INTERMEDIATE EXAMINATION
GROUP I
(SYLLABUS 2012)

SUGGESTED ANSWERS TO QUESTIONS
JUNE 2015

Paper-5: FINANCIAL ACCOUNTING

Time Allowed : 3 Hours **Full Marks : 100**

The figures in the margin on the right side indicate full marks.

This paper contains seven questions. All questions are compulsory,
subject to instruction provided against each question.
All working must form a part of your answer.
Assumptions, if any, should be clearly stated.
Please: (1) Answer all bits of a question at one place,
(2) Open a new page for answer to a new question.

1. Answer all the following questions (Give workings): 2×10=20

(a) MENZ LTD. purchased goods at the cost of ₹ 20 lakh in October 2014. Till March 31, 2015, 75% of the Stocks were sold. The company wants to disclose stock at ₹ 5 lakh. The expected Sales Value is ₹ 5.5 lakh and a Commission at 10% on sale is payable to the agent.
What is the correct Closing Stock to be disclosed as at 31.03.2015 as per AS – 2?

(b) PARASH LTD. purchased a machine costing ₹ 72 lakh on 01.04.2014 and the same was fully financed by foreign currency loan (US Dollars) payable in two annual equal installments. Exchange rates were 1 US Dollar = ₹ 57.60 and ₹ 60.00 as on 01.04.2014 and 31.03.2015 respectively. First installment was paid on 31.03.2015. What is the amount of difference to be charged to Profit and Loss Accounts for the year 2014-15 as per AS 11.

(c) GOPI purchased a plant on hire purchase system from GOPAL on 01.04.2015. The hire purchase rate was settled at ₹ 72,000, payable at ₹ 22,000 on 01.04.2015 and ₹ 25,000 at the end of two successive years. Interest was charged @ 5% P.A. [Given PVI FA (at 5%, 2 years) = 1.8594].
Ascertain the cash price of the plant.

(d) Compute the income from subscription for the year 2014 from the following particulars relating to TARUN CLUB:

	01.01.2014 ₹	31.12.2014 ₹	
Outstanding subscription	9,500	7,000	
Advanced subscription	2,800	5,200	
Subscription received during the year 2014			₹ 1,45,000

(e) X, Y and Z are partners in the ratio of 3:2:1. W is admitted with 1/6th share in future profits. Z would retains his original shares. Find out the new profit sharing ratios of the partners.

(f) ANKIT LTD. provided the following particulars:
Debtor's ledger includes ₹ 5,000 due from Kumar & Co.
Creditor's ledger includes ₹ 3,000 due to Kumar & Co.
Give Journal Entry to record the above under Self-Balancing System.

(g) From the information of AMBA LTD. received from its branch – AB, calculate the invoice price of goods sent to branch and Profit included thereon.

Goods received from H.O. (AMBA LTD)	**₹ 1,00,000**
Goods in transit from H.O.	**₹ 50,000**

Goods are invoiced to branch at cost plus 25%.

(h) NUPUR CONSTRUCTION LTD. obtained a contract for construction of a Fly-Over. Following information is available for the year ended March 31, 2015:

	₹ in Lakh
Total Contract Price	500
Work certified	300
Work not certified	50
Estimated further cost to completion	190
Progress payment received	200

What will be the foreseeable loss to be shown in the accounts of 2014-15 as per AS–7.

(i) GRIZA LIFE INSURANCE CO. LTD. furnishes the following information:

	₹
Life Insurance Fund as on 31.03.2014	26,56,000
Net Liability on 31.03.2014 as per actuarial valuation	10,34,000
Interim Bonus paid to Policy holders during inter valuation period	1,23,800
Amount proposed to carry forward amount of	2,55,000

What is the amount of share of Shareholders?

(j) CHANDU purchased 2,500, 12% Debenture of MENZ LTD. on May 1, 2015 at ₹ 108 cum-interest (full value of debentures ₹ 100). Interest is paid on 30th June and 31st December in every year.
Ascertain the amount of interest and cost of debentures.

Answer:

1. (a) As per AS – 2, valuation of inventories, inventory should be valued as per cost price or net realizable value, whichever is lower. In the given problem cost price ₹ 5 lakh.

Net realizable value is (100 – 10)% of ₹ 5,50,000 = ₹ 4,95,000.
So, value of closing stock should be taken as ₹ 4,95,000 being the lower.

(b) Foreign currency loan = (₹ 72 lakh/57.60) = \$1.25 lakh.
Exchange difference = \$ 1.25 lakh (US dollar) × (60 – 57.60)
= 1.25 × 2.40 = ₹ 3 lakh (including exchange loans on payment of 1st installment)
The entire loss due to exchange difference should be charged to profit and loss account for 2014 – 15.

(c)

Particulars	₹
₹ 25,000 × 1.8594	46,485
Cash payment on 01.04.2015	22,000
Cash price	68,485

(d) **Computation of Subscription**

Particulars	₹	₹
Subscription received during 2014		1,45,000
(+) O/S Subscription (31.12.2014)	7,000	
Advance subscription (01.01.2014)	2,800	9,800
		1,54,800
(-) O/S Subscription (01.01.2014)	9,500	
Advance subscription (31.12.2014)	5,200	14,700
Subscription Income for 2014		**1,40,100**

Alternative Solution

Dr. **Subscription Account** **Cr.**

Particulars	**Amount (₹)**	**Particulars**	**Amount (₹)**
To, Balance b/d (Opening Arrear)	9,500	By, Balance b/d (Opening advance)	2,800
To,Income and Expenditure (Balance in figure)	**1,40,100**	By, Receipts and Payments A/c	1,45,000
To, Balance c/d (Closing Advance)	5,200	By, Balance c/d (Closing Arrear)	7,000
	1,54,800		**1,54,800**

(e) Let total share be = 1
Share of Z and W = 1/6 + 1/6 = 1/3
Remaining Share = 1 – 1/3 = 2/3
Share of X and Y: in the share of old ratio 3 : 2
X share = 3/5 of 2/3 = 6/15
Y share = 2/5 of 2/3 = 4/15
New ratio of X, Y, Z and W = 6/15 : 4/15 : 1/6 : 1/6 = 12 : 8 : 5 : 5

(f) **Journal Entries**

Particulars	**Dr. (₹)**	**Cr. (₹)**
Creditors Ledger – Adjustment A/c	3,000	
To Debtors Ledger Adjustment A/c		3,000

(g) Invoice price of the goods sent to the branch = ₹ 1,00,000 + ₹ 50,000 = ₹ 1,50,000.
Profit (Loading) = ₹ 1,50,000 × 25/125 = ₹ 30,000

(h) **Calculation of Foreseeable loss:**

Particulars	**₹ in lakh**
Work certified	300
Add: Work not certified	50
Add: Estimated further cost of completion	190
	540
Less: Contract price	500
Foreseeable loss	40

(i) **Computation of Share of Shareholders**

Particulars	₹
Life Insurance Fund as on 31.03.2014	26,56,000
Less: Net liability	10,34,000
Profit / Surplus	16,22,000
Add: Interim bonus paid	1,23,800
	17,45,800

Less: Propose to carry forward	2,55,000
	14,90,800
Share of shareholders (@ 5% of 14,90,800)	**74,540**

(j) **Cost of Investment**

Particulars	₹
Total payments to be made – 2,500 × ₹ 108	2,70,000
Less: Inclusion of interest to be excluded: (from 01.01.2015 to 01.05.2015 i.e., 4 months) (₹ 2,50,000 × 0.12 × 4/12)	10,000
Cost of Investment	**2,60,000**

Cost of Investment ₹ 2,60,000; Interest ₹ 10,000

2. Answer any two questions (Carrying 4 marks each):

(a) Journalize the following transactions in the books of SHIVA.

