



SYJC – FEB 2016 BOOK-KEEPING

SET-A

(3HRS)
(80 Marks)
Date: 21/1/ 2016

Q. 1. Attempt any Three of the following.

[15 Marks]

A. Answer in one sentence only:

1. What is Balance Sheet?

Ans. A balance sheet is a statement of assets and liabilities which shows financial position of business at the end of the year.

2. What is Bad Debts?

Ans. The amount due from debtors which is irrecoverable is known as bad debts.

3. What is Bill of Exchange?

Ans. A bill of exchange is a negotiable instrument containing an unconditional order signed by the maker directing a certain person to pay a sum of money only to the bearer of the instrument.

4. What is Single Entry System?

Ans. A system of recording transaction in which only one aspect of the business transaction are recorded. It is an unscientific method of recording transaction.

5. When is Realisation account is opened?

Ans. Realisation account is opened when there is a need to find profit or loss made on Realisation of assets and liabilities during the winding up of partnership firm.

B. Write the word / Term / Phrase which can substitute each of the following statement:

1. A person who draws a bill of exchange.

Ans. Drawer

2. Winding up of partnership business.

Ans. Dissolution of Partnership

3. The credit balance of Profit and Loss Account.

Ans. Net profit

4. An excess of assets over liabilities.

Ans. Capital

5. The account which shows change in the values of assets.

Ans. Revaluation Account

C. Select the most appropriate alternative from the given below and rewrite the statement:

1. There are _____ parties to a bill exchange.

a. Three b. Two c. Four d. Five

Ans. Three

2. In case of dissolution assets and liabilities are transferred to _____ account.

a. Bank b. Partner's Capital c. Realisation d. Partner's Current.

Ans. Realisation

3. When goodwill is withdrawn by old partners _____ Account is credited.

a. Cash or bank b. Capital c. Revaluation d. Profit and Loss adjustment.

Ans. Cash or Bank

4. Generally incomplete records are maintained by _____

a. Trader b. Company c. Society d. Government

Ans. Trader

5. Excess of income over expenditure is termed as _____

a. Deficit, b. Profit c. Surplus d. Loss

Ans. Surplus

D. State whether the following statements are True or False.

1. Single entry system is based on certain rules and regulations.

Ans. False

2. Not for profit concern do not have profit motive.

Ans. True

3. Bill of exchange is an instrument in writing, containing an unconditional order.

Ans. True

4. A bill of exchange is signed by the person on whom it is drawn.

Ans. True

5. Realisation loss is not transferred to insolvent partner's capital account.

Ans. False

E. Prepare a bill of exchange from the following details.

Drawer : Soundariya, NeelamBhawan, Kalyan

Drawee : Sugandi, Dastur Nagar, Amaravati

Payee : Umesh ,Deogad

Period : 90 days

Amount : ₹ 7,555

Date of bill : 15th March 2012

Accepted on : 20th March 2012

BILL OF EXCHANGE

<div style="border: 1px solid black; padding: 5px; text-align: center;">STAMP</div> <div style="border: 1px solid black; padding: 5px; text-align: center;">Rs. 7,555/-</div>	<p style="text-align: right;">Soundariya, Neelam Bhawan, Kalyan, 15th March, 2012</p> <p>Ninety days after date pay to Umesh, Deogad or his order the sum of Rupees Seven Thousand Five Hundred and Fifty Five only for the value received.</p> <p style="text-align: right;">Sd/- Soundariya</p>
<p>Sugandi. Dastur Nagar, Amaravati</p>	<div style="border: 1px solid black; padding: 10px; transform: rotate(-15deg);"><p style="text-align: center;">ACCEPTED Sd/- Sugandi [20th March, 2012]</p></div>

Q.2

[8 Marks]

Daulatram a retail trader had no proper methods of accounting but the following information is made available to you.

