

Marks : 80	PRELIMINARY EXAM - 1 SYJC SOLUTION Subject: Book keeping and Accountancy	Time:3 Hrs.
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Q.1 Attempt any three of the following sub-questions.

A Answer the following questions in 'one' sentence each: (5)

1) What is 'bad debt'?

Ans. Irrecoverable money from debtors is called as bad debts.

2) What is surplus?

Ans. Excess of Income over expenditure is called as surplus.

3) What are noting Charges?

Ans. When a bill is dishonoured the fact that the bill is dishonoured is notified with the notary public (govt. office), the holder of the bill pays noting charges.

4) What is gain ratio?

Ans. Gain ratio is new ratio minus old ratio. Gain ratio means benefit ratio received by continuing partner when one of the partner retires from partnership firm.

5) What do you mean by analysis of financial statement?

Ans. Critical evaluation of financial statement to measure the profitability, solvency and growth of organization.

B Write a word/term/phrase which can substitute each of the following statements: (5)

1) The accounts which are prepared at the end of each financial year.

Ans. Final Accounts

2) The fees paid by a person who wants to become a life member of the concern, for his whole life.

Ans. Life membership fees.

3) The acknowledgement of debt under common seal of company.

Ans. Debenture

4) Payment of the bill before its due date.

Ans. Retirement of the bill

5) Critical evaluation of financial statement to measure profitability.

Ans. Ratio of Analysis

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C. Select the most appropriate alternative from those given below and rewrite the statements

(5)

- 1) **Goodwill** is an intangible asset.
a) Land b) Debtors c) Machinery d) goodwill
- 2) **Debenture** is an acknowledgement of debt under common seal of a company.
a) Share b) Debenture c) Asset d) Capital
- 3) When closing capital is greater than opening capital, it denotes **Profit**
a) Profit b) loss c) no profit no loss d) assets
- 4) Cash proceeds from the issue of debentures is a **Financial** activity.
a) Operating b) trading c) non-financial d) Financial
- 5) **Payee** is a person to whom the amount on a bill is payable.
a) Drawer b) Drawee c) Payee d) Endorsee

D State whether the following statements are true or false:

(5)

- 1) All direct expenses are debited to trading account.

Ans. True

- 2) When goodwill is paid privately, no entry in the books of account is required.

Ans. True

- 3) On dissolution, cash or bank account is closed automatically.

Ans. True

- 4) Noting charges are payable to the notary public on honour of a bill.

Ans. False

- 5) Single entry system is based on certain rules and principles.

Ans. False

E Prepare a format of bill of exchange from the following information:

(5)

- | | | |
|------------------------|---|---|
| (1) Drawer | : | Ahhilash patil, M.G Road, kokarda. |
| (2) Drawee | : | Bhargav Mishra, 140, civil lines, Nagpur. |
| (3) Payee | : | Gopal Deshpande, Ambajogai. |
| (4) Amount of bill | : | Rs.21,500 |
| (5) Period of bill | : | 3 months |
| (6) Date of bill | : | 23 th August, 2013 |
| (7) Date of acceptance | : | 25 th August, 2013 |
| (8) Accepted for | : | Rs.20,000 only |

: 2 :

Ans.

Bill of Exchange		
Stamp		Ahhilash patil, M.G Road, kokarda. 23 rd August,2013
₹21,500		
Three months after date pay to Gopal Deshpande of Ambajogi or his order the sum of Rupee Twenty One Thousand Five Hundred only for the value received.		
To, Bhargav Mishra, 140, Civil lines, Nagpur	ACCEPTED FOR ₹20,000 only	Sd/- Ahhilash patil,
	Sd/- Bhargav Mishra, 25 th August, 2013	

Q.2. Miss kalpana started her business with a capital of Rs.1, 30,000 on 1st April, 2015. Her financial position on 31st March, 2016 was as follows: **(8)**

Particular	Amt.(RS.)
Cash	9,120
Stock	10,250
Bills payable	12,880
Creditors	17,180
Debtors	31,000
Prepaid insurance	550
Bills receivable	29,120
premises	85,800
Vehicles.	40,200

Additional information:

- 1) Miss Kalpana brought additional capital of Rs. 20,000 on 30th September, 2015.
- 2) Interest on capital is to be allowed at 5% p.a.
- 3) She withdrew Rs. 10,000 for personal use.
- 4) Reserve for doubtful debts is to be provided at 2 ½ % after writing off bad debts of Rs. 1,000.
- 5) Depreciate vehicles at 10% p.a and premises at 5% p.a.
- 6) Creditors were overvalued by Rs.2,180.

