



SHAH'S ADVANTAGE PRELIM SERIES

A DIVISION OF "SHAH EDUCATIONAL ACADEMY"

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

H.O. 5; 6 & 7, Hill Crest Society, 16th Road, Bandra (W), Mum: 50. Ph: 26051635

Branch:-Avon Arcade, Shop No. A/121, 1st Flr; Vile Parle (W), Mumbai:- 56. Ph: 9820418533

CLASS: S.Y.J.C.
PRELIM SERIES NO. – 3

BOOK – KEEPING & ACCOUNTANCY (2019 – 20) (Solution)

TIME: 3 Hrs.
MARKS: 80
Date: 28th Jan, 20

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

A] Answer the following questions in one sentence each: (5)

1. What do you mean by 'carriage in ward'?

Ans:- Transport charges paid for purchase of goods is known as carriage inward.

2. What is 'due date of a bill'?

Ans:- The date on which payment of bill becomes due is called due date of a bill.

3. What is 'deficit'?

Ans:- Excess of expenditure over income of "not for profit concern" is known as deficit.

4. What do you mean by 'sacrifice ratio'?

Ans:- The proportion in which the existing partners sacrifice their share to new partner in case of admission is known as sacrifice ratio.

5. Which statement is prepared under single entry system to ascertain profit?

Ans:- "Statement of Profit or Loss" is prepared to ascertain profit under single entry system.

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

1. The debit balance of trading account.

Ans:- Gross Loss

2. The excess of total assets over total liabilities of a 'not for profit concern'.

Ans:- Capital fund

3. Expenses incurred on dissolution of a partnership firm.

Ans:- Realization / Dissolution expenses

4. Transfer of title of a bill from a debtor to a creditor.

Ans:- Endorsement of bill

5. The statement showing profitability of two different period and its percentage change.

Ans:- Comparative income statement.

P.T.O.

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

1. When shares are forfeited, share capital account is debited
2. A bill drawn & accepted on 23rd November, 2017 for two months will be payable on 25th January, 2018
3. If the opening capital is ₹ 80,000, closing capital is ₹ 1,80,000, withdrawals are ₹ 10,000 & additional capital brought in is ₹ 20,000, the profit will be ₹90,000
4. Assets & liabilities are transferred to Realisation Account at their book value .
5. Share of profit of a deceased partner till the date of his death is debited to profit & loss suspense account

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

1. Honour of bill means payment in accordance with the apparent tenor of the bill.

Ans:- True

2. The issue of debenture more than the face value is termed as issue of debenture at par.

Ans:- False

3. Return in wards is deducted from purchases.

Ans:- False

4. Ratio analysis is useful for inter-firm comparison.

Ans:- True

5. Renewal is a request by drawee to cancel the old bill & draw a new bill by extending the credit period.

Ans:- True

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

STAMP	Ramesh Mishra, L.B.S. Road, Ghatkopar, Mumbai, Date:- 17 th February, 2018
₹ 25,000/-	
Ninety days after the date pay to Repesh Kumar Pande, Rajkamal Chowk, Amaravati or his order sum of Rupees Twenty Five Thousand only for the	
To, Nandkumar Sharma, Laxmi Road, Pune.	<u>Accepted" for ₹ 20,000/-</u> Sd/- Nandkumar Sharma Date: 20 th February. 2018
	Sd/- Ramesh Mishra

P.T.O.

Q.2.

**In the books of Ajay
Statement of Affairs as on 31st March, 2017, 2018**

Liabilities	Amt. (₹) 01/04/17	Amt. (₹) 31/03/18	Assets	Amt. (₹) 01/04/17	Amt. (₹) 31/03/18
Capital (balancing figure)	88,500	1,69,500	Investments	-----	30,000
Bills payable	---	18,000	Furniture	15,000	45,000
Creditors	52,500	69,000	Debtors	60,000	90,000
			Stock in trade	30,000	37,500
			Cash in bank	36,000	54,000
	1,41,000	2,56,500		1,41,000	2,56,500

Statement of Profit & Loss as on 31st March 2018

Particulars	₹	₹
Closing capital		1,69,500
(+) Drawings	18,000	
Cash (3000 x 6)	12,000	
Goods (2000 x 6)	7,000	37,000
		2,06,500
(-) Additional Capital introduced		27,000
Adjusted Closing capital		1,79,500
(-) Opening Capital		88,500
Profit before adjustments		91,000
(+) Income & Gains		--
		91,000
(-) Expenses & Losses		
1. Deprecation on Furniture	4,500	
2. RDD (90,000 × 5%)	4,500	9,000
Net profit during the year		82,000

OR

Q.2 (A) What are the different 'cash in flows' & 'cash outflows' of operating activity?

