15-16] 30%WN2: Adj b & c

Particulars

1/4/16

1/10/16

to (b)

to (c)

30/9/16

16/11/16

Sales

1400000 +

350000

$$\left[\frac{14L}{6m} \times 1.5m \right]$$

$$= 17,50,000$$

Purchases

8,24,000 +

206000

$$\left[\frac{824000}{6m} \times 1.5m \right]$$

$$= 10,30,000$$

WN3:

Particulars

1/4/15

1/4/16

to

to

31/3/16

16/11/16

L.Y.

7.5m

Freight & direct exp

300000

187500

$$\left[\frac{3L}{12m} \times 7.5m \right]$$

wages

600000

375000

$$\left[\frac{6L}{12m} \times 7.5m \right]$$

Q19

pg 97%

(I) Trend in TIO

sales (Jan to May 15) = 12,00,000

sales (Jan to May 16) = 13,20,000

↑ in TIO 1,20,000

$$\therefore \uparrow \text{ in TIO} = \frac{120000}{1200000} \times 100 = 10\%$$

\therefore upward trend in TIO = 10%

(II) Actual TIO [1/6/16 to 30/9/16].

June 16 = 50000

July 16 = 50000

Aug 16 = 60000

Sep 16 = 80000

240000

(III) Adjusted standard TIO. [1/6/15 to 30/9/15].

June 15 = 360000

July 15 = 400000

Aug 15 = 340000

Sep 15 = 300000

(L.Y) std TIO = 1400000

+ trend = 10%

(C.Y) Adj std TIO = 15,40,000

(iv) Adjusted Annual TIO.

June 15 360000

July 15 400000

Aug 15 340000

sep 15 300000

Oct 15 250000

NOV 15 250000

Dec 15 250000

Jan 16 220000

Feb 16 220000

Mar 16 275000

Apr 16 275000

May 16. 330000

L.Y TIO = 2050000

+10%

2255,000

L.Y's TIO = (TIO already

adjusted)

= 13,20,000

= 35,75,000

→ Dislocation Period = 1.6.16 to 30.9.16 (6m)

→ Indemnity Period = 1.6.16 to 30.9.16 (4m)

→ Calculation for whichever is less = 4m 1.6.16 to 30.9.16

Op NP 90000 + ISC 170000 + UISC 30000

Financial T/O 3250000.

→ Adj^o std T/O = N^(II) 15,40,000.

→ Actual T/O. = N^(I) 240000.

→ Addⁿ exp = 16028

→ Saving = 3000.

→ Adj Annual T/O = N^(IV) 35,75,000.

Step 1: Find GP%

$$GP\% = \frac{\text{Op NP} + \text{ISC}}{\text{Financial TIO}} \times 100$$

$$= \frac{90,000 + 170,000}{32,50,000} \times 100$$

$$= 8\% + 2\%$$

$$= \underline{10\%}$$

Step 2: Find short sales

$$\text{short sales} = \text{Adjusted std TIO} - \text{Actual TIO}$$

$$15,40,000 - 240,000$$

$$= 13,00,000$$

Step 3: Find loss of profit

$$\text{loss of profit} = \text{short sales} \times GP\%$$

$$13,00,000 \times 10\%$$

$$\underline{130,000}$$

Step 4: Find claim for additional expense.

(A) Actual Amt spent 16028

or

(B) GP on Addⁿ sales 24000

10% on 24000

or

(C) Prop Amt

$$\frac{\text{GP on AA TIO}}{\text{GP as above} + \text{UISC}} \times \text{Add}^n \text{ exp}$$

$$\frac{357500}{357500 + 30000} \times 16028 = 14787$$

For claim A, B, C whichever is lower 14787

Step 5: saving in cost 3000

Step 6: Find Gross claim / Total Loss

(a) loss of profit (step 3)	130000
Add (b) Add ⁿ exp	14787
less (c) saving in cost	(3000)
	<u>141787</u>

Step 7: Compare

$$\text{Policy } 300000 < \text{Gross AA TO } 357500$$

∴ Under Insurance.

∴ Avg clause is applicable

$$\therefore \text{claim} = \frac{\text{Policy}}{\text{Gross AA TO}} \times \text{Total Loss}$$

$$\frac{300000}{357500} \times 14787$$

$$\therefore \text{claim} = 118982$$

$$+ \text{Fire fighting exp } \frac{2000}{120982}$$

Q20

pg 98:

Sony Ltd.

Trading A/c [1.1.12 to 31.3.12]

Particulars	£	Particulars.	£
To opening stock	90,000	By sales	2,50,000
To Purchases	300,000		
To Manufacturing exp	70,000		
To Gross Profit c/d (20%)	50,000	By stock on date of fire	2,60,000
	510,000		510,000

$$GP\% = \frac{250,000}{1,000,000} = 25\%$$

But decrease - 5%

in trend =

$$20\%$$

Statement of stock loss by fire

Stock destroyed by fire	<	Amount of fire policy
2,60,000		3,00,000

As the value of stock destroyed by fire is less than the policy value the entire claim will be admitted.

→ Dislocation period = 1.4.12 to 30.6.12 (3m).

→ Indemnity period = 1.4.12 to 30.9.12 (6m)

→ calculation for whichever is less. = 1.4.12 to 30.6.12 (3m)

→ Adj std TLO

$$\text{std TLO} = 2,50,000 \times 100 / 115 = 217390. \ast$$

$$\left[\frac{10,00,000}{4} \right]$$

$$\text{sales for remaining 3 quarters} = 782610. \\ (10,00,000 - 217390)$$

* sales for the first quarter of 20x1 is computed on the basis of sales of the first quarter of 20x2.

(2) The increase in sales has been applied to the sales of 20x1 only as the sales figure of first quarter of 20x2 was already trend adjusted.

→ Actual TLO = 87500.

→ Addn exp = 60000.

→ Adj Annual TLO

1.4.11 to 31.12.11	782610
1.1.12 to 31.3.12	250000
	<u>1032610</u>
+ 15% increase	<u>117390</u>
	<u>11,50,000</u>

Step 1: Find GP%

$$\begin{aligned} \text{GP} &= \frac{\text{Op NP} + \text{ISC}}{\text{Financial TIO}} \times 100 \\ &= \frac{50000 + 50000}{10,00,000} \times 100 \\ &= 10\% \end{aligned}$$

(-) decrease 5%

5%

Step 2: Find short sales

$$\begin{aligned} \text{short sales} &= \text{Adjusted std TIO} - \text{Actual TIO} \\ &= 300000 - 87500 \\ &= 212500 \end{aligned}$$

Step 3: Find loss of profit

$$\begin{aligned} \text{loss of profit} &= \text{short sales} \times \text{GP}\% \\ &= 212500 \times 5\% \\ &= 10,625 \end{aligned}$$

Step 4: Find claim for additional expense

(A) Actual Amt spent 60000

or

(B) GP on Addⁿ sales. 4375

5% on 87500

or

(C) $\frac{\text{GP on AATO}}{\text{GP as above} + \text{VISC}} \times \text{Add}^n \text{ exp}$ 18400

57500

$\frac{57500}{57500 + 130000} \times 60000$

For claim A, B, C which ever is lower i.e 4375

Step 5: Saving in cost NIL

Step 6: Find Gross claim / Total loss.

