



**J.K. SHAH**<sup>®</sup>  
**TEST SERIES**  
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**SUGGESTED SOLUTION**

**SYJ**

**SUBJECT-** Book Keeping & Accountancy

**Test Code – SYJ 6119**

**BRANCH - () (Date :)**

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**ANSWER : 1****(A)****(05)**

1. Any asset, property or amount of cash which 'Not for Profit' concern receives as per the provisions made in the will of the donor after his death is called legacy.
2. The expenses which are spent within four walls of a factory and directly related with production or purchase of goods or services are called direct expenses.
3. When partnership firm adopts fixed capital method, it opens partner's current account to record his dealings with partnership firm.
4. An expenditure which is non – recurring in nature and incurred to purchase new fixed assets to increase earning capacity, efficiency and working life of the existing fixed assets and to achieve economy of operation of an existing fixed assets is called capital expenditure.
5. The stock in trade i.e. unsold goods remained in the business at the end of the accounting year is known as closing stock.

**(B)****(02)**

1. Specific Fund
2. Final Accounts

**(C)****(03)**

1. a Liability
2. Purchases
3. Trial balance

**(D)****(03)**

1. True
2. False
3. True

**ANSWER : 2****(12)**

**In the books of NANASAHEB ENGINEERING COLLEGE, FAIZPUR  
Income and Expenditure Account for the year ended 31<sup>st</sup> March, 2013**

Expenditure	Amt. Rs.	Amt. Rs.	Income	Amt. Rs.	Amt. Rs.
To Salaries Teach staff	8,50,500		By Subscriptions	25,800	
			Add : Outstanding Subscriptions for current year	4,200	30,000
Office staff	1,81,000	10,31,500	By Life Membership Fees	20,500	
To Stationery		19,950	Less : capitalisation (entire amount)	20,500	-
To Electricity charges		51,900	By Donations	6,36,000	
To Depreciation			Less : Transfer of 50% of donations to	3,18,000	

On Books	57,800		Building Fund	3,18,000
On Furniture	60,000	1,17,800	By Tuitions Fees	11,20,000
To Excess of Income over Expenditure (Surplus)		5,60,680	By Term Fees	2,00,900
			By Admission Fees	55,000
			By Interest	51,000
			By Sundry receipts	6,930
		17,81,830		17,81,830

### Balance Sheet as on 31<sup>st</sup> March, 2013

Liabilities	Amt. Rs.	Amt. Rs.	Assets	Amt. Rs.	Amt. Rs.
Capital Fund	7,46,020		Furniture	2,15,000	-
Add : Life Membership Fees Capitalised	20,500		Add : New Furniture purchased during current year	45,000	-
Add : Excess of Income over Expenditure (Surplus)	5,60,680	13,27,200		2,60,000	
Building Fund	9,35,000		Less : Depreciation	60,000	2,00,000
Add : Donations transferred to Building Fund	3,18,000	12,53,000	Books	5,50,000	
			Add : New books purchased during current year	57,800	
				6,07,800	
			Less : Depreciation	57,800	5,50,000
			Fixed Deposits	8,00,000	
			Add : New investments in fixed deposits	7,50,000	15,50,000
			Outstanding Subscriptions for current year		4,200
			Cash at Bank		2,62,500
			Cash in Hand		13,500
		25,80,200			25,80,200

#### Working Notes :

Depreciation on fixed assets are calculated as follows :

- (i) On Books = Opening balance + Purchases – Closing balance  
= 5,50,000 + 57,800 – 5,50,000 = 6,07,800 – 5,50,000 = Rs. 57,800.
- (ii) On Furniture = 2,15,000 + 45,000 – 2,00,000 = 2,60,000 – 2,00,000 = Rs. 60,000.

