



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

SYJC

SUBJECT- Book Keeping & Accountancy

Test Code – SYJ 6098

BRANCH - () (Date :)

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

1. A bill of exchange which is drafted, accepted and made payable between the parties from one and the same country is called an Inland bill of exchange.
2. The due date of a bill of exchange is the date on which it is falling due for payment by the drawee.
3. Statement of Profit or loss is prepared under the Single Entry System to ascertain profit.
4. 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.
5. An endorsee is the person to whom or in whose favour a bill is endorsed or transferred.
6. 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.

(B) (04)

1. After date bill
2. Endorsement
3. Capital
4. Closing Statement of Affairs

(C) (06)

1. Three
2. Endorsement
3. Gross profit
4. Double entry
5. Drawee
6. Personal accounts and cash A/c. are opened

(D) (04)

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

ANSWER : 2 (10)**Journal entries in the books of Devidas Sheth**

| Date | Particulars | L.F. | Debit Rs. | Credit Rs. |
|----------------|--|------|-----------|------------|
| 2012 May 14 | Khushal Sheth's A/c. Dr. To Sales A/c. (Being goods were sold on credit) | | 30,000 | 30,000 |
| May 14 | Bills Receivable A/c. Dr. To Khushal Sheth's A/c. (Being acceptance received for 4 months from | | 30,000 | 30,000 |

| | | | | | |
|---------|--|-----|--|------------------|-----------------|
| | Khushal Sheth) | | | | |
| May 14 | Bank / Cash A/c Discount A/c. To Bills Receivable A/c. (Being 4 months bill of Khushal Sheth discounted @ 16% p.a.) | Dr. | | 28,800 1,200 | 30,000 |
| Sep. 17 | Khushal Sheth's A/c. To Bank A/c. (Being bill accepted by Khushal Sheth & discounted, cancelled for renewal and noting charges paid by bank) | Dr. | | 30,250 | 30,250 |
| Sep. 17 | Khushal Sheth's A/c. To Interest A/c. (Being interest charges for renewal for a bill @ 18% p.a.) | Dr. | | 900 | 900 |
| Sep. 17 | Bills Receivable A/c. Cash A/c. To Khushal Sheth's A/c. (Being received 2 months new acceptance and cheque as per agreement) | Dr. | | 30,000 1,150 | 31,150 |
| Nov.20 | Khushal Sheth's A/c. To Bills Receivable A/c. (Being Khushal Sheth's bill cancelled on due date on his insolvency) | Dr. | | 30,000 | 30,000 |
| Dec. 15 | Cash A/c. Bad debt A/c. To Khushal Sheth's A/c. (Being recovered 40% and written off as bad debts 60% as full and final settlement) | Dr. | | 12,000 18,000 | 30,000 |
| | Total | | | 2,12,300 | 2,12,300 |

In the Books of Khushal Sheth

Dr.

Devidas Sheth's Account

Cr.

| Date | Particulars | J.F. | Rs. | Date | Particulars | J.F. | Rs. |
|---------|-----------------------|------|---------------|---------|-------------------------|------|---------------|
| 2012 | | | | 2012 | | | |
| May 14 | To Bills Payable A/c. | | 30,000 | May 14 | By Purchases A/c. | | 30,000 |
| Sep. 17 | To Bills Payable A/c. | | 30,000 | Sep. 17 | By Bills Payable A/c. | | 30,000 |
| Sep. 17 | To Bank A/c. | | 1,150 | Sep. 17 | By Nothing charges A/c. | | 250 |
| Dec. 15 | To Bank A/c. | | 12,000 | Sep. 17 | By Interest A/c. | | 900 |
| Dec. 15 | To Deficiency A/c. | | 18,000 | Nov. 20 | By Bills Payable A/c. | | 30,000 |
| | | | 91,150 | | | | 91,150 |

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. | 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 |
| | | 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 |
| 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 = $\frac{5}{100} \times 90,000 =$ 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 × 6 + 2,000 × 6) + 7,000 = 18,000 + 12,000 + 7,000 = Rs. 37,000