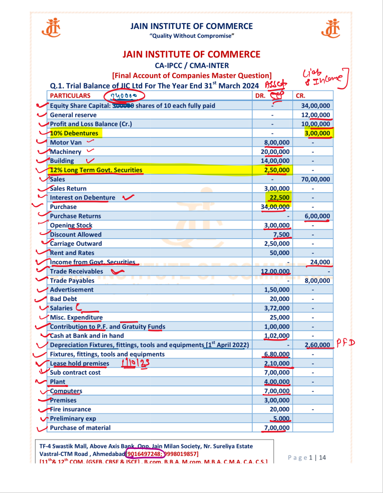
master questions final account

Sunday, 1 June 2025 5:28 PM

master question...



JAIN INSTITUTE OF COMMERCE

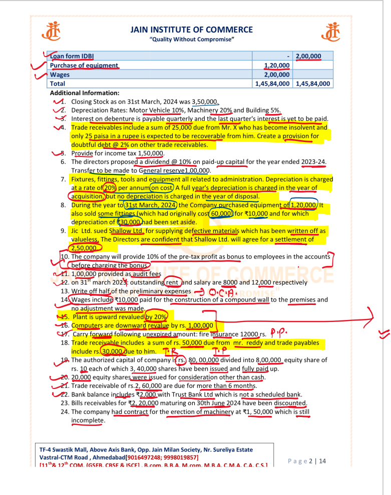
CA-IPCC / CMA-INTER

[Final Account of Companies Master Question]

Q.1. Trial Balance of JIC Ltd For The Year End 31st March 2024

Asset Exp — Liab & Income

PARTICULARS 340000	DR.	CR.
Equity Share Capital: ~~300000~~ shares of 10 each fully paid	-	34,00,000
General reserve	-	12,00,000
Profit and Loss Balance (Cr.)	-	10,00,000
10% Debentures	-	3,00,000
Motor Van	8,00,000	-
Machinery	20,00,000	-
Building	14,00,000	-
12% Long Term Govt. Securities	2,50,000	-
Sales	-	70,00,000
Sales Return	3,00,000	-
Interest on Debenture	22,500	-
Purchase	34,00,000	-
Purchase Returns	-	6,00,000
Opening Stock	3,00,000	-
Discount Allowed	7,500	-
Carriage Outward	2,50,000	-
Rent and Rates	50,000	-
Income from Govt. Securities	-	24,000
Trade Receivables	12,00,000	-
Trade Payables	-	8,00,000
Advertisement	1,50,000	-
Bad Debt	20,000	-
Salaries	3,72,000	-
Misc. Expenditure	25,000	-
Contribution to P.F. and Gratuity Funds	1,00,000	-
Cash at Bank and in hand	1,02,000	-
Depreciation Fixtures, fittings, tools and equipments [1st April 2022)	-	2,60,000 PFD
Fixtures, fittings, tools and equipments	6,80,000	-
Lease hold premises 1/10/23	2,10,000	-
Sub contract cost	7,00,000	-
Plant	4,00,000	-
Computers	7,00,000	-
Premises	3,00,000	
Fire insurance	20,000	-
Preliminary exp	5,000	
Purchase of material	7,00,000	



Loan form IDBI	-	2,00,000
Purchase of equipment	1,20,000	
Wages	2,00,000	
Total	1,45,84,000	1,45,84,000

Additional Information:

1. Closing Stock as on 31st March, 2024 was 3,50,000.
2. Depreciation Rates: Motor Vehicle 10%, Machinery 20% and Building 5%.
3. Interest on debenture is payable quarterly and the last quarter's interest is yet to be paid.
4. Trade receivables include a sum of 25,000 due from Mr. X who has become insolvent and only 25 paisa in a rupee is expected to be recoverable from him. Create a provision for doubtful debt @ 2% on other trade receivables.
5. Provide for income tax 1,50,000.
6. The directors proposed a dividend @ 10% on paid-up capital for the year ended 2023-24. Transfer to be made to General reserve1,00,000.
7. Fixtures, fittings, tools and equipment all related to administration. Depreciation is charged at a rate of 20% per annum on cost. A full year's depreciation is charged in the year of acquisition, but no depreciation is charged in the year of disposal.
8. During the year to 31st March, 2024 the Company purchased equipment of 1,20,000. It also sold some fittings (which had originally cost 60,000) for ₹10,000 and for which depreciation of ₹30,000 had been set aside.
9. Jic Ltd. sued Shallow Ltd. for supplying defective materials which has been written off as valueless. The Directors are confident that Shallow Ltd. will agree for a settlement of 2,50,000.
10. The company will provide 10% of the pre-tax profit as bonus to employees in the accounts before charging the bonus.
11. 1,00,000 provided as audit fees
12. on 31st march 2023: outstanding rent and salary are 8000 and 12,000 respectively
13. Write off half of the preliminary expenses → O.C.A.
14. Wages include ₹10,000 paid for the construction of a compound wall to the premises and no adjustment was made.
15. Plant is upward revalued by 20%
16. Computers are downward revalue by rs. 1,00,000
17. Carry forward following unexpired amount: fire insurance 12000 rs. P.P.
18. Trade receivable includes a sum of rs. 50,000 due from mr. reddy and trade payables include rs. 30,000 due to him. T.R T.P
19. The authorized capital of company is rs. 80, 00,000 divided into 8,00,000 equity share of rs. 10 each of which 3, 40,000 shares have been issued and fully paid up.
20. 20,000 equity shares were issued for consideration other than cash.
21. Trade receivable of rs.2, 60,000 are due for more than 6 months.
22. Bank balance includes ₹2,000 with Trust Bank Ltd which is not a scheduled bank.
23. Bills receivables for ₹2, 20,000 maturing on 30th June 2024 have been discounted.
24. The company had contract for the erection of machinery at ₹1, 50,000 which is still incomplete.

Income
- exp → Bonus.

P Before Bonus	100
Less: Bonus	10
Profit after Bonus	90

110

10

1

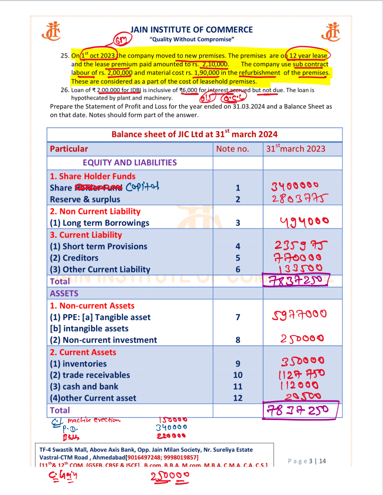
Asset

U/W — Rev. Res.
① Asset +
② Rev. Res +

D/W — P&L (–)
① Asset (–)
② P&L (–) R&S

		Exp	Income
O/S	(i)	+	+
	(ii)	Liab	Asset
P.P	(i)	(–)	(–)
	(ii)	Asset	Liab.

Mr reddy 30000 | Mr. Red. 50000
(30000)
20000



25. On 1st oct 2023 the company moved to new premises. The premises are on 12 year lease and the lease premium paid amounted to rs. 2,10,000. The company use sub contract labour of rs. 2,00,000 and material cost rs. 1,90,000 in the refurbishment of the premises. These are considered as a part of the cost of leasehold premises. 6m
26. Loan of ₹ 2,00,000 for IDBI is inclusive of ₹6,000 for interest accrued but not due. The loan is hypothecated by plant and machinery. O/S O.C.L

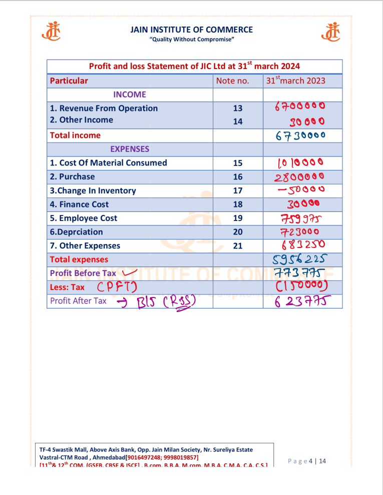
Prepare the Statement of Profit and Loss for the year ended on 31.03.2024 and a Balance Sheet as on that date. Notes should form part of the answer.