Ans:- *Meaning of "Cash inflows" & "Cash outflow":- All transactions that increase cash and cash equivalents are known as "cash outflows."*

Meaning of operating activities: *Operating activities are related to main business activities of an enterprise giving principal revenue, it excludes investing and financial activities.*

Different "cash inflows" from operating activities: *(i) Cash receipts from cash sales. (ii) cash receipts from debtors. (iii) Cash receipts from commission and other revenue incomes.*

Different "Cash outflows" from operating activities: *(i) purchase of goods for cash. (ii) Payment to creditors. (iii) Payment of wages, salaries taxes, etc.*

Q.2. B] State & explain any 'four objectives' of financial statement analysis from business point of view.

Ans:- *The following are the four objectives of financial statement analysis from business point of view.*

(1) Meaning the profitability:- *The aim of any business organization is to earn profit and hence every company wants to know its profit earning capacity or the profitability of the organization as a whole. Financial statement analysis helps to know whether the profits of firm are increasing or decreasing. It also helps to know the capacity of business to pay interest and dividend.*

P.T.O.

(2) To assess the overall financial strength:- Financial statement analysis helps to know the financial soundness of business organization. It helps to take decision regarding funds available for purchase of assets, payment of current liabilities, etc. It also helps to know whether internal sources of funds are sufficient or borrowing of fund is needed.

(3) To know the efficiency of management: Financial statement analysis help to know the operation efficiency of management. It helps to know whether financial policies adopted by management are proper or not.

(4) To know the trend of business: Financial Statement analysis help to know the business trends by comparing various types of data such as purchases, sales, expenses, incomes, net profit, etc. for two or more years. This helps to know the progress of business.

Q.3.

In the books of firm

Date	Particulars	L.F.	Debit ₹	Credit ₹
1	General Reserve A/c To Idli Capital A/c To Dosa Capital A/c (Being.....)	Dr.	20,000	10,000 10,000
2	Cash A/c To Chatni capital A/c (Being.....)	Dr.	20,000	20,000
3	Goodwill A/c To Idli Capital A/c To Dosa Capital A/c (Being.....)	Dr.	16,000	8,000 8,000
4	Idli capital A/c Dosa capital A/c Chatni Capital A/c To Goodwill A/c (Being.....)	Dr. Dr. Dr.	6,400 6,400 3,200	16,000
5	Revaluation A/c To Plant & Machines A/c To RDD A/c To Furniture A/c (Being.....)	Dr.	7,200	2,000 1,200 4,000
6	Land & Building A/c Stock A/c To Revaluation A/c (Being.....)	Dr. Dr.	10,000 4,000	14,000
7	Revaluation A/c To Idli Capital A/c To Dosa Capital A/c (Being.....)	Dr.	6,800	3,400 3,400

P.T.O.

M/s. Idli; Dosa & Chatni
Balance Sheet as on 1st April, 2017 (After Admission)

Liabilities	₹	₹	Assets	₹	₹
Capital A/c:			Land & Building	50,000	
Idli	75,000		Add: Appreciation	10,000	60,000
Dosa	55,000		Plant & Machinery	20,000	
Chantni	16,800	1,46,800	Less: Depreciation	2,000	18,000
Creditors		10,000	Furniture	8,000	
			Less: Depreciation	4,000	4,000
			Stock	16,000	
			Add: Appreciation	4,000	20,000
			Debtors	24,000	
			Less: New R.D.D.	1,200	22,800
			Cash at Bank		32,000
		1,56,800			1,56,800

Working Note:-

(1) Calculation of New Ratio:

	Idli	Dhosa	Chantni
Old Ratio	$\frac{1}{2}$	$\frac{1}{2}$	-
New Ratio	$\frac{4}{10}$	$\frac{4}{10}$	$\frac{1}{5}$ (2) = $\frac{2}{10}$
Sacrifice Ratio	1	:	1

(2)

In the books of firm

Dr.

