

BILLS OF EXCHANGE

1. Anant bought goods worth Rs.4500 from Samant on August 1,2002. On the same day, Anant Accepted the bill for Rs.4500 at 3 months drawn by samant. Before the due date, Anant informed samant about his inability to pay the amount of bill. He further requested him to accept Rs.2500 in cash and immediately draws upon him a new bill for the remaining amount at 2 months together with interest at 8%. Samant agreed. Samant got the bill discounted with his bank at 6%.
Give the journal entries in the books of Anant and Samant.
2. Meena owes Neena Rs.84000. Neena draws a bill for Rs.84000 on Meena for a period of 3 months. Meena accepts it and returns it to Neena. Neena endorsed this bill to kreena in settlement of her account. On the due date, the bill was dishonoured and noting charges amounted to Rs.400 paid by kreena. Meena accepted another bill of 3 months drawn by Neena for the balance plus interest Rs.600. Before The due date meena retired the bill at rebate of Rs.500.
Pass the journal entries in the books of Meena and prepare Meena's Account in the books of neena.
3. Yogita owed to Zenith Rs.2000. On 1st October Yogita accepted a bill drawn by Zenith for the amount at 3 months. Zenith for the bill discounted with the bankfor 1900. Before the due date, Yogita approached Zenith for renewal of the bill. Zenith agreed on the conditions that Rs.1000 be paid immediately together with interest on the remaining amount at 6% p.a. for 3 months and for the balance. Yogita accepted the new bill. The arrangements were carried through. But afterwards Yogita became insolvent and 40% of the amount could be recovered from the estate.
Give the journal entries in the books of Yogita and Zenith & also show Yogita's account in the books of Zenith.
4. Reshma accepted a bill of Rs.6000 drawn by Dinesh at 3 months on 1st January 2009. Dinesh got the bill discounted with the bank @ 10% p.a. on the same date. Before the due date, Reshma approached Dinesh for Renewal of the bill and dinesh agreed on the condition that Rs.3000 be paid immediately together with the interest on the remaining amount at 6% p.a. for the 2 months and for the balance Reshma should accept the new bill for 3 months. All arrangements were carried through but afterwards Reshma was found insolvent and only 40% of the amount could be recovered. Give Journal entries in the books of Dinesh and prepare Dinesh's Account in the books of Reshma.
5. Rohit Sold good worth worth Rs.36000 to Mohit on 1st Jan 2009. On the same day Mohit paid Rs.16000 to Rohit and accepted a bill for three months for the balance. Rohit Discounted the bill with bank.On the due date Mohit finds himself unable to make the payment and he asks Rohit to renew the bill. Rohit accepts the proposal on the condition that Mohit should pay Rs.8000 in cash and accept a new bill for the balance plus interest @ 12% p.a for 3 months. These arrangements were carried through. On the same date Rohit sent the bill to bank for collection. On the due date the bill was honoured and bank charges amounted to Rs.100.
6. Jignesh draws these followings bills on sagar. Each bill is drawn at 3 months. Pass the journal entries in the books of jignesh in different situations given below:
All four bills are duly accpetd.
Bill No.1 = Rs.12000
Bill No.2 = Rs.13000
Bill No.3 = Rs.14000
Bill No.5 = Rs.15000
First bill was retained by Jignesh.
Second bill was discounted with the bank at a discount of Rs.1000

Third bill was endorsed to Ramesh and it was dishonoured.

The fourth bill was sent to bank for collection which was honoured.

