CHAPTER 1: STOCK VALUATION

Q.1. Assume that a firm has just completed its first financial year and is about to value stock at cost price. It has dealt in only one type of goods. A record of the transactions is as follows:

Purchases		Sales	
January, 2002	100 units @ Rs.3	May, 2002	80 units @ Rs.5
April, 2002	100 units @ Rs.3.40	November, 2002	240 units @ Rs.6
October, 2002	200 units @ Rs.4		

Ascertain the value of stock as per FIFO Method

Q.2. Ashoka Limited has purchased and issued the materials in the following order:

Month	Date	Particulars	Units	Cost Per Unit
January	1	Purchases	300	3
January	4	Purchases	600	4
January	6	Issues	500	---
January	10	Purchases	700	4
January	15	Issues	800	---
January	20	Purchases	300	5
January	23	Issues	100	---

Ascertain the quantity of closing stock as on 31st January and state what will be the value under First in First out method.

Q.3. The following receipts and issues were made of a new item of stores:

Date	Receipts		Issues Quantity
	Quantity (in units)	Cost (Rs.)	
1^{st} January	1,000	1,000	----
1^{st} February	1,000	800	----
28^{th} February	----	----	1,200
1^{st} March	1,000	1,200	----
31^{st} March	----	----	1,200

Value the stock when issues are priced on FIFO basis

Q.4. The stock on hand of a material as on 1.9.2002 was 500 units at Re.1 per unit. The following purchases and issues were subsequently made. Value stock under FIFO method.

Date	Purchases	Date	Issues
06.09.2002	100 units @ Re.1.10	09.9.2002	500 units
20.09.2002	700 units @ Re.1.20	22.9.2002	500 units
27.09.2002	400 units @ Re.1.30	30.9.2002	500 units
13.10.2002	1,000 units @ Re.1.40	15.10.2002	500 units
20.10.2002	500 units @ Re.1.50	22.10.2002	500 units
17.11.2002	400 units @ Re.1.60	11.11.2002	500 units

Q.5. Prepare Stock Records on Weighted Average Method basis for the following.

Purchases for March 2003			Sales for March 2003		
Date	Units	Rate Per Unit	Date	Units	Rate Per Unit
1	500	18	2	200	22
4	700	20	7	500	25
9	900	18	11	400	21
15	300	25	18	800	28
25	200	20	27	500	25
31	500	25			

Q.6. From the following particulars, prepare stores ledger by weighted average method.

Date	Particulars
04.01.2002	Purchased 40 units at Rs.30 p.u
17.01.2002	Purchased 60 units at Rs.28 p.u

20.01.2002	Sale of 50 units
22.01.2002	Purchased 80 units at Rs.29 p.u.
25.01.2002	Sale 80 units
28.01.2002	Sale 20 units
30.01.2002	Purchased 100 units at Rs.26 p.u.
31.01.2002	Sale 90 units.

The stock on 01.01.2002 was 50 units valued at Rs.25 each.

Q.7. From the following details available, prepare Stores Ledger Account pricing the materials issued under FIFO & Weighted Average Method.

Date	Particulars	Rate
1/1/2003	Balance 600 Kgs.	@ Rs.4 per Kg.
2/1/2003	Received 200 Kgs.	@ Rs.4 per Kg.
5/1/2003	Received 800 Kgs.	@ Rs.5 per Kg.
8/1/2003	Received 400 Kgs.	@ Rs.6 per Kg.
9/1/2003	Issued 1,000 Kgs.	
10/1/2003	Received 1,200 Kgs.	@ Rs.7 per Kg.
11/1/2003	Issued 400 Kgs.	
14/1/2003	Issued 1,200 Kgs.	

Q.8. Given below are the particulars of purchases, sales and opening stock of Item A, Item B and Item C of Stock of M/s Girish Traders for the month ending 30/4/1999.

Particulars	A		B		C	
	Units	Rate	Units	Rate	Units	Rate
Opening Stock	400	4	1200	6	1500	2
Purchases:						
April 5	500	3	600	7	500	2.5
April 20	400	5	800	7.5	1000	3
April 26	300	5	500	8	400	2.5
Sales:						
April 4	200		600		800	
April10	400		1000		750	
April 18	100		100		300	
April 25	250		500		400	
April 29	400		300		500	

Value closing stock applying FIFO to A & B & Weighted Average to C.

Q.9. On 1st October, 2000, the Bangalore Till Co. had 10,000 lbs. of tin @ Rs.2 per lb. Further purchases were made during the month as follows:

Date	Quantity	Rate
4th October	2,000 lbs	@ Rs.2.50 per lb
10th October	6,000 lbs	@ Rs.2.00 per lb
20th October	10,000 lbs	@ Rs.3.50 per lb

The issues to manufacture were as follows:

12th October 16,000 lbs.

22nd October 10,000 lbs. @ Rs.3.50 per lb.

Write the stores ledger cards for above transactions based on Weighted Average Method

Q.10. The stock on hand as on 1-8-2000 was 500 units @ Rs.100 per 100 units. Prepare necessary statement to calculate the value under Weighted average method if:
a) Perpetual Inventory System is followed b) Periodic Inventory system is followed.

Purchases			Issued	
Date	Units	Rate	Date	Units
06/08/2000	100 units	@ 1.10 p.u.	08/08/2000	500 units
20/08/2000	700 units	@ 1.20 p.u.	22/08/2000	400 units

27/08/2000	400 units	@ 1.30 p.u.	30/08/2000	250 units
13/09/2000	1,000 units	@ 1.40 p.u.	15/09/2000	1,350 units
20/09/2000	500 units	@ 1.50 p.u.	21/09/2000	600 units
22/09/2000	400 units	@ 1.60 p.u.	24/09/2000	200 units

Q.11. Find out value of stock on 30th June,1999 for Final accounts under Weighted average method if: (a) Perpetual Inventory System (b) Periodic Inventory system is followed

Date	Purchases/Sales	Units	Price in Rs. per unit
June 1	Opening Stock	600	6
June 2	Sales	250	---
June 5	Purchases	900	5.75
June 10	Sales	500	---
June 12	Sales	150	---
June 18	Purchases	550	6.50
June 21	Sales	250	---
June 24	Purchases	400	7.00
June 26	Purchases	500	7.20
June 29	Sales	700	---

Q.12. The following is the record of receipts & sales of certain goods during April, 2001:

Date	Receipts
1.4.2001	Opening Stock 500 units @ Rs.8 per unit
2.4.2001	Purchased 600 units @ Rs.10 per unit
4.4.2001	Purchased 100 units @ Rs.10.20 per unit
6.4.2001	Purchased 200 units @ Rs.10.50 per unit
Date	**Sales**
3.4.2001	300 units
5.4.2001	400 units
7.4.2001	400 units

Stock verification on 3rd April revealed loss of 10 units. Show the cost of goods sold and the valuation of stock on 7th April,2001 under FIFO and Weighted Average methods.

Q.13. Following are the purchases and sales of sugar in the month of March, 2003. Prepare a statement showing issue prices and valuation of stock on the basis of 'FIFO' method and Weighted Average method.

Date	Purchases	Rate Per Kg.	Sales (Kgs.)
1.3.2003	600	4	---
4.3.2003	---	---	300
5.3.2003	300	3.80	---
10.3.2003	---	---	200
18.3.2003	200	4.10	---
22.3.2003	---	---	500
30.3.2003	300	4.30	---
31.3.2003	----	----	200

Out of purchases on 5th March, 20Kgs. were returned to the supplier on 8th March.

Q.14. The following are the details of the receipt & issue of a Chemical in the Chemical manufacturing Co, from the month of December, 2001.

Dec.1	Opening Balance	500 tons @ Rs.200
Dec.3	Issue	70 tons
Dec.4	Issue	100 tons
Dec.8	Issue	80 tons
Dec.13	Received from supplier	200 tons @ Rs.190
Dec.14	Returned from factory	15 tons
Dec.16	Issue	180 tons

Dec.20	Received from supplier	240 tons @ Rs. 190
Dec.24	Issue	300 tons
Dec.25	Received from supplier	320 tons @ Rs.190
Dec.26	Issue	115 tons
Dec.27	Returned from factory	35 tons
Dec.28	Received from supplier	100 tons @ Rs.190

Issues are to be priced on the Principle of 'FIFO'. The stock verifier had found a shortage of 10 tons on 22nd December,2001. Draw up a stores ledger showing above transactions.

Q.15. Prepare statement of stock by FIFO & Weighted Average Method.

Date	Particulars	Qty.(units)	Rate (per unit)
1.3.2001	Opening balance	1,000	Rs.10
3.3.2001	Lost by theft	100	Nil
5.3.2001	Bought	500	Rs.15
8.3.2001	Sold	1,350	Rs.20
15.3.2001	Sales Return	100	Rs.20
18.3.2001	Bought	800	Rs.18
22.3.2001	Sold	200	Rs.22
24.3.2001	Sold	450	Rs.25
27.3.2001	Drawings	50	Nil
28.3.2001	Bought	300	Rs.22
29.3.2001	Purchase Return	100	Rs.22
31.3.2001	Sold	200	Rs,25

VALUATION OF STOCK AS PER RECONCILIATION METHOD

Q.1. Mr. Dinesh closes his financial books on 31st December every year. In 2002, stock taking was completed on 26th December and the value of it came to Rs.40,000. The following transactions took place between 27th December and 31st December 2002.

1. Purchases made during this period amounted to Rs.1,500.
2. Sales during this period amounted to Rs.1,200 which is cost + 33 1/3%

Find out the value of stock on 31st December,2002.

Q.2. Ever-Ready closes his books of accounts on 31st December every year, but the actual stock taking is not done up to 10.1.2003 was Rs.35,000. With the help of the following information, find the value on 31.12.2002. 25% gross profit on cost is earned.

1. Sales effected between 31st Dec.,2002 and 10th Jan.,2003 amounted to Rs.1,800
2. Purchases made during the above period Rs.500.
3. Sales Returns during the above period Rs.250.
4. Purchases Returns during the above period Rs.50.

Q.3. Mr. Gopal prepares accounts annually on 31st December, but the stock taking took place on the 6th Jan., 2003. The stock in trade on 6th Jan., 2003 amounted to Rs.36,500. From the following particulars, ascertain the value of stock on 31st Dec 2002.

1. Sales from 1st Jan. to 6th Jan., 2003 amounted to Rs.4,000.
2. Goods sent on approval at selling price amounted to Rs.3,000.
3. Purchases made during the above period as per purchase book amounted to Rs.7,000.
4. The above purchases include goods worth Rs.1,500 which were not actually delivered but the invoice was received and entries made in the purchase book.
5. The ratio of gross profit to turnover is 30%.

Q.4. Mohan prepares accounts annually on 31st March, but the stock-taking takes place on the following week-end.

The stock taking for the year ended 31st Mar, 2003 was made on 6th April, 2003, on which date the value of stock found in the premises was Rs.35,970. You are to ascertain the following further particulars:

a) Sales during the period from 1st April to 6th April, 2003, Rs.3,000 and goods sent on approval at selling price Rs.2,000..
b) Purchases during the same period as per Purchases Day Book Rs.6,000.
c) Included in the above purchases were goods worth Rs.2,000 which were not actually delivered, but invoice was received & accordingly entries made in Purchases Day Book.
d) The average ratio of gross profit to turnover is 30%.

You are required to ascertain the value of stock on 31st March, 2003.

Q.5. A firm had to take complete stock on 31st March,2002. Stock 0n 21st March,2002 as disclosed by the storekeeper, was disclosed at Rs.67,640. You are required to value the stock as on 31st March, with the help of following information :-

1) Goods purchased from 21st March 2002 to 31st March 2002 amounted to Rs.4,820 out of which goods worth Rs.1,900 were received on 2nd April.
2) Unsold stock in the hands of consignee 31st March,2002 was valued at Rs.3,200.
3) Sales during the period 24th March,2002 to 31st March,2002 amounted to Rs.16,800 including Rs.3.600 for goods sent on approval half of which were still returnable on 31st March,2002. The firm sells goods at cost plus 25% but there was one lot of goods which had cost Rs.2,800 but had to be sold at a loss of Rs.1,600 due to damage. The stock as on 21st March 2002 included these goods at cost.

Prepare a statement showing the actual value of stock as on 31st March,2002.

Q.6. A firm has conducted physical verification of stock on March21,1999 and valued at Rs.67,460 . You are required to value the stock as on March 31,1999 with the help of the following information:

a) Goods purchased from 21/3/1999 to 31/3/1999 amounted to Rs.4820 out of which goods worth Rs.1,900 were received on 2/4/99.
b) Unsold stock in the hands of consignee on 31/3/99 was valued at Rs.3,200 it was supplied to him on 1/3/1999.
c) Sales during the period from 21/3/99 to 31/3/99 amounted to Rs.16,800 including Rs.3,600 for goods sent on approval. Half of these goods were approved as on 31/3/99.
d) The firm sells goods at cost plus 25%.

Prepare a statement showing the actual value of stock as on 31/3/1999.

Q.7. W Ltd. Made up their annual accounts to 31st Dec,1999. It was not possible to take a physical inventory up to15th Jan 2000 on which date the total stock shown by summary of stock sheets was Rs.6,28,200 at cost. The rate of gross profit earned was 33 1/3% on selling price. The audit disclosed that:

1) Goods of the value of Rs.16,800 had been received from suppliers during fourteen days from 1st to 14th January,2000 of which Rs.7,200 related to goods, the invoices for which were dated December,1999 and which had been included in creditors as on that date.
2) Sales for these 14 days were Rs.37,200 out of these sales, goods of the value Rs.1,800 were returned on 12th Jan,2000 and the necessary credit notes were issued on that date.
3) A sub total of Rs.16,800 were carried to stock summary at Rs.18,600. Such mistake occurred twice.
4) One stock sheet was overcast by Rs.2,000 and one undercast by Rs.1,000.
5) The stock sheet included an item of 1200 articles prices at Rs.10 per dozen which had been extended in error as Rs.10 each.
6) On 26/12/1999 goods of sales price of Rs.9,600 had been sent to B ltd. on approval. They were neither taken in stock nor were any entries passed in the books.
7) The stock included goods of Rs.7,200 held for processing & were infact property of G ltd.
8) It had been agreed to take back from C ltd. Goods which had been invoiced to them at Rs.10,200 but which on 31st December had neither been returned nor any credit notes

been issued. You are required to prepare a statement showing the amount at which stock should be included in the final accounts for year ended 31/12/1999.

Q.8. At the time of preparation of Final accounts of Black and White Ltd. for the year ended 30th June,1999. The stock was physically taken on 5.7.99 and was valued at Rs.16,420. Further investigation revealed that:

1. The rate of Gross profit earned was 20% on S.P.
2. For the period 1st July to 5th July 1999, sales and sales returns were Rs.7,300 and Rs.850 respectively.
3. During these 5 days, the suppliers had sent in goods worth Rs.5200.Of these, invoices for the goods worth Rs.3400 were for June,1999 and Rs.1800 were for July,1999.
4. The stock sheets showed 200 units priced at Rs.8.75 valued at Rs.1,000.
5. The total of one stock sheet amounting to Rs.3,000 had not been carried to the summary and the total of another namely Rs,1500 had been included in the summary at Rs.1,800.
6. Goods of the value of Rs.3250 at selling price had been sent in June,1999 to a customer on approval .No entries as regards this transaction have been made in the books and neither were the goods included in stock.

You are required to ascertain the figure of stock for the purpose of Balance sheet as on 30.6.1999.

CHAPTER 2: CAPITAL & REVENUE - EXPENDITURE & INCOMES

Q.1. State with reasons whether the following are capital or revenue or deferred revenue expenses:

(1) Payment for purchase of goods.
(2) Payment for purchase of stationery.
(3) Payment for purchase of car.
(4) Payment of heavy inaugural expenses.
(5) Partial refund of capital to a partner.
(6) Repayment of loan taken earlier.
(7) Payment of Salaries.
(8) Wages paid of erection of machinery.
(9) Expenses for air-conditioning a cinema hall.
(10) Expenses for increasing the seating capacity of an auditorium.
(11) Expenses on replacing or repairing the damaged seats of a theatre.
(12) Cost of experiments.
(13) Expenses for preparing a project report.
(14) Amount spent on uniform of workers.
(15) Expenditure for training workers for better running of machinery.
(16) Bad debts written off

Q.2. State whether the following expenses are Capital, Revenue or Deferred Revenue with reasons supporting your answer?

(1) Legal expenses incurred in connection with issue of capital.
(2) Cost of replacement of a defective part of the machinery.
(3) Expenditure incurred for repairing cinema screen.
(4) White-washing of the factory building.
(5) Expenses for painting of a new factory building.
(6) Cost of Stores consumed in manufacturing machinery for installation in own factory.
(7) Premium paid in connection with acquisition of leasehold premises.

Q.3. State with reasons the nature of each of the following expenses:

(1) Wages paid for construction of the building extension.
(2) Import duty on raw material purchased.
(3) Cost of changing the petrol engine of a car to a diesel engine.
(4) Cost of redecorating a cinema house and improving its seating capacity.
(5) Cost of alteration to a cinema hall in accordance with the changes in municipal law.

Q.4. State whether the following incomes are capital or revenue with reasons:

(1) Receipt of commission.
(2) Receipt of a loan
(3) Receipt of Capital from a partner.
(4) Sale proceeds of goods.
(5) Recovery of a debt previously written off as bad debts.
(6) Proceeds of machinery sold at a loss.
(7) Rent received in advance
(8) All receipts normally found in Profit & Loss Account.
(9) Gift received from father of Proprietor was deposited in bank Account of the concern

Q.5. Management of Mahatma College, Thane has started a new information & Technology Center recently for the benefit of the students. State whether the following are Capital or Revenue. Give reasons to support your answer.

(1) A new building is constructed in the college campus only & amount incurred for the ultra modern design of the building Rs.75,000/-
(2) The center purchased 30 Computers at a cost of Rs.8,00,000/-

(3) Management appointed 10 instructors at a salary of Rs.7,000/- p.m.
(4) Management charged fees at a concessional rate & received Rs.70,000/- as monthly fees from the students & Rs.30,000 as admission fees.
(5) Management received Rs.2,00,000 as donation from various sources.
(6) Rs.1,00,000 were incurred for furniture.
(7) Computer maintenance contract was given to Zenith Agencies for Rs.1,00,000 for 3 years.
(8) Internet connections taken through VSNL at a cost of Rs.80,000. **(Birla 2014)**

Q.6. State whether the following are Capital or Revenue.
(1) Replacement of worn out Tyre of delivery van.
(2) Claim received from Insurance Co. on fire destroying one machine.
(3) Gift received from a relative.
(4) Renewal of factory licence. **(R.K.T 2014)**

Q.7. State whether the following are capital, revenue or deferred revenue; give reasons:
1. Cost of purchasing copyright from author Rs. 1,00,000/-
2. Installed freezer container Rs.35,000/- in place of ordinary container in a truck to enable transport of mills.
3. Legal expenses of Rs.5,000/- in action for infringement of Trade Marks.
4. Bad debts previously written off, now recovered Rs.1,000/-

Q.8. State giving reasons whether you will consider the following Items as Capital, Revenue or deferred revenue:-
1. Import duty on Purchase of Machinery Rs.20, 000/-
2. Registration charges paid on Purchase of Immovable property Rs.1, 00,000
3. Brokerage Paid on sale of shares by Stock Dealer Rs.100/-
4. Water proofing expenses incurred by co-operating Housing Society on terrace repairs for five years Rs.2, 50,000.
5. Workmen Compensation paid to employees on voluntary retirement Rs.6, 00,000.

(Birla 2012)

CHAPTER 3: FINAL ACCOUNTS OF A SOLE TRADER

Q.1. From the following Trial Balance of Ashok, you are required to prepare Trading and Profit & Loss Account for the year ended 31st March, 1995 and the Balance Sheet as on that date after taking into account the additional information: -

TRIAL BALANCE as on 31st March, 1995

Account	Debit (Rs.)	Credit (Rs.)
Capital		1,65,000
Drawings	12,225	
Stock	1,00,000	
Bills Receivable & Payable	12,500	30,000
Purchases and Sales	1,37,500	2,00,000
Returns	2,500	2,250
Machinery	50,000	
Loose Tools	12,500	
Patents	12,500	
Sundry Debtors & Sundry Creditors	62,500	70,000
Cash in Hand	1,275	
Bank of Baroda	37,500	
Salaries	5,500	
Wages	9,500	
Rent and Taxes	3,750	
Insurance	1,500	
Printing and Stationery	1,000	
General Expenses	3,250	
Power and Fuel	1,750	
	4,67,250	4,67,250

Additional Information:

1. Depreciate Patents by 15% and Machinery @ 5%.
2. Loose Tools are revalued at Rs.10,000.
3. Doubtful Debts are to be provided @ 5%.
4. Prepaid Insurance Rs.375.
5. Outstanding Expenses: Salaries - Rs.1250, Wages - Rs.500, Stationery - Rs.250
6. Stock at the end, Rs.65,000 (market value Rs.70,000).
7. Proprietor has taken goods worth Rs.2,500 for his personal use for which no entry is passed in the books.
8. Goods costing Rs.2,500 were destroyed in the flood. The Insurance Co. admitted the claim for Rs.1,750 in full settlement in April, 1995.