Profit & Loss Adjustment A/c

Cr.

Particulars	₹	₹	Particulars	₹	₹
To Plant & Machinery A/c		2,000	By Land & Building A/c		10,000
To R.D.D. A/c		1,200	By Stock A/c		4,000
To Furniture A/c		4,000			
To Profit transfer to Capital A/c					
Idli (1/2)	3,400				
Dosa (1/2)	3,400	6,800			
		14,000			14,000

(3) Dr.

Partner's Capital A/c

Cr.

Particular	Idli	Dosa	Chatni	Particular	Idli	Dosa	Chatni
To Goodwill	6,400	6,400	3,200	By Balance	60,000	40,000	----
To Balance c/d	75,000	55,000	16,800	By General Reserve A/c	10,000	10,000	----
				By Bank A/c	---	---	20,000
				By Goodwill A/c	8,000	8,000	-----
				By Profit & Loss A/c	3,400	3,400	-----
	81,400	61,400	20,000		81,400	61,400	20,000

P.T.O.

Dr.		Bank A/c		Cr.	
Particulars	₹	Particular	₹		
To Balance b/d	12,000	By Balance c/d		32,000	
To Chantni's Capital A/c	20,000				
	32,000			32,000	

Dr.		Goodwill A/c		Cr.	
Particulars	₹	Particular	₹		
To Idli's Capital A/c	8,000	By Idli's Capital A/c		6,400	
To Dosa's Capital	8,000	By Dosa's Capital A/c		6,400	
		By Chantni's Capital A/c		3,200	
	16,000			16,000	

OR

Q.3.

In the books of firm

Dr.		Revaluation Account				Cr.	
Particulars	₹	₹	Particulars	₹	₹		
To RDD		3,000	By Building		15,000		
To Stock		1,200					
To Plant		1,500					
To Motor Van		1,500					
To outstanding exp.		3,000					
To <u>Revaluation Profit</u>							
Tea (2/5)	1,920						
Coffee (2/5)	1,920						
Sugar (1/5)	960	4,800					
		15,000			15,000		

Dr.		Partner's Capital Account						Cr.	
Particulars	Tea	Coffee	Sugar	Particulars	Tea	Coffee	Sugar		
To Goodwill	1,200	1,200	600	By balance b/d	30,000	30,000	15,000		
To Cash A/c	1,000	----	----	By profit & loss A/c	8,000	8,000	4,000		
To Tea's loan A/c	37,720	----	----	By Cash	----	20,000	10,000		
To balance c/d	----	58,720	29,360	By Revaluation (Profit)	1,920	1,920	960		
	39,920	59,920	29,960		39,920	59,920	29,960		

Dr.		Cash Account		Cr.	
Particulars	₹	Particulars	₹		
To balance b/d	3,000	By Tea's Capital A/c		1,000	
To Coffee's capital A/c	20,000	By Balance c/d		32,000	
To Sugar's Capital A/c	10,000				
	33,000			33,000	

Dr.		Goodwill Account		Cr.	
Particulars	₹	Particulars	₹		
To balance b/d	18,000	By Tea's Capital A/c		1,200	
		By Coffee's Capital A/c		1,200	
		By Sugar's Capital A/c		600	
		By balance c/d		15,000	
	18,000			18,000	

P.T.O.

Balance Sheet as on 31st March, 2017

Liabilities	₹	₹	Assets	₹	₹
Partner's Capital A/c			Stock	12,000	
Coffee	58,720		Less:- 10% Depreciation	1,200	10,800
Sugar	29,360	88,080	Debtors	20,000	
Outstanding Expenses	15,000		Less: RDD	3,000	17,000
Add: Further	3,000	18,000	Plant	13,000	
Creditors		7,000	Less: Depreciation	1,500	11,500
Tea's Loan A/c		37,720	Building	20,000	
			Add: Appreciation	15,000	35,000
			Motor Van	31,000	
			Less: Depreciation	1,500	29,500
			Goodwill		15,000
			Cash		32,000
		1,50,800			1,50,800