Particulars	1-4-2004 (Rs)	31-3-2005
Sundry Debtors	11,200	10,500
Sundry Creditors	15,400	14,000
Bank Overdraft	20,200	19,400
Stock	16,700	18,500
Cash	250	1,200
Bills Receivable	15,050	14,200
Furniture	1,500	1,500
Motor Vans	1900	1,900

- (1) Mr.Daulatram had withdrawn ₹ 12,000 for personal expenses out of which he invested ₹ 2,000 at par on 1-10-2004 in 10% Municipal Bonds which is treated as business assets. He had also withdrawn ₹ 5,000 for his daughters marriage.
- (2) Depreciate Furniture by 10% p.a. and write off ₹ 300 from Motor Van.
- (3) As regards Debtors ₹ 500 is irrecoverable and further Reserve of 5% is to be made.
- (4) Allow interest on capital at 10% p.a.

Prepare :

- (1) Statement of Affairs as on 1.4.2004
- (2) Statement of Affairs as on 31.3.2005
- (3) Statement of profit on loss.

Ans.

In the books of Daulatram Opening Statement of Affairs as on 1.4.2004

Liabilities	Amt. ₹	Assets	Amt. ₹
Sundry Creditors	15,400	Sundry Debtors	11200
Bank Overdraft	20,200	Stock	16700
Capital (Bal. figure)	11,000	Cash	250
		Bills Receivable	15050
		Furniture	1500
		Motor Van	1900
	46600		46600

Closing Statement of Affairs as on 31.3.2005

Liabilities	Amt. ₹	Assets	Amt ₹
Sundry Creditors	14,000	Sundry Debtors	10500
Bank Overdraft	19,400	Stock	18500
Capital (Bal. figure)	16,400	Cash	1200
		Bills Receivable	14200
		Furniture	1500
		Motor Van	1900
		10% Municipal Bonds	2000
	49800		49800

Statement of Profit and Loss for the year ended on 31.03.2005

Particulars	Amt.₹	Amt.₹
Capital at the end of the year		16400
Add: Drawings during the year	10000	
Withdrawn for daughter's marriage	5000	15000
		31400
Less : Capital at the beginning of the year	11000	
Interest on Capital	1100	12100
Profit before adjustment		19300
Add: Interest on Municipal Bonds (6m)		100
		19400
Less : Depreciation on Furniture	150	
Written off from Motor Van	300	
Bad debts	500	
Reserve for Bad debts (5% of 10,000)	500	1450
Profit for the year		17950

Q.3

[10 Marks]

Following is the Balance Sheet of M/s Ram and Laxman as on 31st March, 2012. They share profits and losses in the ratio 3/5. and 2/5. respectively.

Balance Sheet as on 31st March, 2012

Liabilities	₹	Assets	₹
Creditors	14,000	Land & Building	40,000
Bills Payable	10,000	Plant & Machinery	30,000
General Reserve	4,000	Sundry Debtors	20,000
Profit & Loss A/c	6,000	Closing Stock	24,000
Capital A/cs:		Cash in Hand	10,000
Ram	40,000		
Laxman	50,000		
	1,24,000		1,24,000

They decide to admit Bharat on 1st April, 2012 on the following conditions:

- (1) Bharat will bring ₹50,000 as his capital for 1/5 share.
- (2) The goodwill A/c be opened in the books of the firm for ₹15,000.
- (3) Land & Building be appreciated by 5%.
- (4) Plant & Machinery be depreciated by 15%.
- (5) Reserve for bad and doubtful debts is to be maintained at 5% on sundry debtors
- (6) A provision for outstanding legal expenses is to be made for ₹750.

Prepare Profit & Loss Adjustment A/c, Partners' Capital A/c and Balance Sheet of the new firm.

Ans.

In the books of firm

Dr.	Profit and Loss Adjustment A/c	Cr.	
Particulars	₹	Particulars	₹
To Plant and Machinery A/c	4500	By Land & Building A/c	2000
To R.D.D. A/c	1000	By Loss on Revaluation trd. to Capital A/c	
To Outstanding legal expenses	750	Ram	2550
		Laxman	1700
	6250		4250
			6250

Dr.				Partners' Capital Accounts				Cr.			
Particulars	Ram	Laxman	Bharat	Particulars	Ram	Laxman	Bharat				
To P & L Adj. A/c	2550	1700	-	By Balance b/d	40000	50000	-				
To Balance c/d	52450	58300	50000	By Gen. Res. A/c	2400	1600	-				
				By profit & loss A/c	3600	2400	-				
				By Cash A/c	-	-	50000				
				By Goodwill A/c	9000	6000	-				
	55000	60000	50000		55000	60000	50000				

