

HERAMB COACHING CLASSES

XII/Prelims/BK

Marks: 80

Duration: 3 Hours

Date:

Q.1. Answer any Three from the following questions:

(A) Answer in one Sentence:

(5)

1. What is Carriage Inward?
2. What is Capital Expenditure?
3. Who is a Notary Public?
4. What is a bill of exchange?
5. What is Not for Profit Organisation?

(B) Write a Word Term/Phrase which can substitute each of the following sentences:

(5)

1. The person on whom the bill of exchange is drawn.
2. A credit balance of profit and loss account.
3. A bill before its acceptance.
4. A capital method in which only capital account is maintained for each partner.
5. An accounting system where rules of debit and credit are not followed.

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

(5)

1. Receipt and Payments A/c records receipts and payments of _____.
(Capital Nature only, Revenue nature only, both capital and revenue nature, None of these)
2. Further capital introduced during the year is _____ from closing capital to arrive at profit or loss.
(Added, subtracted, Multiplied, divided)
3. Interest on drawings is debited to _____ account under fixed capital method.
(Trading, Partner's Capital, Partner's Current, Profit and Loss)
4. Realisation account is _____ on Realisation of assets.
(Debited, credited, deducted, none of these)
5. The _____ has to ultimately bear the noting charges.
6. (Drawer, Endorser, Bank, Drawee)

(D) Prepare a bill of exchange from the following information:

(5)

Drawer : R.K. Samrath, Jawahar Road, Bhuswal
Drawee : J.P. Surana, Gandhi Road, Jalgaon
Payee : Madhu Shinde, Shastri Nagar, Mumbai
Period : 2 Months
Accepted on : 10th May 2012
Date of Bill : 5th May 2012.
Amount : Rs. 30,000

The bill was accepted for Rs.28,500/- only.

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 31st March, 1988 was given below:

(8)

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. The following is the Balance Sheet of Kamal and Vimal, who share profits and losses in the ratio of 3:2 respectively, as on 31st March, 2002 : (10)

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	15,000	Plant and Machinery	1,00,000
Bank Overdraft	24,000	Furniture & Fixtures	70,000
Profit & Loss A/c	16,000	Stock	11,500
General Reserve	25,000	Sundry Debtors	24,000
Capitals:		Less : RDD	1,500
Kamal	80,000	Cash at Bank	16,000
Vimal	60,000		
	1,40,000		
	2,20,000		2,20,000

On the above date they decided to admit Nayan into partnership on the following terms:-

- 1) He shall pay Rs.50,000 as his share of goodwill, 40% of which amount shall be withdrawn by the old partners.
- 2) He shall bring Rs.50,000 as his capital for $\frac{1}{4}$ share in future profits.
- 3) For the purpose of admission, the assets are revalued - Plant and Machinery & Furniture depreciated by 10% and 15% respectively. Stock is overvalued by 15%, Sundry debtors is subject to RDD of 5%.
- 4) The capital of all the partners be adjusted in their new profit sharing ratio, differences being adjusted through Cash/Bank Account.

Prepare Revaluation A/c, Partners Capital A/c & Balance Sheet of the new firm.

OR

Q.3. The Balance Sheet of Ajay, Vijay, and Sanjay who shared profits and losses as 2:3:3 is as follows: (10)

Balance Sheet as on 31st December 2001

Liabilities	Rs.	Assets	Rs.
Capital A/c's		Building	3,00,000
Ajay 1,20,000		Machinery	90,000
Vijay 1,80,000		Furniture	75,000
Sanjay <u>1,80,000</u>	4,80,000	Debtors	15,000
General Reserve	24,000	Stock	40,000
Sundry Creditors	36,000	Bank	24,000
Bills Payable	20,000	Profit & Loss A/c	16,000
	5,60,000		5,60,000

Vijay died on 1st April 2002 and it was agreed that:

- (1) The assets be revalued as Building Rs.3,80,000 ; Machinery Rs.82,000 ; Furniture Rs.68,000 ; Debtors Rs.12,500 ; Stock is appreciated by 20%.
- (2) Goodwill of the firm is valued at 2 years purchase of the average profit of the last 4 Years.
- (3) Vijay's share of profit up to his death is to be calculated on the basis of the average of the profit of last 2 years.
- (4) Profits of the firm were: 1997-Rs.60,000 ; 1998-Rs.75,000 ; 1999-Rs.85,000 and 2000-Rs.80,000.
- (5) Interest charged on capital @ 18% p.a.

Prepare revaluation a/c, Partners Capital a/c's, and Balance Sheet of the firm after Vijay's death.

