Q :1 (a)

In Debtors Ledger
General Ledger Adgestment A/C

Dr **Cr**

Particulars	Amount	Particulars	Amount
To Balance b/d	9,400	By Balance b/d	358,200
To Debtors Ledger Adjestment A/c		By Debtors Ledger Adjestment A/c	
Sales Returns	33,100	Sales(credit)	1,995,400
Cash	1,725,700	B /R (dishonoured)	7,500
B / R	95,000		
To Creditors Ledger Adjestment A/c:	16,000		
To Balance C/d (Bal fig)	**491,700**	By Balance C/d	9,800
	2,370,900		2,370,900

Note :

1) Assume that Cash Paid to customers for returns an amount of 6,000/- is cash Sales.So it will not effect in debtors ledger

2) Asssume that Sales returns are compleate credit sales

Q :1 (b)

Journal Entries on Tarun's Admission:

1	Cash A/c	dr	88,000	
	To Tarun Capital A/c			88,000
	(Being Cash bought in on acount of capital & Goodwill)			
2	Tarun Capital A/c	dr	36,000	
	To Arun Capital A/c			22,500
	To Varun Capital A/c			13,500
	(Being Goodwill distributed through Capital A/c in Sacrificing ratio)			

Working Notes:

Old Profit Sharing ratio = 13:11
New Profit Sharing ratio = 1:1:1
? Sacrificing ratio = Old ratio - New ratio

Arun:
= (13/24)-(1/3)
= (13-8)/24
= 5/24

Varun:
= (11/24)-(1/3)
= (11-8)/24
= 3/24

? Sacrificing ratio = 5:3

Obula Reddy M
CA-Articles
obulareddy.619@gmail.com
9666226167

Q :1 (c)

Computation of Cash Price of the truck for Teja Transport & Co.:

End of the year	Installment	Interest Amount		Cash Price
3	220,000	=2,20,000*(10/110)	20,000	200,000
2	220,000	=[(2,00,000+2,20,0000)*(10/110)]	38,182	181,818
1	220,000	=[(2,00,000+1,81,818+2,20,000)*(10/110)	54,710	165,290
		Total	**112,892**	**547,108**

Cash Price	=	547,108
Down Payment	=	240,000
Total Cash Price	**=**	***787,108***

Q :1 (d)

Dr **Subscription A/c** **Cr**

Particulars	Amount	Particulars	Amount
To Balance b/d(Advance) (12,000+15,000)	27,000	By Balance b/d (Advance)	-
		By Bank a/c	645,000
To Inc & Exp A/c	750,000	By Balance c/d (Arrears) [(500*1500)-6,45,000+15,000]	150,000
To Balance c/d (Advance)	18,000		
	795,000		795,000

Dr Income & Expenditure A/c for the year ended 31-03-2012 (Extract) **Cr**

Expenditure	Amount	Income	Amount
		By Subscription A/c	750,000
	-		750,000

Balance Sheet as on 31-03-2011 (Extract)

Liabilities	Amount	Assets	Amount
		Subscriptin (arrears)	27,000
	-		27,000

Balance Sheet as on 31-03-2012 (Extract)

Liabilities	Amount	Assets	Amount
Subscription (Advance)	18,000	Subscriptin (arrears)	150,000
	18,000		150,000

Obula Reddy M
CA-Articles
obulareddy.619@gmail.com
9666226167

Q :2

In The Books V Ltd

Dr **Realisation A/c** **Cr**

Particulars	**Amount**	**Particulars**	**Amount**
To Land & Building	445	By 10% Debentures	600
To Plant & Machinary	593	By O/S Deb Interest	30
To Furnitures &fixtures	114	By Trade Payables	170
To Inventory	380	By P Ltd (P.C) (w.no.1)	1,150
To Trade Receivables	256		
To Bank	69		
To Cash	6		
To Eq. Share Holders A/c (bal fig)	87		
	1,950		1,950