M/s Ram, Laxman and Bharat
Balance Sheet as on 1st April, 2012

Particulars	₹	₹	Particulars	₹	₹
Capital A/c:			Land & Building	40000	
Ram	52450		Add: Appreciation	2000	42000
Laxman	58300		Plant & Machinery	30000	
Bharat	50000	160750	Less: Depreciation	4500	25500
Creditors		14000	Sundry Debtors	20000	
Bills Payable		10000	Less: New R.D.D.	1000	19000
Outstanding Legal expenses		750	Closing Stock		24000
			Cash in hand		60000
			Goodwill		15000
		185500			185500

Working Notes:

Dr. **1. Cash A/c** **Cr.**

Particulars	₹	Particulars	₹
To Balance b/d	10000	By Balance c/d	60000
To Bharat's Capital A/c	50000		
	60000		60000

Dr. **2. Goodwill A/c** **Cr.**

Particulars	₹	Particulars	₹
To Ram's Capital A/c	9000	By Balance c/d	15000
To Laxman's Capital A/c	6000		
	15000		15000

OR

Q.3

[10 Marks]

Suresh, Ramesh and Umesh are partners sharing profits and losses as 2:2:1 respectively. Their Balance Sheet on 31st March, 2012 is as follows:

Balance Sheet as on 31st March, 2012

Liabilities	₹	₹	Assets	₹	₹
Capitals :			Goodwill		30,000
Suresh		30,000	Freehold Property		27,000
Ramesh		30,000	Investments		4,000
Umesh		15,000	Closing Stock		15,000
General Reserve		10,000	Sundry Debtors	20,000	
Sundry Creditors		15,000	Less :R.D.D.	1,000	19,000
			Cash		5,000
		1,00,000			1,00,000

Umesh retires from the partnership firm on 31st March, 2012 on the following terms:

(1) Assets are valued as:

Freehold Property ₹30,000

Investments ₹ 5,000

Closing Stock ₹14,000

(2) Reserve for bad debts be made upto 10% on Sundry Debtors

(3) Goodwill of the firm is to be valued at thrice the average profit for the preceding five years

Profits were :

Years	Profits ₹
2007-08	6,000
2008-09	20,000
2009-10	15,000
2010-11	9,000
2011-12	10,000

(4) ₹3,000 are paid to Umesh in cash and the balance of his capital account be transferred to his loan account.

Prepare : Profit and Loss Adjustment A/c, Partners' Capital Accounts and Balance Sheet after retirement of Umesh.

Ans.

In the books of firm

Dr.

Profit and Loss Adjustment A/c

Cr.

Particulars	₹	₹	Particulars	₹	₹
To Closing Stock A/c		1000	By Goodwill A/c		6000
To R.D.D. A/c		1000	By Freehold property A/c		3000
To Profit on Rev. trd. to Capital A/c			By Investment A/c		1000
Suresh	3200				
Ramesh	3200				
Umesh	1600	8000			
		10000			10000

Dr.

Partners' Capital Accounts

Cr.

Particulars	Suresh	Ramesh	Umesh	Particulars	Suresh	Ramesh	Umesh
To Cash A/c	-	-	3000	By Balance b/d	30000	30000	15000
To Loan A/c (bal.)	-	-	15600	By Gen.Res. A/c	4000	4000	2000
To Balance c/d	37200	37200	-	By P & L Adj. A/c	3200	3200	1600
	37200	37200	18600		37200	37200	18600

M/s. Suresh and Ramesh
Balance Sheet as on 31st March, 2012

Liabilities	₹	₹	Assets	₹	₹
Capital A/cs			Goodwill	30000	
Suresh	37200		Add: Appreciation	6000	36000
Ramesh	37200	74400	Freehold Property	27000	
Loan of Umesh		15600	Add: Appreciation	3000	30000
Sundry Creditors		15000	Investments	4000	
			Add: Appreciation	1000	5000
			Closing Stock	15000	
			Less: Written off	1000	14000