Prepare:

- (1) Closing Statement of Affairs as on 31.03.2016.
- (2) Statement of profit or loss for the year ended on 31-03-2016.

Ans.

**In the books of Miss Kalpana
Closing statement of Affairs as on 31.03.2016**

Liabilities	Amt. ₹	Assets	Amt. ₹
Bills payable	12,880	Cash	9,120
Creditors	17,180	Stock	10,250
Capital(Bal. Figure)	1,75,980	Debtors	31,000
		Prepaid insurance	550
		Bills receivable	29,120
		Premises	85,800
		Vehicles	40,200
	2,06,040		2,06,040

**Statement of profit or Loss for the Year ended
31st March, 2016**

Particulars	Amount (₹)	Amount (₹)
Capital at the end of the Year		1,75,980
Add: Drawings during the year		10,000
		1,85,980
Less: Capital at the beginning of the year	1,30,000	
Additional capital introduced	20,000	1,50,000
Profit before adjustment		35,980
Add: Decrease in the value of creditors		2,180
		38,160
Less: Bad debts	1,000	
Reserve for doubtful debts	750	
Depreciation on Vehicles	4,020	
Depreciation on premises	4,290	17,060
Interest on capital (6500+500)	7,000	
Profit for the year		21,100

Q.3. Following is the Balance sheet of Harsha and Varsha's firm on 31st March, 2016. They share profit and losses in the ratio of 3:2. (10)

Balance sheet as on 31st March, 2016

Liabilities	Amount	Assets	Amount
Capital A/c's:		Land and building	2,00,000
Harsha	2,80,000	Furniture	76,000
Varsha	2,80,000	Sundry debtors	3,00,000
Sundry creditors	4,00,000	Stock	1,60,000
		Cash at bank	2,24,000
	9,60,000		9,60,000

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They decided to admit Asha on 1st April, 2016 into partnership on the following terms:

- 1) Asha should bring Rs.80, 000 as her share of Goodwill, which is to be retained in the business.
- 2) She should bring Rs.1, 00,000 as per capital for $\frac{1}{4}$ th share in future profits.
- 3) Land and building to be valued at Rs.2, 40,000 and furniture be reduced by 10%.
- 4) A provision of 5% on debtors to be made for doubtful debts.
- 5) The stock is to be taken at a value of Rs.2,00,000.
- 6) The excess of capital of Harsha and Varsha over their due proportion of sharing profits in the firm is to be transferred to their respective loan account.

Prepare:

Profit/loss Adjustment a/c. Partners Capital a/c. and new balance sheet of the firm.

Ans.

In the books of firm

Dr.

Profit and Loss Adjustment A/c

Cr.

Particulars	Amt. ₹	Amt. ₹	Particulars	Amt. ₹	Amt. ₹
To furniture A/c		7,600	By Land and Building A/c		40,000
To R.D.D. A/c		15,000	By Stock A/c		40,000
To Revaluation Profit:					
Harsha Cap.A/c	34,440				
Varsha Cap.A/c	22,960	57,400			
		80,000			80,000

Dr.

Partners' Capital Accounts

Cr.

Particulars	Harsha	Varsha	Asha	Particulars	Harsha	Varsha	Asha
To Loan A/c	1,82,440	2,14,960	-	By Balance b/d	2,80,000	2,80,000	-
To Balance C/d (NR = 9:6:5)	1,80,000	1,20,000	1,00,000	By Bank A/c	-	-	1,00,000
				By Goodwill A/c	48,000	32,000	-
				By P/L Adj. A/c	34,440	22,960	-
	3,62,440	3,34,960	1,00,000		3,62,440	3,34,960	1,00,000