Q.2. Ganesh Corporation's Trial Balance as on 31st December,2004 is given below :

Particulars	Debit (Rs.)	Credit (Rs.)
Stock on 1st January,2004	52,000	
Purchase and Purchase return	1,50,000	400
Rent and Rates	4,000	
Salaries	15,000	
Wages	24,000	
Sundry Expenses	840	
Printing and Stationery	1,640	
Commission Received		3,000
Sundry Debtors	36,000	
Sundry Creditors		29,670
Capital		1,24,000
Drawings	10,000	
Sales		2,41,000

Bills Receivables	3,200	
Freehold Land and premises	38,600	
Discount Allowed and Received	6,580	4,600
Office Furniture	3,050	
Cash at Bank	54,660	
Cash on Hand	3,400	
	4,02,970	4,02,970

Prepare Final Account after considering following adjustment:

a) Provide for wages Rs. 5,000 and rent accrued Rs. 500/-
b) Depreciation Office furniture @ 10% p.a. and Freehold Land and premises @ 5%p.a.
c) Pre-paid taxes Rs. 200/-
d) Stock on 31st December,2004 was Rs. 58,000.
e) Charge Interest on Capital @ 5% p.a. and Drawings Rs.300/- **(RKT 2005)**

Q.3. The following is the schedule of balances as on 31st March, 1995 extracted from the books of Shri. Gavaskar, who carries on business under the name and style of Messrs. Gavaskar Vishwanath & Co. at Mumbai:

Particulars	Debit (Rs.)	Credit(Rs.)
Cash in Hand	1,400	
Cash at Bank	2,600	
Sundry Debtors	86,000	
Stock as on 1.4.1994	62,000	
Furniture and Fixtures	21,400	
Office Equipments	16,000	
Buildings	60,000	
Motor Car	20,000	
Sundry Creditors		43,000
Loan from Vishwanath		30,000
Reserve for Bad Debts		3,000
Purchases	1,40,000	
Purchases Returns		2,600
Sales		2,30,000
Sales Returns	4,200	
Salaries	11,000	
Rent for Godown	5,500	
Interest on loan from Vishwanath	2,700	
Rates and Taxes	2,100	
Discount allowed to Debtors	2,400	
Discount received from Creditors		1,600
Freight on Purchases	1,200	
Carriage Outwards	2,000	
Drawings	12,000	
Printing and Stationery	1,800	
Electric Charges	2,200	
Insurance Premium	5,500	
General Office Expenses	3,000	
Bad Debts	2,000	
Bank Charges	1,600	
Motor Car Expenses	3,600	
Capital Account		1,62,000

(1) Depreciate: - (a) Building used for business by 5%. (b) Furniture and Fixture by 10%
(c) Office Equipment by 15% (d) Motor Car by 20%.

(2) Value of Stock at the close of the year was Rs.44,000.

(3) Reserve for bad debts is to be maintained at 5% of Sundry Debtors.

(4) Insurance premium includes Rs.4,000 paid towards Proprietor's Life Insurance Policy.

Q.4. The following is the Trial Balance of X at 31st March, 1995 and it is desired to prepare Final Accounts showing the results of the transactions for the year :-

Debit Balances	Rs.	Credit Balances	Rs.
Plant and Machinery	5,000	Capital	4,000
Office Furniture & Fitting	260	Sales	48,000
Opening Stock	4,800	Bills Payable	560
Motor Van	1,200	Sundry Creditors	5,200
Sundry Debtors	4,570	Provision for Doubtful Debts	250
Cash in Hand	40	Returns Outward	550
Cash at Bank	650	Discount Received	370
Wages : Factory	15,000		
Office	1,400		
Purchases	21,350		
Bills Receivable	720		
Returns Inward	930		
Drawings	700		
Rent	600		
Factory Lighting & Heating	80		
Telephone	35		
Insurance	30		
Advertising	565		
General Expenses	100		
Bad Debts	250		
Discount Allowed	650		
	58,930		58,930

(1) Stock on 31st March, 1995 Rs. 5,200.
(2) Rent due, but not paid on 31st March, 1995 Rs.200.
(3) 3 months' Factory Lighting and Heating due but not paid Rs.30.
(4) Insurance paid in advance Rs.10.
(5) 10% depreciation to be written off on Plant and Machinery and 5% on Furniture.
(6) 25% depreciation to be written off on Motor Van.
(7) Write off further bad debts Rs.70 & R.D.D to be increased to Rs.300.

Q.5. From the following Trial Balance of M/s Laxmi Enterprises prepare Trading and Profit and Loss Account for the year ended 30th June 2004 and the Balance Sheet as on that date:

Particulars	Debit	Credit
Capital	--	1,00,000
Drawings	3,000	--
Leasehold Property	80,000	--
Purchases and Sales	1,90,000	3,02,000
Returns	6,000	4,000
Shop Fittings	24,000	--
Repairs and Renewals	4,000	--
Opening Stock	44,000	--
5% Government Bonds	24,000	--
Debtors and Creditors	70,400	50,400
Advertisement	10,800	--
Rent, Rates and Insurance	1,600	--
Prepaid Rent	1,000	--
Discount	--	2,000
Reserve for Bad Debts	--	1,600
Bills Receivable	1,200	--
	4,60,000	4,60,000

i. Write off further bad debts Rs.400. Reserve for Bad and Doubtful debts is to be maintained @ 5% on debtors.
ii. Rent, Rates and Insurance includes insurance Rs.200 paid for the next year.
iii. Goods supplied to proprietor were wrongly included in debtors Rs.300.
iv. Sales include sale of Rs.16,000 on return basis for which reply is not received from customer till the end of the year. These goods were sold at a profit of 33.33% on cost.
v. Stock on 30th June 2004 at a cost of Rs.10,000 and market value Rs.12,000. **(R.K.T 2014)**

Q.6. The following is the Trial Balance of M/s. Kasturi Agencies as on 31st March, 1995. Prepare Trading, Profit & Loss Account for the year ended 31st March, 1995 and a Balance Sheet as on that date.

Accounts	Debit (Rs.)	Credit (Rs.)
Capital		1,00,000
Buildings	15,000	
Drawings	18,000	
Furniture and Fittings	7,500	
Motor Van	25,000	
Loan from Hari @ 12% interest		15,000
Interest paid on above	900	
Purchases	75,000	
Opening Stock	25,000	
Establishment Expenses	15,000	
Wages	2,000	
Insurance	1,000	
Commission Received		7,500
Sundry Debtors	28,100	
Bank Balance	20,000	
Sundry Creditors		10,000
Sales		1,00,000
	2,32,500	2,32,500

Adjustments:
(a) The value of closing stock on 31.3.1995 was Rs.32,000.
(b) Outstanding Wages Rs.500.
(c) Prepaid Insurance Rs.300.
(d) Commission received in advance Rs.800.
(e) Allow interest on original capital @ 10%.
(f) Depreciate Building at 2½ %, Furniture and Fittings at 10%, Motor Van at 10%.
(g) Charge interest on drawings Rs.500.
(h) Maintain reserve for discount on Creditors @ 2%.

Q.7. Following is the Trial Balance of M/s. Ramanlal as on 31st March, 1995.

Particulars	Debit (Rs.)	Credit (Rs.)
Capital Account		1,96,000
Drawing Account	12,000	
Land	50,000	
Building	1,05,000	
Furniture	5,000	
Office Equipment	30,000	
Machinery	1,50,000	
Car	90,000	
Opening Stock	75,000	
Purchase and Sales	4,80,000	7,20,000
Office Rent	12,000	
Rent and Taxes	11,000	
Office Expenses	18,000	

Debtors and Creditors	60,000	40,000
Repairs to Machinery	12,000	
Investment @ 10%	1,00,000	
Income from Investment		5,000
Cash on Hand	600	
Bank	11,000	
Postage and Telephones	4,200	
Discount	2,000	1,000
Advertisement	7,000	
Carriage Inwards	2,000	
Salaries	24,000	
Insurance	1,200	
Loan from Smt. Ramabai		3,00,000
	12,62,000	12,62,000

(1) Closing Stock Rs.1,40,000.
(2) Salary includes Rs.2,000 for March, 1994.
(3) Outstanding Expenses: Salaries Rs.2,000; Wages Rs.3,000
Telephone Expenses Rs. 600; Rent Rs.6,000
(4) Prepaid Insurance Rs.600.
(5) Depreciate: Building @ 5% ; Furniture @ 10%; Office Equipment @ 33.33%
Machinery @ 33.33%; Car @ 33.33%
(6) Goods costing Rs.5,000 were used by Shri Ramanlal for personal use.

Prepare Trading and Profit & Loss A/c for the year ended 31st Mar,95 and the Balance Sheet

Q.8. Following are some of the items extracted from the books of Alok as on 31.12.99. Prepare a Manufacturing account and Trading account for the year ending 31.12.99

No	Particulars	Rs.
1.	Stock as on 1st January, 1999:	
	Raw materials	14,700
	Work-in-progress	6,650
	Finished Goods	10,850
2.	Purchases of Raw materials	59,500
3.	Carriage on Purchases	1,050
4.	Lighting	945
5.	Plant & Machinery	49,000
6.	Sales	1,17,040
7.	Direct Wages	9,100
8.	Repairs to Plant	770
9.	Rent, rates and taxes	4,200
10.	Sale of scrap	1,750
11.	Stock as on 31st December, 1999:	
	Raw materials	11,340
	Work-in-progress	5,640
	Finished Goods	12,670
12.	Outstanding wages	630

1) Machinery is to be depreciated by 10%
2) Lighting and Rent, rates and taxes are to allocated as 2/3 for factory and 1/3 for office.

Q.9. From the following information prepare Manufacturing Account in the books of Mr. Anil for the year ended 30.6.2000

Particulars	Rs.	Particulars	Rs.
Factory Power	90,350	Stocks at 30.6.2000:	
General Exp. (2/5 factory)	13,775	Raw materials	89,000
Purchases	8,41,700	Work-in-Progress	43,808
Rent & Rates (5/6 factory)	37,150	Finished Goods	2,41,250
Repairs to Plant	19,625	Plant & Machinery	3,75,000
Stock as on 1.7.99:		(Purchased on 1.7.99)	
Raw Materials	1,30,750	Plant & Machinery	1,00,000
Work-in-progress	41,759	(purchased on 31.12.1999)	
Finished Goods	1,84,500	Wages (factory)	5,17,500
Lighting & Heating		Insurance (13/20 Factory)	22,560
(2/3 factory)	12,050		

1) Following liabilities are to be provided for:

a) Factory Power 14,550

b) Rent & Rates 9,650

c) Lighting & Heating 4,000

2) Provide Depreciation at 15% p.a. on Plant & machinery

Q.10. From the following particulars prepare Manufacturing Account and Trading A/c for the year ended 31.3.2002:

Particulars	Rs.	Particulars	Rs.
On 1.4.2001: Raw materials	8,000	Carriage Inwards	500
Work-in-progress	8,000	Returns Outwards	2,000
Finished goods	9,000	Royalty for production	1,500
Purchase of raw materials	84,000	Purchase of Finished Goods	8,00
Direct wages	6,000	Carriage Outwards	500
Indirect wages (for office)	8,000	Fuel & Power	2,500
Sales	1,74,000	Repairs & Maintenance	1,500
Returns inwards	5,000	On 31.3.2002: Raw materials	6,000
Dep. On Factory Assets	8,000	Work-in-progress	2,500
		Finished Goods	5,000

Adjustments:

1) Outstanding Direct Wages amounted to Rs.3,000.
2) Prepaid Fuel & Power amounted to Rs.500. **(Birla -2012)**

Q.11. Kapoor carries on a manufacturing business.The following transactions were extracted from his books on 31st December, 1999.

Particulars	Rs.	Particulars	Rs.
Freehold premises	1,65,000	Transport outwards	16,840
Plant and Machinery	1,96,620	Sales	11,26,400
Motor Vehicles	29,960	Selling Expenses	56,830
Stock - Jan. 1.1999		Administration Exps.	1,35,380
Raw Materials	1,65,300	Sundry Debtors	1,27,500
Finished Goods	72,910	Balance at Bank	69,470
Work in progress	72,470	Cash in hand	1,090
Wages	2,80,790	Drawings	26,130
Purchases of Raw Materials	4,36,440	Capital	6,42,910
Factory Expenses	20,500	Sundry Creditors	1,03,920

Prepare Manufacturing Account and Trading and Profit and Loss Account for the year ended 31st December, 1999 and Balance Sheet as on that date:

1. The valuations as on December 31st, 1999 were :

Raw materials Rs.1,37,910 ,

Finished Goods Rs. 53,580 Work-in-Progress Rs. 56,800

2. Provision is to be made for following liabilities :
   Factory Expenses Rs.3,740, Selling Expenses Rs.5,790
   Administration Exps Rs.2,100
3. Prepaid Transport Expenses 500
4. Provision for Doubtful Debts equivalent to 4% of the Debtors to be created
5. Depreciation for the year December 31st, 1999 to be provided works out as under :
   Plant and Machinery Rs.27,380, Motor Vehicles Rs. 8,560

Q.12. From the following extracts prepare Manufacturing A/c, Trading A/c, Profit & Loss A/c. for the year ended 31st March, 2000 and the Balance Sheet as on 31st March 2000.

Particulars	Rs.	Particulars	Rs.
Stock (At April 1, 1999):		Machinery (WDV on 31.3.2000)	17,000
Raw Material	13,000	Drawings	3,000
Work-in-progress	8,000	Advertisement	1,800
Finished Goods	19,000	Debtors	18,500
Capital A/c	90,000	Office Salaries	3,820
Balance with Bank	13,500	Factory Insurance	1,070
Cash in hand	810	Lighting (Including Rs.1,200 for	
Sales	1,12,000	Office)	1,960
Purchase of Raw Material	79,000	Carriage Outward	550
Return Inward	390	Interest Received	450
Wages	8,500	Depreciation:	
Direct Expenses	2,300	Machinery	3,000
Rent (Including Rs. 2,500/-		Office Furniture	800
for Factory Premises)	3,000	Printing & Stationery	300
Power Expenses	1,200	Bad Debts	300
Investments	10,100	Creditors	16,000
Miscellaneous Expenses	600	Office Furniture	7,200
Discount Received	250		

Adjustments:

1. Bad Debts of Rs. 500 are to be written off & R.D.D to be charged on Debtors @ 5%.
2. Closing stocks - Raw Materials Rs.2,000, W.I.P. Rs.16,330 & Finished Goods Rs. 28,000.

Q.13. Prepare Manufacturing, Trading and Profit & Loss Account for the year ended 31st March, 1995 and Balance Sheet as at that date of Shri. S. Singh, from the following Trial Balance and information:

Debit Balances	Rs.	Credit Balances	Rs.
Advertising	1,660	Bad Debts Provision	2,000
Bad Debts	1,210	Capital	70,000
Bank Charges	240	Current Account	3,246
Drawings	16,000	Discount	824
Factory Power	7,228	Sales	1,58,348
Furniture	1,800	Creditors	12,300
General Expenses:			
Factory	410		
Office	692		
Insurance	1,804		
Light and Heat	964		
Plant and Machinery (1.4.94)	30,000		
Plant and Machinery bought on 30.9.94	4,000		
Purchases	67,336		
Packing & Transport	2,170		
Repairs to Plant	1,570		

Rent & Rates	2,972		
Salaries (Office)	7,380		
Stock on 1.4.94:			
Raw Materials	10,460		
Finished Goods	14,760		
Work-in-Progress	3,340		
Wages (Factory)	41,400		
Debtors	21,120		
Cash at Bank	7,852		
Cash in hand	350		

(1) Stocks at 31st March, 1995 were: (a) Raw Materials - Rs.7,120 (b) Work-in-Progress - Rs.3,480 (c) Finished Goods - Rs.19,300
(2) The liabilities to be provided for: (a) Factory Power Rs. 1,124 (b) Rent and Rates - Rs.772 (c) Light and Heat Rs. 320 (d) General Expenses (Factory) Rs.50 (e) General Expenses (Office) Rs. 80
(3) Insurance Prepaid Rs.340.
(4) Provide Depreciation at 10% on Plant and Machinery and 5% p.a. on Furniture.
(5) Increase the Bad Debts Provision by Rs.1,000.
(6) 5/6th of Rent and Rates, Light and Heat and Insurance are to be allotted to the factory and 1/6th to the office.

Q.14. The under noted balances are extracted from the books of accounts of Shri. Dhanapati for the year ended 31st March, 1995:

Particulars	Rs.	Particulars	Rs.
Advertisement	6,000	Patents and Trademarks	7,200
Bad Debts	6,312	Plant & Machinery	43,936
Bank Overdraft	33,412	Power	9,835
Bills Payable	18,315	Purchases	3,12,411
Bills Receivable	12,846	Purchase Returns	2,513
Buildings	49,500	Factory Rent, Rates, Taxes	7,358
Capital	1,00,000	Salaries	14,915
Carriage Inwards	2,215	Sales	4,88,632
Carriage Outwards	3,780	Sale of Machinery	7,500
Cash in Hand	538	Sales Returns	4,635
Dividends	4,500	Opening Stock:	
Drawings	23,309	Raw Materials	29,158
Furniture	10,000	Finished Goods	95,718
Insurance	2,912	Sundry Debtors	92,475
Investments at cost (MV Rs.2,950)	3,500	Sundry Creditors	95,493
Loans	45,000	Wages	56,812

(1) Depreciation is to be provided on Buildings at 10%, on Plant and Machinery at 15% and on Furniture at 10%.
(2) Interest on loans for Rs.45,000 amounting to Rs.2,500 has not been accounted for.
(3) Patents and Trademarks were acquired at a cost of Rs.11,200 in 1989-1990 and every year 1/14th is being written off.
(4) Prepaid rent amounting to Rs.300 has been included in Rs.7,358.
(5) Stock in hand on 31st March, 1995 was as under: Raw materials Rs.31,345, Finished Goods Rs.98,412.
(6) Sundry Debtors include a debt of Rs.18,000 of which only Rs.12,500 is likely to be recovered. A provision has to be made for the balance.
(7) Purchases include cost of two typewriters amounting to Rs.3,000.
(8) Shri. Dhanapati had withdrawn for personal use some raw materials for which the cost was Rs.3,500.

Prepare the Manufacturing, Trading & Profit A/c and the Balance Sheet of Shri. Dhanapati.

Q.15. From the following Trial Balance Tirupathi Enterprises, prepare Manufacturing, Trading & P & L A/c. for the year ended 31st Dec. 1996 & Balance sheet as on that date.

Particulars	Dr. (Rs)	Cr. (Rs)
Opening stock: Raw materials	18,000	
Finished goods	3,500	
Purchase of Raw materials	95,800	
Carriage	12,000	
Wages	18,000	
Salaries	14,000	
Power–Lighting	4,500	
Insurance Machinery	700	
Repairs to Machinery	1,300	
Sales	-	2,03,500
Returns Outwards	-	2,500
Returns Inwards	3,500	-
Scrap Sold	-	8,500
Interest	-	1,000
Conveyance	9,500	-
Professional fees	6,000	-
Stationery	3,750	-
Electricity	1,250	-
Capital	-	62,500
Drawings	30,000	-
Bank Balance	-	27,000
Creditors	-	61,000
10% Investments (1/1/96)	15,000	-
Debtors	54,000	-
Furniture	30,000	-
Machinery	45,000	-
Cash in Hand	200	
	3,66,000	3,66,000

a. Closing stock: i) Raw materials - Rs.28,000 ii) Finished Goods - 2,300
b. 1/3rd of carriage is for sale of goods & 2/3rd for purchase of raw materials.
c. Goods purchased worth Rs.3,000 is included in Closing Stock but no entry is passed in the books for the same.
d. Depreciate Plant & Machinery and Furniture by 10%.
e. Create provision for bad & Doubtful debts @ 10%.
f. In fire finished goods costing Rs. 5,000 were destroyed but Insurance Company admitted the claim only Rs.3,000 only.

Q.16. From the given Trial Balance of sole manufacturer prepare final accounts for 2000.

Particulars	Dr. (Rs)	Cr. (Rs)
Opening Stock: Raw materials	12,000	
Work-in-progress	7,000	
Finished Goods	20,000	
Purchase of Raw materials	97,000	
Expenses on Raw materials	11,000	
Direct wages	57,000	
Other direct Expenses	12,000	
Factory Rent	7,000	
Indirect wages	8,000	
Machinery	60,000	
Cash at Bank	12,000	
Sales	-	3,10,000
Administrative expenses	31,000	

Selling expenses	13,000	
Creditors	-	25,000
Interest	7,000	
Discount allowed	4,000	
Bad debts	1,000	
Provision for bad debts	-	3,000
Sundry debtors	50,000	
Drawings	21,000	
Capital	-	85,000
Bills Payable	-	7,000
	4,30,000	4,30,000

1) (i) Raw materials- Rs.8,000, (ii)W.I.P- Rs.4,000, (iii) Finished goods- Rs.10,000
2) Outstanding direct wages at the end of the year were Rs.3,000.
3) Other direct expenses were pre-paid to the extent of Rs.1,000.
4) Depreciate machinery @ 10%.
5) Maintain the provision of Bad debts @ 5% of the sundry Debtors. **(B.U. 2011)**

Q.17. Mr. Namjoshi, the proprietor of Gift Specialists presents the following:

Particulars	Rs.	Particulars	Rs.
Vehicles	1,00,000	Returns	15,000
Machinery	4,00,000	Interest on UTI Bonds	11,000
Returns	12,000	Provision for doubtful debts	3,000
UTI Bonds	1,00,000	Bills of exchange	50,000
Bad Debts	5,000	Creditors	2,00,000
Life insurance premium of Namjoshi	4,000	Discount	9,500
Bills of Exchange	50,500	Sales	20,37,000
Debtors	3,00,000	Capital	4,00,000
Rent (Factory 12,500)	44,800	Bank of India (Current A/c)	4,10,000
Printing & Stationery	20,700		
Discount	2,500		
Insurance	25,500		
Carriage outwards	17,350		
Power & Fuel	71,550		
Wages	1,39,600		
Raw material purchased	16,64,700		
Withdrawals	20,000		
Opening Stock:			
Finished goods	1,09,000		
Raw materials	25,400		
W.I.P	12,900		
Cash on Hand	10,000		
	31,35,500		31,35,500

1.Stock as cost on 31st March 2000: a) Finished goods: Rs.2,00,000 (M.V.Rs.1,80,000)
b) Raw Materials: Rs.45,000 c) Work in progress: Rs.25,000
2. Depreciation machinery 15%, Vehicles 20%
3. General Insurance prepaid was Rs, 4500 while Factory Rent outstanding was Rs.6,500
4. Materials costing 15,000 and finished goods costing Rs.10,000 was destroyed by fire. The Insurance Company admitted claim to the extent of Rs.7,500 for finished goods and Rs.10,000 for Materials.
5. Rs.10,000 are to be written off as bad debts create provision for doubtful debts and Discount on debtors @ 5% and 2% respectively.
6. Purchases includes Rs.40,000 being Machinery Purchased on 1.10.99.

Q.18. From the following Trial Balances of Mr. Vaibhav, prepare Manufacturing A/c, Trading A/c and Profit & Loss Account for the year ended 31st December 2001 and Balance sheet as on that date.