Balance sheet of JIC Ltd at 31st march 2024

Particular	Note no.	31st march 2023
EQUITY AND LIABILITIES		
1. Share Holder Funds		
Share ~~Holder Fund~~ Capital	1	3400000
Reserve & surplus	2	2803775
2. Non Current Liability		
(1) Long term Borrowings	3	494000
3. Current Liability		
(1) Short term Provisions	4	235975
(2) Creditors	5	770000
(3) Other Current Liability	6	133500
Total		7837250
ASSETS		
1. Non-current Assets		
(1) PPE: [a] Tangible asset	7	5977000
[b] intangible assets		
(2) Non-current investment	8	250000
2. Current Assets		
(1) inventories	9	350000
(2) trade receivables	10	1127750
(3) cash and bank	11	112000
(4)other Current asset	12	20500
Total		7837250

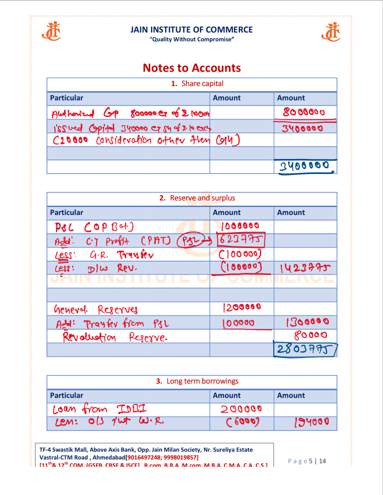
C.L machine erection 150000
P.D. 340000
Bills 220000

C.Liab'y 250000



Profit and loss Statement of JIC Ltd at 31st march 2024

Particular	Note no.	31st march 2023
INCOME		
1. Revenue From Operation	13	6700000
2. Other Income	14	30000
Total income		6730000
EXPENSES		
1. Cost Of Material Consumed	15	1010000
2. Purchase	16	2800000
3.Change In Inventory	17	-50000
4. Finance Cost	18	30000
5. Employee Cost	19	759975
6.Deprciation	20	723000
7. Other Expenses	21	683250
Total expenses		5956225
Profit Before Tax		773775
Less: Tax (PFT)		(150000)
Profit After Tax → B/S (R&S)		623775



Notes to Accounts

1. Share capital

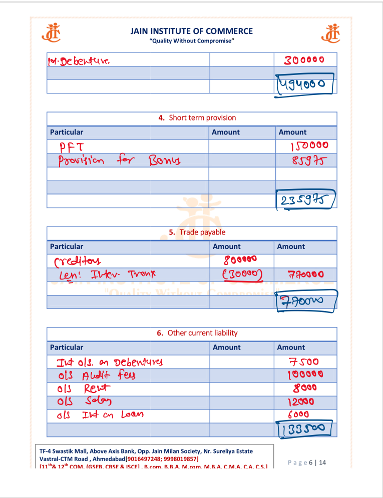
Particular	Amount	Amount
Authorized Cp 800000 eq of ₹ 10 each		8000000
issued Capital 340000 eq sh of ₹ 10 each		3400000
(20000 consideration other then Cash)		
		3400000

2. Reserve and surplus

Particular	Amount	Amount
P&L (Op Bal.)	1000000	
Add: C.Y Profit (PAT) (P&L) →	623775	
Less: G.R. Transfer	(100000)	
Less: D/W Rev.	(100000)	1423775
General Reserves	1200000	
Add: Transfer from P&L	100000	1300000
Revaluation Reserve.		80000
		2803775

3. Long term borrowings

Particular	Amount	Amount
Loan from IDBI	200000	
Less: O/S Int W.R.	(6000)	194000



10% Debenture.		300000
		494000

4. Short term provision

Particular	Amount	Amount
PFT		150000
Provision for Bonus		85975
		235975

5. Trade payable

Particular	Amount	Amount
Creditors	800000	
Less: Inter. Trans	(30000)	770000
		770000

6. Other current liability

Particular	Amount	Amount
Int O/S. on Debentures		7500
O/S Audit fees		100000
O/S Rent		8000
O/S Salary		12000
O/S Int on Loan		6000
		133500