01.05.2015	**Started business with ₹ 5,00,000 of which 50% amount was borrowed from SBI and 20% amount was borrowed from his sister Patta.**
05.05.2015	**Purchased goods from Chinu Mart worth ₹ 1,60,000 at 25% trade discount and 40% amount paid in cash.**
08.05.2015	**Sold goods to Satish ₹ 60,000 at 20% trade discount and received ¼ amount in cash**
15.05.2015	**Paid to Chinu Mart ₹ 69,500 in full settlement of A/c**

[4]

(b) The Cash Book of PRARTHANA show ₹ 8,364 as the balance at bank as on 31st March, 2015 but you find that this does not agree with the balance as per the Bank Pass Book. On scrutiny, you find the following discrepancies:

(i) On 15th March, the payments side of the Cash Book was undercast by ₹ 100.

(ii) A cheque for ₹ 131 issued on 25th March, was recorded in the cash column.

(iii) One deposit of ₹ 150 was recorded in the Cash Book as if there is not Bank Column therein.

(iv) On 18th March, the debit balance of ₹ 1,526 as on the previous day, was brought forward as a credit balance.

(v) Of the total cheques amounting to ₹ 11,514 drawn in the last week of March, cheques aggregating ₹ 7,815 were encashed on March.

(vi) Dividends of ₹ 250 collected by the Bank and subscription of ₹ 100 paid by it, were not recorded in the Cash Book.

(vii) One outgoing cheque of ₹ 350 was recorded twice in the Cash Book.

Required:

Prepare a Bank Reconciliation Statement as on 31st March, 2015. [4]

(c) JIMIRA LTD. bought a machine on 30.09.2014 at a price of ₹ 248 Lakh after charging 6% Sales Tax and giving a trade discount of 1.3% on the quoted price. Transport charges and installation charges were 0.30% and 0.75% respectively on the quoted price. To meet machine purchase a loan of ₹ 240 lakh was taken from the bank on which interest at 12% P.A. was to be paid. Expenditure incurred on trial run was materials, wages and overheads ₹ 24,000, ₹ 18,000 and ₹ 11,000 respectively. Machine was ready for use on 01.12.2014. However, it was actually put to use only on 01.05.2015. Entire loan amount remain unpaid on 01.05.2015.

Required:

Find the cost of machine as per AS – 10. [4]

Answer:

2. (a)

Journal of SHIVA

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
01.05.15	Cash / Bank A/c	Dr.		5,00,000	
	To Loan from SBI A/c				2,50,000
	To Loan from Patta A/c				1,00,000
	To Capital A/c				1,50,000
	(Being capital brought in)				
05.05.15	Purchases A/c (1,60,000 × 75%)	Dr.		1,20,000	
	To Cash A/c				48,000
	To Chinu Mart A/c				72,000
	(Goods purchased)				
08.05.15	Satish A/c	Dr.		36,000	
	Cash A/c	Dr.		12,000	
	To Sales				48,000
	(Being goods sold)				
15.05.15	Chinu Mart A/c	Dr.		72,000	
	To Cash A/c				69,500
	To Discount A/c				2,500
	(Being amount paid to Chinu)				

(b)

PRARTHANA
Bank Reconciliation Statement as at 31st March 2015

Particulars	Amount (₹)	Amount (₹)
Debit Balance as per Cash Book		8,364
Add: Error in bringing forward ₹ 1,526 debit balance as a credit balance on 18th March (1,526 + 1,526)	3,052	
Cheques issued but not presented (₹ 11,514 – ₹ 7,815)	3,699	
Dividends directly credited by the bank but not entered in the Cash Book	250	
Outgoing cheque recorded twice in Cash Book	350	
Deposit not recorded in the Bank Column	150	7,501
		15,865
Less: Payment side undercast	100	
Cheques issued but not entered in Bank Colum	131	
Subscription paid by the Bank directly not yet recorded in the Bash Book	100	331
Credit Balance as per passbook		**15,534**

(c) **Calculation of Cost of machine (As per AS – 10)**

Particulars	₹
Machine cost price (2,48,00,000 × 100/106 × 100/98.70) (Given price related after charging sales tax and trade discount)	2,37,04,383
Less: Trade discount (2,37,04,383 × 1.3/100)	3,08,157
	2,33,96,226
Add: Sales tax (23396226 × 6/100)	14,03,774
	2,48,00,000
Transport charges (0.30% on ₹ 2,37,04,383)	71,113
	2,48,71,113
Installation charges (0.75% on 2,37,04,383)	1,77,783
	2,50,48,896

Add: Incurred Expenses for trial run		
Materials 24,000		
Wages 18,000		
Overheads 11,000	53,000	
Borrowings costs (Interest) (240 lakh × 0.12 × 2/12)	4,80,000	5,33,000
Total Cost		**2,55,81,896**

Alternative Solution:

Note:
If the student considers the definition of Qualifying Asset as per AS – 16 while considering the Borrowing Cost (as in the question given the asset gets ready for its intended use only within 2 months i.e. 30.09.2014 to 30.11.2014)

Calculation of Cost of machine (As per – AS – 10)

Particulars	₹
Machine cost price (2,48,00,000 × 100/106 × 100/98.70) (Given price related after charging sales tax and trade discount)	2,37,04,383
Less: Trade discount (2,37,04,383 × 1.3/100)	3,08,157
	2,33,96,226
Add: Sales tax (2,33,96,226 × 6/100)	14,03,774
	2,48,00,000
Transport charges (0.30% on ₹ 2,37,04,383)	71,113
	2,48,71,113
Installation charges (0.75% on 2,37,04,383)	1,77,783
	2,50,48,896
Add: Incurred Expenses for trial run	
Materials 24,000	
Wages 18,000	
Overheads 11,000	53,000
Total Cost	**2,51,01,896**

Note :
As per Accounting Standard – 16 (Borrowing Costs) borrowing cost, which is directly related to the acquisition, construction or production of qualifying asset should be capitalized.
[Qualifying Asset is an asset which takes substantial period of time to get ready for its intended use or sale, is called qualifying asset.
The "substantial period" of time primarily depends on the facts and circumstances of each case. However, ordinarily, a period of 12 months is considered as substantial period of time unless a shorter or longer period can be justified on the basis of facts and circumstances of the case.]