			Sundry Debtors	20000	
			Less: New R.D.D.	2000	18000
			Cash	5000	
			Less: Paid to Umesh	3000	2000
		105000			105000

Working Notes:

1. **Valuation of Goodwill** : Average Profit = $\frac{\text{Total Profit}}{\text{No. of years}}$

$$= \frac{6000 + 2000 + 15000 + 9000 + 10000}{5} = \frac{60000}{5} = \text{Rs.}12000$$

Goodwill = Average profit x No. of Years of Purchase
= 12000 x 3 = ₹36000

Note: Increase in the value of goodwill can be alternatively adjusted by pass following Journal Entry, instead of showing it in P & L Adj. A/c.

Date	Particulars	L.F.	Debit ₹	Credit ₹
	Goodwill A/c Dr.		6000	
	To Suresh's Capital A/c			2400
	To Ramesh's Capital A/c			2400
	To Umesh Capital A/c			1200
	(Being increase in the value of goodwill adjusted to capital account in old ratio i.e. 2:2:1)			

Q.4

[10 Marks]

Prashant drew a bill on Rohit worth ₹8,000 for three months, which was accepted by Rohit. On the same date Prashant discounted the bill with his bank @10% per annum.

On due date Rohit dishonoured his acceptance. Rohit paid ₹4,000 to Prashant and accepted a fresh bill for two months for the balance including interest of ₹40.

Rohit became insolvent before the due date of the bill and 50 paise in a rupee were received as first and final dividend from his estate.

Pass Journal Entries in the books of Prashant.

Ans.

Journal of Prashant

Date/Sr.No.	Particulars	L.F.	Dr. ₹	Cr. ₹
1.	Bills Receivable A/c Dr. To Rohit's A/c (Being acceptance received for three months)		8000	8000
2.	Bank A/c Dr. Discount A/c Dr. To Bills Receivable A/c (Being discounting of a bill with bank)		7800 200	8000
3.	Rohit's A/c Dr. To Bank A/c (Being discounted bill dishonoured)		8000	8000
4.	Rohit's A/c Dr. To Interest A/c (Being interest charged)		40	40
5.	Cash/Bank A/c Dr.		4000	

6.	Bills Receivable A/c Dr. To Rohit's A/c (Being amount and new acceptance of 2 months received on account of renewal)	4040	8040
	Rohit's A/c Dr. To Bills Receivable A/c (Being dishonour of a bill on account of insolvency.)	4040	4040
7.	Cash/Bank A/c Dr. Bad Debts A/c Dr. To Rohit's A/c (Being 50% amount received in full settlement)	2020 2020	4040

Q.5

[10 Marks]

Rajani, Rohini and Rani were partners in a firm sharing profit and losses in the ratio of 2:2:1 respectively. Their Balance Sheet as on 31st March, 2012 was as follows:

Balance Sheet as on 31st March, 2012

Liabilities	₹	₹	Assets	₹	₹
Creditors		20,000	Cash at Bank		8,000
Bills Payable		5,000	Debtors	16,000	
General Reserve		6,000	Less :R.D.D.	<u>1,000</u>	15,000
Rajani's Loan		16,000	Stock		20,000
Capital A/c's :			Plant and Machinery		30,000
Rajani	25,000		Furniture		6,000
Rohini	<u>10,000</u>	35,000	Rani's Capital		3,000
		82,000			82,000

The firm was dissolved on the above date,

(i) The assets realised as follows:

Debtors ₹ 9,000; Plant and Machinery ₹ 26,000; Stock ₹ 14,000 and Furniture ₹ 3,000.

(ii) The creditors were paid ₹ 18,000 in full settlement and the Bills Payable were paid in full,

(iii) The realisation expenses amounted to ₹ 3,000.

(iv) Rani became insolvent and was able to bring in only ₹ 1,800 from her private estate.

Prepare : (i) Realisation Account (ii) Capital Account (iii) Bank Account.

Ans.

