



SHAH'S ADVANTAGE PRELIM SERIES

A DIVISION OF "SHAH EDUCATIONAL ACADEMY"

B.COM, BAF, BMS, BBI, BFM, MCOM, CS, CPT, IPCC, Final CA.

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CLASS: S.Y.J.C.
PRELIM SERIES NO. – 4
Date : 2nd Feb., 2020

BOOK – KEEPING & ACCOUNTANCY (2019 – 20) SOLUTION

TIME: 3 Hrs.
MARKS: 80

Q. 1 Attempt the following sub-questions: (Any Three) (15)

A] Answer the following questions in one sentence each:

1. What is Statement of affairs?

Ans: The statement, like Balance Sheet which shows estimated values of assets and liabilities of a business on a certain date is called statement of affairs.

2. Who is Notary Public?

Ans: Officer appointed by the Government for noting of dishonoured bill.

3. What is Trial Balance?

Ans: Trial Balance is a statement showing the list of balances of all the ledger accounts on a particular date.

4. What is subscription?

Ans: The major source of revenue to a 'Not for Profit' concern, from its members.

5. When is Realisation Account opened?

Ans: When partnership firm is dissolved Realisation Account is opened.

B] Write the word / term / phrase which can substitute each of the following statements:

1. The balance which cannot be recovered from the debtors. – **Bad debts**

2. Expenses incurred on dissolution of a partnership firm:- **Dissolution Expenses & Realisation Expenses**

3. The three extra days which are allowed over and above the period of the bill- **Days of grace**

4. The account to which deceased partners' capital balance is transferred:- **Deceased Partners Executor's loan A/c.**

5. The Proportion in which the continuing partners are benefited due to retirement of partner :- **Gain Ratio**

C] Select the most appropriate alternative from those given below:

1. A debit balance of Partner's Current Account will appear on the **Assets** side of the Balance Sheet

2. When the amount of goodwill is withdrawn by old partners **Cash/ Bank** Account is credited.

3. The liability of the partners in a firm is **unlimited**.

4. The Gross Profit is transferred to **Profit & Loss** Account.

5. A person to who the bill is endorsed is called **endorsee**.

P.T.O.

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

1. Bad debts appearing in the Trial Balance are reduced from the amount of Sundry Debtors in the Balance Sheet. **False**
2. Single Entry system is based on certain rules & principle. **False**
3. The final balancing amount of Income & Expenditure Account, represents either surplus or Deficit. **True**
4. Share forfeited balance is transferred to capital reserve accounts. -**True**
5. Dissolution takes place when the relations among the partners come to an end.- **True**

E] Preparation a Bill of Exchange from the following information:**(5)**

STAMP		
₹ 43,000/-		Mr. Ramesh M. Gaikwad, 42, Vikas Complex, Thane – 400 604. Date:- 27 th January,2019.
Ninety days after date pay to Mrs. Kamini A Rathod, 15, Shree Apartment, Bhayander, Mumbai-401105 or her order sum of Rupees Forty Three Thousand only for value received.		
To, Mr. Kailash N. Gandhi 54, Sarovar, Kandivali . Mumbai- 400101	Accepted S/d Mr. Kailash Gandhi Date: 29 th January, 2019	Sd/- Mr. Ramesh M. Gaikwad

Q. 2.**Statement of Affair of Mrs. Sudha as on -----**

Liabilities	31-3-17	31-3-18	Assets	31-3-17	31-3-18
Sundry Creditors	18,000	20,000	Machinery	50,000	50,000
Outstanding expenses	1,500	---	Furniture	50,000	30,000
Capital	1,56,500	1,67,500	Sundry Debtors	18,000	25,000
(Balancing Figure)			Stock	30,000	42,000
			Prepaid expenses	-----	500
			Cash in hand	3,000	5,000
			Cash at Bank	25,000	35,000
Total	1,76,000	1,87,500	Total	1,76,000	1,87,500

Statement of Net Profit / Loss for the year ended 31st March, 2018

Particulars	₹	₹
Closing Capital		1,67,500
Add : Drawings during the year		<u>3,000</u>
		1,70,500
Less : Additional Capital introduced		<u>10,000</u>
Adjustment closing capital		1,60,500
Less : Opening Capital		<u>1,56,500</u>
Profit before adjustment		4,000
Add : Interest on drawings (5% on 3,000 for 6 months)		<u>75</u>
		4,075
Less : Depreciation on Machinery (5% on 50,000)	2,500	
Provision for bad of doubtful debts (2% on 25,000)	500	
Interest on capital 5% on ₹1,56,500	7,825	
5% on ₹ 10,000 for 6 months	<u>250</u>	
Net Loss for the year	8,075	11,075

P.T.O.