3. **Answer any two questions: Carrying 12 marks each):**
   (a) BAIDHNATH LTD. obtain a lease of marble mines for a period of 10 years, commencing from 1st April, 2009. According to the lease terms being a royalty of ₹ 300 per tones to marble blocks raised subject to a minimum rent of ₹ 15,00,000 per annum with a right of recoupment of short workings within the next two years following the year in which short workings arises. For the year of a Strike the minimum rent is to be reduced to 60%. The Sales and Closing Stock for the first 6 years are as follows:

Year	Sales (Tonnes)	Closing Stock (Tonnes)
2009-10	**2000**	**500**
2010-11	**3600**	**1100**

2011-12	5900	800
2012-13	6400	900
2013-14 (Strike)	3200	400
2014-15	7000	500

You are required to prepare:
(i) Royalty Account
(ii) Land Lord Account
(iii) Short workings Account __________ in the Book of Baidhnath Ltd.

(1+2)+(2+4+3)=12

(b) A, B and C were equal partners in a firm. Their Balance Sheet as on 31st March, 2015 was as follows:

Liabilities	₹	Assets	₹
A's Capital	1,60,000	Building	4,00,000
C's Capital	1,00,000	Machinery	4,00,000
A's Loan	2,00,000	Furniture and Fixtures	1,60,000
Creditors	10,00,000	Stock	1,60,000
		Book Debts	2,00,000
		Cash at Bank	10,000
		B's Capital (Overdrawn)	1,30,000
	14,60,000		14,60,000

The firm was dissolved as all the partners were declared insolvent. The assets were realized as under:
Book debts : 45% less; Building : ₹ 1,60,000; Stock : ₹ 1,00,000; Machinery : ₹ 2,00,000; and Furniture and fixtures: ₹ 40,000. Realization expenses were ₹ 10,000.

The private assets and private liabilities of the partners were as follows:

Partner	Private Assets (₹)	Private Liabilities (₹)
A	2,50,000	2,50,000
B	2,00,000	1,80,000
C	2,30,000	2,50,000

You are required to prepare:
(i) Realisation Account,
(ii) Bank Account,
(iii) Creditors Account,
(iv) Partner's Capital Account, and
(v) Deficiency Account. (4+2+1+3+2)=12

(c) ANSHU keeps his books under single entry system. On 31st March, 2014 his Balance Sheet was as follows:

Liabilities	₹	Assets	₹
Capital	4,50,000	Fixed Assets	2,25,000
Creditors	8,70,000	Stock	9,15,000
Bills Payable	1,87,500	Debtors	2,22,000
Expenses Outstanding	67,500	Bills Receivable	90,000
		Prepaid Insurance	3,000
		Cash/Bank Balance	1,20,000
	15,75,000		15,75,000

(i) Following is the summary of cash and bank transaction for the year ended 31st March, 2015:
Cash Sales ₹ 1,10,70,000; Collection from Debtors ₹ 22,65,000; Payments to Creditors ₹ 1,12,60,500; Paid for Bills Payable ₹ 12,22,500; Sundry Expenses Paid ₹ 9,31,050; Drawings for Domestic expenses by Mr. Anshu ₹ 3,60,000; Cash and Bank Balance as on 31-03-2015 ₹ 1,90,950.

(ii) Following further details are furnished:
Gross Profit on Sales @ 10%; Bills Receivable from Debtors during the year ₹ 6,52,500; Discount Allowed to Debtors ₹ 54,000; Discount Received from Creditors ₹ 42,000; Bills Receivable Endorsed to Creditors ₹ 22,500; Annual Fire Insurance Premium paid (This is paid on 1st August every year) ₹ 9,000; Depreciation on Fixed Assets @ 10%.

(iii) Balance as on 31-03-2015 are given below:
Stock in hand ₹ 9,75,000; Debtors ₹ 2,28,000; Bills Receivable ₹ 2,10,000; Outstanding Expenses ₹ 7,500; Bills payable ₹ 2,10,000.
You are required to prepare:
(1) Trading and Profit and Loss Account for the year ended March 31,2015; and
(2) Balance Sheet as on 31.03.2015. (4+3+5)=12

Answer:

3. (a) **Workings:**

Calculation of marble blocks raised (Production) and royalty

Year	Sales (Tonnes)	+	Closing Stock (Tonnes)	-	Opening Stock (Tonnes)	Production (Tonnes)	Royalty (₹)
2009-10	2000	+	500	-	Nil	2500	7,50,000
2010-11	3600	+	1100	-	500	4200	12,60,000
2011-12	5900	+	800	-	1100	5600	16,80,000
2012-13	6400	+	900	-	800	6500	19,50,000
2013-14	3200	+	400	-	900	2700	8,10,000
2014-15	7000	+	500	-	400	7100	21,30,000

Royalty Analysis Table:

Year	Actual Royalty	Minimum Rent	Shortworkings (-) or Excess workings (+)	Short-workings Recouped	Short-workings Transferred to P&L A/c	Actual payment	Closing Balance of Shortworking
	₹	₹	₹	₹	₹	₹	₹
2009-10	7,50,000	15,00,000	(-) 7,50,000	---	---	15,00,000	7,50,000
2010-11	12,60,000	15,00,000	(-) 2,40,000	---	---	15,00,000	9,90,000
2011-12	16,80,000	15,00,000	(+) 1,80,000	1,80,000	5,70,000	15,00,000	2,40,000
2012-13	19,50,000	15,00,000	(+) 4,50,000	2,40,000	---	17,10,000	---
2013-14 (strike)	8,10,000	9,00,000	(-) 90,000	---	---	9,00,000	90,000
2014-15	21,30,000	15,00,000	(+) 6,30,000	90,000	---	20,40,000	---

Book of Baidhnath Ltd.
Royalty Account

Dr. **Cr.**

Date	Particulars	₹	Date	Pariculars	₹
2009-10	To Landlord A/c	7,50,000	2009-10	By P. & L. A/c	7,50,000
2010-11	To Landlord A/c	12,60,000	2010-11	By P. & L. A/c	12,60,000
2011-12	To Landlord A/c	16,80,000	2011-12	By P. & L. A/c	16,80,000
2012-13	To Landlord A/c	19,50,000	2012-13	By P. & L. A/c	19,50,000
2013-14	To Landlord A/c	8,10,000	2013-14	By P. & L. A/c	8,10,000
2014-15	To Landlord A/c	21,30,000	2014-15	By P. & L. A/c	21,30,000

Dr. **Landlord's Account** Cr.

