

Q. 1. (A) Answer in One sentence only:

1. What is Preference Shares?

Preference shares are those shares which have right with respect to payment of

dividend and repayment of capital of winding of the company.

2. Which account is debited on the repayment of Partner's Loan?

Partner's loan account is debited on the repayment.

3. What is gain ratio?

Gain ratio is the difference between New ratio and Old ratio at the time of retirement or death of a partner.

4. What is Revaluation Account?

Revaluation A/c. is prepared to record increase and decrease in the assets and liabilities at the time of reconstitution of partnership firm.

5. What is Subscription?

Subscription is the periodical payment received by the Non-profit making organisations from its members.

(B) Write the term/phrase/word.

1. Credit balance of Realisation account - **Profit on Realisation A/c.**

2. The partner who died.- **Deceased Partner**

3. The ratio in which general reserve is distributed to the old partners - **Old Profit Sharing Ratio**

Sharing Ratio

4. The credit balance of Income and Expenditure Account - **Surplus**

5. Shares issued at more than its face value - **Issued at Premium**

(C) True or False:

1. Calls in advance account is shown on the asset side of the balance sheet - **False**

2. Cash/Bank Account is closed automatically in case of dissolution of Partnership firm - **True**

3. The deceased partner is entitled to get his share of General Reserve - **True**

4. When goodwill is written off goodwill account is debited - **False**

5. Purchase of Sports Equipment is a capital expenditure in case of School - **True**

(D) Find Odd one

1. Application, Allotment, Forfeiture, Surplus - **Surplus**
2. Goodwill, General Reserve, Average Profit, No. of years purchase - **General Reserve**
3. Decrease in furniture, Patents written off, Increase in Bills payable, RDD written off - **Increase in Bills payable**
4. Subscription, Interest on investment, Specific donation, fees(revenue) - **Specific Donation**
5. Revaluation A/c., Realisation A/c., Dissolution Expenses, Transfer of Asset **Revaluation A/c**

Q.2

Admission of Partner

In the Books of Amit and Baban

Dr.		Revaluation A/c.		Cr.	
Particulars	Rs	Particulars	Rs		
To Furniture	400	By Land & Building	10000		
To RDD	800	By Stock	10000		
To Partner's Capital A/c. (Profit)	18800				
Amit	7520				
Baban	11280				
		Total	20000	Total	20000

Dr. Partner's Capital A/c.

Particulars	Amit	Baban	Komal	Particulars	Amit	Baban	Komal
				By Balance b/d.	100000	100000	
				By cash/bank A/c.			50000
				By Goodwill	16000	24000	
				By Revaluation (Profit)	7520	11280	
To Balance c/d.	123520	135280	50000				
	123520	135280	50000	Total	123520	135280	50000

In the books of New Firm

Dr. Partner's Capital A/c. Cr.

Particulars	Amit	Baban	Komal	Particulars	Amit	Baban	Komal
				By Balance b/d.	123520	135280	50000
To Balance c/d	60000	90000	50000				
To Partner's Current A/c.	63520	45280					
Total	123520	135280	50000	Total	123520	135280	50000

		In the Books of New Firm			
		Balance - Sheet as on 1.04.2018			
Liabilities		Amount	Assets		Amount
Creditors		1,40,000	Cash		2,00,000
<u>Partner's Capital A/c.</u>			<u>Land & Building</u>	50000	
Amit	60000		(+) Appreciation	10000	60000
Baban	90000		Plant		60,000
Komal	50000	200000	<u>Furniture</u>	4000	
<u>Partner's Current A/c.</u>			(-) 10 % Depreciation	400	3600
Amit	63520		<u>Stock</u>	100000	
Baban	45280		(+) Appreciation	10000	110000
		108800	<u>Debtors</u>	16,000	
			(-) 5% RDD	800	15200

	Total	448800		Total	448800
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Q.2 - Retirement of Partner					
In the Books of Ram, Shyam, Ghanshyam					
Revaluation A/c.					
Particulars			Rs	Particulars	
To RDD			4500	By Building	
To Provision for			3000	By Investment	
outstanding salary					
To Partner's Capital A/c. (Profit)			10500		
Ram		5250			
Shyam		3500			
Ghanshyam		1750			
— —					
			18000		
				18000	

		Partner's Capital A/c.							
Particulars		Ram	Shyam	Ghanshyam	Particulars		Ram	Shyam	Ghanshyam
To Goodwill		54000	36000		By Balance b/d.		120000	90000	60000
					By Goodwill		45000	30000	15000
					By Revaluation		5250	3500	1750
To Ghanshyam's				76750					
Loan A/c.									
To Balance c/d.		116250	87500						
		170250	123500	76750			170250	123500	76750