(a) loss of profit	(Step 3)	10625
Add (b) Add ⁿ exp	(Step 4)	4375
less (c) saving in cost	(Step 5)	-
		<u>15000</u>

Step 7: Compare.

Policy \ll GP ON AATO.
100000 57500.

\therefore Under insurance

\therefore Avg clause is applicable

\therefore Claim = $\frac{\text{Policy}}{\text{GP ON AATO}} \times \text{Total loss}$

$$\frac{100000}{57500} \times 15000$$

$$= 26086$$

\therefore Over insurance

\therefore Avg clause is not applicable

claim for loss of profit = 10,625

Q21

pg 98;

(1) Short sales

	Adj std TIO	Actual TIO	Shortage
January	100000	-	100000
Feb to Oct	960000	800000	160000
	1060000	800000	260000

(2) Gross Profit Ratio

Gross Profit - Insured standing charges - uninsured standing charges = Net Profit

OR

GP = uninsured standing charges = Net Profit + ISC

$$4,06,400 - 20,000 = 3,86,400$$

$$\frac{386400}{12,70,000} \times 100 = 30.425\%$$

(3) Amount available in respect of additional expense

(i) Actual expense = 1,80,000

(ii) GP on sales during 10m period = $800000 \times 30.425\%$
= 2,43,400(iii) $\frac{\text{GP on AATO}}{\text{GP as above} + \text{VISC}} \times \text{Addn exp}$

$$\frac{386400}{386400 + 20,000} \times 1,80,000 = 1,71,142$$

(4) Amount of claim

GP on short sales = $2,60,000 \times 30.425\%$	79,105
+ Add.: Amt allowable in respect of addn expense	1,171,142
	<u>2,50,247</u>
(-) Savings in ISC	(28000)
	<u>2,22,247</u>

Now on the amount of final claim, the average clause will not apply since the amount of the policy £4,00,000 is higher than gross profit on annual adjusted T/O £3,86,400.

Therefore insurance claim will be £2,22,247

HIRE PURCHASE & INSTALLMENT SELLING

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Date _____

Page _____

①

Q14

Pgn0114:

Om Ltd.

Cash Price = 80,000

HP Price = 21,622 + (15,400 × 5) = 98,622

∴ Total Interest = 98,622 - 80,000

= 18,622

Calculation of Interest for each year

Cash Price	80,000		
(-) Down Payment	(21,622)		
o/s cash Price in 1st Yr	58,378	100	
+ Interest @ 10%	5837	10	
	64,215	110	
(-) Installment	(15,400)		
o/s cash Price in 2nd Yr	48,815	100	
+ Interest @ 10%	4882	10	
	53,697	110	
(-) Installment	(15,400)		
o/s cash Price in 3rd Yr	38,297	100	
+ Interest @ 10%	3830	10	
	42,127	110	
(-) Installment	(15,400)		
o/s cash Price in 4th Year	26,727	100	
+ Interest @ 10%	2673	10	
	29,400	110	
(-) Installment	(15,400)		
o/s cash Price in 5th Year	14,000	100	
+ Interest @ 10%	1400	10	
	15,400	110	
(-) Installment	15,400		
	NIL		

Q25

pgno: 114

Happy valley Florist Ltd.

Cash Price = 1,50,000

HP Price = 1,80,000

∴ Total Interest = 30,000

(To be allocated in the ratio of outstanding credit)

Years	o/s credit	ratio
I	1,50,000	15
II	1,00,000	10
III	50,000	5
IV	20,000	2

∴ Interest allocation

Year I ~~1,40,000~~ 14062.50

Year II 9375

Year III 4687.50

Year IV 1875

Q18.

Pg no 114:

Lucky

calculation of Cash Price.

Cash Price	<u>11,50,000</u>	
(-) Down Payment	<u>5,00,000</u>	
of Cash Price in 1 st Yr	6,50,000	100
+ Interest @ 10%	<u>65,000</u>	10
	7,15,000	110
(-) Instalment	<u>(2,65,000)</u>	
of Cash Price in 2 nd Yr	4,50,000	100
+ Interest @ 10%	<u>45,000</u>	10
	4,95,000	110
(-) Instalment	<u>(2,45,000)</u>	
of Cash Price in 3 rd Yr	2,50,000	100
+ Interest @ 10%	<u>25,000</u>	10
	2,75,000	110
(-) Instalment	<u>(2,75,000)</u>	
	NIL	

calculation of loss on Repossession.

Book value of 1 Tractor (5,75,000 - Dep @ 20% for 3 Yr) = 2,94,400

(-) Agreed value of 1 Tractor (5,75,000 - Dep @ 30% for 3 Yr) = 1,97,2251018 = 97,175

BOOKS OF lucky.

Tractor A/c

		2011-12			
1.10.	To Happy's A/c	11,50,000	30.9	By Depreciation (20%)	2,30,000
			30.9	By Balance c/d.	<u>9,20,000</u>
		11,50,000			11,50,000
1.10	To Balance b/d	9,20,000	30.9	By Depreciation (20%)	1,84,000
			30.9	By Balance c/d	<u>7,36,000</u>
		9,20,000			9,20,000
1.10.	To Balance b/d	7,36,000	30.9	By Dep'n (20%)	1,47,200
			30.9	By Happy A/c (WN2)	1,97,225
			30.9	By P/L A/c (W/Ls)	97,175
			30.9	By Balance c/d	<u>2,94,400</u>
		7,36,000			7,36,000

Happy A/c

		2011-12			
1.10	To BANK A/c	5,00,000	1.10	By Tractor A/c	11,50,000
30.9.	To BANK A/c	2,65,000	30.9.	By Interest A/c	65,000
30.9.	To Balance c/d.	<u>4,50,000</u>			
		12,15,000			12,15,000
		2012-13			
30.9.	To BANK A/c	2,45,000	1.10.	By Balance b/d	4,50,000
30.9.	To Balance c/d	<u>2,50,000</u>	30.9.	By Interest A/c	45,000
		4,95,000			4,95,000
		2013-14			
30.9.	To Tractor A/c	1,97,225	1.10	By Balance b/d	2,50,000
30.9.	To Balance c/d	<u>77,775</u>	30.9.	By Interest A/c	25,000
		2,75,000			2,75,000
		2014-15			
31.12	To BANK Settlement	81,275	1.10	By Balance b/d	77,775
			31.12	By Interest (1% for 3m)	3,500
		81,275			81,275

Q17.

pg no: 115

X Ltd.

Interest calculation

Cash Price (7500x3)	2,25,000	
(-) Down Payment	(45,000)	
Ofs cash Price in 1 st yr	1,80,000	100
+ Interest (9%)	16,200	9
	1,96,200	109.
(-) Instalment	(76,200)	
Ofs cash Price in 2 nd yr	1,20,000	100
+ Interest (9%)	10,800	9
	1,30,800	109
(-) Instalment (60,000 + 10,800)	unpaid.	

WN2: loss on repossession (2 vars).

Book value (1,50,000 - dep @ 20% for 2 yr)	96,000
(-) Agreed value (1,50,000 - dep @ 30% for 2 yr)	73,500
loss.	22,500

JOURNAL OF X Ltd.

