Solution

Q1. b.

M/s Dharia and Co.

Trading and P/L Account

For the Year Ended 31 March, 2016

Dr. Cr.

Particulars	Rs	Rs	Particulars	Rs	Rs
Opening Stock		32,000	By Sales	2,70,000	
To Purchases	1,00,000		Less : Return Inward	8,000	2,62,000
Less: Return Outward	2,000	98,000			
To Carriage Inward		4,700	By Closing Stock		40,000
To import Duty		2,500			
To Factory Insurance		3,800			
To Wages		33,400			
To Gross Profit c/d		**1,27,600**			
		3,02,000			**3,02,000**
To Salaries	41,400		By Gross Profit b/d		1,27,600
Add: Outstanding Sal	4,000	45,400	By Discount Received		3,000
To Printing & Stationary		5,000	By Commission Received	4,000	
To Postage		200	Add: O/S Commission	500	4,500
To Legal Expense		20,000			
To Depreciation					
on Plant & Machinery	10,000				
on Land and Building	12,600	22,600			
To Net Profit trans. To Capital A/c.		41,900			
		1,35,100			**1,35,100**

Balance sheet as on 31st March, 2016

Liabilities	Rs	Rs	Assets	Rs	Rs
Capital	3,50,000		Plant and Machinery	2,00,000	
Less: Drawings	15,000		Less : Depreciation	10,000	1,90,000
Add : Net Profit	41,900	3,76,900	Land And Building	1,26,000	
			Less : Depreciation	12,600	1,13,400
			O/S Commission		500
			Debtors		50,000
			Closing Stock		40,000
Outstanding Salary		4,000	Cash in Hand		11,700
Creditors		37,000	Cash at bank		16,300
Bills Payable		4,000			
		4,21,900			**4,21,900**

Solution

Q2. a.

***Note**: If the student has written '**Goods A/c**' instead of '**Sales A/c**' or '**Purchases A/c**' depending upon the entry then also it is allowed.

In The Books of M/s Archana & Co.
Journal Entries

Apr	Particulars		L. F.	Debit Rs	Credit Rs.
1	Cash A/c	Dr.		50,000	
	Machinery A/c	Dr.		10,000	
	Furniture A/c	Dr.		15,000	
	Computer A/c	Dr.		25,000	
	To Capital A/c				1,00,000
4	Purchases A/c	Dr.		48,000	
	To Rajaram A/c				48,000
7	Sitaram A/c	Dr.		28,800	
	To Sales A/c				28,800
10	Drawings A/c	Dr.		5,000	
	To Bank A/c				5,000
16	Loss by Fire A/c	Dr.		5,000	
	Insurance Claim A/c	Dr.		5,000	
	To Purchases A/c				10,000
19	Cash A/c (Or Bank A/c)	Dr.		27,360	
	Discount A/c	Dr.		1,440	
	To Sitaram A/c				28,800
22	Advertisement A/c	Dr.		5,000	
	To Cash A/c				5,000
23	Cash A/c	Dr.		500	
	To Commission A/c				500
28	Cash A/c	Dr.		50,000	
	P/L A/c (Or Loss on Sale of Machinery)	Dr.		50,000	
	To Machinery A/c				1,00,000
30	Salary A/c	Dr.		20,000	
	To Cash A/c				20,000
				3,46,100	**3,46,100**

*Note : Narration is not provided to limit the length of solution. It should be considered while assessing the answersheet.

Solution

Q4. a.

***Note** : Narration is not provided to limit the length of solution. It should be considered while assessing the answersheet. ***Note:** If the student has written '**Goods A/c**' instead of '**Sales A/c**' or '**Purchases A/c**' depending upon the entry then also it is allowed.

Dr. **Three Column Cash Book of Mr. Jagmohan** **Cr.**

Dt	Particulars	RN	LF	Disc	Cash	Bank	Dt	Particulars	VN	LF	Disc	Cash	Bank
1	To Balance b/d				35,000	15,000	2	By Bank A/c	C			1,500	
2	To Cash A/c	C				1,500	4	By Furniture A/c					2,500
14	To Sales A/c			200	3,800		7	By Purchases A/c				2,000	
23	To Ganesh A/c					3,000	12	By Bank Charges					500
27	To Viraj A/c					5,000	20	By Drawings					800
							30	By Rent A/c					1,000
							30	**By Balance c/d**				**35,300**	**19,700**
				200	**38,800**	**24,500**					**-**	**38,800**	**24,500**
1	To Balance b/d				35,300	19,700							

Q5. a. Ratio Analysis

Cost of Goods Sold = Opening Stock + Purchases - Closing Stock

Average Debtors = 1,80,000

- Since Opening debtors are not given only closing debtors are considered.

1 Current Ratio =

$$\frac{\text{Current Assets}}{\text{Current Liabilities}} = \frac{\text{Cash + Debtors + Stock}}{\text{Creditors + Bank O/D}}$$

$$= \frac{1{,}20{,}000 + 1{,}80{,}000 + 1{,}55{,}000}{1{,}50{,}000 + 35{,}000} = \frac{4{,}55{,}000}{185{,}000} = 2.46 : 1$$

2 Gross Profit Ratio =

$$\frac{\text{Gross Profit * 100}}{\text{Net Sale}} = \frac{1{,}50{,}000 \text{ X } 100}{7{,}50{,}000} = 20\%$$

3 Net Profit Ratio =

$$\frac{\text{Net Profit * 100}}{\text{Net Sale}} = \frac{70{,}000 \text{ X } 100}{7{,}50{,}000} = 9.33\%$$

4 Stock Turnover Ratio =

$$\frac{\text{Cost of Goods Sold}}{\text{Average Stock}} = \frac{\text{Sales - Gross Profit}}{\text{(Opening + Closing) / 2}}$$

$$= \frac{7{,}50{,}000 - 1{,}50{,}000}{(1{,}45{,}000+1{,}55{,}000)/2} = \frac{6{,}00{,}000}{1{,}50{,}000} = 4:1$$

5 Debtors Turnover Ratio =

$$\frac{\text{Credit Sale}}{\text{Avg. Debtors}} = \frac{7{,}50{,}000}{1{,}80{,}000} = 4.17 \text{ times}$$

OR

5 Debtors Turnover Ratio =

$$\frac{\text{Cost of Goods Sold}}{\text{Avg. Debtors}} = \frac{6{,}00{,}000}{1{,}80{,}000} = 3.33 \text{ times}$$

Solution

Q6. a.

Amruta Industries Ltd.
Cash Budget for 3 months

Particulars	April	May	June
Opening Balance	**25,000**	**34,000**	**21,000**
Receipts			
Sales - Cash	50,000	60,000	55,000
Sales - Credit / Debtors	35,000	40,000	50,000
Total Receipt	**1,10,000**	**1,34,000**	**1,26,000**
Payments			
Purchases / Creditos	60,000	70,000	80,000
Wages 1/2 Current month	3,000	4,000	5,000
Wages 1/2 Previous month	3,500	3,000	4,000
Overheads - Production	6,000	7,000	9,000
Overheads - Selling	3,500	4,000	5,000
Machinery		25,000	25,000
Total Payment	**76,000**	**1,13,000**	**1,28,000**
Balance	**34,000**	**21,000**	**-2,000**