

1. **Questionnaire No. 7 of notice dated 23.10.2019 and similar question was asked in notice dated 28.08.2019 in Questionnaire No. 19:**

1.1. In this para, your good self have mentioned that during the survey proceedings, on the business premises of M/s XYZ cash amounting to Rs.9,88,420/- was found in physical verification, however, cash as per your books of account was Rs.47,71,419/-. Further, your good self gave show case as to why the cash shortage amounting to Rs.37,84,999/- should not be treated as unexplained income.

1.2. In this regard, it is submitted that the assessee's business i.e. M/s XYZ, is operated from two premises i.e. head office and branch office. The detail is provided as under:

- a) M/s XYZ, Kanina Road, Charkhi Dadri (Head Office)
- b) M/s XYZ, Railway Road, Charkhi Dadri (Branch Office)

That the assessee maintains separate books of account for both the premises. It is apparent from the Tax Audit report of XYZ for A.Y. 2018-19, wherein it is duly mentioned that 1 Branch. **(Refer copy of tax audit report at Page No.....113-136.....)**

1.3. Also, it is submitted that during the search proceedings cash kept at head office was counted by search team. Whereas on the other head, the cash at Branch was not verified. In this matter, it is also submitted that the books of accounts of the assessee as on 23.08.2017, was not final. As some entries of expenses paid and the cash transferred to branch on 20.08.2017 amounting to Rs.33,80,000/- was not passed in the books till 23.08.2017 (i.e. date of search).

The difference in cash physically found and cash recorded in the books of HO is explained as under:

Cash as per books of accounts of Head Office as on 23.08.2017 recorded by Search team	47,71,419.00
Less: cash book entries not recorded in books till the date of search	
1. Cash Transfer to Branch Office on 20.08.2017	(33,80,000.00)
2. Expenses paid entries not passed in the books for the period 20.08.2017 to 23.08.17	
- WAGES	(84,600.00)
- SALARY	(2,41,000.00)

- FREIGHT	(71,479.00)
- FACTORY EXP	(1,140.00)
- TELEPHONE EXP	(6,780.00)
Cash as per books of accounts as on 23.08.2017, after recording of cash entries	9,86,420.00
Cash Physically found in branch as on 23.08.2017	9,86,420.00
Difference	-

- 1.4. Also, it is submitted that this fact was also explained by Sh. ABC (supervisor of XYZ) during his statement recorded at the time of search that some adjustment entries are not recorded in the books yet. **The copy of statement of Sh. ABC dated 23.08.2017 is enclosed at Page No...137-146.....(Refer Relevant Question No. 20 at Page No...143...)**
- 1.5. **Further**, it is submitted that the cash found at business premises was less than the cash recorded in the books which should not be interpreted as unexplained income. Hypothetically, if the scenario was that the cash found was more than the cash recorded in books then the question of unexplained income could have arrived. However, in the instant case, the situation is otherwise. At the best, it could be interested that the assessee has done excess expenditure and the same is not recorded in the books. **Hence, no addition should be made in respect of the same as the difference is duly explained above.**