Balance sheet as on 31st march 2019

Liabilities	Rs	Rs	Assets	Rs	Rs
<u>Capital</u>			<u>Bank</u>		54,000
Ram	1,16,250		<u>Debtors</u>	90000	
Shyam	87,500	2,03,750	(-) 5% RDD	4500	85500
Ghanshyam Loan A/c.		76,750	<u>Building</u>	60000	
Creditors		22,000	(+) 5% Appre.	3000	63000
Bills payable		12,000	<u>Investment</u>	150000	
Loan		50,000	(+) 10% Appre.	15000	165000
Provision for Outstanding Salary		3000			
Total		3,67,500	Total		367500

Q.3

- Dissolution of Partnership Firm						
In the books of Vidya , Sharmila and Megha						
Dr	Realisation Account				Cr	
Particulars	Amount	Amount	Particulars	Amount	Amount	
To Sundry Assets		1,28,000	By Sundry Liabilities			
To <u>Bank</u>			Creditors	28,000		
Creditors and bills payable	34,000		Bills Payable	10,000	38,000	
<u>Outstanding Expenses</u>	8,000	42,000	By Bank		1,02,400	
To <u>Bank</u>		6,000	(Sundry Assets)			
Realisation Expenses			By Partners Current A/c		35600	
			(Loss on Realisation transferred)			
			Vidya	17,800		
			Sharmila	10,680		
			Megha	7,120		
Total		1,76,000	Total		1,76,000	

Dr	Partners Current Account						Cr
Particulars	Vidya	Sharmila	Megha	Particulars	Vidya	Sharmila	Megha
To Balance b/d			26,000	By Balance b/d	6,000	6,000	
To Realisation A/c (Loss)	17,800	10,680	7,120	By Partners Capital A/c	11,800	4,680	33,120

	17,800	10,680	33,120		17,800	10,680	33,120
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Dr Partners Capital Account Cr

Particulars	Vidya	Sharmila	Megha	Particulars	Vidya	Sharmila	Megha
To Partners	11,800	4,680	33,120	By Balance b/d	50,000	40,000	30,000
Current A/c				By Bank A/c (Bal..fig.)			2,000
To Megha's	700	420		By Vidya's Capital A/c			700
Capital A/c				By Sharmila's			420
To Bank A/c(Bal.fig.)	37,500	34,900		CapitalA/c			
Total	50,000	40,000	33,120	Total	50,000	40,000	33,120

Dr Bank Account Cr.

Particulars	Amount	Particulars	Amount
To Balance b/d	16,000	By Realisation A/c	42,000
To Realisation A/c	1,02,400	By Realisation A/c	6,000
To Megha's Capital A/c	2,000	By Vidya's Capital A/c	37,500
		By Sharmila's Capital A/c	34,900
Total	1,20,400	Total	1,20,400

Working Note

Capital Deficiency of Megha -

Vidya $1,120 \times \frac{5}{8} = 700$

Sharmila $1,120 \times \frac{3}{8} = 420$

Q.3	Bills of Exchange								
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In the Books of Meena (Drawer)								
Date	Particulars				L.F.	Dr. Rs	Cr. Rs.	
1	Billsreceivable A/c.				Dr.	18000		
		To Priyanka A/c.					18000	
	(Being Priyanka's acceptance received for 4 months.)							
2	Sagar A/c.				Dr.	18000		
		To Billsreceivable A/c.					18000	
	(Being Priyanka's acceptance endorsed to Sagar)							
3	Priyanka's A/c.				Dr.	18000		
		To Sagar A/c.					18000	
	(Being Priyanka's acceptance cancelled on her request.)							
4	Priyanka's A/c.				Dr.	240		
		To Interest A/c.					240	
	(Being Interest due from Priyanka.)							
4	Cash/Bank A/c.		+		Dr.	6240		
		To Priyanka A/c.					6240	
	(Being part payment received togetherwith interest.)							
— 5	Billsreceivable A/c.				Dr.	12000		
	—	To Priyanka A/c.					12000	
	(Being Priyanka's acceptance received for 4 months.)							
— 6	Priyanka's A/c.				Dr.	12000		
		To Billsreceivable A/c.					12000	
	(Being Priyanka's acceptance dishonoured due to her insolvency.)							
7	Cash/Bank A/c.				Dr.	6000		
	Bad- debts A/c.				Dr.	6000		
		To Priyanka A/c.					12000	
	(Being 50 % of the amount due from Priyanka received and balance transferred to Bad debts A/c.)							
					Total	96480	96480	

Q.4

- Computer in Accounting

1. Path to create ledger account in Tally Software

Path : Gateway of Tally - Accounts Info - Ledgers - Single Ledger - Choose Create

2. Computerized accounting systems are software programs which help to store data / Information in the accounting system. It is connected via computer, network server or remote accessed device with Internet. The company or firm prepares various reports and statements with the help of computerized accounting software.