Trial Balance as on 31st December 2001

Particulars	Dr.(Rs)	Cr. (Rs)
Opening Stock: Raw Materials	60,000	-
Work-in-progress	40,000	-
Finished goods	1,00,000	-
Purchases: Raw Materials	7,00,000	-
Finished goods	4,00,000	-
Carriage inwards (1/4 for purchase of R.M)	30,000	-
Return Outwards: Raw materials	-	15,000
Finished Goods	-	5,000
Productive wages	1,00,000	-
Factory lighting	16,000	-
Office salaries	50,000	-
Fuel & Power	24,000	-
Factory Insurance (15 Mths upto 30-6-2002)	6,000	-
Factory Machinery Repairs	10,000	-
Office Maintenance	5,000	-
Buildings: Factory	2,00,000	-
Office	1,40,000	-
Plant & Machinery	1,00,000	-
Carriage Outwards	20,000	-
Return Inwards	16,000	-
Advertisements	10,000	-
Royalties (1/3 for production)	30,000	-
Investments	70,000	-
Dividend	-	6,000
Discount	-	6,000
Rent, Rates & Taxes: Office	4,000	-
Factory	3,000	-
Sale of Scrap	-	7,000
Cash in Hand	2,000	-
Cash at Bank	6,000	-
Salary to works manager	22,000	-
Capital Account	-	7,00,000
Sales to Finished goods	-	14,65,000
Sundry Debtors	1,00,000	-
Reserve for doubtful debts	-	10,000
Sundry Creditors	-	60,000
Bad debts	10,000	-
	22,74,000	22,74,000

(1) Closing Stock: Raw materials – Rs.80,000, W.I.P – Rs.56,000, Finished goods Rs.1,30,000.
(2) Machinery purchased for Rs.40,000 on 1st October 2001 had been debited to purchase of finished Goods Account.
(3) Finished goods distributed as free samples not recorded in the books of Rs.20,000.
(4) Provide 15% for bad & doubtful debts and 1% for discount for prompt payment by debtors.
(5) Office salaries and productive wages remains unpaid Rs.10,000 and Rs.5,000 respectively as on 31st December 2001.
(6) Depreciation is to be provided as follows:
Factory building @10%, Office building @ 5%, Plant & Machinery @15%.

(7) Finished goods destroyed by fire cost Rs.10,000 and insurance company admitted a claim for Rs. 6,000. No entries have been passed for the same. **(Agarwal 2013)**

Q.19. From the following Trial Balance of Mr. Gopichand Khatri and the additional information given below that, Prepare manufacturing account, Trading account and profit and loss account for the year ended 31.03.2004 and the Balance Sheet as on that date:

Particulars	Debit (Rs.)	Credit (Rs.)
Interest Received		4,500
Discount Received		2,500
Opening Stock:		
Raw Materials	1,30,000	
Work in Progress	80,000	
Finished Goods	1,90,000	
Machinery	2,00,000	
Furniture	80,000	
Drawings and Capital	30,000	9,00,000
Debtors and Creditors	1,85,000	1,60,000
Salaries	38,200	
Factory Insurance	10,700	
Balance with Bank	1,35,000	
Cash on Hand	8,100	
Purchases (Raw Materials) and Sales	7,90,000	11,20,000
Return Inwards	3,900	
Wages	85,000	
Manufacturing Expenses	23,000	
Rent (Including Rs.25,000 for Factory)	47,000	
Power Expenses	12,000	
Investments	1,01,000	
Lighting (Including 12,000 for Office)	19,600	
Carriage Outwards	5,500	
Printing and Stationery	10,000	
Bad Debts	3,000	
	21,87,000	21,87,000

Additional Information:

(1) Bad Debts of Rs.5,000 to be written off and R.D.D to be provided @ 5% on Debtors.

(2) Closing Stock are: Finished goods Rs.2,80,000; Work in Progress Rs.1,63,300 and Raw Material Rs.20,000.

(3) Depreciate Machinery @ 10% p.a. and Furniture @ 15% p.a.

(4) Rent for Office Premises has been paid only for 11 months. **(C.H.M 2014)**

Q.20. The following information is given to you from the books of Jassi Manufacturers. In respect of the year ending on 31st March, 2004:

Particulars	Rs.	Particulars	Rs.
Stock as on 1.4.2003:		Return Inward	5,000
Raw Materials	25,000	Return Outward	3,500
W.I.P	7,000	Power and Fuel	8,000
Finished Goods	30,000	Electricity and Telephone	6,000
Freight Inward	8,500	Selling Expenses	6,000
Freight Outward	6,000	Miscellaneous Expenses	14,000
Wages Direct	18,000	Provision for Doubtful debt	8,500
Wages (office)	14,000	Depreciation on Plant & Machinery	4,000
Purchases of Raw Materials	2,50,000	Repairs to Plant and Machinery	3,000
Sales	4,18,000	Scrap Sales	4,650
Stationery	1,500	Coal Consumed	3,700
Travelling Expenses	5,000	Bank Interest received	9,000

Salaries	26,000		
Factory Expenses	26,000		
Interest on Loan paid	1,800		

(1) Finished goods worth Rs.5,000 were distributed as free samples.
(2) Bad debts to be written off Rs.750/- & provision for doubtful debts to be maintained at Rs.7,000/-
(3) Electricity and Telephone to be apportioned as factory 3/5 and office 2/5.
(4) A fire occurred destroying finished goods worth Rs.15,000. Insurance company admitted a claim of Rs.12,000 but not yet received.
(5) Stock on 31.3.2004: Raw Materials Rs.22,000, W.I.P Rs.4,000 and Finished goods Rs.40,000.

You are required to prepare the Manufacturing Account, Trading Account and Profit and Loss Account for the year ended on 31st March, 2004: **(Birla 2014)**

Q.21. From following Trial Balance and Additional information, prepare Manufacturing, Trading and Profit & Loss Account for the year ended 31st March, 2004 & also prepare Balance Sheet as on 31.3.2004.

Debit	Rs.	Credit	Rs.
Debtors	65,000	Sales	2,50,000
General Expenses	17,000	Creditors	10,000
Factory Rent	2,000	Interest Received	1,500
Wages	22,000	Purchase Returns	1,500
Purchases of Raw materials	1,00,000	Discount received	2,000
Purchases of finished goods	2,000	Provision for Bad debts	3,000
Furniture	6,000	Capital	2,20,000
Carriage on Materials	5,000		
Drawings	37,000		
Opening Stock: Raw materials	21,000		
Work-in-progress	9,000		
Finished goods	20,000		
Sales Returns	3,000		
Plant & Machinery	70,000		
Factory Building	40,000		
Cash at Bank	36,000		
Traveling Expenses	8,000		
Salaries (50% Office)	22,000		
Rates,Taxes & Insurance	3,000		
	4,88,000		4,88,000

1) Closing Stock on 31.3.2004: Raw material 28,000
Work-in-Progress 13,000
Finished Goods 35,000
2) Finished goods work Rs.9,000/- were destroyed by fire & the Insurance Company admitted a claim for Rs.6,000. However, no entry has been passed in the accounts for this.
3) Charge depreciation on: Plant & Machinery @ 10% & Factory Building @ 5%.
4) Rates, Taxes & Insurance unpaid Rs. 2,000/-. Half of the rates, taxes & insurance exps. are related to factory. **(Birla 2015)**

Q.22. The following information is given to you from the books of Vikas Manufactures, in respect of the year ending on 31st March, 2006.

Particulars	Amount	Particulars	Amount
Stock on 1.4.2005:		Returns Inward	10,000
Raw Materials	50,000	Returns outward	7,000
Work in progress	14,000	Power & fuel	16,000
Finished goods	60,000	Electricity & Tel.	12,000

Freight Inward	17,000	Selling Expenses	12,000
Freight outward	12,000	Misc. Expenses	28,000
Direct Wages	36,000	R.D.D	17,000
Wages (office)	28,000	Depreciation:	
Purchase of raw Materials	5,00,000	Plant & Machinery	8,000
Sales	8,36,000	Office Furniture	6,000
Stationary	3,000	Repairs To Plant	9,300
Travelling Expenses	10,000	Scrap Sales	6,7000
Factory Expenses	52,000	Coal, Gas ,Oil	18,000
Interest on Loan Paid	3,600	Bank Interest Received	5,200

1. Finished Goods worth Rs. 5,000 were distributed as Free Samples.
2. Bad Debts to Be Written off Rs.1,500 & Provision of doubtful Debts to be maintained at Rs.14, 000.
3. Electricity & Telephone to be apportioned as factory ¾ & office 1/4th.
4. A fire occurred destroying finished goods worth Rs.7, 500 Insurance company admitted a Claim of Rs.7, 000 but not yet received.
5. Stock on 31.3.2006:- Raw material - Rs.44,000, Work in progress - Rs.8,000, Finished Goods - Rs.80,000.

You are required to prepare the Manufacturing Account, Trading Account & Profit & Loss Account for the year ended on 31st March, 2006. **(Birla 2013)**

Q.23. Prepare Manufacturing, Trading & profit and loss Account for the year ended 31st March, 2006, and the Balance sheet as at that date of Shree Rajveer

Particulars	Debit(Rs.)	Credit (Rs.)
Purchases	67336	
Bad Debts	1210	
Bad Debts Provision		1000
Capital		51276
Rates & Taxes	2972	
Salaries- Office	7380	
Wages -Factory	41400	
Debtors	21120	
Creditors		12300
Cash at Bank	7852	
Stock -1st April 2005		
Raw Materials	10460	
Finished goods	14760	
Work in progress	3340	
Sales		158348
Factory power	7228	
Furniture	1800	
General exp- Factory	410	
General exp- office	692	
Light & Heat	964	
Plant & Machinery	30000	
Plant & Machinery purchased on 30.9.2005	4000	

1) Closing Stock- Raw materials Rs.7,120; Work in progress Rs.3,480 & Finished goods Rs.19,300.
2) The liabilities to be provided for are-Factory Power Rs.1124; Rates & Taxes Rs.320; General expenses- Factory Rs.50; General expenses - office Rs.80.
3) Provide Depreciation @ 10% p.a. on furniture.
4) 5/6th of the Rates & Taxes and Light & heat are to be allocated to the factory and 1/6th to the office. **(CHM 2013)**

Q.24. From the following particulars of Shri Ranbir Kapoor, prepare manufacturing Account Trading, Profit & loss Account for the year ended 31st March,2008 and Balance Sheet as on that date after giving effect to the adjustments indicated below: **(RKT 2010)**

Particulars	Rs.	Particulars	Rs.
Capital account as on 1-4-07	3,66,000	Sundry Expenses	1,750
Drawings Account	50,000	Patents	6,000
Purchases	10,52,500	Postage & Telegrams	6,500
Rates and Taxes	12,500	Wages	17,500
Salaries	50,000	Factory Buildings	1,00,000
Carriage	10,000	Furniture & Fixtures	25,750
Fuel & Coal	7,000	Discount received	7,500
Factory Insurance	3,000	Plant & Machinery	47,500
Advertisement	10,000	Sundry Debtors	93,500
Factory Power	8,000	4% Govt. Promissory notes	
Bad debts written off	5,000	(subscribed on 1-4-2007)	10,000
Discount allowed	1,000	Sundry Creditors	52,500
<u>Opening Stock:</u>		Sales	12,66,500
Raw Material	30,000	Cash in hand	22,750
Finished Goods	25,000	Cash at Bank	97,250

1) Depreciate to be provided at the following rates: Plant & Machinery @ 10%, Patents @ 10%, Buildings @ 2 ½%, Furniture @ 5%.
2) Provide 21/2% on debtors for doubtful debts.
3) Purchase invoice aggregating Rs.12,500 were omitted to be entered in the purchase day book.
4) Debtors include Rs.2,500 due from the proprietor.
5) Stock in trade as at 31st March, 2008: Raw Materials - Rs.25,000, Finished goods - Rs.20,000.

CHAPTER 4: DEPARTMENTAL ACCOUNTS

Q.1. REX Beauty Saloon Ltd. had three departments in their store:

Particulars	(a) Cosmetics	(b) Ladies Hairdressing	(c) Gents Hairdressing
Stock of goods or materials on 1st Jan., 1981	20,000	15,000	30,000
Purchases	1,10,000	30,000	1,50,000
Stock of goods on 31st December, 1981	30,000	25,000	40,000
Sales	1,80,000	90,000	2,70,000
Wages and Salaries	28,000	50,000	60,000

1. The following Expenses cannot be traced to (a), (b) & (c) particular department:

Rent	35,000
Administration Expenses	48,000
Heating and Lighting	20,000
General Expenses	12,000

2. It is decided to apportion Rent and Rates together with Heating and Lighting in accordance with the floor space occupied by each department. These were taken up in the ratio of (a) 1/5 (b) 1/2 (c) 3/10.
3. Administration Expenses and General Expenses are to be allocated in the ratio of sales.

Q.2. Raja Stores has 3 Departments 1) Cosmetics 2) Garments 3) Confectionery. From the following data prepare departmental Trading and Profit and Loss A/c in columnar form for the year-ended 31.3.2001:

Particulars	Rs.	Particulars	Rs.
Purchases: Cosmetics	52,800	Sales: Cosmetics	80,000
Garments	43,600	Garments	64,000
Confectionery	34,800	Confectionery	48,000
Opening Stock: Garments	11,240	Insurance	900
Cosmetics	14,600	Commission	3,840
Confectionery	9,120	Delivery Expenses	2,400
Discount Received	1,968	Rent	4,200
Closing Stock: Cosmetics	12,400	Salaries	3,500
Garments	8,654	Administration Expenses	7,890
Confectionery	9,746	Depreciation	2,940

All the expenses are to be apportioned equally between the 3 Departments, except the following:

a. Delivery Expenses in proportion to Sales.
b. Commission @2% of Sales.
c. Salaries & Insurance in the proportion of 6:5:4.
d. Discount Received @ 1.5% of Purchases. **(Birla-2012)**

Q.3. From the following particulars Prepare Departmental Trading and Profit and Loss Account for the year ended 31st March, 2003.

Particulars	X	Y
Opening Stock	20,000	10,000
Purchases (Net)	2,00,000	1,00,000
Sales (Net)	5,00,000	3,00,000
Wages	60,000	30,000
Closing Stock	15,000	25,000

Particulars	Rs.	Particulars	Rs.
Carriage Outward	16,000	Discount Received	4,500
Insurance	3,000	Commission Paid	6,000
Rent, Rates and Taxes	6,000	Donations Paid	1,000
Discount Allowed	4,000		

(1) Area Occupied by X Dept. is twice of the area occupied by Y Dept.
(2) Donations not to be allocated.
(3) Salaries paid Rs.30,000 evenly allocated between X and Y Dept.
(4) Other Income & Expenditure to be apportioned on Scientific basis. **(Birla 2013)**

Q.4. From the following prepare accounts to disclose total profit and the profit of two Depts. X and Y.

Particulars	Rs.	Particulars	Rs.
Opening Stock: X	13,400	Sales: X	1,13,000
Y	11,200	Y	90,000
Purchases: X	73,600	Discount Received	1,450
Y	71,400		
Sales Returns: X	3,000		
Y	2,000		
Carriage inwards	2,900		
Salaries: X	8,000		
Y	7,000		
General Salaries	7,500		
Rent & Rates	5,400		
Advertising	8,100		
Insurance (for bldg)	1,800		
General Expenses	4,500		
Discount Allowed	2,700		

The following further information is Supplied
1) General Salaries & General Expenses are to be allocated equally.
2) The area occupied in the ratio of 5:4.
3) The closing Stock of the two depts. were X – Rs.20,500, Y – Rs.17,600. **(Model-2012)**

Q.5. A Departmental Store has three departments, A, B and C occupying floor space in the ratio of 4:3:2. From the following details, prepare Departmental Trading & Profit and Loss Account for the year ended 31st December, 1990.

Particulars	A Rs.	B Rs.	C Rs.	Total Rs.
Sales	2,05,000	1,07,000	3,09,000	-
Wages	22,000	-	3,000	-
Rent & Rates				9,000
Bad Debts				6,000
Opening Stock	20,000	10,000	30,000	-
Canteen Expenses				5,000
Administration Expenses				12,000
Insurance on Premises				4,500
Depreciation on Plant				8,000
Employees' Welfare Expenses				10,000
Purchases	1,24,000	61,000	2,43,000	-
Selling Expenses				13,200
Returns Inward	5,000	7,000	9,000	-
Electricity Charges				4,500
Finance Expenses				6,000
Employees' Accident Insurance				11,000
Discount Allowed				6,600
Returns Outward	4,000	1,000	3,000	-
Legal Charges				3,000
Closing Stock	15,000	10,000	3,000	-
Discount Received				7,000

Additional Information:
(1) The plant is used by Department A only.
(2) The number of employees in the 3 Departments are in the ratio of 1:2:2.
(3) Administration Expenses are to be allocated in Sales Ratio.

Q.6. Highway stores has 3 Departments A,B &C. From the following data Prepare Departmental Trading & P&L Account in the columnar form for the year ended 31.12.91.

Particulars	Rs.
Purchases: A	1,32,000
B	1,09,000
C	87,000
Sales: A	2,00,000
B	1,60,000
C	1,20,000
Stock as on 1/1/91: A	36,500
B	28,100
C	22,800
Closing Stock: A	31,000
B	21,635
C	24,365
Insurance	2,250
Commission paid	9,600
Delivery Expenses	6,000
Rent paid	10,500
Discount received	4,950
Salaries	78,750
Advertisements	4,860
Administration expenses	19,725
Depreciation	7,350
Rent O/s as on 31/12/91	1,500
Interest on investments	500

1) Area occupied: 'A' Dept= 600.sq.ft, 'B' Dept= 300.sq.ft, 'C' Dept= 300.sq.ft.
2) No. of staff working in each dept: A-6, B-3 & C-5
3) Insurance, Administration Exps. & Depreciation are to be apportioned equally.
4) For the remaining items select the most apportioned basis for apportionment & state the selected basis clearly. **(Birla -2011)**

Q.7. Trading and Profit & Loss Account of G.E. Radio and Gramaphone Equipment Co., for the six months ended 31st March, 1985 is presented to you in the following form:

Particulars	Rs.	Particulars	Rs.
Purchases:		Sales	
Radios (A)	1,40,700	Radios (A)	1,50,000
Gramophones (B)	90,600	Gramophones (B)	1,00,000
Spare Parts (C)	64,400	Receipts from spare parts (C)	25,000
Salaries & Wages	48,000	Stock on 31st March, 85	
Rent	10,800	Radios (A)	60,100
Sundry Expenses	11,000	Gramophones (B)	20,300
Profit	34,500	Spare parts (C)	44,600

Prepare Departmental Accounts for each of 3 departments A, B and C mentioned above after taking into consideration the following information:
(1) Radios & Gramophones are sold at the showroom. Spare parts are sold at the workshop.

(2) Salaries and Wages comprise as follows:
Showroom ¾, Workshop ¼. It was decided to allocate the showroom Salaries and Wages in the ratio of 1:2 between the Departments A and B.
(3) The workshop Rent is Rs.500 per month. The rent of showroom is to be divided equally between the departments A and B.
(4) Sundry Expenses are allocated on the basis of the department turnover **(Model 2014)**

Q.8. Rational Departmental stores has prepared the following trading & profit & loss account for the year ended 31st March, 2005

Particulars	Rs.	Particulars	Rs
To Opening Stock:		By Sales	
Dept.H	45,000	Dept.H	3,02,600
Dept.M	60,000	Dept.M	4,53,900
Dept.T	27,800	Dept.T	1,51,300
To Purchases		By Closing Stock	
Dept.H	2,24,000	Dept.H	35,000
Dept.M	3,55,000	Dept.M	64,000
Dept.T	1,54,000	Dept.T	75,000
To salaries (sales man)	60,000		
To rent & taxes	45,000		
TO discount	12, 000		
To advertisement	34, 500		
To trade Expenses	9, 000		
To depreciation	15, 000		
To electricity	18, 300		
To carriage outward	6, 600		
To net profit	15, 600		
	10,81,800		10,81,800

Prepare departmental trading & profit & loss account for the year ended 31st March 2005 after considering the following data:

a) Rent & taxes to be allocated in the ratio of area occupied which is in the ratio of 1:2:1 respectively
b) Depreciation to be charged equally
c) Of the two salesmen employed one worked in Dept.M only. The other works in Dept.H&T. His salary be allocated equally between Dept.H & T.Salary of each salesman is Rs.50,500 p.m
d) All other expenses except those mentioned in (a) to (c) above allocated in the ratio of sales of respective department. **(RKT 2010)**

➢ **QUESTIONS BASED ON DEPARTMENTAL FINAL ACCOUNTS**

Q.9. The following Trial Balance for the year ended 31st March, 1997 was Extracted from the Books of Shri. Laheri.

Particulars		Dr (Rs.)	Cr (Rs.)
Capital			1,00,000
Drawings Account		20,000	
Opening Stock:	T.V.	90,000	
	Radio	42,000	
Sales:	T.V.		5,88,000
	Radio		2,92,000
Purchases:	T.V.	4,50,000	
	Radio	2,30,000	
Salaries		25,200	
Publicity Expenses		17,800	

Rent, Rates & Taxes	6,400	
Commission	21,200	
Miscellaneous Expenses	10,000	
Furniture & Fixture	24,800	
Sundry Debtors	33,600	
4% Govt. of India Loan	20,000	
Sundry Creditors		17,600
Interest		800
Reserve for bad and doubtful debts		1,600
Cash balance	9,000	

Prepare the Departmental Trading and Profit & Loss Account for the year ended 31st March, 1997 after taking into account the following:

(i) Stock as at 31st March, 1997 was T.V. Rs.60,000, Radio Rs.48,000.

(ii) An amount of Rs.2400 from out of the sundry Debtors has to be written off as bad & the provision for doubtful debts has to be increased to 10% of the debts outstanding.

(iii) The Expenses outstanding as on 31st March, 1997, Publicity Rs.2600, Salaries Rs.2400 and Commission Rs.3400.

(iv) Provide 10% depreciation on Furniture and Fixture.

(v) Revenue items to be allocated in the ration 2:1, between T.V. & Radios.

Q.10. The following balances as on 31.12.96 are extracted from the books of Rajkumar.

Particulars	Dept. (A)	Dept. (B)	Total
Sales	1,00,000	1,50,000	2,50,000
Purchases	35,000	94,250	1,29,250
Wages	20,000	25,000	45,000
Stock on 1.1.1996	12,500	16,250	28,750
Purchase Returns	1,500	1,000	2,500
Sales Returns	300	450	750
Works Overheads			27,000
Sundry Debtors			37,500
Sundry Creditors			22,500
Plant & Machinery			11,250
Furniture & Fittings			2,250
Salaries			15,000
Office Expenses			9,000
Capital			53,000
Cash at bank			17,500
Cash in Hand			1,750
Drawings			3,000

Additional Information:

(1) Stock 31.12.1996: Dept. A-Rs.14,000, Dept. B-Rs.17,500.