7. On 1st april Archana sold goods to anil worth Rs.6000 of which Rs.2000 is received in form of cash and anil accepted a bill for the balance amount. The bill was discounted by archana with the bank at a discount of Rs.100. on the due date Anil was insolvent only 10% of the amount could be recovered from his provate estate. Give Journal entries in the books of Archana and prepare archana's account in the books of anil.
8. Abhilasha owes Anjalai Rs.42000. Anjali draws a bill on Abhilasha for Rs42000 for the period of three months.Anjali endorsed the bill to Kareena in Settlement of her account. On the due date bill was dishonored. Abhilasha accepted another bill of 3 months drawn by anjali plus interest of Rs.300. The bill was honored. Pass journal entries in the books of abhilasha and show abhilasha's account in the books of anjali.
9. Priyanka sold goods to Mayuri for Rs.9000. Priyanka drew a bill of Rs.9000 on Mayuri for 3 months. Mayuri accepted it. Priyanka sent the bill to bank for collection. But before the due date Mayuri approached Priyanka with requests for Renewal of the bill. Priyanka agreed on the condition that she should pay Rs.2400 in cash and should accept a fresh bill for the balance plus interest Rs.180. These arrangements were carried through. But Mayuri became insolvent. And only Rs.3000 form her private estate could be recovered. Pass the journal entries in both the parties and prepare Priyanka's ledger in the books of Mayuri and Mayuri's Account in the books of Priyanka.
10. Atul accepted a bill of Rs.12000 drawn by Dhiraj at 3 months on 1st Feb 2010. Dhiraj got the bill discounted with his bank @ 10% interest p.a. on the same day. Before Due date atul approached Dhiraj for renwal of the bill. Dhiraj agreed on the condition that Rs.6000 be paid immediately together with interest on the remaining amount at 6% p.a for 2 months and atul should accept the new bill for the balance amount for 3 months. All arrangements were fine. But on the due date atul became insolvent and only 40% of the amount of the bill could be recovered. Pass the journal entries in the books of both the parties and prepare ledger accounts of both the parties in each others books.
11. Rupali accepts a bill of exchange of Rs.2000 drawn by Deepali at three months. After one month Deepali got the bill discounted with the bank at a discount of 12% but one month before the due date Rupali approached Deepali for renewal of the bill. Deepali agreed on the condition that Rupali should pay 1000/- in cash and accept another bill for Rs.1000. just before the due date it was found that Rupali became insolvent and only 40% of the amount could be recovered from her. Pass the journal entries in the books of both the parties.
12. Vijay Draws a bill of Rs.4000 on Anand on 1st May 2012 for three months. This was for the amount which Anand owed Vijay. Anand accepts the same and returns it to Vijay who discounted the bill with the bank at a discount of Rs.100. On 1st August 2012 Anand requested Vijay to renew the bill. Vijay agreed on the condition that Rs.1000 be paid immediately & Anand Should accept another bill for the balance plus interest of Rs.45. Arrangements were carried through. Afterwards it was found that anand had become insolvent and only Rs.3035 could be recovered from his private estate. Pass the journal entries in the books of both the parties and prepare ledger accounts of both the parties in their corresponding books.
13. Nikhil draws a bill for Rs.7500 on amit for 4 months. Nikhil discounts the bill with his bank at 8% p.a. on the same day. On the due date of the bill, Amit requested Nikhil to accept Rs.4700(including Rs.200 interest) and draw a bill for the balance for 3 months. Nikhil agrees the proposal. Before due date amit retires the bill for 2960. Pass the journal entries in the books of amit and prepare amit's account in the books of Nikhil.
14. Journalise the following transactions in the books of sonali:
 - (a) Sanjay informs Sonali that Monali's acceptance for Rs.16000 endorsed to sanjay has been dishonored. Noting charges Rs.400

- (b) Deepali renews her acceptance to sonali for Rs.15000 by paying Rs.7000 in cash and accepting fresh bill for the balance plus interest at 10% p.a. for 3 months.
- (c) Usha retired her acceptance to Sonali of Rs.6000 by paying Rs.5800
- (d) Sonali Sent a bill of Rupali of Rs.12000 to bank for collection. But Bank informed that the bill has been Dishonred by rupali.

15. Journalise the following the transactions in the books of Mr. Soman

- (a) Mohan's acceptance for Rs.16000 was discounted with the bank and dishonored, noting charges amounted to Rs.200
- (b) Deepak's acceptance of Rs. 15000 which was endorsed to Vikas was dishonored.
- (c)Soman's acceptance to santosh for Rs.10000 was sent to bank for collection, honored.