In the Books of P Ltd

Journal Entries

1	Business Purchase A/c	Dr	1,150	
	To Liquidator of V Ltd A/c			1,150
	(Being Business Purchased)			
2	Land & Building A/c	Dr	445	
	Plant & Machinary A/c	Dr	593	
	Furniture & Fixtures A/c	Dr	114	
	Inventory A/c	Dr	380	
	Trade Receivables A/c	Dr	256	
	Bank A/c	Dr	69	
	Cash A/c	Dr	6	
	General Reserve A/c (bal fig)	Dr	87	
	To 10% Debentures A/c			600
	To O/S Deb Interest A/c			30
	To Trade Payables A/c			170
	To Business Purchase A/c			1,150
	(Being Assets & Liabilities Transferred)			
3	Liquidator of V Ltd A/c	Dr	1,150	
	To Equity Share Capital A/c (64*10)			640
	To 13% Cumm.Ph.Share Capital A/c			350
	To Security Premium A/c (64*2.5)			160
	(Being Purchase consideration Dicharged)			
4	Cerditors A/c	Dr	7	
	To Debtors A/c			7
	(Being common debt cancelled)			
5	10% Debentures A/c	Dr	600	
	To 10.5% Debentures A/c			600
	(Being 10% Debentures converted into 10.5% Debentures)			

6	O/S Interest A/c	Dr	30	
	To Cash A/c			30
	(Being O/s interest Paid)			
7	General Reserve A/c	Dr	1	
	To Inventory			1
	(Being Stck reserve eliminated) (W.N.2)			
8	General Reserve A/c	Dr	2	
	To Bank A/c			2
	(Being Amalgamation Exp paid)			

Working Notes :

1 Computation of Purchase Consideration :

i). Equity Share holders	[(4/5)*12.5*80]	800
ii). Ph Share Holders	(35*10)	350
	Total P.C	**1,150**

2 Calculation of Reserve :

Stock sold to P.Ltd of 5 Lakhs on invoice Value	(5*20%)	1

Q :3 (a)

Dr Shop Stock A/c **Cr**

Particulars	Amount	Particulars	Amount
To Balance b/d	600,000	By Goods sent on Hire Purchase	1,392,000
To Purchases	1,292,000		
		By Balance C/d	500,000
	1,892,000		1,892,000

Dr Goods Sent on H.P A/c **Cr**

Particulars	Amount	Particulars	Amount
To Shop Stock A/c	1,392,000		
		By H.P .Stock A/c	1,740,000
To Hire purchase Adjestment A/c	348,000		
	1,740,000		1,740,000

Dr H.P.Stock A/c **Cr**

Particulars	Amount	Particulars	Amount
To Balance b/d	720,000	By H.P.Debtors A/c	1,220,000
To Goods sent on H.P A/c	1,740,000		
		By Balance C/d	1,240,000
	2,460,000		2,460,000

Dr H.P.Debtors A/c Cr

Particulars	Amount	Particulars	Amount
To Balance b/d	40,000		
		By Bank A/c	1,200,000
To H.P.Stock A/c (bal fig)	1,220,000		
		By Balance C/d	60,000
	1,260,000		1,260,000

Dr Hire purchase Adjestment A/c Cr

Particulars	Amount	Particulars	Amount
To Closing Stock resurve	248,000	By Opening Stock resurve	144,000
(12,40,000*25/125)		(7,20,000*25/125)	
To Profit & Loss A/c (bal fig)	244,000	By Goods Sent on H.P A/c	348,000
	492,000		492,000

Q :3 (b)

In the Books Of Brite Ltd
Journal Entrys

			Amount In Rs.Lakhs	
02/04/2012	Final Call A/c	Dr	2,000	
	To Equity Share capital A/c			2,000
	(1,000*2)			
	(Being Final Call money Due)			
02/04/2012	Bank A/c	Dr	2,000	
	To Final Call A/c			2,000
	(Being Amount Received for final call)			
01/06/2012	Capital Reserve A/c	Dr	485	
	Capital Redumption reserve A/c	Dr	1,000	
	Security Premium A/c	Dr	2,000	
	General Reserve A/c	Dr	515	
	To Bonus Call A/c			4,000
	(Being Reserves converted into bonus call)			
01/06/2012	Bonus Call A/c	Dr	4,000	
	Equity Share Capital A/c			4,000
	(Being Bonus Call converted into equity share capital)			