A computerized accounting system helps to implement accounting process and makes it user friendly with automation.

3. Step 1: After entering into Accounting Software Tally, double click on the option create company under company information

To create company in Tally, follow the following navigation path

Gateway of Tally > Company Info > Create company

Step 2 : Fill the detail information in the company creation form displayed on Company Creation Window

4. Voucher Types in Tally

1. F4 (Contra)
2. F5 (Payment)
3. F6 (Receipt)
4. F7 (Journal)
5. F8 (Sales)
6. F9 (Purchase)

Q.4 - Issue of Shares

Journal Entries in the Books Of Sucheta Co. Ltd.

Date	Particulars	L.F.	Dr. Rs.	Cr. Rs.
1	Bank A/c. (26000*10) Dr. To Equity Share Application A/c. (Being application money received on 20000 equity shares at Rs 10 per share.)		260000	260000
2	Equity Share Application A/c. Dr. To Equity Share Capital A/c. (20000*10) To Bank A/c. (2000*10) To Equity Share Allotment A/c. (4000*10) (Being application money on 20000 shares transferred to share capital, on 2000 shares refunded and on 4000 shares transferred to allotment call.)		260000	200000 20000 40000
3	Equity Share Allotment A/c. (20000*60) Dr. To Equity Share Capital A/c. (20000*40) To Share Premium A/c. (20000*20)		1200000	800000 400000

	(Being allotment due on 20000 shares at Rs 60 each including premium of Rs 20 each.)		
4	Bank A/c. (1200000-40000) To Equity ShareAllotment A/c. (Being allotment money received in full.)	1160000	1160000
5	Equity Share Final Call A/c. (20000*50) Dr. To Equity Share Capital A/c. (Being final call money due on 20000 shares at Rs 50 each.)	1000000	1000000
6	Bank A/c. Dr. To Equity Share Final Call A/c. (Being final call money received in full.)	1000000	1000000
	Total	4880000	4880000

Q.5

- Death of a Partner

In the Books Of Rahul, Rohit and Ramesh

Dr.		Ramesh's Capital A/c.		Cr.	
Particulars	Rs	Particulars	Rs		
To Interest on Drawings	2000	By Balance b/d.	240000		
To Drawings	30000	By General Reserve	16000		
To Ramesh Executor's Loan	341000	By Revaluation A/c.	11000		
(Balancing figure)		By Goodwill	60000		
		By Profit and Loss			
		Suspense A/c.	10000		
		By Interest on Capital	6000		
		By Salary	30000		
Total	373000	Total	373000		

Working Notes

1. Revaluation A/c.

Dr.		Revaluation A/c.		Cr.	
Particulars	Rs	Particulars	Rs		
To Plant and Machinery	5000	By RDD	5000		

To Partner's Capital A/c. Ramesh 11000	66000	By Investment	60000
		By Creditors	6000
Total	71000	Total	71000

2 Valuation of Goodwill

$$\text{Goodwill} = \text{Average Profit} \times 2$$

$$\text{Average Profit} = \frac{\text{Total Profit}}{\text{Number of years}}$$

$$\text{Average Profit} = \frac{180000 + 200000 + 250000 + 150000 + 120000}{5}$$
$$= \frac{900000}{5}$$

$$\text{Average Profit} = 180000$$

$$\text{Goodwill} = \text{Average Profit} \times 2$$

$$\text{Goodwill} = 180000 \times 2$$

$$\text{Goodwill} = 360000$$

$$\text{Ramesh's Share in Goodwill} = \frac{1}{6} \times 360000$$
$$= 60000$$

3 Ramesh's share in profit upto his date of death

Estimated profit for 2017 -18 for the year 120000

Ramesh is in the business from 31st March 17 to 1st October 17

i.e. for 6 months

$$\text{Profit for 6 months} = \frac{1}{2} \times 120000$$
$$= 60000$$

$$\text{Ramesh's share in Profit} = \frac{1}{6} \times 60000$$

$$= 10000$$

4. Interest on Capital @ 5 % p.a. on Rs 240000 for 6 months is Rs 6000

5. Salary Payable to Ramesh = 5000 p.m. * 6 = Rs. 30000

Q.5**(A) Calculate Current ratio and Quick ratio (4)**

Current Assets = Debtors + Stock + Loose

Tools

$$= 60000 + 30000 + 10000$$

$$= 100000$$

Current Liabilities = Creditors + Bills payable + Bank Overdraft

$$= 30000 + 20000 + 10000$$

=

$$60000$$

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

$$= \frac{100000}{60000}$$

$$= \frac{10}{6} = \frac{5}{3}$$

$$= 5:3$$

(B) From the following details Calculate Operating ratio. (4)