(2) Depreciate Plant and Machinery @10%, Furniture and Fittings @ 10%.

(3) Write off Rs.250 as Bad Debts and create Bad Debts reserve at 10%.

(4) Works Overhead and Depreciation on Plant and Machinery is to be allocated in the ratio of Wages.

(5) Depreciation on Furniture and other debits to Profit & Loss Account should be allocated in the ratio of turnover of the two departments.

Prepare Trading and Profit & Loss Account for the year ended 31st December, 1996 for the two departments separately as well as for the entire business in columnar form and a Balance Sheet as on that date.

➢ INTER DEPARTMENTAL TRANSFER (AT COST PRICE)

Q.11. Prepare Departmental Trading and Profit & Loss Account from the following particulars for the year ended 31st December, 1996. Also prepare balance sheet.

Particulars	Debit (Rs.)	Credit (Rs.)
Purchases:		
Dept. M	19,574	
Dept. N	14,846	
Sales:		
Dept. M		53,000
Dept. N		26,500
Wages	5,793	
Insurance (25% Prepaid)	364	
Vehicles	6,000	
Sundry Expenses	2,850	
Discount Allowed	258	
Stock (1.1.1996):		
Dept. M	7,000	
Dept. N	6,000	
Bad debts	360	
Sundry Debtors & Creditors	20,000	5,000
Printing & Stationery	423	
Carriage	1,200	
Furniture & Fixtures	1,800	
Salaries	6,000	
Cash in Hand	2,532	
Capital		10,500
	95,000	95,000

1. Depreciate Vehicles and Furniture by 10%.
2. All Expenses should be apportioned between the departments in proportion to their turnover.
3. Stock on 31.12.1996 - Dept. M - Rs. 15,000, Dept. N - Rs.8,000
4. Transfer of goods from Dept. M to Dept. N Rs. 2,000

Q.12. From the particulars, prepare Trading & Profit and Loss Account of 2 Departments X and Y for the year ended 31st March, 1989.

Particulars	Dept. X	Dept. Y	Total
Opening Stock	1,70,000	80,000	
Purchases	8,80,000	6,20,000	
Carriage Inwards			30,000
Salaries	80,000	70,000	
Sales	12,00,000	8,00,000	
Purchase Returns	10,000	5,000	
Discount Received			15,000
General Expenses			1,00,000
Rent & Rates			50,000
Advertising			1,00,000
Insurance			10,000
Discount allowed			15,000
Selling & Distribution Expenses			5,000

1) General Expenses are to be allocated equally.
2) Goods transferred from Dept. X to Dept. Y Rs.30,000.
3) The area occupied is X – 3/5th, Y – 2/5th.
4) Insurance being inconvenient is not to be allocated.
5) The closing stock of 2 Depts. were X – 2,00,000, Y – 1,50,000.

Q.13. From the following particulars prepare Departmental Accounts to reveal the total profit or loss and the profit or losses of the two Departments, X and Y.

Particulars	Rs.
Opening Stock (1.1.94):	
Dept. X	8,000
Dept. Y	7,000
Purchases: Dept. X	37,560
Dept. Y	34,900
Sales: Dept. X	50,000
Dept. Y	40,000
Purchase Returns:	
Dept. X	560
Dept. Y	400
Carriage Inwards	5,720
Discount Received	2,860
Salaries:	
Dept. X	3,000
Dept. Y	4,200
General Expenses	8,000
Rent & Rates	5,000
Advertising	4,500
Insurance	600
Discount Allowed	1,350
Professional Charges	400

(a) Goods transferred from Dept. Y to Dept. X, Rs.4,000.
(b) The area occupied in the ratio 3:2.
(c) Insurance Premium is for a Comprehensive Policy and cannot be allocated.
(d) General Expenses to be allocated equally.
(e) Closing Stock (31.12.1994) Dept. X – 8,500, Dept. Y – 7,500.

Q.14. From the balances prepare Departmental Account for the year ended 31.12.99

Particulars	A	B	Total
Opening Stock	15,000	14,000	29,000
Purchases	35,000	30,000	65,000
Sales	60,000	50,000	1,10,000
Wages	6,000	4,000	10,000
Salaries			3,000
Lighting & Heating			2,100
Discount Allowed			2,200
Discount received			650
Advertising			3,680
Carriage Inwards			2,340
Furniture & Fixtures			5,000
Rent, Rates, Taxes & Insurance			9,390

1) Internal transfer of goods from A to B Rs.2,000
2) The terms Rent, Rates & Insurance, lighting, Salaries & Carriage inward are to be apportioned 2/3 to Dept. A & 1/3 to Dept. B
3) Advertising is to be apportioned equally
4) Discount allowed and discount received all to be apportioned on the basis of departmental sales & Purchases.
5) Depreciate @ 10%p.a. on furniture & fixtures to be charged ¾ to Dept. A & ¼ to Dept. B
6) Stock on 31.12.99:- A =17,000, B = 15,000.

Q.15. From the following particulars of M/s. Maharashtra Departmental Stores, Bhopal, prepare Departmental Trading, Profit & Loss Account for the year ended 31st Dec., 1998.

Particulars	Dept. A	Dept. B	Dept. C
Opening Stock	1,20,000	1,50,000	1,40,000
Purchases	4,00,000	3,00,000	3,00,000
Sales	12,00,000	10,00,000	8,00,000
Closing Stock	1,50,000	1,00,000	1,20,000
Furniture	1,40,000	1,40,000	1,05,000
Bank Loan	60,000	90,000	30,000
Area Occupied	50%	30%	20%
No. of Employees	80	50	60

<u>Other Expenses and Incomes:</u>

Interest on Bank Loan	18,000
Depreciation on Furniture	22,000
Discount received	15,000
Salaries & Wages	3,80,000
Advertisement	42,000
Carriage Outwards	27,000
Rent	60,000
Repairs	44,000
Traveling Expenses	33,000
Canteen Expenses	47,500

During the year, goods worth Rs.50,000 were transferred from Dept. A to Dept. B and Rs.40,000 from Dept. B to Dept. C, both at cost price.

Q.16. The following Trial Balance for the year ended 31st December, 1996 was extracted from the Books of Manish.

Particulars	Debit (Rs.)	Credit (Rs.)
Capital		80,000
Drawings	16,000	
Sundry Debtors	39,360	
Bank Balance	5,552	
Sundry Creditors		23,792
Furniture & Fixtures	12,000	
Shares in Janata Ltd.	18,400	
Stock :- (1.1.96)		
Dept. P	9,120	
Dept. Q	7,840	
Purchases :-		
Dept. P	31,680	
Dept. Q	29,920	
Sales :-		
Dept. P		59,200
Dept. Q		53,040
Returns :-		
Dept. P	2,800	
Dept. Q	2,240	
Transfer from Dept. P to Q	2,000	2,000
Wages	9,000	
Salaries	4,200	
Advertisements	6,960	
Dividends on Shares on Janta Ltd.		920
Carriage	1,920	
Rent, Rates and Taxes	14,640	
Miscellaneous Expenses	5,920	
Reserve for Bad debts		600
	2,19,552	2,19,552

You are required to prepare Departmental Trading & Profit & Loss Account for the year ended 31st Dec, 96 & a Balance Sheet as on that date after the following adjustments:

(a) Write off Bad Debts Rs.960, Reserve for Bad Debts should be @ 5%.
(b) Outstanding Miscellaneous Expenses Rs.320.
(c) Depreciate Furniture and Fixtures by 10% p.a.
(d) Closing Stock Dept. P – 20,000, Dept. Q – 11,000.
(e) All Expenses are to be allocated between Dept. P & Q in the proportion of 2:3

Q.17. Suburban department store has 2 Departments, namely A Dept. and B Dept. You are given the following details from its Trial Balance.

Particulars	Rs.	Rs.
Opening Stock:		
Dept. A	40,000	
Dept. B	30,000	70,000
Purchases:		
Dept. A	1,80,000	
Dept. B	1,20,000	3,00,000
Sales:		
Dept. A	2,00,000	
Dept. B	1,50,000	3,50,000
Wages:		
Dept. A	12,000	
Dept. B	3,000	15,000
Rent & Taxes		9,000
Sundry Expenses		12,000
Electricity		6,000
Discount allowed		7,000
Discount received		2,500
Advertising		14,000
Carriage Inwards		5,000
Machinery		99,000
Furniture		10,000

(1) Goods transferred at cost from Dept. A to Dept. B Rs.30,000.
(2) Depreciate Furniture @ 10% and Machinery @ 33 & 1/3% and allocate depreciation in the ratio of 2:1.
(3) Discounts are to be allocated on the basis of departmental sales and purchases (excluding Inter Departmental Transfer).
(4) Closing Stock: Dept. A – 30,000, Dept. B – 20,000.
(5) Area Occupied: Dept. A – 1,000 sq. ft., Dept. B – 500 sq. ft.
(6) No. of electricity points: - Dept. A – 12, Dept. B – 6.
(7) Advertising are to be allocated equally.

Prepare Departmental Trading and Profit & Loss Account for the year ended 31.3.97.

Q.18. Following figures are extracted from the books of Hindersons Departmental Stores, Mumbai, for the year ended 31.12.2004:

Particulars	Dept.A (Rs)	Dept.B (Rs)	Dept.C. (Rs.)
Purchases	1,00,000	3,25,000	7,10,000
Returns Outward	20,000	10,000	30,000
Sales	6,10,000	12,20,000	18,30,000
Returns Inward	10,000	20,000	30,000
Wages	40,000	60,000	80,000
Stock on 01.01.2004	70,000	45,000	1,00,000
Stock on 31.12.2004	80,000	50,000	40,000

(1) Goods Transferred from A Dept. to B Dept. Rs.10,000 and to C Dept. Rs.20,000.
(2) Goods Transferred from B Dept. to C Dept. Rs.10,000 and To A Dept. Rs.5,000

(3) Goods Transferred from C Dept. to A Dept. Rs.7,000 and To B Dept. Rs.9,000.
(4) Following Expenses to be allocated equally: Telephone Charges Rs.3,000; Salaries Rs.6,000; Office Expenses Rs.9,000
(5) Rent Rs.24,000 to be divided into 2:2:4 ratio.
(6) It was informed that there were still some other expenses. The details of which are given as under:
(a) Discount allowed Rs.10,000, (b) Legal Expenses Rs.24,000,
(b) Bad Debts Rs.15,000, (d) Income Tax Rs.63,000
(e) Insurance of goods Rs.6,800.

Prepare Departmental Trading and Profit and Loss Account in columnar form and also general profit and loss account for the year ended 31.12.2004. **(C.H.M., 2010)**

Q.19. Prepare Departmental Trading and Profit and Loss A/c for the year ended 31.3.97 and a Balance Sheet as on that date:

Particulars	Debit (Rs.)	Credit (Rs.)
Stock: (1.4.1996)		
Dept. X	34,000	
Dept. Y	29,000	
Purchases:		
Dept. X	70,800	
Dept. Y	60,400	
Sales:		
Dept. X		1,21,600
Dept. Y		1,02,500
Wages:		
Dept. X	16,400	
Dept. Y	5,400	
Rent, Rates and Insurance	18,780	
Sundry Expenses	7,200	
Salaries	6,000	
Light & Heating	4,200	
Discount Allowed	4,440	
Discount Received		1,300
Advertising	7,360	
Carriage Inwards	4,680	
Furniture & Fittings	6,000	
Plant & Machinery	42,000	
Sundry Debtors	12,120	
Sundry Creditors		37,200
Capital		95,320
Drawings	9,000	
Cash in Hand	340	
Cash at Bank	19,800	
	3,57,920	3,57,920

(a) Internal transfer of goods from Dept. X to Dept. Y, Rs.840.
(b) The items Rent, Rates and Insurance, Sundry Expenses, Lighting and Heating, Salaries and Carriage Inwards are to be apportioned to Department X and Y in the ratio of 2:1.
(c) Discount allowed and received are apportioned on the basis of departmental Sales and Purchases (Excluding transfers)
(d) Advertisements to be apportioned equally.
(e) Depreciation at 10% p.a. on Furniture and Fittings & Plant and Machinery to be charged to the Departments X and Y in the ratio 3:1.
(f) Services rendered by Dept. Y to Dept. X, Rs.1000.
(g) Stocks as at 31st March, 1997, X Dept. Rs.33,480, Y Dept. Rs.24,100.

➢ INTER DEPARTMENTAL TRANSFERS (AT SELLING PRICE)

Q.20. A, B & Co. has two Departments, viz. 'A' and 'B'. All goods purchased by 'B' Dept. from 'A' Dept. are transferred at normal market prices. From the following information, prepare Trading and Profit & Loss of two Depts. for the year ended 31st December, 1997 and a combined Balance Sheet of the Concern as on that date.

Particulars	(A) Rs.	(B) Rs.	(C) Rs.
Opening Stock	10,000	---	10,000
Purchases	1,10,000	5,000	1,15,000
Goods from A Dept.	---	30,000	30,000
Wages	300	3,200	3,500
Salaries (Dept.)	2,400	600	3,000
Sales	1,21,000	68,000	1,89,000
Printing & Stationery	500	300	800
Advertisement	---	---	5,000
Salaries	---	---	9,000
Capital	---	---	60,000
Debtors	---	---	27,000
Creditors	---	---	4,000
Machinery	---	6,000	6,000
Drawings	---	---	50,000
Cash in Hand	---	---	23,700

1. Depreciate Machinery by 10%.
2. The general Expenses are to be apportioned in the ratio of 3:2 between 'A' & 'B' Depts., respectively.
3. The closing stocks of 'A' and 'B' Depts. were Rs.18,000 and Rs.6,000 respectively, but the stock of 'B' Department was entirely from goods transferred from 'A' Department.

Q.21. Following is the Trial Balance of Mamta Departmental Stores having two departments P and Q. Prepare Departmental final accounts:

Particulars	Debit	Credit
<u>Opening stock:</u>		
Dept. P	29,000	--
Dept Q	16,500	--
Wages	15,000	--
Plant and Machinery	1,00,000	--
Capital	--	1,43,000
Debtors and Creditors	70,000	11,700
<u>Purchases and Sales:</u>		
Dept P	49,100	1,43,000
Dept Q	1,45,700	1,83,600
Travelling Expenses	7,500	--
Furniture	40,000	--
Audit Fees	3,500	--
Discount	2,000	3,000
Bank Overdraft	--	10,000
Advertisement	9,500	--
Repairs to Machinery	3,500	--
Printing and Stationery	1,400	--
Petty Cash Expenses	800	--
<u>Returns:</u>		
Dept P	3,000	3,100
Dept Q	3,600	2,700

	5,00,100	5,00,100

(1) Closing stock Dept. P Rs.33,000 and Dept. Q Rs.75,000.
(2) Goods worth Rs.10,000 transported from Dept.Q to Dept. P at selling price to Dept. Q. Closing stock of Dept. P contains unsold goods worth Rs.3,000 received from Dept. Q.
(3) Depreciate fixed assets at 10%.
(4) Number of workers working 3:7 in two departments.
(5) Write off bad debts Rs.1,000 and create 5% R.D.D. **(R.K.T 2014)**

Q.22. Kalyan stores has two Departments viz Clothing and Tailoring. Goods are transferred to Tailoring department at cost plus 25% closing stock of tailoring department entirely represent goods received from cloth dept. **(Birla 2014)**

From the following Particulars prepare final accounts for the year ended 31/3/05.

Particulars	Cloth Rs.	Tailoring. Rs.
Opening stock	20,000	
Purchases	2,20000	10,000
Inter Departmental Transfer	60,000	60,000
Wages	600	6,400
Salaries	4,800	1,200
Closing stock at cost to the dept	36,000	12,000
Sales	2,42,000	1 ,36,000

Other Information	Rs.
Printing & Stationary	1,600
Advertisement	10,000
Salaries(general)	18,000
Capital A/c	1,20,000
Debtors	54,000
Creditors	8,000
Machinery	12,000
Drawings	1,00,000
Cash at bank	47,400

CHAPTER 5: HIRE PURCHASE AND INSTALMENT SALES

Q.1. B and Co. purchased machinery on instalment system from X and Co. The cash price for the machinery was Rs.80,000. The price was to be paid as Rs.25,536 down and the balance in 3 equal annual instalments of Rs.20,000 each commencing from the end of the first year at 5% interest per annum. Show necessary journal entries in the books of the buyers assuming that the books are closed on 31st December each year and depreciation is charged at 10%p.a. on reducing instalment method.

Q.2. Rajesh Traders Pvt. Ltd. purchased motor lorries on hire purchase system, over a period of four years. Rs.12,000 was payable on delivery on 1st January, 1991, and the balance by 4 annual instalments of Rs.12,000 each on 31st December. Premier Automobiles, who sold lorries charged interest at 5% per annum on the yearly balances. The cash value of the lorries on delivery was Rs.54,551. Depreciation @ 25% on diminishing balances was to be provided each year. Journal entries in the books of Seller.

Q.3. On 1/1/1997 Logic Computers Ltd. purchased 10 computers from Embury Computers Ltd. on installments systems. The cash price of the computer was Rs.44,700 per computer. The payment for the same was to be made as Rs.12,000 per computer on signing of the agreement and balance in three installments of Rs.12,000 each per computer at the end of each year. 5% interest is charged by Seller Company. Logic Computers have decided to write off depreciation by WDV method @ 10% p.a. Show Computers account, Embury Computers Ltd. Account, Interest Account in the books of Logic Computers Ltd for all three years from 1997 to 1999

Q.4. Ajay Brothers purchased machinery from HMT Ltd. on 1st January, 1992. The cash price of machinery was Rs.70,000. Rs.10,000 were paid in signing the agreement and the balance in annual instalments of Rs.20,000 plus interest at 12%p.a. Ajay Brothers charged depreciation at 20%p.a. on written down value. Show in buyer's books necessary ledger accounts till final settlement;

Q.5. BEST Transport Company purchases a motor car from Bombay Motors & Cycles Ltd. on hire purchase agreement on 1st Jan.1998 paying cash Rs.10,000 and agreeing to pay three further instalments of Rs.10,000 each on Dec.31st Each year. The cash price of the car is Rs.37,250 & Bombay Motors & Cycles Ltd. charge interest @ 5% p.a. The BEST Transport company writes off 20% p.a. as depreciation on reducing balance method. Prepare necessary ledger accounts in the books of BEST Transport company.

Q.6. X Ltd. sold machinery worth Rs.90,000 to Y Ltd. on hire purchase system. An amount of Rs.12,000 is to be paid on delivery and the balance in five instalments of Rs.18,000 each payable annually. Any difference in the fifth year's account should be suitably adjusted. X Ltd. charged interest @ 5%p.a. on yearly balances. Pass Journal Entries in the books of X Ltd. for five years. Provide depreciation @ 20% on the written down value method.

Q.7. On January 1, 1992, B Ltd. sold machinery to A Ltd. on the instalment system. The cash value of the machinery was Rs.2,23,500. A Ltd had to pay Rs.60,000 at the time of taking the delivery and the balance in three instalments of Rs.60,000 each on December 31 each year. B Ltd. charged interest of 5%p.a. A Ltd. decided to write off 20% annually on the diminishing balance of cash value of the machinery. Pass journal entries and prepare the ledger accounts in the books of B Ltd.

Q.8. On 1st January,2009 transport Ltd. Purchased a lorry on instalment basis. On 1st January,2009, paying Rs.20,000 cash and agreeing to pay three further instalments of Rs.20,000 each. On 31st December each year. The cash price of the lorry was Rs.74,500 and lorry company charges interest at 5% p.a. The Transport company charges, depreciation at 10% p.a. on cash value of the lorry on diminishing balance method. Prepare Assets A/c and hire vendor's a/c in the books of Transport Ltd. **(Model 2010)**

Q.9. Ganesh purchased a Motor car on Hire Purchase from Premier Ltd. On 1st January,1997 for Rs.1,30,000. He paid Rs.10,000 on signing the contract and thereafter four half yearly instalments of Rs.30,000 each on 30th June and 31st December, every year. The cash price of the Car was Rs.1,05,000. The premier Ltd. charged interest at @ 20%p.a, with half yearly rests. Motor car is depreciated at 25% p.a. W.D.V. Prepare the following ledger accounts in the books of Ganesh for year ending 31/12/97 and 31/12/98: Motor Car A/c, Premier Ltd. A/c., Interest A/c.

Q.10. The Chennai Transport Co. purchased Motorcar from Mumbai Motor Co., on hire-purchase agreement on 1st January, 2001. Paying cash Rs.10,000 agreeing to pay further three installments of Rs.10,000 each on 31st December each year. The cash price of the car was Rs.37,250 and the Mumbai Motor Co., charged interest at 5% p.a. The Chennai Transport Co., writes off 10% p.a. as depreciation on the reducing balance method. (Assume Accounting year ends on 31st December) you are required to Pass the journal entries in the books of Chennai Transport Company and prepare Chennai Transport Company's Account in the books of Mumbai Motor Company for the period of three years starting from 1st January 2001. **(RKT 2008)**

Q.11. Kaysons Purchased a printing machine from Samson Printers on Hire Purchase Basis on 1st July 2002. The terms of contract were as follows:
(1) Cash price of the machine was Rs.7,50,000/-
(2) Rs.1,50,000/- was paid on signing the contract on 1st July, 2002.
(3) The balance was paid in instalment of Rs.2,00,000 plus interest @ 15% per annum.
(4) The installments were paid on 31st December every year, commencing from 31.12.2002.
Kaysons charged depreciation @ 20% p.a. under straight-line method. They close their books on 31st December. Show Necessary accounts in the books of Kaysons using Credit Purchase Method. **(Saket 2008)**

Q.12. On 1st July, 2005, Western Printers purchased a printing machine (Cash Price Rs.30,000) on hire purchase basis, payment to be made Rs.10,000 as down payment and the balance in 3 half yearly instalments of Rs.8,200, Rs.7,440 and Rs.6,300 commencing from December,2005. The vendor charged interest at 10% p.a. Calculated on half yearly rests. Western printers close their books annually on 31st December and provide depreciation at 10% p.a. on diminishing balance method. Show Assets A/c and Hire Vendor A/c in the books of Western Printers. **(RKT 2010)**

Q.13. The Kalyan Trading company purchased motor truck from Thane motor company on a hire purchase agreement on 1st January 2011 paying cash Rs. 10,000 and agreeing to pay further three installment of Rs. 10,000 each on 31st December each year. The cash price of the motor truck is Rs. 37250 and the Thane motor company charges interest at 5% p.a. the Kalyan Trading company writes off 10% p.a. as depreciation on the Reducing balance system the company closes its accounts on 31st December every year. Show (1) Motor Truck A/c (2) Thane motor company's A/c (vendor A/c (3) Interest A/c in the books of Kalyan Trading Company. **(Birla 2008)**

Q.14. On 1.1.2001 A purchased a machine from Suni on hire-purchase system. Rs.10,000 was paid on delivery and balance in 5 installment of Rs.10,000 each payable on 31st December every year. The cash price of the machine was Rs.50,000. Show the Machinery Account, Suni's Account in the books of A assuming that he closes his books on 31st December every year and depreciation is charged at the rate of 10% on straight line method.