Date	Particulars	₹	Date	Particulars	₹
2009-10	To Bank A/c	15,00,000	2009-10	By Royalty A/c	7,50,000
				By Shortworkings A/c	7,50,000
		15,00,000			**15,00,000**
2010-11	To Bank	15,00,000	2010-11	By Royalty A/c	12,60,000
				By Shortworkings A/c	2,40,000
		15,00,000			**15,00,000**
2011-12	To Shortworkings A/c	1,80,000	2011-12	By Royalty A/c	16,80,000
	To Bank	15,00,000			
		16,80,000			**16,80,000**
2012-13	To Shortworkings A/c	2,40,000	2012-13	By Royalty A/c	19,50,000
	To Bank	17,10,000			
		19,50,000			**19,50,000**
2013-14	To Bank	9,00,000	2013-14	By Royalty A/c	8,10,000
				By Shortworkings A/c	90,000
		9,00,000			**9,00,000**
2014-15	To Shortworkings A/c	90,000	2014-15	By Royalty A/c	21,30,000
	To Bank	20,40,000			
		21,30,000			**21,30,000**

Dr. **Shortworkings Account** Cr.

Date	Particulars	₹	Date	Particulars	₹
31.3.10	To Landlord	7,50,000	31.3.10	By Balance c/d	7,50,000
		7,50,000			**7,50,000**
01.4.10	To balance b/d	7,50,000	31.3.10	By Balance c/d	9,90,000
31.3.11	To Landlord	2,40,000			
		9,90,000			**9,90,000**
01.4.11	To Balance b/d	9,90,000	31.3.12	By Landlord	1,80,000
			31.3.12	By Profit & Loss A/c	5,70,000
			31.3.12	By Balance c/d	2,40,000
		9,90,000			**9,90,000**
01.4.12	To Balance b/d	2,40,000	31.3.13	By Landlord	2,40,000
		2,40,000			**2,40,000**
31.3.14	To Landlord	90,000	31.3.14	By Balance c/d	90,000
		90,000			**90,000**
01.4.14	To Balance b/d	90,000	31.3.15	By Landlord	90,000
		90,000			**90,000**

(b)

ABC Partnership Firm

(1) Realisation Account

Dr Cr.

Particulars	₹	Particulars	₹	₹
To Building A/c	4,00,000	By Bank A/c (Realisation of Assets):		
To Machinery A/c	4,00,000	Book Debts	1,10,000	
To Furniture & Fixtures A/c	1,60,000	Building	1,60,000	
To Stock A/c	1,60,000	Stock	1,00,000	
To Book Debts A/c	2,00,000	Machinery	2,00,000	
To Bank (Realisation Exp.)	10,000	Furniture	40,000	6,10,000
		By Loss transferred:		
		A Capital A/c	2,40,000	

		B Capital A/c	2,40,000	
		C Capital A/c	2,40,000	7,20,000
	13,30,000			**13,30,000**

(2) Bank Account

Dr. **Cr**

Particulars	₹	Particulars	₹
To Balance b/d	10,000	By Realisation A/c (Expenses)	10,000
To Realisation A/c (Assets Realised)	6,10,000	By Creditors (Available cash paid)	6,30,000
To B Capital A/c (2,00,000 – 1,80,000)	20,000		
	6,40,000		**6,40,000**

(3) Creditors Account

Particulars	₹	Particulars	₹
To Bank A/c (balance in figure)	6,30,000	By Balance b/d	10,00,000
To Deficiency A/c	3,70,000		
	10,00,000		**10,00,000**

(4) Partners' Capital Account

Dr. **Cr.**

Particulars	A (₹)	B (₹)	C (₹)	Particulars	A (₹)	B (₹)	C (₹)
To Balance b/d		1,30,000		By Balance b/d	1,60,000	--	1,00,000
To Realisation A/c (Loss)	2,40,000	2,40,000	2,40,000	By A's Loan A/c	2,00,000		
To Deficiency A/c	1,20,000			By Bank		20,000	
				By Deficiency A/c		3,50,000	1,40,000
	3,60,000	**3,70,000**	**2,40,000**		**3,60,000**	**3,70,000**	**2,40,000**

(5) Creditors Account

Dr. **Cr.**

Particulars	₹	Particulars	₹
To B's Capital A/c	3,50,000	By Creditors A/c (Balance in figure)	3,70,000
To C's Capital A/c	1,40,000	By A's Capital A/c	1,20,000
	4,90,000		**4,90,000**

(c)

Trading & Profit and Loss A/c of MR. ANSHU
for the year ended 31.03.2015

Dr. **Cr.**

Particulars	₹	Particulars	₹	₹
To Opening Stock	9,15,000	By Sales:		
To Purchases (W.N.5)	1,27,02,750	Cash	1,10,70,000	
To Gross Profit	14,04,750	Credit (W.N. 2)	29,77,500	1,40,47,500
		By Closing Stock		9,75,000
	1,50,22,500			1,50,22,500
To Expenses (W.N.6)	8,71,050	By Gross Profit		14,04,750
To Discount Allowed	54,000	By Discount received		42,000
To Depreciation	22,500			
To Net Profit	4,99,200			
	14,46,750			**14,46,750**

Balance Sheet of MR. ANSHU
As on 31st March 2015

Liabilities	₹		Assets	₹	₹
Capital	4,50,000		Fixed Assets	2,25,000	
Add: Net Profit	4,99,200		Less: Depreciation	22,500	2,02,500
	9,49,200				
Less: Drawings	3,60,000	5,89,200			
Bills payable		2,10,000	Stock		9,75,000
Creditors		10,02,750	Debtors		2,28,000
Outstanding expenses		7,500	Bills receivable		2,10,000
			Prepaid insurance		3,000
			Cash at hand/bank		1,90,950
		18,09,450			**18,09,450**

Working Notes:

(1) Bills Receivable Account

Dr. **Cr.**

Particulars	₹	Particulars	₹
To Balance b/d	90,000	By Cash (Balancing Figure)	5,10,000
To Debtors	6,52,500	By Creditors (Bills Endorsed)	22,500
		By Balance c/d	2,10,000
	7,42,500		**7,42,500**

(2) Debtors Account

Dr. **Cr.**

Particulars	₹	Particulars	₹
To Balance b/d	2,22,000	By Cash/Bank	22,65,000
To Credit sales (Balancing Figure)	29,77,500	By Discount allowed	54,000
		By Bills Receivable	6,52,500
		By Balance c/d	2,28,000
	31,99,500		**31,99,500**

(3) Bills Payable Account

Dr. **Cr.**

Particulars	₹	Particulars	₹
To Bank	12,22,500	By Balance b/d	1,87,500
To Balance c/d	2,10,000	By Creditors (Balance in figure)	12,45,000
	14,32,500		**14,32,500**

(4) Creditors Account

Dr. **Cr.**

Particulars	₹	Particulars	₹
To Cash/Bank	1,12,60,500	By Balance b/d	8,70,000
To Discount	42,000	By Purchases (W. No. 5)	1,27,02,750
To B/R Endorsed	22,500		
To B/P	12,45,000		
To Balance c/d (Bal. Fig.)	10,02,750		
	1,35,72,750		1,35,72,750

(5) Stock Account

Dr. **Cr.**

Particulars	₹	Particulars	₹
To Balance b/d	9,15,000	By Cost of Goods sold (₹ 1,40,47,500 × 90%)	1,26,42,750
To Purchases (Bal. Fig.)	1,27,02,750	By Balance c/d	9,75,000
	1,36,17,750		**1,36,17,750**