Working For Interest or Capital

Opening Capital 1,56,500 for 12 months @ 5%	=	7,825
Additional Capital 10,000 for 6 months @ 5%	=	<u>250</u>
Total Interest	=	<u>8,075</u>

Interest on Drawing:- $\frac{3,000 \times 6 \times 5}{100 \times 12} = 75$

OR

Q.2 What is Limitations of Financial Statement Analysis?

Ans:- (1) It is Historical Information: Due to emphasis on recorded facts, Financial Statements do not show the true current worth of a concern. Because it is prepared on the basis of historical cost and book value of assets, it never considers the change in prices.

(2) Incomplete Information: The Financial Statements record only the transactions upto the last day of the accounting year. It takes 4 to 6 months, after the year end for finalization and audit of accounts. So many events affecting the financial position of the concern may have occurred during this period. Financial Statements are just interim reports.

(3) Qualitative Information is Ignored: Financial Statements usually indicate how much profit the company has generated during a certain period of business organization. Only quantitative factors are taken into account. But quantitative factors such as reputation and prestige of the business with the public, the efficiency and loyalty of its people, honesty of management etc., do not materialise in Financial Statements.

(4) It is only the Tool but not the Remedy: Financial Statements are by nature a combination of recorded facts, accounting principles and personal judgement. It does not give any solution to overcome the limitations that arise due to this nature of financial statements.

(5) Influence of Personal Judgement: The results disclosed by the Financial Statements should not be taken at face value because many items are shown at estimated amounts. E.g. depreciation, deferred revenue expenditure, bad debts, inventory valuation etc. Its reliability depends upon the experience, ability and honesty of an accountant.

Q.3.

In the book of firm

Dr.		Revaluation A/c		Cr.	
Particulars		₹	Particulars		₹
To R.D.D. New	1,000	----	By Building		25,000
– Old	1,000				
To Furniture		1,250			
To Stock		3,100			
To Profit					
Apple (3/5)	12,390				
Grapes (2/5)	8,260	2,0650			
		25,000			25,000

Dr. Partners' Capital Accounts Cr.

Particulars	Apple	Grapes	Chiku	Particulars	Apple	Grapes	Chiku
				By Balance b/d	1,00,000	75,000	-----
				By General Reserve	9,000	6,000	-----
				By Cash / Bank	----	-----	1,00,000
				By Goodwill A/c	10,000	5,000	-----
To Balance c/d	2,40,000	1,60,000	1,00,000	By Revaluation A/c	12,390	8,260	-----
				By Current A/c	1,03,610	60,740	-----
	2,40,000	1,60,000	1,00,000		2,40,000	1,60,000	1,00,000

Dr. Cash A/c. Cr.

Particular	₹	Particular	₹
To balance b/d	15,000	By Balance c/d	1,40,000
To Chiku Capital A/c	1,00,000		
To Goodwill A/c	25,000		
	1,40,000		1,40,000

Dr.		Goodwill A/c.		Cr.	
Particular	₹	Particular	₹		
To Apple Capital	15,000	By goodwill A/c	25,000		
To Chiku Capital	10,000				
	25,000				25,000

New Balance Sheet as on 1st April, 2018

Liability	₹	₹	Assets	₹	₹
Partner Capital			Building	1,00,000	
Apple	2,40,000		Add:- Appreciation	25,000	1,25,000
Grapes	1,60,000		Furniture	10,000	
Chiku	1,00,000	5,00,000	Less: Depreciation	1,250	8,750
Creditors		10,000	Stock	31,000	
Bills Payable		5,000	Less: Written off	3,100	27,900
			Debtors	50,000	
			Less:- R.D.D.	1,000	49,000
			Partners Current A/c		
			Apple	1,03,610	
			Grapes	60,740	1,64,350
			Cash / Bank		1,40,000
		5,15,000			5,15,000

Working for Ratio:

	Apple	Grapes	Chiku
Old Ratio	$\frac{3}{5}$	$\frac{2}{5}$	-
New Ratio	$\frac{12}{25}$	$\frac{8}{25}$	$\frac{1}{5}$ (5) = $\frac{5}{25}$
Sacrifice Ratio	3	: 2	

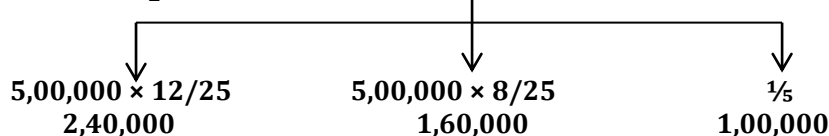
Working note to find out Total New Capital

For $\frac{1}{5}$ share Capital is 1,00,000

For 1 share Capital is (?)

$$\frac{1,00,000 \times 1}{\frac{1}{5}}$$

$$\therefore \frac{1,00,000 \times 1 \times 5}{1} = 5,00,000$$



OR

Q.3.

In the books of

Dr.		Revaluation A/c.		Cr.	
Particular	₹	Particular	₹		
To R.D.D.	200	By Land & Building	1,000		
To Profit					
Sanjay (2/4)	400				
Vijay (1/4)	200				
Ajay (1/4)	<u>200</u>				
Total ₹	1,000	Total ₹	1,000		

Dr.		Sanjay Capital A/c.		Cr.	
Particular	₹	Particular	₹		
To Drawings	1,000	By Balance b/d	6,000		
To Interest on Drawings	100	By General Reserve	800		
To Executors loan	22,000	By Profit & Loss Suspense a/c	750		
		By Goodwill	15,000		
		By Interest on Capital	1,50		
		By revaluation A/c	400		
Total ₹	23,100	Total ₹	23,100		

W.N - 1 :- To find out Share of Sanjay in 3 months Profit

$$\begin{aligned} \text{Average Profit} &= \frac{\text{Total Profit} - \text{Loss}}{\text{No of Years}} \\ &= \frac{8000 + 4000}{2} = \frac{12000}{2} = 6000 \end{aligned}$$

To find out Profit for 3 months

For 12 months Profit 6,000
3 months (?)

$$\frac{6000 \times 3}{12} = 1,500$$

Share of Sanjay in Profit = $1500 \times \frac{2}{4} = 750$

W.N: 2 - To find out Share of Sanjay in Goodwill

$$\begin{aligned} \text{Average Profit} &= \frac{\text{Total Profit} - \text{Loss}}{\text{No of Years}} \\ &= \frac{16000 + 12000 + 8000 + 4000}{4} = \frac{40000}{4} = 10,000 \end{aligned}$$

Goodwill = Ave Profit × No of years Purchase
= $10,000 \times 3 = 30,000$

Share of Sanjay in Goodwill

$30000 \times \frac{2}{4} = 15,000$

W.N.- 3:- To find out Interest on Capital for 3 months

$$\frac{6000 \times 3 \times 10}{100 \times 12} = 150$$

Q.4. Journal of Rahul

Date	Particulars	LF	Debit (₹)	Credit (₹)
A	Vijay A/c.....Dr. To Pradeep A/c (Being.....)		1,050	1,050
B (1)	Nilesh A/c.....Dr. To Bill Receivable (Being.....)		600	600
(2)	Nilesh A/c.....Dr. To Interest A/c (Being.....)		12	12
(3)	Cash A/c.....Dr. To Niesh A/c (Being.....)		200	200
(4)	Bills Receivable A/c.....Dr. To Nilesh A/c (Being.....)		412	412
C	Cash A/c.....Dr. Discount A/c.....Dr. To Bill Receivable A/c (Being.....)		2,970 30	3,000
D	Aviraj's A/c.....Dr. To Bank A/c (Being.....)		1,020	1,020
	Total		6,294	6,294

Q.5. In the Journal of M/s. Santosh & Rajesh Bros.

