

and Preparation of Ledger Accounts in the books of
consignor only - Problems.

Unit 4 : Hire Purchase System

Meaning of Hire purchase and Installment purchase
system, Different between Hire purchase and Installment
purchase, Important Definitions Hire purchase agreement,
Hire purchase price, Cash price, Hire purchase charges,
Calculation of cash price; Journal entries and ledger
accounts in the books of Hire purchase only
[Asset accural method only] - Problems.

Unit 5 : Branch Accounts.

Meaning, Objectives and Advantage of Branch accounting.
Types of Branches - Meaning and Features of Dependent
of Branches, Independent Branches and Foreign Branches;
Method of maintaining Books of Accounts by the Head
office - Debtors system only when the goods are sent
at cost price and Invoice price and ascertainment
of profit or loss of Branch under Debtors system -
Problems.

Chapter 1 Chapter 2

Section A - 8Q - Any 5 [2M] A = 2 x 2 = 4 A = 1 x 2 = 2

Section B - 6Q - Any 4 [5M] B = 1 = 5 B = 1 x 5 = 5

Section C - 5Q - Any 3 [15M] C = 15 = 9 C = 15 + 9 = 24

Section D - 1A - 1 x 5 30

<p>A = 2 x 2 = 4</p> <p>B = 2 x 5 = 10</p> <p>C = 1 = 15</p> <p><u>29</u></p>	<p>A = 2 x 2 = 4</p> <p>B = 2 x 5 = 10</p> <p>C = 15 = 9</p> <p><u>29</u></p>	<p>A = 1 x 2 = 2</p> <p>B = 1 x 5 = 5</p> <p>C = 15 + 9 = 24</p> <p><u>29</u></p>
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Chap-1		Chap-2	
Section A - 8Q - Any 5 [2M]	A = 2 x 2 = 4	A = 1 x 2 = 2	
Section B - 6Q - Any 4 [5M]	B = 1 = 5	B = 1 x 5 = 5	
Section C - 5Q - Any 3 [15M]	9	C = 15 + 8 =	
Section D - 1Q - 1 x 5			30
A: 2 x 2 = 4	+ = 2 x 2 = 4	A = 1 x 2 =	
B = 2 x 5 = 10	B = 2 x 5 = 10	B = 1 x 5 =	
C = 1 = 15	C = 15	C = 15 + 8 =	
270	29	29	

* MEANING OF BOOK KEEPING

It is the art of recording business transaction in the books of accounts in an orderly manner. As the number of transactions in any business organization is very huge, they need to be recorded as and when they take place. The recording of business transaction is done by a person called the book keeper.

* MEANING AND DEFINITION OF ACCOUNTING

According to American Institute of Certified Public Accountants, accounting is the art of recording, classifying and summarizing in a significant manner and in terms of money transaction and events which are in part atleast, of a financial character and interpreting the result thereof.

* Difference between book keeping and Accounting

Book Keeping

1. It refers to recording of business transaction in an orderly manner, in the journal or subsidiary books and posting them to ledger a/c.

Accounting

Accounting on the other hand involves not only recording of transaction but presenting the same in the form of financial statements and interpreting the same for forming judgements. Accounting therefore is more analytical.

2. A book keeper only maintains information about a business, in a set of books, but an accountant analyses the same. Accounting begins where book keeping ends. Book keeping is a part of the basis for accounting.

Objectives of Accounting

The primary objects of accounting are the following:

- i. Systematic recording of transactions: Basic objective of accounting is to systematically record the financial aspects of business transactions record that is book keeping. These recorded transactions are later on classified and summarized logically for the preparation of financial statements and for their analysis and interpretation.
- ii. Ascertainment of results of above recorded transactions: Accounting prepares profit & loss a/c to know the results of business operations for a particular period of time. If revenue exceed expenses then it is said that business is running profitably, but if expenses exceed revenue then it can be said that the business is running under loss. The profit & loss a/c helps the management & different stake holders in taking rational decision.
- iii. Ascertainment of the financial position of the business: In business it is important to know that what he owes [liability] to the outsiders and what he owns [assets] on a certain date. To know this accountant prepares

a financial position statement popularly known as balance sheet which helps in understanding the financial health of the business.

- iv. Providing information to the users for rational decision making: Accounting as a language of business communicates the financial results of an enterprise to various stakeholders by means of financial statements.
- v. To know the solvency position: By preparing the Balance Sheet, management not only reveals what assets & liabilities of the business but also it is information regarding the concern's ability to meet its liability in the short term [liquidity position] and also in long term [solvency position] as and when they call due.

Functions of Accounting

1. Measurement: Accounting measures past performance of the business entity and depicts its current financial position.
2. Forecasting: It helps in forecasting future performance and financial position of an enterprise using past data.
3. Decision making: Accounting provides relevant information to managers and aids to the users of accounts to aid rational decision making.

4. Comparison & Evaluation: It appraises performance achieved in relation to targets & disclose information regarding accounting policies & contingent liabilities which play an important role in predicting, comparing & evaluating the financial results.

5. Control: accounting also identifies weaknesses of the operational system and provides feedback regarding effectiveness of measures adopted to check such weaknesses.

6. Government regulation & taxation: It provides necessary information to the government to exercise control on that entity as well as in collection of tax revenues.

	Asset	Liability	Capital
1) Commenced business with cash	↑ Cash ↑ Asset		↑ Cap
2) Goods Purchased	↓ Cash ↑ Asset		
3) Goods Purchased from Raju Co	↑ Asset	↑ Liab	
4) Salary paid / Salary paid through cheque	↓ Cash		↓ Cap
5) Commission recd	↑ Cash		↑ Cap
6) Goods sold	↑ Cash ↓ Asset		
7) Furniture Purchased	↑ Asset ↓ Cash		
8) Commenced bus with Asset & Liab	↑ Cash	↑ Liab	↑ Cap
9) Cash withdrawn for Personal purposes	↓ Cash		↓ Cap
10) Additional capital introduced	↑ Cash		↑ Cap
11) Loan given	↓ Cash ↑ Deb		
12) Loan repaid	↓ Cash	↓ Liab	

1) All Expenses Paid ↓ Cash ↓ Cap
 2) All Incomes rec ↑ Cash ↑ Cap

NOTE:-

1) Goods purchased $\begin{matrix} A \uparrow \\ C \downarrow \end{matrix}$

2) Goods purchased from $\begin{matrix} A \uparrow \\ L \uparrow \end{matrix}$

Problems

- ✓ Commenced business with cash £20,000 on 1/1/2024.
- On 4/1/2024 Goods purchased £12,000
- On 10/1/2024 Salary paid £2,000
- On 15/1/2024 Commission received £3,000
- On 21/1/2024 Furniture purchased £18,000
- On 29/1/2024 Goods sold £35,000

Solve the above transactions using accounting system

Date	Particulans	Variable effect	Asset = Liabilities + Capital
1.1.2024	Commenced business with cash	\uparrow Capital \uparrow Cash	$20,000 = 0 + 20,000$ $20,000 = 0 + 20,000$
4.1.2024	Goods purchased	\uparrow asset \downarrow Cash	$(+) 12,000$ $(-) 12,000$ $20,000 = 0 + 20,000$
10.1.2024	Salary paid	\downarrow asset \downarrow Capital	$20,000 = 0 + 20,000$ $(-) 20,000 = 0 - 20,000$ $18,000 = 0 + 18,000$
15.1.2024	Commission received	\uparrow Capital \uparrow Cash	$18,000 = 0 + 18,000$ $3,000 = 0 + 3,000$ $21,000 = 0 + 21,000$
21.1.2024	Furniture purchased	\uparrow asset \downarrow asset/ Cash	$(+) 18,000$ $(-) 18,000$ $21,000 = 0 + 21,000$
29.1.2024	Goods sold	\downarrow asset \uparrow Cash	$(-) 35,000$ $(+) 35,000$ $21,000 = 0 + 21,000$

- On 1.12.2017 commenced business with cash ₹20,000
 furniture ₹30,000, machinery ₹40,000, bank overdraft
 ₹16,000
- 5.12.2017 Goods purchased ₹25,000
 - 10.12.2017 Goods purchased from Raju company ₹20,000
 - 14.12.2017 Salary paid ₹8,000
 - 16.12.2017 Electricity bill pay ₹4,000
 - 21.12.2017 Goods sold ₹80,000
 - 26.12.2017 Cash withdrawal for personal use ₹6,000
 - 28.12.2017 Cash paid to Raju company ₹20,000

Solve the above transaction using accounting equation

Date	Particulars	Variable effect	Asset = Liability + Capital
1.12.17	Commenced business with cash + furniture + machinery 20,000 + 30,000 + 40,000 = 90,000	↑ asset ↑ liability	90,000 = 16,000 + 74,000
5.12.17	Goods purchased	↑ asset ↓ cash	90,000 = 16,000 + 74,000 (+) 25,000 (-) 25,000
10.12.17	Goods purchased from Raju company	↑ asset ↑ liability	110,000 = 36,000 + 74,000 + 20,000
14.12.17	Salary paid	↓ asset ↓ capital	110,000 = 36,000 + 74,000 (-) 8,000 = - 8,000
16.12.17	Electric bill paid	↓ capital ↓ asset	102,000 = 36,000 + 66,000 (-) 4,000 = (-) 4,000
			98,000 = 36,000 + 62,000

21.12.17	Goods sold	↓ asset (-) 80,000	↑ Cash (+) 80,000	$98,000 = 36,000 + 62,000$
26.12.17	Cash drawn for personal use	↓ Capital (-) 6,000	↓ Cash (-) 6,000	$92,000 = 36,000 + 56,000$
28.12.17	Cash paid to Raju company	↓ Cash (-) 20,000	↓ Liabilities (-) 20,000	$72,000 = 16,000 + 56,000$

- 3 On 1/1/21 commenced business with cash ₹20,000, Debtors ₹40,000, Land and Building ₹30,000, Motor car ₹40,000, Bank loan ₹20,000
- + 2/1/21 Goods purchased ₹25,000
 - + 6/1/21 Goods purchased from tata company ₹40,000
 - + 10/1/21 Salary paid ₹5,000
 - + 12/1/21 Commission received ₹6,000
 - + 19/1/21 Furniture purchased ₹16,000
 - + 25/1/21 Cash withdrawn for personal purpose ₹5,000
 - + 29/1/21 Cash paid to tata company

Solve the above transaction using accounting equation.

Date	Particular	Variable effect	Asset = Liabilities + Capital
1.1.21	Commenced business with cash, debtors, land & building, motor car and Bank loan	↑ Asset ↑ Liabilities	$1,70,000 = 20,000 + 1,50,000$
	25,000 + 40,000 + 30,000 + 40,000 + 20,000 = 1,65,000		$1,65,000 = 20,000 + 1,45,000$
			$1,70,000 = 20,000 + 1,50,000$

2/1/21	Goods purchased	↑ asset (+) 25,000 ↓ cash(A) (-) 25,000	1,30,000 = 20,000 + 1,10,000
6/1/21	Goods purchased from Tata company	↑ asset 40,000 = 40,000 ↓ liability	2,10,000 = 60,000 + 1,50,000
10/1/21	Salary paid	↓ Capital - 5,000 = - 5,000 ↓ cash	2,05,000 = 60,000 + 1,45,000
12/1/21	Commission received	↑ Capital 6,000 = + 6,000 ↑ asset	2,11,000 = 60,000 + 1,51,000
19/1/21	Furniture purchased	↑ asset (+) 16,000 ↓ cash (-) 16,000	2,11,000 = 60,000 + 1,51,000
25/1/21	Cash withdrawn for Personal use	↓ Capital - 5,000 = 60,000 + (- 5,000) ↓ cash	2,06,000 = 60,000 + 1,46,000
29/1/21	Cash paid to tata company	↓ cash (-) 40,000 (-) 40,000 ↓ liability	1,66,000 = 20,000 + 1,46,000

4. 01.12.2004 Commenced business with cash ₹ 35,000, stock ₹ 40,000, Plant and Machinery ₹ 45,000, Motor car ₹ 35,000, Bank loan ₹ 10,000, Bank overdraft ₹ 15,000.
- 04.12.04 Purchased goods from Ajay ₹ 30,000
 - 07.12.04 Salary paid ₹ 15,000
 - 09.12.04 Cash deposited into bank ₹ 10,000
 - 12.12.04 Commission received ₹ 15,000
 - 16.12.04 Electricity bill paid ₹ 2,000
 - 19.12.04 Cash paid to Raju ₹ 50,000 as loan
 - 24.12.04 Machinery purchased ₹ 5,000 on credit from AB company.

- 28.12.04 - Cash received from Raju
 → 30.12.04 - Additional capital introduced ₹ 35000
 → 31.12.04 - Cash withdrawn for personal purpose ₹ 13000

Solve the above transactions using accounting equation

Date	Particular	Variable effect	Asset - Liabilities + Capital
1.12.04	Commenced business with cash, stock, P&M, Motor Car $35000 + 40000 + 45000 + 35000 = 155000$	↑ Assets ↑ Liabilities	$155000 = 25000 + 130000$ $155000 = 25000 + 130000$
4.12.04	Purchased Goods from Ajay	↑ Assets ↑ Liabilities	$(+) 30000 = (+) 30000$ $185000 = 55000 + 1,30,000$
7.12.04	Salary paid	↓ Cash ↓ Capital	$(-) 15,000 = (-) 15,000$ $170000 = 55000 + 115000$
9.12.04	Cash deposited into bank	↓ Cash ↑ Bank	$(+) 10000 = (+) 10000$ $170000 = 55000 + 115000$
12.12.04	Commission received	↑ Cash ↑ Capital	$(+) 15000 = (+) 15000$ $185000 = 55000 + 130000$
16.12.04	Electricity bill paid	↓ Cash ↓ Capital	$(-) 2000 = (-) 2000$ $183000 = 55000 + 128000$
19.12.04	Cash paid to Raju as loan	↓ Cash ↑ Debtors	$(+) 5000 = (+) 5000$ $(-) 5000 = (-) 5000$ $183000 = 55000 + 128000$

24.12.04	Machinery purchased credit from AB Company	↑ Assets ↑ Liabilities	(+) 50000 = 50000
			233000 = 105000 + 128000
28.12.04	Cap received from Raju	↑ Cap Debiting	(+) 50000 (-) 50000
			233000 = 105000 + 128000
30.12.04	Additional capital introduced	↑ Cap ↑ Capital	(+) 35000 (+) 35000
			268000 = 105000 + 163000
31.12.04	Cap withdrawal for Personal purpose	↓ Cap ↓ Capital	(-) 13000 = (-) 13000
			255000 = 105000 + 150000

5. Commenced business with cap ₹60000, Debtors ₹40000, ₹55000, Motor car ₹70000, Bank loan ₹10000 on 1.4.2005
- 04.04.2005 Goods purchased ₹60,000
 - 07.04.2005 Goods purchased from M. Akash ₹25,000
 - 09.04.2005 Commission paid ₹10,000
 - 10.04.2005 Additional capital introduced ₹70,000
 - 13.04.2005 Good sold ₹1,00,000
 - 15.04.2005 Furniture purchased on credit ₹20,000
 - 19.04.2005 Cap withdrawn for personal purpose ₹16,000
 - 22.04.2005 Commission paid ₹20,000
 - 24.04.2005 Cap received from M. Bharath ₹40,000 as loan
 - 27.04.2005 Purchase Motor car ₹30,000
 - 29.04.2005 Printing & stationery expenses ₹2,000
 - 30.04.2005 loan repaid to M. Bharath.

Solve the above transaction using accounting equation

Note :- expenses & loss paid out of capital / Paid in capital.
 All income & gain + capital.

