

Set c solution

Q. 1. Attempt any Three of the following. [15]

A. Answer in one sentence only:

1. What do you mean by freight?

Ans. Transport charges paid to shipping company, railways or airways for carrying goods are called freight.

2. What is meant by Reconstitution of Partnership?

Ans. Reconstitution of partnership means change in the relationship between the partners and the form of partnership. It includes admission, retirement or death of partner from an existing firm.

3. Who is a drawer?

Ans. A person who draws a bill is known as drawer. He is the creditor and he has to receive the money from the debtor.

4. What is dissolution of partnership firm??

Ans. Dissolution of partnership firm means complete closure of partnership firm.

5. Define call - in - advance?

Ans. When some shareholders pay future amount of calls in advance, is called calls - in advance.

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

1. Payment of the bill before due date. (Retirement of bill)

2. Debit Balance in Realisation Account. (Realisation Loss)

3. Stock in hand at the end of the accounting year. (Closing Stock)

4. A Statement similar to Balance sheet. (Statement of Affairs)

5. Name of intangible Assets having a value. (Goodwill.)

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

1. Noting charges must be borne by ____ (Drawee)

- a. Drawer b. Drawee c. Payee d. Endorser
2. Realisation Account is _____ on realisation of assets. (credited)
- a. Debited b. Credited c. Deducted d. Added.
3. Increase in the value of assets should be _____ to profit and loss adjustment account. (Credited)
- a. Debited b. Credited c. Added d. Deducted
4. The capital balances are ascertained by preparing _____ (Statement of affairs)
- a. Statement of affairs. b. Cash Account c. Drawing Account. d. Debtors account.
5. Income and Expenditure Account is a _____ (Nominal Account)
- a. Capital Account. b. Real Account c. Personal Account d. Nominal Account.

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

1. All transactions are recorded in Single Entry System. (False)
2. Receipts and Payment Account do not have any opening Balance. (False)
3. A bill can't be deposited into bank for collection. (False)
4. Drawee can transfer the ownership of the bill. (False)
5. On Dissolution, cash or bank account is closed automatically. (True)

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

On 10th March, 2013 Rajesh Bhoyar, Gandhinagar, Nagpur draws a 2 months bill for Rs. 3,000 on Samir Choudhary, Main Road, and Belapur. Samir Choudhary accepted the bill on 15th March 2013.

BILL OF EXCHANGE	
STAMP	
Rs. 3,000 /-	Rajesh Bhoyar, Gandhinagar, Nagpur, 10th March, 2013
Two months after date pay to me or my order the sum of rupees three thousand only for the value received.	
Samir Choudhary, Main Road, Belapur	Sd/- Rajesh Bhoyar
<div style="border: 1px solid black; padding: 10px; transform: rotate(-10deg); display: inline-block;"> ACCEPTED Sd/- Samir Choudhary [15th March, 2013] </div>	

Q.2 Solution: In the books of Ram**Statement of Affairs as on 01.04.2013 and 31.03.2014**

Liability	01.04.2013	31.3.2014	Assets	01.04.2013	31.03.2014
Capital [Bal. Fig.]	83000	81000	Bank Balance	10000	-
			Plant and Machinery	10000	20000
Creditors	5000	8000	Furniture	4000	4000
Bank Overdraft	-	15000	Debtors	30000	52000
			Stock	34000	28000
	88000	104000		88000	104000

Statement of Profit or Loss for the year ended 31.03.2014

Particulars	Rs.	Rs.
Capital at the end of the year		81000
Add: Drawings:		
Amount withdrawn for Personal Expenses	5000	
Son's Marriage	4000	
Purchased Residential Building	20000	29000
Adjusted Closing Capital		110000
Less: Capital at the beginning of the year		83000
Trading Profit/Profit before Adjustment		27000
Less: Depreciation:		
On Plant and Machinery 20000 × 10% = 2000		-2000
Net Profit		25000

Q.2 Journal Entries in the books of New Partnership firm.