Date	Particulars	LF	Debit (₹)	Credit (₹)
31 st March				
18				
1.	Realisation A/c.....Dr. To Furniture A/c To Investments A/c To Machinery A/c To Debtors A/c (Being)		1,17,000	30,000 10,000 70,000 7,000
2.	Sundry Creditors A/c.....Dr. Bills Payable A/c.....Dr. To Realisable A/c (Being)		10,000 2,000	12,000
3.	Reserve Fund A/c.....Dr. To Santosh Capital A/c To Rajesh Capital A/c (Being)		10,000	6,000 4,000
4.	Santosh Capital A/c.....Dr. To Realisation A/c (Being)		9,200	9,200
5.	Realisation A/c.....Dr. To Cash A/c (Being)		74,000	74,000
6.	Rajesh Capital A/c.....Dr. To Ralisation A/c (Being)		28,000	28,000
7.	Realisation A/c.....Dr. To Rajesh Capital A/c (Being)		1,500	1,500
8.	Realisation A/c.....Dr. To Cash A/c (Being)		11,100	11,100
9.	Santosh Capital A/c.....Dr. Rajesh Capital A/c.....Dr. To Realisation A/c (Being)		3,840 2,560	6,400
10.	Santosh Capital A/c.....Dr. Rajesh Capital A/c.....Dr. To Cash A/c (Being)		42,960 24,940	67,900
	Total		3,37,100	3,37,100

Working Note:

Realisation A/c

Particulars	₹	₹	Particulars	₹	₹
To <u>Sundry Assets</u>			By <u>Sundry Liability</u>		
- Furniture	30,000		- Creditors	10,000	
- Investment	10,000		- Bills Payable	2,000	12,000
- Machinery	70,000		By Santosh Capital A/c		
- Debtors	7,000	1,17,000	(Inv't. Taken over)		9,200
To Rajesh Capital A/c			By Cash A/c		
(Bills Payable taken over)		1,500	Debtors	6,500	
To Cash A/c			Machinery	67,500	74,000
Dissolution Expenses		1,400	By Rajesh Capital A/c		
To Cash A/c			(Furniture taken over)		28,000
Creditors		9,700	By Loss transferred		
			- Santosh	3,540	
			- Rajesh	2,560	6,400
		1,29,600			1,29,600

Partners Capital A/c

Particulars	S	R	Particulars	S	R
To Realisation A/c	9,200	-	By Balance b/d	50,000	50,000
To Realisation A/c	-	28,000	By Reserve Fund	6,000	4,000
To Realisation A/c	3,840	2,560	By Realisation A/c	-	1,500
To Cash A/c	42,960	24,940			
	56,000	55,500		56,000	55,500

Cash/ Bank A/c

Particulars	₹	Particulars	₹
To Balance b/d	6,000	By Realisation A/c	1,400
To Realisation A/c	74,000	By Realisation A/c	9,700
		By Loan A/c	1,000
		By Santosh	42,960
		By Rajesh	24,940
	80,000		80,000

Santosh Loan A/c

Particulars	₹	Particulars	₹
To Cash A/c	1,000	By Balance c/d	1,000
	1,000		1,000

OR

Q.5.

Journal of Yogeshwari Co. Ltd.

Date	Particulars	LF	Debit (₹)	Credit (₹)
1.	Bank A/c.....Dr. To Equity Share Application A/c (Being)		1,25,000	1,25,000
2.	Equity Share Application A/c.....Dr. To Equity Share Capital A/c (Being)		1,00,000	1,00,000
3.	Equity Share Application A/c.....Dr. To Bank A/c (Being)		25,000	25,000
4.	Equity Share Allotment A/c.....Dr. To Equity Share Capital A/c (Being)		2,00,000	2,00,000
5.	Bank A/c.....Dr. To Equity Share Allotment A/c (Being)		2,00,000	2,00,000

6.	Equity Share First Call A/c.....Dr. To Equity Share Capital A/c (Being))	60,000	60,000
7.	Bank A/c.....Dr. To Equity Share First Call A/c (Being))	60,000	60,000
8.	Equity Share Final Call A/c.....Dr. To Equity Share Capital A/c (Being))	40,000	40,000
9.	Bank A/c.....Dr. Calls in Arrears A/c.....Dr. To Equity Share Final Call A/c (Being))	39,600 400	40,000
10.	Equity Share Capital A/c.....Dr. To Calls in Arrears A/c To Share forfeiture A/c (Being))	4,000	400 3,600
11.	Bank A/c.....Dr. Share Forfeiture A/c.....Dr. To Equity Share Capital A/c (Being))	1,600 2,400	4,000
12.	Share Forfeiture A/c.....Dr. To Capital Reserve A/c (Being))	1,200	1,200
	Total	8,59,200	8,59,200

Working note to find out balance of forfeiture transferred to Capital Reserve

Balance in Share Forfeiture Account	3,600
Less: Loss on Reissue	<u>2,400</u>
Transferred to Capital Reserve	1,200

Q.6. In the book of.....