SURYA Gold

Date _____ Page _____

Date	Particulan	Variable effect	Asset - Liability + Capital
1.04.2005	Commenced business with Caph + Debtors + L&B + M. cap. liability Bl = 10000 2,25,000 10000 + 40000 + 55000 + 30000	↑ Asset ↓ Liability	2,25,000 = 10000 + 2,15,000 2,25,000 = 10000 + 2,15,000
4.04.2005	Goods purchased	↑ Asset ↓ Caph	(+) 60,000 (-) 60,000 2,25,000 = 10,000 + 2,15,000
7.04.2005	Good purchased from Mr. Akash	↑ Asset ↑ Liabilities	(-) 25,000 + 25,000 2,50,000 = 35,000 + 2,15,000
9.04.2005	Commission paid	↓ Caph ↓ Cap	(-) 10,000 (-) 10,000 2,40,000 = 35,000 + 2,05,000
10.04.2005	Additional capital introduced	↑ Caph ↑ Cap	(+) 70,000 (+) 70,000 3,10,000 = 35,000 + 2,75,000
13.04.2005	Goods sold	↓ Asset ↑ Caph	(-) 1,00,000 (+) 1,00,000 3,10,000 = 35,000 + 2,75,000
15.04.2005	Furniture purchase on credit	↑ Asset ↑ Liability	(+) 20,000 (+) 20,000 3,30,000 = 55,000 + 2,75,000
19.04.2005	Caph withdrawn for personal purpose	↓ Caph ↓ Cap	(-) 16,000 (-) 16,000 3,14,000 = 55,000 + 2,59,000
22.04.2005	Commission paid	↓ Caph ↓ Cap	(-) 20,000 (-) 20,000 2,94,000 = 55,000 + 2,39,000
24.04.2005	Caph received from Mr. Bhanath of loan	↑ Caph ↑ Liability	+ 4,000 = + 4,000 2,98,000 = 59,000 + 2,39,000

27.08.2025	Purchase of motor car	↑ Asset ↓ Cash	+ 30000 - 30000	293000 = 590000
29.09.2025	Printing of stationery expenses	↑ Cash ↓ Cap	(-) 2000	296000 = 590000
30.09.2025	Loan repaid to Mr. Bharath	↓ Liability ↓ Cash	- 40000	256000 = 190000

6 1/1/2024 Mr. Ajay commenced business with cash ₹ 20000, Furniture ₹ 25000, Debtors ₹ 30000, Stock ₹ 40000, B.L. ₹ 40000

- 4.1.2024 Goods purchase from AB Company ₹ 40000
- 6.1.2024 Salary paid ₹ 10000
- 9.1.2024 Cash deposited into bank ₹ 20000
- 11.1.2024 Goods sold to XY trading company ₹ 60000
- 16.1.2024 Commission received ₹ 20000
- 19.1.2024 Cash withdrawn for personal purpose ₹ 5000
- 21.1.2024 Addition capital introduced ₹ 10000
- 26.1.2024 Cash paid to AB company
- 29.1.2024 Cash received from XY company
- 31.1.2024 Printing & Stationery expenses paid ₹ 3000

Date	Particular	Variable effect	Asset - Liability
1.1.2024	Commenced business with cash + Furniture + Debtors + Stock - Bank loan	↑ Cap ↓ Liability	115000 = 10000 + 115000
	115000 - 10000		115000 = 10000 + 115000

27.04.2005	Purchase of motor car	↑ Asset ↓ Cap	+ 30000 - 30000
			298000 = 59000 + 239000
29.04.2005	Printing at stationery expenses	↓ Cap	(-2000) = (-) 2000
			296000 = 59000 + 237000
30.04.2005	Loan repaid to Mr Bharath	↓ Liability ↓ Cap	(-) 40000 = (-) 40000
			256000 = 19000 + 237000

6. 1/1/2024 Mr Ajay commenced business with cash ₹ 20000, Furniture ₹ 25000, Debtors ₹ 30000, Stock ₹ 40000, B.L ₹ 10000

- 4.1.2024 Goods purchase from AB company ₹ 40000
- 6.1.2024 Salary paid ₹ 10000
- 9.1.2024 Cash deposited into bank ₹ 20000
- 11.1.2024 Goods sold to XY trading company ₹ 60000
- 16.1.2024 Commission received ₹ 20000
- 19.1.2024 Cash withdrawn for personal purpose ₹ 5000
- 21.1.2024 Addition capital introduced ₹ 10000
- 26.1.2024 Cash paid to AB company
- 29.1.2024 Cash received from XY company
- 31.1.2024 Printing & stationery expenses paid ₹ 3000

Date	Particular	Variable effect	Asset - Liability + Cap
1.1.2024	Commenced business with	↑ Cap	
	Cash + Furniture + Debtors	↓ Liability	
	+ Stock - Bank loan		
	115000 - 10000		115000 = 10000 + 105000
			115000 = 10000 + 105000

4.1.2024	Goods purchased from AB trading company	↑ Asset ↓ Liability	40000 = 40000
6.1.2024	Salary paid	↓ Cap ↓ Cap	155000 = 50000 + 105000 10000 = - 10000
9.1.2024	Cap deposited into bank	↓ Cap ↑ Bank	145000 = 50000 + 95000 20000 = - 20000 125000 = 50000 + 75000
11.1.2024	Goods sold to XY trading company	↓ Asset ↓ Debit	60000 = - 60000 145000 = 50000 + 95000
16.1.2024	Commission received	↑ Cap ↑ Cash	20000 = + 20000 165000 = 50000 + 115000
19.1.2024	Cap withdrawn for personal use	↓ Cap ↓ Cap	50000 = - 50000 160000 = 50000 + 110000
21.1.2024	Additional capital	↑ Cap ↑ Cash	10000 = + 10000 170000 = 50000 + 120000
26.1.2024	Cap paid to AB company	↓ Cap ↓ Liability	40000 = - 40000 130000 = 10000 + 120000
29.1.2024	Cap received XY company	↑ Cash ↓ Debit	60000 = + 60000 130000 = 10000 + 120000
31.1.2024	Printing and stationery expenses paid	↓ Cap ↓ Cap	3000 = - 3000 133000 = 10000 + 123000

7. Commenced business with cash 1/2/2024 ₹40000,
 Machinery ₹50000, Motor car ₹60000, stock ₹35000,
 Bank loan balance ₹45000, Bank loan ₹32000, Bills payable ₹183000

- + 4.2.2024 Cash deposited into bank ₹10000
- + 5.2.2024 Goods purchased ₹35000 and paid by cheque
- + 8.2.2024 Wages paid ₹10000
- + 10.2.2024 Salary paid by cheque ₹4000
- + 12.2.2024 Goods sold ₹70000
- + 15.2.2024 Additional capital ₹35000
- + 18.2.2024 Brokerage received ₹2000
- + 21.2.2024 Machinery purchased from tata company ₹35000
- + 24.2.2024 Interest paid by cheque ₹2000
- + 27.2.2024 Bank loan repaid ₹32000
- + 29.2.2024 Cash withdrawn for personal use ₹6000
- + 31.2.2024 Additional capital introduced ₹60000

Date	Particulars	Variable effect	Asset = liability + Capital
1.2.2024	Cash + Machinery + Motor car + Stock + Bank balance <small>32000 + 15000</small> 230000 = 47000	↑ Cap ↑ Liability	230000 = 47000 + 183000
4.2.2024	Cash deposited into bank	↓ Cash ↑ bank	230000 = 47000 + 183000 -10000 +10000
5.2.2024	Goods purchased & paid by cheque	↓ bank ↑ Asset	230000 = 47000 + 183000 -35000 +35000
8.2.2024	Wages paid	↓ cap ↓ cash	230000 = 47000 + 183000 -10000 -10000
			220000 = 47000 + 173000

10.2.2024	Salary paid by cheque	↓ Bank ↓ Capital	- 40000 = - 40000 216000 = 43000 + 169000
12.2.2024	Goods sold	↓ Asset ↑ Cash	- 10000 + 10000 216000 = 43000 + 169000
15.2.2024	Additional cap introduced	↑ Cap ↑ Cash	+ 25000 + 25000 241000 = 43000 + 194000
18.2.2024	Brokerage received	↑ Cash ↑ Cap	+ 2000 + 2000 243000 = 43000 + 194000
21.2.2024	Machinery purchased from tata company	↑ Asset ↑ Liab	+ 35000 = + 35000 248000 = 32000 + 194000
24.2.2024	Interest paid by cheque	↓ Bank ↓ Cap	- 2000 = - 2000 246000 = 32000 + 194000
27.2.2024	Bank loan repaid	↓ Cash ↓ Liab	- 32000 = - 32000 244000 = 50000 + 194000
29.2.2024	Cash withdrawn for personal expenses	↓ Cash ↓ Cap	- 6000 = - 6000 238000 = 50000 + 188000
31.2.2024	Additional capital introduced	↑ Cap ↑ Cash	+ 60000 = + 60000 298000 = 50000 + 248000

8 On 1/1/2023 Commenced business with cash ₹35000, Debtors ₹40000, Creditors ₹25000, stock ₹50000, Machinery ₹65000, Motor Car ₹45000, B/P ₹100000

- 2.1.23 Goods purchased ₹70000 from AB company
- 4.1.23 Salary paid ₹2000
- 6.1.23 Interest received ₹10000
- 10.1.23 Machinery purchased ₹35000
- 12.1.23 Cash deposited into bank ₹25000
- 15.1.23 Printing expenses paid ₹5000
- 17.1.23 Goods purchased ₹25000
- 19.1.23 Goods sold to BPL Ltd company ₹25000
- 22.1.23 Additional capital introduced ₹22000
- 25.1.23 Withdrawn cash for personal purpose ₹10000
- 28.1.23 Cash received from BPL company Ltd
- 30.1.23 Salary paid by cheque ₹15000

Date	Particulars	Variable effect	Asset = Liability + Capital
1.1.23	Cash + Debtors + Stock + Machinery + Motor car - Creditors + B/P = 235000 - 125000	↑ Cash ↑ Liab	235000 = 125000 + 110000 C + B/P
2.1.23	Goods purchased from AB company	↑ Asset ↑ Liab	235000 + 70000 = 195000 + 110000
4.1.23	Salary paid	↓ Cash ↓ Cap	225000 = 195000 + 90000
6.1.23	Interest received	↑ Cash ↑ Cap	295000 = 195000 + 100000

10.1.23	Machinery purchased	↑ Asset + 75000 ↓ Cash - 75000	
12.1.23	Cash deposited into bank	↓ Cash - 25000 ↑ Bank + 25000	
15.1.23	Printing expenses paid	↓ Cash - 5000	
17.1.23	Goods purchased	↑ Asset + 25000 ↓ Cash - 25000	
19.1.23	Goods sold to BPL Co. Ltd	↓ Asset - 35000 ↑ Debt + 35000	
22.1.23	Additional capital introduced	↑ Cash + 25000 ↑ Cap + 25000	
25.1.23	Withdrawn cash for personal purpose	↓ Cash - 10000 ↓ Cap - 10000	
28.1.23	Cash received from BPL Company Ltd	↑ Cash + 35000 ↓ Debt - 35000	
30.1.23	Salary paid by cheque	↓ Bank ↓ Cap - 15000	

10.1.23	Machinery purchased	↑ Asset + 75000 ↓ Cash - 75000	295000 = 195000 + 100000
12.1.23	Cash deposited into bank	↓ Cash - 25000 ↑ Bank + 25000	295000 = 195000 + 100000
15.1.23	Printing expenses paid	↓ Cash - 5000	290000 = 195000 + 95000
17.1.23	Goods purchased	↑ Asset + 25000 ↓ Cash - 25000	290000 = 195000 + 95000
19.1.23	Goods sold to BPL Co. Ltd	↓ Asset - 35000 ↑ Debit + 35000	290000 = 195000 + 95000
22.1.23	Additional capital introduced	↑ Cash + 28000	318000 = 195000 + 123000
25.1.23	Withdrawn cash for personal purpose	↓ Cash - 10000	308000 = 195000 + 113000
28.1.23	Cash received from BPL company Ltd.	↑ Cash + 35000 ↓ Debit - 35000	308000 = 195000 + 113000
30.1.23	Salary paid by cheque	↓ Bank - 15000 ↓ Cash - 15000	293000 = 195000 + 98000

Monday

HIRE PURCHASE SYSTEM

PROBLEMS: [Regular Method] 5m

1. Mr. Ajay purchase a motor car for ₹60000 and paid ₹9000 on the date of signing the agreement and balance in 3 equal installment of ₹17,000 each. Rate of interest 10%. Calculate the amount of installment.

Given:

60000

9000 - Downpayment

@ 10% 3 installment

$17000 \times 3 = 51000$

	Particular		Interest	Principal	Installment
	Cash Price	60000			
	Less: Down payment	9000			
		51000			
I	1 st installment	(-) 17000			
	51000 @ 10%	34000	5100	17000	22100
II	2 nd installment	(-) 17000			
	34000 @ 10%	17000	3400	17000	20400
III	3 rd installment	(-) 17000			
	17000 @ 10%	Nil	1700	17000	18700
			10200	51000	61200

Q.2 Mr. Vijay purchased furniture for ₹ 25000 and paid ₹ 5000 on date of agreement and balance on 3 equal installements on the rate of interest @ 5% p.a. Calculate the amount of interest.

Given:

50000

5000

@ 5% P.a

3 equal installements = $50000 - 5000$
= 45000

$45000 \div 3 = 15000$

Year	Particular	Interest	Principal	Instalment
	Cash price			50000
	Less: Down payment			5000
				₹ 45000
I	1 st installement			₹ 15000
	45000 @ 5%	2250	15000	17250
II	2 nd installement			₹ 15000
	30000 @ 5%	1500	15000	16500
III	3 rd installement			₹ 15000
	15000 @ 5%	750	15000	15750
		4500	45000	49500

3. Mr. Bharath purchase a motor car for ₹100000 and agree to pay ₹10000 and balance in 3 equal installement of 30000 each note of interest @ 10%. Calculate amount of installement.

Given :

100000

10000 Downpayment

@ 10%

3 equal installement: 30000

Year	Particular		Interest	Principal	Instalment
	Cash price	100000			
	Less: Downpayment	10000			
		90000			
I	1 st instalment	30000			
	90000 @ 10%	60000	9000	30000	39000
II	2 nd instalment	30000			
	60000 @ 10%	30000	6000	30000	36000
III	3 rd instalment	30000			
	30000 @ 10%	Nil	3000	30000	33000
		Nil	18000	90000	108000

Ratio Calculation

1. Mr. Bean purchased a furniture for ₹40000 and agreed to pay ₹10000 on the date of signing the agreement and balancing 3 equal installments of ₹22000 each. Calculate the amount of installment.

Given :

Furniture - ₹40000

Downpayment = ₹10000

3 equal installment of ₹22000

$$22000 \times 3 = 66000$$

$$66000 - 40000 = 26000$$

Interest = ₹26000

Ratio = I 66000 II 44000 III 22000

$$\frac{66}{3} : \frac{44}{2} : \frac{22}{1} \therefore 3:2:1$$

Installment - Interest - Principle

Year	Particular	Amount	Ratio	Interest	Principle	Installment
	Cash price	₹40000				
(-)	Down payment	10000				
		60000				
		66000				
I	1 st installment	22000				
	$6000 \times \frac{3}{6}$	44000	3	3000	19000	22000
II	2 nd installment	22000				
	$6000 \times \frac{2}{6}$	22000	2	2000	20000	22000
III	3 rd installment	22000				
	$6000 \times \frac{1}{6}$	Nil	1	1000	21000	22000
				6000	60000	66000

Ratio Calculation:

1. Mr. Bean purchased a furniture for ₹10000 and agreed to pay ₹10000 on the date of signing the agreement and balancing 3 equal installments of ₹22000 each. Calculate the amount of installment.

Given :

Furniture = ₹10000

Downpayment = 10000

3 equal installment of 22000

$$22000 \times 3 = 66000$$

$$66000 - 60000 = 6000 //$$

Interest = 6000

Ratio = I 66000 II 44000 III 22000

$$\frac{66}{3} : \frac{44}{2} : \frac{22}{1} \therefore 3 : 2 : 1$$

Installment - Interest = Principle

Year	Particular	Amount	Ratio	Interest	Principle	Installment
	Cash price	₹10000				
	Down payment	10000				
		60000				
I	1 st installment	22000				
	6000 x 3/6	44000	3	3000	19000	22000
II	2 nd installment	22000				
	6000 x 2/6	22000	2	2000	20000	22000
III	3 rd installment	22000				
	6000 x 1/6	Nil	1	1000	21000	22000
				6000	60000	66000

2. Mr. Chethan purchased furniture for ₹80000 and pay ₹5000 on the date of signing the agreement of ₹30000 each. Calculate amount of interest.