Q.4. In the books of Amar

Date	Particulars	L.F.	Debit ₹	Credit ₹
1 st May 2017	Bills Receivable A/c Dr. To Anand A/c (Being.....)		4000	4000
1 st May	Bank A/c Dr. Discount allowed A/c Dr. To Bills Receivable A/c (Being.....)		3,900 100	4,000
1 st Aug	Anand A/c..... Dr. To Bank A/c (Being.....)		4,000	4,000
1 st Aug	Anand A/c..... Dr. To Interest A/c (Being.....)		45	45
1 st Aug	Cash A/c..... Dr. To, Anand A/c (Being.....)		1,000	1,000
1 st Aug	Bills Receivable A/c..... Dr. To, Anand A/c (Being.....)		3,045	3,045
1 st Oct	Cash A/c..... Dr. Rebate A/c..... Dr. To, Bill Receivable A/c (Being.....)		3,035 10	3,045

**In the books of Anand
Vijay A/c**

Date 2017	Particulars	J.F.	Amt. (₹)	Date 2017	Particulars	J.F.	Amt. (₹)
1 st May	To Bills Payable A/c		4,000	1 st May	By Balance b/d		4,000
1 st Aug	To Cash A/c		1,000	1 st Aug	By Bills Payable A/c		4,000
1 st Aug	To Bills Payable		3,045	1 st Aug	By Interest A/c		45
			8,045				8,045

P.T.O.

Working Note:

Date	Particulars	L.F.	Debit ₹	Credit ₹
2017 1st May	Vijay A/c To Bills payable A/c	Dr.	4,000	4,000
1st Aug	Bills Payable A/c To Vijay A/c	Dr.	4,000	4,000
1st Aug	Interest A/c..... To Vijay A/c	Dr.	45	45
1st Aug	Vijay A/c..... To, Cash A/c	Dr.	1,000	1,000
1st Aug	Vijay A/c To Bills Payable A/c	Dr.	3,045	3,045
1st Oct	Bills Payable A/c To Vijay A/c To Discount A/c	Dr.	3,045	3,035 10

Q.5 In the books of M/s. N, P, & S

Particulars	₹	₹	Particulars	₹	₹
To Sundry Assets		1,30,000	By <u>Sundry Liability</u>		
To <u>Cash / Bank A/c</u>			Bill Payable	8,000	
Unrecorded Outstanding expense	7,000		Creditors	42,000	50,000
Realisation expense	4,000		By <u>Cash/ Bank</u> (Sundry Asset)		91,000
Sundry Creditors & Bills Payable	42,000	53,000	By <u>Realisation Loss</u>		
			N (5/10)	21,000	
			P (3/10)	12,600	
			S (2/10)	8,400	42,000
		1,83,000			1,83,000

Dr. Partners' Current Account Cr.

Particulars	N	P	S	Particulars	N	P	S
To balance b/d	----	----	14,000	By Balance b/d	4,000	4,000	----
To Realisation Loss	21,000	12,600	8,400	By Capital A/c	17,000	8,600	22,400
	21,000	12,600	22,400		21,000	12,600	22,400

Dr. Partners' Capital Account Cr.


Particulars	N	P	S	Particulars	N	P	S
To Current A/c	17,000	8,600	22,400	By Balance b/d	40,000	47,000	15,000
To S Capital A/c	2,125	1,275	----	By Cash/ Bank A/c	---	----	4,000
To Cash / Bank A/c	20,875	37,125	-----	By N Capital A/c	---	----	2,125
				By P Capital A/c	---	----	1,275
	40,000	47,000	22,400		40,000	42,000	22,400

Cash / Bank A/c

Particulars	₹	Particulars	₹
To Balance b/d	16,000	By Realisation A/c	53,000
To Realisation A/c	91,000	By N Capital A/c	20,875
To S Capital A/c	4,000	By P Capital A/c	37,125
	1,11,000		1,11,000

P.T.O.

Working Note:- To find out deficiency in capital

Debit total	=	22,400
Less: Credit total	=	15,000
Debit balance	=	7,400
Less:- Amount contributed	=	<u>4,000</u>
Excess		3,400
		<div style="text-align: center;">  </div>
		<div style="display: flex; justify-content: space-around;"> 5/8 3/8 </div>
		<div style="display: flex; justify-content: space-around;"> 2,125 1,275 </div>