M/s. Harsha, Varsha and Asha
Balance sheet as on 1st April 2016

Liabilities	Amt. ₹	Amt. ₹		Amt. ₹	Amt. ₹
Capital A/cs			Land and Building	2,00,000	
Harsha	1,80,000		Add: Appreciation	40,000	2,40,000
Varsha	1,20,000		Furniture	76,000	
Asha	1,00,000	4,00,000	Less: Depreciation	7,600	68,400
Partners Loan A/cs			Stock	1,60,000	
Harsha	1,82,440		Add: Appreciation	40,000	2,00,000
Varsha	2,14,960	3,97,400	Sundry Debtors	3,00,000	
Creditors		4,00,000	Less: R.D.D	15,000	2,85,000
		11,97,400	Cash at bank		4,04,000
					11,97,400

OR

The balance sheet of Samarth Traders is as follows. The partners share profit and losses as 5:2:3.

Balance Sheet as on 31st march, 2016

Liabilities	Amount	Assets	Amount
Capital A/c's:		Plant and machinery	16,000
Prakash	18,000	Building	20,000
Dinakar	16,000	Stock	10,200
Rajan	8,800	Debtors	8,400
Creditors	10,600	Less: R.D.D.	<u>400</u>
General reserve	7,000	Cash in hand	6,200
	60,400		60,400

Dinakar retired from the business on 1st April, 2016 on the following terms:

- 1) The assets are revalued as under:
 - a) Stock at Rs.14000.
 - b) Building is appreciated by 10%.
 - c) Reserve for doubtful debt is to be increased upto Rs.500.
 - d) Plant and machinery is to be depreciated by 10%.
- 2) The goodwill of the retiring partner is valued at Rs.4,000 and the remaining partners decided that goodwill be written back in their new profit sharing ratio which will be 5:3.
- 3) Dinakar is to be paid Rs. 2,220 in cash on his retirement and the balance is to be transferred to his loan account.

Prepare :

- 1) Profit and loss Adjustment account.
- 2) Capital Account of Partners.
- 3) Balance sheet of new firm.

Ans.

In the books of Samarth Traders					
Dr.			Cr.		
Profit and Loss Adjustment A/c					
Particulars	Amt. ₹	Amt. ₹	Particulars	Amt. ₹	Amt. ₹
To R.D.D. A/c		100	By Stock A/c		3,800
To Plant and Machinery A/c		1,600	By Building A/c		2,000
To Revaluation Profit					
Prakash Cap. A/c	2,050				
Dinakar Cap. A/c	820				
Rajan Cap. A/c	1,230	4,100			
		5,800			5,800

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Particulars	Prakash	Dinakar	Rajan	Particulars	Prakash	Dinakar	Rajan
To Goodwill A/c	2,500	-	1,500	By Balance b/d	18,000	16,000	8,800
To Cash A/c	-	2,220	-	By General Reserve A/c	3,500	1,400	2,100
To Dinakar's Loan A/c	-	20,000	-	By Goodwill A/c	-	4,000	-
To Balance C/d	21,050	-	10,630	By P/L Adj. A/c	2,050	820	1,230
	23,550	22,220	12,130		23,550	22,220	12,130

M/s. Samarth Traders
Balance sheet as on 1st April, 2016

Liabilities	Amt. ₹	Amt. ₹		Amt. ₹	Amt. ₹
Partners' Capital A/cs:			Building	20,000	
Prakash	21,050		Add: Appreciation	2,000	22,000
Rajan	10,630	31,680	Plant and machinery	16,000	
Dinakar Loan A/c		20,000	Less: Depreciation	1,600	14,400
Creditors		10,600	Stock	10,200	
			Add: Appreciation	3,800	14,000
			Debtors	8,400	
			Less: R.D.D	500	7,900
			Cash		3,980
		62,280			62,280

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Q.4. Pooja owes Sunil Rs.50, 000. Sunil draws a bill for Rs.42, 000 on pooja for 3 month's period and received the cheque for the balance. The bill is duly accepted and returned to sunil. On the same date, sunil endorsed pooja's accepted to prema. On the due date, prema informed sunil that pooja dishonoured her acceptance and paid rs.350 as nothing charges. Sunil then drew new bill for one month on pooja including nothing charges and interest Rs1, 200. On the due date pooja honoured the bill by cheque.