Dr. Income & Expenditure Accounts For the year ended 31st March, 2018 Cr.

Expenditure	₹	₹	Income	₹	₹
To Postage & Telegram		2,500	By Subscription	14,325	
To Salaries	5,300		Less: Receivable/Outstanding of	250	
Add Outstanding	700	6,000	Last year		
To Stationary Consumed			Less :- Advance Next Year	75	
To opening Stock	200			14,000	
Add Purchase of stationery	800		Add: Receivable/ Outstanding of		
Less closing stock of	150		Current Year	<u>4,000</u>	18,000
Stationery		850			
To cost of Staging Drama		1,500	By Proceeds from Drama		2,500
To Sundry Expresses		1,300	By Interest on Securities		500
To loss on Sale of Furniture		100			
To Deprecation on					
Building	625				
Furniture	100	725			
To surplus		8,025			
		21,000			21,000

Dr.		Balance sheet as on 31 st March, 2018				Cr.	
Liability	₹	₹	Asset	₹	₹		
Capital Fund	32,000		Furniture	300			
Add :Entrance fees	800		Less: sold	300		-----	
Add: Surplus	8,025	40,825	Add : Purchase	2,000			
Advance Subscription		75	Less: Deprecation	100		1,900	
Outstanding Salaries		700	Building	25,000			
			Less: Deprecation	625		24,375	
			Investment	4,500			
			Add Purchase	4,000		8,500	
			Subscription Receivable/ outstanding for Current Year			4,000	
			Cash at bank			2,500	
			Cash in hand			175	
			Close Stock of Stationery			150	
Total		41,600	Total			41,600	

W.N. To find out Subscriptions Receivable for Current year

Total Member × Annual Subscription

$$1500 \times 12 = 18000$$

Less received for current year

$$(As per receipt & Payments A/c) = 14000$$

$$Receivable for Current year = 4,000$$

Q.7. In the Books of M/s. Sharma & Varma

Dr.		Trading & Profit & Loss A/c. for year ended 31 st March, 2018				Cr.	
Particulars	₹	₹	Particulars	₹	₹		
To Opening stock		28,000	By sales			2,26,750	
To Purchase		1,75,000	By Good destroyed by fire			5,000	
To Carriage		1,200	By Closing stock			38,000	
To Royalties		2,500					
To Wages		1,400					
To Gross Profit Transferred to Profit & Loss Account		61,650					
		2,69,750				2,69,750	
To Salaries		17,500	Profit & Loss A/c				
To Unproductive wages		1,800	By Gross Profit b/d			61,650	
To Printing & stationery		2,100	By Rent received	3,500			
To Travelling expenses		1,750	Add: Rent Receivable	800		4,300	
To Advertisement	4,275						
Less: Prepaid for 2 year s	2,850	1,425					
To Bad debts	1,425						
Add; New R.D.D.	2,000	3,425					
To Discount allowed	800						
Add: Reserve of Discount	1,140	1,940					
To loss by fire		700					
To Depreciation on Furniture		2,400					
To Net Profit transferred to Partner's Capital A/c							
Sharma	19,746						
Varma	13,164	32,910					
		65,950				65,950	

Dr. Partners' Capital A/c

Cr.

Particulars	Sharma	Varma	Particulars	Sharma	Varma
To balance	1,09,746	73,164	By balance b/d	90,000	60,000
			By Net Profit	19,746	13,164
	1,09,746	73,164		1,09,746	73,164

Balance Sheet of M/s Sharma & Varma as on 31st March, 2018

Particular	₹	₹	Particular	₹	₹
Capital A/c - Sharma	1,09,746		Sundry Debtors	40,000	
Capital A/c - Varma	73,164	1,82,910	Less: new R.D.D.	2,000	
Sundry Creditors		30,000		38,000	
Bank Overdraft		24,500	Less: Reserve for Discount	1,140	36,860
			Furniture	20,000	
			Less: Depreciation	2,400	17,600
			Leasehold Property		95,000
			Investment		35,000
			Cash in hand		7,000
			Prepaid Advertisement		2,850
			Closing Stock		38,000
			Rent Receivable		800
			Insurance Claim		4,300
		2,37,410			2,37,410

W.N: 1. Distribution of Profit :

Sharma's Profit = $32,910 \times \frac{3}{5} = ₹ 19,746$

Varma's Profit = $32,910 \times \frac{2}{5} = ₹ 13,164$

2. Depreciation on Furniture = $20,000 \times \frac{12}{100} = ₹ 2,400$

1. Capital Ratio = $90,000 : 60,000 = 9 : 6$ i.e. 3:2

Advertisement Prepaid for

36 months ————— 4275
 12 months ————— (?)

