

**SMT. MITHIBAI MOTIRAM KUNDNANI COLLEGE OF
COMMERCE & ECONOMICS**

Date : 12/01/2019
Time: 3 Hrs.

S.Y.J.C. Preliminary Exam. 2019
Book-keeping & Accountancy

Marks:-80

Q.1 Attempt any Three of the following (15)

(Any 3 Sub. Questions from A,B,C,D,E)

(A) Answer in one sentence. (5)

1. When is the bill said to be honoured?
2. What is a Trading account?
3. What is Single Entry system?
4. What is a Legacy?
5. What are Convertible Debentures?

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

1. Acceptance with some changes as regards the terms of a bill.
2. Changes in the relationship between the partners.
3. An association of two or more persons to carry on business.
4. The debenture on which payment is to be made on the expiry of specific period.
5. The excess of total assets over total liabilities of a Not for profit concern.

(C) Select the most appropriate answer from the alternative given below & rewrite the sentence. (5)

1. Drawee becomes _____ on acceptance of bill.
(a) Debtor (b) Creditor (c) Acceptor (d) Endorser
2. Non-Cash item are not recorded in _____ account.
(a) Income & Expenditure, (b) Profit & Loss
(c) Receipts & Payments (d) Trading
3. Assets and liabilities are transferred to realization amount at their _____ value.
(a) Market (b) Par (c) Sale (d) Book
4. Generally the current ratio should be _____ or more.
(a) 1:1 (b) 2:1 (c) 3:1 (d) 1:2
5. Bills payable is _____
(a) Long term loan (b) Current Liability (c) Liquid Asset (d) An expense

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

1. Outstanding expenses are shown on the liability side of the Balance sheet.
2. Partners must share profits and losses equally.
3. Drawee can transfer the ownership of the bill.
4. Deceased partner share of profit upto his death will be credited to his capital account.
5. A bill can be deposited into the bank for collection.

(E) Prepare a specimen of bill of exchange from the following information : (5)

- 1) Drawer : Sharad Shah, 16th Road, Khar, Mumbai.
- 2) Drawee : Sameer Deshmukh, Vasant Vihar, Thane
- 3) Payee : Dr. N.L. Butani, Panchvati, Nashik
- 4) Period : 90 days
- 5) Amount : 20,000 -
- 6) Date of Bill : 5th January, 2019
- 7) Date of Acceptance: 7th January, 2019
- 8) Accepted for: 4 months

Q.2 Mr. Bharat is a sole trader and the following information is available from his books of accounts. (8)

<u>Particulars</u>	<u>01.04.2011</u>	<u>31.03.2012</u>
Cash in hand	15,000	25,000
Stock	25,000	35,000
Premises	40,000	80,000
Sundry Debtors	30,000	60,000
Sundry Creditors	15,000	30,000
Bills payable	5,000	6,000
Bills receivable	4,000	3,000

Additional information :

- 1) He withdrew Rs. 500 per month
- 2) Provide interest on capital @ 10% p.a.
- 3) Interest on drawings to be charged @ 12 p.a.
- 4) Reserve for bad and doubtful debts to be provided @10% on debtors.
- 5) Reserve for discount on debtors and creditors to be provided @ 2% and 3% respectively.

Prepare : (1) Opening Statement of Affairs, (2) Closing Statement of Affairs
(3) Statement of Profit or Loss.

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OR

Q.2 A) What are the different cash inflows and cash outflows of operating activity? (4)

B) State and explain the objectives of financial statements from the viewpoint of business concern (4)

Q.3 The following is the balance sheet of Madan and Mohan sharing profits in the ratio 3:2. (10)

Balance sheet as on 31st March, 2012

<u>Liabilities</u>	<u>Amt (Rs.)</u>	<u>Assets</u>	<u>Amt (Rs.)</u>
Capitals:			
Madan	40,000	Building	36,000
Mohan	50,000	Plant and Machinery	30,000
Sundry Creditors	6,000	Debtors	21,000
Bills payable	5,000	Less: RDD	<u>1,000</u>
		Bank	10,000
		Furniture	5,000
	<u>1,01,000</u>		<u>1,01,000</u>

On 1st April 2012 Mukesh is admitted on the following terms :-

- 1) He is to pay Rs. 50,000 as his capital for $\frac{1}{2}$ share and Rs. 20,000 as his share of goodwill.
- 2) The assets to be revalued as under Building Rs. 50,000 & Plant & Machinery Rs. 24,000.
- 3) RDD to be increased upto Rs. 2,000.
- 4) The old partners decided to retain half of the amount of goodwill in the business.
- 5) The old partners decided to sacrifice equally.

Prepare: Profit & Loss Adjustment A/c., Partners, Capital A/c and New Balance sheet.

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OR

- Q.3** Following is the balance sheet of Sharmila, Urmila & Pramila who share (10) profits & losses in the ratio of 5:3:2 respectively :-

Balance sheet as on 31st March, 2013

<u>Liabilities</u>	<u>Amt (Rs.)</u>	<u>Assets</u>	<u>Amt (Rs.)</u>
<u>Capital Accounts</u>		Land and Building	2,50,000
Sharmila	2,00,000	Plant and Machinery	70,000
Urmila	1,50,000	Furniture	20,000
Pramila	1,00,000	Sundry Debtors	90,000
Reserve fund	50,000	Stock	56,500
Sundry Creditors	42,800	Bills Receivable	7,400
Bills payable	6,000	Cash in hand	3,700
		Cash at Bank	51,200
	<u>5,48,800</u>		<u>5,48,800</u>

Pramila retired on 31st March 2013 on the following terms:

- 1) Goodwill of the firm was valued at Rs. 60,000. It was decided that 'Goodwill' should be raised to the extent of Pramila's share only and to be written off immediately.
- 2) Land & building to be appreciated by Rs. 20,000/- stock is revalued at Rs. 58,500. Furniture is to be depreciated by 10%.
- 3) Amount payable to Pramila is to be transferred to her loan account.

