## HERAMB COACHING CLASSES

(A) Answer the following in only one sentence each:

1) What is Fluctuating capital method?
2) What is Profit and Loss $A / c$ ?
3) What is Capital Fund?
4) What is a Single Entry System?
5) What is Not for Profit Organisation?
(B)Write a Word/term/phrase which can substitute each of the following statements:
(1) The account that serves the purpose of Profit \& Loss A/c for non-trading organization.
(2) Statement of Assets and Liabilities and Capital on a particular date.
(3) An act, which governs the partnership in India.
(4) An asset, which cannot be seen but having saleable value.
(5) Provision made for debtor when their recovery is uncertain.
(C) Select the most appropriate alternative from those given below:
(1) The $\qquad$ has to ultimately bear the noting charges.
a. Drawer
b. Endorser
c. Bank
d. Drawee
(2) In the absence of partnership deed the partners share the profit \& loss of the firm $\qquad$ . a. In the Capital ratio b. Equally c. As per right in management. d. On the basis of experience
(3) Income and expenditure account includes items of $\qquad$ nature.
a. Expenditure
b. Profit
c. Revenue
(4) If any asset is taken over by partner from the firm $\qquad$ account will be debited.
a. Capital
b. Revaluation
c. Asset
d. Profit and Loss Adjustment
(5) Increase in value of assets should be $\qquad$ to profit and loss adjustment account.
a. Debited
b. credited
c. added
d. none of these
(D)Prepare a Bill of Exchange from the following information:
(1) Drawee
: Yamini Gupta, SarvapriyaVihar, Delhi
(2) Drawer
: Kamini Sharma, Raj Baug, Agra.
(3) Period
(4) Date of Bill
(5) Amount
(6) Date of acceptance
: 100 days
: $\quad 1^{\text {st }}$ January,2007
: Rs.10,500/-
: $\quad 3^{\text {rd }}$ January, 2007 for 120 Days
Q.2. A, B and C run a business sharing profits and losses in the proportion on 2:2:1. Their statement of affairs as on $31^{\text {st }}$ March, 1988 was given below:

| Liabilities | Rs. | Assets | Rs. |
| :--- | :---: | :--- | :---: |
| Capitals: |  | Plant | 40,000 |
| A | 50,000 | Land \& Building | 20,000 |
| B | 30,000 | Stock | 30,000 |
| C | 20,000 | Debtors | 20,000 |
| Creditors | 20,000 | Cash | 10,000 |
|  | $1,20,000$ |  | $1,20,000$ |

The partners keep their books by Single Entry System. On 31.3.89, the position of the business was as follows:

| Particulars | Rs. | Particulars | Rs. |
| :--- | :--- | :--- | :--- |
| Plant | 50,000 | Debtors | 25,000 |
| Land \& Building | 20,000 | Creditors | 25,000 |
| Stock | 40,000 | Cash | 20,000 |

You are required to ascertain the amount of Profit / Loss for the year ended 31.3.89 and a statement of affairs as on that date after making into the following adjustments:

1) Depreciate Plant @ $10 \%$ p.a. including additions.
2) During the year, A and B drew Rs. 12,000 and 9,000 respectively.
3) Provide interest on capital @ 5\% p.a.
Q.3. Hassan and Husain are partners sharing profits and losses in the ratio of 3:2. Their
Balance Sheet on $31^{\text {st }}$ March 2011 is as follows:

Balance Sheet as at 31 ${ }^{\text {st }}$ March 2011

| Liabilities | Rs | Assets | Rs |
| :--- | :---: | :--- | ---: |
| Sundry Creditors | 15,000 | Cash in Hand | 250 |
| General Reserve | 10,000 | Sundry Debtors | 22,250 |
| Capital: |  | Stock | 8,500 |
| Hassan | 36,000 | Investments | 12,000 |
| Husen | 24,000 | Plant | 30,000 |
|  |  | Buildings | 12,000 |
|  | 85,000 |  | 85,000 |