16. Andy owes Jack Rs.36000. Andy paid 1/3rd amount and Jack draws a bill on andy for the balance for three months which is accepted by andy. On the same date jack discounted the bill with the bank @ 10% p.a. for two months. On the due date Andy dishonored his acceptance. Andy paid Rs.12000 to jack And Accepted a fresh bill for two months for the balance plus interest of Rs.120.Andy became insolvent before the due date and only 50% of the bill amount could be recovered from him. Pass the journal entries in the books of Jack and prepare Jack's account in the books of Andy.

17. Chitra purchased goods worth Rs.40000 from Kanchan. Chitra accepted the bill drawn by Kanchan for 3 months. Kanchan then endorsed the bill to Supriya. Supriya then discounted the bill with the bank @ discount of Rs.2000. however Chitra become insolvent on the due date of the bill and only 20% in a rupee could be recovered from her. Pass the Journal entries in the books of Chitra, Kanchan and Supriya.

18. Journalise the following transactions in the books of sejal:

- (a)Minal informs Kajal that Sejal's acceptance for Rs.5000 endorsed to Minal has been dishonored and noting charges amounted today Rs.50
- (b) Sejal renews her acceptance to amit for Rs.3200 by paying Rs.1200 in cash and accepting a new bill for the balance plus interest @ 12% p.a. for 3 months.
- (c) Sejal's acceptance to dilip for Rs.10000 is retired one month before its due date at a discount of 18% p.a.
- (d) The bank informs Sejal that Divya's acceptance for Rs.4000 has been dishonored and it has paid noting charges Rs.80
- (e) Sejal's acceptance to Bijal for Rs.4500 endorsed to Rupal is dishonored and she paid noting charges of Rs.100.

Non-Profit Making Organisations

1. From the following Receipts and payments account and additional information, Prepare Income and expenditure A/c for the year ended 31st March,2010 and balance sheet as on 31st march 2010.

Receipts	Amt	Payments	Amt
To Balance b/d:		By charities	20250
Cash	9850	By salaries	12000
Bank	15650	By Rent and Taxes	1750
To Donations	40000	By Printing and stationery	800
To Entrance Fees	8500	By Fun-n-Fair expenses	9500
To Subscription	53000	By Investment	30000
To legacies	25000	By Premises(w.e.f. 1.10.09)	55000
To Int. on investments	2500	By furniture	18000
To sale of old news papers & magazines	500	By advertisement	3000
To income from fun-n-fair	19500	By entertainment expenses	6250
To Life membership fees	27000	By Electricity and lighting	1850
		By telephone Charges	1150
		By conveyance	2000
		By balance c/d:	
		Cash	9950
		Bank	30000
Total	201500	Total	201500

Additional Information:

1. Following balances were appearing in the balance sheet as on 31st march 2009.
Furniture:Rs.68000, Investments Rs.30000, Premises: Rs.80000
2. 90% of entrance fees and 60% of donations are to be capitalized.
3. Depreciate furniture @ 10% and Premises @ 5% p.a.
4. Life Membership fees are to be capitalized.
5. Salary outstanding Rs.4000
6. Prepaid advertisement Rs.2000

Q.2 Following is the Receipt and Payment accounts of modern cricket club. Prepare Income and expenditure account for the year ended 31st March 2012 and balance sheet as on that date.

Receipts	Amt	Payments	Amt
To balance b/d	1040	By Salaries	1300
To Subscription:		By Entertainment Expenses	645
2010-11	85	By General Expenses	350
2011-12	4000	By Rent and Taxes	120
2012-13	103	By Investments	3000
To Donation	1200	By Printing and Stationery	241
To Entertainment Receipts	876	By expenses 2010-11	600
To Interest	81	By Fixed Deposits	1000

To Entrance Fees	1000	By Balance c/d	895
Total	8385	Total	8385

Additional Information:

1. Club has 450 members paying an annual subscription of Rs.10 each.
2. Rs.20 is still in arrears towards subscription for the year 2010-11.
3. Prepaid rent is Rs.20.
4. Outstanding Salary is Rs.200
5. On 1st April 2011 land and building stood at Rs.15000 and Furniture at Rs.1150 on which depreciation @ 5% and @ 20% is yet to b provided respectively.
6. Capital Fund as on 1st April 2011 was Rs.16695.
7. 50% of entrance fees and full amount of donation is to be capitalized.