In the books of M/s Rajni, Rohini and Rani

Dr.	Realisation A/c		Cr.		
Particulars	₹	₹	Particulars	₹	₹
To Sundry Assets A/c:			By Sundry Liabilities A/c:		
Debtors	16000		Creditors	20000	
Stock	20000		Bills Payable	5000	25000
Plant and Machinery	30000		By R.D.D. A/c		1000
Furniture	6000	72000	By Bank A/c:		
To Bank A/c:			Debtors	9000	
Creditors	18000		Stock	14000	
Bills Payable	5000		Plant and Machinery	26000	
Realisation Expense	3000	26000	Furniture	3000	52000
			By Loss on Realisation trd. to Capital A/c:		

Ans.

Journal of Ashok Ltd.

Date/Sr No.	Particulars	L.F.	Debit ₹	Credit ₹
1.	Bank A/c Dr. To Share Application A/c (Being share application money received on 25000 shares @ ₹4 per share)		100000	100000
2.	Share Application A/c Dr. To Share Capital A/c (Being share application money transferred to Share Capital A/c)		100000	100000
3.	Share Allotment A/c Dr. To Share Capital A/c (Being share allotment money due on 25000 shares @ ₹3 per share)		75000	75000
4.	Bank A/c Dr. To Share allotment A/c (Being share allotment money received on 25000 shares @ ₹3 per share)		75000	75000
5.	Share First Call A/c Dr. To Share Capital A/c (Being share first call amount due on 25000 shares @ ₹2 per share)		50000	50000
6.	Bank A/c Dr. To Share First Call A/c (Being share first call amount received on 25000 shares @ ₹2 per share)		50000	50000
7.	Share Second Call A/c Dr. To Share Capital A/c (Being Share second call amount due on 25000 shares @ ₹1 per share)		25000	25000
8.	Bank A/c Dr. To Share Second Call A/c (Being share second call amount received on 25000 @ ₹1 per share)		25000	25000

Q.6

[12 Marks]

Following is the Receipts and Payments Account and additional information of Kalpana Hospital, Sakri.

Dr. Receipts and Payments Account for the year ended 31st March, 2010

Cr.

Receipts	Amount ₹	Payments	Amount ₹
To Balance b/d	6,000	By Medicines	10,000
To Subscriptions:		By Honorarium to Doctors	75,000
2008 - 2009 7,500		By Ambulance Maintenance	44,000
2009-2010 95,000		By Hospital Equipment purchased	30,000
2010-2011 <u>15,000</u>	1,17,500	By Furniture purchased	25,000
To Donations	55,000	By Fixed Deposits	1,00,000
To Life Membership Fees	25,000	By Balance c/d (31.3.10)	69,500
To Hospital Receipts (Revenue)	1,50,000		
	3,53,500		3,53,500

Additional Information:

- (1) Outstanding subscription for 2009-2010 is amounted to ₹5,000.
- (2) Hospital Equipments and furniture were purchased on 1.10.2009 and both were to be depreciated at 20% p. a.
- (3) Life membership fees are to be capitalized.
- (4) Donations represent donations for Building fund.
- (5) Staff salary for the current year is outstanding ₹7,500.
- (6) On 1.4.2009, the hospital had the following assets and liabilities: Land ₹2,50,000, Investments ₹50,000, Ambulance ₹1,02,500, Bank Loan ₹2,00,000.
- (7) Capital Fund as on 1.4.2009 was amounted to ₹ 2,16,000.

Prepare : Income and Expenditure Account for the year ending 31st March, 2010 and the Balance Sheet as on that date.

Ans.

In the books of Kalpana Hospital Sakri

Dr. Income and Expenditure A/c for the year ended 31.03.2010 Cr.