Given :

Furniture - ₹80000

Downpayment - 5000

3 equal installment of ₹30000

$$30000 \times 3 = 90000$$

$$90000 - 75000 = 15000$$

∴ 15000 = Interest

$$90000 : 60000 : 30000 \times 3 : 2 : 1$$

Year	Particulan	Ratio	Interest	Principle	Installment
	Cash price	80000			
(-)	Downpayment	5000			
		75000			
		90000			
I	1 st installment	30000			
	$15000 \times \frac{3}{6}$	60000	3	7500	22500
					30000
II	2 nd installment	30000			
	$15000 \times \frac{2}{6}$	30000	2	5000	25000
					30000
III	3 rd installment	30000			
	$15000 \times \frac{1}{6}$	Nil	1	2500	27500
					30000
				15000	75000
					90000

3. Mr. Rakeph purchased machinery for ₹ 40000 and agreed to pay 15000 in 3 equal installments.

Calculate the interest.

Given:

Machinery = 40000

Downpayment Nil
3 equal installments of 15000

$$15000 \times 3 = 45000$$

$$45000 - 40000 = 5000$$

∴ Interest = 5000

$$30000 : 15000 : 15000$$

Serial	Particular	Ratio	Interest	Principle	Installment
	Cash price	40000			
	Downpayment	-			
		40000			
		45000			
I	1 st installment	15000			
	$5000 \times \frac{2}{4}$	30000	2	2500	15000
II	2 nd installment	15000			
	$5000 \times \frac{1}{4}$	15000	1	1250	15000
III	3 rd installment	15000			
	$5000 \times \frac{1}{4}$	Nil		1250	15000
			5000	40000	45000

Back calculation.

1. Mr. A purchased machinery and paid ₹10000 on the date of signing the agreement ₹13000 at the end of 1st year ₹12000 at the end of 2nd year ₹11000 at the end of 3rd year. Rate of interest 10%. Calculate cash price.

Year	Particulars	Interest	Principle	Installment
	3rd installment $\left[\frac{11,000 \times 10}{110} \right]$	1000	10000	11000
	2nd installment $\left[\frac{12000 + 10000}{110} \right]$	2000	10000	12000
	1st installment $\left[\frac{13000 + 10000 + 10000}{110} \right]$	3000	10000	13000
	Downpayment		10000	
	Cash price		40000	

2. Mr. Sumanth purchased a machinery and paid ₹14000⁽¹⁾ @ the end of 1st year installment ₹13000⁽²⁾ @ the end of 2nd year ₹12000⁽³⁾ @ the end of 3rd year. Rate of interest 5%. Calculate cash price.

Year	Particular	Interest	Principle	Installment
	3rd installment $\left[\frac{12000 \times 5}{105} \right]$	571	11429	12000
	2nd installment $[13000 + 11429] \left[\frac{24429 \times 5}{105} \right]$	1163	11837	13000
	1st installment $[14000 + 11429 + 11837]$ $\left[\frac{37266 \times 5}{105} \right]$	1774	12226	14000
	Cash price		35492	

3. Mr. Akash purchased a furniture and agreed to pay 6000 on the date of signing the agreement ₹ 25000 @ the end of 1st year, ₹ 29000 @ the end of 2nd year, ₹ 36000 @ the end of 3rd year. Rate of interest 8%. Calculate cash price.

Year	Particular	Interest	Principle	Installment
	3rd installment $\left[\frac{36000 \times 8}{108} \right]$	2666	33334	36000
	2nd installment $[29000 + 33334] \left[\frac{62334 \times 8}{108} \right]$	4617	24383	29000
	1st installment $[25000 + 33334 + 24383]$ $\left[\frac{82717 \times 8}{108} \right]$	6127	18873	25000
	Downpayment		6000	
	Cash price		82590	

4. Mr. Deepak purchased a furniture and agreed to pay ₹20000 on the date of signing the agreement and paid ₹40000 @ the end of 1st year, ₹35000 @ the end of 2nd year, ₹30000 @ the end of 3rd year, ₹28000 @ the end of 4th year. Rate of interest 10%. Calculate the cash price.

Year	Particular	Interest	Principal	Installment
	4th installment $[28000 \times \frac{10}{110}]$	2545.5	25455	28000
	3rd installment $[30000 + 25455] [\frac{10}{110}]$	5041	24959	30000
	2nd installment $[35000 + 25455 + 24959] [\frac{10}{110}]$	7764	27236	35000
	1st installment $[40000 + 25455 + 24959 + 27236] [\frac{10}{110}]$	10695	29305	40000
	Down payment		20000	
	Cash price		126955	

Handwritten calculations and notes at the bottom of the page, including the sum of interest payments: $2545.5 + 5041 + 7764 + 10695 = 26045.5$ and the final cash price calculation: $20000 + 26045.5 + 100909.5 = 126955$.

Balancing method.

5m

1. Mr. Mahep purchase a machinery on higher purchase system for a cash price of ₹26350 and paid a downpayment of ₹10000 and balance in 3 equal installment of ₹6000 each. Rate of interest 5%. Calculate interest for each year.

Year	Particular		Interest	Principle	Installment
	Cash price	26350			
	- Down payment	10000			
		16350			
I	1 st installment	5182			
	$16350 \times 5\%$	1168	818	5182	6000
II	2 nd installment	5442			
	$1168 \times 5\%$	5726	1558	5442	6000
III	3 rd installment	5726			
	$5726 \times 5\%$	1274	1274	5726	6000
	Total	16350	1650	16350	18000

2. Mr. Aphok purchased a machinery for ₹74500 on higher purchase system and agreed to pay ₹20000 on the date of signing the agreement and balancing 3 equal installments of ₹20000 each. Rate of interest 5%. Calculate the interest for each year.

Year	Particular		Interest	Principle	Installment
	Cash price	74500			
	- Down payment	20000			
		54500			

Year	Particular	Interest	Principle	Installment
	Cash price		74500	
	Down payment		20000	
			54500	
I	1 st installment	17275	27275	20000
	54500 x 5%	37225		
II	2 nd installment	18139	18139	20000
	37225 x 5%	19086		
III	3 rd installment	19086	914	20000
		Nil		
			5455	60000

Date

⇒

3. Mr. Vikas purchased a furniture for ₹37250 and agreed to pay ₹10000 immediately on the date of signing the agreement and balance in 3 equal installment of 10,000 each rate of interest @ 5%.

Year	Particular	Interest	Principle	Installment
	Cash price		37250	
	Down payment		10000	
			27250	
I	1 st installment	1362	8638	10000
	27250 x 5%	18612		
II	2 nd installment	930	9070	10000
	18612 x 5%	9542		

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III	3 rd installment	9542	458	19542	10000
		Nil			
					30000

Asset Accrual method
Accounting treatment in the books of Hire purchase.

Date	Particulan	Dr	Debit	Credit
⇒	Entry for downpayment amount			
	1. Asset a/c	Dr	XXX	
	To Bank a/c			XXX
⇒	Entry for installment due			
	2. Asset a/c	Dr	XXX	
	Interest a/c	Dr	XXX	
	To Hire vendor a/c			XXX
⇒	Entry for installment paid			
	3. Hire vendor a/c	Dr	XXX	
	To Bank a/c			XXX
⇒	Entry for Depreciation			
	4. Depreciation a/c	Dr	XXX	
	To asset a/c			XXX
⇒	Entry for transfer of Interest & depreciation			
	5. P/L a/c	Dr	XXX	
	To interest a/c			XXX
	To Depreciation a/c			XXX

iii	3 rd installment	9542	458	2195429	10000
		Nil			

Asset - Accrual method

Accounting treatment in the books of Hire purchase.

Date	Particulars	Dr	Debit	Credit
⇒	Entry for downpayment amount			
	1. Asset a/c XXX			
	To Bank a/c XXX			XXX
⇒	Entry for installment due			
	2. Asset a/c XXX	Dr		
	Interest a/c XXX	Dr		
	To Hire vendore a/c XXX			XXX
⇒	Entry for installment paid			
	3. Hire vendon a/c XXX	Dr		
	To Bank a/c XXX			XXX
⇒	Entry for Depreciation			
	4. Depreciation a/c XXX	Dr		
	To asset a/c XXX			XXX
⇒	Entry for transfer of Interest & depreciation			
	5. P/L a/c XXX	Dr		
	To interest a/c XXX			XXX
	To Depreciation a/c XXX			XXX

PROBLEMS.

1. Mr. ABC purchased a motor car for ₹70000 and agreed to pay ₹10000 immediately on the date of signing the agreement and balancing 3 equal installments of ₹20000 each rate of interest 10% p.a. necessary entry in the Hire purchase and the date of purchase is 1.1.2005.

Given: [Regular method] (Note)

Cash price = ₹70000

Down payment = ₹10000

3 equal installments = 20000×3
= 60000

Year	Particular	Sub Interest	Interest	Principal	Installment
1.1.2005	Cash price	70000			
	(-) Down payment	10000			
		60000			
I	1 st installment	20000			
	$60000 \times 10\%$	40000	6000	20000	26000
II	2 nd installment	20000			
	$40000 \times 10\%$	20000	4000	20000	24000
III	3 rd installment	20000			
	$20000 \times 10\%$	Nil	2000	20000	22000
			12000	60000	72000

1st Year.

Year	Particulan	Dr	Credit
1/1/2005	Moton can a/c	10000	-
	To Bank a/c	-	10000
	[Being DP Paid]		
1/1/2005	Moton can a/c	20000	-
	Intenept a/c	6000	-
	To Hine vendon	-	26000
	[Being 1 st installment (due)]		
31/12/2005	Hine vendon a/c	26000	-
	To Bank a/c	-	26000
	[Being 1 st installment (paid)]		
31/12/2005	PLC a/c	6000	-
	To Intenept a/c	-	6000
	[Being 1 st installment (transferred) to PLC a/c]		

2nd Year

Year	Particulan	Dr	Credit
1/1/06	Moton can a/c	20000	-
	Intenept a/c	4000	-
	To Hine vendon	-	24000
	[Being 2 nd installment due]		
31/12/06	Hine vendon a/c	24000	-
	To Bank a/c	-	24000
	[Being 2 nd installment paid]		

31/12/06	P/L a/c	Dr	4000	-
	To interest a/c		-	4000
	[Being 2 nd installment is transferred to P/L a/c]			
3 rd year.				
Year	Particular	Dr	Debit	Credit
1/1/07	Motor car a/c	Dr	20000	
	Interest a/c	Dr	2000	
	To Hire vendor			22000
	[Being 3 rd installment due]			
31/12/07	Hire vendor a/c	Dr	22000	
	To Bank a/c			22000
	[Being 3 rd installment paid]			
31/12/07	P/L a/c	Dr	2000	
	To interest a/c			2000
	[Being 3 rd installment is transferred to P/L a/c]			

2. Mr. Rameph purchased a furniture for ₹30000 on 1.4.2024 and paid ₹6000 as initial payment and balanced in 3 equal installment ₹8000 and rate of interest 5% and depreciation is to be charged @ 8% on straight line method pass Journal entry in the books of Mr. Rameph.

Given: Cash price - 30000
 Down payment - 6000
 3 equal installment = 8000 x 3
 = 24000

Year	Particular	Interest	Principal	Installment
	Capx price	30000		
	Down payment	6000		
		24000		
I	1st installment	8000		
	24000 x 5%	16000	12000	9200
II	2nd installment	8000		
	16000 x 5%	8000	8000	8800
III	3rd installment	8000		
	8000 x 5%	Nil.	8000	8400

Year	Particular	Debit	Credit
1/4/24	Furniture a/c	6000	-
	To Bank a/c	-	6000
	[Being Downpayment paid]		
1/4/24	Furniture a/c	8000	-
	Interest a/c	12000	-
	To Mn. Rameph a/c	-	9200
	[Being 1st installment due]		
31/8/24	Mn. Rameph a/c	9200	-
	To Bank a/c	-	9200
	[Being 1st installment paid]		
31/3/24	Depreciation a/c [30000 x 8%]	2400	-
	To Furniture a/c	-	2400
	[Being Depreciated]		

31/3/25	P/L a/c	Dr	3600	-
	To Depreciation a/c			2400
	To interest a/c			1200
	[Being 1 st installment transferred to P/L a/c]			
	2 nd year			
1/4/25	Furniture a/c	Dr	8000	-
	Interest a/c	Dr	800	-
	To Mr. Ramph a/c			8800
	[Being 2 nd installment due]			
31/3/26	Mr. Ramph a/c	Dr	8800	-
	To Bank a/c			8800
	[Being 2 nd installment paid]			
31/3/26	Depreciation a/c	Dr	2400	-
	To Furniture a/c			2400
	[Being depreciated]			
31/3/26	P/L a/c	Dr	3200	-
	To ^{dep} interest a/c			2400
	To interest a/c			800
	[Being 2 nd installment transferred to P/L a/c]			
	3 rd year			
1/4/26	Furniture a/c	Dr	8000	-
	Interest a/c	Dr	800	-
	To Mr. Ramph a/c			8800
	[Being 3 rd installment due]			

31/3/27	Mn. Rameph a/c	Dr	8400	-
	To Bank a/c			8400
	[Being 3 rd installment paid]			
31/3/27	Depreciation a/c	Dr	2400	-
	To Bank a/c			2400
	[Being depreciated]			
31/3/27	PL a/c	Dr	2800	-
	To Depreciation a/c			2400
	To Interest a/c			400
	[Being 3 rd installment transferred]			

3. Mn. Rameph purchased a motor car on 1.1.2023 on Hire purchase system and agreed to pay ₹20000 on the date of signing the agreement, ₹22000 at the end of 1st year, 16000 at the end of 2nd year, 11000 at the end of 3rd year. Rate of interest 5%.

Back calculation. Note :- Total installment - Interest = Principal

Year	Paticular	Interest	Principal	Installment
	<u>III</u> installment			
	$11000 \times 5/105$	524	10476	11000
	<u>II</u> installment			
	$(16000 + 10476)$			
	$= 26476 \times 5/105$	1261	14739	16000
	<u>I</u> installment $[22000 + 10476 + 14739]$			
	$= 47215 \times 5/105$	2248	19952	22000
	Down payment		20000	
			64969	

1st year

Year	Date	Particulars	Dr	Cr	Debit	Credit
11/1/23		Moton car a/c	Dr		20000	-
		To Bank a/c [Being down payment paid]				20000
11/1/23		Moton car a/c	Dr		10476	-
		Interept a/c [Being 1st installment due]	Dr		524	-
		To Mn. Rakeph a/c				11000
31/12/23		Mn. Rakeph a/c	Dr		11000	-
		To Bank a/c [Being 1st installment paid]				11000
31/12/23		P/L a/c	Dr		524	-
		To Interept a/c [Being 1st installment transferred to P/L a/c]				524
11/1/24		Moton car a/c	Dr		14739	-
		Interept a/c	Dr		1261	-
		To Mn. Rakeph a/c				16000
		[Being 2nd installment due]				
31/12/24		Mn. Rakeph a/c	Dr		16000	-
		To Bank a/c				16000
		[Being 2nd installment paid]				
31/12/24		P/L a/c	Dr		1261	-
		To Interept a/c [Being 2nd installment transferred to P/L]				1261

	3rd Year			
1/1/25	Moton can a/c	Dr	19752	
	Intenept a/c	Dr	2248	
	To Mn. Rakeph a/c			22000
	[Being 3 rd installment due]			
31/12/25	Mn. Rakeph a/c	Dr	22000	
	To bank a/c			22000
	[Being 3 rd installment paid]			
31/12/25	PL a/c	Dr	2248	
	To Intenept a/c			2248
	[Being 3 rd installment transferred to PL]			

LEDGER

Section - 2

Mn. Bhanath purchased a furniture on hire purchase system for cost price of ₹100000 and agreed to ₹40000 on the date of signing the agreement and balance in 3 equal installment of ₹25000 each date of purchase or 1/4/16 rate of depreciation @ 8% under original cost method.

