

Model Answers

Solution: Q 1

Balance Sheet of Imperial Ltd as at: 31st March, 2022

Particulars		As at 31 st March, 2022 Rs.
I	EQUITY AND LIABILITIES	
1	Shareholder's Fund	
	(a) Share capital	10,00,000
	(b) Reserves and surplus	1,50,000
2	Share application money pending allotment	NIL
3	Non-current liabilities	
	(a) Long-term borrowings	70,000
4	Current Liabilities	
	(a) Other current liabilities	80,000
	(b) Short-term provisions	4,70,000
	Total (1+2+3+4)	17,70,000
II	ASSETS	
1	Non-current assets	
	(a) Fixed assets	
	(i) Tangible assets	3,62,000
	(b) Non-current investments	2,00,000
2	Current assets	
	(a) Inventories	2,00,000
	(b) Trade receivables	7,80,000
	(c) Cash and cash equivalents	2,28,000
	Total (1+2)	17,70,000

Profit and Loss Statement of Imperial Ltd for the year ended: 31st March, 2022

			As at 31 st March, 2022 Rs.
I	REVENUE FROM OPERATION		30,00,000
	Less: Excise duty		
II	OTHER INCOME		
III	TOTAL REVENUE (I+II)		30,00,000
IV	EXPENSES:		
	(a) Cost of material consumed		
	(b) Purchase of products for sale	17,10,000	
	(c) Changes in inventories of finished goods, work-in-progress and products for sale (1,40,000-2,00,000)	(60,000)	
	(d) Employees cost/ benefits expenses		
	(e) Finance cost		
	(f) Depreciation and amortization expenses	1,48,000	

	(g) Product development expenses/ Engineering expenses		
	(h) Other expenses	6,02,000	
	(j) Expenditure transfer to capital and other account		
	TOTAL EXPENSES		24,00,000
V	PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX (III-IV)		6,00,000
VI	EXCEPTIONAL ITEMS		
VII	PROFIT BEFORE EXTRAORDINARY ITEMS AND TAX (V-VI)		6,00,000
VIII	EXTRAORDINARY ITEMS		60,000
IX	PROFIT BEFORE TAX FROM CONTINUING OPERATIONS (VII-VIII)		5,40,000
X	Tax expenses:		
	(1) Current Tax		2,70,000
	(2) Deferred tax		
XI	PROFIT AFTER TAX FOR THE YEAR FROM CONTINUING OPERATION (IX-X)		2,70,000
XII	Profit (loss) from discontinuing operations		
XIII	Tax expenses from discontinuing operations		
XIV	Profit (loss) from discontinuing operations (after tax) (XII-XIII)		
XV	PROFIT (LOSS) FOR THE PERIOD (XI+XIV)		2,70,000
	Balance brought forward from previous year		80,000
	Profit available for appropriation		3,50,000
	Appropriation:		
	Proposed dividend	2,00,000	
	Transfer to General Reserve	30,000	2,30,000
	Balance carried forward		1,20,000

Solution: Q 2**Hire Purchase accounts in the buyer's books****(a) Scanners on Hire Purchase Account**

2021			Rs.	2021		Rs.
April 1	To HP Co – Cash			Dec 31	By Balance c/d	
	Price Scanner A		14,000		Scanner A	14,000
Oct 1	- HP Co - Cash				Scanner B	19,000
	Price Scanner B		19,000			33,000
			<u>33,000</u>			<u>33,000</u>
2022	To Balance b/d		Rs	2022		
Jan 1	Scanner A	14,000		June 30	By Disposal of Scanner A/c – Transfer	19,000
	Scanner B	<u>19,000</u>			By Balance c/d	<u>14,000</u>
			<u>33,000</u>	Dec 31		<u>33,000</u>

2023 Jan 1	To Balance b/d		14,000			
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(b) Provision for Depreciation of Scanners Account

2021		Rs.	2021				Rs.
Dec. 31	To Balance c/d	3,050	Dec 31	By P & L A/c:	Scanner A	2,100	
					Scanner B	<u>950</u>	3,050
		<u>3,050</u>					<u>3,050</u>

2022		Rs.	2022			Rs.
June 30	To Disposal of Scanner Account- Scanner	2,850	Jan. 1	By Balance b/d		3,050
Dec. 31	To Balance c/d	4,900	Jun 30	By P & L A/c (Depn. For Scanner B)		1,900
		<u>7,750</u>	Dec 31	By P & L A/c (Depn. For Scanner A)		<u>2,800</u>
						<u>7,750</u>
			2023 Jan. 1	By Balance b/d		<u>4,900</u>

(c) Disposal of Scanner Account

2022		Rs.	2022		Rs.
June 30	To Scanners on hire Purchase- Scanner B	19,000	June 30	By Provision for Depn. of Scanner A/c	2,850
			July 10	By Cash : Insurance	15,000
			Dec. 31	By P & L A/c : Loss	<u>1,150</u>
		<u>19,000</u>			<u>19,000</u>

Solution: Q 3

Books of Ramanujam Traders

(a) Branch Stock Account

	Rs.		Rs.
To Balance b/d-Op Stock	30,000	By Branch Debtors (Sales)	1,65,000
To Goods Sent to Branch A/c	2,40,000	By Branch Cash	59,000
To Branch Adjustment A/c (Balancing Figure – Excess of Sale over Invoice Price)	2,000	By Balance c/d Goods in Transit (Rs.2,40,000 – Rs.2,20,000)	20,000

		Closing Stock at Branch	28,000
	2,72,000		2,72,000

(b) Branch Debtors Account

	Rs.		Rs.
To Balance b/d	32,750	By Bad debts written off	750
To Branch Stock A/c (Sales)	1,65,000	By Branch Cash (bal. Fig.)	1,71,000
		By Balance c/d	26,000
	1,97,750		1,97,750

(c) Branch Cash Account

	Rs.		Rs.
To Balance b/d	5,000	By Bank Remittance to H.O.	2,22,500
To Branch Stock	59,000	By Branch Expenses	10,000
To Branch Debtors	1,71,000	{ Met by Branch (Bal. fig.) }	
		By Balance c/d	2,500
	2,35,000		2,35,000

(d) Branch Adjustment Account

	Rs.		Rs.
To Branch P &L – Gross Profit (Bal. Fig.)	39,000	By Stock Reserve opening (25,000 x 20%)	5,000
To Stock Reserve (on closing stock (48,000 x 1/6)	8,000	By Goods sent to Branch A/c	40,000
		By Branch Stock A/c	2,000
	47,000		47,000

(e) Branch Expenses

	Rs.		Rs.
To Cash (H.O)	12,000	By Branch P&L	22,000
To Branch Cash	10,000		
	22,000		22,000

(f) Branch Profit and Loss Account

	Rs.		Rs.
To Branch Expenses	22,000	By Gross Profit (from Branch Adjustment A/c)	39,000
To Branch Debtors (bad debts)	750		

To Net Profit	16,250		
	39,000		39,000

(g) Goods Sent to Branch Account

	Rs.		Rs.
To Branch Adjustment A/c	40,000	By Branch Stock A/c	2,40,000
To Purchase A/c - Transfer	2,00,000		
	2,40,000		2,40,000