$\frac{4275 \times 12}{36} = 1425$

For 36 months 4275
 Less for 12 months 1425
 Prepaid 2850

DAY - SUNDAY

SEAT NUMBER

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2020 02 02

HSC

Set -IV

BOOK – KEEPING & ACCOUNTANCY

Preliminary Examination – IV

Time : 3 Hrs

(7 pages)

Max. Marks : 80

- Notes :** (i) All questions are compulsory
(ii) Figures to the right indicate full marks.
(iii) Answer to every question must be written on new page

Q. 1 Attempt any THREE sub-questions of the following: (15)

A] Answer in 'One' sentence each: (5)

1. What is Statement of affairs?
2. Who is Notary Public?
3. What is Trial Balance?
4. What is subscription?
5. When Realisation Account is opened?

B] Write a word / term / phrase which can substitute each of the following statement (5)

1. The balance which cannot be recovered from the debtors.
2. Expenses incurred on dissolution of a partnership firm.
3. The three extra days which are allowed over and above the period of the bill
4. The account to which deceased partner's capital balance is transferred.
5. The proportion in which the continuing partners are benefited due to retirement of a partner.

P.T.O.

C] Select the most appropriate alternative from those given below and rewrite the sentences: (5)

1. A debit balance of Partner's Current Account will appear on the _____ side of the Balance Sheet
(a) Assets (b) Liabilities (c) Debit (d) Credit
2. When the amount of goodwill is withdrawn by old partners _____ Account is credited.
(a) Cash/ Bank (b) Capital (c) Revaluation (d) Profit & Loss Adjustment
3. The liability of the partners in a firm is _____.
(a) zero (b) limited (c) unlimited (d) proportionate
4. The Gross Profit is transferred to _____ Account.
(a) Trading (b) Current (c) Capital (d) Profit & Loss
5. A person to who the bill is endorsed is called _____.
(a) seller (b) buyer (c) endorsee (d) endorser

D] State whether the following statements are True / False: (5)

1. Bad debts appearing in the Trial Balance are reduced from the amount of Sundry Debtors in the Balance Sheet.
2. Single Entry system is based on certain rules & principle.
3. The final balancing amount of Income & Expenditure Account, represents either surplus or Deficit.
4. Share forfeited balance is transferred to capital reserve accounts.
5. Dissolution takes place when the relations among the partners come to an end.

E] Preparation a Bill of Exchange from the following information: (5)

1. Drawer : Mr. Ramesh M. Gaikwad, 42, Vikas Complex, Thane - 400 604.
2. Drawee : Mr. Kailash N. Gandhi, 54, Sarovar, Kandivali, Mumbai - 400 101.
3. Payee : Mrs. Kamini A. Rathod, 15, Shree Apartment, Bhayandar, Mumbai - 401 105.
4. Amount : ₹ 43,000/-
5. Period : 90 days
6. Date of Bill : 27th January, 2019
7. Date of Acceptance : 29th January, 2019.

P.T.O.

Q.2 Mrs. Sudha has not kept proper books of Accounts following information is provided to you. (8)

Particulars	Amt.(₹) on 31/3/2017	Amt. (₹) on 31/3/2018
Machinery	50,000	50,000
Furniture	50,000	30,000
Debtors	18,000	25,000
Creditors	18,000	20,000
Stock	30,000	42,000
Outstanding Expenses	1,500	-----
Prepaid Expenses	-----	500
Cash in hand	3,000	5,000
Cash at Bank	25,000	35,000

Additional information:-

- Mrs. Sudha introduced additional capital as on 1st October, 2017 by selling her personal car ₹ 10,000
- She paid her daughter's College fees from business Bank Account ₹ 3,000
- Depreciate Machinery by 5% p.a.
- Provide 2% on Debtors for Bad & Doubtful Debts.
- Interest on Capital is to be provided @5%p.a. and on Drawings 5%p.a.