Ratio method
Given:

Furniture = 100000

Downpayment - 40000

3 equal installment - 25000 x 3

= ₹75000

₹75000 - 60000 = 15000

Intenept = 15000

Year	Particulan	Ratio	Intenept	Principle	Instalment
	Cash price				
	100000				
	Downpayment				
	(-) 40000				
	60000				
I	1 st installment				
	25000				
	15000 x 3/6	3	7500	17500	25000
II	2 nd installment				
	25000				
	15000 x 2/6	2	5000	20000	25000
	25000				
III	3 rd installment				
	25000				
	15000 x 1/6	1	2500	22500	25000
	Nil				
			15000	60000	75000

On Furniture a/c

Date	Particulan	1/6	Amt	Date	Particulan	1/6	Amt
1/4/16	To Bank a/c		40000	31/3/17	By Depreciation a/c		8000
1/4/16	To HV a/c		17500	31/3/17	By Bal c/d		49500
			57500				57500
1/4/17	To bal b/d		49500	31/3/18	By Dep a/c		8000
	To HV a/c		20000	31/3/18	By Bal c/d		61500
			69500				69500
1/4/18	To bal b/d		61500	31/3/19	By Dep a/c		8000
	To HV a/c		22500	31/3/19	By bal c/d		76000
			84000				84000

Interest a/c

Date	Particulan	lf	₹	Date	Particulan	lf	₹
1/4/16	To HV a/c		7500	31/3/17	By P/L a/c		7500
			7500				7500
1/4/17	To HV a/c		5000	31/3/18	By P/L a/c		5000
			5000				5000
1/4/18	To HV a/c		2500	31/3/19	By P/L a/c		2500
			2500				2500

Line Venlon a/c

Date	Particulan	lf	₹	Date	Particulan	lf	₹
31/4/16	To Bank a/c		25000	1/4/16	By furniture a/c		17500
			25000	1/4/16	By Interest a/c		7500
			25000				25000
31/3/18	To Bank a/c		25000	1/4/17	By furniture a/c		20000
			25000		By Interest a/c		5000
			25000				25000
31/3/19	To Bank a/c		25000	1/4/18	By furniture a/c		20000
			25000		By Interest a/c		5000
			25000				25000

Depreciation a/c

Date	Particulan	lf	₹	Date	Particulan	lf	₹
31/3/17	To furniture a/c		8000	31/3/17	By P/L a/c		8000
			8000				8000
31/3/18	To furniture a/c		8000	31/3/18	By P/L a/c		8000
			8000				8000
31/3/19	To furniture a/c		8000	31/3/19	By P/L a/c		8000
			8000				8000

2. Mr. Vijay purchased a furniture on hire purchase system for a cash price of 30000 and agreed to pay in 3 equal installment of 21000 each ROI 5%. changed depreciation at 10% under reducing balance method 1/4/21. Regular method

Year	Particular	Interest	Principle	Instalment
	Cash price 30000			
	Downpayment			
I	1 st installment 30000 x 5%	1500	10000	11500
II	2 nd installment 20000 x 5%	1000	10000	11000
III	3 rd installment 10000 x 5%	500	10000	10500
		3000	30000	33000

Furniture a/c

Date	Particular	Amt	Date	Particular	Amt
1.4.21	To vendor a/c	10000	31/3/23	By depreciation a/c $30000 \times 10\%$	3000
				By balance c/d	7000
1/4/22	To b/d	7000	31/3/24	By depreciation a/c	2700
1/4/22	To vendor a/c	10000		By balance c/d	14300
		17000			17000
1/4/23	To balance b/d	14300	31/3/24	By depreciation a/c	2430
	To H.V a/c	10000		By bal ⁿ c/d	21870
		24300			24300

Interest a/c

Date	Particular	L/F	Amt	Date	Particular	L/F	Amt
1/4/21	To HV a/c		1500	31/3/22	To P/L a/c		1500
			1500				1500
1/4/22	To HV a/c		1000	31/3/22	To P/L a/c		1000
			1000				1000
1/4/23	To HV a/c		500	31/3/24	To P/L a/c		500
			500				500

Drn Hire vendor - a/c

Date	Particular	L/F	₹	Date	Particular	L/F	Amount
31/3/22	To bank a/c		11500	1/4/21	By furniture a/c		10000
			11500		By interest		1500
			11500				11500
31/3/23	To bank a/c		11000	1/4/22	By furniture a/c		10000
			11000		By interest a/c		1000
			11000				11000
31/3/24	To bank a/c		10500	1/4/23	By furniture a/c		10000
			10500		By interest a/c		500
			10500				10500

Drn Depreciation a/c

Date	Particular	L/F	Amt	Date	Particular	L/F	Amount
31/3/22	To furniture a/c		3000	31/3/22	By P/L a/c		3000
			3000				3000
31/3/23	To furniture a/c		2700	31/3/23	By P/L a/c		2700
			2700				2700
31/3/24	To furniture a/c		2430	31/3/24	By P/L a/c		2430
			2430				2430

3. Mr. Ajay purchased a motor car for ₹ 75000 on 1.1.2004 and agreed to pay ₹ 10000 immediately on the date of signing the agreement and balance in 3 equal installments of ₹ 25000 each. Prepare necessary account in the books of ledger. Rate of interest depreciation 6% under return down valuation method.

Given.

Motor car = ₹ 75000
 Down Payment = 10000
 3 equal installments = $25000 \times 3 = 75000$
 Interest = $10000 \times \frac{3+2+1}{6}$
 $I = \frac{75000}{3}$ $II = \frac{50000}{2}$ $III = 25000$ = 3:2:1

Year	Particulars	Ratio	Interest	Principal	Installment
	Cash price	75000			
	Downpayment	(-) 10000			
		65000			
		75000			
I	1 st installment	(-) 25000			
	$10000 \times \frac{3}{6}$	5000	3	2000	25000
II	2 nd installment	(-) 25000			
	$10000 \times \frac{2}{6}$	2500	2	3333	25000
III	3 rd installment	(-) 25000			
	$10000 \times \frac{1}{6}$	Nil	1	1667	25000
				10000	65000
					75000

Calculation of depreciation under return down value method.

Paticular	Amount
Cost of asset	75000
(-) Dep @ 5% [75000 x 5%]	3750
	71250
(-) 71250 x 5%	3563
	67687
(-) 67687 x 5%	3384
	64303

Motion Cont a/c

Date	Paticular	₹ Amt	Date	Paticular	₹ Amt
1/1/4	To bank a/c	10000	31/12/5	By dep a/c	3750
1/1/4	To HV a/c	20000	31/12/5	By bal cld	26250
		30000			30000
1/1/5	To bal bld	26250	31/12/6	By dep a/c	3563
1/1/5	To HV a/c	21667	31/12/6	By bal cld	44354
		47917			47917
1/1/6	To bal bld	44354	31/12/7	By dep a/c	3384
1/1/6	To HV a/c	23333	31/12/7	By bal cld	64303
		67687			67687

Interest a/c

Date	Paticular	₹ Amt	Date	Paticular	₹ Amt
1/1/4	To HV a/c	5000	31/12/5	By P/L a/c	5000
		5000			5000
1/1/5	To HV a/c	3333	31/12/5	By P/L a/c	3333
		3333			3333
1/1/6	To HV a/c	1667	31/12/7	By P/L a/c	1667
		1667			1667

Hire Vendor a/c

Date	Particulars	Dr	Cr	Date	Particulars	Dr	Cr
31/12/5	To Bank a/c	25000		1/1/4	By Motor car a/c		20000
				1/1/4	By Interest a/c		5000
		25000					25000
31/12/6	To Bank a/c	25000		1/1/5	By Motor car a/c		21669
				1/1/5	By Interest a/c		3333
		25000					25000
31/12/7	To Bank a/c	25000		1/1/6	By Motor car a/c		23333
					By Interest a/c		1667
		25000					25000

Depreciation a/c

Date	Particulars	Dr	Cr	Date	Particulars	Dr	Cr
31/12/5	To motor car a/c	3750		31/12/5	By P&L a/c		3750
		3750					3750
31/12/6	To motor car a/c	3563		31/12/6	By P&L a/c		3563
		3563					3563
31/12/7	To motor car a/c	3384		31/12/7	By P&L a/c		3384
		3384					3384

M. Anand purchased a machinery of ₹25788 on 1/1/2019 on hire purchase system and agreed to pay ₹4000 on the date of signing the agreement balance in 3 equal installment of ₹8000 each. Rate of interest 5%.

- a. Depreciation @ 10% under straight line method.
 - b. Depreciation @ 10% under reducing balance method.
- Prepare necessary entries and accounts in the books of M. Anand.

Year	Particular	Interest	Principal	Installment
	Capx price	25788		
	Downpayment	[Being 4000 paid]		
		21788		
I	1 st installment	6911		
	21788 x 5%	14877	6911	8000
II	2 nd installment	7256		
	14877 x 5%	7440	7256	8000
III	3 rd installment	7621		
		Nil	7621	8000
			21788	24000

Calculation of depreciation
 Cost of asset x rate
 25788 x 10%
 2579

Date	Particular	Dr	Cr
1/1/19	Machinery a/c	4000	
	To Bank a/c		4000
	[Being downpayment paid]		
1/1/19	Machinery a/c	6911	
	Interest a/c	1089	
	To Hire vendor a/c		8000
	[Being 1 st installment due]		
31/12/20	Hire vendor a/c	8000	
	To Bank a/c		8000
	[Being 1 st installment paid]		

31/12/20	Depreciation a/c	Dr	2579	
	To Machinery a/c			2579
	[Being depreciation charged]			
31/12/20	Profit & loss a/c	Dr	3668	
	To interest a/c			1089
	To depreciation a/c			2579
	[Being 1 st interest is transferred to Profit & loss a/c & Depreciation a/c]			
1/1/20	Machinery a/c	Dr	7256	
	Interest a/c	Dr	744	
	To Hire Vendor a/c			8000
	[Being 2 nd installment due]			
31/12/21	Hire vendor a/c	Dr	8000	
	To Bank a/c			8000
	[Being 2 nd installment paid]			
31/12/21	Depreciation a/c	Dr	2579	
	To machinery a/c			2579
	[Being depreciation charged]			
31/12/22	P&L a/c	Dr	2958	
	To interest a/c			379
	To Depreciation a/c			2579
	[Being 3 rd ^{interest} installment is transferred to P&L a/c & depreciation a/c]			

(2nd)

Dr		Machinery a/c		Cr	
Date	Particulan	L F Amt	Date	Particular	L F Amt
1/1/19	To Bank a/c	4000	31/12/20	By Dep a/c	2579
1/1/19	To H.V a/c	6911	31/12/20	By bal cld	8332
		10911			10911
1/1/20	To bal bld	8332	31/12/21	By Dep a/c	2579
1/1/20	To HV a/c	7256	31/12/21	By bal cld	13009
		15588			15588
1/1/21	To bal bld	13009	31/12/22	By Dep a/c	2579
1/1/21	To HV a/c	7621	31/12/22	By bal cld	18051
		20630			20630
	Amount		Amount		

Dr		Intenept a/c		Cr	
Date	Particulan	L F Amt	Date	Particular	L F Amt
1/1/19	To H.V a/c	1089	31/12/20	By P&L a/c	1089
		1089			1089
1/1/20	To H.V a/c	744	31/12/21	By P&L a/c	744
		744			744
1/1/21	To H.V a/c	379	31/12/21	By P&L a/c	379
		379			379

Dr		Fine Vendon a/c		Cr	
Date	Particulan	L F Amt	Date	Particular	L F Amt
31/12/20	To Bank a/c	8000	1/1/19	By machinery a/c	6911
				By intenept a/c	1089
		8000			8000
31/12/21	To Bank a/c	8000	1/1/20	By machinery a/c	7256
				By intenept a/c	744
		8000			8000
31/12/21	To Bank a/c	8000	1/1/21	By machinery a/c	7621
				By intenept a/c	379
		8000			8000

Depreciation a/c

Date	Particulan	L	Am't	Date	Particulan	L	Am't
31/12/20	To machinery a/c		2579	31/12/20	By P&L a/c		2579
			2579				2579
31/12/21	To machinery a/c		2579	31/12/21	By P&L a/c		2579
			2579				2579
31/12/22	To machinery a/c		2579	31/12/21	By P&L a/c		2579
			2579				2579

7/2

b) Calculation of depreciation under reducing balance method.

Particulan	Amount
Cost of asset	25788
(-) Dep @ 10% [25788 x 10%]	(-) 2579
	23209
(-) 23209 x 10%	(-) 2321
	20888
(-) 20888 x 10%	(-) 2089
	18799

Date	Particulan	L	Debit	Credit
1/1/19	Machinery a/c	Dn	4000	-
	To Bank a/c			4000
	[Being downpayment paid]			
1/1/19	Machinery a/c	Dn	6911	-
	Interest a/c	Dn	1089	-
	To Hire vendor a/c		-	8000
	[Being 1st installment due]			

31/12/20	Hire Vendor a/c	Dn	8000	
	To Bank a/c			8000
	[Being 1 st installment paid]			
31/12/20	Depreciation a/c	On	2579	
	To Machinery a/c			2579
	[Being 1 st depreciation charged]			
31/12/20	Profit & Loss a/c	On	3668	
	To Interest a/c			1089
	To Depreciation a/c			2579
	[Being 1 st interest & depreciation transferred to P&L a/c and depreciation a/c]			
31/12/20	Machinery a/c	Dn	256	
	Interest a/c	Dn	744	
	To Hire Vendor a/c			8000
	[Being 2 nd installment due]			
31/12/21	Hire Vendor a/c	Dn	8000	
	To Bank a/c			8000
	[Being 2 nd installment paid]			
31/12/21	Depreciation a/c	Dn	2321	
	To Machinery a/c			2321
	[Being 2 nd depreciation charged]			
31/12/21	P&L a/c	Dn	3065	
	To Interest a/c			744
	To Depreciation a/c			2321
	[Being 2 nd interest is transferred to P&L a/c & depreciation a/c]			

		On	7621	
1/1/21	Machinery a/c	On	379	-
	Interest a/c			8000
	To Hire vendor a/c			
	[Being 3rd installment due]			
		On	8000	-
31/12/22	Hire vendor a/c			8000
	To Bank a/c			
	[Being 3rd installment paid]			
		On	2089	-
31/12/22	Depreciation a/c			2089
	To machinery a/c			
	[Being 3rd depreciation charged]			
		On	2468	-
31/12/22	P&L a/c			379
	To interest a/c			2089
	To depreciation a/c			
	[Being 3rd ^{interest} installment is transferred to P&L a/c and depreciation a/c]			

BRANCH ACCOUNT

Format of Branch account

In the books of head office.

Particular	₹	Particular	₹
To Opening assets		By opening liabilities	
Opening stock at branch	xxx	Opening creditors at branch	xxx
Opening debtors at branch	xxx	Opening o/s expenses	xxx
Opening petty cash at branch	xxx	By bank a/c remittance	
Opening furniture at branch	xxx	cash sales	xxx
Opening prepaid expenses @ branch	xxx	Receipts from Debtors	xxx
To goods sent to branch a/c	xxx	By goods sent to branch a/c	xxx
[with the cost price of goods sent by head office to branch]		[with the cost price of goods returning by branch to head office]	
To bank a/c	xxx	By closing assets	xxx
[with the amt of branch expenses met by head office]		closing stock at branch	xxx
To closing liabilities	xxx	closing petty cash at branch	xxx
closing creditors at branch.		closing furniture at branch	xxx
		closing prepaid expenses at branch	xxx
		By general P&L a/c (loss if any).	
	xxx		xxx

1. A limited with its head office in bangaluru as a branch at mysuru you are given the following particulars relating to mysuru branch for the year ended 31/3/21.