(Hint: Expenses given in the Receipt and Payment which belongs to year 2010-11 will not carry any effect in this problem as we are asked to prepare Income and Expenditure account for the year ended 31st march 2012)

Answers:

Surplus= Rs.1907 Balance Sheet total: Rs.20605

Q.3 Following is the balance sheet and receipt and payment account of students Association. Prepare Income and expenditure account and balance sheet as on 31st March 2012.

Balance Sheet as on 1st April 2011

Liabilities	Amt	Asset	Amt
Capital Fund	23500	Cash in hand	500
Outstanding Expenses:		Cash at Bank	3000
Salaries	300	Subscription Receivable	600
Rent	200	6% Investments	10000

Stationery	100	Furniture	10000
Total	24100	Total	24100

Receipt and payments account for the year ended 31st march 2012

Receipts	Amt	Payments	Amt
To balance b/d		By Rent	2200
Cash in Hand	500	By Stationery	1400
Cash at bank	3000	By Furniture Repairs	300
To Entrance Fees	750	By Party Expenses	290
To Subscription:		By Honorarium to Secretary	1200
2010-11	500	By Balance c/d	
2011-12	5000	Cash in hand	250
2012-13	100	Cash at Bank	910
To special subscription for party	300		
Total	10150	Total	10150

Additional Information:

1. Outstanding Rent for the current is Rs.400 and outstanding stationery is Rs.150.
2. Outstanding subscription of the current year is Rs.1000
3. Entrance Fees are to be capitalized.
4. Depreciate Furniture @ 5%.

Answers:

Deficit: Rs.2540

Balance Sheet total: Rs.22360

(Hint: outstanding expenses given in the opening balance sheet are to be reduced from the current years expenses given in the receipts and payments account just as we do in the case of subscription)

Q.4 From the following Receipts and payment Account of Nanasaheb Patil Engineering college, for the Year ending 21st March 2013 prepare Income and expenditure account for the year ended 31st March 2013.

Receipt & Payment Account for the year ended 31st march 2013

Receipts	Amt	Payment	Amount
To balance b/d		By salaries to:	
Cash in hand	15950	Teaching staff	850500
Cash at bank	100700	Office staff	18100
To Interest	51000	By electricity	51900
To subscription	25800	By books	57800
To membership fees	20500	By Furniture	45000
To donations	636000	By stationery	19950
To Tuition Fees	1120000	By Fixed Deposit	750000
To Term Fees	200900	By Balance c/d	
To Sundry Receipts	6930	Cash in hand	13500
		Cash at bank	262500
	2232150		2232150

Additional Information:

Particulars	1.04.2012	31.03.13
Books	550000	550000
Furniture	215000	200000
Building Fund	935000	?
Fixed Deposits	800000	?
Capital Fund	746020	?

2. 50% of Donations are for building fund and the balance is to be treated as revenue income.
3. Outstanding subscriptions Rupees 4200
4. Life membership fees is to be capitalized.

Q.5 The Balance sheet as on 31st March 2012 and the receipts and payments A/c for the Year ended 31st March, 2013 of Forests Literary Society, Mumbai as As below:

Balance Sheet As on 31st March 2012

Liabilities	Amt	Assets	Amt
Capital Fund		Building	50000
As per last Balance sheet		Furniture	4000
117000		Books	2300
Add:		Sports Equipment	4000
Surplus 6000	123000	Fixed Deposit with Bank India	60000
Subscription in advance	800	Interest accrued investment	400
		O/s Subscription	2000
		Cash	300
		Bank	800

Receipts & Payments Account For the year ended 31.03.13

Receipts	Amt	Payments	Amt
To Opening Balance		By Salaries	5120
Cash in Hand	300	By printing & Stationery	440
Cash at bank	800	By Taxed and insurance	360
To subscription Received	12160	By Subscription to newspaper	1100
To Hall Rent Received	3500	By Repairs and Renewals	1300
To Interest on FD	2400	By Sports Material purchased on 1/10/2012	2000
To Sale of old news paper	320	By Fixed Deposit with Central Bank of India(1.01.13)	10000
To Donations Received	6400	By Closing Balances:	
		Cash	300
		Balance with Central Bank Of India	5260
	25880		25880

Additional Information:

1. Subscription for the year 2013-2014 received during the year Rupees 1000
2. The Society consists of 500 members, The annual subscription payable by each member being Rupees 24.