OR**Q.5. In the books of Shah's Co. Ltd.**

Date	Particulars	L.F.	Debit ₹	Credit ₹
1	Bank A/c To Equity Share Application A/c (Being.....)	Dr.	2,25,000	2,25,000
2	Equity Share Application A/c..... To Equity Share Capital A/c (Being.....)	Dr.	2,00,000	2,00,000
3	Equity Share Application A/c..... To Bank A/c (Being.....)	Dr.	25,000	25,000
4	Equity Share Allotment A/c..... To Equity Share Capital A/c (Being.....)	Dr.	4,00,000	4,00,000
5	Bank A/c To Equity Share Allotment A/c (Being.....)	Dr.	4,00,000	4,00,000
6	Equity Share first Call A/c To Equity Share Capital A/c (Being.....)	Dr.	1,20,000	1,20,000
7	Bank A/c..... To Equity Share first Call A/c..... (Being.....)	Dr.	1,20,000	1,20,000
8	Equity Share second & Final call A/c To Equity Share Capital A/c (Being.....)	Dr.	80,000	80,000
9	Bank A/c Calls in arrears A/c..... To Equity Share second & Final Call (Being.....)	Dr. Dr.	76,000 4,000	80,000

P.T.O.

Q.6.

In the books Sports Club

Dr. Income & Expenditure Account for year ended 31st March, 2017

Cr.

Expenditure	₹	₹	Income	₹	₹
To loss on sale of machinery		700	By Subscription	78,000	
To Repair & maintenance		1,01,850	Add: Receivable of current year	2,300	
To Printing & Stationery		7,750	Less: Advance of current year	2,150	
To Salaries	12,250		Less:- Receivable of Last Year	3,400	
Less :- Prepaid	2,750	9,500	Add:- Advance of Last year	3,720	
To Administrative expenses		31,000	Add: Still Receivable of last year	-----	78,470
To Depreciation			By Dividend		5,400
On Building	1540		By Miscellaneous Receipt		12,500
On Plant & Machinery	2,800	4,340	By Hall Rent		30,000
To Surplus		1,905	By Entrance Fees		30,675
		1,57,045			1,57,045

Balance Sheet as on 31st March 2017

Liabilities	₹	₹	Assets	₹	₹
Capital fund	1,52,430		Building	77,000	
Add:- Entrance fees	30,675		Less:- Depreciation	1,540	75,460
ADD: Legacy	51,350		Plant & Machinery	63,000	
Add: Surplus	1,905	2,36,360	Less:- Sold	7,000	
Advance Subscription		2,150		56,000	
			Less:- Depreciation	2,800	53,200
			Furniture		64,000
			Cash		25,000
			Bank		15,800
			Prepaid Salaries		2,750
			Subscription Receivable		2,300
		2,38,510			2,38,510

Working Note:- To find out profit or loss on sale of Machinery

Book Value	7,000
Less selling Price	<u>6,300</u>
Loss on sale of machinery	<u>700</u>

Q.7

In the books of M/s. Arun and Pramod

Trading A/c for the year ended 31-12-2009

Particulars	₹	₹	Particulars	₹	₹
To Opening Stock		20,000	By Sales	1,70,500	
To Purchases	1,30,200		Add: Unrecorded Sales	3,000	
Less: Returns	3,200	1,27,000		1,73,500	
To Royalties		1,000	Less: Returns	500	1,73,000
To Wages		6,000	By Arun Drawings		500
To Gross Profit		44,500	By Closing Stock		25,000
		1,98,500			1,98,500

Profit and Loss A/c for the year ended 31-12-2009

Particulars	₹	₹	Particulars	₹	₹
To Advertisement	4,000		By Gross Profit		44,500
Less: Prepaid	3,000	1,000	By Commission		300
To Salaries		3,000			
To Provident Fund Contribution		500			
To Insurance	500				
Less: Prepaid	100	400			
To Bad Debts					
Add: New Bad Debts	400				
Add: New R.D.D.	678				
Less: Old R.D.D.	500	578			
To Depreciation on					
Machinery	5,000				
Furniture	750	5,750			
To Net Profit					
Arun	16,786				
Pramod	16,786	33,572			
		44,800			44,800

Partner's Current A/c

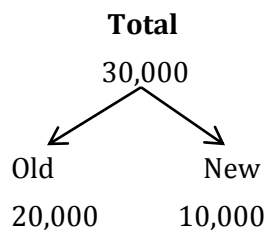
Particulars	Arun	Pramod	Particulars	Arun	Pramod
To Drawings	3,500	1,500	By Balance b/d	2,000	2,000
To Drawings	500	-	By Net Profit	16,786	16,786
To Balance c/d	14,786	17,286			
	18,786	18,786		18,786	18,786

P.T.O.

