

**PARTNERSHIP FINAL ACCOUNTS & BILLS OF EXCHANGE - SET - 1**

**Q.1. Objective type questions:**

**(A) Fill in the blanks with appropriate alternative given in the brackets. [5]**

1. profit and loss      2. goodwill      3. holder.      4. dishonoured.  
5. Tenor

**(B) State whether the following statement are True or False. [6]**

1. False      2. False      3. False      4. True      5. True  
6. False

**Q.2.**

**In the books of M/s Asha and Lata**

<b>Dr. Trading &amp; Profit and Loss A/c for the year ended March 31, 2013</b>			<b>Cr.</b>		
<b>Particulars</b>	<b>Amt. Rs.</b>	<b>Amt. Rs.</b>	<b>Particulars</b>	<b>Amt. Rs.</b>	<b>Amt. Rs.</b>
To Opening Stock		40,000	By Sales		1,187,610
To Purchases	452,600				
Less : Goods lost due to fire	10,500				
Less : Goods taken for personal use	8,700				
Add : Unrecorded purchases	<u>12,000</u>	445,400			
To import duty		2,000			
To Wages & Salaries	23,000				
Less : Paid in advance	<u>12,300</u>	10,700			
To Carriage inwards		2,600	By Closing Stock		150,000
To Factory Rent		32,000			
To Gross Profit c/d		804,910			
		<b>1,337,610</b>			<b>1,337,610</b>
To Goods lost by fire	10,500		By Gross Profit b/d		804,910
Less : Insurance claim admitted	<u>10,000</u>	500	By Discount		12,540
<u>To Depreciation</u>			By Rent		6,500
Land & Building	100,000		By Commission		8,700
Furniture	<u>6,000</u>	106,000	By Interest accrued		4,080
To Salaries and Wages	32,000		By Reserve for Discount on creditors		6,600
Add : Outstanding	<u>16,000</u>	48,000	By Interest on Drawings		
To Discount		12,450	Asha	609	
To Rent		5,600	Lata	<u>-</u>	609
To Commission		7,800			
To Provident Fund contribution		6,000			
To Interest accrued on bank loan		5,600			
To Bad Debts	33,000				
Add : New bad debts	7,500				
Less : Old RDD	10,000				
Add : New RDD	<u>22,940</u>	53,440			
To Rent, rates and taxes		15,600			
To Brokerage		6,500			
To Reserve for discount on debtors		21,793			
<u>To Interest on Capital</u>					
Asha	15,000				
Lata	<u>15,000</u>	30,000			
To carriage outwards		6,200			
<u>To Net Profit c/d</u>					
Asha	259,228				
Lata	<u>259,228</u>	518,456			
		<b>843,939</b>			<b>843,939</b>

**Balance sheet as on 31<sup>st</sup> March, 2013**

<b>Liabilities</b>	<b>Amt. Rs.</b>	<b>Amt. Rs.</b>	<b>Assets</b>	<b>Amt. Rs.</b>	<b>Amt. Rs.</b>
<b>Capital Accounts</b>			Land & Building	1,000,000	
Asha	250,000		Less : Depreciation	<u>100,000</u>	900,000
Lata	<u>250,000</u>	500,000	Furniture	60,000	
<b>Current Accounts</b>			Less : Depreciation	<u>6,000</u>	54,000
Asha	(10,000)				
Less : Goods taken for personal use	8,700		Provident Fund investment		86,000
Add : Interest on Capital	15,000		12% Investment	68,000	
Less : Interest on drawings	609		Add : Accrued Interest	<u>4,080</u>	72,080
Add : Net Profits	<u>259,228</u>	254,919	Sundry Debtors	460,000	
			Add : Bill dishonoured	6,300	
Lata	64,000		Less : New bad debts	7,500	
Add : Interest on Capital	15,000		Less : New RDD	22,940	
Less : Interest on drawings	-		Less : Reserve for discount on debtors	<u>21,793</u>	414,067
Add : Net Profits	<u>259,228</u>	338,228	Bill receivable	54,000	
			Less : Dishonoured	<u>6,300</u>	47,700
Provident Fund		86,000	Insurance Claim receivable		10,000
10% Bank Loan	56,000		Prepaid Wages		12,300
Add : Accrued Interest	<u>5,600</u>	61,600	Closing Stock		150,000
Sundry Creditors	120,000				
Add : Unrecorded purchases	12,000				
Less : Reserve for discount on creditors	<u>6,600</u>	125,400			
Bank Overdraft		364,000			
Outstanding Salaries		16,000			
		<b>1,746,147</b>			<b>1,746,147</b>