Year	Particulars.	lf	debit £	credit £
1.4.	Milk van A/c To HP vendor A/c	Dr	2,25,000	2,25,000
1.4.	HP vendor A/c To Bank A/c	Dr	45,000	45,000
31.3.	Interest A/c To HP vendor A/c	Dr	16,200	16,200
31.3.	HP vendor A/c To Bank A/c	Dr	76,200	76,200
31.3.	Depreciation A/c To Milk van A/c	Dr	45,000	45,000

31.3	PIL A/c	Dr	61,200	
	To Interest A/c			16,200
	To Depreciation A/c			45,000

<u>Year 2</u>	31.3. Interest A/c	Dr	10,800	
	To HP vendor A/c			10,800

31.3.	Depreciation A/c	Dr	36,000	
	To Milk van A/c			36,000

31.3.	HP vendor A/c	Dr	73,500	
	PIL A/c	Dr	22,500	
	To Milk van A/c			96,000

31.3.	PIL A/c	Dr	46,800	
	To Interest A/c			10,800
	To Depreciation A/c			36,000

<u>Year 3</u>	30.6. Interest A/c	Dr	1289	
	To HP vendor A/c			1289
	[$57,300 \times 9\% \times 3/12$]			

30.6.	HP vendor A/c	Dr	58,589	
	To Bank A/c			58,589.
	Settlement)			

DEPARTMENTAL ACCOUNTS

classmate

①

Date _____
Page _____

Q9
Pg 125

Departmental Trading & P/L A/c for the y-e 31.3.11.

Particulars	A	B	Particulars	A	B
To opening stock	5400	4900	By sales (5:4)	16900	135200
To Purchase (4:3)	9800	7350	By transfer A to B	1200	
To wages	1340	240			
To Rent (WN1)	600	300			
To lighting & Heating (WN2)	240	120	By closing stock	2478	2409
To carriage inwards (4:3)	268	201			
To transfer A to B		1200			
To Gross Profit cd	2930	1610			
	20578	15921		20578	15921
To Rent (WN1)	400	200	By Gross Profit bld	2430	1610
To salaries (2:1)	880	440	By discount recd (4:3)	76	57
To lighting & heating	160	80			
To discount allowed	245	196			
To Advertising (5:4)	410	328			
To Depreciation	40	20			
To Net Profit cd	871	403			
	3006	1667		3006	1667

General P/L A/c

Particulars	£	£	Particulars	£	£
To Net Profit cd		1274	By Dept Profit cd		
			A	871	
			B	403	1274
		1274		1274	1274

Q10.

X Ltd.

pg no: 126 Departmental Trading A/c for the year ended 31.12.11.

Particulars	£	£	Particulars	£	£
To opening stock	20,000	12,000	By sales	1,40,000	1,12,000
To Purchases	92,000	68,000	By transfer of		
To wages	12,000	8,000	Purchased Goods		
To Carriage	2,000	2,000	B to A	-	10,000
To Purchased Goods			A to B	8,000	-
Received			By transfer of [Net]		
B to A	10,000	-	Finished Goods		
A to B	-	8,000	A to B	28,000	-
To Finished Goods			B to A	-	30,000
Received					
A to B	-	28,000			
B to A	30,000	-			
To Gross Profit	38,500	46,000			
			By closing stock		
			- Purchased goods	4,500	6,000
			- Finished goods	24,000	14,000
	2,04,500	1,72,000		2,04,500	1,72,000

Consolidated Trading A/c

Particulars	£	Particulars	£
To opening stock [20,000 + 12,000]	32,000	By sales [1,40,000 + 112,000]	2,52,000
To Purchases [92,000 + 68,000]	1,60,000		
To wages [12,000 + 8,000]	20,000		
To Carriage [2,000 + 2,000]	4,000	By closing stock	
To Gross Profit	82,303	- Purchased Goods [4,500 + 6,000]	10,500
		- Finished Goods	35,803
	2,98,303		2,98,303

WIN 1: calculation of stock of finished Goods (at cost)

Particulars	A	B
1) Closing stock of finished Goods.	24,000	14,000
2) Proportion of Transfer	24000 × 20% = 4800 (from B)	14000 × 20% = 2800 (from A)
3) GP RATIO		
= $\frac{GP}{\text{Sales} + \text{Transfer}} \times 100$	$\frac{46000}{1,12,000 + 30,000} \times 100$	$\frac{38500}{1,40,000 + 28,000} \times 100$
	<u>32.394% (CB)</u>	<u>22.916% (CA)</u>
4) Stock Reserve	4800 × 32.394% 1554.912 <u>1555</u>	2800 × 22.916% 641.648 <u>642</u>

$$\begin{aligned} \therefore \text{stock of finished Goods at cost} &= 24000 - 1555 \\ &= \underline{22,445} \\ &14,000 - 642 \\ &= \underline{13,358} \end{aligned}$$

$$22,445 + 13,358$$

$$= \boxed{35,803}$$

Q11.

pg no: 126.

	Particulars	P	Q	S.
90	Net Profit After charging Commission.	90,000	60,000	45,000
10	(+) Commission (wrongly included)	10,000	6,667	5,000
100	Net Profit Before charging commission.	1,00,000	66,667	50,000
	(-) Unrealised Profits			
	18,000 × 1/5	(3600)	—	—
	14,000 × 15/115	(1826)	—	—
	48,000 × 20%	—	(9600)	—
	38,000 × 30%	—	(11400)	—
	12,000 × 1/6	—	—	(2000)
	8,000 × 1/11	—	—	(727)
	Revised Net Profit before charging commission.	94,574	45,667	47,273.
	(-) Commission @ 10%.	(9457)	(4567)	(4727)
	Revised Net Profit after charging commission	85,117	41,100	42,546.

Q12.

M/s Suman Enterprises.

Pgno: 127. Departmental Trading & Profit/Loss A/c for the year ended 31.3.13

Particulars	₹	₹	Particulars	₹	₹
To opening stock	30,20,000	4,30,000	By sales	1,80,00,000	45,20,000
To Purchases	1,50,00,000	2,60,000	By transfer to <u>shoe dept</u>	30,00,000	-
To Transfer from leather dept	-	30,00,000			
To Manufacturing Exp	-	5,00,000			
			By closing stock	12,20,000	5,00,000
To Gross Profit c/d	<u>42,00,000</u>	<u>8,30,000</u>			
	<u>22,22,00,000</u>	<u>50,20,000</u>		<u>22,22,00,000</u>	<u>50,20,000</u>
To selling Exp	1,50,000	60,000	By Gross Profit b/d	42,00,000	8,30,000
To Rent & Warehousing	5,00,000	3,00,000			
To Net Profit c/d	<u>35,50,000</u>	<u>4,70,000</u>			
	<u>42,00,000</u>	<u>8,30,000</u>		<u>42,00,000</u>	<u>8,30,000</u>

General P/L

Particulars	₹	₹	Particulars	₹	₹
To General Expense		8,50,000	By stock Reserve		48,375
To Stock Reserve		75,000	By Net Profit b/d leather	35,50,000	
			shoe	<u>4,70,000</u>	40,20,000
To Net Profit c/d to CBS		<u>31,43,375</u>			
		<u>40,68,375</u>			<u>40,68,375</u>

Q13.

FGH Ltd.