Particulars	Amnt.
Stock at branch on 1/4/20	32600
Petty cash at branch on 1/4/20	110
Good sent to branch	45600
Cash sale at branch	1900
Goods return by the branch	3900
Goods send to branch for expenses:	
Salaries - 12800	
Rent - 3000	
Petty cash - 2600	18400
Stock at branch on 31/3/2021	37100
Petty cash at branch on 31/3/2021	90

Prepare branch accounts in the books of head office

In the books of A. Hd
Bangalore Head office
Mysuru Branch a/c for the year ended 31/3/21

Particulan	Amt	Particulan	Amt
To Opening asset		By cash sales	71900
Stock	32600	By goods returned	
Petty cash	11000	by branch	3900
To Goods sent by		By closing asset	
head office (received)	45600	Stock	37100
To Branch expenses		Petty cash	37190
Salary	12800		
Rent	3000		
Petty cash	2600		
To General P/L a/c	16280		
	112990		112990

Note:

When the head office send goods to the branch at cost price and instruct the branch to sell both for cash as well as on credit.

Total debtors a/c : Sometimes opening balance of debtors, closing balance of debtors, credit sales and cash received from debtors may not be given in the problem. In order to ascertain the same as total debtors account is prepared as follows:

Particulars

To Opening balance of debtors

To Credit sales

To Cash received from debtors

By Closing balance of debtors

By Cash received from debtors

Journal of Debtor's a/c.

Total Debtors a/c

Particulan	₹	Particulan	₹
To Balance b/d	xx	By Cash	xx
To credit sales	xx	By B/R received a/c	xx
To Bills receivable	xx	By Sales returns a/c	xx
[B/R dishonoured]		By Bad debts	xx
		By discount allowed	xx
		By balance c/d	xx
	xxx		xxx

Q. Zamana Ltd. Mysuru opened a branch at Bengaluru on 1/4/20. Branch is instructed to sell the goods both for cash and credit. All cash collections are to be remitted to Head office & cash to branch to meet the expenses at branch account in H.O. books. Also prepare branch debtor's account there in.

Particulan	₹	Amount
Stock of goods at branch on 1/4/20		5000
Petty cash on 1/4/20		150
Furniture on 1/4/20		2500
Goods sent to branch at cost		50000
Goods returned from branch at cost		3000
Expenses paid by H.O.		10000
Cash sent by H.O for petty cash		250
Remittance from Branch		
Cash sales	2500	
Collection from debtors	42500	
Credit sales	50000	45000
Closing stock at branch at cost on 30 th Sep 2020		17000

closing petty cash	17000	50
Depreciate furniture @ 10% p.a	50	
Discount allowed to debtors	1800	

In the books of Zamari Ltd
 Bangalore Head office
 Mysuru branch a/c for the year ended 31/3/21

Particular	Amt	Particular	Amt
To opening asset		By Remittance from	
Stock	5000	Branch	
Petty cash	150	Cash sales	2500
Furniture	2500	By collection from debt	42500
Goods sent to branch [received]	50000	By goods sent by branch (returned)	3000
To branch expenses	10000	By closing asset	
To cash sent from H.O		stock	17000
Petty cash	250	Petty cash	50
To general P/L a/c [B/F]	6225	Furniture	
		[$2500 \times 10\% \times \frac{6}{12}$]	
		[$2500 - 125$]	2375
		By closing total	6700
	74125		74125

Stock of branch on 31/3/21

Memorandum a/c / Debtors a/c

Dn		Cr	
Particulan	₹	Particulan	₹
To bal ⁿ b/d	-	By collection from Dn & Cash	42500
To credit sales	51000	By discount allowed	1800
		By bal ⁿ figure	6700
	51000		51000

3. XYZ Ltd with its head office in Bengaluru has a branch at Mysuru. Goods are supplied to the branch at cost. The expenses of the branch are paid from Bengaluru and the branch keeps a sale ledger and the debtors ledger only. From the following information supplied by the branch prepare branch account and branch debtors account in the books of head office.

Particulan	₹
Stocks at branch on 1/4/20 Dr	16700
Goods sent to branch during the year Dr	48600
Total sales at branch	78300
Cash sales Cr	19300
Cash received from debtors Cr	54400
Petty cash at branch on 1/4/20 Dr	220
Goods returned by the branch Cr	5900
Cash sent to branch for expenses Dr	
Salary - 13200	
Petty cash - 2600	
Rent - 3200	19000
Stock at branch on 31/3/21 Cr	20800
Petty cash at branch on 31/3/21 Cr	200
Debtors at branch on 31/3/21 Cr	18300

Credit sale = Total sale - Cash sale

SURYA Gold

Date 23/9/21 Page

Debiting a/c

Cr

Particulan	₹	Particulan	₹
To Bal b/d (B/F)	18,300	By Cash (collection from debtors)	54,400
To Credit sales [18300 - 19300]	59,000	By Bal c/d	18,300
	77,300		77,300

In the books of Bengaluru No. 16

Mysuru branch a/c.

Particulan	Amt	Particulan	Amt
To stock	16,700	By Remittance of cash	
To petty cash	220	Cash sales 19300	
To Goods sent	48,600	Collection from Debtors	54,400
To cash spent to Branch for expense			
Salary 13200		By goods returned by branch	59,500
Petty cash 2600			
Rent 3200	19,000	By stock at branch on 31/3/21	20,800
To General P/L a/c [B/F]	34,380	By petty cash at branch on 31/3/21	200
	20,680	By Debtors at branch on 31/3/21	18,300
	118,900		118,900

4. From the following particulars relating to Bengaluru branch for the year ending 31st March 2021. Prepare the necessary in the Head office books.

Particular	₹
Stock at branch on 1/4/2020	22500
Debtors at the branch on 1/4/2020	45000
Petty cash at the branch on 1/4/2020	450
Goods sent to branch during 2020-21	378000
Remittance from branch during 2020-21 for:-	
Cash & sales	90000
Received from Debtors	315000
Credit sales during 2020-21	342000
expenses	
Cheque sent to branch during 2020-21	
For sales	13500
For Rent and Rate	2250
For Petty cash	1650
Stock at Branch on 31/3/21	37500
Petty cash at Branch on 31/3/21	300
Goods returned by the Branch	3000

Debtors a/c		Cr	
Particular	₹	Particular	₹
To Debtors at the branch	45000	By ^{cash} Received from Debtors	315000
To credit sales during	342000	By bal ⁿ c/d	72000
	387000		387000

In the books of Bengaluru Branch for
 the year ending 31/3/2021.

Particulan	₹	Particulan	₹
To stock at branch	22500	By Remittance of cash	
To Debtors at branch	45000	Cash sales	90000
To Petty cash at the branch closing 2020-21	450	Received from d/w	31500
To Goods sent to branch	378000	By goods returned by branch	3000
To cheque sent to branch		By closing Asset	
Salaries	13500	Stock	37500
Rent & Rate	2250	Petty cash	300
Petty cash	1650	By balance b/d [B/F]	72000
To General P/L a/c [B/F]	54450		
	517800		517800
	463350		463350

5. Nimnala stones, Bengaluru is having its branch at Kolan. Goods are supplied to the branch at cost price. Branch has been instructed to send all cash daily to the head office. All the expenses are paid by the Head office except petty expenses which are met by the branch manager. From the following particulars prepare a branch account in the books of Nimnala stones, Bengaluru.

Particulan	₹
Stock on 1/4/20	15000
Sundry debtors on 1/4/20	9000
Cash in hand on 1/4/20	400
Office furniture on 1/4/20	2400
Goods sent to branch	85000
Goods received to Head office	6000

Goods returned by debtors	480
Cash received from debtors	30000
Cash sales	50000
Credit sales	30000
Discount allowed to debtors	600
Expenses paid by the Head office	
Rent	1200
Salary	2400
Printing & Stationary	300
Petty expenses paid by branch manager	220
Depreciation to be provided on branch furniture	
at 10% P.A. stock at branch on 31/3/2021	

Dr Debtors a/c [1/2]

Particular	₹	Particular	₹
To bal b/d	9000	By sales sent	480
To credit sales	30000	By cash received from debtors	30000
		By ^{discount allowed} debtors	6000
		By bal c/d	7420
	39000		39000

In the books of Bengaluru branch having kolar year ending 31/3/21

Particular	₹	Particular	₹
To opening stock	15000	By Goods returned	6000
To sundry Debtors	9000	Head office	
To cash in hand	400	By cash received from Debtors	30000
To furniture	2400		
To Goods sent to branch	25000	By cash sales	50000
To expenses paid by		By closing stock	16000
Rent	1200		

Salary	2400		Debtors	7920
Printing	300	3900	Cash in hand	
			[400 - 280]	120
			Furniture [2400 x 10%]	
			[2400 - 240]	2160
			By General P/L A/c [B/E]	3500
		115700		115700

6. From the following particulars prepare the Mysore branch a/c in the book of H.O.

[Branch debtors paid cash directly to H.O.]

Particulars	Amt
Stock on hand at branch 1/4/21	10000
Debtors at branch 1/4/21	4000
Petty cash at branch 1/4/21	500
Furniture at branch 1/4/21	2000
Prepaid insurance 1/4/21	150
Outstanding salary 1/4/21	100
Goods sent to branch	80000

Particulars	Amt	Particulars	Amt
To opening asset		By 10/3 Salaries	100
Stock	10000	By cash sales	130000
Sundry debtors	4000	By remittance of cash	
Petty cash	500	[35000 + 2000]	37000
Furniture	2000	By goods returned	
Prepaid insurance	150	to H.O.	1000
Goods sent to branch	80000	By closing asset	
To expense paid by		Stock	5000
H.O.		Petty cash	50
Rent	2000	Debtors	4900
Salaries	2400	Prepaid insurance	150

Petty expense	1000	Furniture	1800
Insurance Premium	600		
To General P/L a/c	77950		
	180600		180600

Calculation of closing petty cash. (1/8 of furniture)

Particlular	Amt	
Opening bal ⁿ of petty cash	500	2000 - (2000 X 10%)
Add: Cash sent by H.O for branch expenses	1800	2000 - 200
	1000	
	1500	
less: Petty expenses at branch	850	
	650	

Calculation of closing balance of prepaid insurance
 $600 \times \frac{3}{12}$
 $= 150$

7. Big brothers operate the retail branch at Chennai. All purchase made by the H.O at Bombay goods being changed to the branch petty cash expenses are paid out of an imprest system which is reimbursed by the H.O from the time to time.

From the following particular relating to Chennai branches you are required to prepare branch a/c in the book of the zamana Hd. Mysore [H.O] and ascertain profit.

[When asset purchased, depreciated and sold at branch.]

Particulan	Amt
Balance on 1 st april 2021	
Stock at cash	16000
Petty cash	1600
Plant	20000
Balance on 31 st march 2022	
Stock at cash	14000
Goods sold to branch	100000
Petty expenses paid by branch out of imprest it system	1400
Cash sales during the year	140000
Sale of plant 1/4/2021 [Book value on the date of sale 1800]	1600
Expenses paid by the HO	10000

It is required to write off plant at 20% P.a.

8. From the following particulars relating to Nelamangala branch, prepare the branch a/c in the books of head office for the year ended 31/12/21

Particulan	Amt
Stock on 1/1/21	30000
Debtors on 1/1/21	12000
Petty cash on 1/1/21	200
Goods sent to branch	50000
Goods returned to HO	600
Sale at branch	
Cash 30000	
Credit 42000	42000
Sale return at branch	250
Bad debts written	300
Discount allowed customers	100
Branch expenses paid by HO	3000
Petty cash sent to branch	500
Petty expenses at branch	400
Furniture purchased by the branch	1000
	12500

Debtor's a/c

Particulan	Amt	Particulan	Amt
To baln b/d	12000	By discount allowed	100
To credit sale	42000	By sale return	250
		By Bad debts	300
		By baln c/d	53350
	54000		54000

Calculation of cash remitted/sent to HO

Particuar	Amt
Cash Sales	30000
Cash collected from debtors	-
	30000
less: Furniture purchase by branch	100
Cash sent to HO	29000

Calculation of closing balance of Branch/petty cash

Particuar	Amt
Petty cash 1/1/21	200
Add :- Cash received from HO	500
	700
less :- Petty cash expenses	400
Petty cash c/b 31/12/21	300

Dr		Branch a/c	
Particular	Amt	Particular	Amt
To opening asset stock	30000	By Goods returned to HO	600
Debtors	12000	By remittance of cash	29000
Petty cash	200	By closing asset	
To Goods sent by HO	50000	Stock	12500
To branch expenses paid by HO	3000	Debtors	53350
To petty cash sent to branch	500	Petty cash	300
		Furniture	1000
To General P/L a/c	1050		
	96750		96750

9. Manoj Hd. Mumbai has a branch in agra. The Head office sends goods to branch at cost plus 50%. From the following particulars prepare B/c.

Particulan	amt
Goods from HO at invoice price	50000
Goods returned to Head office	1000
Cash sales	35500
Credit sales	2000
Stock at the beginning of the year	10000
stock at the end of the year	11000

a. Goods are invoiced at cost plus 10% the invoice price of goods is ₹ 30000 [denominated add:]
 Cost + Profit = Selling price
 $100 + 10 = 110$

Loaded price = Invoice price x Profit
 Sales price

$$\frac{30000 \times 10}{110} = 27273 //$$

b. Goods are invoiced at profit of 20% on sale the cost price of goods sent to ₹ 1448800 denominator

Sales price - Profit = Cost price
 $100 - 20 = 80$

Loading price = Cost price x Profit

$$= 1448800 \times \frac{20}{80}$$

$$= 362200 //$$

Goods are invoiced at cost plus 5% the cost of goods sent is ₹15,400 (same) loaded price

$$\text{Cost of goods sent} \times \text{profit} \times \text{on cost}$$

$$= 15400 \times 95\%$$

$$= 11310 //$$

In the books of Manoj Ltd Mumbai agro branch a/c

Particulars	Amt	Particulars	Amt
To opening asset		By bank a/c	
Stock at branch	10000	Cash sales	35500
To goods sent to branch		By goods sent to branch	1000
[Good received from HO]	50000	By stock reserve a/c	8333
To goods sent to branch	333	[load included in opening stock]	
[load included in goods returned to HO]		By goods sent to branch a/c	16667
To stock reserve a/c		[load included in goods received from HO]	
$1000 \times 50/150$	3667	50000 x 50/150	
To general P/L a/c	3500	By stock @ branch	
[Branch Profit transferred]		By closing asset	11000
	67500		67500

10. Knight Ltd invoices goods to the P/L branch and selling price which is cost 60% from the following figure. prepare branch a/c in the books of HO.

Particulars	Amt
Stock at branch 1/4/21	16000
Brand disp 1/4/21	14250
Invoice of goods sent to branch	208000
Cash sales at branch	144000

Cash expenses for the branch directly met by HO	10840
Credit sales at branch	41600
Discount allowed to branch	650
Stock @ branch on 31/3/22 at invoice price	22400
Branch debt on 31/3/22	7200

In the books of Knight Ltd branch a/c:

Particular	Amt	Particular	Amt
To opening asset stock	16000	By bank a/c	
Debtors (14250)	30250	Cash sales	144000
To goods sent to branch a/c	208000	Collection from debtors	48000
[Goods received from HO]		By stock reserve a/c	
To branch a/c	10840	[load included in opening stock]	$16000 \times \frac{60}{100}$
[expenses paid HO]		By goods sent to branch	78000
To stock reserve	8400	[load included in goods received from HO]	$208000 \times \frac{60}{100}$
[load included in closing stock]		By closing stock 31/3/22	22400
To general P/L a/c	48110	Debtors	7200
[Branch profit transferred]			
	305600		305600

Depreciation on furniture of 10% p.a.

11. The Bangalore H.O of a company, invoiced goods to its mandya branch at 20% profit on sales price. The H.O sends cash to the branch, and all expenses are met by the branch manager. From the following particulars prepare the branch a/c (with necessary workings) in the books of shining shoe stores.

