

Additional Information:

- i. The net realizable value of stocks as at 31.12.2009 was Rs.400000.
- ii. Administrative expenses include Audit fees Rs.50000 and Director remuneration Rs.150000,
- iii. It should be provided for Employees Provident Fund Rs.50000, and Employee Trust Fund Rs.20000.
- iv. Pre-paid selling and Distribution expenses as at 31.12.2009 Rs.45000.
- v. Administrative expenses payable as at 31.12.2009 Rs.60000
- vi. A bad debt of Rs.50000 is to be written off from the debtor, and a provision for doubtful debt is to be made at 6% on remaining debtors.
- vii. Motor vehicles account includes a motor vehicle purchased on 1st of July 2009 at a cost of Rs.400000.
- viii. Furniture which were purchased at a cost of Rs.100000 and provided depreciation of Rs.40000 were disposed for Rs.50000 in January 2009. The proceeds from the disposal was debited to cash account and credited to furniture disposed account. No other entries were made in this regard.
- ix. Land Property was revalued at Rs.4000000 as at 31.12.2009.
- x. The provisions for depreciation on Non current assets are to be made as follow:

Motor Vehicles	-	20% on straight line basis
Furniture and Fittings	-	10% p.a on reducing balance
- xi. The income tax paid includes the amount of Rs.90000 paid for the last quarter of 2008. The income tax payable for the last quarter of current year (2009) has been estimated at Rs.120000.
- xii. Rs.500000 of 20% debentures were issued on 1st of July 2009.
- xiii. The directors of the company have decided the following:
 - a. To transfer Rs.100000 to General reserve
 - b. To write off 50% of Goodwill
 - c. To provide 10% final dividend to ordinary shareholders and the final dividend to Preference shareholders.

Required:

Prepare the following for CMA Plc in the format that can be published for shareholders. (Show the notes and workings clearly).

- i. The Income Statement for the year ended 31.12.2009
- ii. The Statement of Changes in Equity for the year ended 31.12.2009
- iii. The Balance sheet as at 31.12.2009

(30 Marks)

02. The following balance are available from the books of a trader for his financial year ended 31.12.2009:

Balances as at	01.01.2009	31.12.2009
	Rs.	Rs.
Debtors	?	240000
Creditors	160000	?
Stock	?	170000
Building	300000	300000
Machinery	600000	650000
Furniture	50000	50000
15% Bank loan	100000	100000
Cash and bank balance	140000	110000

Cash transactions during the year (excluding certain other items) are:

Collection from Debtors	Rs. 930000	Business Expenses	Rs. 100000
Drawings	Rs. 100000	Payment to creditors	Rs. 610000
Sale of Machinery	Rs. 30000	Cash Purchases	Rs. 160000

(Book value Rs. 50000)

Additional Information:

- The trader sells his goods at cost plus 33 1/3%
- Discount allowed by creditors Rs. 10000
- Credit purchases during the year were 80% of the total purchases and cash sales amounted to 10% of sales. Credit sales amounted to Rs. 900000
- Depreciation on Machinery & Furniture by 10% and Building by 2% is to be provided
- Full year depreciation on fixed assets and on depreciation on fixed assets sold during the year is to be charged

Required:

Prepare the following:

- The Trading, and Profit and Loss Account for the year ended 31.12.2009
- The Balance Sheet as at 31.12.2009

(Show the workings clearly)

(20 Marks)

03. Following is the Income and Expenditure Account of the United Club for the year ended on 30.06.2009.

Expenditure	Rs.	Income	Rs.
Salaries	157500	Subscriptions	450000
Stationery	12500	Donations	75000
Postage	8000	Profit on sale of furniture	10000
Sundry expenses	47000	Government Grant	40000
Repairs and maintenance	36000	Interest on Fixed Deposit	8000
Sports expenses	18000		
Swimming Pool expenses and maintenance	20000		
Affiliation fee	5000		
Electricity	32500		
Billiard Room Expenses	12500		
Periodicals	12000		
Audit fee	2500		
Depreciation on Sports and Equipment	10000		
Building	25000		
Furniture	4500		
Excess of Income over Expenditure	180000		
	583000		583000

The above account is prepared after considering the information given below:

Balances as at	01-07-2008	30-06-2009
Building	1000000	975000
Sports Ground	1000000	1000000
Sports Equipments	60000	90000
Furniture	50000	-
Fixed deposit in bank	80000	80000
Bank account- savings account	-	250000
Subscriptions outstanding	50000	20000
Subscriptions received in advance	30000	10000
Stock of stationery	2500	5000
Audit fee outstanding	2000	2500
Salaries outstanding	5000	10000
Affiliation fee paid in advance	-	2500

Cash on hand as at 01-07-2008 was Rs 12500. New furniture of Rs.90000 has been purchased on credit but not entered in the books. Depreciation has been charged on this furniture at 5%.