Pg no. 127. Departmental Trading & Profit/Loss A/c for the year ended 31.3.12

Particulars	I	J	K	Particulars	I	J	K
To opening stock	5000	8000	19000	By sales	-	-	80000
To consumption	16000	20000	-	By transfer to J	30000	-	-
To direct labour	9000	10000	-	By transfer to K	-	60000	-
To transfer from I	-	30000	-				
To transfer from J	-	-	60000				
To Gross Profit cd	5000	12000	6000	By closing stock	5000	20000	5000
	<u>35000</u>	<u>80000</u>	<u>85000</u>		<u>35000</u>	<u>80000</u>	<u>85000</u>
To salaries	9000	6000	3000	By GP b/d	5000	12000	6000
To rent [5:3:2]	3000	1800	1200				
To Net Profit cd	-	4200	1800	By Net loss cd	7000	-	-
	<u>12000</u>	<u>12000</u>	<u>6000</u>		<u>12000</u>	<u>12000</u>	<u>6000</u>

WN1: Calculation of Stock Reserve [Leather → shoe
T'ox T'ee]

opening stock Reserve

- ① opening stock of shoe = 4,30,000
- ② Proportion of Transfer = $4,30,000 \times 75\%$
3,22,500
- ③ GP Ratio of leather. = 15%.
for 11-12
- ④ opening stock Reserve = $3,22,500 \times 15\%$
48,375

closing stock Reserve.

- ① closing stock of shoe = 5,00,000
- ② Proportion of Transfer = $5,00,000 \times 75\%$
 $= 3,75,000$
- ③ GP Ratio of leather.
for 12-13 = $\frac{\text{GP}}{\text{Sales} + \text{Transfer}} \times 100$
 $= \frac{42,00,000}{1,80,00,000 + 30,00,000} \times 100$
 $= \boxed{20\%}$

- ④ closing stock Reserve = $3,75,000 \times 20\%$
75,000

General P/L.

Particulars	£	£	Particulars	£	£
To Net loss b/d		7000	By stock Reserve		
To Stock Reserve (closing)			J	2000	
J	1667		K	3000	5000
K	1333	3000	By Net Profit		
			J	4200	
To Net Profit c/d		1000	K	1800	6000
To CBS					
		11000			11000

WN1: calculation of inter departmental trading
 I to J.

opening stock	5000
(+) Materials consumed	16000
(+) Direct labour	9000
Total cost	30000
(-) cost of closing stock	(5000)
cost of Goods transferred.	25000
+ 20% Cost	5000
Transfer Price.	30,000

J to K

opening stock	8000
(+) material consumed	20000
(+) Direct labour	10000
(+) Transfer from I	30000
	68000
(-) cost of closing stock	(20000)
cost of Goods transf	48000
+ 20% on sales	12000
Transfer Price	60000

Q.2: Calculation of Stock Reserve (closing)Dept J:

① closing stock of J = 20,000

* ② Proportion of Transfer = $20,000 \times 50\% = 10,000$

③ GP Ratio of I.

$$\left[\frac{\text{GP}}{\text{Sales + Transf}} = \frac{5000}{30000} \right] = \frac{1}{6}$$

④ Stock Reserve = $\frac{10,000 \times \frac{1}{6}}{1667}$

* Proportion of Transfer

C.V. Input

R.M. 20000

Wages 10000

Transf from I 30000 } 50%
60000Dept K

[Cost to K = SP to J].

① closing stock = 5000

② Proportion of Transfer = $5000 \times 100\% = 5000$

③ GP Ratio of J.

$$\left[\frac{\text{GP}}{\text{Sales + Transf}} = \frac{12000}{60000} \right] = \frac{1}{5}$$

④ Stock Reserve = $5000 \times \frac{1}{5}$
= 1000 (Profit charged by J)

* K is entirely dependent on transfer and hence extent of dependence is total

Cost to J = $5000 - 1000 = 4000$

Cost to J = SP to I = $4000 \times 50\% = 2000$

GP Ratio of A.

∴ Stock Reserve = $2000 \times \frac{1}{6} = 333$ (Profit charged by I)

Hence total Stock Reserve = 1333

Q64

pg no: 128:

Sona Ltd

Departmental Trading A/c for the year ended. ...

Particulars	P	Q	R	Particulars	P	Q	R
To opening stock	30000	45000	15000	By sales	192000	168000	95000
To Purchase	160000	130000	60000				
To Gross Profit	48000	56000	38000	By closing stock	46000	63000	18000
	<u>238000</u>	<u>231000</u>	<u>113000</u>		<u>238000</u>	<u>231000</u>	<u>113000</u>

Particulars	A		B		C	
	Qty	Amt	Qty	Amt	Qty	Amt
By sales	5200 @40	208000	9800 @45	441000	15300 @50	765000
By closing stock	400 @24	9600	600 @27	16200	700 @30	210000
	<u>5600</u>	<u>217600</u>	<u>10400</u>	<u>457200</u>	<u>16000</u>	<u>786000</u>

BRANCH ACCOUNTS

classmate

Date _____

Page _____

(1)

Q2

pg 158

In the books of Buckingham Bros, Bombay
Nagpur Branch A/c

Particulars	₹	Particulars	₹
To opening Branch Assets		By Bank-Remittances received from branch	
Stock (24000+16000)	40,000	Cash sales	45000
Debtors	25000	Debtors	120000
Imprest Cash	2000	Cash in transit	5000
			1,70,000
To Goods sent to Branch A/c	60000	By stock:	
To Creditors	45000	transfer from HO	15000
To Bank (Sundry exp)	30000	Direct Purchase	10000
To Bank (Petty cash)	4000	By sundry debtors (WN2)	24000
		By Imprest Cash (WN3) *	2000
To Net Profit transferred to General P/L A/c	15000		
	2,21,000		2,21,000

WN:

(1) Collection from debtors

Total remittances (1,65,000 + 5000) 1,70,000

(-) Cash sales (45000)

1,25,000

(2) Clear of sundry debtors

Op Bal 25000

+ Cr sales 130000

155000

(-) Returns, discounts, bad debts (131000)

(3000 + 2000 + 1000 + 1,25,000) Cl Bal: 24000

* 2000 + 4000 = 6000 - 4000 = 2000

Op bal from HO

exp clear

Q22

pg 158

BOOKS of Harrison.

Branch stock A/c

Particulars	£	Particulars	£
To Balance b/d	30000	By Branch Debtors	165000
To Goods sent to Branch A/c	240000	By Branch Bank	59000
To Branch Adjustment (excess of sale over invoice)	2000	By Balance c/d	
		Goods in Transit	20000
		(240000 - 220000)	
		Stock at Branch	28000
	<u>272000</u>		<u>272000</u>

Branch Debtors A/c

Particulars	£	Particulars	£
To Balance b/d	32750	By Bad debts	750
To Branch Stock	165000	By Branch Cash	171000
		By Balance c/d	26000
	<u>197750</u>		<u>197750</u>

Branch Cash A/c

Particulars	£	Particulars	£
To Balance b/d	5000	By Bank Remitted to HO	222500
To Branch Stock	59000	By Branch P/L A/c (exp) (paid by HO)	12000
To Bank (contra)	12000	By Branch P/L A/c (exp paid by Branch)	10000
To Branch Debtors	171000	By Balance c/d	2500
	<u>247000</u>		<u>247000</u>

Branch Adjustment A/c

Particulars	£	Particulars	£
To Stock Reserve (48000 x 4%)	8000	By Stock Reserve (25000 x 20%)	5000
		By Goods sent to Branch	40000
		By Branch Stock A/c	2000
To Gross Profit c/d	39000		
	<u>47000</u>		<u>47000</u>