Particulare	amt
Stock on 1.1.21 (invoice price) Dr	15000
Debtors on 1.1.21 Dr	9000
Cash 1.1.21	400
Furniture on 1.1.21 Dr	1200
Goods received from H.O (invoice price) Dr	80000
Goods returned to H.O (invoice price)	1000
Goods returned by debtors Dr a/c	480
Cash received from debtors Dr a/c	30000
Cash sales	50000
Total sales	80000
Discount allowed to debtors	300
Expenses paid by H.O	
Rent	200
Salary	2400
Stationary	800
Petty expenses paid by branch	280
Stock on 31/12/21 (invoiced price)	14000

Depreciation on furniture at 10% P.A

(-) 10%

On _____ Mandya Debiton a/c

Particulan	Amt	Particulan	Amt
To bal ⁿ b/d	9000	By cash received	30000
To on sales	30000	from debton	
		By sales return	480
		By discount allowed	300
		By bal ⁿ c/d	8220
	39000		39000

On _____ Branch a/c

Particulan	Amt	Particulan	Amt
To opening asset		By cash received from	30000
Stock	15000	dn ^g	
Debton ^g	9000	By cash sales	50000
Cash	400	By goods returned	
Furniture	1200	to HO	1000
To goods received from HO	80000	By stock repurchase	3000
To expenses paid by HO		[15000 x 20%]	
Rent of	1200	By goods returned by	16000
Salary	2400	HO [80000 x 20%]	
Stationery	300	By closing asset	
To stock reserve	2800	Stock	14000
[14000 x 20%]		Dr ^p	8220
To goods sent by		Cash	120
branch [1000 x 20%]	200	[Petty cap [400 - 280]]	
To general P&L a/c	10920	Furniture [1200 x 10%]	1080
	123420		123420

12. The Bappa company has branches at several places. The following information related to the mangalore branch which does not maintain its books of account for the year ended march 31, 2022.

Particulars	Amnt
Opening balance as on 01/4/21	
Stock	12750
Debtors	10500
Transactions during the year at the branch	
Cash sales	81000
Credit sales	52500
Cash remitted to HO	112500
Furniture purchased by the branch	9000
Goods invoiced to the branch	136500
Expenses paid by the HO	12300
Expenses paid by the branch	900
Cash sent to the branch by the HO for the purchase of billing machine	
Closing balance on 31/3/22	
Stock	22500
Debtors	13500

Goods are always sent to the branch at 125% of the cost price. All the branch expenses are paid by HO.

Dr

Debtors a/c

Cr

Particulan	Amt	Particulan	Amt
To balance b/d [1.4.2021]	10500	By cash/Bank a/c [collection from dhs]	49500
To credit sales	52500	By balance c/d [31.3.2022]	13500
	63000		63000

In the books of Bash Company

On

Mangalore Branch account

Cr

Particulan	Amt	Particulan	Amt
To opening asset (114/13)		By bank a/c	112500
Stock 18750		By stock Reserve a/c	3750
Debtors 10500	29250	18750 x 25 125	
To good sent to branch a/c	136500	By Goods sent to branch a/c $136500 \times \frac{25}{125}$	27300
To bank a/c	12300	By closing asset	
To bank a/c	9750	Stock 22500	
To stock reserve a/c	4500	Debtors 13500	
$22500 \times \frac{25}{125}$		Petty cash 8100	
		Billing machine 9750	
To General P&L a/c	14100	Furniture 9000	62850
			206400
	206400		

Internals

Consignee - receiver
 Consignor - giver

CHAPTER - 03

CONSIGNMENT ACCOUNTS.

PROBLEMS (5m)

1. Calculate the value of abnormal loss number of goods consigned 100 units cost per unit ₹75, non-recurring expenses incurred by consignor ₹100. The no of goods reach by consignee ₹95.

Given: Total units = 100
 No of goods reached = 95
 Per unit = ₹75
 Non recurring expenses by consignor = ₹100.

Particular	Amt
Cost of goods = No of goods X Per unit (100×75)	₹7500
(+) Non-recurring expenses by consignor $\left[\frac{100}{100} \times 100 \right]$	₹100
Total	₹7600
Abnormal loss	₹410

2. Mr. Akash of Bengaluru consigned 300 bags of rice to Mr. Chetan of Mysore costing ₹ 5000 and Chetan incurred expenses of ₹ 1000, advertisement expenses ₹ 500 where 25 bags were lost in transit. Calculate abnormal loss.

Given: Total units = 300
No. of goods reached = $300 - 25 = 275$.

Per unit = ₹ 500
Non-recurring expenses by consignor = 5000.

Particular	Amt
Cost of goods (25 x 500)	12500
(+) Non-recurring expenses by consignor $\left[\frac{5000}{300} \times 25 \right]$	417
Abnormal loss	12917

3. Calculate abnormal loss. The consignor sent 1000 kg of sugar @ ₹ 40 per kg expenses incurred by consignor ₹ 500, expenses incurred by consignee ₹ 250. The consignee receive 920 kg of sugar.

Given: Total unit = 1000
No. of goods reached = $1000 - 80 = 920$

Per unit = 40.

Non-recurring expenses by consignor = 500

Particular	Amt
Cost of goods [80 x 40]	3200
(+) Non-recurring expenses by consignment	400
$\frac{500}{1000} \times 80$	
Abnormal loss	3240

4. Mr. Anil consigned 1000 kg of wheat at 35 per kg and incurred 400 as non-recurring expenses and consignee had received 910 kg of wheat. Calculate abnormal loss.

Given: Total unit = 1000

No. of goods reached = $910 = 1000 - 90$

Per unit = 35

Non-recurring expenses by consignment = 400

Particular	Amt
Cost of goods (90 x 35)	3150
(+) Non-recurring expenses by consignment	36
$\frac{400}{1000} \times 90$	
Abnormal loss	3186

5. Mr. Pradeep consigned 450 kg of groundnut oil at ₹210 per kg and incurred ₹1000 as non-recurring and 600 as recurring expenses. Consignee received 420 kg of groundnut oil. Calculate abnormal loss.

Given: Total unit = 450

No. of goods reached = $450 - 420 = 30$

Per unit = 210

Non-recurring expenses by consignor = 500

Particular	Amt
Cost of goods [30 x 210]	6300
(+) Non-recurring expenses by consignor	67
Abnormal loss	6,367

$1000 \times 30 = 450$

Non-recurring Expenses.

These expenses are paid by the consignor on behalf of the consignee or by the consignee on behalf of the consignor.

Non-recurring expenses of the consignor

1. Freight
2. Customs duty
3. Insurance in transit
4. Octroi
5. Package
6. Carriage
7. Dock dues
8. Forwarding expenses
9. Loading charges

Non-recurring expenses of the consignee

1. Freight to godown/shop
2. Customs duty
3. Insurance in transit
4. Octroi
5. Carriage to godown or shop
6. Dock dues on Railway dues
7. Toll tax
8. Unloading charges
9. Primary packing expenses by consignee
10. Fitting and Assembling cost
11. Non-selling expenses
12. Conversion cost.

Recurring Expenses.

Examples of various recurring expenses incurred by the consignor and the consignee are given below:

Recurring expenses of the consignor

1. Expenses on goods returned by the consignee
2. Bank charges for discounting bills, collection of drafts, cheques, etc received from the consignee.

Recurring expenses of the consignee

1. Godown rent storage charges
2. Insurance of go-down office and administration expenses
3. Selling and distribution expenses like advertising salary of salesman
4. Brokerage.

- 6. Expenses on good returned
- 6. Expenses on good damaged
- 7. Commission on sales
- 8. Establishment expenses.

IN THE BOOKS OF CONSIGNOR
CONSIGNMENT ACCOUNT.

Particular	Amt	Particular	Amt
To Goods sent on consignment account	XX	By Consignee's a/c [Sales made by consignee]	XX
To bank account [expenses incurred by consignee]	XX	By consignment stock a/c [closing stock with consignee]	XX
To consignee's a/c [expenses incurred by consignee]	XX	By P/L a/c [for transferring losses if any]	XX
To consignee's a/c [commission due to consignee]	XX		
To P/L a/c [for transferring profits]	XX		
	XX		XX

GOODS SENT ON CONSIGNMENT A/C.

Particular	Amt	Particular	Amt
To trading a/c [for transferring the balance in the a/c, at the end of the financial period]	XX	By consignment a/c [when goods are sent on consignment]	XX
	XX		XX

CONSIGNEE'S ACCOUNT

Paticular	Amnt	Paticular	Amnt
To consignment to a/c [for sales reported by consignee]	XX	By bank a/c on B/R a/c [for advance payment consignee]	XX
		By consignment to a/c [for expenses incurred by consignee]	XX
		By consignment to a/c [for commission due to the consignee]	XX
		By Balance c/d [Balance due to consignor, if any, at the end of the accounting period]	XX
	XX		XX

16/10/21

PROBLEMS

Calculate the amount of closing stock

1. Mn. Raju of mumbai sent 100 Bicycles which cost ₹900 each to Mn. Pradeep of chennai on consignment basis. Mn. Ramesh paid freight 1200, carriage 300, insurance 600. In chennai pradeep spent carriage 100, unloading charges 25, the bicycle captian godown for which rent ₹100 pm. Consignee had sold 80 bicycles the selling price was ₹1200.

Calculation of closing stock.

Date _____ Page _____

Part	Particular	Amt
1.	Cost of goods [900 x 20]	18000
2.	Non-recurring exp incurred by consignee	
	a. Freight - ₹ 1200	
	b. Cartage - ₹ 200	
	c. Insurance - ₹ 600	
	$\left. \begin{array}{l} 2100 \times 20 \\ 100 \end{array} \right\}$	420
3.	Non-recurring exp incurred by consignor	
	a. Cartage - 100	
	b. Unloading charges - 25	
	$\left. \begin{array}{l} 125 \times 20 \\ 100 \end{array} \right\}$	25
	Closing stock	18445

2. Mr. Sunesh sent goods of 500 kg of paddy ₹ 20 per kg. Freight and cartage incurred by consignee 4000. Consignee sold 300 kg @ ₹ 35 per kg ₹ 10000 incurred for unloading charges and ₹ 1000 for selling expenses. Abnormal loss due to leakage in transit was 50 kg. Calculate the abnormal loss and closing stock.

Abnormal Loss.

Particular	Amt.
Cost of goods [50 x 20]	1000
+ Non recurring expenses by consignee	400
$\left[\frac{4000}{50} \times 50 \right]$	
Abnormal loss	1400

[500 - 50] [450 - 300 = 150] Closing stock

	Particular	Amt
1.	Cost of goods [150 x 20]	3000.00
2.	Non-recurring exp incurred by consignor	
	a. Freight and carriage [4000 / 500 x 150]	1200.00
3.	Non-recurring exp incurred by consignee	
	a. Unloading charges - 1000 [1000 / 450 x 150]	333.33
	Closing stock	4533.33

3. Goods consign 2000 kg of oil @ ₹80 per kg and incurred ₹3000 as non-recurring expenditure by consignor. Freight ₹100, insurance ₹300 and other non-recurring expenditure by consignee ₹600. Consignee has sold 1620 @ ₹110 per kg. Calculate Abnormal loss and closing stock.

	Particular	Amt
	Cost of goods [380 x 80]	30400
	+ Non-recurring expenses by Consignor	570
	[3000 x 380 / 2000]	
	Abnormal loss	30970

[2000 - 1620] Closing stock

SURYA Gold

Date _____ Page _____

Part	Particulan	Amount
1.	Cost of goods [380 x 80]	30400
2.	Non-recurring exp incurred by consignor [$\frac{3000}{2000} \times 380$]	570
3.	Non-recurring exp incurred by consignee [$\frac{1000}{2000} \times 380$]	190
	Closing stock	31160

PROBLEMS [12 marks]

Mn. vijay of chennai consignment of 300 boxes of tea powder @ ₹2000 per boxes to Mn. vinay of mumbai by incurring freight ₹4000 and other expenses ₹2000. Mn vinay sold 250 boxes at ₹2600 for 50 boxes and 25 boxes at ₹2500 for cash. Vinay spent ₹3000 for freight and other expenses ₹500. He had paid the amount due to vijay after deduction of commission at 5% & 2.5% over riding commission and 0.5%. Debit to commission is to be given on total sales vinay found that one customer to whom credit who was allowed to pay only ₹4800 in full settlement of ₹5000. Prepare consignment account.

Closing Stock

	Particular	Amt
1.	Cost of goods [25 x 2000]	50000
2.	Non-recurring exp incurred by consignee [6000 x 25 / 300]	500
3.	Non-recurring exp incurred by consignee [3500 x 25 / 300]	292
	Closing stock	50792

Consignment a/c

Particular	Amt	Particular	Amt
To Goods sent on consignment (300 x 2000)	600000	By consignee a/c [Sales made by consignee]	712500
To bank a/c (4000 x 2000)	800000	By consignment stock a/c [C/S]	50792
[expenses incurred by consignee]			
To consignee a/c (3000 + 500)	3500		
To consignee a/c [commission]	53437		
To consignment debtor	3562		
To P/L a/c [B/F]	96793		
	763292		763292

2. On 1st January TVs company consigned 500 cases of goods consisting ₹200 per each to LG company on same consignee incurred ₹2500 freight ₹1000 carriage, ₹500 towards glody, ₹1200 towards insurance consignee had incurred ₹2000 for cleaning charges ₹1600 warehouse ₹900 packing charges he also remitted a bank draft

of ₹15000 as an advance for consignment he had sold 275 cases @ ₹300 per case and entitled to a commission of 5% on gross proceed of sales. It found that 50 cases had been stolen by driver during the transit. LG company paid the balance amount to the consignee.

Given : TVs [consignor] LG [consignee]

1. 500 cases x 200 = 100000
2. Consignor expenses [2500 + 1000 + 500 + 1200 = 5200]
3. Consignee expenses [2000 + 900 = 2900]
4. Total expenses [2000 + 1600 + 900 = 4500]
5. LG [consignee] Sales = 275 x 300 = 82500
6. Commission = 5% = 82500 x 5% = 4125
7. 50 cases - abnormal loss 50 x 200 = 10000
8. 500 - 50 = 450

(-) 2775 Sales.
175 → C/S

Particular	Amt.
- Abnormal loss	10000
Cost of goods [50 x 200]	
+ Non-recurring expenses by consignor	520
[5200 x 50]	
500	
Abnormal loss	10520

Closing stock

	Particular	Amt.
1.	Cost of goods [175 x 200]	35000
2.	Non-recurring exp incurred by consignor $\frac{5200}{500} \times 175$	1820
3.	Non-recurring exp incurred by consignee $\frac{2900}{450} \times 175$	1128
	Closing stock	37948

Consignment a/c

Particular	Amt	Particular	Amt
To goods sent on consignment [500 x 200]	100000	By consignee a/c [275 x 300]	82500
To cash/Bank [consignor expenses]	5200	By consignment stock a/c [closing stock]	37948
To consignee account [expenses]	4500	By abnormal loss [Step 1.]	10520
To consignee account [commission due] $(82500 \times 5\%)$	4125		
To P/L a/c	17143		
	130968		130968

Goods sent on consignment a/c

Particular	Amt	Particular	Amt
To trading a/c	100000	By consignment a/c	100000
	100000		100000

Particular	Amt.	Particular	Amt
To consignment a/c [Sales]	82500	By bank a/c [Cheque]	15000
		By consignment a/c [Expenses]	4500
		By consignment a/c [Commission]	4125
		By balancing a/c	52875
	82500		82500

3. Mr. Vinodh of Kanpur consigned goods consist of ₹25000 to his agent Mr. Prakash of Mumbai and paid a freight, incus insurance and other charges of ₹5000. He had drawn bill for 90 days for ₹20000 and this bill was discounted at ₹150 after 3 years received a account sales from his agent informing that the consignment has been sold for ₹35000 and incurred a expenses of ₹700 and showing a deduction they agreed for a commission of 2% on amount realize. Pass necessary account in the books of Vinodh as consignee a/c Dr

To bills discounted.