(6) Expenses for the year ended 31st March, 2015

Particulars	₹
Expenses paid during the year	9,31,050
Add; Outstanding expenses as on 31.03.2015	7,500
	9,38,550
Less: Outstanding expenses as on 01.04.2014	67,500
	8,71,050
Add: Period Insurance as on 01.04.2014	3,000
	8,74,050
Less: Prepaid Insurance as on 31.03.2015 (₹ 9,000 × 4/12)	3,000
Expenses shown in the P & L Account for the year ended 31.03.2015	8,71,050

4. Answer any two questions (Carrying 4 marks each):

(a) The summarized analysis of the accounts of the outstanding debtors of GANAPATHI LTD. at the date of 13.03.2015 (Annual Closing) of amount as under:

Debtors	Goods Sold during the year (₹)	Goods returned during the year (₹)	Cash and Cheques received during the year (₹)	Discount allowed during the year (₹)	Bills Exchange received during the year (₹)
A	6,000	---	4,000	1,000	---
B	4,000	1,000	2,000	---	---
C	10,000	---	6,000	---	---
D	20,000	2,000	12,000	1,000	2,000
F	24,000	3,000	16,000	2,000	2,000

Debtors' balance at the beginning of the year was ₹ 9,000. Out the above receipts of a bill for ₹ 1,400 given by D was dishonoured, noting charges amounting to ₹ 40.

Required:

Prepare General Ledger Adjustment Account in Debtors Ledger. [4]

(b) MR. ANUBHAV GOYAL keeps his ledger on Self Balancing System.
The following particulars are extracted from his Books:

Date	Particulars
March, 2015	
1	Purchased from Mr. Akash ₹ 7,500.
3	Paid ₹ 3,000 after adjusting the initial advance in full to Mr. Akash.
10	Paid ₹ 2,500 to Mr. Dev towards the purchases made in February in full.
12	Paid advance to Mr. Giridhar ₹ 6,000.
14	Purchased goods from Mr. Akash ₹ 6,200.
20	Returned goods worth ₹ 1,000 to Mr. Akash
24	Settled the balance due to Mr. Akash at a discount of 5%.
26	Goods purchased from Mr. Giridhar against the advance paid already.
29	Purchased from Mr. Nathan ₹ 3,500.

Goods return to Mr. Prem ₹ 1,200. The goods were originally purchased for cash in the month of February, 2015.

You are required to prepare the Creditors Ledger Adjustment Account as would appear in General Ledger for the month of March, 2015. [4]

(c) M/s JAGGU & Co. maintains Ledger on Self – Balancing System on 31st March, 2015, the General Ledger discloses the following Balances:

Debtors Ledger Adjustment Account	**₹ 5,63,360 (Dr.)**
Creditors Ledger Adjustment Account	**₹ 2,31,615 (Cr.)**

On scrutiny of ledgers the following errors were detected:
(i) An overcast of Bills Receivable Book by ₹ 5,000.
(ii) An undercast of Sales Book by ₹ 6,000.
(iii) Goods returned by Pankaj ₹ 4,600 have been entered in Sales Returns Book but not posted to Pankaj's Account in Debtors Ledger.
(iv) Cash discount allowed to customers amounting to ₹ 22,580 has not been taken into consideration while preparing Adjustment Accounts.
(v) An overcast of Purchases Book by ₹ 10,000.
(vi) Goods for ₹ 6,300 purchased on credit correctly entered in Purchases Book but wrongly posted as ₹ 3,600 in the Creditor's Personal Account in Purchases Ledger.
Required:
Pass necessary Journal entries to rectify the Adjustment Accounts in different ledgers. [4]

Answer:

4. (a)

(In Debtors Ledger)
General Ledger Adjustment Account

Dr. **Cr.**

Date	Particulars	₹	Date	Particulars	₹
	To Debtors Ledger Adj. A/c			By Balance b/d	9,000
	Cash & Cheque Rec.	40,000		Debtors' Ledger Adj. A/c	
	Return inwards	6,000		Sales	64,000
	Discount allowed	4,000		B/R Dishonour	1,400
	B/R	4,000		Noting charges	40
	To Balance c/d	20,440			
		74,440			74,440

Working:
Sales = ₹ 6,000 + ₹ 4,000 + ₹ 10,000 + ₹ 20,000 + ₹ 24,000 = ₹ 64,000
Return inward = ₹ 1,000 + ₹ 2,000 + ₹ 3,000 = ₹ 6,000
Discounted allowed = ₹ 1,000 + ₹ 1,000 + ₹ 2,000 = ₹ 4,000
B/R = ₹ 2,000 + ₹ 2,000 = ₹ 4,000.

(b)

General Ledger of Anubhav Goyal
Creditors Ledger Adjustment Account for month of March, 31, 2015

Dr. **Cr.**

Date	Particulars	₹	Date	Particulars	₹
1.3.15	To Balance b/d	4,500	1.3.15	By Balance b/d	2,500
31.3.15	To General Led. Adj. A/c		31.3.15	By General Led. Adj. A/c	
	Cash paid	16,440		Purchases	23,200

	(3,000+2,500+6,000+4,940)			(7,500+6,200+6,000+3,500)	
	Returns	1,000			
	Discount (5,200 × 5%)	260		By Balance c/d	
31.3.15	To Balance c/d	3,500			
		25,700			25,700

Working:

Opening balance (Dr.) – Mr. Akash – Advance (7,500 – 3,000) = 4,500
Opening balance (Cr.) – Purchase made in February 2015
from Mr. Dev and paid on 10.03.2015 ₹ 2,500.

(c)

M/s Jaggu & Co.
Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(i)	Debtors Ledger Adjustment A/c in (in general ledger) Dr. To General Ledger Adjustment A/c in (in Debtors ledger) (Total of B/R book overcast by ₹ 5,000 posted to Adjustment Accounts, now rectified)		5,000	5,000
(ii)	Debtors Ledger Adjustment A/c (in General Ledger) Dr. To General Ledger Adjustment A/c (in Debtor Ledger) (Total of Sales book undercast by ₹ 6,000 posted to Adjustment Accounts now rectified)		6,000	6,000
(iii)	No Entry			
(iv)	General Ledger Adjustment A/c (in Debtors Ledger) Dr. To Debtors Ledger Adjustment A/c (in General ledger) (Cash discount allowed to customers not taken into consideration while preparing adjustment accounts, now rectified)		2,580	2,580
(v)	Creditors Ledger Adjustment A/c (in General Ledger) Dr. To General Ledger Adjustment A/c (in creditors ledger) (Total of purchases book overcast by ₹ 10,000 posted to Adjustment Accounts, now rectified)		10,000	10,000
(vi)	No Entry			