Q.15. On April 1, 1993, X and Co. acquired a plant on hire purchase. The terms of contract were:
(a) The cash price of the plant was Rs.1,00,000.
(b) Rs.40,000 were to be paid on the signing of the contract.
(c) The balance was to be paid in annual instalments of Rs.20,000 each plus interest.
(d) Interest chargeable on the outstanding balance was 6%p.a.
(e) Depreciation at 10%p.a. is to be written off on the straight line method.
Show the relevant accounts in the books of X and Co. from April 1, 1993 to March 31, 1996.

Q.16. M/s BPCL purchased on hire purchase basis 5 motor van from M/s Tata Motors on 1st April 2006. The cash price of each motor van was Rs. 1,50,000 , Rs. 20,000 per motor van were payable on delivery and balance in five annual installment of Rs. 30,000 each per motor van. Tata motors charges interest at 5% p.a. on yearly balances. Calculate interest for each year for all of the motor vans taken together. **(CHM 2009)**

Q.17. Leeway Infra Tech Ltd. purchased a machinery from M/s L & T Ltd. on hire purchase basis on 1st April 2008. Cash price of machinery was Rs. 6,30,000. Rs 60,000 were to be paid at the time of singing the agreement and balance in four half yearly installment of Rs. 1,80,000 each each payble on 30th September and 31st march every year. Leeway Infra Tech charged depreciation at 20% p.a. on reducing balance method and M/s L & T. charges interest at 20% p.a. on half yearly rests. Prepare following ledger accounts in the books of M/s Leeway Infratech Ltd. under credit purchase method: 1. Machinery Accounts
2. M/s L & T Ltd A/c 3. Interest A/c 4. Depreciation A/c. **(CHM 2010)**

Q.18. Neelam Brothers bought machinery on hire-purchase basis from A Ltd. on 1st January, 1992. The cash price of the machinery was Rs.40,000 payable in three equal annual instalments commencing from 31st December, 1992. The vendors charged interest on outstanding cash price at 10%p.a. The Annuity Table shows that the present value of the annuity of Re.1 for three years at 10%p.a. is Rs.2.48685. However, for the purpose of calculation it was taken at Rs.2.50. Neelam Brothers charged depreciation on machinery at 20%p.a. on fixed instalment system. Show the accounts in the ledger of Neelam Brothers.

Q.19. Mr.Rajendra purchased a computer from P Ltd. on hire purchase basis on 1st January, 1992. The cash price of the computer was Rs.1,55,000 payable Rs.50,000 down and thereafter Rs.50,000 every year for three years on 31st December each year.Prepare Rajendra's Account, Interest Account and Sales Account in the books of P Ltd.

Q.20. Mr. Sachin purchased motor cycle on hire purchase system from M/s TVS. Ltd. The cash price of the motor cycle was Rs.15,500. The payment under the agreement was to be made as follows:

Particulars	Rs.
On signing the agreement on 1-1-2000	Rs.3,000
At the end of the first year on 31-12-2000	Rs.5,000
At the end of second year on 31-12-2001	Rs.5,000
At the end of third year on 31-12-2002	Rs.5,000

Mr. Sachin provides depreciation @ 10% p.a. on fixed installment basis. Give Journal entries in the books of Mr. Sachin assuming that all the installments have been dully paid.

Q.21. Mr. Gosh acquired a motor car form Motor Hires Ltd. Ltd. On 1-12001. The cash price was Rs.1,88,700. He agreed to pay Rs.40,000 on delivery of the car to him and balance in 4 half-yearly installments of Rs.40,000 each commencing from 30-6-2001. The Motor hires Ltd. Charges interest @ 6% p.a. as half-yearly interest. Mr. Gosh prepares his accounts annually on December 31st and writes off depreciation on Motor car @20% under straight line method. You are required to show (i) Motor Hires Ltd. Account, (ii) Motor car Account for the year ended 31st Dec.2001 & 2002

Q.22. Arvind purchased a motorcar on hire purchase system from Automobile Ltd. on 1-1-99 on paying Rs.6,000 down. The remaining amount (including interest 10%p.a.) was paid at the end of each year as under. **(CHM 2008)**

Date	Rs.
31-12-1999	12,800
31-12-2000	9,800
31-12-2001	7,000
31-12-2002	4,400

Depreciation was charged by Arvind @ 10% on fixed instalment system. Show your calculations of interest in each instalment and give motor car A/c, Automobile Ltd. A/c in the books of Arvind.

CHAPTER 6: SINGLE ENTRY SYSTEM

Q.1. Girdharilal commenced business on 1.1.83 with a capital of Rs.25,000. He immediately bought furniture for Rs.4,000. During the year he borrowed Rs.5,000 from his wife and introduced a further capital of Rs.3,000. He had withdrawn Rs.600 at the end of each month for family Expenses.

From the following particulars obtained from the books, which do not confirm to strict double entry principles, You are required to prepare Trading and Profit & Loss Account for the year ending 31.12.83 and Balance Sheet as on that date.

Particulars	Rs.
Sales (including cash sales Rs.30,000)	1,00,000
Purchases (including cash purchases Rs.10,000)	75,000
Carriage Inward	700
Wages	300
Discount allowed to Debtors	800
Salaries to Staff	6,200
Bad Debts written off	1,500
Trade Expenses	1,200
Advertisement	2,200

Girdharilal had used goods worth Rs.1,300 for private purpose and paid Rs.500 to his son, which is not recorded anywhere. On 31.12.83, his Debtors were Rs.21,000, Creditors Rs.15,000 and Stock in Trade as on that date was worth Rs.10,000. Furniture is to be depreciated by 10%.

Q.2. Mr. Avinash carries on a grocery business and does not keep his books on double entry basis. The following particulars have been Extracted from his books of accounts:

Particulars	1.7.97	30.6.98
Plant & Machinery	25,000	25,000
Stock	22,000	19,500
Debtors	8,000	25,500
Creditors	12,500	10,000
Cash in hand	400	800
Bank Balance	6,250	7,000

The following transactions took place during the year 30.6.98:

Particulars	Rs.	Particulars	Rs.
Received from Cash Sales	31,250	Payment for Purchases	28,850
Received from Debtors	1,60,000	Payment to Creditors	1,32,000
		General Expenses	21,450
		Wages	15,000
		Drawings	6,800
	1,91,250		1,91,250

During the year, Mr. Avinash had taken goods worth Rs.1,950 for self-consumption.
Prepare: 1) Trading & Profit / Loss Account 2) Balance Sheet.

Q.3. Mr. Ramesh who keeps his books of accounts by Single Entry instructs you to prepare Trading & Profit / Loss Account of his business for the year ended 31st March, 1993 and Balance Sheet as on that date.

1) On 1.4.92, he had Stock worth Rs.27,000, Creditors Rs.24,000, Debtors Rs.60,000, Business Premises Rs.45,000 , Office Furniture Rs.3,000, Bank Overdraft Rs.12,000.
2) The transactions for the year are summarised as follows:

Particulars	Rs.
Received from Debtors	75,000
Received from Cash Sales	20,000
Paid to Creditors	44,000

Paid for Cash Purchases	12,000
Interest on Overdraft	500
Paid Salaries & Wages	9,000
Paid General Charges	750
Rent & Taxes	1,200
Drawn for personal use	1,000

3) Scrutiny of Personal Accounts showed that he had allowed Rs.4,500 as discount to his Debtors and had earned Rs.3,000 as discount from his Creditors.

4) On 31st Dec.,1993, he had Stock Rs.40,000, Debtors Rs.67,000, Bills Receivable Rs.3,000, Creditors Rs.20,000, Bills Payable Rs.4,000, Business Premises Rs.45,000 and Furniture Rs.3,000. He also owed Rs.400 for Expenses.

5) Charge 5% depreciation on Furniture & Premises.

6) Create R.D.D. for Rs.4,800 and Allow 5% interest on capital.

Q.4. Mr. Young keeps his Books of Accounts on Single Entry System. From the given Cash Book and additional information, prepare Trading & Profit / Loss Account for the year ended 31.3.83 and Balance Sheet as on that date.

CASH BOOK

RECEIPT	Rs.	PAYMENT	Rs.
To Debtors	25,000	By Bal. B/f (Bank Overdraft)	4,000
To Sales	15,000	By Interest	100
		By Drawings	2,000
		By Salaries	8,500
		By Expenses	7,900
		By Creditors	15,000
		By Bal. c/f :	
		Bank	2,425
		Cash	75
	40,000		40,000

Further details available are:

Particulars	1.4.82	31.3.83
Stock in Hand	9,000	10,220
Creditors	8,000	5,500
Debtors	22,000	30,000
Office Premises	15,000	15,000
Furniture	1,000	1,000

Provide 5% interest on Opening Capital & Rs.1,500 for doubtful debts, charge 5% depreciation on fixed assets.

Q.5. Shri. R.K. Malik maintains his Books of Accounts on Single Entry System and furnishes to you the following information for the year, 1998:

Particulars	1.1.98	31.12.98
Fixed Assets	20,000	25,000
Debtors	25,000	40,000
Creditors	15,000	20,000
Stock	10,000	15,000
Cash at Bank	5,000	8,000

The other information relating to the year 1998 is as follows:

Receipts from Debtors	2,50,000	Expenses Paid	30,000
Payments to Creditors	2,00,000	Drawings	6,000
Discount Earned	5,000	Cash Sales	5,000
Bad Debts	7,000	Cash Purchases	11,000
		Purchase Returns	26,000

Prepare Trading & P & L A/c, Balance Sheet after considering the following adjustments:
1) Depreciate fixed assets @ 10% on closing balance.
2) Outstanding Expenses Rs.5,000 & R.D.D. is to be made at Rs.5,200.

Q.6. A Trader has not kept complete records of his business transactions for the year 1983.
(1) The summary of cashbook:

Particulars	Rs.
Cash paid into bank	8,690
Dividend received in cash	200
Drawings in cash	445
Drawings from bank	750
Cash received from debtors	11,700
Payments to creditors: Cash	200
Cheque	7,750
Wages	1,500
Sundry Expenses paid in cash	1,075
Bank Interest	10

(1) His assets and liabilities are:

Particulars	1.1.83	31.12.83
Stock	600	750
Bank	800	1,000
Cash	30	20
Debtors	750	1,050
Creditors	1,200	1,400
Investments	3,000	3,000

From the above, prepare Trading and Profit / Loss Account for the year ended 31.12.83 and Balance Sheet as on that date bearing in mind that Sundry Expenses amounting to Rs.120 are outstanding at the end of the year.

Q.7. Mr. Kedar carries on a grocery business and does not keep his books in double entry basis. The following particulars have been extracted from his books:

Particulars	01.04.2003	31.03.2004
Plant and Machinery	20,000	20,000
Stock	16,000	14,750
Debtors	4,000	12,750
Creditors	11,250	10,000
Cash in Hand	200	400
Bank Balance	3,125 (Dr.)	3,500 (Cr.)

The following cash transactions took place during the year ended 31st March, 2004:

Particulars	Rs.	Particulars	Rs.
Cash Sales	15,925	Payments to Creditors	66,000
Received from Debtors	80,000	Cash Purchases	14,425
		General Expenses	10,725
		Wages	7,500
		Drawings	3,700
	95,925		1,02,350

During the year Kedar had taken goods from the business for his own consumption which amounted to Rs.975. You are required to prepare Trading and Profit and Loss Account for the year ended 31st March, 2004 after charging 10% Depreciation on Plant and Machinery and Balance Sheet as on that date: **(Birla- 2005)**

Q.8. Mr. Ignorant does not maintain complete set of books. The following balances are available from his book as on 31st March1997 & 31st March 1998:

Particulars	31.3.97	31.3.98
Building	40,000	60,000
Machinery	60,000	80,000
Furniture	5,000	6,000
Bills receivable	Nil	4,000
Bank Loan	30,000	40,000
Cash & Bank	42.000	40,250
Debtors	30.000	25,000
Creditors	40.000	65,000
Investments	Nil	5,000
Bills payables	Nil	6,000
Stock	30,000	40,000
Further information: -		Rs.
Collection from Debtors		85,000
Paid to Creditors		65,000
Bills Receivables endorsed to Creditors		3,000
Bills Receivable Collected		2,000
Bills Receivables Dishonored		1,000
Additional Loan Taken from Bank during the Year		20,000

1) Cash Sales were 20% of Total Sales.
2) There were no cash purchases.
3) Miscellaneous trade expenses amounted to Rs.11,000 of which Rs.1,000 were outstanding on 31.3.98.
4) Depreciate Machinery and Furniture @10% and building at 5%.

Prepare final accounts of Mr.Ignorant for the year-ended 31.3.1998. **(Birla-2003)**

Q.9. Shankarrao keeps his books under Single Entry System and the following information is supplied by him for the year ending 31st March, 2000:

Particulars		Rs.
Bank Balance (1.4.99)		1,200
Cash balance (1.4.99)		50
Drawings		2,250
Wages		2,100
Salaries		2,700
Sundry Expenses		3,975
Paid to Creditors (Including payment for B/P Rs.1,200)		11,400
Received from debtors (including receipts on B/R Rs.1,400)		16,092
Cash Sales		4,743
Bank overdraft (2000)		450
Other Assets and Liabilities	1.4.1999	31.3.2000
Stock	5,940	7,500
Furniture	360	360
Buildings	6,000	6,000
Creditors	6,600	2,100
Debtors	7,500	5,805
Bills Payables	900	nil
Bills Receivables	1,500	2,100

Interest on Capital as on 1.4.99 to be charged Rs.750. Depreciation on buildings and furniture is to be written off at 5% and 10% respectively. Reserve of Rs.150 is to be created for doubtful debts. Prepare Trading & Profit and Loss Account for the year ending 31.3.2000 and Balance sheet as on that date. **(R.K.T.-2001)**

Q.10. Mr. Amit carries on a small business but he does not maintain a complete set of account books. He banks all receipts and makes all payments only by means of cheque. He maintains a cashbook, a sales ledger and a purchase ledger properly. He also makes a proper record of assets and liabilities at the date of every accounting year. From such records you are able to gather the following information:

Receipts during the year 1989:	Rs.
From Sundry Debtors	17,625
Cash Sales	5,125
Paid in by Amit, the proprietor	2,500
Payments made in the year 1989:	
New Plant purchased	1,625
Drawings	1,500
Wages	6,725
Salaries	1,125
Interest paid	75
Telephone	125
Rent	1,200
Light and Power	475
Sundry Expenses	2,125
Sundry Creditors	7,625

The assets and liabilities are as follows:

Particulars	31.12.88	31.12.89
Creditors	2,525	2,400
Debtors	3,750	6,125
Bank	625	?
Stock	6,250	3,125
Plant	7,500	7,315

Prepare Profit and Loss A/c for the year ended 31st Dec, 89 and Balance Sheet

Q.11. Innocent keeps his books on Single Entry System. Prepare his Trading and Profit and Loss A/c for the year ended 31st Dec, 97 and the Balance Sheet as on that date

(a) An analysis of his cash book reveals the following:

Bank Overdraft as on 1.1.97	8,560
Interest and Bank Charges	240
Drawing A/c of Mr. Innocent	5,200
Salaries	6,400
Payments to Creditors	1,05,550
Receipts from Debtors	52,050
Cash Sales	65,460
Insurance Charges	600
Rent	750
Receipt of fire claim from insurance company	5,400
Stationery	440
Freight, Duty etc.	1,250
Carriage Inwards	2,500
Carriage Outwards	1,550
Machinery Repairs	1,240
Income Tax Refunds	1,250
Bills Payable	16,000
Bills Receivable	15,000

(b) Mr. Innocent had allowed Rs.550 as discounts and earned Rs.450 as discounts.

(c) A scrutiny of various ledger accounts reveals the following:

Particulars	1.1.97	31.12.97

Stock in Hand	3,550	4,560
Sundry Creditors	4,570	15,640
Sundry Debtors	20,000	25,620
Furniture	5,000	5,000
Machinery	25,600	25,600
Motor Cars	35,400	35,400
Cash in Hand	650	750
Bills Receivable	25,400	30,450
Bills Payable	22,470	13,240

(d) There was a Reserve for Doubtful Debts at 5% of the debtors at the beginning of the year and the same percentage is desired to be maintained.
(e) Only 75% of the cost of stock lost in fire was recovered.
(f) Depreciation @ 5% on Machinery, 10% on furniture and 20% on vehicles is provided.

Q.12. From the following information, prepare Trading Account, Profit and Loss Account, for the year ended 2003 and Balance Sheet as on 31st December, 2003.

Particulars	31.12.2002	31.12.2003
Debtors	36,000	63,800
Stock	19,600	?
Furniture	2,000	3,000
Creditors	12,000	9,000
Bills Receivables	8,000	?
Bills Payable	6,000	?

Cash Book Summary

Receipts	Rs.	Payments	Rs.
To Balance b/d	10,000	By Creditors	88,000
To Debtors A/c	1,21,600	By Salaries	20,000
To Capital A/c	4,000	By Furniture (on 1.7.03)	1,000
To Sales A/c	3,000	By Rent and Taxes	6,000
To Bills Receivables A/c	6,000	By other expenses	3,600
		By Drawings	6,000
		By Purchases	10,000
		By Bills Payable	2,000
		By Balance c/d	8,000
	1,44,600		1,44,600

(a) Discount allowed Rs.600
(b) Bills Receivable received Rs.8,000.
(c) Bills Payable accepted Rs.6,000.
(d) Returns inwards Rs.2,000.
(e) Returns outward Rs.1,600.
(f) Furniture is to be depreciated at 10%.
(g) Stock statement is missing but he sells goods at 30% profit on selling price.
(h) Outstanding salaries for year ended 31.12.2003 is Rs.2,000/-
(i) Accrued commission income for year ended31.12.2003 is Rs.2,000.
(j) Discount received Rs.1,400. **(Model- 2004)**

Q.13. Ashutosh Keeps his books of accounts by single entry. On 1.1.2002 he has capital of Rs.69,000. An analysis of his cash-book for the year gives the following particulars:

Receipts	Rs.	Payments	Rs.
Received from Sundry Debtor	60,000	Due to Bank (Jan.1)	7,400
Paid on Capital A/c	5,000	Paid to Creditors	25,000
		General Expenses	10,000
		Wages	15,500
		Drawings	3,000

		Balance at Bank Balance in Hand	4,000 100
	65,000		65,000

Further information from his books is given below:

Particulars	1.1.2002	31.12.2002
Debtors	53,000	88,000
Creditors	15,000	19,500
Stock	17,000	19,000
Plant and Machinery	20,000	20,000
Furniture and Fittings	1,400	1,400

From the above information prepare Trading and Profit and Loss Account for the year ended 31.12.2002 and a Balance Sheet as at that date after providing 10% depreciation on plant, 5% Depreciation on Furniture and Fittings and a Reserve of 5% on Sundry Debtors.

Q.14. From the following information prepare final accounts for the year 2000:

Particulars	1.1.2000	31.12.2000
Cash	1,000	?
Debtors	4,000	?
Bills Receivable	3,900	?
Stock	8,000	6,000
Fixed Assets	11,000	11,000
Creditors	4,000	?
Bills Payable	2,000	?
Cash transactions during the year 2000:		
Received from debtors	28,000	
Bills Receivable encashed	10,000	
Cash sales	4,000	
Payment to Creditors	15,000	
Bills Payable Paid	12,000	
Drawings	1,000	
Wages and Salaries	10,000	
Sundry Expenses	500	
Non-Cash transactions during the year 2000:		
Credit Sales	41,000	
Credit Purchases	30,000	
Discount Allowed	1,000	
Discount Received	1,500	
Bills Receivable Drawn	11,000	
Bills Payable Accepted	14,000	

(a) 5% provision for doubtful debts
(b) 10% depreciation on fixed assets.
(c) Prepaid insurance Rs.100
(d) Wages outstanding Rs.1,000 **(Model-2005 & R.K.T- 2005)**

Q.15. Anand does not keep proper books of accounts from the various records; certain particulars are extracted and analysed as under:

BALANCE SHEET as on 1.1.92

Liabilities	Rs.	Assets	Rs.
Capital	80,000	Furniture & Fixtures	16,000
Creditors	60,000	Vehicles	20,000
Loan	10,000	Stock	40,000
Bills Payable	5,000	Debtors	55,000
		Bills Receivable	4,000
		Cash in Hand	20,000

	1,55,000		1,55,000

CASH BOOK

To Balance b/f	20,000	By Investments (6% Govt. Bond & purchased on 1.7.92)	40,000
To Debtors	1,00,000	By Creditors	1,30,000
To Bills Receivable	15,000	By Bills Payable	10,000
To Sales	1,05,000	By Wages	8,000
		By Salaries	15,000
		By Loan	5,000
		By Drawings	25,000
		By General Expenses	2,000
		By Balance c/f	5,000
	2,40,000		2,40,000

Bills Receivable drawn	12,000
Bills Payable accepted	10,000
Discount allowed	4,500
Discount received	1,500
Credit Sales	75,000
Credit Purchases	90,000
Closing Stock	40,000

Provide for doubtful debts @ 5% on debtors. Depreciate 10% on Furniture and Fixture and 20% on Vehicles. Prepare Trading and Profit & Loss Account for the year-ended 31.12.92 and Balance Sheet as on that date.

Q.16. You are required to prepare Trading & profit and loss Account for the year ended 31st December, 2006, and the Balance sheet as on that date.