Consignor a/c

Particular	Amt	Particular	Amt
To goods sent on consignment	25000	By consignee a/c [Sales]	35000
To Cash/Bank [consignon expenses]	5000		
To consignee a/c [consignee expenses]	700		
To consignee a/c [commission due]	700		

To discount of bill receivable	150		
To P/L a/c [B/F]	3450		
	35000		35000

Goods sent on consignment a/c

Particular	Amt	Particular	Amt
To trading a/c	25000	By consignment a/c	25000
	25000		25000

Consignee a/c

Particular	Amt	Particular	Amt
To consignment a/c [sales]	35000	By bank a/c [advance]	20000
		By consignment a/c [expenses]	700
		By consignment a/c [commission due]	700
		By balance c/d [B/F]	13600
	35000	By balancing due to consignee	35000

- (4) Anun consigned 100 minitoy to Sanjay to be sold at his risk. Cost of one minitoy is ₹150 but invoice price was ₹200. Anun paid freight ₹600 insurance in transit ₹200. Sanjay sent a bank draft for ₹10000 as advance and later sent an a/c sale showing that 80 toys were sold at ₹220 each expenses incurred by Sanjay were carriage inwards ₹25, Octroi ₹75, Godown rent ₹500, Advertisement ₹300. Sanjay is entitled to a commission of 5% on sales.

$100 - 80 = 20$

Closing stock

Particular	Amt.
Cost of goods $[20 \times 200]$	4000
Non-recurring exp incurred by consignee $\frac{800}{100} \times 20$	160
Non-recurring exp incurred by consignee $\frac{100}{100} \times 20$	20
Closing stock	4180

Consignment a/c

Particular	Amt.	Particular	Amt.
To goods sent on consignment $[100 \times 200]$	20000	By consignee a/c $[80 \times 220]$	17600
To Cash/Bank [consignation expenses]	800	By consignment a/c	4180
To consignee a/c [expenses]	9000	By goods sent on consignment $[100 \times 50]$ [loading]	5000
To consignee a/c [commission due] $[17600 \times 5\%]$	880		
To consignment stock reserve $[50 \times 20]$	1000		
To P&L a/c	3200		
	26780		26780

Goods sent on consignment

Particular	Amt.	Particular	Amt.
To consignment a/c excess of cost price over IP if removed	5000	By consignment a/c	20000
To trading a/c	15000		
	20000		20000

5. Atlas cycle company Delhi sent 100 bicycle on January 2023 to Munugan enterprises Chennai. The cost of each bicycle ₹500 and it was invoiced at ₹600. Atlas cycle company incurred ₹2000 on freight and insurance and received ₹30000 as advance from Munugan enterprises. Munugan enterprises paid ₹1000 as octroi and cartage ₹800 as rent, ₹600 insurance by June 30 2024. He sold 100 bicycle for 62500. Munugan enterprises are entitled to commission on 10% per invoice price and 20% of any surplus released over and above the invoice price. Munugan enterprises committed the amount due from them by bank draft.

Consignment a/c

Particulars	Amt	Particulars	Amt
To goods sent on consignment [100 x 600]	60000	By consignee a/c	62500
To cash / Bank [consignon expenses]	2000	By good sent on consignment [100 x 100] (sub insurance)	10000
To consignee a/c [expenses]	2400		
To consignee a/c [commission due]			
60000 x 10% 6000			
2500 x 20% 500	6500		
To P&L a/c	1600		
	72500		72500

Goods sent on consignment

SURYA Gold

Date _____ Page _____

Particular	Amt	Particular	Amt
To consignment a/c	10000	By consignment a/c	60000
excess of cost price over IP is removed		[100 x 600]	
To trading a/c	50000		
	60000		60000

Consignee a/c			
Particular	Amt	Particular	Amt
To consignment a/c	62500	By bank a/c	30000
[Sales]		By consignment a/c	2400
		[Expenses]	
		By consignment a/c	6500
		[commission]	
		By bank a/c	23600
	62500		62500

16/10/21

6. Nishanth of Mumbai consigned 100 radio set costing ₹ 500 each to Ramesh of Bangalore. The invoice is made proforma of ₹ 600 per set. Ramesh was entitled to a commission 7.5% on sales 2.5% on del. Crediton commission and 10% on sales processing over the invoice price. Ramesh was to pay all expenses incurred after goods reached his godown. While sending the goods Nishanth paid 1500 as forwarding and insurance in transit. 10 radio were damaged and Nishanth received ₹ 4000 from insurance company. Ramesh took delivery remaining radio set by paying ₹ 4500 as freight, cottage etc.. Ramesh sold 70 radio set at ₹ 800 and 30 of them are credit out of which the process of free radio set could not be

recovered because of disapparing of customer.
 He has spent ₹500 as storage and selling expenses. Ramesh sent a bank draft of amount due to Nishanth.

Abnormal loss

Paticular	Amt
Cost of goods (10x500)	5000
Non-recurring expenses by consignee ($\frac{1500}{100} \times 10$)	150
Abnormal loss	5150

Closing stock. $100 - 10 = 90 - 70 = 20$

Paticular	Amt
Cost of goods (20x600)	12000
Non-recurring expense by consignee ($\frac{1500}{100} \times 20$)	300
Non-recurring expense by consignee ($\frac{1500}{90} \times 20$)	1000
Closing stock	13300

Consignment a/c

Paticular	Amt	Paticular	Amt
To goods sent on consignment (100x600)	60000	By consignee a/c	56000
To cash (consignor exp)	1500	By consignment stock a/c [c/s]	13300
To consignee a/c (exp)	5000	By abnormal loss	5150

[14000 x 10%]

To consignment debtor	1400	By good sent on	10000
To consignment stock reserve [20 x 100]	2000	consignment [100 x 100]	
To P&L a/c	8950		
	84450		84450

Consignee a/c			
Particulan	Amt	Particulan	Amt
To consignment a/c [Sales]	56000	By consignment a/c [Expenses]	5000
		By consignment a/c [Commission]	7000
		By bal ⁿ a/c	44000
	56000		56000

7. Munthi radio company consigned 100 transistors to their agent baul radio delhi. The cost of each transistor is ₹75. The consignor trade is ₹200 for freight ₹550 for carriage ₹400 for insurance. 5 transistors were totally destroyed in transit. The insurance claimed of ₹300 was admitted by insurance company. The consignee took delivery of 95 radio and spent ₹285 for carriage outwards ₹250 godown rate and 150 selling expenses. They sold all the units at ₹100 each. Baul radios admitted to 5% commission on total sales the balance remitted by way of bank draft. Calculate abnormal loss and prepare ledger a/c.

Abnormal loss

Particular	Amt
Cost of goods (5 x 75)	375
(+) Non-recurring expenses by consignee	
650 x 5%	33
100	

Abnormal loss 408.

Consigner a/c.

Particular	Amt	Particular	Amt
To goods sent on consignment [100 x 75]	7500	By consignee a/c (sales) (95 x 100)	9500
To Cash [consignee exp]	650	By abnormal loss	
To consignee a/c (exp)	685	(step 1)	408
To consignee a/c (commission)	475		
To P & L a/c	598		
	9908		9908

Consignee a/c

Particular	₹	Particular	₹
To consignment a/c (sales)	9500	By consignment a/c (exp)	685
		By consignment a/c (commission)	475
		By balance a/c	8340
	9500		9500

It is a system of maintaining business transactions in an systematic and scientific manner. For most of the transactions recording of one object is made in the books of account. Generally this system is adopted by business organization carried out by sole traders and firms, where the number of transactions are limited.

CONVERSION OF SINGLE ENTRY SYSTEM INTO DOUBLE ENTRY SYSTEM

Meaning.

An accounting system which is not based on double entry is known as incomplete accounting system / single entry system.

Single entry system is a system of book keeping in which for some transaction both the aspects are recorded, for some only one aspects is recorded and for some transaction no record is made. So, single entry is a crude form of book keeping under which only personal accounts and a cash accounts are maintained and only one aspect of each transaction is recorded.

Features.

- It is a system of maintaining business transactions in an unsystematic and scientific manner.
- For most of the transactions recording of only one aspect is made in the books of accounts.
- Generally this system is adopted by petty business organisation carried out by sole traders and firms, where the number of transactions are limited.
- Under this system, generally personal accounts are maintained but real, and nominal accounts

[Other than cash and bank] are not generally maintained.

* The result obtained under this method is not very accurate and authentic.

Types of Single Entry System.

1. Pure single entry system
2. Simple single entry system
3. Quasi single entry system

Advantages

1. It is economical system.
2. Simple and easy to maintain.
3. Suitable for sale trading and small partnership firms.

Disadvantages

1. No arithmetical accuracy.
2. No profit and loss account.
3. Difficult to ascertain financial position.
4. Encourages fraud.
5. Rectification of errors is difficult.
6. Comparison is difficult.
7. Lack of business statistics.
8. Difficult to fix the value and assets.
9. Difficult to obtain loans from banks.
10. Difficult to determine the taxable income.
11. Difficult to settle financial disputes.

Any information may not be free from doubt.

Ascertainment of Profit under single entry system.

P/L under single entry system can be ascertained under following methods.

1. Net worth method.
2. Conversion method.

Difference between single entry and Double entry

No.	Basis of difference	Double	single entry.
1.	Both aspects	Both the aspects of a transactions are recorded.	In some cases both and in other cases only one aspect is recorded.
2.	Accounts	All personal, real, & nominal accounts are opened.	Only personal accounts and cash accounts are opened.
	Trial Balance	Trial Balance can be prepared.	Trial Balance cannot be prepared.
	P&L a/c	Trading and P&L a/c can be prepared to findout gross Profit and net profit.	Trading and Profit & loss cannot be prepared.
	Financial Position	Balance sheet can be prepared to know the financial position.	Balance sheet cannot be prepared to know the financial position.

Method	Scientific method	Crude & unscientific method
Reliability	Most reliable	Not reliable
Utility	Suitable for all types of business	Suitable only for sole trading & Partnership firms.

Difference between Statement of Affairs and B/S.

Statement of Affairs	Balance sheet
1. It is prepared under single entry system of book keeping.	1. It is prepared under Double entry system of book keeping.
2. It is prepared to ascertain the capital balance as on a particular date.	2. It is prepared to know the financial position of a concern as on a particular date.
3. It is prepared on the basis of physical inspection of items.	3. It is prepared only from the balances of ledger accounts.

Statement of Affairs as on

Liabilities	Assets	₹
Sundry Creditors	Land & Buildings	XX
B/P	Plant & Machinery	XX
Bank overdraft	Furniture	XX
Loans	Investment	XX
Old expenses	Stock	XX
Income received	Sundry Debtors	XX

in advanced	xx	B/R	xx
Capital [B/F]	xx	Cash at Bank	xx
		Cash in hand	xx
		D/S incomes	xx
		Pre-paid expenses	xx
	xxx		xxx

Note :- It is generally prepared to ascertain the opening balance of capital.

On _____ Total creditors a/c

Particular	₹	Particular	₹
To Cash [Paid to crs]	xx	By Balance c/d	xx
To B/P [B/P issued to creditors]	xx	By credit Purchases	xx
To B/R [B/R endorsed]	xx	By B/P [B/P Dishonoured]	xx
To Purchase return on returns outward	xx	By Debtors [B/R endorsed dishonoured]	xx
To Discount received from creditors	xx		
To Balance c/d	xx		
	xx		xx

Note :- This amount is prepared to ascertain any of the following missing information:

1. closing Balance of creditors
2. Opening Balance of creditors
3. credit Purchases
4. Cash paid to creditors

Dr

Cash Book

Particular	₹	₹	Particular	₹
To balance b/d		xx	By balance b/d	xx
Cash		xx	By sundry creditors	xx
Bank	xx	xx	[cash paid to creditors]	
To sundry debtors		xx	By cash purchases	xx
[cash received from debtors]	xx	xx	By B/P	xx
To Cash Sales		xx	By Drawings	xx
To B/R		xx	By Salaries	xx
[cash received against B/R]			By Rent	xx
To Additional capital	xx		By sundry expenses	xx
To commission received	xx		By Purchase of assets	xx
To sundry incomes		xx	By balance c/d	
To Balance c/d		xx	Cash	xx
[closing Bank overdraft]		xx	Bank	xx
	xx	xx		xx

Note: This account is prepared to ascertain any of the following missing information.

1. closing Balance of cash
2. Opening Balance of cash
3. Cash Sales
4. Purchase cash Purchase
5. Drawings
6. Any of the other items [depending on the information in the problem.]

Dr memorandum Trading ac

Particular	₹	Particular
To opening stock	XX	By sales less return
To purchase less:		Return inwards
Return outwards	XX	By closing stock
To wages	XX	
To Freight	XX	
To Manufacturing expenses	XX	
To custom duty		
(clearance charges)	XX	
To cold, gas, water		
Power, fuel, etc	XX	
To other direct exp	XX	
To gross profit	XX	
	XX XX	

It is prepared to ascertain any of the following

1. opening stock
2. closing stock
3. Purchasing
4. Sales
5. Direct expenses.

of the other items [mentioned in the information in the problem]

Memorandum P&L a/c

Particular	₹	Particular	₹
To Salaries	XX	By Gross profit b/d	XX
To Rent	XX	By commission received	XX
To commission	XX	By discount received	XX
To Interest	XX	By Interest received	XX
To Advertisement	XX	By Rent received	XX
To Bad debts	XX	By sundry incomes	XX
To Discount allowed	XX		
To Depreciation	XX		
To Sundry expenses	XX		
To Net profit	XX		
	XX		XX

Conversion Table

Profit on cost	Profit on sales
1/2 or 50%	1/3 or 33 1/3%
1/3 or 33 1/3%	1/4 or 25%
1/4 or 25%	1/5 or 20%
1/5 or 20%	1/6 or 16.67%

Conversion of single entry system into double entry system.

1/6 or 16.67%	1/7 or 14.29%
1/7 or 14.29%	1/8 or 12.5%
1/8 or 12.5%	1/9 or 11.11%
1/9 or 11.11%	1/10 or 10%

Journal Entries

Sl. No	Transaction	Journal Entry
1.	When the goods are sent on consignment	Consignment account To goods sent on consignment
2.	When the consignor incurs expenses for sending the goods	Consignment account To cash or Bank account
3.	When advance is received from consignee. Advance	If the advance is received in cash or Bank account [Cash or Bank account To consignee's account]
		If the advance is received in the form of a bill of exchange: B/R account To consignee's account.
4.	When sales are reported by consignee [through a/c sales]	Consignee's account To consignment account
5.	When expenses incurred or reported by consignee [through a/c sale]	Consignment account To consignee's account
6.	When commission is due to consignee [ascertained from a/c sale]	Consignment account To consignee's account
7.	When goods are lying with the consignee at the end of the end of the accounting period. (i.e., closing stock)	Consignment account To consignment account
8.	When there is Bad debts.	- No Entry
	a) when Del-credit commission is paid	Del-credit - No Entry Consignment account

b) When Del-credit commission is not paid To consignment Debtors account

9. When the consignment a/c is closed at the end of the accounting period and the result is transferred

In case of profit (i.e., the total amt on credit side of consignment a/c is higher than the total amount on debit side)

Consignment account : Dr
To Profit & loss account] Profit

In case of loss (i.e., the total amt on debit side of consignment a/c is higher than total amt on cr sales

[Profit & loss account] : Dr
To consignment account] Loss

10. When the final balance is settled by consignee Final settlement

Cash or Bank a/c : Dr
To consignee's a/c]

11. When the Goods sent on consignment a/c is closed and the balance is transferred

Goods sent on consignment a/c Dr
To Trading account.

