



J.K. SHAH[®]
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SUGGESTED SOLUTION

SYJC 2020

SUBJECT- BOOK KEEPING AND ACCOUNTANCY

Test Code - SYJ 6071

BRANCH - () (Date :)

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ANSWER : 1

(04)

(A)

1. Closing stock is valued at cost price or at market price whichever is less.
2. Partner's Loan Account is debited on repayment of Partner's Loan.
3. A person whose Capital A/c. shows debit balance and who is not in a position to pay debit balance of his Capital A/c to the firm is called an insolvent person.
4. The debit balance of Trading Account means gross loss suffered by the business concern, during the accounting year.

(B)

(03)

1. Net Profit
2. Realisation A/c
3. Realisation

(C)

(04)

1. (a) Goodwill
2. (b) Trial balance
3. (c) insolvent
4. (a) dissolution

(D)

(04)

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

ANSWER : 2

(15)

In the books of SHAH TRADERS
Trading and Profit and Loss Account for the year ended 31st March, 2011

Particulars	Amt. Rs.	Amt. Rs.	Particulars	Amt. Rs.	Amt. Rs.
To Opening Stock		32,000	By Sales	1,93,500	
To Purchases	64,000		Less : Return Inward	3,500	1,90,000
Less : Returns Outward	2,500	61,500	By Roshan's drawings		750
To Carriage		1,500	(Goods taken over)		
To Wages and Salaries	35,000		By Closing Stock		25,000
Less : Advance given	3,000	32,000			
To Gross Profit c/d		88,750			
		2,15,750			2,15,750
To Rent, Rates and Taxes		2,000	By Gross Profit b/d		88,750
To R.B.D.D. A/c :					
Bad Debts	1,750				
Add : New Bad debts	1,500				
Add : New Reserve	-				
	3,250				
Less : Old Reserve	-	3,250			

To Depreciation :					
On Plant and Machinery	1,500				
On Land and Building	4,000	5,500			
To Conveyance		4,000			
To Repairs to Building		3,500			
To Partners' Capital A/cs :					
(Net Profit)					
Rohan	47,000				
Roshan	23,500	70,500			
		88,750			88,750

Partners' Capital Accounts

Particulars	Rohan Rs.	Roshan Rs.	Particulars	Rohan Rs.	Roshan Rs.
To Drawings A/c. (Goods taken over)	-	750	By Balance b/d	90,000	50,000
To Balance c/d	1,37,000	72,750	By Profit and Loss A/c. (Share in Net Profit)	47,000	23,500
	1,37,000	73,500		1,37,000	73,500
			By Balance b/d	1,37,000	72,750

Balance Sheet as on 31st March, 2011

Liabilities	Amt. Rs.	Amt. Rs.	Assets	Amt. Rs.	Amt. Rs.
Partners' Capital A/cs :			Land and Building	83,500	
Rohan	1,37,000		Less : Repairs to Building	3,500	
Roshan	72,750	2,09,750		80,000	
Sundry Creditors		15,000	Less : Depreciation @ 5%	4,000	76,000
Unpaid wages		1,500	Plant & Machinery	30,000	
			Less : Depreciation @ 5%	1,500	28,500
			Furniture		18,500
			Bills Receivable		5,000
			Sundry Debtors	32,000	
			Less : New Bad debts	1,500	30,500
			Patents		25,000
			Closing stock		25,000
			Advances given to workers		3,000
			Cash at Hand		14,750
		2,26,250			2,26,250

Working Notes :

1. Amount of Rs. 3,500 spent on repairs to Building is first deducted from Building and then depreciation @ 5% on net value of building is calculated. Repairs to building : Rs. 3,500 is debited to Profit and Loss A/c.
2. Closing stock is shown at cost Rs. 25,000 which is lower than Market Price : Rs. 30,000. First it is shown separately on the Credit side of Trading Account and then it is shown separately on the Assets side of Balance Sheet.
3. Goods valued Rs. 750 withdrawn by Roshan are first credited to Trading A/c. and then debited to Rohan's Capital A/c.

