



J.K. SHAH[®]
TEST SERIES
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SUGGESTED SOLUTION

SYJC 2020

SUBJECT- Book Keeping & Accountancy

Test Code – SYJ 6062 A

BRANCH - () (Date :)

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ANSWER : 1**(A)****(06)**

1. A new partner is admitted to the existing partnership firm to increase the capital resources of the firm and to secure advantages of a new entrant's skill and business connections, i.e. goodwill.
2. On admission of a new partner, the amount of general reserve is shared by old partners only.
3. Under Single Entry System, profit is calculated by considering estimated values and not actual figures of assets, liabilities, expenses, incomes, etc. and hence it is difficult to ascertain the correct Profit or Loss.
4. Statement of Profit or loss is prepared under the Single Entry System to ascertain profit.
5. Net worth method or Capital comparison method, is a method in which profit is calculated by comparing the capital at the end of the trading period with that of the beginning of the year.
6. An account operated by any partnership firm for recording changes in the values of assets and liabilities and to ascertain profit or loss made on revaluation of assets and liabilities is called Profit and Loss Adjustment A/c or Revaluation A/c.

(B)**(04)**

1. Loss on revaluation of assets and liabilities
2. Capital
3. Closing Statement of Affairs
4. Goodwill

(C)**(06)**

1. Sacrifice
2. Personal accounts and cash A/c. are opened
3. Gross profit
4. Reserve fund
5. Capital
6. Double entry

(D)**(04)**

1. False
2. False
3. True
4. True

ANSWER : 2**(10)**

Dr.	Revaluation Account		Cr.
Particular	Amt. Rs.	Particular	Amt. Rs.
To Land & Building A/c.	3,500	By Partner's Capital A/c.	
To Plant & Machinery A/c.	2,450	(Loss transferred – Dhiraj	7,182
To stock A/c	2,870	Niraj	4,788

To R.D.D. A/c.	3,150		
	11,970		11,970

Partner's Capital Accounts

Dr.				Cr.			
Particulars	Dhiraj	Niraj	Suraj	Particular	Dhiraj	Niraj	Suraj
To Revlauation A/c. (Loss)	7,182	4,788	----	By Balance B/d	50,000	50,000	-
To Cash A/c	--	44,212	---	By General reserve A/c.	6,000	4,000	---
To Balance c/d	60,000	20,000	20,000	By Cash A/c.	---	---	20,000
				By Goodwill A/c	---	15,000	-
				By Cash A/c.	11,182	--	---
	67,182	69,000	20,000		67,182	69,000	20,000

Balance Sheet as on 1st April, 2012

Liabilities	Amt. Rs.	Amt. Rs.	Assets	Amt. Rs.	Amt. Rs.
Capital Accounts			Land and Building	35,000	
Dhiraj	60,000		Less : Depreciation	3,500	31,500
Niraj	20,000		Plant & Machinery	49,000	
Suraj	20,000	1,00,000	Less : Depreciation	2,450	46,550
Sundry Creditors		70,000	Furniture		2,100
Bills Payable		7,000	Stock	28,700	
			Less : Decrease in the value	2,870	25,830
			Sundry Debtors	63,000	
			Less : R.D.D.	3,150	59,850
			Cash (W. No. 3)		11,170
		1,77,000			1,77,000

Working Note : 1

Calculation of Sacrifice Ratio of old partners

Sacrifice Ratio = Old Ratio – New Ratio

$$\text{Dhiraj} = \frac{3}{5} - \frac{3}{5} = \text{Nil}$$

$$\text{Niraj} = \frac{2}{5} - \frac{1}{5} = \frac{1}{5}$$

Dhiraj does not make any sacrifice and hence goodwill should be given only to Niraj.

Working Note : 2

Adjustment of Capitals in New profit sharing ratio

Total Capital = For $\frac{1}{5}$ Share Suraj brought Rs. 20,000

For $\frac{4}{5}$ Capital will be as under

$$= \frac{4}{5} \times \frac{5}{1} \times 20,000 = \text{Rs. } 80,000$$

Total Capital = 20,000 + 80,000 = Rs. 1,00,000 to be adjusted in New PSR

Dhiraj = $1,00,000 \times \frac{3}{5}$ = Rs. 60,000 Suraj = $1,00,000 \times \frac{1}{5}$ = Rs. 20,000

Niraj = $1,00,000 \times \frac{1}{5}$ = Rs. 20,000

Working Note : 3

Dr.		Cash Account		Cr.	
Particulars	Amt. Rs.	Particulars	Amt. Rs.		
To Balance b/d	9,200	By Niraj's Capital A/c.		44,212	
To Suraj's Capital A/c.	20,000	(Payment of excess capital)			
To Goodwill A/c.	15,000	By Balance c/d		11,170	
To Dhiraj's capital A/c.	11,182	(Receipt of deficit capital)			
	55,382			55,382	

ANSWER : 3

(10)

In the books of MR. KESHAV

Statement of Affairs

Liabilities	1.4.2012	31.3.2013	Assets	1.4.2012	31.3.2013
Creditors	52,500	69,000	Furniture	15,000	45,000
Bills Payable	-	18,000	Investments	-	30,000
Capital	88,500	1,69,500	Debtors	60,000	90,000
(Balancing figure)			Stock in trade	30,000	37,500
			Cash at Bank	36,000	54,000
	1,41,000	2,56,500		1,41,000	2,56,500

Statement of Profit or Loss for the year ended 31st March, 2013

Particulars		Amt. Rs.	Amt. Rs.
Capital at the end of the accounting year 2012 – 13			1,69,500
Add : Drawings made during the accounting year 2012 – 13			
Cash transferred from business A/c to personal A/c.	3,000 × 6	18,000	
	2,000 × 6	12,000	
Goods withdrawn for personal use		7,000	37,000
			2,06,500
Less : Additional capital introduced during the accounting year 2012 – 13			27,000
			Adjusted Capital :
			1,79,500
Less : Capital in the beginning of the accounting year 2012 – 13			88,500
			91,000
Less : (1) Depreciation charged on Furniture		4,500	
(2) Reserve for Doubtful Debts		4,500	9,000
Net Profit earned during the accounting year 2012 – 13			82,000

Working Notes :

- (1) Depreciation on Furniture = 10% closing on value of Furniture for 1 year = $\frac{10}{100} \times 45,000 \times 1$
= Rs. 4,500
- (2) R.D.D. = 5% on the closing value of debtors = $\frac{5}{100} \times 90,000 = \text{Rs. } 4,500$
- (3) Total Drawings of Mr. Keshav = (Transfer of funds from business A/c. to Personal A/c)
+(Value of goods withdrawn)
= $(3,000 \times 6 + 2,000 \times 6) + 7,000 = 18,000 + 12,000 + 7,000 = \text{Rs. } 37,000$