Balance sheet as on 31.12.2005

Liabilities	RS	Assets	Rs.
Sundry creditors	4,000	Cash	3,000
Bills payable	8,200	Bills Receivables	4,000
Outstanding Wages	200	Sundry Debtors	5,000
Capital	19,800	Stock	4,000
		Furniture	2,000
		Plant & Machinery	14,000
	32,000		32,000

Cash Account For the year ended 31.12.2006

Receipts	Rs	Payments	Rs
To Balance b/d	3,000	By Wages	4,000
To cash sales	7,000	By Drawings	2,400
To debtors	16,000	By payment to creditors	7,000
To Bills Receivable	15,000	By bills payable	12,000
		By sundry Expenses	6,000
		By Rent Rates & Taxes	4,000
		By balance c/d	5,600
	41,000		41,000

Sundry debtors 31.12.2006	8,000
Sundry creditors 31.12.2006	5,000
Bills receivable 31.12.2006	9,000
Bills payable31.12.2006	10,000
Stocks31.12.2006	6,000
Bills receivable dishonored	1,000
Bills payable dishonored	400

Discount allowed	500
Bills receivable Endorsed	3,000
Bills receivable Endorsed & dishonoured	400
Discount Received	1,300

Q.17. Radheshyam, a retailer adds 25% to the cost of goods to arrive at his selling prices. His financial position at 30th June was as follows:

Assets	Rs.
Plant & Machinery	50,000
Stocks at Cost	38,250
Debtors	71,750
Cash at Bank	22,000
Liabilities	**Rs.**
Creditors	30,000
Loan from 'Y'	20,000

During the year ended 30th June 1998 he:
a) Paid Rs.1,16,750 to creditors for goods for resale.
b) Paid Rs.5,000 of loan from 'Y'.
c) Purchased a typewriter for Rs.7,000.
d) Withdrew from bank Rs.800 per month for personal expenses.
e) Paid into the bank lottery prize of Rs.3,000.
f) Paid income-tax Rs.6,000 that is also a part of his drawings.
g) All sales are on credit & his business expenses were Rs.12,900.
i) At 30th June 1998 stock was Rs.40,000, Debtors totaled Rs.70,000, & Creditors were Rs.35,000. The balance at bank amounted to Rs.19,500.
Ascertain Radheshyam's gross & net profit or loss for the year ended 30th June 1998 and prepare his balance sheet as on that date. Working notes will become a part of your answer.

Q.18. From the following information prepare Trading & profit and loss Account for the year ended 31st December, 2006, and the Balance sheet as on that date. **(Birla 2006)**

Balance sheet as on 31st December 2005

Liabilities	Rs	Assets	Rs.
Sundry Creditors	6,000	Cash	4,500
Bills Payable	12,000	Bills Receivable	6,000
Outstanding Wages	300	Sundry Debtors	7,500
Capital a/c	29,700	Stocks	6000
		Furniture	3,000
		Plant & Machinery	21,000
	48,000		48,000

Cash account for the year ended on 31st December, 2006

To Balance b/f	4,500	By Wages	6,000
To Cash Sales	10,500	By Drawings	3,600
To debtors	24,000	By Creditors	10,500
To Bills Receivable	22,500	By bills payable	18,000
		By Sundry Expenses	9,000
		By Rent	6,000
		By Balance c/f	8,400
	61,500		61,500

Additional Information:

Sundry debtors 31.12.2006	12,000
Sundry creditors 31.12.2006	7,500
Bills receivable 31.12.2006	13,500
Bills payable31.12.2006	15,000
Stock on 31.12.2006	9,000

Bills receivable dishonoured	1,500
Bills payable dishonoured	600
Discount allowed	750
Bills receivable Endorsed	4,500
Bills receivable Endorsed & dishonoured	600
Discount Received	1,950
Depreciation on plant & Machinery	15%
Depreciation on Furniture	10%
Goods taken by proprietor for personal use	550
Goods Distributed as free samples	350

Q.19. Joy and Roy are in partnership. They keep their books by single entry system. No ready figures are available for total sales, but the gross profit margin maintained on sales is 25%. An abstract of their cash transactions for the year ended 30th June,09 is given below:

Receipts	Rs.	Payments	Rs.
Cash in Hand	20,800	Salaries	50,000
Receipts from Customers	3,00,000	Rent	5,000
Cash Sales	35,000	Advertising	2,000
		Printing	1,600
		General Expenses	2,000
		Purchase of Furniture	23,000
		Payment to Trade Creditors	2,30,000
		Joy's Drawing	4,000
		Cash in Hand	38,200
	3,55,800		3,55,800

The following balances are available from their books as on 30th June,2008 and 2009

Particulars	30-06-2008	30-06-2009
Stock in Trade	44,000	50,000
Sundry Debtors	?	70,000
Sundry Creditors	46,800	37,000
Furniture	6,000	?

1) Discount allowed Rs.2,800 & Discount earned Rs.2,400
2) Outstanding printing expenses are Rs.500
3) Capital of Joy as on 30th June,2008 was Rs.4,000 more than capital of Roy

Q.20. Mr. Sachin a retailer in Mumbai adds 25% to Cost of goods sold to arrive at sales price. His financial position as on 30th June 1995 was as under.

Particulars	Rs.
Plant & Machinery	50,000
Stock at cost	38,250
Debtors	71,750
Cash	22,000
Creditors	30,000
Loan from Kapil	20,000

During the year ended 30th June 1996, Mr. Sachin:-

1. Paid Rs.1,16,750 to Creditors for goods.
2. Repaid Rs.5,000 of Kapil loan.
3. Purchased Furniture of Rs.10,000.
4. Withdrew Rs.800 p.m. from Bank for personal use.
5. Paid into Bank Personal Lottery Prize of Rs.3,000.
6. Paid income tax Rs.6,000.
7. Sold goods on Credit only.
8. Spent business expenses Rs.9,000.

9. On 30.6.96 stock at Cost was Rs.43,120 debtors totaled Rs.70,000 & creditors were Rs.35,000. On that date bank/cash balances was Rs.16,500.
10. Depreciate Plant & Machinery @20% p.a.

Prepare Sachin's Final Accounts. (All workings should be shown) **(Birla -2003)**

Q.21. The following balances are available from the books of M/s Patekar.

Particulars	As on 31.3.2002	As on 31.3.2003
Building	12,000	14,000
Machinery	16,000	20,000
Motor Car	4,000	4,000
Bills Receivable	--	1,200
Bills Payable	800	1,200
Sinha's Loan Account	8,000	10,000
Cash and Bank	13,433	--
Sundry Debtors	9,200	10,900
Sundry Creditors	6,400	8,157
Bank Loan	2,400	--
Investments	--	2,000
Stock	10,000	12,000

(a) Bills Receivable endorsed to suppliers Rs.800.
(b) Bills Payable issued during the year Rs.1,400
(c) Mr. Sinha's Loan paid during the year Rs.2,000.
(d) Cash sales amounted to 20% of credit sales and cash purchases were 20% of total purchases.
(e) Mr. Patekar sells goods at cost plus 33.33%
(f) Miscellaneous trade expenses amounted to Rs.4,000 of which Rs.300 is outstanding as on 31.3.2003.
(g) Drawings amounted to Rs.3,000
(h) Depreciate Building and Machinery by 10% p.a. and Motorcar by 20% p.a. assuming that additions are made on 1.10.2002.

You are required to prepare Trading and Profit and Loss Account for the year ended 31.3.2003 and a Balance Sheet as on that date. **(C.H.M- 2004)**

Q.22. You are required to prepare Trading and Profit and Loss Account for the year ended 30th June 2003 and a Balance Sheet as on 30 th June 2003 from the following information:

Particulars	1.7.2002	30.6.2003
Assets and Liabilities:		
Sundry Creditors	23,655	18,600
Outstanding Expenses	900	495
Sundry Assets	17,415	18,060
Stock	12,060	16,680
Cash in Hand and at Bank	10,440	12,120
Sundry Debtors	?	26,805
Details of Year's Transactions are:		
Cash and Discount credited to Debtors		96,000
Returns from Debtors		2,175
Bad Debts		630
Sales Cash and Credit		1,07,715
Discount allowed by Creditors		1,050
Returns to Creditors		600
Capital Introduced (paid into the bank)		12,750
Receipts from Debtors (paid into bank)		93,750

Cash Purchase		1,545
Expenses paid by cash		14,355
Drawings by Cheque		645
Purchase of Machinery by Cheque.		4,770
Cash payments to Bank		7,500
Withdraw Cash from Bank		13,860
Cash in Hand at end		1,800
Payments to Creditors by Cheque		90,405

Q.23. Prepare a Trading & Profit & Loss A/c for the year ended 31.12.03 and balance sheet:

Balance Sheet as on 31.12.02

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	2000	Cash	1500
Bills Payable	4000	Bills Receivable	2000
O/s Wages	100	Sundry Debtors	2500
Capital	9900	Stock	2000
		Furniture	1000
		Plant & machinery	7000
	16000		16000

Cash A/c for the year ended 31.12.03

Receipts	Rs.	Payments	Rs.
To Balance B/d	1500	By Wages	2000
To Cash sales	3500	By Drawings	1200
To Debtors	8000	By Payment to creditors	3500
To Bills Receivable	7500	By Bills Payable	6000
		By Sundry Expenses	3000
		By Rent & Taxes	2000
		By Balance C/d	2800
	20500		20500

Sundry Debtors 31.12.03	4000
Sundry Creditors 31.12.03	2500
Bills receivable 31.12.03	4500
Bills payable 31.12.03	5000
Stock 31.12.03	3000
B/R receivable dishonoured during the year	500
B/P dishonoured	200
Discount allowed	250
B/R endorsed	1500
B/R endorsed Dishonoured	200
Discount Received	650

(Model 2010)

CHAPTER 7: BRANCH ACCOUNTS

DEBTORS METHOD:

Q.1. A head office at Mumbai opens a branch at Pune. From the following details prepare a Pune Branch A/c for 1989 in the books of head office:

Goods sent to branch	70,000
Goods returned by the branch	4,000
Petty Cash sent to Branch	10,000
Petty expenses paid by the H.O.	12,000
Head Office's Furniture sent to Branch	5,000
Additional Furniture for Branch purchased and paid by the head office	10,000
Cash received from Branch	95,000
Closing Branch Assets:	
Branch Stock	10,000
Branch Petty Cash	3,000
Branch Furniture	13,000
Branch Debtors	15,000
Closing Branch Liabilities:	
Branch Outstanding Liabilities	500

Q.2. On 1.4.91, M/s. Anil Traders of Bombay opened a branch at Surat. From the following details, you are required to prepare the necessary accounts in the books of H.O. for the year ended 31.3.92 and 31.3.93.

Particulars	31.3.1992	31.3.1993
Goods sent to Branch	1,12,500	3,37,500
Amount remitted to branch: For Salaries	18,000	24,000
For Rent	18,000	18,000
For Other Expenses	5,000	8,000
Amount remitted by Branch	1,80,000	4,00,000
Stock on 31st March	19,000	65,000
Petty Cash on hand on 31st March	500	750

Q.3. Arun of Mumbai opens a Branch at Ahmedabad on 1.1.91. During the years ended 31.12.91 and 1992 the following are the transactions:

Particulars	1991 (Rs)	1992 (Rs.)
Goods sent to Ahmedabad	30,000	50,000
Cash sent to Ahmedabad	5,000	---
Good returned by Ahmedabad	3,000	5,000
Cash received from Ahmedabad	50,00	80,000
Assets at the end of the year: Cash	1,000	1,500
Debtors	5,000	8,500
Stock	7,000	10,000
Liabilities at the end of the year: Creditors	2,000	4,000
Outstanding Expenses	1,000	3,000

Show the Branch Account under the Debtors System for the above two years.

Q.4. From the following details prepare Delhi Branch Account for the six months ended 30th June, 1995 after depreciating Branch Furniture @ 20% p.a.:

Opening Branch Assets: Branch Stock	10,000
Branch Petty Cash	3,000
Branch Furniture	13,000
Branch Debtors	15,000

Opening Branch Liabilities:	
Branch Outstanding Expenses	500
Goods sent to branch	90,000
Petty cash sent to Branch	8,000
Branch Expenses paid by the Head Office	17,000
Remittances received from the branch	1,16,400
Closing Branch Assets: Branch Stock	12,000
Branch Petty Cash	2,000
Branch Debtors	17,000
Closing Branch Liabilities:	
Branch Outstanding Liabilities	700

Q.5. M/s. H.B. Ltd. has a H.O. at Mumbai and a Branch at Delhi. The transactions relating to the branch during the year-ended 31.12.1995 were:

As on 31.12.1994: Stock at Branch		38,000
Debtors		16,800
Petty Cash		450
Amount sent to Branch for Expenses: Salary	7,200	
Rent	2,400	
Expenses	1,200	10,800
Goods sent to Branch		1,52,800
Amount remitted by Branch:		
Out of Sales	11,500	
Out of receipts from debtors	1,59,000	1,70,500

Branch informed that Sales during the year was Rs.1,75,500 including Cash Sales. On 31.12.1995, Stock at Branch was valued at Rs.45,250 whereas amount due from customers was Rs.17,800 and Cash was Rs.350. Branch Statements also revealed that branch had also paid Rs.3,100 from Cash Sales for sundry Expenses in addition to the amount received from the head office. You are required to prepare Branch Account in the Books of Head Office.

Q.6. From the following details prepare Jaipur Branch Account for 1988 in the Books of Head Office:

Particulars		Rs.
Opening Branch Assets as on 1.1.1988:		
Branch Furniture		10,000
Branch Stock		12,000
Branch Petty Cash		3,000
Branch Debtors		22,000
Goods sent to Branch		70,000
Petty Cash sent to Branch		8,000
Branch Sundry Expenses paid by Head Office		2,000
Remittances received from the Branch:		
Cash Sales	15,000	
Receipts from Debtors	90,000	1,05,000
Petty Cash Expenses		9,000
Credit Sales		85,000
Returns Inward from Debtors		5,000
Allowances and Discounts to Debtors		3,000
Depreciation on Branch Furniture		2,000
Bad Debts written off		2,000

Closing Branch Assets as on 31.12.88:	
Branch Furniture	8,000
Branch Stock	10,000
Branch Petty Cash	2,000
Brach Debtors	7,000

Q.7. From the following particulars relating to Patna Branch for year ending 31st December, 1989 prepare Branch Account in books of Head Office.

Particulars		Rs.
Stock at Branch (1.1.89)		15,000
Stock at Branch (31.12.89)		25,000
Debtors on 1.1.89		30,000
Debtors on 31.12.89		48,000
Petty Cash on 1.1.89		300
Petty Cash on 31.12.89		200
Goods sent to branch		2,52,000
Goods returned by branch		2,000
Cash Sales		60,000
Cash received from Debtors		2,10,000
Credit Sales		2,28,000
Cash sent to Branch for:		
Salaries	8,000	
Rent & Insurance	2,000	
For Petty Cash	1,600	11,600

GOODS SENT AT LOADED PRICE/ INVOICE PRICE:

Q.8. Sathe of Satara has a Branch in Kolhapur. Head Office invoices goods to the Branch at selling price which is cost + 33 1/3%. You are given the following particulars of the branch from which you are required to prepare Branch Account

No.	Particulars	Rs.
1	Stock at Kolhapur Branch at the commencement of the year (at invoice price)	50,000
2	Debtors at the branch at the commencement of the year	38,000
3	Goods invoiced to branch during the year (at invoice price)	2,23,200
4	Sales at Kolhapur Branch:	
	Cash	1,03,200
	Credit	1,24,200
5	Cash received from customers	1,33,320
6	Discount allowed to customers	1,000
7	Bad debts written off	900
8	Cheques sent to Kolhapur Branch	
	For Sundry Expenses	16,650
	For Salaries	5,670
9	Stock at the branch at the end at invoice price	44,672

Q.9. Apna Bazar has a branch at Mulund. All the goods sent to the Branch are invoiced to branch at 20% profit on sales. All Expenses are reimbursed to the branch monthly. But petty Expenses are incurred by the branch manager from branch cash balance. It is the custom of the branch to send all cash to the head office:

Particulars	Rs.
Opening Stock (at invoice price)	90,000
Sundry Debtors (opening)	54,000
Petty cash on hand (opening)	4,600

Office equipment (opening)	12,000
Goods sent to branch (at invoice price)	4,80,000
Goods returned to head office	6,000
Goods returned by Debtors	3,000
Cash collection from Debtors	1,90,000
Cash Sales	3,00,000
Credit Sales	1,80,000
Discount allowed to customers	300
Expenses remitted by Head Office:	
For Rent @ Rs.400 p.m.	
For Salaries @ Rs.2,400 p.m.	
For Petty Cash Expenses @ Rs.250 p.m.	
Petty Cash Expenses incurred by Manager	2,400
Stock (at the end at invoice price)	84,000

Depreciate Branch Office Equipment @ 10% per annum.

Q.10. Sunil Traders of Sangli invoices goods to their Satara branch at cost + 20%. The manager of the Satara Branch is allowed to purchase independently goods from the local parties. All cash collections made by the branch are immediately transferred through Head Office collection account.

All Expenses are directly paid by the Head Office except for a petty cash account maintained by the branch for which amounts are transferred periodically from the head office. Prepare Branch Account in the books of Head Office.

Opening Balances:		
Petty Cash		1,000
Sundry Debtors		12,500
Stock:		
Transferred from H.O. (at invoice price)	12,000	
Directly purchased by Branch	8,000	20,000
Direct purchases		30,000
Cash Sales		22,500
Credit Sales		65,000
Returns from Customers		1,500
Transfer from H.O. for petty cash Expenses		1,250
Discount to Debtors		1,000
Bad Debts		500
Cash received from Debtors		62,500
Branch Expenses		1,500
Closing Balances:		925
Petty Cash		
Stock: Transferred from H.O. (at invoice price)	9,000	
Directly purchased by branch	6,000	15,000

Q.11. A Delhi merchant has a branch at Madras to which he charges out the goods at cost plus 25%. The Madras Branch keeps its own Sales Ledger and transmits all cash received to Head Office every day. All Expenses are paid from the H.O. The transactions for the Branch were as follows:

Stock (1.1.1983)	11,000
Debtors (1.1.1983)	1,700
Petty Cash (1.1.83)	100
Cash Sales	2,650
Goods sent to Branch	20,000
Collection on Ledger Accounts	21,000
Goods returned to Head Office	400
Bad Debts	300

Allowances to Customers	250
Return Inward	500
Cheques sent to Branch: Rent	600
Wages	200
Salaries and other Expenses	900
Stock (31.12.1983)	13,000
Debtors (31.12.1983)	2,000
Petty Cash (31.12.1983)	125

Q.12. The X Co. Ltd. invoices goods to its Batala branch at cost + 25%. Both cash and credit sales are effected by the branch Expenses are paid direct by H.O. all cash received by the Branch being remitted to H.O. The following are the transactions for the 12 months ended 31.12.1994:

Goods received from Head Office (at invoice price)	40,000	Rent, rates, etc.	600
		Salaries & Wages	1,400
Returns to Head Office (at invoice price)	1,000	Sundry Expenses	200
		Debtors on 1.1.1994	6,000
Stock on 1.1.1994 (at invoice price)	10,000	Debtors on 31.12.1994	6,500
		Closing Stock	
Credit Sales	22,000	(at invoice price)	6,000
Cash Sales	24,000	Bad Debts written off	700
Cash received on Ledger accounts	20,000	Returns from customers	500
Discounts allowed to customers	300		

Prepare the Branch Account in the Books of the Head Office.

Q.13. Anil & Co. of Ajmer opens a branch at Bikaner on 1-1-88. During the year ended 31-12-88 following transaction have taken place.

Particulars	Rs.
Goods sent to Bikaner	60,000
Cash sent to Bikaner	5,000
Goods returned by Bikaner	5,000
Cash received from Bikaner	58,000
Rent for Branches paid by H.O.	3,000

Expenses paid by Branch:

Particulars	Rs.
Salaries	3000
Conveyance	600
Postage	300
Carriage	500

Discount allowed to customers Rs.800. Sales on credit basis amount to Rs. 60,000 of which goods worth Rs. 1,000 were returned to Branch. Cash sales amounted to Rs. 600, one customer paid at Ajmer Rs. 1,200. On 31-12-88 stock worth Rs. 3,000 was at branch and Rs.5,00 was due from debtors, cash on hand was Rs.600/-. Show Branch A/c

Q.14. The following particulars relate to Rajkot Branch of Rajkot traders with H.O at Jaipur for the year ended 31.12.1988:

Particulars	Rs.
Opening branch assets and liabilities:	
Stock	12,000
Debtors	4,000
Petty Cash	500
Furniture	3,000
Outstanding expenses	150
During the year 1988	

Goods sent to branch	1,24,000
Goods returned by branch	2,000

Total sales at branch were Rs.1,80,000 of which 75% were on cash basis. Goods worth Rs.2,000 were returned by customers paid Rs.38,000 & they were allowed a discount of Rs.1,000. Amount remitted to branch included Rs.2,000 for salaries, Rs.3,600 for rent & Rs.1,200 for petty expenses, insurance premium of branch Rs.800 was paid by H.O. Furniture is to be depreciated @ 10% on 31.12.88, stock was valued at Rs.8,000. Prepare Branch A/c with the help of the above details.

Q.15. Mr. Arun of Bombay opens a branch at Surat on 1.1.89. He remits Rs.5,000 & sends goods costing Rs.20,000 to the Surat branch. The following transactions of Surat branch are given below:

Cash Sales	25,000	Amount sent to H.O by Cheque	34,000
Credit sales	17,000	Additional goods sent to branch	25,000
Returns inward	1,500	Branch expenses paid by branch	5,400
Returns outward	500	Local purchases	3,000
Cash discount allowed	300	Payments to creditors	2,000
Trade discount	500	(paid by branch)	
Collection from debtors	12,000	Closing Stock	20,000

Prepare Branch Account in the books of Mr.Arun

Q.16. Gupta Traders of Patna have their branch at Mumbai. Prepare a branch A/c in the books of H.O. with the help of following transactions:

Particulars	Rs.	Rs.
Opening balances: Petty cash at Branch	1,250	
Branch stock	77,000	
Branch debtors	41,250	1,19,500
Goods sent to branch		3,78,000
Amount remitted to branch: Petty cash	7,500	
Salary	18,500	
Rent and rates	6,000	32,000
Amount remitted by branch:		
Cash sales	26,250	
Received from debtors	4,10,350	4,36,600
Discount allowed to debtors by branch		1,060
Mr. Sharma to whom goods were sold by branch directly remitted to H.O.		9,000
Closing balance: Petty cash	1,880	
Debtors	1,26,150	
Stock	57,880	1,85,910

Q.17. Prashant of Mumbai opened a branch at Nashik on 1.1.97. During the year-ended 31.12.97, the following transactions have taken place:

Goods sent to branch		60,000
Cash sent to branch		5,000
Goods returned by branch		6,000
Cash received from branch		58,000
Rent of branch paid by H.O.		5,000
Expenses paid by branch:-		
(a) Salaries	60,000	
(b) Conveyance	500	
(c) Postage	500	
(d) Carriage	400	61,400

Discount allowed to customer was Rs.800. Sales on credit amounted to Rs.68,000. Cash sales amounted to Rs.8,000. On 31.12.97, Stock was worth Rs.6,000. Prepare Nasik branch A/c in the books of H.O.