Balance Sheet of Brite Ltd as on 31-03-2013

Equity and Liability	Amount In Rs.Lakhs
Authorised Capital :	**20,000**
20 crore of shares Rs.10/- each	
Issued and Subscribed Capital :	
14 crore of Equity Shares Rs.10/- each	14,000
2 crore of 11% cumulative Ph.Shares Rs.10/- each	2,000
Total :	**16,000**

Obula Reddy M obulareddy.619@gmail.com
CA-Articles 9666226167

Called Up and Paid up Capital :	
14 crore of Equity Shares Rs.10/- each fully called up and Paid up (including 4 crore bonus shares)	14,000
2 crore of 11% cumulative Ph.Shares Rs.10/- each	2,000
Total :	**16,000**
Reserves and Surplus :	
General Reserve	525
Profit And Loss A/c	273
Total :	**798**

Q :4

Trading and Profit & Loss A /c for the year ended 31-03-2012

('000) **('000)**

Dr **Cr**

Particulars	***Amount***	***Particulars***	***Amount***
To Opening Stock	7,000	By Sales	35,000
To Purchases (bal fig)	14,000	By Closing Stock	8,750
To Manufacturing Expenses	1,750		
To Gross Profit c/d	21,000		
	43,750		***43,750***
To Office and Administration Expenses	7,400	By Gross Profit b/d (bal fig)	21,000
		By Commission Received	1,000
To Interest on Debentures	600		
To Provision for Taxation	7,000		
To Net Profit for the year c/d	7,000		
	22,000		***22,000***
To Proposed Divident	4,000	By Balance b/f	1,400
To Transfer to General Reserve	4,000	By Net Profit for the year b/d(b/f)	7,000
To Balance Transfer to Balance Sheet	400		
	8,400		***8,400***

Balance Sheet as on 31-03-2012

Liabilities	***Amount***	***Assets***	***Amount***
Paid up Capital	10,000	Fixed Assets :	
General Reserves :		Plant and Machinery	14,000
Balance at the beginning of the year	8,000	Other Fixed Assets (bal fig)	2,400
		Current Assets :	
Proposed addition	4,000	Stock in Trade	8,750
Profit and Loss Appropriation A/c	400	Sundry Debtors	14,000
10% Debentures	6,000	Bank Balance	1,250
Current Liabilities	12,000		
	40,400		***40,400***

Working Notes :

1. Proposed divident are 40% of the paid up capital

Paid up capital	= 10,000
Proposed Divident	= 10,000*40%
	= 4,000

2. Transfer to General Reserve is equal to proposed divident

Proposed Divident	= 4,000
Tr to General Reserve	= 4,000

3.Profit carried forward are 10% of the proposed dividents

Proposed Divident	= 4,000
Profit & loss App A/c	= 4,000*10%
	= 400

4. Net Profit (bal fig) = 7,000

5.Provision for Taxation is 50%of profits

N.P = 50% = 7,000
Provision for tax is 50%
total profit is 100% =14,000
= Provision for tax = 7,000

6.Gross Profit (bal fig) = 21,000

7.Gross profit ratio is 60%

Gross profit	= 21,000
Gross profit ratio	= 60%
Sales	= (21,000/60%)
	= 35,000

8.Closing stock is 25% of sales

Sales	= 35,000
Closing stock	= 35,000*25%
	= 8,750

9.Purchases (bal fig) = 14,000

10.General Reserve at the beginning of the year is twice the amount transferred from the current year profits

= 2*(4,000)
= 8,000

11.Interest on Debentures = 600
Interest rate = 10%
Debentures Principal amount = 600/ 10%
= 6,000

12.Ratio of Current Liabilities to Debentures is 2:1

=(C.L/ Debentures) =2/1
= C.L. =2*Debentures
=2 *6,000
=12,000

13.Current Ratio 2:1

=(C.A/ C.L) = 2/1

= C.A. = 2* C.L.