Required: Prepare the following:

- Receipts and Payments Account for the year ended on 30-06-2009.
- Balance sheet as at 30-06-2009.

(Show the workings clearly)

(20 Marks)

04. According to the cash book of a trader, there was a balance of Rs.44500 standing to his credit in bank on 30th June, 2009. On investigation you find that:
- Cheques amounting to Rs 60000 issued to creditors have not been presented for payment till that date
 - Cheques paid into bank amounting to Rs 105000 out of which cheques amounting to Rs.55000 only collected by the bank up to 30th June, 2009
 - A dividend of Rs.4000 and Rent amounting to Rs.6000 received by the bank and entered in the pass book but not recorded in the cash- book
 - Insurance Premium (up to 31st December, 2009) paid by the bank Rs.2700 not entered in the cash book
 - The payment side of the cash book had been under cast by Rs.500
 - Bank charges Rs.500, shown in the pass book had not been entered in the cash book
 - A bill payable for Rs.2000 has been paid by the bank but is not entered in the cash book and bill receivable for Rs.6000 has been discounted with the bank at a cost of Rs.100 which has also not been recorded in cash book.

Required:

- Make the appropriate adjustments in the cash book, and
- Prepare a statement reconciling it with the bank Statement

(10 Marks)

05. While preparing the final accounts for the year ending on 31st March, 2009 ,Mr.Sunil, a trader, could not get his trial balance agreed. He transferred the difference to a suspense account and prepared the final accounts. In May 2009, the following errors were discovered in the books of account for the year ended 31st March, 2009.
- An amount of Rs 5000 received from Mr.Been, a debtor, on 30.03.2009 was entered in the cash book on 05.04.2009 and posted to ledger account of Mr.Been.
 - Cartage paid on purchase of machinery Rs.1000 was posted to cartage account as Rs. 1500.
 - The sale of machinery of the book value of Rs.7500 for Rs.9000 was omitted from the books.
 - A machinery purchased for Rs.20000 was wrongly debited to furniture account.
 - Furniture was sold on 01.01.2009 for Rs.13000. The book value of the furniture on 01.04.2008 was Rs.25000. The sum of Rs.13000 was credited through the cash book to motor vehicle account
 - Purchase of motor vehicle was wrongly debited to travelling expenses account as Rs. 40000.

7. A credit invoice of Rs.2000 was not recorded in the sales book and subsequently the cheque received from the customer for Rs.2000 was credited to a creditor account.
8. A cheque received from Mr.Ravi, a debtor, for Rs.2000 was not posted to ledger. The corresponding sales invoice for Rs.3000 was wrongly passed through the sales book as Rs.300
9. Sales included cash sales of Rs.10000 for goods sold as consignee. Consignee's commission not provided was @ 10% sales. The consignee's expenses Rs 1500 were included in operating expenses

Depreciation was provided @ 10% on machinery, 5% on furniture and 20% on motor vehicle balances at the end of the year.

Required:

Pass journal entries as on 01-05-2009 to rectify the following errors committed during the year ended 31-03-2009.

(10 Marks)

06. Viji Stores consigns 1000 cycles to Kapoor Stores @ Rs.1000 per unit. They incurred the following expenses:

Packaging Expenses	-	Rs.50,000
Freight charge	-	Rs.27,000
Agent Commission	-	Rs.23,000

Kapoor Stores received the delivery of only 930 cycles, remaining cycles being lost in the transit and insurance company agreed for a claim of Rs.45,000. Kapoor Stores submitted the account sales stating:

Unpacking Expenses	-	Rs. 5,000
Unloading Charges	-	Rs.15,000
Cycle fitting Charges	-	Rs.30,000
Godown Rent	-	Rs.25,000

Kapoor Stores is entitled to a commission of 6% on sales.

Required:

Prepare the following In the books of Viji Stores:

- (i) Consignment Account
- (ii) Kapoor Stores Account
- (iii) Goods Sent on Consignment Account

(Show the workings clearly)

(10 Marks)