Branch Profit / Loss A/c

Particulars	£	Particulars	£
To Branch Expenses (paid by HO & paid by Branch)	22000	By Gross Profit A/c	39000
To Branch debtors	750		
To Net Profit	<u>16,250</u>		
	<u>39000</u>		<u>39000</u>

Goods sent to Branch A/c

Particulars	£	Particulars	£
To Branch Adjustment	40000	By Branch to stock	240000
To Purchase A/c - transfer.	200000		
	<u>240000</u>		<u>240000</u>

Q23

Pg 159

Books of Hindustan Industries, Mumbai

Cochin Branch stock A/c

To Balance b/d	60000	By Bank A/c	200000
To Goods sent to Branch	600000	By Branch debtors	360000
To Branch debtors	8000	By Goods sent to Branch	12000
To Branch P/L	24000	By Balance c/d	1,20,000
	<u>6,92,000</u>		<u>6,92,000</u>

Branch stock Adjustment A/c

To Goods sent to Branch A/c ($\frac{1}{5} \times 12000$)	2400	By Balance b/d ($\frac{1}{5} \times 60000$)	12000
To Branch P/L (Profit on sale)	105600	By Goods sent to Branch ($\frac{1}{5} \times 600000$)	1,20,000
To Balance c/d ($\frac{1}{5} \times 120000$)	24000		
	<u>1,32,000</u>		<u>1,32,000</u>

Goods sent to Branch A/c

To Cochin Branch stock Adjust A/c	1,20,000	By Branch stock A/c	600000
To Branch stock	12000	By Branch stock Adj A/c	2400
To Purchases A/c.	4,70,400		
	<u>6,02,400</u>		<u>6,02,400</u>

Branch Debtors A/c

To Balance b/d	72000.	By Bank	320000
		By Branch PIL A/c	
		Discount	6000
To Branch stock A/c	3,60,000	Bad debt	4000
		By Branch stock	8000
		By Balance c/d	94000
	<u>4,32,000</u>		<u>4,32,000</u>

Branch Expense A/c

To BANK A/c (R, R, T)	18000	By Branch PIL	84000
To BANK A/c (S & W)	60000		
To BANK A/c (Office)	6000		
	<u>84000</u>		<u>84000</u>

Branch PIL A/c for the y.e. 31.12.11.

To Branch Expense A/c (60000 + 6000 + 18000)	84000	By Branch stock Adj A/c	105600
Discount	6000		
Bad debts	4000	By Branch stock A/c	24000
To Net Profit transferred to PIL A/c	35,600		
	<u>1,29,600</u>		<u>1,29,600</u>

Q24

Pg 159.

	Delhi	Mumbai	Chennai	Kolkata
<u>A. Delhi Branch</u>				
(1) Received goods	50000 Dr	35000 Cr		15000 Cr
(2) sent goods	45000 Cr		25000 Dr	20000 Dr
(3) Received B/R	20000 Dr		20000 Cr	
(4) sent acceptance	35000 Cr	25000 Dr		
<u>B. Mumbai Branch</u>				
(1) Received goods	20000 Cr	35000 Dr		15000 Cr
(2) sent cash	15000 Dr	22000 Cr		7000 Dr
<u>C. Chennai Branch</u>				
(1) Received goods			30000 Dr	30000 Cr
(2) sent cash & acceptance			30000 Cr	30000 Dr
<u>D. Kolkata Branch</u>				
(1) sent goods			35000 Dr	35000 Cr
(2) sent cash			15000 Dr	15000 Cr
(3) sent acceptance			15000 Dr	15000 Cr
	15000 Cr	3000 Dr	70000 Dr	58000 Cr

30.4.11. Mumbai Branch A/c 3000
 Chennai Branch A/c 7000
 To Delhi Branch A/c 15000
 To Kolkata Branch A/c 58000

C25

Pg 160

Sydney Trial Balance (in Rupees)

as on 31.3.12.

(₹1000)

Particulars.	Rate per	Dr	Cr
Plant & Machinery (cost)	₹ 18	3600	
Plant & Machinery Dep	₹ 18		2340
Debtors (Creditors)	₹ 24	1440	720
Stock (1.4.11)	₹ 20	400	
Cash & Bank Balances	₹ 24	240	
Purchase / sales	₹ 22	440	2706
Goods received from HO	₹ -	100	
wages & salaries	₹ 22	990	
Rent	₹ 22	264	
Office expenses	₹ 22	396	
Commission Receipts	₹ 22		2200
HO current A/c	₹		120
		7870	8086
Exchange loss.		(216)	
		<u>8086</u>	<u>8086</u>

Q 27

Pg 161

(a) Debtors Method.

Delhi Branch A/c

Particulars	₹	₹	Particulars	₹	₹
To Balance b/d			By Bank		
Stock	7000		Cash sales	17500	
Debtors	12600		Cash from H.O.	<u>28500</u>	46000
Petty cash	200	19800			
To Goods sent to Branch A/c		26000	By Goods sent to Branch A/c		
			Returns to H.O.		1000
To Bank:					
Salaries & wages	6200		By Balance b/d		
Rent & Rates	1200		Stock	6500	
Sunday Exp	800	8200	Debtors	9800	
			Petty cash	<u>100</u>	16,400
To Balance being Profit carried to P/L		9400			
		<u>63400</u>			<u>63400</u>
To Balance b/d		16400			

(b)

Branch Stock A/c

To stock	7000	By sales	
To Goods sent to Branch A/c	26000	By cash	17,500
		By credit	28400
To Branch PIC A/c	19,900	By Return (500)	27,900
		By Goods sent to Branch A/c - Return	1000
		By Balance old	6,500
	<u>52900</u>		<u>52900</u>
To Balance old	6500		

Delhi Branch Debtors A/c

To Balance old	12,600	By cash	28,500
To sales	28,400	By Returns	500
		By Allowances	200
		By Discounts	1,400
		By Bad debts	600
		By Balance old.	9,800
	<u>41000</u>		<u>41000</u>
To Balance old	9800		

Delhi Branch Expense A/c

To salaries & wages	6200	By Branch PIC A/c	10500
To Rent & Rates	1200		
To sundry Expenses	800		
To Petty cash expense	100		
To Allowances to customer	200		
To discounts	1400		
To Bad debts	600		
	<u>10500</u>		<u>10500</u>

Delhi Branch Profit/Loss A/c

To Branch Exp A/c	10,500	By Gross Profit b/d	19,900
To Net Profit to General PIC	9,400		
	<u>19,900</u>		<u>19,900</u>

(c)

Branch Trading & Profit/Loss A/c

To stock		7,000	By sales		
To Goods sent from H.O	26,000		cash	17,500	
(-) Returns	<u>(1,000)</u>	25,000	credit	28,400	
			(-) Returns <u>(500)</u>	27,900	45,400
To Gross Profit/d		<u>19,900</u>	By closing stock		<u>6,500</u>
		<u>51,900</u>			<u>51,900</u>
To salaries & wages		6,200			
To rent & rates		1,200			
To sundry Exp		800			
To petty cash		100			
To allowances		200			
To discounts		1,400			
To bad debts		600			
To Net Profit		9,400			
		<u>19,900</u>			<u>19,900</u>

Q26

pg 160. (i) calculation of profit earned by the branch in books of J&K
Trading & Profit/Loss A/c.

