

September 2010

Book-Keeping and Accountancy

Time : 3 Hours

Marks : 100

Q.1 Attempt any FOUR of the following sub-questions :

[20]

(A) Answer in 'One' sentence each :

(5)

1. What is Capital Fund ?
2. What do you mean by Qualified Acceptance ?
3. What do you mean by Credit Balance of Joint Venture Account ?
4. What is a Computer ?
5. What is a Goodwill ?

(B) Write a word / term / phrase which can substitute each of the following statements :

(5)

1. A system of accounting which records personal accounts and cash accounts.
2. The method of depreciation under which depreciation is calculated on balance amount.
3. Officer appointed by the Government for noting of dishonoured bill.
4. Partners of joint venture business.
5. The father of modern computer.

(C) Match the following pairs :

(5)

Group 'A'	Group 'B'
(a) Not for profit concerns	(1) Temporary Partnership
(b) Opening Statement of Affairs	(2) Permanent Partnership
(c) Dishonour of Bill	(3) Intangible Asset
(d) Joint Venture	(4) Tangible Asset
(e) Goodwill	(5) Noting Charges
	(6) Ascertainment of closing capital
	(7) Ascertainment of opening capital
	(8) Sangam College, Sangamner

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

(5)

1. The Indian Partnership Act came in force since _____ .
 - (a) 1956
 - (b) 1954
 - (c) 1932
 - (d) 1942
2. Receipt and Payment Account is a _____ .
 - (a) Personal Account
 - (b) Real Account
 - (c) Nominal Account
 - (d) None of these
3. At the end of a financial year balance of Depreciation Account is transferred to _____ .
 - (a) Asset Account
 - (b) Trading Account
 - (c) Profit and Loss Account
 - (d) None of these
4. A bill of one month duration is accepted on 12th July, 2007, its due date will be _____ .
 - (a) 12th August, 2007
 - (b) 14th August, 2008
 - (c) 14th August, 2007
 - (d) 15th August, 2007
5. A debit balance of Joint Venture Account indicates _____ .
 - (a) Profit
 - (b) Loss
 - (c) No profit no loss
 - (d) None of these

(E) State whether the following statements are True or False (with reasons) :

(5)

1. Debit balance of Trading Account indicates Net Loss.
2. Maximisation of profit is the motive of a "Not for Profit Concern".

(F) Prepare a Bill of Exchange from the following details :

(5)

1. Drawer : Ajit Patil, Viveknagar, Pune.
2. Drawee : Sujit Kale, Main Road, Latur.
3. Payee : Ranjit Jagadale, Nashik.
4. Amount Rs. 5500
5. Period : Two months.
6. Date of bill : 22-2-2008.
7. Date of acceptance : 27-2-2008.
8. Accepted bill for Rs. 5,000 only.

Q.2 On 1st April, 2002 Ganesh Trading Company Ltd., Pune purchased machinery costing Rs. 80,000. (5) [10]

On 1st October, 2002 additional machinery was purchased for Rs. 40,000.

On 1st October, 2004 the machinery purchased on 1st April, 2002 was sold for Rs. 50,000.

On the same date new machinery was purchased for Rs. 20,000.

Assuming that machinery is depreciated on 31st March every year @10% p.a. by the Fixed Instalment Method.

Prepare Machinery Account and Depreciation Account for the years 2002-03, 2003-04 and 2004-05.

OR

(A) Ram and Shyam are carrying on business in partnership for the last 5 years. Goodwill of the firm is to be valued at 3 years purchases of the Average Profit of the last 5 years. (5)

The Profits and Losses for the last 5 years were :

Years	Amount Rs.	
	Profit	Loss
2002 – 03	64,000	
2003 – 04	60,000	
2004 – 05	–	32,000
2005 – 06	28,000	
2006 – 07	40,000	

You are required to calculate the value of Goodwill of the firm.

(B) Explain the components of a Computer. (5)

Q.3 Narendra accepted a bill of Rs. 8,000 drawn by Surendra at 3 months. [12]

Surendra got the bill discounted with Bank for Rs. 7,800.

Before the due date Narendra approached Surendra for renewal of the bill.

It was agreed to pay Rs. 6,000 immediately together with interest on the remaining amount @10% p.a. for 3 months and for the balance Narendra should accept a new bill for 3 months.

These arrangements were carried through.

But afterwards Narendra became insolvent and only 25% of the amount could be recovered from his estate.

Pass necessary Journal Entries in the books of Narendra.

OR

Journalise the following transactions in the books of Nilesh.

(a) Naresh informs Nilesh that Sanjay's acceptance for Rs. 8,000 endorsed to Naresh has been dishonoured. Noting charges Rs. 200.

(b) Sujit renews his acceptance to Nilesh for Rs. 4,800 by paying Rs. 1,600 in cash and accepting a new bill for the balance plus interest for 3 months @12% p. a.

(c) Prakash's acceptance to Nilesh for Rs. 24,000 retired one month before its due date at a discount of 12% p. a.

(d) Bank informs Nilesh, that dishonour of Prashant's acceptance for Rs. 8,000 discounted with the Bank. Noting charges amounted to Rs. 160.