Prepare Statement of Profit or Loss for the year ended 31st March, 2018.

OR

Q. 2 What is Limitations of Financial Statement Analysis? (8)

Q. 3 Apple & Grapes are partners sharing profits and losses 3:2 respectively. Their position on 31st March, 2018 was as follows:

Balance Sheet as on 31st March, 2018

Liabilities	₹	Assets	₹
Capital Accounts		Building	1,00,000
Apple	1,00,000	Furniture	10,000
Grapes	75,000	Stock	31,000
Creditors	10,000	Debtors	50,000
Bills Payable	5,000	Less: R.D.D.	<u>1,000</u>
General Reserve	15,000	Bank Balance	15,000
Total	2,05,000	Total	2,05,000

On 1st April, 2018 they admitted Chiku on the following terms:

- Chiku should bring in cash ₹ 1,00,000 as capital for $\frac{1}{5}$ th share in future profit and ₹25,000 as goodwill.
- Building should be revalued at ₹ 1,25,000.
- Depreciate furniture @12 $\frac{1}{2}$ % p.a. and stock @ 10% p.a.
- R.D.D. should be maintained as it is.
- The Capital Accounts of partners should be adjusted in their new profit sharing ratio through current account.

Prepare Profit & Loss Adjustment A/c; Capital A/c & Balance Sheet of the new firm.

(10)

OR

P.T.O.

Q.3. Sanjay, Vijay and Ajay were partners in a business sharing profit and losses in the ratio of 2 : 1 : 1 respectively. Their Balance Sheet as on 31st December 2018 was as follows:-

Balance Sheet as on 31-12-2018

Liabilities	₹	Assets	₹
Sundry Creditors	3,000	Land and Buildings	6,000
General Reserve	1,600	Sundry Debtors	5,000
Capitals:		Stock	4,000
Sanjay 6,000		Bank	5,000
Vijay 5,000			
Ajay <u>4,400</u>	15,400		
	20,000		20,000

Sanjay died on 1st April 2019

- 1) The Partnership Deed provided that
 - a) The deceased partner's share of profit upto date of his death should be based on the average profits of the last two years.
 - b) His share of goodwill should be calculated at three years purchased of the average of the profits for the last four years profits which were: 2015 - ₹16,000; 2016 - ₹12,000; 2017 - ₹8,000; 2018 - ₹4,000.
- 2) Land and Building was to be revalued at ₹7,000 and R.D.D. was to be maintained at ₹200/-.
- 3) Interest on capital was to be allowed at 10% p.a. and charged interest on drawings ₹100/-.
- 4) The drawings of Sanjay upto the date of his death amounted to ₹1,000/-.

Prepare : (a) Profit and Loss Adjustment A/c. ; (b) Give working of share of profit and share of goodwill of Sanjay.; (3) Sanjay's Capital A/c showing amount payable to his executors. (10)

Q.4 Journalise the following bill transactions in the books of Rahul.

- A. Pradeep informed Rahul that, Vijay acceptance ₹ 1,000 endorsed to Pradeep had been dishonoured. Noting charges amount to ₹ 50.
- B. Nilesh renews his acceptance to Rahul for ₹ 600 by paying ₹ 200 in cash and accepting a fresh bill for balance plus interest at 12% p.a. for 3 months.
- C. Prashnat's acceptance to Rahul for ₹ 3,000 retired one months before due date at a discount of 12% p.a.
- D. Bank informs Rahul as to the dishonor of Aviraj's acceptance for ₹ 1,000 to Rahul, discounted with the bank. Noting charges is ₹ 20. (10)

P.T.O.

Q.5 The following was the Balance Sheet of M/s. Santosh and Rajesh Bros. as on 31st March, 2018.