Prepare:

Pass journal Entries in the books of sunil and prepare sunil's account in the books of pooja. **(10)**

Ans.

Journal of Sunil (Drawer)				
Date	Particulars	L.F.	Debit ₹	Credit ₹
(1)	Bills Receivable A/c Dr. Bank A/c Dr. To Pooja A/c (Being cheque and three months acceptance received from Pooja)		42,000 8,000	50,000
(2)	Prema A/c Dr. To Bills Receivable A/c (Being bill endorsed to Prema)		42,000	42,000
(3)	Pooja A/c Dr. To Prema A/c (Being endorsed bill dishonoured and noting charges paid by Prema)		42,350	42,350
(4)	Pooja A/c Dr. To Interest A/c (Being interest receivable from Pooja)		1,200	1,200
(5)	Bills Receivable A/c Dr. To Pooja A/c (Being new acceptance of one month received from Pooja)		43,550	43,550

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(6)	Bank A/c Dr. To Bills Receivable A/c (Being honour of a new acceptance by Pooja)		43,550	43550
	Total ₹		2,22,650	2,22,650

**In the Ledger of Pooja
Sunil Account**

Dr.				Cr.			
Date	Particulars	J.F.	Amt. ₹	Date	Particulars	J.F.	Amt. ₹
	To Bills Payable A/c		42,000		By Balance b/d		50,000
	To Bank A/c		8,000		By Bills Payable A/c		42000
	To Bills Payable A/c		43,550		By Noting charges A/c		350
					By Interest A/c		1,200
			93,550				93,550

J.K.SHAH CLASSES

Q.5. Rahul, Rohit and Ramesh were partners in a firm sharing profit and losses in the ratio of 2:2:1 respectively. The balance sheet as on 31-3-2013 was as follows. (10)

Balance sheet as on 31st March, 2013

Liabilities	Rs.	Assets	Rs.
Sundry creditors	20,000	Cash at bank	8,000
Bills payable	5,000	Debtors	16,000
General reserve	6,000	Less: R.D.D.	(1,000)
Rahul's Loan A/c	16,000	Stock	20,000
Capital A/c		Plant and machinery	30,000
Rahul	25,000	Furniture	6,000
Rohit	10,000	Ramesh's capital A/c	3,000
	82,000		82,000

The firm was dissolved on the above date:

- Assets realized as follows:
Debtors Rs.9, 000; plant and machinery Rs.26, 000; stock Rs.14,000; furniture Rs.3,000.
- The creditors were paid Rs.18,000, in full settlement and the bill payable were paid in full.
- The realization expenses amounted to Rs.3,000.
- Ramesh became insolvent and was able to bring in only Rs.1,800 from his private estate.

Prepare: realization A/c; partner's capital A/c; bank A/c.

Ans.

In the books of firm					
Realisation A/c					
Dr.					Cr.
Expenditure	Amt. ₹	Amt. ₹	Income	Amt. ₹	Amt. ₹
To Sundry Assets			By Sundry Liabilities :		
Debtors	16,000		Sundry Creditors	20,000	25,000
Stock	20,000		Bills payable	5,000	
Plant and machinery	30,000		By R.D.D A/c		1,000
Furniture	6,000	72,000			

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To Bank A/c Realisation Expense		3,000	By Bank A/c Debtors	9,000	
To Bank A/c Sundry Creditors	18,000		Plant and machinery	26,000	
Bills payable	5,000	23,000	Stock	14,000	
			Furniture	3,000	52,000
			By Realisation loss :		
			Rahul Capital A/c	8,000	
			Rohit Capital A/c	8,000	
			Ramesh Capital A/c	4,000	20,000
		98,000			98,000

Dr. Partners capital A/c Cr.

Particulars	Rahul	Rohit	Ramesh	Particular	Rahul	Rohit	Ramesh
To Balance b/d	-	-	3,000	By Balance b/d	25,000	10,000	-
To Realisation A/c	8,000	8,000	4,000	By General Reserve A/c	2,400	2,400	1,200
To Ramesh Capital A/c	2,000	2,000	-	By Bank A/c	-	-	1,800
To Bank A/c	17,400	2,400	-	By Bank Capital A/c	-	-	-
				By Rahul Capital A/c	-	-	2,000
				By Rohit Capital A/c	-	-	2,000
	27,400	12,400	7,000		27,400	12,400	7,000

Dr. Bank A/c Cr.

