

CHETANA'S JUNIOR COLLEGE OF COMMERCE AND ARTS

S.Y.J.C. PRELIMINARY EXAMINATION

Sub : Book- Keeping and Accountancy

[Time: 3 Hours]

[Max. Marks: 80]

- Q.1 A) Write one word/term/phrase which can substitute each of the following statements:** (05)
- (1) Debit balance of Trading Account.
 - (2) Change in relationship between the partners.
 - (3) The main source of revenue income of 'Not for Profit concern'.
 - (4) A person on whom bill of exchange is drawn.
 - (5) A tool for analysing financial statements where individual figures of Balance Sheet is converted into percentage.
- B) Do you agree or disagree with the following statements:** (05)
- (1) Free distribution of goods is debited to Trading Account.
 - (2) 'Not for Profit' concerns do not prepare Balance Sheet.
 - (3) Debit balance of insolvent partner's capital account is known as capital deficiency.
 - (4) Directors can forfeit the shares for any reason.
 - (5) Legal software is fully functional software without any restrictions.
- C) Select the correct option and rewrite the sentence :** (05)
- (1) All indirect expenses are debited to _____ Account.
(a) Trading (b) Capital (c) Profit and Loss (d) Liabilities
 - (2) Donation for scholarship fund is _____.
(a) Capital receipt (b) revenue receipt
(c) capital expenditure (d) revenue expenditure
 - (3) Gain Ratio = _____ ratio less Old ratio.
(a) New (b) Equal (c) Capital (d) Sacrifice
 - (4) Death is compulsory _____.
(a) dissolution (b) admission (c) retirement (d) winding up
 - (5) Assets and liabilities are transferred to Realisation Account at their _____ value.
(a) market (b) purchase (c) sale (d) book

D) **Calculate the following;** **(05)**

1) 9% investment in Government Securities ? 12,000 (Face value = Rs. 10000). Find out the amount of interest on investment.

2) Subscription received Rs. 12,000; Outstanding subscription of current year Rs. 2,000 and outstanding subscription of previous year Rs. 2,500. Find out the amount of subscription credited to Income and Expenditure Account.

3) A and B are partners in a firm sharing profits and losses in the ratio of 1 : 1 C is admitted . A surrenders $\frac{1}{4}$ th share and B surrenders $\frac{1}{5}$ th share in favour of C calculate the new profit sharing ratio.

4)X, Y. Z are partners sharing profits and losses in the ratio 2: 2: 1 . Z retires, calculate the gain ratio.

5)Veena who had accepted Sudha's bill of Rs. 28000 was declared bankrupt and only 35 paise in the rupee could be recovered from her estate. Calculate the amount of bad debt.

Q.2 Sharmila and Urmila are partners in a firm sharing profits and losses equally. On 31st March, 2020 their Balance Sheet was as under : **(10)**

Balance Sheet as on 31st March, 2020

Liabilities	Amt (Rs.)	Assets	Amt (Rs.)
Capitals:		Cash in Hand	5,000
Sharmila	50,000	Sundry Debtors	30,000
Urmila	40,000	Computer	40,000
Sundry Creditors	35,000	Stock of Goods	42,000
Bills Payable	25,000	Bills Receivable	28,000
Bank Overdraft	15,000	Profit and Loss A/c	20,000
	165,000		165,000

Nikita is admitted as a partner in the firm on 1st April, 2020 on the following terms:

- (1) The new profit sharing ratio will be 2:1:1.
- (2) She shall bring in cash Rs.25,000 as her capital and ? 10,000 for share of goodwill.
- (3) Computer is overvalued by Rs.5,000 and stock of goods are undervalued by 20% in the book
- (4) 10% of the debtors are taken as bad.
- (5) 50% of the amount of goodwill to be withdrawn by partners.
- (6) The capitals of the partners to be adjusted in their profit sharing ratio by making adjustment in cash.

**Prepare: (1) Profit and Loss Adjustment A/c
(2) Partners' Capital Accounts and
(3) New Balance Sheet on the date of admission.**

OR

Q.2 Given below is the Balance Sheet of A, B and C who were sharing profits and losses in the ratio of 3 : 3 : 2.