Balance sheet as on 31st March, 2018

Liabilities		Amt. ₹	Assets		Amt. ₹
Capitals:			Cash at Bank		6,000
Santosh	50,000		Furniture		30,000
Rajesh	50,000	1,00,000	Investments		10,000
Reserves Fund		10,000	Machinery		70,000
Santosh's Loan		1,000	Debtors		7,000
Bills Payable		2,000			
Creditors		10,000			
		1,23,000			1,23,000

The firm was dissolved on 31st March, 2018 and the assets realized as under:

1. Santosh took over the investment at ₹ 9,200.
2. Cash realised from debtors ₹ 6,500; Machinery ₹ 67,500.
3. Rajesh agreed to take over furniture at ₹ 28,000 and agreed to meet the Bills Payable at ₹ 1,500.
4. Dissolution expenses were ₹ 1,400.
5. The creditors were paid off ₹ 9,700 in their full settlement.
6. Santosh and Rajesh share profits and losses in the proportion of 3 : 2.

Pass necessary Journal Entries in the books of the firm.

(10)

OR

Q.5 Yogeshwari Co .Ltd., Ambajogai made an issue of 20,000 equity shares of ₹ 20 each, payable as follows:

Application – ₹ 5 per share;

Allotment – ₹ 10 per share;

First call – ₹ 3 per share;

Second and Final Call – ₹ 2 per share.

The company received applications for 25,000 shares of which application for 5,000 shares were rejected and money refunded.

All the shareholders paid upto second and final call, except Dhiraj, the allottee of 200 shares who failed to pay the final call. His shares were forfeited by company. All forfeited shares are reissued at Rs. 8 per share as fully paid.

Pass Journal Entries in the books of Yogeshwari Co. Ltd., Ambajogai.

(10)

P.T.O.

Q.6 From the following information, prepare Income & Expenditure Account for the year ended 31st March, 2018 and a Balance Sheet as on that date:

Receipts & Payments A/c for the year ended 31st March, 2018

Receipts	₹	Payments	₹
To Cash in hand (1-4-2017)	1,750	By Postage & Telegram	2,500
To Subscriptions		By Salaries	5,300
2016-17 250		By Furniture (1-10-2017)	2,000
2017-18 14,000		By Investments in Securities	4,000
2018- 19 <u>75</u>	14,325	By Printing & Stationery	800
To Proceeds from Drama	2,500	By Cost of staging drama	1,500
To Entrance Fees	800	By Sundry Expenses	1,300
To Interest on Securities	500	By Cash at Bank	2,500
To Sale of Old Furniture (Book Value ₹ 300)	200	By Cash in hand	175
	20,075		20,075

- (1) The society has 1,500 members, each paying an annual subscription of ₹12.
- (2) Value of stationery at hand on 31st March, 2017 was ₹ 200 and on 31st March, 2018 was ₹150.
- (3) Entrance fees are to be capitalized.
- (4) Salary of ₹700 for the current year is unpaid.
- (5) Balances as on 31st March, 2017:- Investments ₹4,500; Building ₹25,000; Furniture ₹300. Depreciate building by 2 ½ % and furniture by 10%.
- (6) Capital Fund as on 1-4-2017 ₹ 32,000. **(12)**

P.T.O.

Q.7. From the following Trial Balance of M/s Sharma and Varma, you are required to prepare a Trading and Profit & Loss Account for the year ended 31st March, 2018 and Balance sheet as on the date after taking into consideration the additional information given below. Partners share profits & losses in their capital ratio.

Trial Balance as on 31st March, 2018

Particulars	₹	Particulars	₹
Stock (1-4-2017)	28,000	Capital:	
Purchases	1,75,000	Sharma	90,000
Salaries	17,500	Varma	60,000
Unproductive wages	1,800	Sundry Creditors	30,000
Carriage	1,200	Rent received	3,500
Royalties	2,500	Bank overdraft	24,500
Wages	1,400	Sales	2,26,750
Printing and stationery	2,100		
Sundry Debtors	40,000		
Furniture	20,000		
Leasehold property	95,000		
Investment	35,000		
Travelling expenses	1,750		
Advertisement (for 3 years)	4,275		
Bad debts	1,425		
Discount allowed	800		
Cash in hand	7,000		
	4,34,750		4,34,750

Adjustments:

1. Stock on hand on 31st March, 2018 was at cost ₹ 38,000.
2. Provide R.D.D. at 5% on Sundry Debtors.
3. Provide Reserve for discount on debtors at 3%.
4. Goods worth ₹ 5,000 destroyed by fire and Insurance Company admitted a claim of ₹4,300.
5. Rent of ₹ 800 is yet to be received from the tenant.
6. Depreciate Furniture at 12% p.a.

(15)

*****ALL THE BEST*****