Particulars	Amt. ₹	Particulars	Amt. ₹	Amt. ₹
To Balance b/d	8,000	By Realisation A/c		3,000
To Realisation A/c	52,000	By Realisation A/c		23,000
To Ramesh Capital A/c	1,800	By Rahul Loan A/c		16,000
		By Rahul Capital A/c		17,400
		By Rohit Capital A/c		2,400
	61,800			61,800

OR

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Q.5. Mahakali co. Ltd. Chandrapur issued 1,000, 12% debentures of Rs.100 each, payable Rs. 20 on application and the balance on allotment. Applications were received for 1,500 debentures out of which application for 900 were allotted fully, application for 400 were 100allotted debentures and remaining rejected. All dues received. Journalize the transactions and also show balance sheet.

Ans.

Journal of Mahakali Co. Ltd.

Date	Particulars	L.F.	Debit ₹	Credit ₹
(1)	Bank A/c Dr. To 12% Debenture Application A/c (Being application money received on 1500 debentures)		30,000	30,000
(2)	12% Debenture Application A/c Dr. To 12% Debentures A/c (Being application money on 1,000 debentures transferred to 12% Debenture A/c)		20,000	20,000
(3)	12% Debenture Application A/c Dr. To 12% Debenture Allotment A/c (Being Excess application money on 300 debentures transferred to Debenture Allotment A/c)		6,000	6,000
(4)	12% Debenture Application A/c Dr. To Bank A/c (Being application money on 200 debentures refunded)		4,000	4,000
(5)	12% Debenture Allotment A/c Dr. To 12% Debentures A/c (Being allotment money @ ₹ 80 due on 1,000 debentures)		80,000	80,000
(6)	Bank A/c Dr. To 12% Debenture Allotment A/c (Being allotment money on debentures received)		74,000	74,000

**Mahakali Co. Ltd.
Balance Sheet as on.....**

Liabilities	Amt. ₹	Assets	Amt. ₹
12% Debenture	1,00,000	Bank	1,00,000
	1,00,000		1,00,000

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Q.6. Following is the receipts and payments account of chamber of commerce, Amravati for the year ending 31st March, 2012 and some additional information.

Receipts and payments Account for the year ended 31.3.2012

Receipts	Rs.	Payments	Rs.
To balance b/d (cash at bank)	11,960	By printing and stationery	6,950
To Subscription (including Rs.2,500 for 2010-11)	36,500	By repairs	2,100
To sale of furniture (book value Rs.18,000)	12,000	By Rent	8,500
To Donation for building fund	27,000	By books	20,000
To Admission fees (Revenue)	5,050	By Travelling expense	2,000
		By Investments	40,000
		By Insurance	1,700
		By Balance c/d (cash at bank)	11,260
	92,510		92,510

Additional information:

Particulars	Amt. (Rs.)	Amt. (Rs.)
Outstanding subscription	3,000	5,000
Furniture	32,000	12,600
Building fund	1,45,000	--
Capital fund	1,51,960	--
investments	2,50,000	--

Prepare income and Expenditure A/c for the year ended 31st March 2012 and Balance sheet as on that date. (12)

Ans .

Books of Chamber of Commerce

Dr. Income and Expenditure A/c for the year ended 31.03.2012 Cr.

Expenditure	Amt. ₹	Amt. ₹	Income	Amt. ₹	Amt. ₹
To Printing and Stationery		6,950	By Subscription	36,500	
To Repairs		2,100	Less : O/s of L. Y.	2,500	
To Rent		8,500		34,000	
To Travelling expenses		2,000	Add : O/s of C.Y.	5,000	39,000
To Insurance		1,700	By Admission Fees		5,050
To Dep. on Furniture		1,400			
To Loss on Sale of furniture		6,000			
To Surplus c/d		15,400			
		44,050			44,050