Balance Sheet as on 01-01-2010

Liabilities	₹	₹	Assets	₹	₹
Capital:			Furniture	5,000	
Arun	15,000		Less: Depreciation	750	4,250
Pramod	15,000	30,000	Machinery	30,000	
Provident Fund	2,000		Less: Depreciation	5,000	25,000
Add: Interest on P.F.	200	2,200	Provident Fund Investment		2,000
Creditors		20,000	Cash		3,000
Current A/c			Closing Stock		25,000
Arun	14,786		Debtors	20,000	
Pramod	17,286	32,072	Add: Unrecorded Sales	3,000	
				23,000	
			Less: Bad Debts	400	
				22,600	
			Less: New R.D.D.	678	21,922
			Prepaid Insurance		100
			Prepaid Advertisement		3,000
		84,272			84,272

Working note to find depreciation on Machinery:



Old 20,000 for 12 months @ 20%	=	4,000	
New 10,000 for 6 months @ 20%	=	<u>1,000</u>	
Total Depreciation	=	<u>5,000</u>	= $\left(\frac{10,000 \times 6 \times 20}{100 \times 12} \right)$



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CLASS: S.Y.J.C.
PRELIM SERIES NO. – 3

BOOK – KEEPING & ACCOUNTANCY (2019 – 20)

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 2. What is 'due date of a bill'?
 3. What is 'deficit'?
 4. What do you mean by 'sacrifice ratio'?
 5. Which statement is prepared under single entry system to ascertain profit?
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 3. Expenses incurred on dissolution of a partnership firm.
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 5. The statement showing profitability of two different period and its percentage change.
- C] Select the most appropriate alternative from those given below: (5)**
1. When shares are forfeited, share capital account is _____.
(a) debited (b) credited (c) adjusted (d) none of the above
 2. A bill drawn & accepted on 23rd November, 2017 for two months will be payable on _____.
(a) 23rd January, 2017 (b) 23rd January, 2018
(c) 25th January, 2018 (d) 26th January, 2018
 3. If the opening capital is ₹ 80,000, closing capital is ₹ 1,80,000, withdrawals are ₹ 10,000 & additional capital brought in is ₹ 20,000, the profit will be ₹ _____.
(a) 90,000 (b) 1,10,000 (c) 70,000 (d) 1,50,000
 4. Assets & liabilities are transferred to Realisation Account at their _____ value .
(a) market (b) purchase (c) sale (d) book
 5. Share of profit of a deceased partner till the date of his death is _____.
(a) debited to profit & loss adjustment account.
(b) Credited to profit & loss adjustment account
(c) Debited to profit & loss suspense account
(d) Credited to profit & loss suspense account.

P.T.O.

D] State whether the following statements are True or False. (5)

1. Honour of bill means payment in accordance with the apparent tenor of the bill.
2. The issue of debenture more than the face value is termed as issue of debenture at par.
3. Return in wards is deducted from purchases.
4. Ratio analysis is useful for inter-firm comparison.
5. Renewal is a request by drawee to cancel the old bill & draw a new bill by extending the credit period.

E] From the following information prepare a format of a Bill of Exchange: (5)

- (1) Drawer - Ramesh Mishra,
L.B.S. Road, Ghatkopar, Mumbai
- (2) Drawee - Nandkumar Sharma,
Laxmi Road, Pune.
- (3) Payee - Repesh Kumar Pande,
Rajkamal Chowk, Amaravati
- (4) Period of bill - 90 days
- (5) Amount of bill - ₹ 25,000
- (6) Date of bill - 17th February, 2018
- (7) Date of acceptance - 20th February, 2018
- (8) Accepted for - ₹ 20,000 only.

Q.2. Mr. Ajay keeps his books on single entry system & disclosed the following information of his business: (8)

Particulars	1 st April, 17 (₹)	31 st March, 18 (₹)
Investments	-	30,000
Bills payable	-	18,000
Creditors	52,500	69,000
Furniture	15,000	45,000
Debtors	60,000	90,000
Stock in trade	30,000	37,500
Cash in bank	36,000	54,000

Additional information:-

1. Mr. Ajit transferred ₹ 3,000 per month during the first half year & ₹ 2,000 per month for the second half year from business account to his personal account.
2. He also took goods worth ₹ 7,000 for private use.
3. He sold his private asset for ₹ 27,000 & brought the proceeds into his business.
4. Furniture to be depreciated by 10%.
5. Provide reserve for doubtful debts at 5% on debtors.