7. PPE: Tangible assets		
Particular	**Amount**	**Amount**
motor veh.	800000	
– depn (10%)	(80000)	720000
machine	2000000	
– depn (20%)	(400000)	1600000
Building	1400000	
– depn (5%)	(70000)	1330000
Furniture (Cost)	680000	
Add: purch. (31/3/24) (T.B)	120000	
	800000	
Less: Sold (Cost) Adj	(60000)	
	740000	
Less: PFD (Total)	(378000)	362000
premises	300000	
+ wages	10000	310000
plant	400000	
+ U/W (20%)	80000	480000
Computer	700000	
Less: D/W Rev.	(100000)	600000
LHP (T.B)	210000	
Add: material & Lab (190+200)	390000	
	600000	
Less: W.off (600000 × 6/12)	(25000)	575000

5977000

depn
148000 ✓

depn To PFD 147000 148000 ✓

60000 — PFD 30000
— Loss 20000 P&L
— S.P 10000 Cash ✓
Asset (–)

---

8. Noncurrent investment		
Particular	**Amount**	**Amount**
12% govt. sec.		250000
		250000

9. Inventories		
Particular	**Amount**	**Amount**
closing stock		350000
		350000

10. Trade receivable		
Particular	**Amount**	**Amount**
Debtors	1200000	
Less: BD (25000 × 75%) ✓	(18750)	
	1181250	
Less: BDR (1200000 – 25000) × 2%	(23500)	
Net T.R.	1157750	
Less: Common Trans.	(30000)	
Less: Debtors due more than 6m	(260000)	867750
Debtors more than 6m		260000
		1127750

---

11. Cash and bank		
Particular	**Amount**	**Amount**
Cash Balance.	102000	
Add: Asset Sold out	10000	
Less: Balance with Trust Bank	(2000)	110000
Balance with Trust Bank		2000
		112000

12. Other current assets		
Particular	**Amount**	**Amount**
Prelim. exp	5000	
Less: Written off (adj.)	(2500)	2500
Prepaid fire Ins.		12000
O/S int on govt. sec.		6000
		20500

13. Revenue from operation		
Particular	**Amount**	**Amount**
Sales	7000000	
Less: S.R.	(300000)	6700000
		6700000 ✓

---

14. Other income		
Particular	**Amount**	**Amount**
Int. on govt. sec. (T.B)	24000	
Add: O/S (adj.)	6000	30000
		30000 ✓

15. Cost of material consumed		
Particular	**Amount**	**Amount**
material.	700000	
Less: LHP	(190000)	510000
Sub. Contract Lab.	700000	
Less: LHP	(200000)	500000
		1010000

16. Purchase		
Particular	**Amount**	**Amount**
Purchase.	3400000	
Less: Return	(600000)	2800000
		2800000

---

17. Change in inventories		
Particular	**Amount**	**Amount**
opening stock	300000	
Less: closing stock	(350000)	–50000
		–50000

18. Finance cost		
Particular	**Amount**	**Amount**
Int on Deb (T.B)	22500	
+ O/S int.	7500	30000
		30000

19. Employee benefit cost		
Particular	**Amount**	**Amount**

Salary	372000	
+ O/S salary	12000	384000
Wages	200000	
(–) wrongly Recorded.	(10000)	190000
Contn to P.F.		100000
Bonus		85975
		759975

20. Depreciation & Amort.		
Particular	**Amount**	**Amount**
Depn on M.Car, mach., Building.		550000
Depn on F&F		148000
LHP W.off		25000
		723000

Working of PFD :

Op Bal:	260000
Less: Asset (Sold)	(30000)
	230000
Add: CY depn	148000
Cl Bal.	378000

PFD

Asset	30000	B/d	260000
C/d	378000	P&L (CY)	148000

---

21. Other Expenses		
Particular	**Amount**	**Amount**
B.D.		18750
BDR		23500
Loss on Sale of Asset		20000
Audit fees		100000
Rent	50000	
+ O/S Rent	8000	58000
Prelim. exp. W.off		2500
Fire Insurance	20000	
Less: P.P.	(12000)	8000
Discount allowed		7500
Carriage o/w.		250000
Advt.		150000
Bad debt.		20000
misc. exp		25000
		683250

Calculation of Pre tax Bonus

Total income [13+14]	6730000
Less: Total Expenses [before bonus]	5870250
Profit before tax and bonus	859750
Bonus [10%]	85975

EBC

EBC — STP ✓

859750	P Before Bonus	100
85975	– Bonus	10
773775	P. after Bonus	90

eg. if Bonus is after.

P Before Bonus	110	859750
– Bonus	10	78159.
P. after Bonus	100	