Particulars	£	Particulars	£
To opening stock	220000	By sales	1200000
To Goods reced by HO	1100000	By closing stock (WN)	360000
To Expenses	45000		
To Net Profit	195000		
	<u>1560000</u>		<u>1560000</u>

(ii) stock reserve in respect of unrealized profit
 $360000 \times 20/120 = 60000$

WN:

calculation of closing stock at invoice price

opening stock at invoice price 220000

Goods received during the year 1100000

1320000

(-) IP of goods sold

(960000)

$1200000 \times 20/120$

[150 - 1200000]
[120 - ?]

360000

Q29
Pg 162

Trading & Profit Loss A/c.

For the year ended 31.3.14

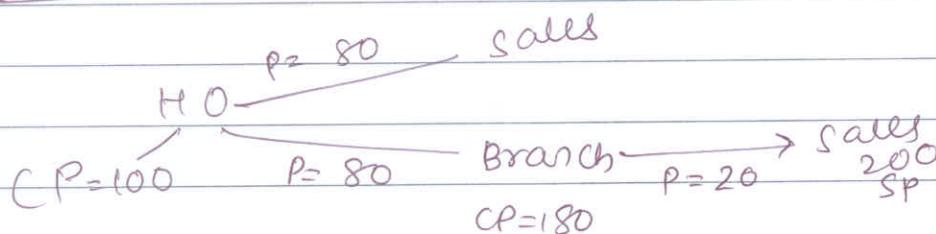
Particulars	HO	Branch	Particulars	HO	Branch
To opening stock	125000		By sales	2379600	730000
To Purchases	2150000		By Goods sent to branch	738000	
To Goods recd from HO		738000			
To Gross Profit	1385600	73000	By closing stock	543300	81000
	<u>3660600</u>	<u>811000</u>		<u>3660600</u>	<u>811000</u>
To office exp	50000	4500	By Gross Profit b/d	1385600	73000
To selling exp	32000	3300			
To staff	45000	8000			
To net profit	1285600	57200			
	<u>1385600</u>	<u>73000</u>		<u>1385600</u>	<u>73000</u>

General P/L A/c

To closing stock (81000 x 80/180)	36000	By NP	1315800
To net profit	1279800		
	<u>1315800</u>		<u>1315800</u>

WNI: GP.

SP=180



GP at HO

$$\rightarrow \text{In sales } \left(\frac{180 - 2379600}{80 - ?} \right) = 10,57,600$$

$$\rightarrow \text{In GSTB } \left(\frac{180 - 738000}{80 - ?} \right) = 328000$$

1385600

GP at Branch

$$200 - 730000$$

7300

$$20 - ?$$

Q11

pg 188

Statement of Affairs
as on 31.3.16 and 31.3.17

Liabilities Particulars	31.3.16	31.3.17	Assets Particulars	31.3.16	31.3.17
Capital A/c			Furniture	1,20,000	1,17,750
A	1,50,000	75,000	Advances	70,000	50,000
B	75,000	75,000	Debtors	40,000	45,000
C	-	75,000	Inventory	60,000	74,750
Loan	80,000	-	Cash at Bank	50,000	1,40,000
Creditors	32,000	30,000			
Current A/c					
A	5,000	74,036*			
B		48,322*			
C		50,142*			
	34,200	42,750		34,200	42,750

Notes:

(1) Depⁿ on Furniture

10% on 120000	12000
10% on 10,000 for 1/4.	2500
	12250

(2) Furniture on 31.3.17.

Balance as on 31.3.16	120000
+ New purchase.	10000
	130000
(-) Dep ⁿ	(12250)
	1,17,750

(3) Total of Current A/c as on 31.3.17

Total of Assets (1,17,750 + 50,000 + 45,000 + 74,750 + 1,40,000)	427500
(-) Fixed Capital (75,000 + 75,000 + 75,000) + Liab (30,000)	(255000)
	172500

This is after adding salary, interest on capital and deducting drawings & interest on drawings.

(iv) Int on capital.

A	1,50,000 @ 6% for 3m	2250
	75000 @ 6% for 9m	<u>3375</u>
		5625
B	75000 @ 6% for 1 yr	4500
C	75000 @ 6% for 9m	<u>3375</u>
		7875

(v) Int on Drawings

A	2000 @ 10% for 11m	183
	4000 @ 10% for 9m	300
	2000 @ 10% for 3m	<u>50</u>
		533
B	2000 @ 10% for 10m	167
	6000 @ 10% for 6m	300
	8000 @ 10% for 1m	<u>67</u>
		534

Allocation of Profit 1,15,067

3m Profit	28,767
9m Profit	86,300

$$A : \frac{2}{3} \times 28767 + \frac{1}{3} \times 86300 \quad 47,944$$

$$B : \frac{1}{3} \times 1,15,067 \quad 38,356$$

$$C : \frac{1}{3} \times 86,300 \quad 28,767$$

$$\underline{1,15,067}$$

Current A/c

Particulars	A	B	C	Particulars	A	B	C
To Bal b/d	—	2000	—	By Bal b/d	5000	—	—
To Drawing	8000	16000	—	By salary	24000	24000	18000
To Interest on Drawing	533	534	—	By Interest on capital	5625	4500	3375
To Bal b/d	74,036	48,322	50,142	By share of Profit	47944	38,356	28767
	<u>82569</u>	<u>66,856</u>	<u>50,142</u>		<u>82569</u>	<u>66,856</u>	<u>50,142</u>

Statement of Profit

Current A/c Bal as on 31.3.17		1,172,500
(-) Salary	A 2000 x 12 = 24000 B 2000 x 12 = 24000 C 2000 x 9 = 18000	(66000)
(-) Interest on capital	A 5625 B 4500 C 3375	(13500)
(+) Drawings	A 8000 B 16000	24000
(+) Int on Drawings	A 533 B 534	1067
		<u>1,18,067</u>
(-) Current A/c Bal as on 31.3.16 (5000-2000)		(3000)
		<u>1,15,067</u>

Q12

Pg 188

A. Adarjee.

Trading and Profit Loss A/c for the year ended 31.12.16.

Particulars	£	Particulars	£
To opening Inventory	3900	By sales	62100
To Purchases	49100		
		By closing inventory	5700
To Gross Profit ad	14800		
	<u>67,800</u>		<u>67800</u>
To salaries	6500	By Gross Profit b/d	14800
To Rent & Taxes	1500		
To General Expenses	2500		
To Depreciation			
Machinery @10%	750		
Furniture @10%	120		
To Provision for doubtful debt	800		
To Balance being profit carried to Capital A/c	2830		
	<u>15000</u>		<u>15000</u>

Balance sheet as on 31.12.16

LIABILITIES	£	£	ASSETS	£	£
A. Adarjee cap on 1.1.16.	29100		Machinery	7500	
+ Fresh capital	6000		(-) Dep'n	(750)	6750
+ Profit	2830		Furniture	1200	
	<u>37930</u>		(-) Dep'n	(120)	1080
(-) Drawings	(3600)	34330	Inventory		5700
			Debtors	17,600	
			(-) R D D	(800)	16,800
			Investment		5000
Creditors		7900	Cash at Bank		6400
			Cash in hand		500
		<u>42230</u>			<u>42230</u>

WN 8

(1) Balance sheet of A Adamjee as on 1.1.16

Liabilities	£	Particulars Assets	£
A. Adamjee's capital	29100	Machinery	7500
		Furniture	1200
		Inventory	3900
		Investment	5000
creditors	5800	Debtors	14500
		Bank Balance	2800
	<u>34900</u>		<u>34900</u>