15 Marks

Ledger account's

1. Mr. Vijay

Particular	Debit	Credit
Consignment a/c	600000	-
To good sent on consignment a/c		600000
[Being goods sent on consignment a/c]		

02.	Consignment a/c To cash/Bank a/c [Being consignee incurs expenses for sending the goods]	Dn	600.00	600.00
03.	consignment a/c To consignee a/c [Being the consignee incurred/received the goods]	Dn	3500	3500
04.	Consignee a/c To consignment a/c [Sales are reported by consignee]	Dn	712500	712500
05.	Consignment a/c To consignee a/c [Being commission is due to consignee]	Dn	53432	53432
06.	Consignment a/c To consignment debtors a/c [Being descn creditor commission]	Dn	3562	3562
07.	Consignment stock a/c To consignment a/c [Being closing stock transfer to consignment]	Dn	50792	50792
08.	Consignment a/c To P&L a/c [Being B/F of consignment]	Dn	96793	96793

Cash / Bank a/c

To consignee a/c

[Being final bal^y is settled by consignee]

Dn

652001

652001

10. Goods sent on consignment a/c

To Trading a/c

[Being the goods sent on consignment a/c is closed and the balance is transferred]

Dn

600000

600000

2778585

2778585

2. Goods sent on consignment 1000 kg at ₹10 per kg expenses paid by the consigner freight 500. Insurance 300, 200 kg were destroyed in transit due to an accident claim admitted by the insurance company ₹1500 the consignee sold 700 kg at ₹20 per kg and incurred the following expenses unloading 200, godown rent 500, Selling expenses 300. Pass Journal Entry relating to loss in transit and unsold consignment stock in the books of the consigner.

Abnormal loss

Particular

Amt

Cost of goods [200 x 10]

2000

+ : Consigner expenses

160

$\frac{800}{1000} \times 200$

2160

Abnormal loss

Particulan	Amt
Abnormal loss - Cost	2160
less: claim amt	1500
loss (transferred to P&L a/c)	660

closing stock

Particulan	Amt
Cost of goods [100x10]	1000
(+) Consignon expenses [non-recurring]	80
$\frac{800}{1000} \times 100$	
(+) Consignee non-recurring expenses.	25
$\frac{200}{800} \times 100$	
Closing stock	1105

Consignment a/c

Particulan	Amt	Particulan	Amt
Goods sent on consignment [10x1000]	10000	By Sales [700x20]	14000
To cash	800	By closing stock	1105
[consignon expenses]		By abnormal loss	2160
To consignee a/c [exp]	1000	By insurance	1500
To P&L a/c	7625	By P&L [loss]	660
	19425		19425

Particular		Particular	
To consignment a/c		By consignment a/c	
[sales]	14000		1000
		By balance a/c	13000
	14000		14000

Journal Entries:

Particular

Sl. No	Particular	Debit	Credit
01	consignment a/c To goods sent on consignment a/c [Being goods sent on consignment a/c]	10000	10000
02	consignment a/c To cash / Bank a/c [Being consignee expenses]	800	800
03	consignment a/c To consignee a/c [Being consignee expenses]	1000	1000
04	consignee a/c To consignment a/c [Being sales reported by consignee]	14000	14000
05	consignment a/c To consignment a/c [Being c/s transfer to consignment]	1105	1105
06	consignment abnormal loss a/c To consignment a/c [Being abnormal loss transfer to consignment]	2160	2160

07.	Insurance co. a/c	Dr	15'00
	Profit & loss a/c	Dr	660
	To consignment a/c		
	[Being Insurance and P&L a/c transfer to consignment]		
08.	Consignment a/c	Dr	7625
	To Profit & loss a/c		
	[Being B/F of consignment]		
09.	Goods sent on consignment a/c	Dr	10000
	To trading a/c		
	[Being goods transferred]		

5/11/24

3. Anun consigned 100 (minitoy) to Sanjay, to be sold at his risk cost of one minitoy is ₹150 but invoice price was ₹200. Anun paid freight ₹600, insurance in transit ₹200. Sanjay sent a bank draft for ₹10000 as advance and later sent on a/c sale showing that 80 toys were sold at ₹220 each expenses incurred by Sanjay were carriage inwards ₹25, Octoni ₹75, Godown rent ₹50, Advertisement ₹300. Sanjay is entitled to a commission of 5% on sales.

Journal Entries

SL NO.	Particular	Dr	Credit
01.	Consignment a/c To Goods sent on consignment a/c [Being goods sent on consignment a/c]	20000	20000
02.	Consignment a/c To Cash/Bank a/c [Being consignor expenses]	800	800

03.	Cash/Bank a/c To consignee a/c [Being advance received]	Dr	10000	10000
04.	Consignee a/c To consignment a/c [Being sales reported by consignee]	Dr	17600	17600
05.	Consignment a/c To consignee a/c [Being consignee expenses]	Dr	900	900
06.	Consignment a/c To consignee a/c [Being commission due to consignee]	Dr	880	880
07.	Consignment stock a/c To consignment a/c [Being c/s transfer to consignment]	Dr	4180	4180
08.	Good sent on consignment a/c To consignment a/c [Being invoice price transfer to consi a/c]	Dr	5000	5000
09.	Consignment a/c To consignment stock reserve a/c [Being closing stock Adjusted]	Dr	1000	1000
10.	Consignment a/c To P & L a/c [Being B/F of consignment]	Dr	3200	3200

11. Cash/Bank a/c

To consignee a/c

[Being final settlement]

Dr 5820
Cr 11700

12. Goods sent on consignment a/c

To trading a/c

[Being goods transferred]

Dr 15000

⑤ 4. Atlas company.

Journal Entries

SL.NO	Particular	L/f	Debit	Credit
01.	Consignment a/c To goods sent on consignment a/c [Being goods sent on consignment a/c]	Dr	60000	60000
02.	Consignment a/c To cash/Bank a/c [Being consignment expenses]	Dr	20000	20000
03.	Consignee a/c To consignment a/c [Being sales reported by consignee]	Dr	62500	62500
04.	Consignment a/c To consignee a/c [Being consignee expenses]	Dr	24000	24000
05.	Consignment a/c To consignee a/c [Being commission due to consignee]	Dr	60000	60000

06.	Consignment a/c To consign Debiton a/c [Being Debit-creditor due to consignee] [unloading a/c]	Dr	1000		1000
07.	Good sent on consignment a/c To consignment a/c [Being invoice price transferred to consignment a/c]	Dr	10000		10000
08.	Consignment a/c To P&L a/c [Being B/F of consignment]	Dr	1600		1600
09.	Cash/Bank a/c To consignee [Being final settlement]	Dr	22500		22500
10.	Good sent on consignment a/c To trading a/c [Being goods transferred]	Dr	50000		50000

Q5. Nishanth.
[Being the profit & loss a/c]

Journal Entries

L-NO	Particular	Dr	Cr
01.	Consignment a/c To goods sent on consignment a/c [Being goods sent on consignment a/c]	60000	60000
02.	Consignment a/c To Cash/Bank a/c [Being consignee expenses]	1500	1500

03.	Consignment a/c To consignee a/c [Being consignee expenses]	Dr	5000	5000
04.	Consignee a/c To consignment [Being sales reported by consignee]	Dr	56000	56000
05.	Consignment a/c To consignee a/c [Being commission due to consignee]	Dr	5600	5600
06.	Consignment a/c To consignee Debtor a/c [Being Deb-creditor due to consignee]	Dr	1400	1400
07.	Consignment stock a/c To consignment a/c [Being the closing stock]	Dr	13300	13300
08.	Consignment a/c To P/L a/c [Being the Profit & loss a/c]	Dr	8950	8950
09.	Cash/Bank a/c To consignee a/c [Being the consignee final settlement a/c]	Dr	44000	44000
10.	Goods sent to the consignment To trading a/c [Being the transfer a/c]	Dr	50000	5000
11.	Unloading a/c To consignment a/c [Being invoice price a/c]	Dr	10000	10000

CONVERSION OF SINGLE ENTRY AND DOUBLE ENTRY.

PROBLEMS.

1. Calculate the amount of credit sale from Total sales from the following.

Particulan	Amt	
opening Dns	130000	
opening B/R	20000	
B/R in cash	45000	
Cash received from Dns	200000	
Bad Debts	6000	
Sales return	3000	
B/R Dishonored	3000	
closing Dns	150000	
closing B/R	130000	
Cash Sales:	650000	

Dn		B/R amount		Cr	
Particulan	Amt	Particulan	Amt		
To Bal ⁿ b/d	20000	By cash	45000		
[B/R]	58000	By Dishonored	3000		
		By bal ⁿ c/d	30000		
	78000		78000		

Total Dn a/c

Particular	Amt	Particular	Amt
To bal ⁿ b/d	130000	By cash a/c	20000
To credit Sales (B/R)	284000	By B/R a/c	52000
To B/R (Dishonored)	3000	By sales return	3000
		By bad debts	3000
		By bal ⁿ c/d	150000
	417000		417000

Total Sales = Cash sales + credit sales

= 65000 + 284000

= 349000

2. Calculate credit sales and total sales.

Particular	11/12/2005	31/12/2005
Dn	60000	80000
B/R	20000	35000
B/R [honored]	40000	
B/R [Dishonored]	3000	
Cash received from Dns.	110000	
Return inwards	2000	
Bad debts	3000	
Discount on Dn	200	
Cash sales	95000	

Dn Bills receivable.

Particular	Amt	Particular	Amt
To bal ⁿ b/d	20000	To By Sundry a/c	40000
To [B/R]	58000	To By B/R [Dishonored]	3000
		To By balance c/d	35000
	78000		78000

Total Dr. Total Cr.

Particular		Total	
Dr	Cr	Dr	Cr
To Balance b/d	60000	By Cash received from	110000
To B/R [opening]	40000	Return inwards	2000
To [credit sale]	5000	Bad debts	3000
		Discount on D/H	200
		By balance c/d	35000
			58000
	208200		208200

3. From the information calculate Total sales.

Particular	Amt
Opening Balance	13800
B/R [opening]	7800
B/R enclosed during in year	20900
Cash received from dms	70000
Bad debts return off	2800
Return inwards	28700
B/R [Dishonoured]	1800
B/R ending of the year	6000
On at the end of the year	25500
Cash sales as per cash book	40900

Dr		Cr	
Particular	Amt	Particular	Amt
To Balance b/d	7800	By B/R (enclosed)	20900
To B/R	20900	By B/R	1800
		By balance c/d	6000
			28700
	28700		28700

Total debit a/c

Particulan	Amt	Particulan	Amt
To balance b/d	30800	By cash a/c	127900
To credit sales [B/R]	95300	[received from drs]	20000
To B/R	1800	By B/R a/c	20000
[Dishonoured]		[received from drs]	20000
		By sales return	20000
		By bad debts	20000
		By balance c/d	20000
Total	127900	Total	127900

Working note : Total sales = Cash sales + Credit sales
 $127900 = 140900 + 95300$
 $= 136200$

4. Calculate total sales and purchases

Particulan	Amt	Amt
Debtors	65000	72000
Creditors	48000	50000
Bills receivable	37000	30000
Bills payable	24000	21000
Transaction for the year		
Cash sales	32750	
Cash received from debtors	162500	
Discount allowed to customer	4500	
Sales return	12000	
Return outward	2500	
Cash received against B/R	58000	
Cash paid against B/P	40000	
Cash purchase	25000	
Cash paid to creditors	107500	
Bad debts	5000	

SURYA Gold
(Date: _____ Page: _____)

Dr		Bills Receivable a/c		Cr	
Particular	Amnt	Particular	Amnt		
To balance b/d	27000	By cash a/c	52000		
To sundry debtors	51000	[received against a/c]			
[B/R received from drs]		By balance c/d	20000		
[B/F]					
	88000				88000

Dr		Total Debtors a/c		Cr	
Particular	Amnt	Particular	Amnt		
To balance b/d	65000	By cash a/c	162500		
To credit sales [B/P]	242000	[received from debtor]			
		By B/R a/c	51000		
		[received from debtor]			
		By sales return	12000		
		By bad debts	5000		
		By discount allowed	4500		
		By balance c/d	72000		
	307000				307000

Total Sales = Cash sales + credit sale
 = 38760 + 242000
 = 280760

Dr		Bills payable a/c		Cr	
Particular	Amnt	Particular	Amnt		
To cash	40000	By balance b/d	24000		
[cash paid against B/P]		By sundry crs	37000		
To balance c/d	21000	[B/P issued to crs]			
	61000				61000

Total Creditor a/c

Dr

Particular	Amt	Particular	Amt
To cash (paid to creditors)	107500	By balance b/d	43000
To B/P [issued to crs]	37000	By credit purchase	149000
To Purchase return	2500		
To balance c/d	50000		
	197000		197000

Total purchase = Cash purchase + credit purchase
 = 25000 + 149000
 = 174000

5. From the information given below. Prepare trading and Profit and loss.

Particular	Amt
Interest charges	200
Personal drawings	4000
Staff salary	17000
Business expenses	5000
Payment to creditors	30000
Bank overdraft	2000
Cash in hand at 31/3/22	150
Balance on 31/3/22 at bank	4250
Receipt from debtors	50000
Cash sales	30000

Particular	11/4/92 (₹)	31/3/23 (₹)
Stock	81000	90400
creditors	16000	11000
Debtors	44000	60000
Furniture	9000	9000
Provision for bad debts	5000	5000
Fixed assets		

Total debitors' account

Particular	Amt	Particular	Amt
To balance b/d	44000	By balance c/d	60000
To credit sales	66000	By cash	50000
	110000		110000

Total Sales = Cash sales + credit sales

$30000 + 66000 = 96000$

Total creditors' account

Particular	Amt	Particular	Amt
To cash	30000	By balance b/d	16000
To balance c/d	11000	By credit purchase	25000
	41000		41000

Cash Book

Particular	Amt	Particular	Amt
To Bal ⁿ b/d	50000	By interest charge	200
To Receipt from dns	30000	By Drawings	4000
To cash sales		By staff salary	17000
		By Business expense	15000
		By Payment credit	30000

		By BOD
		By Bal c/d
		[4850 + 950]
	80000	

opening statement of affairs

Liabilities	Amt	Assets
Cns	16000	Stock
opening capital (B/F)	81000	Debtors
		Furniture
		Premises
	97000	

Trading and P/L a/c

Particular	Amt	Particular
To opening stock	21000	By closing stock
To Purchase	25000	By sales
To Gross profit (B/F)	70440	
Total	116440	
To Staff salary	17000	By G/P b/d
To business expense	15800	
To Bad debts	1500	
To Dep a/c	1900	
To interest charge	200	
To Net profit (B/F)	34340	

	70440	
		By Receipt from sale
		By staff salary
		By business expense
		By Dep a/c
		By interest charge
		By Net profit

A provision of ₹ 1450 is required for doubtful debts and depreciation at 5% is to be written off on building and furniture ₹ 3000 is outstanding for wages and ₹ 1200 for salaries. Insurance has been prepaid to the extent of ₹ 250. Legal expenses are outstanding to the extent of ₹ 300. Prepare trading and P&L a/c and balance sheet as on 31/3/22.

Particulars	1/4/21	31/3/22
Stock on hand	21400	23400
Debtors	12000	14000
Creditors	9000	1500
Bills receivable	4000	5000
Bills payable	1000	200
Furniture	600	600
Building	12000	12000

On Bills receivable a/c

Particular	Amt	Particular	Amt
To bal b/d	4000	By sundry debtors	12000
To sundry d/s	13000	By bal c/d	5000
	17000		17000

On Total Debtors a/c

Particular	Amt	Particular	Amt
To bal b/d	12000	By B/R	38400
To credit sales	53400	By sundry debtors	13000
	65400	By Bal c/d	14000

Bills payable a/c

Date _____ Page _____

Particular	Amt	Particular	Amt
To bal cld	200	By bal bld	
To B/P	9300	By sundry crs	
	9500		
Total creditons a/c			

Particular	Amt	Particular	Amt
To trade crediton	27100	By bal bld	
To bal cld	1500	By credit purchase	
	28600		

Trading and P&L a/c

Particular	Amt	Particular	Amt
To o/s	21700	By sales (53400 + 2800)	62000
To Purchase	22100	By cls	2340
To wages	12000		
Add:- o/s wages	3000		
To carriage inward	250		
To G.P. (B/F)	23350		
	85400		85400
To salaries	6500	By GP bld	23350
(+) o/s	1200	By commission & received	1500
To rent & taxes	4400		
To expenses	700		
To insurance	800		
(-) prepaid	250		
To Provision for Bad debts	1450		
To Depreciation			