Balance Sheet as on 31st March, 2020

Liabilities	Amt (Rs.)	Assets	Amt. (Rs.)
Creditors	10,900	Cash	17,400
Reserve Fund	4,000	Debtors	12,500
Capitals :		stock	6,300
A	12,000	Machinery	8,700
B	13,000	Furniture	4,000
C	9,000		
	48,900		48,900

On 1st April, 2020, C retired from the firm and the following decisions were taken

- (1) The assets to be revalued as under:
Stock Rs.6,000; Machinery Rs.8,000 and Furniture Rs.4,200.
- (2) R.D.D. to be maintained at 4% on debtors.
- (3) An item of Rs.100 from creditors is no longer a liability and hence should be properly adjusted.

- (4) A and B's share in Reserve Fund should be continued in new firm.
 (5) Goodwill of the firm be valued at Rs.4,000, however only C's share in it is to be raised in the books and written off from the books immediately.
 (6) The amount payable to C be transferred to his Loan Account.

Prepare :

- (a) Profit and Loss Adjustment Account
 (b) Capital Account of Partners:
 (c) Balance Sheet of the new firm on 01-04-2020.

**Q.3 Following is the Balance Sheet of Kulkarni, Solkar and Bhave as (10)
 on 31st March, 2020.**

They were sharing profits and losses in the ratio of $\frac{1}{2} : \frac{1}{6} : \frac{1}{3}$

Balance Sheet as on 31st March, 2020

Liabilities	Amt, (Rs.)	Assets	Amt. (Rs.)
Capitals:		Buildings	19,000
Kulkarni	24,000	Machinery	13,500
Solkar	21,500	Furniture	3,000
General Reserve	12,000	Stock	20,500
Kulkarni's Loan	7,500	Debtors	10,000
Creditors	12,500	Bills Receivable	6,000
Bills Payable	7,500	Bank	3,000
		Profit and Loss A/c	1,500
		Bhave's Capital	8,500
	85,000		85,000

On the above date the firm was dissolved and the assets realised as under :

- (1) Building Rs. 18,000; Machinery; Rs. 12,000; Debtors Rs. 5,000 and Goodwill Rs.900.

- (2) Kulkarni took over furniture and stock at Rs. 20,000 and agreed to pay creditors at a discount of 7 500.
- (3) Solkar took over bills receivable at Rs.5,200 and paid bills payable in full.
- (4) Dissolution expenses paid amounted Rs.1,600.
- (5). Bhave became insolvent. No amount was recovered from his estate.

Show: Realisation A/c; Capital Accounts and Bank A/ c;

OR

Q.3 Big draws two bills of Rs.2,000 and Rs. 5,000 on Small and Medium for 2 months.

Before one month of the due date of bill Small retired his acceptance @ 12% p.a. and on due date Medium dishonoured his acceptance. Big paid noting charges Rs. 50. Later on, Medium accepted 2 months bill for Rs.3,090 inclusive of interest Rs.90 and paid the balance amount by cheque. The new bill was met on due date.

Pass Journal entries in the books of Big. (10)

Q.4 R.K. Ltd. issued 5,000 Equity shares of Rs10 each at 5% discount payable as follows :

On Application	Rs.2.50	On Allotment	Rs. 3.00
On First Call	Rs. 2.00	On Final Call	Rs. 2.00

Application were received for exact number of Equity shares and all the shares were allotted. Money due on allotment and first call were received in full except on 200 shares. These shares were immediately forfeited and re-issued @ Rs. 5 as Rs.8 paid up. **Pass Journal Entries in the books of company.**

OR

Q.4 Distinguish between Manual Accounting Process and Computerised Accounting Process.

Q.5 Vimal, Kamal and Shamal were partners sharing profits and losses in the ratio of 2:2:1 respectively. Their Balance Sheet as on 31st March, 2020 was as under: (08)

Balance Sheet as on 31st March, 2020

Liabilities	Amt. (Rs.)	Amt. (Rs.)	Assets	Amt. (Rs.)	Amt. (Rs.)
Capital A/c			Land and Building		50,000
Vimal	40,000		Stock		30,000
Kamal	40,000		Debtors	37,500	
Shamal	20,000	100,000	Less: R.D.D.	2,500	35,000
Reserve Fund		10,000	Furniture		10,000
Creditors		16,000	Cash at Bank		5,000
Outstanding Expenses		4,000			
		1,30,000			1,30,000

Shamal died on 1st July, 2020 and the adjustments were agreed as per deed as follows :-

- (1) Land and Building was to be valued at Rs. 60,000 and all debtors were good.
- (2) Stock to be depreciated at 10%.
- (3) Interest on capital was to be allowed at 10% p.a.
- (4) The drawings of Shamal upto the date of her death amounted to Rs.2,000.
- (5) The deceased partner's share of goodwill is to be valued at 2 years purchase of average profit of last 3 years. The profits were: 2017-18 Rs.15,000; 2018-19 Rs.17,000 and 2019-20 Rs. 13,000.
- (6) The deceased partner's share of profit upto the date of her death should be based on average profit of the last two years. You are required to prepare :
 - A) Profit and loss Adjustment A/C
 - B) Shamal Capital A/C showing the balance payable to her executor.
 - C) Working notes for calculation of goodwill and profit till the date of death.

