

**PARTNERSHIP FINAL ACCOUNTS & BILLS OF EXCHANGE - SET - 2**

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

- (A) Fill in the blanks with appropriate alternative given in the brackets. [5]**  
 1. machinery                      2. direct                      3. draft                      4. retiring of the bill.  
 5. 3rd March, 2015.

- (B) State with reasons whether the following statements are true or false [5]**  
 1. False                      2. True                      3. False                      4. False                      5. False

**Q.2.**

**Q3. In the books of M/s. Mohini and Rohini**

**Dr. Trading & Profit and Loss A/c for the year ended 31st March, 2010**

**Cr.**

Particulars	Amt. Rs.	Amt. Rs.	Particulars	Amt. Rs.	Amt. Rs.
To Opening Stock		25,000	By Sales		4,30,000
To Purchases	2,20,000		By Goods withdrawn by Mohini for personal use		2,000
Add: Unrecorded purchases	<u>3,000</u>	2,23,000			
To Wages & salaries	23,000				
Add: Outstanding wages	<u>2,500</u>	25,500			
To Manufacturing expenses		9,000	By Closing Stock		80,000
To Factory insurance		5,000			
To Import duty		11,500			
To Gross Profit c/d		2,13,000			
		<b>5,10,000</b>			<b>5,10,000</b>
To RDD		2,250	By Gross Profit b/d		2,13,000
To Discount given		4,000	By Discount received		3,500
To Depreciation		7,500	By Interest on 10% bond		4,500
To Advertisement	10,000				
Less : Prepaid	<u>8,750</u>	1,250			
To Salaries and wages		45,000			
To Warehouse rent		6,000			
<b>to Net Profit c/d</b>					
Mohini	77,500				
Rohini	<u>77,500</u>	1,55,000			
		<b>2,21,000</b>			<b>2,21,000</b>

**Balance Sheet as on 31st March, 2010**

Liabilities	Amt. Rs.	Amt. Rs.	Assets	Amt. Rs.	Amt. Rs.
<b>Capital accounts</b>			Factory building		1,30,000
Mohini	1,20,000		Plant & Machinery	75,000	
Less: Goods withdrawn for personal use	2,000		Less: Depreciation	<u>7,500</u>	67,500
Add: Net Profit	<u>77,500</u>	1,95,500			
Rohini	90,000		10% Government Bond	60,000	
Add: Net Profit	<u>77,500</u>	1,67,500	Add: Accrued interest	<u>4,500</u>	64,500
Sundry Creditors	35,000				
Add: Unrecorded Purchases	<u>3,000</u>	38,000	Sundry Debtors	45,000	
Bills payable		50,000	Less: RDD	<u>2,250</u>	42,750
Outstanding wages		2,500	Bills receivable		55,000
			Prepaid advertisement		8,750
			Closing Stock		80,000
			Cash in hand		5,000
		<b>4,53,500</b>			<b>4,53,500</b>

**Working Notes:**

1) Closing Stock

Since market price is 15% above cost price, we value stock at cost price which is calculated as

$$\text{Cost} = \frac{\text{Market Price}}{115} \times 100 = \text{Rs. } 80000$$

2)

$$\text{Depreciation} = \text{Rs. } 70000 \times 10\% = \text{Rs. } 7000$$

3) RDD = 5% x Debtors

$$= \text{Rs. } 45000$$

$$= \text{Rs. } 2250$$

4) Interest accrued on Government Bond = 10% x Rs. 60000 x 9/12 = Rs. 4500

5) Deferred Advertisement

Since advertisement has been paid for 2 years but only 1 quarter is in current year, expenditure of 7 quarters is deferred.

$$\text{Deferred expenditure} = \text{Rs. } 10000 \times 7/8 = \text{Rs. } 8750$$