They decided to admit Hari in the partnership on $1^{\text {st }}$ April 2011. The terms agreed were:
(1) Hari should bring in Rs 20,000 as his capital for $1 / 5^{\text {th }}$ share in future profits
(2) Value of goodwill of the firm is to be fixed at two years purchase of the average profits for the last three years. The profits were:
2008-09 - Rs 16,000; 2009-10—Rs 27,000; 2010-11—Rs 24,500
(3) Reserve for doubtful debts is to be created at Rs 500
(4) Closing stock is valued at Rs 7,500
(5) Plant and Building is to be depreciated by 5\%

Prepare Profit and Loss Adjustment A/c, Partner's Capital A/c and Balance Sheet of the new firm.
OR
Q.3. Anand, Anurag and Atul were partners in a business sharing profits and losses in the ratio of 6:1:1 respectively and their balance sheet as on $31{ }^{\text {st }}$ March 2013 was as follows:

Balance Sheet as on 31st March 2013

| Liabilities | Rs | Assets | Rs |
| :--- | ---: | :--- | :---: |
| Sundry Creditors | 15,000 | Plant and Machinery | 30,000 |
| Reserve Fund | 8,000 | Sundry Debtors | 25,000 |
| Capital A/c: |  | Stock | 20,000 |
| Anand | 30,000 | Cash at Bank | 25,000 |
| Anurag | 25,000 |  |  |
| Atul | 22,000 |  | $1,00,000$ |
|  | $1,00,000$ |  |  |

Atul died on $31^{\text {st }}$ Dec 2013 and the partnership deed provided that

1) The deceased partner to be given his share of profit to the date of his death on the basis of the profit of the previous year
2) His share of goodwill will be calculated on 3 years purchase of the average profits of the last 4 years. The net profit for last 4 years were: 2009-10 Rs $80,000,2010-11$ Rs 60,000, 2011-12 Rs 40,000, 2012-13 Rs 20,000
3) Plant and Machinery to be revalued at Rs 35,000 . Reserves for Doubtful Debts of Rs 1,000 to be created.
4) The drawings of Atul upto the date of his death amounted to Rs 9,000, Interest on Capital at 10\% p.a. is to be allowed and charge Interest on drawing Rs 400

## Q.4. Journalise the following transaction in the books of Jwala:

(10)

1) Abdul informed Jwala that John's acceptance endorsed to Abdul for Rs 16,000 has been dishonoured and noting charges amounted Rs 200
2) Sony renews her acceptance to Jwala for Rs 24,000 by paying half the amount of the bill in cash together with interest @10\% p.a. on balance due and accepting a fresh bill for 3 months
3) Trupti who has given an acceptance to Jwala for Rs 36,000 was declared insolvent and could pay only $40 \%$ of the amount due.
4) Raja's acceptance to Jwala for Rs 6,000 was endorsed to Rani in full settlement of her account for Rs 6,300
Q.5. Sun, Moon and Star were equal partners. Their Balance Sheet as on 31 ${ }^{\text {st }}$ March 2011 was
as under:
(10)

Balance Sheet as on 31 ${ }^{\text {st }}$ March 2011

| Liabilities | Rs. | Rs. | Assets | Rs. | Rs. |
| :--- | ---: | ---: | :--- | ---: | ---: |
| Capital A/c |  |  | $\underline{\text { Current A/c }}$ |  |  |
| Sun | 20,000 |  | Star |  | 13,000 |
| Moon | 16,000 |  | Premises |  | 9,800 |
| Star | $\underline{1,000}$ | 37,000 | Machinery | 8,500 |  |
| Current A/c |  |  | Debtors | 11,000 |  |
| Sun | 2,000 |  | Less: RDD | $\underline{200}$ | 10,800 |
| Moon | $\underline{1,000}$ | 3,000 | Furniture | 900 |  |
| Sundry Creditors |  | 8,000 | Profit and Loss A/c |  | 6,000 |
| Bills Payable |  | 2,000 | Cash |  | 1,000 |
|  | 50,000 |  | 50,000 |  |  |

On the above date they decided to dissolve the partnership firm and the result of realisation were as under:
i) Sun to take over premises at an agreed value of Rs. 5,000, Machinery realized at $80 \%$ of book value and Debtors at Rs. 8,300, Furniture realized Rs. 1,000
ii) Sundry Creditors were paid Rs. 4,100 in full satisfaction of their claims, whereas Bill payable were discharged by Sun at Book Value
iii) Realisation expenses amounted to Rs. 1,100 which were met by Sun
iv) Star becomes insolvent and Rs. 7,000 could be recovered from his private estate

Prepare necessary ledger accounts to close the books of the firm.