= 2* 12,000

= 24,000

14.Total Current Assets = 24,000

= Sundry Debtors (bal fig) = 14,000

15.Total Liabilities = 40,400

= Total Assets = 40,400

= Other Fixed Assets (bal fig) = 2,400

Q :7 (a)

Base Date = 15th March ,2012

Due Date	No of days from base date	Amount	Products
15th March , 2012	0	7,000	-
5th April , 2012	21	12,000	252,000
25th April , 2012	41	30,000	1,230,000
11th June , 2012	88	20,000	1,760,000
	Total	69,000	3,242,000

Average Due Date = Base Date +(Total Products / Total Amount)

= 15 th mar +(32,42,000/69,000)

= 15 th mar + 47 days

= 1st May , 2012

Payment Date = 30 th june , 2012

Time Gap B/w Due date to payment Date = 60 Days

= Interest = 69,000*10%*(60/365)

= 1,134

Total Full Payment along with the interest is 70, 134

Q :7 (b)

Trading and Profit & Loss A/c for the year 31-03-12

Dr **Cr**

Particulars			**Amount**	**Particulars**			**Amount**
To Open. Stock	=	28,500		By Sales	=	249,000	
Less: Ex.Item	=	(6,500)	22,000	Less: Ex.Item	=	(9,000)	240,000
To Purchases			152,500				
To Manufacturing Exp			30,000				
To Gross Profit			48,000	By Closing Stock (bal fig)			12,500
(2,40,000*20%)			252,500				252,500
				By Gross Profit			48,000
To Selling Exp			12,100				
To Administrate Exp			6,000				
To Financial Exp			4,300				

Obula Reddy M
CA-Articles
obulareddy.619@gmail.com
9666226167

To Net Profit (bal fig)	25,600		
	48,000		48,000

Value of the closing Stock as on 31-03-2012 is 12,500

Q :7 (c)

Computation Of Cost of Fixed Asset :

Materials	1,600,000
Direct Expenses	300,000
Direct Labour [6,00,000*(1/5)]	120,000
Office & Admin.Exp (9,00,000*4%)	36,000
Depreciation on assets	15,000
Total Cost Of the fixed Asset	**2,071,000**

Q :7 (d)

Items that are to be excluded in determination of the cost of inventories as per AS - 2 : Valuation of Inventories :

1 . Abnormal amounts of wasted materials , labour or other production cost.
2 . Storage costs unless those cost are necessary in production process prior to a further production stage.
3 . Administrative overheads that does not contribute to bringing the inventories to their present location and condition.
4 . Selling & distribution costs

Q :7 (e)

Disadvantages of Pre-packaged Accounting Software :

1 . Does not cover peculiarities of specific business
2 . Does not cover all functional areas
3 . Customization may not be possible in most such software
4 . Reports generated are not sufficient or serve the purpose
5 . Lack of security
6 . Bugs in the software

Obula Reddy M
CA-Articles
obulareddy.619@gmail.com
9666226167

Q :6

Dr **RevaluationAccount** Cr

Particulars		Amount	Particulars	Amount
To P.B.D.D.		5,400	By Land & Building	200,000
To Prov. For Ex-Employ compensation		5,000		
To Partners Capital A/c :				
Atul -	94,800			
Balbir -	56,880			
Chatur -	37,920	189,600		
		200,000		200,000

Dr Partners Capital A / c Cr

Particulars	***Amount***			***Particulars***	***Amount***		
	Atul	***Balbir***	***Chatur***		***Atul***	***Balbir***	***Chatur***
To Goodwill	-	96,000	64,000	By Bal b/d	625,000	375,000	250,000
				By General Resurve	50,000	30,000	20,000
To Bank (8,09,800/2)	404,900	-	-	By Revaluation A/c	94,800	56,880	37,920
				By Goodwill	40,000	24,000	16,000
To 10% Loan A/c	404,900			By Bank	-	180,000	120,000
To Bal c/d	-	569,880	379,920				
	809,800	***665,880***	***443,920***		***809,800***	***665,880***	***443,920***