Q.4 Anand and Pramod entered into joint venture to purchase and sale plots. [12]
Anand contributed Rs. 10,00,000 and Pramod Rs. 5,00,000 and the amount was deposited into a Joint Bank Account.

The transactions of the venture were as follows :

- (1) Purchased land for Rs. 5,00,000.
- (2) Incurred development expenses of Rs. 2,00,000.
- (3) Pramod paid registration fees of Rs. 25,000
- (4) $\frac{3}{4}$ land was sold for Rs. 7,52,500.
- (5) The remaining land was taken over by Anand for Rs. 2,00,000.
- (6) The accounts between co-ventures were settled at the end of the Joint Venture.

Pass the necessary Journal Entries to record the above transactions.

Q.5 Miss Sunita keeps here books on Single Entry System and the following information is disclosed. [10]

Particulars	31-3-2006	31-3-2007
	Rs.	Rs.
Cash at Bank	18,000	27,000
Stock in Trade	15,000	18,750
Debtors	30,000	45,000
Furniture	7,500	7,500
Sundry Creditors	26,250	34,500
Bills Payable	—	9,000
Investments	—	15,000

- (1) Miss Sunita transferred Rs. 150 each month during first half year and Rs. 100 each month for the remaining period from her business to her private Banking Account by way of drawing and took away Rs. 350 worth of goods for private use.
- (2) Miss Sunita sold her private vehicle for Rs. 3,500 and proceeds were utilized for business.
- (3) Furniture is to be depreciated by 10% and Reserve for doubtful debts is to be maintained at 5% on debtors. Prepare : (1) Opening Statement of Affairs. (2) Closing Statement of Affairs. (3) Statement of Profit or Loss for the year ending 31st March, 2007.

Q.6 From the following Receipts and Payments Accounts of Sangameshwar Sports Club for the year ending 31st March, 2007, you are required to prepare Income and Expenditure Account for the year ending 31st March, 2007 and Balance Sheet as on that date. [16]

Receipts and Payments Account			
For the year ended on 31st March, 2007			
Dr.	Amount	Cr.	Amount
Receipts	Rs.	Payments	Rs.
To Balance (1-4-06)		By Salaries	40,000
Cash in Hand	15,000	By Wages	40,000
Cash at Bank	2,15,000	By Postage and Telegram	15,000
To Subscriptions	1,25,000	By Printing and Stationery	25,000
To Donations	2,25,000	By Hire of Ground	15,000
To Entrance fees	1,25,000	By Sports Material	2,00,000
To Interest	15,000	(Purchased on 1-1-07)	
To Miscellaneous	15,000	By Insurance	50,000
Receipts		By Balance (31-3-07)	
		Cash in Hand	10,000
		Cash at Bank	3,40,000
Total	7,35,000	Total	7,35,000

Adjustments :

1. Subscriptions include Rs. 2,000 received for the year 2005-2006 and subscription of Rs. 5,000 is due to for current year but not received yet.
2. Assets as on 1st April, 2006 were as follows :
 - (a) Building Rs. 3,00,000
 - (b) Sports Material Rs 2,50,000
 - (c) Investments Rs. 1,50,000
 - (d) Furniture Rs. 1,50,000
3. Provide depreciation on Building, Sports Material and Furniture at 5% p.a.
4. Capitalise 50% of Donations and Entrance Fees.
5. Insurance of Rs. 5,000 is paid in advance.
6. Salaries are outstanding at Rs. 5,000 and Interest Rs. 5,000 is due but not received.
7. Capital Fund was Rs. 10,82,000 as on 1-4-2006.

Q.7 Ajay and Vijay were partners sharing profits and losses equally. The Trial Balance of their firm was as under : [20]

Dr.	Trial Balance as on 31 st March, 2007		Cr.
Particulars	Amount Rs.	Particulars	Amount Rs.
Opening Stock	15,000	Capitals Accounts :	
Purchases	45,700	Ajay	40,000
Wages	9,900	Vijay	25,000
Investments	3,500	Bills Payable	6,000
Carriage Outward	4,600	Outstanding Salaries	1,700
Printing and Stationery	3,400	Sales	79,800
Insurance	750	Creditors	12,000
Salaries	10,000	Bank Overdraft	3,000
Postage and Telegram	700		
Machinery	26,800		
Furniture	6,400		
Debtors	25,000		
Bills Receivable	4,000		
Cash at Bank	6,000		
Advertisement	1,000		
Bad Debts	250		
Carriage Inwards	4,500		
	1,67,500		1,67,500

Adjustments :

1. Closing stock was valued at Rs. 40,200.
2. Goods of Rs. 4,000 were burnt by fire and Insurance Company admitted the claim for Rs. 3,200.
3. Prepaid insurance was Rs. 200.
4. Carriage inwards included Rs. 1,000 paid for transport and octroi on new machinery purchased on 1-4-2006.
5. Depreciate Machinery by 10% and Furniture by 15% p.a.
6. Outstanding wages were Rs. 2,100.

You are required to prepare Trading Account and Profit & Loss Account for the year ended 31st March, 2007 and Balance Sheet as on that date.