(2) A. Adamjee's capital A/c

To drawings	3600	By Balance	29100
		By cash	6000
To Balance c/d	31500		
	<u>35100</u>		<u>35100</u>

(3) Sales A/c

		By cash	11000
To Trading A/c	62100	By Total Debtors	51,100
	<u>62100</u>		<u>62100</u>

(4) Total Debtors A/c

To Balance b/d	14500	By cash	48000
To Credit sales	51,100		
		By Balance c/d	17,600
	<u>65600</u>		<u>65600</u>

Purchases A/c

To Cash	12000		
To Total Creditors	37,100		
		By Trading A/c	49,100
	<u>49,100</u>		<u>49,100</u>

Total Creditors A/c

To Cash	35000	By Balance b/d	5800
		By Purchases Credit	37,100
To Balance c/d.	7900		
	<u>42900</u>		<u>42900</u>

Q13

Pg 189

Mr Anup

Trading and Profit/Loss A/c for the year
ended 31.12.16

Particulars.	£	£	Particulars	£	£
To opening Inventory		1,10,000	By sales	9,59,750	
To purchase	4,54,100		(-) Returns	(1200)	9,58,550
(-) Returns	(4,200)	4,49,900			
To Gross Profit/d		5,88,650	By closing stock		1,90,000
		<u>11,48,550</u>			<u>11,48,550</u>
To shop exp		7200	By Gross Profit/d		5,88,650
To wages		1,10,400	By discount		2700
To Electricity & Telephone (18,700 + 2000)		20,900			
To legal expense		17,000			
To discount (2400 + 750)		3,150			
To Prov for claim damages		1,55,000			
To shop rent		20,000			
To Net Profit		<u>2,57,700</u>			
		<u>5,91,350</u>			<u>5,91,350</u>

Balance sheet as on 31.12.16

Liabilities	₹	₹	Assets	₹	₹
Capital	2,38,200		Building		372000
+ Fresh capital			Furniture		25000
LIC Maturity	20,000		Inventory		1,90,000
+ Rent	14000				
+ NP	2,57,700				
	<u>5,29,900</u>		Sundry debtors		92000
(-) Drawings	(16,800)	5,13,100	Bills Receivable		6000
			Cash at Bank		87000
Rent outstanding		20,000	Cash in hand		5300
Sundry Creditors		56,000			
Bill Payable		14,000			
Outstanding Exp					
Legal exp	17000				
Electricity & Tele	<u>2200</u>	19,200			
Provision for claims for damages		1,55,000			
		<u>7,77,300</u>			<u>7,77,300</u>

(WN)

(1) Statement of Affairs as on 31.3.15

Liabilities	£	Assets	£
Anup's capital	2,38,200	Inventory	1,10,000
		Debtors	70,000
		Bank	90,000
Creditors	40,000	Cash	5,200
Bills Payable	12,000	Bills Receivable	15,000
	2,90,200		2,90,200

Sundry Debtors A/c

To Balance b/d	70,000	By Bills Receivable A/c	
To Bank A/c - cheques	5,700	- Bills accepted	40,000
To Bills Receivable	3,000	By Bank A/c - cheques	5,700
		By Return inward	1,200
		By Discount	2,400
		By Cash	81,97,150
		By Balance c/d	6,000
	<u>1,03,84,50</u>		<u>1,03,84,50</u>

Bills Receivable A/c

To Balance b/d	15,000	By Sundry Creditors	
To Sundry Debtors	40,000	- Bill endorsed	10,000
		By Bank A/c (20,000 - 750)	19,250
		By Bank - Bill matured	16,000
		By Discount A/c	750
		By Debtors	3,000
		By Balance c/d	6,000
	<u>55,000</u>		<u>55,000</u>

Sundry Creditors A/c

To BANK.	3,20,000	By Balance b/d	40,000
To Cash	77,200		
To Bills Receivable	10,000		
To Bills Payable	24,000	By Credit Purchase	4,54,100
To Returns	4,200		
To Discount	2,700		
To Balance c/d	56,000		
	<u>4,94,100</u>		<u>4,94,100</u>

Bills Payable A/c

To BANK	22,000	By Balance b/d	12,000
To Balance b/d	14,000	By Sundry Creditors - Bills accepted	24,000
	<u>36,000</u>		<u>36,000</u>

CASH & BANK

C		B			
To Bal b/d	5,200	90,000	By BANK.	76,275	-
To Cash	-	76,275	By Cash	-	12,100
To BANK	12,100	-	By Shop exp	7,200	
To Sundry debtors	-	5,700	By wages	1,10,400	
To Bills Receivable		19,250	By Drawings	16,800	
To Bills Receivable		16,000	By Creditors	77,200	3,20,000
To Capital (LIC)		20,000	By Furniture	25,000	
To Capital (Rent)		14,000	By Electricity & telephone	18,700	
To Debtors	89,715		By Debtors		5,700
			By Building		3,72,000
			By Bills Payable		22,000
			By Balance c/d	5,300	87,000
	<u>10,23,350</u>	<u>9,27,700</u>		<u>10,23,350</u>	<u>9,27,700</u>

Q14

Pg 190:

Trading & Profit Loss A/c for the year ending 31.3.16.

Particulars	£	Particulars	£
To opening stock	2,80,000	By sales (WN3)	
To purchases (WN1)	3,64,000	Credit 4,80,000	
To Gross Profit c/d.	1,16,000	Cash 1,20,000	6,00,000
		By closing stock	1,60,000
	<u>7,60,000</u>		<u>7,60,000</u>
To salary	24,000	By Gross Profit b/d	1,16,000
To office expense	14,000		
To rent	16,000		
To depreciation	4,000		
To loss of cash (WN6)	23,600		
To Net Profit	<u>34,000</u>		
	<u>1,16,000</u>		<u>1,16,000</u>

Balance sheet as on 31.3.16

Liabilities	£	Assets	£
Capital	404,000	Furniture	40,000
+ Net Profit	34,000	(-) Depn	(4,000)
(-) Drawings	<u>(6,000)</u>	Stock	1,60,000
	432,000	Debtors	1,20,000
Creditors	1,46,000	Cash at bank	2,62,000
	<u>578,000</u>		<u>578,000</u>

WN 2

(1)

Creditors A/c

To CASH/BANK	300000	By Balance b/d	82000
To Balance c/d.	1,146,000	By Purchase acc	3,64,000
	<u>4,46,000</u>		<u>4,46,000</u>

(2) calculation of total sales

sales for 2015-16	500000
+ 20% increase	100000
sales for 2016-17	<u>600000</u>

(3) calculation of credit sales.

sales	600000
f) Cash sales (20% of total sales)	<u>(120000)</u>
	<u>480000</u>

(4)

Debtors A/c

To Balance b/d	100000	By sales	480000
To sales	480000	By Bank A/c	460000
	<u>580000</u>	By Balance c/d	1,20,000
			<u>580000</u>

(5)

Bank A/c

To Balance b/d	38000	By Creditors	300000
To Debtors	460000	By Rent	16000
To Cash	80000	By Balance c/d.	262000
	<u>578000</u>		<u>578000</u>

(6) calculation of amount of cash defalcated by cashier

cash balance as on 1.4.16		28000
+ cash sales		120000
		<u>148000</u>
A) salary	24000	
office expense	14400	
Drawings	6000	
cash deposited	80000	(124400)
cash balance as on 31.3.17		<u>23600</u>

Q15

Pg 191

Projected Balance sheet as on 31.3.16.