Prepare: (a) Opening statement of affairs. (b) Closing statement of affairs. (c) Statement of profit & loss for the year ended 31st March, 2018.

OR

Q.2.A] What are the different 'cash in flows' & 'cash outflows' of operating activity? (4)

B] State & explain any 'four objectives' of financial statement analysis from business point of view. (4)

P.T.O.

Q.3. Idli and Dosa are partners in a firm sharing profit and losses equally. Their Balance Sheet as on 31st March, 2018 was as under: **(10)**

Balance Sheet as on 31st March, 2018

Liabilities	Amt (₹)	Assets	Amt (₹)
Capital Accounts		Land & Building	50,000
Idli	60,000	Plant & Machinery	20,000
Dosa	40,000	Furniture	8,000
General Reserve	20,000	Stock	16,000
Creditors	10,000	Debtors	24,000
		Cash at Bank	12,000
	1,30,000		1,30,000

On 1st April, 2017 they admitted Chatni into partnership on the following terms:

1. Chatni shall bring in ₹ 20,000 as his capital for $\frac{1}{5}$ share in the future profit.
2. Goodwill should be raised to ₹ 16,000.
3. Goodwill to be written off after the admission of a new partner.
4. Appreciate land and building by 20% and depreciate plant and machinery by 10%.
5. Provide R.D.D. at 5% on debtors.
6. Revalued stock and furniture at ₹ 20,000 and ₹ 4,000 respectively.

Prepare:- Pass the Journal Entries & New Balance sheet after admission.

OR

Q.3. Tea, Coffee & Sugar are partners in a firm sharing profit & losses in the proportion to their capitals. Their Balance Sheet as on 31st March, 2018 is as follow: **(10)**

Balance sheet as on 31st March, 2018.

Liabilities	₹	Assets	₹
Capital A/c:		Cash	3,000
Tea	30,000	Stock	12,000
Coffee	30,000	Debtors	20,000
Sugar	15,000	Plant	13,000
Creitors	7,000	Building	20,000
Outstanding Expenses	15,000	Motor Van	31,000
Profit & Loss A/c	20,000	Goodwill	18,000
	1,17,000		1,17,000

On the above date Tea retired and the following adjustments have been agreed upon

1. Goodwill was revalued at ₹ 15,000
2. Assets & Liabilities were revalued as under debtors ₹ 17,000 stock at 90% of book value Building ₹ 35,000; Plant ₹ 11,500; Motor Van ₹ 29,500; Outstanding expenses ₹ 18,000
3. Coffee & Sugar contributed additional capital of ₹ 20,000 & ₹ 10,000 respectively
4. Balance due to Mr. Tea is transferred to his loan account after paying him ₹ 1,000/-

Prepare :- Profit & Loss adjustment A/c. ; Partner's Capital A/c & Balance Sheet of new firm.

P.T.O.

Q. 4. Vijay draws a bill of ₹ 4,000 on Anand on 1st May 2018 for three months. This was for the amount which Anand owed Vijay. Anand accept the same and returns it to Vijay who discounted with his Bank for ₹ 3,900. On 1st August, 2018 Anand requested Vijay to renew the bill and Vijay agreed on the condition that ₹ 1,000 be paid immediately and Anand should accept the new bill for 3 months for the balance payable plus interest of ₹ 45. These arrangements were carried through. However, on 1st October, 2018 Anand retired his acceptance for ₹ 3,035. Give Journal Entries in the books of Vijay & Vijay's Account in the Ledger of Anand. **(10)**

Q.5. N, P & S were partners sharing profits and losses in the ratio 5 : 3 : 2 respectively and had the following Balance sheet.