Q.18. Mumbai Traders, Mumbai opened a branch at Delhi on 1st Jan 2011 the following information is available in respect of the branch for the year 2011.

Goods sent to branch	37,500
Cash sales at branch	25,000
Credit sales at branch	30,000
Salaries of staff paid by the H.O	7,500
Office expenses of the branch paid by H.O	6,000
Cash remittance to branch for petty cash	3,000
Petty cash at branch (31.12.2011)	250
Debtors at branch (31.12.2011)	2,500
Stock at branch (31.12.2011)	13,500

Draw Branch A/c to find out Profit/Loss for the year 2011.

STOCK & DEBTORS METHOD:

Q.19. Arun of Bombay opens a branch in Ahmedabad on 1st January, 1993. The following transactions took place during the two years 1993 & 1994.

Particulars	1993	1994
Between Bombay and Ahmedabad:		
Goods sent to Ahmedabad	30,000	50,000
Cash sent to Ahmedabad	5,000	Nil
Goods returned by Ahmedabad	3,000	5,000
Cash received from Ahmedabad	50,000	80,000
Transactions at Ahmedabad:		
Local Purchases	20,000	25,000
Sales	78,000	1,17,000
Collection from Debtors	73,000	1,13,500
Payments to Creditors	18,000	23,000
Payments for Expenses	9,000	10,000
Year end balances of Ahmedabad:		
Cash	1,000	1,500
Debtors	5,000	8,500
Stock	7,000	10,000
Creditors	2,000	4,000
Outstanding expenses	1,000	3,000

Show the ledger accounts under the Stock and Debtors System.

Q.20. The following are the details of a new branch for the year-ended 31.12.97:

Particulars	Rs.
Goods sent to branch	50,000
Goods returned by branch	3,000
Expenses paid by Head Office	10,000
Remittance from Branch	45,000
Cash sales at branch	2,500
Credit Sales at branch	52,000
Branch Stock (Closing)	17,000
Branch Debtors (Closing)	7,700
Discount allowed to customers by branch	1,800

Show Branch Stock A/c, Branch Expenses A/c, Branch Debtors A/c and Branch P & L A/c in the books of Head Office.

Q.21. From the following particulars relating to the year 1990 ascertain the profit or loss made by the branch by preparing: a) Branch Stock A/c b) Branch Debtors A/c c) Branch Expenses A/c d) Branch P & L A/c.

Particulars		Rs.
Opening Stock		30,000
Opening Debtors		4,000
Goods sent to branch		3,50,000
Sales at Branch: Cash		1,20,000
Credit		2,40,000
Cash received from customers		2,27,100
Discount allowed to customers		3,900
Goods returned by customers		2,250
Bad-debts		2,000
Cash remitted to branch for expenses:		
Rent	2,000	
Salaries	12,000	
Sundry expenses	1,500	15,500
Closing stock		73,350

Q.22. The Novelty Stores Ltd sends goods to various branches at cost and the branches sells on credit as well as for cash. From the following details relating to a branch show branch stock, branch expenses, branch debtors & branch P & L A/c in the books of H.O:

Particulars	Rs.
Debtors (1.1.97)	26,200
Debtors (31.12.97)	33,100
Stock (1.1.97)	15,000
Stock (31.12.97)	13,900
Goods sent from H.O.	50,800
Goods returned to H.O.	700
Cash Sales	33,500
Credit sales	60,000
Allowances to customers	320
Returns from customers	580
Discounts to customers	2,400
Bad- debts	600
Cash received from customers	49,200
Rent paid	1,800
Wages and Salaries Paid	6,000
General trade charges	1,300

Q.23. Multichannel Stores Ltd. Delhi, has its branches at Lucknow and Madras. It charges goods to its branches at cost plus 25%. Following information is available of the transactions of the Lucknow Branch for the year ended on 31st March, 1994:

Particulars	Rs.
Balances on 1.4.1993: Stock (at invoice price)	30,000
Debtors	14,000
Petty Cash	50
Transaction during 1993-94 (Lucknow Branch):	
Goods sent to Lucknow Branch (at invoice price)	3,25,000
Goods returned to Head Office (at invoice price)	10,000
Cash Sales	1,00,000
Credit Sales	1,75,000
Goods pilfered (at invoice price)	2,000
Goods lost by fire (at invoice price)	5,000

Insurance Co. paid to Head Office for loss by fire at Lucknow	3,000
Cash sent for Petty expenses	34,000
Bad Debts at Branch	500
Goods transferred to Madras Branch under Head Office advice	15,000
Insurance charges paid by Head Office	500
Goods returned by Debtors	500
Balances on 31.3.1994: Petty Cash	230
Debtors	14,000

Show the following accounts in the books of Multichained Stores Ltd.: Branch Stock A/c, Branch Debtors Account, Branch Adjustment Account, Branch Profit and Loss Account.

Q.24. Moonlight Ltd. has two Branches, one at Calcutta and the other at Madras. Goods are invoiced to Branches at cost plus 50%. Branches remit all cash received to the Head Office. From the following particulars, prepare the necessary accounts, under the Stock Debtors System, to show the profit earned at the Branches.

Particulars	Kolkata	Chennai
Stock (on 1.1.1994, at invoice price)	93,000	1,56,000
Debtors (on 1.1.1994)	68,000	87,000
Goods invoiced to Branches (at cost price)	3,40,000	3,60,000
Sales to Branches: Cash Sales	2,50,100	3,50,000
Credit Sales	3,10,000	3,01,000
Goods returned by Branch (at invoice price)	15,000	----
Goods returned by Debtors	12,000	15,000
Goods transferred from Madras to Calcutta	----	21,000
Surplus of Stock (at invoice price)	----	3,000
Shortage of Stock (at invoice price)	4,500	----
Discount allowed to Debtors	2,000	3,500
Expenses at Branches	54,000	67,000

Q.25. C Ltd., Mumbai started a branch in Goa on 1.04.1997 at which goods were sent at 20% above cost. Branch makes both credit & cash sales. Branch expenses are met from branch cash & balance money remitted to Head office. Following further details are given for the year ended 31.03.1998.

Particulars	Rs.
Cost of goods sent to branch	1,00,000
Goods received by branch till 31st March, 1998 at Invoice Price	1,08,000
Credit Sales for the year	1,16,000
Debtors as on 31/3/98	41,600
Bad debts & discount written off	400
Cash remitted to Head Office	86,000
Cash in hand at Branch on 31/3/98	4,000
Cash remitted by Head Office to Branch during the year	6,000
Closing stock at Branch at Invoice Price	12,000
Expenses incurred at Branch	24,000

Prepare ledger accounts in the books of H.O. & determine the Profit & Loss of the branch for the year ended 31st March 1998, by stock & debtors method.

Q.26. M/s Raj Brothers opened a branch at Surat on 1st January 1999. Goods were invoiced at selling price adding 25% on cost. Prepare respective accounts under Stock & Debtors system from the following for the year ended 31st Dec.1999.

Particulars		Rs.
Goods sent to branch (Invoice price)		2,80,800
Sales: Cash	1,00,000	
Credit	1,40,000	2,40,000

Cash received from debtors		1,24,800
Cash sent to branch for Expenses:		
Rent	2,400	
Salaries	12,000	
Sundry Expenses	1,600	16,000
Discount allowed to debtors		3,200
Goods returned by customers		4,000
Defective goods written off		400

Q.27. A H.O. in Solapur has branch to which goods are sent at I.P., which is fixed at 20% profit. Following particulars are available about the branch:

Particulars		Rs.
Stock 1.7.99 (at I.P.)		5,000
Branch debtors on 1.7.99		2,000
Goods sent to branch		40,000
Total sales		43,600
Cash sales		32,600
Cash received from debtors		8,400
Goods returned by debtors		600
Cheque sent to branch for:		
Rent	1,200	
Salaries	3,600	
Sundry Expenses	300	5,100
Discount allowed to debtors		150
Bad-debts		250
Stock on 31.12.99 (at I.P)		2,000

Calculate the profit of branch under stock and debtors system..

Q.28. M/s Shinde Brothers opened a branch at Satara on 1st January 1999. Goods were invoiced at selling price by adding 25% profit on cost. Prepare necessary ledger A/c's under stock & debtors system for the year-ended 31.12.1999:-

Goods sent to branch	2,80,800	Goods returned by customers	4,000
Sales:		Cash sent to branch for expenses:	
Cash 1,00,000		Rent 2,400	
Credit 1,40,000	2,40,000	Salaries 12,000	
Cash received from debtors	1,24,800	Sundry expenses 1,600	16,000
Discount allowed to debtors	3,200	Goods returned to H.O.	2,000

CHAPTER 8: CONSIGNMENT ACCOUNTS

Q.1. Ratanlal consigned 500 boxes of tea costing Rs.100 per box to Sohanlal. Ratanlal paid freight Rs.500, insurance Rs.200 and sundry expenses Rs.80. He drew a bill of exchange on sohanlal and received it from Sohanlal duly accepted for Rs.10000. the bills was discounted with the bank by giving a discount of Rs.100. Mr. Sohanlal sold 300 boxes of tea at Rs.150. He paid Rs.180 for carriage. He was entitled to a commission of 5% on total sales. The balance due was sent by bank draft. Give consignment account and sohanlals account in the books of the consignor.

Q.2. Nashik Cycles Company Ltd, Nashik dispatched 100 cycles costing Rs. 960 each to Rajendra Cycle Mart, Igatpuri. Consignor drew a bill on consignee for Rs. 50,000.
Consignee was allowed a commission at 4% and a del credre commission at 1% on sale proceeds.
Rajendra Cycle Mart sent an account sales, stating that 80% of the cycles were sold for Rs. 1,26,000 on credit.
Nashik Cycle Company incurred the following expenses on consignment – Cartage Rs. 1,200, Freight Rs. 1,600 and Insurance Rs. 1,000
Rajendra Cycles Mart incurred the following expenses – Warehouse expenses Rs. 500, Sales expenses Rs. 500 and Advertisement Rs. 4,000
Consignee remitted the balance due by bank draft. Prepare Conisgnment A/c and Consignee A/c in the books of Consignor.

Q.3. M/s Vaibhav & Company of Aurangabad consigned to Mr.Vishal of Beed, 5,000 cement bage costing Rs.80 per bag. M/s Vaibhav & Company paid Rs.4,500 for carriage, Rs.2,500 for Insurance and Rs.2,200 for Sundry Expenses.
On receipt of consignment Mr.Vishal accepted of bill for Rs. 2,00,000 which was discounted by consignor at the bank for Rs.1,99,500 and discount was charged to consignment account.
Mr. Vishal sent an Account Sales which shows as:
(1) Cash Sales of 4,000 bags of cement at Rs.95 each.
(2) Expenses paid by Vishal were:
  (a) Godown rent Rs.2,000,Selling expenses Rs.6,000
  (b) Mr.Vishal remitted the balance due by bank draft after deducting his expenses and commission at 2% on gross sales.
Show Consignment Account and Consignee's Account in the books of Consignor.

Q.4. Rajat of Kolkata sends 400 bags to Ranjit of Delhi costing Rs. 200 each on consignment basis. Rajat's expenses Rs. 1,200 on freight, Rs. 400 packing and Rs. 400 transit insurance. Ranjit's expenses Rs. 800 clearing charges Rs. 1,200 godown rent Rs. 400 sales Promotion & Rs.1,200 octroi duty. Ranjit sold 300 bags at Rs. 300 per bag. Calculate the value of consignment stock. **(CHM 2011)**

Q.5. Komal Traders consigned 400 boxes of Lipsticks, each box containing 100 Lipsticks, to Beauty Traders. The Cost Price of each box was Rs.600. Komal Traders spent Rs.10 per box as freight & insurance. Beauty Traders took delivery of the boxes & paid Rs.4,000 as Octroi, & Rs.8,000 as selling expenses. Beauty Traders sold 300 boxes at Rs.1,000 per box. They are entitled to a selling commission at 5%. You are required to prepare Consignment Account, Beauty Traders Account in the books of Komal Traders. **(BIRLA 2011)**

Q.6. On 1st March 2007 Surendra Kapur of Calcutta, consigned goods of Rs.11000 to Navnithbhai of Nagpur at a proforma invoice value of Rs.15000. Surendra Kapur paid Rs.400 for freight and insurance. Navnithbhai paid Rs.1000 for carriage and other expenses. Navnitbhai sent a bank draft of Rs.2000 to Surendra Kapur as an advance. Navnitbhai sold all the goods for Rs.16000, Navnitbhai was entitled to a commission of 5%

on sale proceeds. Navnitbhai remitted the balance to Shri Surendra Kapur after deducting his commission and expenses.
Give Consignment Account and Navnitbhai's Account in the books of Surendra Kapur.

Q.7. M/s Ram & co of Delhi purchased 20,000 pieces of sarees @ Rs 200 per saree. Out of these, 12,000 sarees were sent on consignment to M/s Laxman Traders of Bombay at the selling price of Rs 240 per saree. The consignors paid Rs 6,000 for packing and freight. M/s Laxman Traders sold 10,000 sarees @ Rs 250 per saree and incurred Rs 2,000 towards selling expenses and remitted Rs 10,00,000 to Delhi on account. M/s Laxman Traders are entitled to a commission of 5% on total sales plus further 20% commission on any surplus price realised over Rs 240 per saree. 6,000 sarees were sold at Rs 220 per saree by the consignor. Owing to fall in the Market price, the value of stock of sarees in hand is to be reduced by 10%. Prepare the consignment account and the account of M/s Laxman Traders in the books of the consignor.

Q.8. X of Delhi purchased 10,000 pieces of Sarees @ Rs.100 per Saree. Out of these Sarees, 6,000 were sent on consignment to Y of Agra at a selling price of Rs.120 per Saree. The consignor paid Rs.3,000 for packing and freight. Y sold 5,000 Sarees at Rs.125 per Saree and incurred Rs.1,000 for selling expenses and remitted Rs.5,00,000 to Delhi on account. They are entitled to a commission of 5% on total sales plus a further 20% commission on any surplus price realised over Rs.120 per Saree. 3,000 Sarees were sold in Delhi at Rs.110 per Saree. Owing to fall in market price, the value of stock of Sarees in hand is to be reduced by 10%. Prepare the Consignment Account and Y's Account in the books of 'X' and their account in the books of the agent 'Y' of Agra.

Q.9. X of Calcutta on 15th January 1997 sent to Y of Bombay a consignment of 250 television costing Rs 10,000 each. Expenses of Rs 7,000 were met by the consignor. Y of Bombay spent Rs 4,500 for clearance on 30th 1997 and the selling expenses were Rs 500 per television as and when the sale made by Y. Y sold on 4th March 1997, 150 television at Rs 14,000 per television and again on 10th April 1997, 75 television at Rs 14,400. Mr. Y was entitled to commission of Rs 500 per television sold plus one fourth of the amount by which the gross sale proceed less total commission there on exceeded a sum calculated at the rate of Rs 12500 per television sold. Y sent the account and the amount due to X on 30th April 1997 by Bank demand draft. You are required to show the consignment account and Y's account in the books of X.

Q.10. Amlani of Kolkatta consigned on 1-1-2009, goods of invoice value of Rs.12,500 which was made up by adding 25% on cost to Manas of Andhra. Amalani paid Rs.300 as freight and Rs.200 as insurance on these goods. On 30-6-2009 Amlani received a remittance of Rs.7,000 with an account sales from Manas showing that he had sold 3/5th of the goods for Rs.9,000, Paid Rs.150 as landing charges and Rs.250 as selling expenses. Retained his commission of 10% on gross sales. Prepare for Consignor - Consignment A/c & Manas A/c.

Q.11. Mr. A of Assam sent on 18th February, 2004 a consignment of 1000 DVD players of B of Bengal costing of Rs.100 each. Expenses of Rs.1,500 were met by the consignor. B spent Rs.3,000, for clearance and selling expenses were Rs.20 per DVD Player. B sold on 15th March,2004, 600 DVD Players @ Rs.160 per DVD Player and again on 20th May, 2004,300 DVD Players @ Rs.170. B is entitled to a commission of Rs.25 per DVD player sold plus ¼ of the amount by which the gross sale proceeds less total commission thereon exceeded a sum calculated @ Rs.125 per DVD Player sold. B sent the amount due to A on 30th June, 2004. You are required to show the Consignment A/c and B's Account in the books of A.

Q.12. Ms. Rakhi consigned 1,000 radio sets costing Rs. 900 each to Ms. Geeta, her agent on 1st July 2006. Ms. Rakhi incurred the following expenditure on sending the consignment:

Freight - Rs. 7,650 and Insurance - Rs. 3,250
Ms. Geeta received the delivery of 950 radio sets. An account sale dated 30th November,2006 showed that 750 sets were sold for Rs. 9,00,000 and Ms. Geeta incurred Rs. 10,500 for carriage.
Ms. Geeta was entitled to commission of 6% on sales effected by her. She incurred expenses amounting to Rs. 2,500 for repairing the damaged radio sets remaining in the stock.
Ms. Rakhi lodged a claim with the insurance company which was admitted at Rs. 35,000. Show the consignment account and Ms. Geeta account in the books of Ms. Rakhi.

Q.13. Anita of Delhi sends 10,000 units @Rs.10 each to Bali of Mumbai. Bali received 9600 units and remaining were in transit and gave a cheque of Rs.30,000 as advance. Anita incurred the following expenses: Freight Rs.5,000 and Insurance Rs.3,900
Bali submitted the Account sale stating that 7,500 units were sold @ Rs.15 each expenses incurred Rs.4,800 non-recurring and Rs.5,000 recurring commission is 7% of sales.
Prepare Consignment Account and Bali's Account in the books of Anita. **(Model 2010)**

Q.14. M/s Gupta & Co of Goa Consigned goods to Mr. Harode of Solapur costing Rs. 12,000. The invoice price was made Rs. 15,000. Expenses incurred by M/s Gupta & Co were Rs. 540 towards Railway Freight & Insurance. Consignee accepted a bill for Rs. 6,000.Mr. Harode sold 2/3 of goods for Rs. 11,000. He charged commission at the rate of 3% on sales. The expenses incurred by him on sales were Rs. 225. Mr. Harode sent a bank overdraft for the balance together with account sales. Prepare: Consignment A/c, Harode A/c in the books of Gupta and co. **(RKT 2009)**

Q.15. Asha fans Madras consigned to Ajay & Sons, Igatpuri 100 fans, costing Rs. 250 each at 20% above cost & paid Rs. 100 for insurance Rs. 400 carriage and Rs. 500 for other expenses. Ajay & Sons accepted a bill for Rs. 15,000 after receiving consignment. Asha fans then discounted the bill for Rs. 14,700 and in due course received an account sales showing:
Credit sales 60 fans @ Rs. 350 each
Cash Sales 30 fans @ Rs. 400 each
Expenses incurred by Ajay & Sons: Godown rent Rs. 300, Carriage Rs. 500, Commission payable to Ajay & sons Rs. 1,730
Ajay & sons took 5 fans for their own use at an agreed value of Rs. 320 each
Ajay & sons received Rs. 20,300 from debtors allowed Rs. 300 discount and incurred bad debts Rs. 400. They remitted the balance due by a bank draft sent with account sales.
The discount on bill is to be treated as a consignment expenses.
Prepare: Consignment A/c, Consignee A/c in the books of Asha Fans **(Birla 2010)**

CHAPTER 9: FIRE INSURANCE CLAIMS

Q.1. On 30th June, 1995 a fire occurred on the premises of a firm. From the records which were saved from fire, the following information is available:

Particulars	Rs.
Sales from 1.1.95 to 30.6.95	19,20,000
Purchases from 1.1.95 to 30.6.95	12,60,000
Stock on hand on 31.12.94	3,54,000

Gross Profit for the last 3 years had averaged at 35% of sales. The salvaged stock was valued at Rs.45,000. Prepare a statement showing claim on Insurance Company considering that there was no Average Clause.

Q.2. The premises of Mr. Badnasib were totally destroyed by fire on 21st April, 1995. The following information is available. Make calculations for insurance claim.

Particulars	1992	1993	1994	1995
Opening stock	18,000	24,000	28,500	31,500
Purchases	68,250	83,250	90,000	30,750
Sales	1,05,000	1,27,500	1,39,500	56,250
Wages	21,750	23,250	24,600	9,000

Q.3. Shakuni Ltd. took out the fire policy of Rs.1,60,000 covering its stock in trade. A fire occurs on 30.9.1995 and stock was destroyed with exception of Rs.41,360. Following particulars are available from the books of accounts of the firm.

Particulars	Rs.
Stock as on 1.7.1995	60,000
Purchases upto the date of fire	2,60,000
Sales upto the date of fire	1,80,000
Brokerage on purchases	2%
Carriage inward	1,600
Average Gross Profit of cost	50%

The policy was subject to an average clause. You are required to arrive at: (a) Loss of stock, (b) Amount of claim to be made against Insurance Company.

Q.4. Rajgopal International have taken out a fire insurance policy of Rs.1,20,000 covering its stock-in-trade. A fire destroyed its stock on 31st December, 1995 with the exception of Rs.31,020 worth. Following particulars are available from the books of accounts of the firm:

Particulars	Rs.
Stock as on 31st March, 1995	45,000
Purchases upto the date of fire	1,95,000
Sales upto the date of fire	1,35,000
Commission paid to the Purchase Manager on purchases	2%
Carriage paid on purchases	1,200
Average rate of gross profit on sales	33 $^{1}/_{3}$ %

You are required to arrive at the amount of insurance claim considering that the policy is subject to average clause.