5. Answer any two questions (Carrying 4 marks each):

(a) DAFALI BUILDCOM LTD. undertook a contract to construct a bridge across river Pennar for ₹ 1,500 Lakh on 1st July, 2014. The following details are available in the records kept for the year ended 31st March, 2015:

Particulars	(₹ in Lakh)
Works Certified	**750**
Works not Certified	**207**
Estimated further cost	**638**
Progress payment received	**600**
Progress payment to be received	**210**

Required:

What is the additional provision for Foreseeable Loss which must be made in the final Accounts for the year ended 31st March, 2015 as per provisions AS – 7 on 'Accounting for Construction contract'? [4]

(b) Write a Short Note on Project Accounting. [4]

(c) PRARTHNA & PIYUSH Publication publishes a monthly magazine on the 15th of every month. It sells advertising space in the magazine to advertisers on the terms of 80% sale value payable in advance and the balance within 30 days of the release of the publication. The sale of space for the March 2015 issue was made in February 2015. The magazine was published on its scheduled date. It received ₹ 2,40,000 on 10.03.2015 and ₹ 60,000 on 10.04.2015 for the March, 2015 issue.
Discuss in the context of AS – 9 the amount of revenue to be recognized and the treatment of the amount received from advertisers for the year ending 31.03.2015. [4]

Answer:

5. (a) As per AS – 7, 'Construction contract', when it is probable that total contract costs will exceed total revenue, the expected loss should be immediately recognized as an expenses. The amount of such a loss is determined irrespective of (a) whether or not work has commenced on the contract, (b) the stage of completion of contract activity as per AS – 7, (c) the amount of profit expected to arise on other contracts which are not treated as a single contract.

In this case the anticipated losses are calculated as follows:-

Anticipated or Foreseeable Loss:

Particulars	(₹ in lakh)
Works Certified	750
Works not certified	207
Add: Further cost of contract to completion	638
	1,595
Less: Contract price	1,500
Anticipated/Foreseeable loss	95

Stage of completion = work certified + works not certified = 750 + 207 = 957 lakh
Work completion in $\frac{957}{1,595} \times 100 = 60\%$
Recognition of contract revenue:
Total contract price × 0.60 = 1,500 × 0.60 = ₹ 9000 lakh
Current year's loss = 957 – 900 = ₹ 57 lakh
Provision to be made for anticipated loss = ₹ 95 – 57 = ₹ 38 lakh

(b) **Project Accounting**:
Project accounting is the practice of creating financial reports specifically designed to track the financial progress of projects, which can then be used by managers to aid project management.

Utilizing project accounting provides Project managers with the ability to accurately assess and monitor project budgets and ensure that the project is proceeding on budget. Project managers can quickly address any cost overruns and revise budgets if necessary.

Project accounting allows companies to accurately assess the ROI of individual projects and enables true performance measurement. Project managers are able to calculate funding advances and actual versus budgeted cost variances using project accounting. As revenue, costs, activities and labours are accurately tracked and measured, project accounting provides future benefits to the organization. Future quotes and estimates can be fine-tuned based on past project performance. Project accounting can also have an impact on the investment decisions that companies make. As companies seek to invest in new projects with low upfront costs, less risk, and longer-term benefits, the costs and benefit information from a project accounting system provides crucial feedback that improves the quality of such important decisions.

(c) As per Accounting Standard – 9 (Revenue Recognition) Revenue from sale or rendering of services should be recognized at the time of the sale or rendering of services. If at the time of rendering of services or sales there is significant uncertainty in ultimate collection of the revenue, then the revenue recognition is postponed and in such cases the revenue should be recognized only when it becomes reasonably certain that ultimate collection will be made.
In the present question 80% of the sale price of advertising space in the magazine is paid in advance and the balance of 20% is paid within 30 days of the release of publication, to the advertiser.
Here on 10.03.2015 the advertiser received ₹2,40,000 i.e. 80% (80% of ₹2,40,000 + ₹60,000 i.e. ₹3,00,000) of the sale price in advance and balance of 20% i.e. ₹60,000 is paid on 10.04.2015 but the total amount of revenue will be recognized as on 31.03.2015 as there was no significant uncertainty regarding the recognition of revenue as on that date.

6. Answer any two questions (Carrying 8 marks each):

(a) BABAI sold goods to KACHARI for ₹ 90,000 on 1st April, 2014 for which the later accepted three bills of ₹ 30,000 each due respectively in 1,2 and 3 months. The first bill is retained by Babai and is duly met. The second bill was discounted (discount being ₹ 600) and is met in due course. The third bill is also discounted (discount being ₹ 900) and is dishonoured, the Noting charges being ₹ 150.
New arrangements were duly made whereby Kachari pays Cash ₹ 10,150 and accepted a new bill due in 2 months for the balance of the amount with interest at 15% p.a. The bill is retained, on due date the same is dishonoured, noting charges being ₹ 180. Kachari declared insolvent on 15th Sept. 2014 and 35 paise in a rupee were received from his estate.
Required:
Pass Journal entries in the Books of BABAI. [8]

(b) On 15th December, 2014 the premises of NAGAR LTD. Were destroyed by fire, but sufficient records were saved from which the following particulars were ascertained:

	₹
Stock at cost on 1st April, 2013	**2,20,500**
Stock at cost on 31st March, 2014	**2,38,800**
Purchases less returns, year ended 31st March, 2014	**11,94,000**
Sales less returns, year ended 31st March, 2014	**14,61,000**
Purchases less returns, 1st April, 2014 to 15th December, 2014	**10,15,000**
Sales less returns, 1st April, 2014 to 15th December, 2014	**11,62,000**

In valuing stock for Balance Sheet as at 31st March, 2014 ₹ 6,900 had been written off for certain stock which was a poor selling line, having cost of ₹ 20,700. A portion of these goods were sold in June, 2014 at a loss of ₹ 750 on the original cost of ₹ 10,350. The remainder of this stock was now estimated to be worth the original cost. Subject to the above exception, gross profit had remained at a uniform rate throughout. The stock salvaged was ₹ 17,500. The stock was insured for ₹ 2,50,000.
Required:
Calculate the amount of claim to be lodged with the Insurance company for Loss of Stock. [8]

(c) MR. NAITIK sends goods to the value of ₹ 9,37,500 at cost to MR. JATIN on consignment basis to be sold at 5% commission on sales on 01.01.2015. Jatin

accepted a bill of ₹ 2,50,000 drawn by Naitik for 4 months on the same date. Naitik discounted the bill with his banker @ 15% p.a. on 04.02.2015. Naitik incurred ₹ 75,000 by way of freight and other expenses, whereas expenses of Jatin were ₹ 50,000 out of which 60% were non-recurring. Jatin sent the final balance of ₹ 7,68,750 to Naitik on 31.03.2015 along with account sales. The Gross Profit margin is 25% on Sales and 10% of Goods Remained unsold with Jatin.