3. The Rent of the society if Rupees 500 per day and the hall was let out on hire for 8 days in the year.
4. Interest accrued on Fixed Deposits with the Bank has to be provided @6% p.a
5. Provide Depreciation on Building, Furniture, Books and sports equipment @ 10% p.a.
6. Donations are supposed to be for building Fund hence to be shown under Building Fund account.
7. Prepare income and expenditure account and balance sheet for the year ended 31.03.13

Q.6 From the following Receipts and Payment and additional information prepare Income and expenditure account for the year ended 31st March 2013.

Receipts & Payments Account

Receipts	Amt	Payments	Amt
To Balance b/d	14260	By Medical exp	61180
To Subscription	95992	By Honorarium	18000
To Donations	29000	By Salaries	55922
To Dividend	14000	By Equipment	30000
To Entertainment Receipts	20900	By Entertainment Expenses	1500
	174152		174152

Additional Information:

	1.01.2010	31.03.2011
Subscription Due	480	560
Advance Subscription	128	200
Stock of medicines	17620	19480
Equipment	42400	63200
Building	80000	76000
Investment	200000	200000

Final Accounts

Q.1 Meena And Reena are in partnership sharing profits and losses in the Ratio of 3:2. From the Following Trial Balance You are required to prepare Trading, Profit and loss Account and Balance Sheet for the Year ended 31.03.2013

Trial Balance as on 31.03.2013

Particulars	Amt	Particulars	Amt
Building	400000	Capital Accounts	
Plant	120000	Meeena	300000
Purchases	650000	Reena	200000
Carriage	7000	Sales	814000
Opening Stock	90000	Creditors	180000
Wages	35000	Bank OD	20000
Debtors	150000		
Salaries	28000		
Postage & telegram	4000		
Insuarance	5000		
Bad Debts	3000		
Rent	4000		
Discount	3000		
Drawings			
Meena	10000		
Reena	5000		
	1514000		1514000

Adjustments:

1. Stock on hand as on 31.03.2013 was valued at Rupees 110000
2. Depreciate plant by 10% p.a.
3. Create RDD at 5% on Debtors.
4. Salaries includes Rupees 2500 as advance
5. Partners are allowed Interest on capital at 5% p.a.

Q.2 From the following Trial Balance of M/s Mahesh and Umesh, You are required to prepare Trading and Profit and loss account for the year ended 31sts March 2013 and Balance sheet as on that date. Profit Sharing Ratio of Mahesh being 3:2.

Trial Balance as On 31st March 2013.

Debit Balances	Amt	Credit Balances	Amt
Investment	56000	Capital Accounts	
Carriage	7000	Mahesh	162000
Loose Tools	17000	Umesh	108000
Building	150000	Current Accounts	
Salary	13000	Mahesh	16200
Audit Fees	8500	Umesh	10800
Opening Stock	83000	Sundry Creditors	99000
Wages	7500	Bank OD	56400
Purchases	197000	Sales	420000
Motive Power	15000		

Bad Debts	15000		
Printing & Stationery	4000		
Debtors	96000		
Cash At bank	52000		
Machinery	72000		
Motor Van	88000		
	8724000		872400

Adjustments:

1. Closing stock was valued at 76000
2. Interest on capital at 5% p.a. was allowed.
3. Good worth Rs.2000 and Rs.1500 withdrawn by Mahesh and Umesh respectively for their personal use.
4. Mahesh is entitled to get salary of Rs.6500 and Umesh is to be given 2% commission on sales.
5. Rs.2500 due from customer is not recoverable.
6. Depreciate Motor Van at 8% and Building at 7%.