Balance sheet as on 31st March, 2018

Liabilities		₹	Assets		₹
Capital			Sundry Assets		1,30,000
N	40,000		Cash		16,000
P	47,000		Current A/c:		
S	15,000	1,02,000	S		14,000
Current A/c					
N	4,000				
P	4,000	8,000			
Bills Payable		8,000			
Creditors		42,000			
		1,60,000			1,60,000

They decided to dissolve the partnership firm on the above date on the following terms:

1. Sundry Assets realized 70% of their book value.
2. Unrecorded outstanding expenses ₹ 7,000 were paid.
3. Realisation expenses paid were ₹ 4,000.
4. Sundry Creditors and Bills Payable were repaid ₹ 42,000 in all.
5. S became insolvent and only ₹ 4,000 was recorded from his private estate.

Prepare:- (i) Realisation Account; (ii) Capital and Current A/c's of the partners and Bank A/c. **(10)**

OR

Q. 5 Shah's Co. Ltd. made an issue of 40,000 equity shares of ₹ 20 each, payable as follows:

Application: ₹ 5 per share.

First call: ₹ 3 per share

Allotment: ₹ 10 per share

Second & Final call: ₹ 2 per share.

The company received applications for 45,000 shares of which applications for 5,000 shares were rejected & the money refunded. All the shareholders paid up to second call except Sachin, the allotted of 2,000 shares, failed to pay final call.

Pass Journal Entries for the above transactions in the books of Shah's Co. Ltd. **(10)**

P.T.O.

Q. 6 Following is the Balance Sheet of Sport Club as on 31-03-2018.

Liabilities	₹	Assets	₹
Capital Fund	1,52,430	Building	77,000
Pre- received subscription	3,720	Plant & Machinery	63,000
Bank Overdraft	12,500	Subscription Receivable	3,400
		Cash	25,250
	1,68,650		1,68,650

Dr. Receipts & Payment A/c for the year ended 31-03-2018 Cr.

Receipts	₹	Payments	₹
To balance b/d		By balance b/d	
Cash	25,250	Bank Overdraft	12,500
To Subscription	78,000	By Repairs & Maintenance	1,01,850
To Legacy	51,350	By Printing & Stationery	7,750
To Dividend Received	5,400	By salaries	12,250
To Sale of Plant & Machinery (Book value ₹ 7,000)	6,300	By Purchase of Furniture	64,000
To Entrance fees	61,350	By Administrative Expenses	31,000
To Miscellaneous Receipts	12,500	By Balance c/d	
To Rent of Hall	30,000	Cash	25,000
		Bank	15,800
	2,70,150		2,70,150

Additional Information:

1. Legacy are to be capitalized.
2. Prepaid Salaries ₹2,750.
3. Subscription receivable for current year ₹2,300.
4. Subscription received in advance ₹2,150.
5. Depreciate Building by 2% and Plant & Machinery by 5%.
6. 50% of Entrance Fees are to be capitalized.

You are required to prepare Income & Expenditure Account and Balance Sheet. (12)

P.T.O.

Q. 7. Arun and Pramod are partners sharing profits and losses equally. From the following Trial Balance of the firm, prepare a Trading and Profit and Loss Account and a Balance Sheet.

Trial Balance as on 31st December, 2018

Particulars	₹	Particulars	₹
Stock	20,000	Capital Accounts :	
Purchases	1,30,200	Arun	15,000
Sales Return	500	Pramod	15,000
Debtors	20,000	Current Accounts :	
Wages	6,000	Arun	2,000
Royalties	1,000	Pramod	2,000
Furniture	5,000	Sales	1,70,500
Machinery (₹ 10,000 purchased on 1 st July 19)	30,000	Purchase Returns	3,200
Advt. for 4 years	4,000	Commission	300
Salaries	3,000	Provident Fund	2,000
P. F. Contribution	500	Interest on Provident Fund Investment	200
P. Fund Investment	2,000	Res. for Doubtful debts	500
Insurance	500	Creditors	20,000
Cash	3,000		
Drawings :			
Arun	3,500		
Pramod	1,500		
	2,30,700		2,30,700

Adjustments:

- 1) Closing Stock: Cost price ₹ 25,000; Market price ₹ 30,000.
- 2) Arun has taken goods worth ₹ 500 for his personal use.
- 3) Goods amounting ₹ 3,000 were sold and dispatched 27.12.2018, but no entry thereof was made in the Sales Book.
- 4) Prepaid Insurance amounted to ₹ 100.
- 5) Depreciate Furniture by 15% and Machinery by 20%
- 6) Write off ₹ 400 as bad debts and maintain the Reserve for doubtful debts at 3% on debtors.

(15)