OR

Q.5 Following is the Trading and Profit and Loss Account for the year ending 31st March, 2020: (8)

Dr. Trading and Profit and Loss A/c for the year ending 31.03.2020
Cr.

Liabilities	Amt. (Rs.)	Assets	Amt. (Rs.)
To Opening Stock	1,00,000	By Sales	4,00,000
To Purchases	2,50,000	By Closing Stock	50,000
To Carriage	20,000		
To Gross Profit c/d	80,000		
	4,50,000		4,50,000
To Administrative Expenses	35,000	By Gross Profit b/d	80,000
To Selling & Distribution Expenses	15,000		
To Loss on sale of computer	10,000		
To Net Profit c/d	20,000		
	80,000		80,000

Calculate: (1) Gross Profit Ratio (2) Net Profit Ratio (3) Operating Ratio.

Q.6 With the help of the Balance Sheet and Receipts and Payments Account of Adarsh Cultural Club, Mumbai. (12)

Prepare Income and Expenditure Account for the year ended 31st March, 2020 and the Balance Sheet as on the date.

Balance Sheet as on 01.04.2019

Liabilities	Amt. (Rs.)	Assets	Amt. (Rs.)
Capital Fund	2,57,000	Buildings	2,50,000
Building Fund	50,000	Furniture	20,000
Outstanding Salary	1,300	Outstanding Subscription	1,000
		Cash in hand	2,400
		Cash at bank	34,900
	3,08,300		3,08,300

Receipts and Payments Accounts for the year ended 31.03.2020

Receipts	Amt. (Rs.)	Payments	Amt. (Rs.)
To Balance b/d	2,400	By Salaries	35,000
Cash in Hand			
Cash at Bank			
To Subscriptions:		By Furniture	10,000
2018-19 1,000		(Purchased on (1.10.2019))	
2019-20 48,000			
2020-21 2,000	51,000		
To Donation for building fund	20,000	By General Expenses	8,400
To Drama receipts	28,000	By Printing and Stationery	4,200
		By Drama Expenses	16,000
		By Balance c/d	
		Cash in Hand	4,600
		Cash at Bank	57,800
	1,36,300		1,36,300

You are also required to consider the additional information given below:

- (1) The Club had 100 members, each paying Rs. 500 as annual subscription.
- (2) Furniture to be depreciated at 20% p.a.
- (3) Salaries included Rs.1,300 paid for outstanding salaries for the year 2018- 19. Salaries outstanding for the year 2019-20 were Rs.700.

Q.7 Ashok and Tanaji are partners sharing profits and losses in the ratio 2:3 respectively. Their Trial Balance as at 31st March, 2020 is given below.

You are required to prepare Trading and Profit and Loss A/c for the year ending 31st March, 2020 and Balance Sheet on that date taking into account the given adjustments, (12)

Trial Balance as on 31st March, 2020

Particulars	Amt. (Rs.)	Particulars	Amt. (Rs.)
Purchases	98,000	Capitals: Ashok	30,000
		Tanaji	40,000
Patent Rights	4,000	Provident Fund	7,000
Building	1,00,000	Creditors	45,000
Stock (1.4.2019)	15,000	Sales	1,58,000
Printing and Stationery	8,650	R.D.D.	250
Sundry Debtors	35,000	Bank Loan	12,000
Wages and Salaries	11,000	Bills Payable	3,000
Furniture	8,000	Outstanding Wages	500
10% Investment (Purchased on 30.9.19)	10,000		
Cash	4,000		
P. F. Contribution	800		
Carriage Inward	1,300		
	2,95,750		2,95,750

Adjustments:

- (1) Closing Stock is valued at the cost of t 15,000 while its market price is Rs.18,000
- (2) On 31st March, 2020, the Stock of Stationery was Rs. 500.
- (3) Provide R.D.D.@ 5% on Debtors.
- (4) Depreciate Building at 5% and Patent Right at 10%.
- (5) Interest on capital is to be provided at 5% p.a.
- (6) Goods worth Rs. 10,000 were destroyed by fire and Insurance company admitted claim for Rs.8,000.