Q.3 Trial Balance as on 31st March 2008

Particulars	Debit	Credit
Capitals:		
Parag		15000
Tushar		10000
Drawings:		
Parag	500	
Tushar	250	
Leasehold Property	20000	
Shop Fittings	6000	
Purchase and Sales	47500	75500
Returns	1500	1000
Repairs and Renewals	1000	
Opening Stock	11000	
5% Government Bonds	6000	
Debtors and Creditors	17600	12600
Advertisement	2700	
Rent Rates And insurance	400	
Prepaid Rent	250	
Discount		500
RDD		400
Reserve for Discount on Creditors	300	

Total	115000	115000
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Adjustments:

1. RDD is to be maintained at 5% on Debtors while Reserve for Discount on Debtors and Creditors is to be made at 2% and 3% respectively.
2. Rent Rate and insurance includes: Insurance Rs.240 paid for the year ending 30th June,2008
3. Goods supplied to Tushar were included in Debtors Rs.100
4. Rs.700 of Advertisement as well as 1/5th shop fittings are to be written off.
5. Stock on 31st March 2008 Rs.8000

Prepare Trading and Profit and Loss Account for the year ending 31st March 2008 and Balance Sheet as on that Date.

Q.4 From the following Trial balance of M/s Amol and Nikhil You are required to prepare Trading And Profit and Loss account for the Year Ended 31st March 2012 and Balance Sheet as on that date. Amol And Nikhil share profits and losses in the Ratio of their capitals.

Trial Balance as on 31st March 2012

Particulars	Debit	Particulars	Credit
Drawings:		Capital accounts:	
Amol	2000	Amol	40000
Nikhil	1000	Nikhil	60000
Opening Stock	12000	Creditors	30000
Purchases	80000	RDD	1000
Office salaries	6000	Sales	140000
Royalties	2000	Return Outwards	2400
Trade Expenses	1400	Bills Payable	6000
Advertisement	5200	Reserve Fund	4000
Wages and Salaries	10400		
Cash in hand	8000		
Debtors	50000		
Bad Debts	400		
Investment	16000		
Motor Van	30000		
Furniture	10000		
Office Rent	3400		
Plant and machinery	24000		
Freehold Property	16000		
Bills Receivable	4000		
Discount	1600		
	283400		283400

Adjustments:

1. Closing Stock was valued at 17600
2. Audit Fees for the year was outstanding Rs.2400
3. Create R.D.D @5% on Debtors
4. The goods for Rs.5600 purchased and received on 25th March 2012 were Not recorded in the purchase book.
5. Depreciate Freehold Property at 10% and motor van 25%
6. Allow 5% interest on Capital.

Q.5 Shital and Shilpa Sharing profits and losses equally. The trial balance of their firm as on 31st March 2009 was as follows:

Trial Balance as on 31st March 2009

Particulars	Debit	Credit
Opening Stock	44000	
Purchase and sales	170000	320000
Return Inward	10000	
Carriage	4000	
Motive Power	6000	
Wages	56000	
Trade Expenses	4000	
Debtors and Creditors	72000	40000
Salaries	38000	
Insurance	2400	
Postage	3600	
Commission	5000	
Plant	60000	
Furniture	16000	
Advertisement	8000	
Office Rent(for 10 months)	10000	
Drawing:		
Shital	14000	
Shilpa	6000	
Capitals:		
Shital		80000
Shilpa		80000
Cash	3000	

Adjustments:

1. Stock on 31.03.09 was having a cost price of Rs.80000 but its market value was Rs.72000
2. Depreciate plant and building at 20% and 10% respectively.
3. Insurance is paid for the year ending 30.06.09
4. Goods withdrawn by sheetal amounting to Rs.10000 were not recorded in the books

5. Bad debts were Rs.2000 and provide RDD @ 5% on Debtors
6. Good worth Rs. 6000 were purchases before 31.03.09 but were not recorded in the books.

Prepare Trading and Profit and Loss Account and Balance Sheet as on 31.03.09

Single Entry System

Q.1 Mr. Keshav maintains his books on single entry system and disclosed the following information of his business:

Particulars	1.04.12	31.03.13
Investment		30000
Bills payable		18000
Creditors	52500	69000
Furniture	15000	45000
Debtors	60000	90000
Stock	30000	37500
Cash at bank	36000	54000

Additional Information:

1. Mr.Keshav transferred Rs.3000 per month during the first half year and Rs.2000 per month for the second half year from business account to his personal account.
2. He also took goods worth Rs.7000 for private use.
3. He also sold his private asset for Rs.27000 and brought additional proceeds into his business.
4. Furniture is to be depreciated by 10%.
5. Provide RDD at 5% on debtors.