Dr **Bank A / c** Cr

Particulars	**Amount**	**Particulars**	**Amount**
To Balance b/d	152,600	By Atul Capital A/c	404,900
To Balbir Capital A/c	180,000		
To Chatur Capital A/c	120,000	By Balance c/d	47,700
	452,600		**452,600**

Balance Sheet as on 31-03-2012

Liabilities	**Amount**	**Assets**		**Amount**
Balbir Capital	569,880	Land and Building		900,000
Chatur Capital	379,920	Furniture		165,000
		Stock		286,000
Atul 10% Loan	404,900	Trade Debtors	180,000	
Trade Creditors	210,000	Less:Prov. Bad Debts	(9,000)	171,000
To Prov. For Ex-Employ compensation	5,000	Cash at Bank		47,700
	1,569,700			**1,569,700**

Obula Reddy M
CA-Articles

obulareddy.619@gmail.com
9666226167

Q :5 (a)

In The books T.Shekaram

Dr **Investments held in V.ltd for the year ended 31-03-2012** Cr

Date	Particulars	Cost	Divident	Date	Particulars	Cost	Divident
1-Apr-11	To bank (w.n.1)	615,000	-	31-Mar-12	By Bank (w.n.2)	220,500	-
31-Jan-12	To Bonus (2500) (5,000*1/2)	-	-				
31-Mar-12	To P & L A/c (bal fig)	15,500	-	31-Mar-12	By Balance C/d (w.n.3)	410,000	-
		630,500	-			630,500	-

Working Notes :

1 Purchase of investments on 01-04-2011 :

Purchase prise (5000*120)	600,000
(+) Brokerage (6,00,000*2%)	12,000
(+) Stamp duaty (6,00,000*0.5/100)	3,000
Total Purchase prise	615,000

2 Sale value of shares as on 31-03-2012 :

Sale Prise (2500*90)	225000
(-) Brokerage (2,25,000*2%)	4500
Net Sale value	220500

3 Computation of closing value of shares :

A.Cost of Shares [6,15,000*(5,000/7,500)]	410,000
B.Market prise (5,000*90)	450,000

Closing value = 410,000

Q :5 (b)

Calculation of insurance clain for loss of stock :

a).Calculation of Gross Profit Ratio :

Dr **Trading and Profit & loss A/c for the year ended 31-03-2012** Cr

Particulars	Amount	Particulars	Amount
To Opening Stock	710,500	By Sales	8,000,000
To Purchases	5,679,600		
		By Closing Stock	790,100
To Gross Profit C/d	2,400,000		
	8,790,100		8,790,100

Obula Reddy M obulareddy.619@gmail.com
CA-Articles 9666226167

Gross Profit Ratio = (G.P/Sales)*100

= (24,00,000/80,00,000)*100

= 30%

b).Calculation of Closing Stock as on 29-08-2012 :

Dr **Mamorandum Trading and Profit & loss A/c from 01-04-2012 to 29-08-2012** Cr

Particulars		Amount	Particulars	Amount
To Opening Stock		790,100	By Sales	4,536,000
To Purchases	3,310,700			
(-) Sample Advertising	(41,000)			
(-) Personal use	(2,000)	3,267,700		
			By Closing Stock	882,600
To Gross Profit C/d		1,360,800		
(45,36,000 *30%)		5,418,600		5,418,600

c).Computation of claim for Loss of Stock :

a).Stock as on 29-08-2012	882,600
b).(-) Salvaged value of Stock	(108,000)
c). Net Stock Damaged	774,600
d).(+) Fire fitting Exp.	4700
e).Total loss of stock to be claimed	779,300

d).Calculation of Final claime :

Total loss of stock to be claimed is not exceed the polacy amount
So total amount an be claimed

Total claime Amount is 7,79,300 /-

Obula Reddy M
CA-Articles

obulareddy.619@gmail.com
9666226167