4. Wages Rs. 3,000 given as advance to workers are first deducted from Wages and then shown on the Assets side of Balance Sheet.
5. New Bad Debts of Rs. 1,500 are first added to Bad debts on Debit side of Profit and Loss A/c and deducted it from Sundry Debtors on the Assets side of Balance Sheet.
6. Unpaid wages Rs. 1,500 given in Trial Balance are shown only on the Liabilities side of Balance Sheet. This is because Unpaid wages become liability of the firm.
7. Credit balance of Profit & Loss A/c i.e., Net profit arrived at Rs. 70,500.

Division of Net Profit : Rohan's share in Net Profit = $\frac{2}{3} \times 70,500 = \text{Rs. } 47,000$

Roshan's share in Net Profit = $\frac{1}{3} \times 70,500 = \text{Rs. } 23,500$

ANSWER : 3

(10)

In the books of PARTNERSHIP FIRM

Realisation Account

Dr.	Amt.	Amt.	Cr.	Amt.	Amt.
To Sundry Assets A/c. :			By Sundry Liabilities		
Building	73,900		Creditors	48,500	
Furniture	44,100		Bank Loan	11,500	60,000
Stock	25,400		By Cash A/c. :		
Debtors	33,600	1,77,000	Building	49,800	
To Cash A/c.:			Furniture	21,000	
Creditors	36,900		Stock	16,500	
Bank Loan	11,500		Debtors	19,200	1,06,500
Dissolution Expenses	4,100	52,500	By Partner's Capital A/cs :		
			(Balancing figure)		
			(Loss)		
			Gautam	21,000	
			Virat	21,000	
			Ashwin	21,000	63,000
		2,29,500			2,29,500

Partners' Capital Accounts

Dr.	Gautam	Virat	Ashwin	Cr.	Gautam	Virat	Ashwin
	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.
To Balance b/d	-	-	15,000	By Balance b/d	75,000	45,000	--
To Realisation A/c. (Share in loss)	21,000	21,000	21,000	By Reserve Fund	9,000	9,000	9,000
To Ashwin's Capital A/c (Deficiency borne)	11,500	11,500	-	By Cash A/c (Amount recovered)	-	-	4,000
To Cash A/c. (Amount paid)	51,500	21,500	-	By Gautam's Capital A/c. (Deficiency Borne)	-	-	11,500
				By Virat's Capital A/c. (Deficiency borne)	-	-	11,500
	84,000	54,000	36,000		84,000	54,000	36,000

Cash Account

Dr.		Cr.	
Particulars	Amt. Rs.	Particulars	Amt. Rs.
To Balance b/d	15,000	By Realisation A/c.	52,500
To Realisation A/c	1,06,500	By Gautam's Capital A/c.	51,500
To Ashwin's Capital A/c	4,000	By Virat's Capital A/c.	21,500
	1,25,500		1,25,500

Note : Answer given above are correct.

Working Notes :

- (1) Capital deficiency of Ashwin is calculated as follows :
 Ashwin's Capital deficiency = Total of Debit side of Capital A/c – Total of Credit side of Capital

$$= 36,000 - 13,000 = \text{Rs. } 23,000$$
- (2) Profit sharing ratio of solvent partners i.e. Gautam and Virat is 1 : 1 i.e. equal.
- (3) Capital deficiency of Ashwin of Rs. 23,000 is borne by Gautam and Virat in equal ratio.

Gautam's share in capital deficiency = $\frac{1}{2}$ of 23,000 = Rs. 11,500

Virat's share in capital deficiency = $\frac{1}{2}$ of 23,000 = Rs. 11,500.

Here Gautam and Virat stand to lose, hence their capital Accounts are debited by Rs. 11,500 each and Ashwin's Capital Account is credited by Rs. 23,000.

- (4) The debit balance of Realisation A/c of Rs. 63,000 indicates loss on realization of assets and liabilities. This loss of Rs. 63,000 is divided equally among all three partners. Hence each of them is required to bear Rs. 21,000. It is debited to their Capital Accounts.