Give journal entries in the books of the firm.

- Q.4)** Ramesh sold goods to Reshma worth Rs. 40,000 on 1st April 2017. Reshma (10) accepted a bill for 3 months for Rs. 30,000 drawn by Ramesh & also received the cheque for the balance on 3rd April, 2017. On the same date Ramesh endorsed Reshma's acceptance to Suresh.

On the due date Suresh informed Ramesh that Reshma dishonoured her acceptance & Rs. 350 paid as noting charges. Ramesh then drew a new bill for 3 months on Reshma for the amount due including noting charges & interest Rs. 1,600. On the due date the new bill was duly honoured by Reshma.

Write Journal entries in the books of Ramesh.

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- Q.5** Ameet & Amjad were partners sharing profits & losses in the ratio of 3:2. (10)
Their Balance sheet on 31st March 2012 was as follows :

Balance sheet as on 31st March, 2012

<u>Liabilities</u>	<u>Amt (Rs.)</u>	<u>Assets</u>	<u>Amt (Rs.)</u>
<u>Capital Accounts</u>		Bank	3,000
Ameet	5,000	Stock	2,500
Amjad	3,000	Debtors	7,000
<u>Current Accounts</u>		Plant	4,500
Ameet	1,500	Building	3,500
Amjad	1,000		
Creditors	8,700		
Bills Payable	1,300		
	<u>20,500</u>		<u>20,500</u>

The firm was dissolved on the above date & the assets realized as under:-

- (i) Stock Rs. 2,000, Debtors Rs. 6,000, Plant Rs. 4,000 and Building Rs. 3,000,
- (ii) Ameet agreed to pay off the bills payable.
- (iii) Creditors were paid in full.
- (iv) Dissolution expenses were Rs. 700

Prepare: Realization A/c, Current A/c's & Capital A/c's & Bank A/c

OR

- Q.5** Archana Ltd, issued 2,000 10% debentures of Rs.100 each at a premium of Rs.10 per debenture as follows: (10)

On application Rs 50 and on allotment Rs 60 (Premium included Rs 10) the debentures were fully subscribed and all money was duly received.

Pass journal entries and show how the amounts appear in Balance sheet.

- Q.6** Following is the Receipts & Payments A/c of Chamber of Commerce, Kolhapur for the year ending 31.03.2012 & some additional information. (12)
You are required to prepare the Income & Expenditure A/c for year ending 31.03.2012 & Balance sheet as at that date.

Receipts & Payment A/c for the year ending on 31.03.2012

<u>Receipts</u>	<u>Amt (Rs.)</u>	<u>Payments</u>	<u>Amt (Rs.)</u>
To Balance b/d	11,960	By printing & stationery	6,950
To Subscription (including Rs. 2500 for 2010-11)	36,500	By Repairs	2,100
To Sale of furniture (Book Value of Rs. 18,000)	12,000	By Rent	8,500
To Donation	27,000	By Books	20,000
To Admission Fee (Revenue)	5,050	By Traveling expenses	2,000
		By Insurance	1,700
		By Investments	40,000
		By Balance c/d	11,260
	<u>92,510</u>		<u>92,510</u>

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- (1) Additional Information.
- | Particulars | 01.04.2011 | 31.03.2012 |
|--------------------------|------------|------------|
| Outstanding Subscription | 3,000 | 5,000 |
| Furniture | 32,000 | ? |
| Building fund | 1,45,000 | ? |
| Capital fund | 1,51,960 | ? |
| Investments | 2,50,000 | ? |
- (2) Neglect depreciation on the part of furniture sold during the year. But depreciate the remaining furniture by Rs. 1,400.
- (3) Donation is received for Building fund

Q.7 Rohan & Roshan are partners in 'Shan Traders' sharing profits & losses in the ratio 2:1. From the following Trial balance & adjustments, prepare Trading and Profit and Loss A/c to the year ended on 31st March 2011 and Balance sheet as on that date. (15)

<u>Trial Balance as on 31st March, 2011</u>			
<u>Debit Balances</u>	<u>Amt (Rs.)</u>	<u>Credit Balances</u>	<u>Amt (Rs.)</u>
Opening stock	32,000	Sales	1,93,500
Purchases	64,000	Sundry Creditors	15,000
Plant & Machinery	30,000	Unpaid wages	1,500
Furniture	18,500	Return outward	2,500
Carriage	1,500	<u>Capital A/c</u>	
Wages & Salaries	35,000	Rohan	90,000
Bills receivable	5,000	Roshan	50,000
Sundry debtors	32,000		
Conveyance	4,000		
Rent, Rates and Taxes	2,000		
Return inward	3,500		
Cash in Hand	14,750		
Land and Building	83,500		
Bad debts	1,750		
Patents	25,000		
	<u>3,52,500</u>		<u>3,52,500</u>

Adjustments :

- 1) Closing stock : Cost price Rs. 25,000 and market price Rs. 30,000
- 2) An amount of Rs. 3,500 spent for repairs to buildings is debited to Building A/c.
- 3) Depreciate Plant and Machinery and Building at 5%.
- 4) Goods of Rs. 750 taken by Roshan for his personal use.
- 5) Included in wages Advance given to workers Rs. 3,000.
- 6) Provide Rs. 1,500 for Bad & doubtful debts on debtors.

-X-X-X-X-X-

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