Name:prof.B.Amutha Mary Jensi.

Department of Commerce

**Business Accounting**

**Unit-3**

**Self balancing ledgers and sectional balancing:**

**Sum:**

prepare the sales ledger adjustment A/c from the following information relating to the year ended 31.12.91.

|  |  |
| --- | --- |
| Rs  Opening balance of debtors 40,000  Sales(for cash of Rs.10,000) 90,000  Cash received from debtors 80,000  Discount allowed to debtors 500  Bills receivable received from 3,000  debtors  sales returns 8,000 | Rs  Bills receivable dishonored 500  Bad debts 1,000  Transfer to purchase ledger 2,000  Reserve for doubtful debts 1,500  Bad debts of last year received 1,000 |

**Solution:**

In the general ledger sales ledger adjustment A/c

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 1991 |  | Rs | 1991 |  | Rs |
| Jan1  Dec 31 | To balance b/d  To general ledger:Adjustment A/c(D.L):  sales | 40,000  500  80,000 | Dec31 | By general ledger:Adjustment A/c(D.L):cash  Discount allowed  B/R(received)  Sales returns  Bad debts  Transfer  By balance c/d | 80,000  500  3,000  8,000  1,000  2,000  26,000 |
| 1,20,500 | 1,20,500 |

**Unit -4**

**Fire insurance claims for loss of stock and profits:**

**Sum:**

Calculate insurance claim from the following facts assuming that the insurers met their liability under the policy on average basis.

A traders stock valued at Rs.40,000 was totally destroyed. The stock in the godown was insured for Rs.30,000 subject to average clause.The balance of stock,left after fire, appeared in the books at Rs.24,000.

**Solution:**

Amount of claim=Amount of policy x Actual loss of stock

Stock on the date of fire

**=**30,000 x40,000=Rs.18,750.

64,000

**Accounting for sale or return:**

**Sum:**

Amar sells goods to his approved customers on sale or return basis at a profit of 20% on sales,treating as actual sales.On 15th Dec,goods casting Rs.1,000 were to Usha traders. No confirmation has been received from Usha traders until 31st dec.

Give the necessary jounal entries in the books of Amar.

**Solution:**

Books of Amar

Journal entries

|  |  |  |  |
| --- | --- | --- | --- |
| Date | particular | Dr  Rs | Cr  Rs |
| Dec 15  Dec 31(a)  (b) | Usha traders A/C Dr  To sales A/C  (Being goods sold on approval)  Sales A/C Dr  To usha traders A/C  Stock with customers A/C Dr  To trading A/C  (Being cost of goods with customer,not yet approved) | 1,250  1,250  1,000 | 1,250  1,250  1,000 |

**Unit-5**

**Insolvency Accounts:**

**Sum:**

What are the preferential creditors in the following liabilities of insolvent Bhupesh according to presidency Towns Insolvency Act and provincial Insolvency Act?

Rs

3months salary for10clerks 3,600

One month wages of 12labourers 1,600

Sales tax 400

3 months rent of landlord 1,000

Income tax 1,400

Wages of four servants 1,400

Salaries 1,000

Municipal tax 400

Wages 6,000

**Solution:**

|  |  |  |  |
| --- | --- | --- | --- |
| Liabilities | | Preferential | |
| Amount  Rs | particulars | Under provincial insolvency act  Rs | Under presidency towns insolvency act.  Rs |
| 3,600  1,600  400  600  1,000  1,400  400  6,000  1,000 | Salary of 10 clerks  Wages of 12 labuorers’  Sales tax  Rent to landlord for 3 months  Income tax  Wages of 4 servants  Municipal tax  Wages  salaries | 200  240  400  Nil  1,000  80  400  6,000  1,000 | 3,000  1,200  400  200  1,000  400  400  6,000  1,000 |
| 16,000 |  | 9,320 | 13,6000 |

Rs.16,000-Rs9,320=Rs.6680 list A:Rs.16,000-Rs.13,600=Rs.2,400 list A