Date	Particulars	L.F.	Debit	Credit
2012 April 1.	Reserve Fund A/cDr.		7200	
	To Ramakant's Current A/c			4800
	To Shyamkant's Current A/c			2400
	[Being balance in Reserve Fund transferred to Partners Current A/c]			
April 1.	Equipment A/cDr.		80000	
	To Umakant's Capital A/c			80000
	[Being Capital contributed in the form of equipment by new partner]			
April 1.	Bank A/cDr.		36000	
	To Goodwill A/c			36000
	[Being goodwill brought in by Umakant by Cheque]			
April 1.	Goodwill A/cDr.		36000	
	To Ramakant's Current A/c			24000
	To Shyamkant's Current A/c			12000
	[Being Goodwill credited to old partner's current A/c]			
April. 1.	Profit & Loss Adjustment A/cDr.		19640	
	To R.D.D.A/c			1600
	To Loose Tools A/c			18040
	[Being R.D.D. raised and Loose Tools written off by 20%]			
April 1.	Outstanding Rent A/cDr.		10,000	
	To Bank A/c			9040
	To Profit & Loss Adjustment A/c			960
	[Being outstanding rent paid under discount]			
April 1.	Livestock A/cDr.		2600	
	To Profit & Loss Adjustment A/c			2600
	[Being the Value of livestock increased by Rs. 2600]			
April. 1	Ramkant's Current A/cDr.		10720	
	Shyamkant's Current A/cDr.		5360	
	To Profit and Loss Adjustment A/c			16080
	[Being loss on revaluation of assets and liabilities transferred to old partners' current A/c]			

OR

Q.3**Revaluation Account**

Particulars	Amount	Particulars	Amount
To Debtors(Bad Debts)	3000	By Building A/c	15000
To Stock	1200		
To Plant	1500		
To Motor Van	1500		
To O/s Expenses	3000		
To partner's Capital			
Pai 1920			
Amba 1920			
Manoj 960	4800		
	15000		15000

Bank A/c

Particulars	Amount	Particulars	Amount
To Bal b/d	3000		
To Partner's Capital A/c		By Pai's Capital	1000
Amba 20,000		By Bal c/d	32,000
Manoj 10,000	30,000		
	33,000		33,000

Partners' Capital Account

Particulars	Pai	Amba	Manoj	Particulars	Pai	Amba	Manoj
To Goodwill	1200	1200	600	By Bal b/d	30,000	30,000	15,000
To Cash	1000			By P/L A/c	8000	8000	4000
To Pai's Loan A/c	37720			By Cash A/c		20,000	10,000
To Bal c/d		58720	29360	By Revaluation A/c	1920	1920	960
	39920	59920	29960		39920	59920	29960

New Balance Sheet as on 1 April, 2013

Liabilities	Amount	Amount	Assets	Amount	Amount
Partner's Capital			Stock	12000	
Amba	58720		(-) Revaluation	1200	10800
Manoj	29360	88080	Debtors	20,000	
			(-) Bad-debts	3000	17,000
Pai's Loan A/c		37720	Plant	13000	
Creditors		7000	(-) Revaluation	1500	11,500
O/s Expenses	15000		Motor Van	31000	
(+) Revaluation	3000	18000	(-) Revaluation	1500	29500
			Goodwill	18000	
			(-) Decrease/ revaluation	3000	15,000
			Cash		32,000
		1,50,800			1,50,800

Q.4 Solution:**Journal entries in the Books of Ramchandra.**

Date	Particulars	LF	Debit (Rs)	Credit (Rs)
1.3.13	Raman's A/c ... Dr.		8000	
	To Sales A/c			8000
	[Being the goods are sold]			
1.3.13	Bills Receivable A/c ...Dr.		8000	
	To Raman's A/c			8000
	[Being the Bill is drawn]			
1.3.13	Bank A/c ...Dr.		7880	
	Discount A/c ... Dr.		120	
	To Bills Receivable A/c			8000
	[Being the Bill is discounted with the bank @ 6% p.a.]			
4.6.13	Raman's A/c ... Dr.		8000	
	To Bank's A/c			8000
	[Being the discounted bill is dishonoured]			
4.6.13	Raman's A/c ... Dr.		100	
	To Interest A/c			100
	[Being Interest is charged on balance amount]			
4.6.13	Cash / Bank A/c ... Dr.		4000	
	To Raman's A/c			4000
	[Being the part payment is made]			
4.6.13	Bills Receivable A/c ...Dr.		4100	
	To Raman's A/c			4100
	[Being the New bill is drawn along with balance and interest on balance amount]			
7.9.13	Cash/Bank A/c Dr.		4100	
	To Bills Receivable A/c			4100
	[Being the second bill is duly honoured]			

Q.5

Solution:

Date	Particulars	LF	Debit	Credit
1.	Reserve Fund A/c Dr.		15,000	
	To Devendra's Capital A/c			9000
	To Ganesh's Capital A/c			6000
	[Being the Reserve fund Transferred to Partners' capital account at the time of Realisation]			
2.	Realisation A/cDr.		231250	
	To Debtors			56250
	To Stock			112500
	To Furniture			25000
	Motor car			37500
	[Being the Sundry Assets Transferred to Realisation A/c at book value]			
3.	Sundry Creditors A/c Dr.		12500	
	Bank overdraft A/c Dr.		10000	
	To Realisation A/c			22500
	[Being the Sundry Liabilities transferred to Realisation A/c]			
4.	Cash A/c Dr.		157500	
	To Realisation A/c [W.N. 1]			1,57,500
	[Being the Sundry Assets Realised]			
5.	Devendra's A/c Dr.		35000	
	Ganesh's A/c Dr.		30,000	
	To Realisation A/c			65,000
	[Being Motor car and Furniture were taken over by former and later respectively]			
6.	Realisation A/c Dr.		21,250	
	To Cash A/c			21250
	[Being the Creditors were paid at a discount on Realisation]			
7.	Realisation A/c Dr.		5000	
	To Cash A/c			5000
	[Being the realisation expenses incurred and paid]			
8.	Devendra's Capital A/c Dr.		3750	
	Ganesh's capital A/c Dr.		2500	
	To Realisation A/c			6250
	[Being loss made on Realisation A/c Transferred to Partners Capital A/c]			
9.	Devendra's capital A/c Dr		85250	

	Ganesh's Capital A/c Dr.		48500	
	To Cash A/c			133750
	[Being the final settlement is made between the partners on Realisation]			

**Q.6 Solution: In the books of Young Sports Club, Dadar
Income and Expenditure A/c for the year ended 31.03.07**

Expenditure	Amount	Amount	Income	Amount	Amount
To Cricket Tournament Expenditure	16460		By Subscription	18000	
(+) Outstanding	250	16710	(-) Last Year Amount	-800	
To Printing & Stationery	860			17200	
(-) Last Year Amount	-300	560	(-) Next Year Amount Received in Advance	-200	
To Salaries & Honorarium	1600			17000	
(-) Last Year Amount	-400		(+) Outstanding of Current Year	800	17800
	1200		By Receipts from Cricket tournament		14520
(+) Outstanding of Current Year	100	1300	By Entrance Fees	4000	
To Repairs to Buildings		500	(-) Last year Amount	-200	
To Newspapers and Periodicals		470		3800	
To Advertising Expenses		300	(-) Next Year Amount Received in Advance	-300	3500
To Insurances	400		By Interest on Bank A/c		300
(+) Outstanding	50	450			
To Surplus [Income Over Expenditure]		15830			
		36120			36120

Balance Sheet as on 31.03.07

Liability	Amount	Amount	Asset	Amount	Amount
Capital Fund		30000	Investments		15000
I/E A/c	23300		Cash in Hand		5280
(+) Surplus	15830	39130	Cash at Bank		6450
			Building		9500
			Furniture		5000
Advance Subscription of Next Year		200	Sports Materials & Equipments		28000
Advance Entrance fees of Next Year		300	Outstanding Subscription of Current year		800
Outstanding Expenses					
Salaries & Honorarium	100				
Insurance	50				
Cricket Tournament Expenses	250	400			
		70030			70030

In the books of Misha and Latha

Dr

Trading a/c for the year ended 31.3.14

Cr

PARTICULARS	AMT	AMT	PARTICULARS	AMT	AMT
To opening stock		10000	By sales	60000	
To purchases	40000		(-) returns	(3500)	56500
(-) returns	(2500)	37500	By goods distributed As free samples		1000
To wages		8500	By goods taken over by Partner Latha		100
			By closing stock		26500
To gross profit c/d		<u>28100</u>			
		84100			84100

Profit and losses a/c for the year ended 31.2.14

Dr

Cr

PARTICULARS	AMT	AMT	PARTICULARS	AMT	AMT
			By gross profit b/d		28100
To salaries		2700			
To office expenses		2446			
To insurance	1300				
(-) prepaid	(300)	1000			
To rent	1800				
(+) outstanding	200	2000			
To bad debts	--				
(+) F.B.D	--				
(+)N.R.D.D	2800				
(-)O.R.D.D	(400)	2400			
To travelling expenses		1400			
To depreciation					
On plant and machinery		3000			
To advertisement		1000			
To net profit					
Misha	4051				
Latha	8103	12154			
		28100			28100

Partner's Capital A/C

Dr

Cr

PARTICULARS	MISHA AMT	LATHA AMT	PARTICULARS	MISHA AMT	LATHA AMT
To drawings (goods)	----	100	By balance b/d By net profit b/d	60000 8103	30000 4051
To balance c/d	68103	33951			
	68103	34051		68103	34051

Balance sheet as on 31.3.2014

LIABILITY	AMT	AMT	ASSET	AMT	AMT
<u>Capital a/c</u>			sundry debtors	28000	
Misha	68103		(-) N.R.D.D	(2800)	25200
Latha	33951	102054	Plant and machinery	30000	
Bills payable		10101	(-) depreciation	3000	27000
Sundry creditors		21500	Land and building		44800
Outstanding rent		200	Bills receivable		3400
			Bank		6655
			Closing stock		26500
			Prepaid insurance		300
		133855			133855