Expenditure	Amt.₹	Amt.₹	Income	Amt.₹	Amt.₹
To Medicines		10000	By Subscriptions	95000	
To Honorarium to Doctors		75000	(+)O/S Subscription	5000	100000
To Ambulance Maintenance		44000	By Hospital Receipts		150000
To Depreciation on:					
Hosp. Equipments	3000				
Furniture	2500	5500			
To Staff Salary		7500			
To Surplus c/d		108000			
		250000			250000

Kalpana Hospital, Sakri
Balance Sheet as on 31.03.2010

Liabilities	Amt.₹	Amt.₹	Assets	Amt.₹	Amt.₹
Capital Fund:			Land		250000
Opening Balance	216000		Investment		50000
(+) Life Membership Fees	25000		Ambulance		102500
(+) Surplus	108000	349000	Hospital Equipments	30000	
Building Fund		55000	(-) Depreciation	3000	27000
Bank Loan		200000	Furniture	25000	
Subscription received in advance		15000	(-) Depreciation	2500	22500
Outstanding Salary		7500	Fixed Deposit		100000
			Outstanding Subscription		5000
			cash		69500
		626500			626500

Q.7

[15 Marks]

From the following Trial Balance and adjustments of Kumbhar and Maroti you are required to prepare Trading and Profit and Loss Account for the year ended on 31st March, 2005 and a Balance Sheet as on that date.

Trial Balance as on 31-03-2005

Particulars	Debit (₹)	Particulars	Credit (₹)
Stock (1.4.2004)	35,000	Sales	3,30,000
Salary and Wages	4,200	Discount	4,000
Cash	10,000	Creditors	20,000
Purchases	2,25,200	Bank Overdraft	10,000
Sundry Expenses	13,600	Interest on Investment	8,000
Wages	12,000	Capitals :	
Bills Receivable	6,000	Kumbhar	60,000
Travelling Expenses	2,000	Maroti	40,000
Bad Debts	3,000		
Factory Expenses	8,000		
Commission	4,000		
Investments	20,000		
Debtors	40,000		
Tools and Equipments	6,000		
Furniture	12,000		
Goodwill	21,000		
Building	50,000		
	4,72,000		4,72,000

Adjustments:

- Partners share Profit and Losses in the ratio of their capitals.
- Closing Stock is valued at Cost Price ₹ 40,000 and at Market Price ₹ 45,000.
- Kumbhar has withdrawn goods worth ₹ 1,200 for his own use, but no entry is made in the books.
- Uninsured goods worth ₹ 12,000 were lost by fire
- ₹450 are to be written off as bad debts
- Unpaid Expenses : Salary and Wages ₹ 800 and Rent ₹ 1,200.
- Depreciate Building @ 7.5% p.a.

Ans.

M/s. Kumbhar and Maroti

Trading and P & L A/c for the year ended 31st March, 2005

Particulars	Amt.₹	Amt.₹	Particulars	Amt.₹	Amt.₹
To Opening Stock		35000	By Sales		330000
To Purchases		225200	By Goods Lost by Fire		12000
To Wages		12000	By Goods taken by Kumbhar		1200
To Factory Expenses		8000	By Closing Stock		40000
To Gross Profit c/d		103000			
		383200			383200
To Salary and Wages	4200		By Gross Profit b/d		103000
Add: Outstanding	800	5000	By Discount		4000
To Sundry Expenses		13600	By Interest on Investments		8000
To Travelling Expenses		2000			
To Commission		4000			
To Bad Debts	3000				
Add: New Bad Debts	450	3450			
To Loss by fire		12000			
To Rent		1200			
To Profit trd to:					
Kumbhar's Capital	42000				
Maroti's Capital	28000	70000			
		115000			115000

Dr.

Partners' Capital A/cs

Cr.

Particulars	Kumbhar	Maroti	Particulars	Kumbhar	Maroti
To Drawings	1200	-	By Balance b/d	60000	40000
To Balance c/d	100800	68000	By P & L A/c	42000	28000
	102000	68000		102000	68000

M/s. Kumbhar and Maroti
Balance Sheet as on 31st March, 2005

Liabilities	Amt.₹	Amt.₹	Assets	Amt.₹	Amt.₹
Capital:			Goodwill		21000
Kumbhar	100800		Building	50000	
Maroti	68000	168800	Less: Depreciation	3750	46250
Bank Overdraft		10000	Tools and Equipment		6000
Sundry Creditors		20000	Furniture		12000
O/S Expenses:			Investments		20000
Salary and Wages	800		Closing Stock		40000
Rent	1200	2000	Debtors	40000	
			Less: Bad Debts	450	39550
			Bills Receivable		6000
			Cash in Hand		10000
		200800			200800