You are required to prepare:

(i) Consignment Account and

(ii) Jatin Account – in the books of Mr. Naitik. [8]

Answer:

6. (a)

In the Book of Babai

Journals

Date	Particulars	LF	Dr. ₹	Cr. ₹
2014 April 1	Bills receivable A/c Dr. To Kachari A/c (Acceptance received for 3 bills for ₹ 30,000 each payable at one, two and three months after date respectively)		90,000	 90,000
April 1	Bank A/c Dr. Discount on Bills Receivable A/c Dr. To Bills receivable A/C (Second bill discounted)		29,400 600	 30,000
April 1	Bank A/c Dr. Discount on Bills Receivable A/c Dr. To Bills receivable A/C (Third bill discounted)		29,100 900	 30,000
May 4	Bank A/c / Cash A/c Dr. To Bills receivable A/C (Payment of first bill received)		30,000	 30,000
July 4	Kachari A/c Dr. To Bank A/C (Third bill dishonoured and noting charges paid by Bank)		30,150	 30,150
July 4	Cash A/c Dr. To Kachari A/C (Cash received from Kachari under new arrangement)		10,150	 10,150
July 4	Kachari A/c Dr. To Interest A/C [20,000 x 15% x 2/12] (Interest charged on renewal of bill)		500	 500
July 4	Bills receivable A/c Dr. To Kachari A/C (Acceptance received for new bill)		20,500	 20,500
Sept.7	Kachari A/c Dr. To Bills receivable A/c To Cash A/c (noting charges) (Bill dishonoured by Kachari and noting charges paid)		20,680	 20,500 180
Sept.15	Cash A/c (20,680 x 0.35) Dr. Bad debts A/c Dr. To Kachari A/C (35 paise in a rupee received on the insolvency of Kachari)		7,238 13,442	 20,680

(b)

Nagar Ltd.

Trading Account for the year ended 31st March, 2014

Dr. **Cr.**

Particulars	₹	Particulars		₹
To Opening Stock	2,20,500	By Sales less returns		14,61,000
To purchases less returns	11,94,000	By Closing Stock	2,38,800	
To Gross profit	2,92,200	Add: Value written off	6,900	2,45,700
	17,06,700			**17,06,700**

Alternative Solution:

Dr. **Trading Account for the year ended 31.03.2014** **Cr.**

Particulars	Normal Item (₹)	Abnormal Item (₹)	Total (₹)	Particulars	Normal Item (₹)	Abnormal Item (₹)	Total (₹)
To, Opening Stock A/c	2,20,500		2,20,500	By Sales less Returns A/c	14,61,000	-	14,61,000
To, Purchases less Returns	11,73,300	20,700	11,94,000				
To, Gross profit	2,92,200		2,92,200	By, Closing Stock (2,38,800+6,900)	2,25,000	20,700	2,45,700
	16,86,000	**20,700**	**17,06,700**		**16,86,000**	**20,700**	**17,06,700**

Rate of Gross Profit = $\frac{(2,92,200\times100)}{14,61,000}$ = 20%

Memorandum Trading Account
For the period of 1st April, 2014 to 15th December, 2014

Dr. **Cr.**

Particulars	Normal Items (₹)	Abnormal Items (₹)	Total (₹)	Particulars	Normal Items (₹)	Abnormal Items (₹)	Total (₹)
To Opening Stock	2,25,000	20,700	2,45,700	By Sales	11,52,400	9,600	11,62,000
To Purchases	10,15,000		10,15,000	By Loss	---	750	750
To Gross Profit (20% of ₹ 11,52,400)	2,30,480		2,30,480	By Closing Stock (B/f)	3,18,080	10,350	3,28,430
	14,70,480	**20,700**	**14,91,180**		**14,70,480**	**20,700**	**14,91,180**

Account of Loss of Stock:

Value of Stock on date of fire	3,28,430
Less: Stock Salvaged	17,500
Loss of Stock by fire	3,10,930

Since the value of the stock is more than the Insurance policy. Avg Clause should be applied.

Application of Average Clause:

Amount of claim = Loss of Stock by Fire× $\frac{\text{Insured Amount}}{\text{Value of stock on date of fire}}$

$= 3,10,930\times\frac{2,50,000}{3,28,430} = ₹2,36,679$

(c)

In the Books of Mr. Naitik
Consignment Account

Dr. **Cr.**

Date	Particulars	₹	Date	Particulars	₹
01.01.15	To Goods Sent on Consignment A/c	9,37,500	31.03.15	By Jatin's A/c	11,25,000
	To Cash A/c	75,000		By Stock on Consignment A/c	1,04,250
31.03.15	To Jatin A/c (Exp)	50,000			
	To Jatin A/c (Comm)	56,250			
	To General P&L A/c	1,10,500			
		12,29,250			**12,29,250**

Jatin Account

Dr. **Cr.**

Date	Particulars	₹	Date	Particulars	₹
31.03.15	To Consignment A/c	11,25,000	01.01.15	By Bill receivable A/c	2,50,000
			31.03.15	By Consignment A/c	50,000
				By Consignment A/c	56,250
				By Bank A/c (Balance)	7,68,750
	11,25,000				**11,25,000**

Working Notes:

1. Calculation of amount of goods sold on consignment:

$$\frac{9,37,500}{1-0.25} \times 0.90 = \frac{9,37,500}{0.75} \times 0.90 = ₹\ 11,25,000.$$

Alternatively,
The amount of goods sold on consignment
₹9,37,500 x 90% = ₹ 8,43,750

$\therefore$ 8,43,750 / 0.75 = ₹ 11,25,000

2. Calculation of commission entitlement:
   Commission = 5% of ₹ 11,25,000 = 56,250.
3. Gross profit margin = 25%
   Hence cost margin = 75%
   Hence cost of goods sold on consignment = ₹ 11,25,000 (Sales) × 75%
   = ₹ 8,43,750
   However, goods sold are 90% of the total consignment.

4. **Calculation of closing stock on consignment**

Goods sent on consignment	= 10% of ₹ 9,37,500	= ₹ 93,750
Naitik's proportionate expenses	= 10% of ₹ 75,000	= ₹ 7,500
Natin's proportionate expenses	= 10% of ₹ 30,000 (50,000 x60%)	= ₹ 3,000
		₹1,04,250

Note: That only 10% of ₹ 30,000 of Jatin expenses representing his non-recurring expenses have been forming part of the computation of closing stock.

Alternative solution:

Particulars	Amount (₹)
Goods sent on consignment	9,37,500
Add: Consignor's Expenses	75,000
Add: Consignee's non recurring expenses	30,000
	10,42,500

∴ Closing stock = 10,42,500 x 10% = 1,04,250

7. Answer any two questions (Carrying 8 marks each):

(a) On 1st April, 2014 NANU BANK LTD. had a balance of ₹ 45 lakhs in 'Rebate on Bills, Discounted Account.'