Q.5. The business premises of Parag Timber Mart Ltd. burnt by fire on 15.4.1995. However, the Books of Accounts and Stock amounting to Rs.9,000 were salvaged and the following information was available from the books:

Year	Gross Profit	Sales
1990	1,07,500	4,30,000
1991	1,06,500	3,55,000
1992	1,00,000	3,00,000

1993	93,500	2,75,000
1994	80,000	2,40,000

a) Stock on 31.12.1994 Rs.48,500.
b) Purchases from 1.1.95 to 14.4.95 Rs.37,500.
c) Sales from 1.1.95 to 14.4.95 Rs.79,500.
d) Wages from 1.1.95 to 14.4.95 Rs.15,000.

You are required to prepare a statement of claim against the Insurance Company.

Q.6. On 17th June 1996 a fire occurred in the premises of M/s. Taraporewalla, a book seller. Most of the stocks were destroyed, cost of salvaged stock being Rs.11,200. In addition some stock was salvaged in damaged condition and its value was agreed at Rs.10,400. From books of accounts following particulars were available:

1) Stock at close of accounts on 31st December, 1995 was valued at Rs.83,500.
2) Purchases from 1.1.96 to 17.6.96 amounted to Rs.1,12,000
3) Sales during that period amounted to Rs.1,54,000.
4) On the basis of past 3 years it appears that average gross profit of 25% is earned on sales.
5) Stock was insured for Rs.75,000.

Compute the amount of claim.

Q.7. A fire occurred on the premises of M/s Sulekha Stationers on 31st March, 1995. From the records saved the following information is extracted:

Particulars	Rs.
Purchases from 1st April to 31st March, 1995	10,50,000
Sales from 1st April to 31st March, 1995	16,00,000
Stock on hand on 31st March, 1994	2,95,000

The average rate of gross profit for past three years was 35% on sales. The stock saved of fire was valued at Rs.37,500. Draft a statement showing amount of the claim on the insurance company.

Q.8. A fire occurred in the business premises of M/s. Eastern Traders on 15th September, 1995. From the following particulars ascertain the loss of stock and prepare a claim for insurance:

Particulars	Rs,
Stock as on 1.1.1994	61,200
Purchases from 1.1.1994 to 31.12.1994	2,44,000
Sales from 1.1.1994 to 31.12.1994	3,60,000
Stock as on 31.12.1994	54,000
Purchases from 1.1.1995 to 14.9.1995	2,94,000
Sales from 1.1.1995 to 14.9.1995	3,00,000

The stocks were always valued at 90% of cost. The stock saved from fire was worth Rs.36,000. The amount of the policy was Rs.1,26,000. There was an average clause in the policy.

Q.9. A fire occurred on the premises of V Ltd. on 1st September, 1995. Almost all the business premises were damaged and except the stock worth Rs.55,000, remaining was totally destroyed. However, books and records were saved. The following information was available:

Particulars	Rs.
Purchases for the year ended 31.3.1995	3,60,000
Sales for the year ended 31.3.1995	6,00,000
Purchases from 1.3.1995 to 1.9.1995	1,25,000
Sales from 1.3.95 to 1.9.95	1,85,000
Stock on 31.3.94	1,60,000
Stock on 31.3.95	1,70,000

The following further information is available:
(1) The stock on 31st March, 1995 was overvalued by Rs.10,000.
(2) Sales and Purchases for the year ended 31st March, 1995 were spread evenly during the year.
(3) The stock was insured for Rs.1,50,000 and there was average clause in the policy.
Calculate the amount of the claim.

Q.10. Monica prepares accounts on 31st March every year but on 30th June, 1995 fire destroyed the greater part of her stock. Following information was collected from her books:

Particulars	Rs.
Stock on 31.3.1995	58,500
Purchases 1.4.95 to 30.6.95	1,20,000
Wages 1.4.95 to 30.6.95	45,500
Sales 1.4.95 to 30.6.95	2,00,000

Average percentage of Gross Profit to cost 33.33%. Stock of the value of Rs.14,000 was salvaged. Policy was for Rs.50,000. Claim was subject to average clause. Following additional information is:
1. Stock in the beginning was calculated as 10% less than cost.
2. Purchases include purchase of Plant of Rs.10,000.
3. Plant was installed in May this year and Martina's own men had spent time amounting to Rs.500 which was included in Wages.

You are required to calculate the claim for the loss of stock.

Q.11. The premises of M/s. Vaishali Paper Works were destroyed by fire on 1st June, 1995 and the stock value of Rs.50,905 was salvaged. The business books and records were saved from fire, from which the following information was available.:

Particulars		Rs.
Sales:	01.01.1994 to 31.12.1994	8,25,000
	01.12.1994 to 01.06.1995	2,70,000
Purchases:	01.01.1994 to 31.12.1994	5,25,000
	01.12.1994 to 01.06.1995	1,80,000
Stock:	31.12.1993	2,25,000
	31.12.1994	2,55,000

Stock on 31st December, 1994 was overvalued by Rs.15,000. Calculate the amount of insurance claim assuming: (1) Rate of gross profit has remained constant.

(2) Purchases and sales during last 6 months have taken place at uniform monthly rate.

Q.12. The premises of M/s. Bhat Enterprises were burnt by fire on 17.9.95. You are required to find out the insurance claim to be lodged from the following details:
(1) Stock on 31st March, 1995 Rs.45,000.
(2) Purchases from 1st April to 17th September, 1995 Rs.90,000.
(3) Sales from 1st April to 17th September, 1995 Rs.1,50,000.
(4) Gross Profit Ratio on cost 331/3%.
(5) Goods distributed as free samples between 1st April to 17th September, 1995 Rs.6,000 (S.P)
(6) Goods withdrawn for personal use costing Rs.3,000.
(7) Goods salvaged costing Rs.4,500.
(8) Insurance Policy Rs.12,000.

Q.13. Fire occurred on the premises of Unfortunate Ltd. on 4th May, 1983. All the stocks with the exception of Rs.13,000 were destroyed by fire. From the following figures, ascertain the loss suffered by the company:

Particulars	Rs.
Stock on 1st January 1982	36,000
Stock on 31st December 1982	66,000
Purchases during 1982	4,80,000
Sales during 1982	6,00,000
Purchases during 1983 up to the date of fire	2,30,000
Sales during 1983 upto the date of fire	3,00,000

On 20th December, 1982, also fire broke out and destroyed stock at genuine cost of Rs.10,000. There was a practice in the company to value stock at cost less 10%. But all of a sudden they changed this practice and valued stock on 31st December, 1982 at cost plus 10%. The amount of the policy was Rs.40,000 and claim was subject to an average clause. Show the amount of the claim for loss by fire on 4th May, 1983.

Q.14. From the following particulars ascertain the amount of claim to be lodged with Insurance Company for loss of stock by fire on 30.6.1995:

Particulars	Rs.
Value of Stock on 1st January, 1995	6,250
Purchases from 1st January to 30th June, 1995	22,750
Sales for the above period	28,300
Purchases in 1992	1,10,000
Purchases in 1993	87,500
Purchases in 1994	75,000
Sales in 1992	93,750
Sales in 1993	80,000
Sales in 1994	95,000
Gross Profit in 1992	37,500
Gross Profit in 1993	16,000
Gross Profit in 1994	9,500
Value of stock saved of fire (Selling Price Rs.1,500)	1,250
Insurance Policy	1,692

Q.15. On 13th July, 1985, a fire occurred and partly destroyed the stock of goods of Fairdeal Corporation, stocks having a cost of Rs.1,000 being salvaged. The stocks were insured against fire to the following extent of Rs.15,000. The following particulars could be obtained from the books and records saved:

(a) Balance as per last Balance Sheet on 31st March 1985:

(i)	Stock at Cost	12,000
(ii)	Creditors for goods	1,000

(b) Transactions between 1st April 1985 and 13th July 1985:

(i)	Payments to Creditors for goods	6,200
(ii)	Return Outwards	200
(iii)	Returns Inwards	650
(iv)	Sales	11,000

(c) Unpaid Creditors for goods as on 13th July 1985 Rs.800.

All the sales were made at a profit of 331/3% on selling price. There were no other purchases and sales. You are required to draw up a statement of claim for loss of stock on the basis of the above facts.

Q.16. The premises of Orange Plastic Co. caught fire on 20th November, 1980 and the stock was damaged. The firm made up accounts on 31st March each year. On 31st March, 1980, the stock was valued at Rs.36,000, being 10% less than the cost as against stock valued at cost as on 31st March, 1979 amounted to Rs.10,000.

Purchases during the period 1st April, 1980 to the date of fire amounted to Rs.1,26,000 as against purchases of Rs.2,40,000 for full year ended 31st March, 1980 and corresponding sales figures were Rs.1,80,000 and Rs.3,00,000 respectively.

Following further information is available:

In October, 1980, goods of the sale value of Rs.6,000 were given as samples and no entry was made in books. Also during the period, goods costing Rs.500 were being misappropriated every month by the storekeeper from 1.5.1980 until he was caught on 31.8.1980 and the value of misappropriated goods were recovered from him and he was dismissed.

The rate of gross profit was constant. From the above information make the estimate of stock on hand on the date of fire.

Value of goods salvaged amounted to Rs.10,000. Calculate the amount of claim.

Q.17. On 1st April, 1980, there was a devasting fire in the godown of Fireproof Equipment Manufacturing Ltd., which completely destroyed the stock and also other books and records. However, they are able to obtain the following information from their Income Tax & Sales Tax Consultants:

Particulars	Rs.
Sales: For the year to 31.12.1979	8,00,000
For January and February 1980	80,000
Purchases: For the year to 31.12.1979	3,65,000
For January and February 1980	24,000
Stock (at cost): As at 1.1.1979	1,00,000
As at 31.12.1979	45,000
Wages for the year to 31.12.1979	1,08,000
Other Direct Expenses for the year to 31.12.79	72,000

Further Information:

1) The Sales and Purchases of March, 1980 may be assumed as having been made at the same rate as in past two months.
2) In January, 1980 a theft had taken place as a result of which goods of the value of Rs.6,000 were lost.
3) Wages and other direct expenses may be taken after 31.12.79 at the same rate as in the year 1979.
4) Insurance policy was taken for Rs.22,500. There was an average clause in the policy.

You are required to prepare a statement showing the claim to be lodged with the Insurance Company, taking the value of salvage at Rs.5,000. All workings should form part of your answer.

Q.18. A fire had broken out in the factory of M.Traders on 17th October, 1981 and destroyed the stock of goods in their godown. The following figures are available.

Particulars	Rs.
Opening Stock on 1.1.1980	31,570
Sales during the year 1980	3,50,000
Purchases during the year 1980	1,83,200
Purchases from 1.1.1981 to 17.10.1981	1,63,200
Sales from 1.1.1981 to 17.10.11981	2,69,350
Closing Stock on 31.1.2.1980	40,590

Other details are as follows:

i) A theft took place in September, 1981 and goods of sale value of Rs.19,040 were stolen and lost but were not recorded in the books.
ii) Goods costing Rs.5,205 were given away as free samples but no entries were passed.
iii) The goods saved from fire were subsequently sold by the firm for Rs.17,600 at loss of Rs.1,200.
iv) The gross profit remained constant throughout.
v) The stock of goods was insured by the firm for Rs.38,100 and there was an average clause in the policy.
vi) The firm as a practice valued the stock of goods at 10% above cost.

Calculate the amount of claim.

Q.19. Hari was a paper merchant and his shop was destroyed by fire on 30th April, 1983. He insured the stock for Rs.20,000.
The Balance Sheet as on 31st December, 1982 disclosed, inter-alia, following items:

(i) Stock	Rs.22,500
(ii) Creditors	Rs.13,500

On examination of the books of accounts upto the date of fire, the following particulars were found:

(i) Payments to Creditors	Rs.79,000
(ii) Sales	Rs.98,400
(iii) Creditors as on 30th April, 1983	Rs. 11,800

The stock on 31st December, 1982 included items of discontinued line amounting to Rs.6,800. These goods were sold at a loss of Rs.400 in February 1983. Undamaged goods after the fire were Rs.12,000. The normal rate of gross profit was 331/3% on cost and there was average clause in the policy. Calculate the amount of claim to be made to the Insurance Company.

Q.20. On 1st April, 1983, the godown of Mr. Lindley was destroyed by fire and from the account books the following particulars are gathered:

Particulars	Rs.
Stock at cost on 1st January, 1982	4,595
Stock as per Balance Sheet as on 31.12.1982	8,520
Purchases during 1982	45,225
Purchases from 1.1.1983 to 31.3.1983	12,500
Sales during 1982	58,500
Sales from 1.1.1983 to 31.3.1983	12,250
Value of goods salvaged	1,050

Goods whose original cost was Rs.600 had been valued at Rs.250 on 31.12.1982. These were sold in March 1983 for Rs.450. Except this transaction, the rate of gross profit has remained constant. On 31st March, 1983, goods worth Rs.2,500 had been received by the godown-keeper but had not been entered in the Purchases Register. Calculate the value of goods damaged by fire.

Q.21. The premises of K.Gopal were destroyed by fire on 30/6/1984. Following figures were however available from various sources. Prepare a statement of claim in respect of loss of stock for submission to the Fire Insurance Company. The firm closes its books on 31st December every year.

Particulars	1981	1982	1983	Upto 30.6.84
Opening Stock	10,000	22,000	11,800	34,000
Purchases less returns	90,000	1,45,000	2,63,200	43,000
Sales less returns	1,00,000	1,98,500	3,05,500	46,000
Freight (Inwards)	4,000	3,000	5,000	1,000
Closing Stock	22,000	11,800	34,000	?

In 1981, while valuing the closing stock, a slow moving item costing Rs.5,000 was valued at Rs.4,000. This was sold for Rs.4,500 in 1982. In 1982 an item costing Rs.6,000 was valued at Rs.7,000. This was sold for Rs.5,500 in 1983.In 1983 a slow moving item costing Rs.12,000 was valued at Rs.10,000. 50% of this was sold before 30/6/84 for Rs.6,000. The value of salvage was Rs.4,000

Q.22. Spectrum Printers own a retail stationery shop, which was partly destroyed by fire on 27th June 1979. The stock was insured for Rs.10,500.
The Balance Sheet drawn on 31st December 1978 included, Inter-alia, the following item

Stock	12,500
Creditors	3,500

On examination of the books of accounts for the subsequent period upto the date of the fire, the following particulars were obtained:

Sales	88,800
Payments of Creditors for goods	75,000
Creditors as on 27th June, 1979	1,800

A physical check of stock after the fire showed that items Undamaged were Rs.7,000. The normal rate of gross profit is 25% on purchases but the stock on 31.12.78 included items of discontinued lines totaling Rs.3,800 which were all sold during the next 2 months at cost. You are required to compute the amount of claim to be made to the insurer.

Q.23. On 13th July, 2000, a fire occurred and partly destroyed the goods of Walt Corporation. The cost of the salvaged goods was Rs.60,000. The following particulars could be obtained from the books and record saved:

(a) Balances as on 31st March, 2000:

Stock at cost	3,60,000
Creditors for goods	30,000

(b) Transactions between 1st April, 2000 and 13th July, 2000:

Payments to creditors for goods	1,86,000
Returns outwards	6,000
Returns Inwards	19,500
Carriage Inward	27,000
Carriage Outward	22,500
Sales	3,30,000

(c) Unpaid creditors for goods as on 13th July, 2000 amounted to Rs.24,000.
All sales were made at a profit of 33 1/3% on Selling Price. There were no other purchases and sales. The policy was for Rs.2,70,000 and there was average clause in the policy. You are required to draw up a statement of claim for loss of stock on the basis of the above facts.

Q.24. The whole stock of goods of Raj Mohan & Co. was destroyed by fire on 3rd February 1993, no stock register was maintained but the following particulars:

Particulars	Rs.
Stock at Cost on 1st Jan. 1992.	53,160
Stock as per Balance Sheet at 31-12-92	45,060
Purchases for 1992	1,24,620
Purchase from 1-1-93 to 3-2-93	44,820
Sales for 1992	1,83,000
Sales from 1.1.93 to 3.2.93	70,800

While valuing the stock as on 31st Dec.92, Rs 960/- was written off out of the cost price of Rs.2,160 and this stock was sold in January 1993 for Rs.2,100/- Except for this item the ratio of gross profit was uniform throughout.
(i) Value of stock salvaged was Rs.6,126.
(ii)The stock was fully insured against fire. You are required to find out the amount for which claims for loss of stock should be made to the insurance company.

Q.25. The premises and Stock of Bad Kismat Ltd. were totally destroyed by fire on 28th Feb.1998. From the A/c's and other records that were saved. The following information is available. The stock .on Hand has always been valued at 10% Less.

Particulars	1995 (Rs)	1996 (Rs)	1997 (Rs)	1998 (Rs)
Opening stock as valued	18,963	22,680	25,200	25,830
Purchases less Returns	52,430	56,000	56,700	4,200
Sales less Returns	84,000	92,400	98,000	8,400
Wages	12,180	13,328	14,560	1,400
Closing Stock Valued	22,680	25,200	25,830	?

Prepare a Statement in admission to Insurance Companies in support of claim for loss of Stock.

Q.26. ABC Ltd. Suffered loss of stock due to fire on 31st March, 2003. From the following particulars, calculate claim to be made by the trader.

Particulars	2000	2001	2002	Upto 31.3.2003
Opening Stock	18,000	27,000	27,540	28,872
Purchases	98,850	1,00,800	1,05,000	26,820
Opening Debtors	15,000	18,000	20,000	16,000
Carriage Inward	1,550	2,840	400	25000
Cash and Cheques received during the year from debtors	1,10,000	1,26,800	1,33,900	62,900

i) Accounts are closed every year on 31st December.
ii) Debtors as on 31st March, 2003 were Rs.10,000.
iii) It is usual practice of the company to value stock at 90% of its cost.
iv) The goods were insured by the company for Rs.10,000 and the value of the goods saved were Rs.3,800.
v) Goods are sold only on credit basis. No cash sales.
vi) Average Gross Profit of the preceding three completed years was maintained by the company during 2003.
vii) There is an average clause in the policy.

Q.27. A fire occurred in the premises of Shri.Sharad on 1st April, 2003 and a considerable part of the stock was destroyed. The stock salvaged was worth Rs.1,12,000/-. Shri. Sharad had taken a fire insurance policy for Rs.6,84,000/- to cover the loss of stock by fire. You are required to ascertain the insurance claim due from the insurance company for the loss of stock by fire.

Purchases for the year 2002	37,52,000
Sales for the year 2002	46,40,000
Stock on 1.1.2002	5,76,000
Stock on 31.12.2002	9,68,000
Wages paid during the year 2002	4,00,000
Purchases (1.1.2003 to 1.4.2003)	7,28,000
Sales (1.1.2003 to 1.4.2003)	9,60,000
Wages Paid (1.1.2003 to 1.4.2003)	72,000

Stocks at the end of each year for and till the end of calendar year 2001 had been valued at cost less 10%. From 2002, however, there was a change in the valuation of closing stock, which was ascertained by adding 10% to its cost.

Q.28. From the following information, compute the amount of claim under loss of stock policy. Sum Assured Rs.73,000. Accounting year is calendar year

Value of Salvaged Stock	6,000
Gross Profit Ratio	Uniform throughout the year
Stock as on 1.1.2002	1,80,000
Stock as on 31.12.2002	2,70,000
Purchases during 2002	3,30,000
Sales during 2002	3,00,000
Purchases from 1.1.2003 to 30.6.2003	4,00,000
Sales from 1.1.2003 to 30.6.2003	7,20,000

Stock on 31.12.2002 had been undervalued by 10%. A stock taking conducted in March 2003 had revealed that stocks costing Rs.80,000 were lying in damaged conditions. 50% of these stocks had been sold in May 2003 at 50% of the original cost and balance was expected to be sold at 40% of original cost.

Q.29. The premises of a company were destroyed in fire on 15.6.2000. The record, however, were saved where from the following particulars were available:

Particulars	Rs.
Stock at cost on 1.1.1999	30,000
Stock as per Balance Sheet as on 31.12.1999	40,000
Purchases less returns for the year ended 31.12.1999	2,00,000
Sales less returns for the year ended 31.12.1999	2,50,000
Purchases less returns from 1.1.2000 to 15.6.2000	85,000
Sales less returns from 1.1.2000 to 15.6.2000	1,20,000

Rs.2,500 has been written off certain stock, which was a poor selling line, while valuing the stock for balance sheet as at 31.12.1999. The cost of such stock was Rs.4,000. A portion of this stock was sold in March, 2000 at a loss of Rs.500 on the original cost of Rs.2,000. The Balance of this stock was now estimated to be worth the original cost. Excepting the above the Gross Profit has remained at a uniform rate throughout. The stock salvaged was Rs.5,000. You are required to ascertain the amount of loss on stock which was to be claimed from the insurance company.

Q.30. On 30th September, 2004 the stock of Girish was lost in a fire accident. From the available records the following information is made available to you to enable you to prepare a statement of claim on the insurer.

Stock at Cost on 1.4.2003	37,500
Stock at Cost on 31.3.2004	52,000
Purchase less returns for the year ended 31.3.2004	2,53,750
Sales less returns for the year ended 31.3.2004	3,15,000
Purchase less returns upto 30.9.2004	1,45,000
Sales less returns upto 30.9.2004	1,84,050

In valuing the stock on 31.3.2004 due to obsolescence 50% of the value of the stock which originally cost Rs.6,000 had been written off. In May 2004, 3/4th of this stock had been sold at 90% of the original cost and it is now expected that the balance of the obsolete stock would also realise the same price subject to above gross profit had remained uniform throughout. Stock of value of Rs.7,200 was salvaged.

Q.31. Spectrum printers own a retail stationery shop which was partly destroyed by fire on 27th June 2010. The stock was insured for Rs. 10500.
Balance sheet drawn on 31st December 2009 included interlia the following items.
Stock Rs. 8,700 , Creditors Rs. 10,500
On examination of the books of accounts for the subsequent period up to the date of the fire, the following particulars were obtained.

Sales	85,000
Payments to creditors for goods	75,000
Creditors as on 27th June 2010	1,800

A physical check of stock after the fire showed that items undamaged were Rs. 7,000. The normal rate of gross profit is 20% on sales.
You are required to compute the amount of claim to be made to the insurer.