**Working Notes:**

- 1) Reserve for Doubtful Debts  
 Net debtors after adjustments = Rs. 460000 + Rs. 6300 – Rs. 7500 = Rs. 458800  
 New RDD = Rs. 458800 x 5% = 22940
- 2) Reserve for Discount on Debtors (RFDD)  
 Net debtors after deducting new RDD = Rs. 458800 – Rs. 22940 = Rs. 435860  
 RFDD = Rs. 435860 x 5% = 21793
- 3) Reserve for Discount on Creditors (RFDC)  
 Net Creditors after adjustments = Rs. 120000 + Rs. 12000 = Rs. 132000  
 RFDC = Rs. 132000 x 5% = Rs. 6600
- 4) Depreciation  
 Land & Building = Rs. 1000000 x 10% = Rs. 100000  
 Furniture = Rs. 60000 x 10% = Rs. 6000
- 5) Interest on Capital  
 Asha = Rs. 250000 x 6% = Rs. 15000  
 Lata = Rs. 250000 x 6% = Rs. 15000
- 6) Interest on Drawings  
 Asha = Rs. 8700 \* 7% = Rs. 609
- 7) Interest accrued on Investments = Rs. 68000 x 12% x 6/12 = Rs. 4080
- 8) Interest accrued on bank loan = Rs. 56000 x 10% = Rs. 5600
- 9) Distribution of Net Profit  
 Asha = Rs. 518456 x ½ = Rs. 259228  
 Lata = Rs. 518456 x ½ = Rs. 259228

Q.3.

Bill of Exchange	
<p><b>Stamp</b></p> <p><b>25,000Rs/-</b></p>	<p style="text-align: right;">Aditi Swapnil Gade A-16 Venkatesh heritage, Pune-411052. Date: 15<sup>th</sup> November, 2010</p> <p>Ninety days after sight pay to Sushma Arun Khare, 25, Anup Trade Center, Chalisgaon or her order the sum of Rupees Twenty Five Thousand only for the value received.</p> <p style="text-align: right;">sd/- Aditi Gade</p>
<p>To, Sunita Vikaschandra Gade, 62 Bhotenagar, Jalgaon.</p>	<p style="text-align: center;"><u>Accepted for 22,500Rs only</u> sd/- (Sunita Vikaschandra Gade) Date: 18<sup>th</sup> November, 2010</p>

Q.4.

**Journal Entries in the books of Kulkarni**

Date	Particulars	L.F.	Debit Rs.	Credit Rs.
7/5/11	Bills Receivable A/c Dr. To Patwardhan's A/c (Being bill received for 3 months accepted by Patwardhan)		18,000	18,000
7/5/11	Bill sent for collection A/c Dr. To Bills Receivable A/c (Being 3 months bill of Patwardhan deposited in bank for collection)		18,000	18,000
10/8/11	Patwardhan's A/c Dr. To Bill sent for collection A/c (Being 3 months bill accepted by him and deposited into bank cancelled for renewal)		18,000	18,000
10/8/11	Patwardhan's A/c Dr. To Interest A/c (Being interest charged @ 18% p a for renewal of bill for 2 months)		390	390
10/8/11	Cash A/c Dr. Bills Receivable A/c Dr. To Patwardhan's A/c (Being cash received on renewal and new acceptance as per agreement)		5,000 13,390	18,390
13/10/11	Patwardhan's A/c Dr. To Bills Receivable A/c (Being Patwardhan's bill cancelled for on his insolvency)		13,390	13,390
13/10/11	Cash A/c Dr. Bad Debts A/c Dr. To Patwardhan's A/c (Being 20% amount recovered and written off as bad debts remaining 80%)		2,678 10,712	13,390

**Working Note:**

- 1) **Interest = Balance amount of the bill x Rate/100 x Extended period/12**  
= 13000 x 18/100 x 2/12 = Rs. 390
- 2) **Due Date: 10/8/11 + 2 months = 10/10/11 + 3 grace days = 13/10/11**
- 3) **Calculation of bad debts: 20% of 13390 as cash received = Rs. 2678**

**In the books of Patwardhan  
Kulkarni's Account**

Dr.				Cr.			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
7/5/11	To Bills Payable		18000	10/8/11	By Bills Payable		18000
10/8/11	To Cash		5000	10/8/11	By Interest		390
10/8/11	To Bills Payable		13390	13/10/11	By Bills Payable		13390
13/10/11	To Cash		2678	13/10/11	By Balance c/d		18000
13/10/11	To Deficiency		10712				
			<b>49780</b>				<b>49780</b>

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