Prepare opening and closing statement of affairs and statement of profit and loss for the year ended 31st march 2013.

Q.2 A and B are partners. Their capitals as on 1st april 2010 were 30000 each. Assets and liabilities as on 31st march 2011 were as follows:

Cash in hand Rs.2400, Cash at Bank Rs.16000, Bills Receivable Rs.4000, Debtors Rs.28600, Stock Rs.26000, Machinery Rs.14000, Furniture Rs.8000, Bills Payable Rs.3000, Sundry Creditors Rs.6000, Outstanding salary Rs.800

Additional Information:

1. Provide Rs.600 as Bad Debts and 5% RDD

2. Depreciate furniture @5% and machinery @10% p.a.
3. Stock is undervalued by Rs.2000
4. Sundry Creditors are overvalued by Rs.1000
5. Prepaid Insurance Rs.2000
6. Additional capital introduced by partners Rs.4000
7. Drawings of A and B were Rs.3000 and Rs.2000 respectively.

Calculate the profit for the year ended 31st March 2011.

Q.3 Mr. Dharmadas maintains books under single Entry system. His assets and liabilities were as under:

Particulars	1.4.2011	31.03.2012
Plant & Machinery	60000	90000
Furniture and Fictures	20000	20000
Bank	26000	16000
Debtors	25000	14000
Creditors	14000	10000
Bills Payable	10000	5000

Additional Information:

1. Additional machinery is purchased on 1.10.2011
2. Depreciate plant and machinery at 10% p.a. and Furniture and Fictures @ 15% p.a.
3. Dharmadas has withdrawn Rs.2000 per month for his personal expenses
4. Office Rent prepaid 31.03.2012 was 15000
5. Provide for outstanding expenses Rs.10000

Prepare opening and closing statement of affairs and statement of profit and loss for the year ended 31.03.2012

Q.4 Kane and Mane contributed capital of Rs.60000 and Rs.40000 respectively and started Buisness in Partnership on 1st April,2010 and agreed to share profits and losses in proportion to their capitlas. They do not maintain books of accounts by double entry system. Their Partnership deed provided for salary at Rs.500 per month to Kane and interest on capital and drawings at 10% p.a. On 31st March 2011 their assets and liabilities were as under:

Cash 15000, office premises 70000 Furniture 20000, Machinery 50000, Stock 25000, Debtors 20000, Bills Receivable 10000, Creditors 30000, Bills Payable 15000, They desire to depreciate Furniture and machinery at 10%. Their Drawings amounted to Kane Rs.8000 and Mane Rs.6000. Provide for Outstanding expenses Rs.5000. Prepare statement of affairs and statement of profit and loss for the year ending 31st March 2011.

Q.5 From the following details find out the net profit earned by M/S V and W for the year ended 31st March 2012 and prepare balance sheet as on that date.

Particulars	1.4.2011	31.03.2012
Cash	500	1250
Bank	12500	23750
Debtors	17000	25000
Creditors	17000	20000
Bills Receivable	5000	7500
Bills Payable	8000	8850
Land and building	25000	25000
Furniture and fixtures	10000	10000
Stock in trade	45000	65000

Depreciation is to be written off on Furniture and fixtures @10% p.a. and land & Building by 2% p.a. Provide for Doubtful Debts @5% on Debtors.

- Partners are entitled for interest on capital @6% p.a.
- They will share profits and losses in the ratio of 2:1
- As on 1st April 2011 the Capital of Mr.V was double as compared to that of Mr.W. During the Year V and W have introduced additional capital amounting to 7000 and 3000 respectively and their drawing amounted to 7500 and 5000 respectively.
Prepare statement of affairs and profit and loss for the year ended 31st march 2012.