**In the Books of M/s SEETA and GEETA**  
**Trading and Profit and Loss Account for the year ended 31<sup>st</sup> March, 2010**

Particulars	Amt.	Amt.	Particulars	Amt.	Amt.
To Opening Stock		88,000	By Sales		3,08,000
To Purchases		1,76,000	By Goods lost by fire		16,000
To wages	23,500		By Closing Stock		80,000
Add : Outstanding	2,400	25,900			
To Gross Profit c/d		1,14,100			
		4,04,000			4,04,000
To Salaries	15,000		By Gross Profit b/d		1,14,100
Add : Outstanding	3,000	18,000	By Interest on Debentures		1,600
To Office expenses		8,000			
To Bank charges		2,600			
To Legal charges	3,000				
Less : Prepaid	1,200	1,800			
To Interest		3,600			
To Electricity charges		2,300			
To R.B.D.D. A/c.					
Bad Debts	4,000				
Add : New Bad Debts	-				
Add : New Reserve	4,100				
	8,100				
Less : Old Reserve	-	8,100			
To Net loss by fire		3,000			
To Travelling Expenses		3,200			
To Export Duty		3,800			
To Depreciation on :					
Machinery	9,000				
Land and Building	6,500	15,500			
To Interest on Capital A/c :					
Seeta	9,600				
Geeta	9,600	19,200			
To Partners' Current A/cs :					
(Net Profit)					
Seeta	13,300				
Geeta	13,300	26,600			
		1,15,700			1,15,700

Dr.		Partners' Current Accounts				Cr.	
Particulars	Seeta Rs.	Geeta Rs.	Particulars	Seeta Rs.	Geeta Rs.		
To Balance b/d	-	4,000	By Balance b/d	5,000	-		
To Balance c/d	27,900	18,900	By Interest on Capital A/c.	9,600	9,600		
			By Profit and Loss A/c. (Share in Net Profit)	13,300	13,300		
	27,900	22,900		27,900	22,900		
			By Balance b/d	27,900	18,900		

**Balance Sheet as on 31<sup>st</sup> March, 2010**

Liabilities	Amt.	Amt.	Assets	Amt.	Amt.
Capital Accounts :			Land and Buildings	1,30,000	
Seeta	1,20,000		Less : Depreciation @ 5%	6,500	1,23,500
Geeta	1,20,000	2,40,000	Machinery	90,000	
Current Accounts :			Less : Depreciation @ 10%	9,000	81,000
Seeta	27,900		Furniture		35,000
Geeta	18,900	46,800	8% Debentures	40,000	
Sundry Creditors		1,03,000	Add : Interest due on debentures	1,600	41,600
Bank Overdraft Outstanding :		60,000	Sundry Debtors	82,000	
Salaries	3,000		Less : R.D.D. @ 5%	4,100	77,900
Wages	2,400	5,400	Closing Stock		80,000
			Cash in Hand		2,000
			Insurance claim (for fire)		13,000
			Prepaid legal charges		1,200
		4,55,200			4,55,200

**Working Notes :**

- Interest on Debenture due is calculated as follows :  

$$\text{Interest} - (\text{Deb. Amount}) \times (\text{Period : 6 months i.e., from 1.10.09 to 31.03.10}) \times (\text{Rate of Interest p.a.}) = 40,000 = \frac{6}{12} \times \frac{8}{100} = \text{Rs. } 1,600$$

Interest on Debentures due Rs. 1,600 is first credited to Profit and Loss A/c and then added to Debentures on the Assets side of Balance Sheet.
- Net loss by fire is calculated as follows :  

$$\text{Net loss by fire} = \text{Value of goods lost} - \text{Insurance claim admitted} = 16,000 - 13,000 = \text{Rs. } 3,000.$$
- New R.D.D. is calculated as follows :  

$$\text{R.D.D.} = 5\% \text{ on Sundry Debtors} = \frac{5}{100} \times 82,000 = \text{Rs. } 4,100.$$
- Legal charges paid in advance Rs. 1,200 in first deducted from legal charges on Debit side of Profit and Loss A/c and then shown on the Assets side of Balance Sheet.