Liabilities	£	£	Assets.	£	£
Capital		10,00,000	Fixed Assets	4,00,000	
P/L A/c 1.4.15	60,000		+ Additions	1,00,000	
+ Profit for the year				5,00,000	
	37,40,000	43,40,000	(-) Dep ⁿ	(50,000)	4,50,000
Creditors		1,10,000	Stock in trade		3,36,000
			Sundry debtors		2,00,000
			Cash & Bank		5,58,000
		15,40,000			15,40,000

WN 2

Projected Trading & Profit Loss A/c for y.e. 31.3.16

Particulars	£	Particulars	£
To opening stock	3,00,000	By sales	21,20,000
To Purchase.	15,20,000		
To Gross Profit (30%)	6,36,000	By closing stock.	3,36,000
	24,56,000		24,56,000
To sundry Exp (10%)	2,12,000	By Gross Profit	6,36,000
To dep ⁿ	50,000		
To net profit	3,74,000		
	6,36,000		6,36,000

(2)

Cash & Bank A/c

To Balance b/d	3,50,000	By sundry Creditors	15,50,000
To sundry Debtors	20,70,000	(1,40,000 + 14,10,000)	
(1,50,000 + 19,20,000)		By Expenses	2,12,000
		By Fixed Asset	1,00,000
		By Balance c/d.	5,58,000
	24,20,000		24,20,000

Q16

pg 191:

Trading and Profit Loss A/c for the y.e. 31.3.16

Particulars	£	£	Particulars	£	£
To opening stock		6,10,000	By sales cash 7380000		
To Purchase			credit		9300000
To Gross Profit ald (10%)		9,30,000	By closing stock		6,50,000
		<u>99,50,000</u>			<u>99,50,000</u>
To sundry exp To discount all			By Gross Profit b/d		930000
To Depreciation (15% on 100000)		15000			
To Net Profit		<u>3,26,300</u>			
		<u>958000</u>			<u>958000</u>

Balance sheet as at 31.3.16.

Liabilities	£	£	Assets	£	£
Capital			Furniture & Fitting	100000	
op bal	2,50,000		(-) Depn	(15000)	85000
(-) Drawings	<u>(2,40,000)</u>		Stock		6,50,000
	10000		Trade Debtors		1,52,000
+ Net Profit	<u>326300</u>	326300	Bills Receivable		75000
Bills Payable		1,40,000	Unexpired Ins		2000
Trade Creditors		6,10,000	Cash in hand & Bank		1,27,300
Ofs Expense		5000			
		<u>1091300</u>			<u>1091300</u>

WN

(1) Bills Receivable A/c

To Balance b/d	60000	By cash	340000
To Trade debtors	3,70,000	By Trade creditors	15000
		By Balance c/d	75000
	<u>4,30,000</u>		<u>4,30,000</u>

(2) Trade Debtors A/c

To Balance b/d	1,48,000	By cash / BANK	15,10,000
		By discount allowed	36,000
To credit sales	19,20,000	By Bills Receivable	3,70,000
		By Balance c/d	1,52,000
	<u>20,68,000</u>		<u>20,68,000</u>

(3) Memorandum Trading A/c

To opening stock	6,10,000	By sales	93,00,000
To Purchase	84,10,000		
To Gross Profit	9,30,000	By closing stock	6,50,000
	<u>99,50,000</u>		<u>99,50,000</u>

(4) Bills Payable A/c.

To cash / BANK.	8,15,000	By Balance b/d	1,25,000
To		By creditors	8,30,000
To Balance c/d	1,40,000		
	<u>9,55,000</u>		<u>9,55,000</u>

(5) Trade Creditors A/c

To Cash/BANK	75,07,000	By Balance b/d	58,00,000
To Discount recd	28,000		
To Bill Receivable	15,000		
To Bill Payable	83,00,000	By Purchase (WN 3)	84,10,000
To Balance c/d	<u>6,10,000</u>		<u>6,10,000</u>
	<u>89,90,000</u>		<u>89,90,000</u>

(6) Computation of sundry expenses to be charged to P/L A/c.

Sundry expenses paid (as per cash book)	6,20,700
+ Prepaid expense as on 31.3.15	<u>2,000</u>
	6,22,700
(-) O/s expense as on 31.3.15	<u>(4,50,000)</u>
	5,77,700
(+) O/s expense as on 31.3.16	<u>5,000</u>
	5,82,700
(-) Prepaid expense as on 31.3.16 (paid till July) (6,000 × 4/12)	<u>(2,000)</u>
	<u>5,80,700</u>

Q17

pg 192:

In the books of lucky.

Trading & Profit Loss A/c for the year ended 2011

Particulars	£	£	Particulars	£	£
To opening stock		50000	By sales		325000
To Purchases	(1) 272500		By closing stock		62500
To Gross Profit cd		65000			
		<u>387500</u>			<u>387500</u>
To loss on sale		750	By Gross Profit b/d		65000
To Expense		49250			
To depreciation		1000			
To net Profit cd	(2) 14000				
		<u>65000</u>			<u>65000</u>

Balance sheet as on 31.3.11

Liabilities	£	£	Assets	£	£
Capital	169000		Fixed Assets	7500	
(+) Capital intro	5000		(-) sold	(2500)	
(-) drawings	(25000)			5000	
+ NP	14000	163000	(+) Additions	<u>5000</u>	
				10000	
Creditors		46000	(-) Depn	(1000)	9000
			closing stock		62500
			Debtors		87500
			Bank		50000
		<u>209000</u>			<u>209000</u>

opening Balance sheet

Capital	(6) 169000	Debtors	10,2500
		Stock	50000
Creditors	53500	Bank Balance	62500
		Fixed Asset	7900
	<u>222500</u>		<u>222500</u>

Total Debtors A/c

To Balance b/d	102500	By Cash/BANK	340000
To Sales	325000		(3)
		By Balance c/d	<u>87500</u>
	<u>427500</u>		<u>427500</u>

Total Creditors A/c

To Cash/BANK	280000	By Balance b/d	(4) <u>53500</u>
		By Purchases	272500
To Balance c/d	46000		
	<u>326000</u>		<u>326000</u>

Cash/BANK A/c

To Balance b/d	(5) <u>62500</u>	By Creditors	280000
To Debtors	340000	By Expenses	49250
To additional capital	5000	By drawings	25000
To sale of FA	1750	By Fixed assets	5000
		By Balance c/d	50000
	<u>409250</u>		<u>409250</u>

$$C + P = S.$$

$$100 + 25 = 125$$

$$\downarrow \quad \downarrow \quad \rightarrow 325000$$

$$260000 \quad 65000$$

statement of profit

capital as on 31.3.00		270113
(+) Drawings (during emp):		
2004-05	13500	
2005-06	18000	
2006-07	27000	
2007-08	31500	
2008-09	31500	
2009-10	31500	153000
		423113
(+) Amount stolen in may 2009		13500
		436613
(-) capital on 31.3.04		(107712)
		32890
(-) Profits shown in income tax returns		
31.3.05	33075	
31.3.06	33300	
31.3.07	35415	
31.3.08	61875	
31.3.09	54630	
31.3.10	41670	(259965)
understatement of income by cash.		68936