6) Distribution of Profit

$$\text{Mohini} = \text{Rs. } 155000 \times \frac{1}{2} = \text{Rs. } 77500$$

$$\text{Rohini} = \text{Rs. } 155000 \times \frac{1}{2} = \text{Rs. } 77500$$

**Q.3.**

**Journal entries in the books of Magan Mahajan**

Date	Particulars	L.F.	Debit Rs.	Credit Rs.
5/9/10	Chandu Chaudhari's A/c To Sales A/c (Being goods sold on credit)	Dr.	20,000	20,000
5/9/10	Bills Receivable A/c (1) Bills Receivable A/c (2) To Chandu Chaudhari's A/c (Being received two acceptance for 3 and 2 months period accepted by Prakash Patil and Chandu Chaudhari respectively)	Dr. Dr.	16,000 4,000	20,000
5/10/10	Cash/Bank A/c Discount A/c To Bills Receivable A/c (1) (Being 3 months acceptance discounted with bank @12% p.a. after expiry of one month)	Dr. Dr.	15,680 320	16,000
5/10/10	Cash/Bank A/c Discount A/c To Bills Receivable A/c (2) (Being 2 months acceptance discounted with bank @ 12 % pa after expiry of one month)	Dr. Dr.	3,960 40	4,000
8/11/10	Chandu Chaudhari's A/c To Bank A/c (Being 2 months acceptance which was discounted dishonoured and bank paid noting charges of Rs. 100)	Dr.	4,100	4,100

**In the ledger of Chandu Chaudhari**

Dr.				Cr.			
Prakash Patil's Account							
Date	Particulars	J.F.	amount	Date	Particulars	J.F.	amount
5/9/10	To Balance c/d		16,000	5/9/10	Bills Receivable A/c (1)		16,000
			16,000				16,000

Dr.				Cr.			
Magan Mahajan's account							
Date	Particulars	J.F.	amount	Date	Particulars	J.F.	amount
5/9/10	To Bills Receivable A/c		16,000	5/9/10	By Purchases A/c		20,000
5/9/10	To Bills Payable A/c		4,000	8/11/10	By Bills Payable A/c		4,000
8/11/10	To Balance c/d		4,100	8/11/10	By Noting Charges A/c		100
			24,100				24,100

**Working Note:**

1) Discount: Amount of bill x rate/100 x Unexpired period in months/12

Bills Receivable (1): 16000 x 12/100 x 2/12 = 320 [Calculated after expiry of one month, hence 2 months remaining]

Bills Receivable (2): 4000 x 12/100 x 1/12 = 40 [Calculated after expiry of one month, hence 1 month remaining]

2) Calculation of due date: 5/9/10 + 2 months = 5/11/10 + 3 grace days = 8/11/10

Q.4.

**Journal entries in the books of Gopal**

Date	Particulars	L.F.	Debit Rs.	Credit Rs.
1)	Cash A/c Dr. Rebate A/c Dr. To Bills Receivable A/c (Being Shruti's bill retired by her one month before @ 10% p.a.)		4,462 38	4,500
2)	Cash/Bank A/c Dr. Discount A/c Dr. To Bills Receivable A/c (Being 3 months acceptance discounted with bank @ 12 % p.a.)		3,395 105	3,500
3)	Bank A/c Dr. Bills Receivable A/c Dr.		2,000	
	To Sushama's A/c (Being cheque received and bill for 2 months for amount due)		10,000	12,000
4)	Balchandra's A/c Dr. To Cash A/c To Discount A/c To Bills Receivable A/c (Being endorsed Shantaram's bill and paid cash in full settlement of his account)		7,800	2,500 300 5,000
5)	Nanda's A/c Dr. To Sales A/c (Being goods sold on credit)		13,500	13,500
6)	Bills Receivable A/c Dr. To Nanda's A/c (Being 2 months acceptance received)		13,500	13,500

**Working Note:**

- 1) **Rebate = Balance amount of the bill x Rate/100 x Extended period/12**  
= 4500 x 10/100 x 1/12 = 37.5 rounded to Rs. 38
- 2) **Discount: Amount of bill x Rate/100 x Unexpired period in months/12**  
= 3500 x 12/100 x 3/12 = Rs.105

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