During the year ended 31st March, 2015, Nanu Bank Ltd. discounted bills of exchange of ₹ 51,000 lakh charging interest at 15% per annum, the average period of discount being for 73 days. Out of these, Bill of Exchange of ₹ 3,067 lakh were due for realization from the acceptor/customers after 31st March, 2015, the average period outstanding after 31st March, 2015 being 53 days.
You are required to pass the necessary Journal Entries and show the Ledger Accounts in the Books of NANU BANK LTD. pertain to
(i) Rebate on Bills Discounted Account
(ii) Interest and Discount Account [4+(2+2)]=8

(b) LONG LIFE ASSURANCE CO. LTD. furnishes you the following information:

Particulars	₹
Life Assurance Fund on 31.03.2015	90,00,000
The interim bonus paid during the previous two – years period to Policy holders	1,50,000
Net Liability as per periodical Actuarial Valuation	75,00,000
Surplus brought forward from the previous valuation	9,00,000

The directors of the Company proposed to carry forward ₹ 10,00,000 and to divide the balance between the Policy holders and shareholders.
You are required to show:
(i) The valuation Balance Sheet as on 31.03.2015
(ii) The Net profit for the two years (valuation period)
(iii) The distribution of the surplus (profit) [2+3+3]

(c) The following balances are extracted from the records of NARMODA ELECTRICITY CO. LTD. for the year ended March 31, 2015.

Particulars	₹ (in lakh)	Particulars	₹ (in lakh)
Balance as on 1st April, 2014:		Expenses of Management	14,400
Land	1,80,000	Cost of distribution	6,000
Machinery	7,20,000	Depreciation	24,000
Mains	2,40,000	Sale of energy for lighting	80,000
		Sale of energy for power	76,000
Share Capital–Ordinary shares	6,58,800	Meter Rent	6,000
Debentures	2,40,000	Interest on debentures	12,000
		Interim Dividend	24,000
		Net Revenue A/c as on 01.01.14	34,200
Expenditure during the year:		Depreciation Fund	3,00,000
Land	6,000		
Machinery	6,000	Sundry Debtors:	
Mains	61,200	For Energy Supplied	48,000
Sundry Creditors	1,200	Others	600
Cost of Generation	42,000	Cash Balance	6,000
Rent, Rates and Taxes	6,000		

You are required to prepare:
(i) Revenue Account and
(ii) Net Revenue Account for the year ended March 31, 2015
(iii) General Balance Sheet as at 31.03.2015.
(Note: Schedules / Note to Balance Sheet are not required) [3+2+3]

7. (a)

In the Books of NANU BANK LTD.
Journal

(₹ in Lakhs)

Date	Particulars	Debit (₹)	Credit (₹)
01.04.2014	Rebate on Bills Discounted A/c Dr.	45	
	To, Interest and Discount A/c		45
	[Being the transfer of opening balance to Rebate on Bills Discounted]		
2014-2015	Cash A/c Dr.	51,000	
	To, Bills Purchased and Discounted A/c		51,000
	[Being the discounted bills collected]		
2014-2015	Bills Purchased and Discounted A/c Dr.	51,000	
	To, Interest and Discount A/c $\left[₹51,000 \times \frac{15}{100} \times \frac{73}{365}\right]$		1,530
	To, Customers' / Clients' A/c		49,470
	[Being discounting of bills during the year]		
31.03.2015	Interest and Discount A/c Dr. $\left[₹3,067 \times \frac{15}{100} \times \frac{53}{365}\right]$	66.80	
	To, Rebate on Bills Discounted A/c		66.80
	[Being provision made for unexpired discount on 31st March 2015]		
31.03.2015	Interest and Discount A/c Dr.	1,508.20	
	To, Profit & Loss A/c		1,508.20
	[Being the transfer of Interest and Discount A/c balance to the Profit and Loss A/c]		

Dr. Rebate on Bills Discounted Account Cr.

Date	Particulars	Amount	Date	Particulars	Amount
01.04.2014	To, Interest & Discount A/c	45.00	01.04.2014	By, Balance b/d	45.00
31.03.2015	To, Balance c/d	66.80	31.03.2015	By, Interest & Discount A/c	66.80
		111.80			111.80

Dr. Interest and Discount Account Cr.

Date	Particulars	Amount	Date	Particulars	Amount
31,03.2015	To, Rebate on Bills Discounted A/c	66.80	01.04.2014	By, Rebate on Bills Discounted A/c	66.80
31.03.2015	To, Profit & Loss A/c (Transfer)	1,508.20	2014-2015	By, Bills Purchased and Discounted A/c	1,508.20
		1,575.00			1,575.00

(b)

LONG LIFE ASSURANCE CO. LTD.
Valuation Balance Sheet as at March 31, 2015

Particulars	₹	Particulars	₹
Net liability as per actuarial valuation	75,00,000	Life Assurance Fund	90,00,000
Surplus (Balancing Figure)	15,00,000		
	90,00,000		90,00,000

Statement showing net profit for the valuation period

Net profit for valuation period: (As per valuation Balance Sheet)

A.	Surplus as per valuation balance sheet	15,00,000
B.	Add: Interim Bonus distributed	1,50,000
C.	Less: Surplus in the beginning	(9,00,000)
D.	Net profit for the valuation period	7,50,000

Distribution of Surplus

A.	Total surplus	16,50,000
B.	Less: Surplus to be carried forward	10,00,000
		6,50,000
C.	Shareholders (5% of ₹ 6,50,000)	32,500
D.	Policy holders (95% of ₹ 6,50,000)	6,17,500
E.	Less: Interim bonus already distributed	1,50,000
F.	Bonus still due to Policy holders	4,67,500

(c)

NARMODA ELECTRICITY CO. LTD.
Revenue Account for the Year ended 31st March, 2015

Dr. **Cr.**

Particulars	₹ in lakh	Particulars	₹ in lakh
To Cost of Generation	42,000	By Sale of energy for lighting	80,000
To Cost of Distribution	6,000	By Sale of energy for power	76,000
To Rent, Rates & Taxes	6,000	By Meter Rent	6,000
To Management Expenses	14,400		1,62,000
To depreciation	24,000		
To Net Revenue Account (Trans.)	69,600		
	1,62,000		1,62,000

Net Revenue Account for the year ended 31st March, 2015

Dr. **Cr.**

Particulars	₹ in lakh	Particulars	₹ in lakh
To Interest on Debenture	12,000	By Balance b/d	34,200
To Interim Dividend	24,000	By Revenue A/c	69,600
To Balance c/d	67,800		
	1,03,800		1,03,800

General Balance Sheet as on 31st March, 2015

Liabilities	₹ in lakh	Assets		₹ in lakh
Capital Account		Capital Account:		
Amount received	8,98,800	Amount expended on works		12,13,200
Sundry creditors	1,200	Sundry Debtor		
Net revenue a/c balance	67,800	For Energy supplied	48,000	
Depreciation fund A/c	3,00,000	Others	600	48,600
		Cash balance		6,000
	12,67,800			12,67,800

Working:

(1) Amount received : 6,58,800 + 2,40,000 = 8,98,800

(2) Amount expended on works

₹(1,80,000 + 7,20,000 + 2,40,000 + 6,000 + 6,000 + 61,200) = ₹12,13,200