Q.4. Swati accepted a bill for Rs.6,000 drawn by Vishakha at 3 months. Vishakha got the bill discounted with her bank for Rs.5,700. Before the due date Swati approached Vishakha for renewal of the bill. Vishakha agreed on the condition that Rs.4,000 be paid immediately together with interest the remaining amount at 18% p.a. for 4 months and for the balance Swati should accept a new bill for 4 months. These arrangements were carried through. But afterwards Swati became insolvent and only 30% of the amount could be recovered from her estate. Give Journal entries in the books of Swati. (10)

Q.5. A and B were partners in a firm sharing profits and losses in proportion of 2:1 respectively. Their Balance Sheet as on 31st December, 2002 was as under: (10)

Balance Sheet as on 31st December, 2002

Liabilities	Rs.	Assets	Rs.
Capital: A 1,87,500		Cash at Bank	25,000
B <u>1,87,500</u>	3,75,000	Buildings	1,75,000
Profit and Loss Account	15,000	Machinery	1,25,000
Bank Loan	37,500	Furniture	62,500
General Reserve	30,000	Debtors	1,12,500
Creditors	1,00,000	Stock	60,000
Unpaid Expenses	2,500		
	5,60,000		5,60,000

On the above date the firm was dissolved:

- (1) The assets were realized as follows: Buildings Rs.1,50,000; Machinery Rs.1,00,000; Stock Rs.50,000.
- (2) Rs.12,500 could not be recovered from debtors.
- (3) Furniture was taken over by A at its book value.
- (4) Creditors allowed a discount of Rs.15,000.
- (5) Realisation expenses amounted to Rs.2,500.

Pass Journal entries to close the books of the Firm.

Q.6. Following is the Receipt and Payment A/c of Shamak Club as on 31.03.2005

(12)

Receipts	Rs.	Rs.	Payments	Rs.	Rs.
To Cash & Bank Bal b/d		7,000	By Salary		
To Donations		4,000	2003-04	500	
To Subscription:			2004-05	<u>4,500</u>	5,000
2003-04	500		By Rent		8,000
2004-05	7,000		By Postage and Stamps		600
2005-06	<u>1,500</u>	9,000	By Sundry Exps		800
To Entrance fees		3,000	By Printing and Stationery		
To Interest		3,000	2003-04	200	
To Sale of Newspaper		125	2004-05	<u>1,800</u>	2,000
			By Advertising		1,500
			By Books and Periodicals		810
			By Cash & Bank Bal c/d		7,415
		26,125			26,125

Additional Information:

- Salary of Rs. 200 and Printing bill of Rs. 500 are outstanding for 2004-05
- Balances as on 01.04.2004 were as follows:

Particulars	Rs.
Capital fund	1,01,800
Furniture	5,000
Investment	90,000

- Subscription of Rs. 500 is outstanding for 2004-05
- Half of the donations and entrance fees to be capitalized.

Prepare Income and Expenditure Account for the year ended 31st March 2005 and Balance Sheet as on that date.

Q.7. Avinash and Kailash are partners sharing profits and losses in the ratio of 3:1. Following is the Trial Balance as on 31st December, 2003.

(15)

Debit	Rs.	Credit	Rs.
Land and Building	50,000	Avinash's Capital	1,00,000
Machinery	40,000	Kailash's Capital	80,000
Salary and Wages	21,000	Sales	3,02,000
Cash at Bank	45,000	15% Bank Loan	
Cash in Hand	6,100	(taken on 1.10.2003)	5,500
Office Expenses	1,000	Creditors	35,000
Motor Vans	28,000	Bills Payable	33,000
Avinash's Drawings	11,000		
Kailash's Drawings	11,000		
Carriage	5,000		
Purchases	2,10,000		
Returns	2,000		
Bad Debts	1,000		
Debtors	42,800		
Rent	1,100		
Printing and Stationery	1,500		
Traveling Expenses	5,500		
Stock (1.1.2003)	30,000		
Insurance	1,500		

Discount	8,000		
Advertisement (for 2 years)	4,000		
Furniture	30,000		
	5,55,500		5,55,500

(1) Closing stock was valued at Cost Price Rs.61,000, which is more than Market Price by Rs.1,000.

(2) Goods worth Rs.5,000 were destroyed by fire & insurance co. admitted claim of Rs.4,000/-

(3) Outstanding expenses: Rent Rs.100 and Salary Rs.500.

(4) Provide Depreciation at 10% on Machinery and 5% on Furniture.

(5) Goods worth Rs.15,000 were purchased on 31.12.2003 and included in closing stock, but not recorded in the books of accounts.

Prepare Trading and Profit and Loss Account and Balance Sheet as on that date.