Balance Sheet as on 31.03.2012

Liabilities	Amt. ₹	Amt. ₹	Assets	Amt. ₹	Amt. ₹
Capital Fund :			Furniture	32,000	
Opening Balance	1,51,960		Less : Sold	18,000	
Add : Surplus	15,400	1,67,360		14,000	
Building Fund	1,45,000		Less : Depreciation	1,400	12,600
Add : New	27,000	1,72,000	Books		20,000
			Investment	2,50,000	
			Add : New	40,000	2,90,000
			O/s Subscription		
			Last year	500	
			Current year	5,000	5,500
			Cash at Bank		11,260
					3,39,360
					3,39,360

Q.7. Satish and pradeep are partners in a partnership firm, sharing profits and losses equally. From the following Trial balance and adjustments given below you are required to prepare Trading and profit and loss A/c for the year ended 31st March, 2013 and Balance Sheet as on that date.

Trial Balance as on 31.3.2013

Debit Balance	Amt. (Rs.)	Credit Balance	Amt.(Rs)
Purchase	2,20,000	Partners' Capital	
Sundry debtors	45,000	Satish	1,20,000
Discounts	4,000	Pradeep	90,000
Opening stock	25,000	Sales	4,30,000
Wages and salaries	23,000	Sundry creditors	85,000
Manufacturing expenses	25,500	Discount	3,500
Factory building	1,75,000		
Plant and machinery	75,000		
Advertisement	10,000		
(for 2yrs. W.e.f. 1.1.13			
Salary and wages	45,000		
Cash in hand	15,000		
10% Govt. bonds	60,000		
(purchased on 1.7.2012)			
Warehouse rent	6,000		
	7,28,500		7,28,500

Adjustments:

- 1) Closing stock was valued at market price at Rs.92, 000 which is 15% above its cost price.
- 2) Depreciate machinery at 10% p.a.
- 3) Outstanding wages were Rs.2,500.
- 4) Maintain R.D.D. at 5% on sundry debtors.

(15)

Ans.

M/s. Satish and Pradeep					
Dr.		Trading and Profit and Loss A/c for the year ended 31.03.2013		Cr.	
Particulars	Amt. ₹	Amt. ₹	Particulars	Amt. ₹	Amt. ₹
To Opening stock		25,000	By Sales		4,30,000
To Purchases		2,20,000	By Closing Stock		80,000
To Wages and Salaries	23,000				
Add : Outstanding	2,500	25,500			
To Manufacturing expenses		25,500			
To Gross Profit c/d		2,14,000			
		<u>5,10,000</u>			<u>5,10,000</u>
To Discount		4,000	By Gross Profit b/d		2,14,000
To Advertisement	10,000		By Discount		3,500
Less : Prepaid	8,750	1,250	By Interest on Govt. Bond		4,500
To Salaries and Wages		45,000			
To Warehouse rent		6,000			

To Depreciation on Machinery		7,500			
To R.D.D.		2,250			
To Net Profit trd. to : Satish Cap. A/c Pradeep Cap. A/c	78,000 78,000	1,56,000			
		<u>2,22,000</u>			<u>2,22,000</u>

Dr.		Partner's Capital Accounts		Cr.	
Particulars	Satish	Pradeep	Particulars	Satish	Pradeep
To Balance c/d	1,98,000	1,68,000	By Balance b/d	1,20,000	90,000
			By P/L A/c	78,000	78,000
	<u>1,98,000</u>	<u>1,68,000</u>		<u>1,98,000</u>	<u>1,68,000</u>

M/s. Satish and Pradeep
Balance Sheet as on 31.03.2013

Liabilities	Amt. ₹	Amt. ₹	Assets	Amt. ₹	Amt. ₹
Capital :			Sundry Debtors	45,000	
Satish	1,98,000		Less : New R.D.D.	2,250	42,750
Pradeep	1,68,000	3,66,000	Factory Building		1,75,000
Sundry Creditors		85,000	Plant and Machinery	75,000	
Outstanding Wages		2,500	Less : Depreciation	7,500	67,500
			Cash in hand		15,000
			10% Govt. Bond	60,000	
			Add : Interest on Bonds	4,500	64,500
			Prepaid Advertisement		8,750
			Closing stock		80,000
		<u>4,53,500</u>			<u>4,53,500</u>