Admission of partner

Q.1 Mrs. Snehal and Mrs.Meenal are equal partners in a business. Their balance sheet is as follows:

Balance Sheet as on 31st March 2013

Liabilities	Amt	Assets	Amt
Capital:		Premises	20500
Snehal	80000	Investments	10500
Meenal	45000	Equipments	5000
Creditors	46000	Bills Receivable	18000
General Reserve	20000	Debtors	110000
		Less:RDD	11000
		Bank Balance	38000
	191000		191000

They agreed to admit Mrs.Komal on 1st April 2013 on the following terms:

1. Komal should bring Rs.50000 towards her capital for 1/4th share in future profits.
2. Goodwill is to be raised in the firm for Rs.40000
3. RDD is to be maintained at 5% on Debtors
4. Premises to be valued at Rs.30000 and Equipments to written off fully.
5. Creditors allwed a discount of Rs.1000 and were paid immediately.

Pass Journal entries and prepare profit and loss adjustment account, Partners Capital Account and Balance sheet of the new firm.

Q.2 The Balance Sheet of Shrihas and Madan as on 31st March 2013 is set out below. They Share profits and losses in the ratio of 2:1.

Balance Sheet

Liabilities	Amt	Assets	Amt
Shrihas's Capital	40000	Building	20000
Madan's Capital	30000	Furniture	6000
Genral Reserve	24000	Stock	12000
Creditors	16000	Debtors	60000
		Cash	6000
		Profit and Loss	6000
Total	110000	Total	110000

They agreed to admit Prasanna as a partner into the firm on the following terms:

1. Prasanna is to bring Rs.12000 as capital and Rs.9000 as a goodwill which is to be retained in the business. He will be entitled to 1/4th share of profits of the firm.
2. 50% of General reserve is to be maintained as RDD
3. Depreciate furniture by 5%.
4. Stock is to be valued at Rs.13000
5. Creditors of Rs.1000 are not likely to claim and hence should be written off.
6. Rent of Rs.400 due but not received has not been recorded in the books.

Prepare Profit and loss adjustment Accounts, Partners capital Account And balance sheet of a new firm and also pass journal entries in the books of the firm.

Q.3 Anand and amol are partners in a firm sharing profits and losses in the ratio of 3:2. Their balance sheet as on 31st March 2012 was as under:

Balance Sheet as on 31.03.2012

Liabilities	Amt	Assets	Amt
Creditors	5000	Bank	6000

Anand's Capital	30000	Debtors	12000
Amol's Capital	20000	Land And Building	25000
General Reserve	10000	Stock	8000
		Plant & Machinery	10000
		Furniture & Fixtures	4000
	65000		65000

On 1st April 2012 they admit Pawan into partnership. The terms being that:

1. He shall pay Rs.8000 as his share of goodwill: 50% amount of goodwill shall be withdrawn by the old partners.
2. He shall bring Rs.10000 as his capital for 1/4th share in future profits.
3. For the purpose of admission assets were revalued as under:
4. Land and building is to be valued at Rs.30000
5. Plant and Machinery is to be Valued at Rs.8000
6. Stocks valued at Rs.10000 and Furniture and fixtures valued at Rs.2000
7. A provision of 5% on debtors was to be made

Pass Journal entries and prepare profit and loss adjustment account, partners capital account and balance sheet of the new firm.

Q.4 Hasan and Husen are partners sharing profits and losses in the ratio of 3:2. Their Balance sheet on 31st March,2011 is as follows:

Balance Sheet

Liabilities	Amt	Assets	Amt
Sundry Creditors	15000	Cash	250
General Reserve	10000	Debtors	22250
Hasan's Capital	36000	Stock	8500
Husen's Capital	24000	Investments	12000
		Plant	30000
		Building	12000
	85000		85000

They decided to admit Hari in the partnership on 1st April 2011. The terms agreed were:

1. Hari should Rs.20000 as his capital for 1/5th 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.16000, 2009-10 Rs.27000 Rs.2010-11 Rs.24500
Hari is unable to bring the goodwill in cash. It was decided that goodwill should be raised.
3. RDD is to be maintained at Rs.500
4. Closing stock to be valued at Rs.7500
5. Plant and building is to be depreciated by 5%.

Prepare: Profit and loss adjustment account, Partners Capital account and balance sheet of the new firm.

Ashwin Sir