Sales – Rs 500000, Sales return – Rs 50000, Opening Stock – Rs 60000,

Purchase – Rs 220000, Closing Stock – Rs 40000, Office and Administrative

expenses – Rs 34000, Selling and distribution expenses – Rs 36000

Operating

$$\text{Ratio} = \frac{\text{Cost of Goods Sold} + \text{Operating Expenses}}{\text{Net Sales}} \times 100$$

Cost of Goods sold = Opening Stock + Purchase - Closing Stock

$$= 60000 + 220000 -$$

$$40000$$

$$= 240000$$

Net Sales = Sales - Sales Return

$$= 500000 - 50000 = 450000$$

Operating Expenses = Office and Admin. Expenses + Selling and Distribution Expenses

$$= 34000 + 36000 = 70000$$

Operating Ratio =

$$\frac{\text{Cost of Goods Sold} + \text{Operating Expenses}}{\text{Net Sales}} \times 100$$

$$= \frac{(240000 + 70000)}{450000} \times 100 = 68.89$$

Q.6

Not for Profit Concern

Dr. Income and Expenditure A/c. for the year ended 31.03.2020 Cr.

Particulars	Rs	Rs	Particulars	Rs	Rs
To Medicines Used			By Subscription	52000	
Opening Stock	8000		(-) Outstanding for 18-19	310	
(+) Purchase during year	41000		(+) Outstanding for 19-20	350	
—	49000		(+) Received in advance	600	
(-) Closing Stock	11000	38000	for 19-20 in 18-19		
To General Expenses		1050	(-) Received in advance	150	
—			for 20-		
To Salaries		23500	21		52490
To Stationery		2000	By Donation (General)		17500
To Surgery and		4200	By Interest on Investment		10000
Dispensary Exp.					
To Dep. On			By Proceeds from Charity	8530	
Equipments		1900	Show		
To Depreciation on		1500			
Buildin			(-) Exp. for Charity Show	550	7980
g					
To Surplus		15820			
Total		87970	Total		87970

Balance Sheet as on 31.03.2020

Liabilities	Rs	Rs	Assets	Rs	Rs
Capital Fund	17094		Outstanding Subscription		350
(+) Surplus	0	18676	for 19-20		
	15820	0	Stock of		
			Medicines		11000
Subscription received		150	Equipments		

in advance for 20-21			Opening Bal.	15000	
			(+) Purchase during year	10000	
				25000	
			(-) Depreciation	1900	23100
			Cash in hand	960	
			Cash at Bank	13000	13960
			Building	40000	
			(-) Depreciation	1500	38500
			10 % Investment		100000
		18691			
		0			
Total			Total		186910

Q.7

- Final Accounts

Dr. Trading and Profit & Loss A/c. for the year ended 31.03.2019			Cr.		
Particulars	Rs	Rs	Particulars	Rs	Rs
To Opening Stock		48000	By Sales	47000	
To Purchase	22500		(-) Return	400	46600
(-) Return	500	22000			
To Wages	800		By goods destroyed by		3000
(+) Outstanding	700	1500	fire		
To Carriage Inward		1000	By Closing Stock		48700
To Gross Profit		25800			
Total		98300	Total		98300
			By Gross Profit		25800
To Insurance	1200		By Discount		1000
(-) Prepaid	300	900	By RBDD A/c.		50
To Carriage outward		900	By Rent		1800
To RBDD A/c.					
Bad - debts	300				
(+) New Bad debts				
(+) New RDD				
(-) Old RDD	350			
To Discount		700			
To Travelling Expenses	250				
(+) Outstanding	200	450			
		4150			

To Advertisemen t					
<u>To Depreciation</u>					
Land and Building		4250			
Furniture		1935	6185		
To Loss by fire			3000		
<u>To Partner's Capital A/c.</u>			12365		
Riddhi	6183				
Siddhi	6182				
Total			28650	Total	28650

Dr. Partner's Capital A/c. Cr.

Particulars	Riddhi	Siddhi	Particulars	Riddhi	Siddhi
			By Balance b/d	50000	30000
			By Profit & Loss A/c.	6183	6182
To Balance c/d.	56183	36182	(Profit)		
Total	56183	36182	Total	56183	36182

Balance-Sheet as on 31.03.2019

<u>Partner's Capital A/c.</u>			Cash in hand		2850
Riddhi	56183		Debtors		32000
Siddhi	36182	92365	<u>Land and Building</u>	42500	
Sundry Creditors		27600	(-) 10 % Depreciation	4250	38250
Bills payable		20000	<u>Furniture</u>	38700	
Bank Overdraft		18000	(-) 5 % Depreciation	1935	36765
<u>Outstanding Expenses</u>			Closing Stock		48700
Wages	700		Prepaid Insurance		300

Travelling Expenses	200	900		
Total		158865	Total	158865

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