## Q.6. Following is the Receipts and Payment $A / c$ and additional information of Kalpana Hospital.

Receipts and Payment Account for the year ended 31 ${ }^{\text {st }}$ March 2010

| Receipts |  | Rs | Payment | Rs |
| :---: | :---: | :---: | :---: | :---: |
| To Balance b/d |  | 6,000 | By Medicine | 10,000 |
| To Subscription :- |  |  | By Honorarium to Doctors | 75,000 |
| 2008-09 | 7,500 |  | By Ambulance Maintenance | 44,000 |
| 2009-10 | 95,000 |  | By Hospital Equipment | 30,000 |
| 2010-11 | 15,000 | 1,17,500 | Purchased | 25,000 |
| To Donation |  | 55,000 | By Furniture purchased | 1,00,000 |
| To Life Membership Fees |  | 25,000 | By Fixed Deposits |  |
| To Hospital Receipts (Revenue) |  | 1,50,000 | By Balance c/d <br> (31.03.2010) | 69,500 |
|  |  | 3,53,500 |  | 3,53,500 |

Additional Information:

1) Outstanding subscription for 2009-10 is amounted to Rs 5,000
2) Hospital equipment and furniture were purchased on 1.10.2009 and both were to be depreciated at $20 \%$ p.a.
3) Life membership fees are to be capitalized
4) Donations represent donations for Building fund
5) Staff salary for the current year is outstanding Rs 7,500
6) On 1.4.2009 the hospital had the following assets and liabilities: Land Rs 2,50,000, Investment Rs 50,000, Ambulance Rs 1,02,500, Bank Loan Rs 2,00,000
7) Capital Fund as on 1.4.2009 was amounted to Rs $2,16,000$

Prepare Income and Expenditure Account for the year ending 31 ${ }^{\text {st }}$ March 2010 and the Balance Sheet as on that date
Q.7. From the following Trial Balance of Mr. Patankar and Kale, you are required to prepare a Trading A/c' Profit and Loss A/c for the year ended on $31{ }^{\text {st }}$ March 2013 and Balance Sheet as on that date, after taking into consideration the additional information given below:

Trial Balance as on 31 ${ }^{\text {st }}$ March 2013

| Particulars | Debit (Rs) | Credit (Rs) |
| :--- | ---: | ---: |
| Stock (1.4.2012) | 40,000 |  |
| Bills Receivable | 8,800 |  |
| Purchases and Sales | $1,90,000$ | $2,52,000$ |
| Returns | 6,000 |  |
| Salaries and Wages | 10,000 |  |
| Carriage outward | 1,400 |  |
| Wages | 24,000 |  |
| Insurance | 1,600 |  |
| Discount | 800 | 400 |
| Postage | 70,400 | 64,000 |
| Debtors and Creditors | 20,000 |  |
| Furniture | 13,800 |  |
| Cash at Bank | 80,000 |  |
| Machinery | 1,600 |  |
| Printing and Stationery |  | 52,000 |
| 8\% Bank Loan (Taken on 1st October 2012) |  |  |
| Capital: |  | 60,000 |
| Patankar | $4,68,400$ | $4,68,400$ |
| Kale |  |  |
|  |  |  |

Adjustment:
(1) Closing Stock on 31.3.2013 was valued at Rs 36,000
(2) Depreciate Machinery by $10 \%$
(3) Outstanding Wages Rs 2,000 and Salaries Rs 900.
(4) Bad Debts of Rs 2,400 are to be written off and provision for RDD @ $5 \%$ on Debtors must be created.
(5) Goods of Rs 10,000 were destroyed by fire and Insurance Company admitted a claim of Rs 7,500 only.

