

March 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 are Revenue Expenditures ?
2. Who is a Drawer :
3. What is a Joint Venture ?
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. The incomplete method of accounting system.
2. The gradual and permanent decrease in the value of fixed assets due to any cause.
3. Payment before the due date of the bill.
4. An account opened in the bank in a joint name of the co-ventures.
5. The unit of the computer which is popularly known as heart, brain and nervous system.

(C) Match the following pairs :

(5)

Group 'A'	Group 'B'
(1) Income and Expenditure A/c	(a) Withdrawals in cash or kind
(2) Drawings	(b) Negotiable instrument
(3) Bill of Exchange	(c) Similar to Profit and Loss account
(4) Co-venturers' Liability	(d) Limited
(5) Intangible Asset	(e) Computer
	(f) Unlimited
	(g) Goodwill
	(h) Building

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

(5)

1. The Indian Partnership Act is in force since _____ .
 - (a) 1933
 - (b) 1932
 - (c) 1956
 - (d) 1934
2. Receipt and Payment account is a _____ account.
 - (a) Personal
 - (b) Real
 - (c) Nominal
 - (d) None of these
3. Under Fixed Installment Method depreciation is charged on _____ .
 - (a) Original cost
 - (b) Written down value
 - (c) Scrap value
 - (d) Market value

4. There are _____ parties to a bill of exchange.

- (a) Two (b) Four
(c) Three (d) Five

5. Expenses of Joint Venture business are debited to _____

- (a) Joint Bank A/c (b) Joint Venture A/c
(c) Co-Ventures' A/c (d) Debentures A/c

(E) State whether True / False (with reasons) :

(5)

1. Balance Sheet is an account of business result.
2. The main object of not for profit organizations is to earn profit.

(F) From the following details prepare a format of Bill of Exchange :

(5)

1. Drawer : Subhash Suryawanshi, Main Road, Ajara.
2. Drawee : Madhukar Bharati, Amboli Road, Sawantwadi.
3. Payee : Manoj Desai, Amboli.
4. Period : 60 days.
5. Date of bill : 25th May, 2006.
6. Date of acceptance : 28th May, 2006.
7. Amount of bill : Rs 5,700

Q.2 On 1st April, 1995 Avadhoot Traders, Ajara, purchased machinery for Rs. 40,000. [10]

On 1st October, 1995 they purchased further machinery costing Rs. 20,000.

On 1st October, 1997 they sold machinery which was purchased on 1st April, 1995 for Rs. 28,780.

Depreciation on machinery was provided at the rate of 10% p. a. on Diminishing Balance Method.

The financial year closes on every 31st March.

Prepare :

Machinery A/c and Depreciation A/c for three years :
1995-96, 1996-97 and 1997-98.

OR

(A) The capital of a Partnership firm is Rs. 3,00,000. (5)

Profit for the last 4 years was Rs. 32,500, Rs. 35,000, Rs. 36,000 and Rs. 39,000.

The reasonable return on the capital employed is 11%.

Calculate the value of goodwill on the basis of 3 years purchases of super profit.

(B) Explain the role of Computer in accounting. (5)

Q.3 Madhav accepted a bill of Rs. 40,000 drawn by Kashinath at 3 months. [12]

Kashinath got the bill discounted with his bank for Rs. 39,000.

Before the due date, Madhav approached Kashinath for renewal of the bill.

It was agreed to pay Rs. 30,000 immediately together with interest on the remaining amount at 10% p. a. for 3 months and for the balance Madhav accepted a new bill for 3 months. These arrangements were carried through.

But afterwards Madhav became insolvent. Only 35% of the amount could be recovered from his estate.

1. Pass necessary Journal Entries in the books of 'Madhav'.
2. Prepare Madhav's A/c in the books of 'Kashinath'.

OR

Journalise the following transactions in the books of 'Avadhoot'.

- (a) Nandini informs Avadhoot that Nisha's acceptance for Rs. 5,000 endorsed to Nandini has been dishonoured. Noting charges amounted to Rs. 100.
- (b) Dhanashri renews her acceptance to Avadhoot for Rs. 2,400 by paying Rs. 1,200 in cash and accepting a new bill for the balance plus interest at 12% p. a. for 3 months.
- (c) Honagekar's acceptance to Avadhoot Rs. 6,000 retired one month before its due date at a discount of 20% p. a.
- (d) Bank informs to Avadhoot that the dishonour of Shashikala's acceptance for Rs. 4,000 discounted with the bank. Noting charges amounted to Rs. 70.
- (e) Avadhoot sent a bill of Pravin for Rs. 6,000 to the bank for collection.

Q.4 Apate, Bachute and Chapate undertook construction of the Cultural Hall of a Company at a contract price of Rs. 60,000 payable in Cash Rs. 40,000 and Rs. 20,000 in the form of Debentures of a company. [12]

They shared profits and losses in the ratio of 3 : 2 : 1 respectively.

Apate Rs. 30,000, Bachute Rs. 20,000, Chapate Rs. 10,000.

The following payments are made out through Joint Bank Account.

1. Purchase of materials	Rs. 25,000
2. Payment of wages	Rs. 7,700
3. Purchase of plant	Rs. 4,500
4. Other charges	Rs. 1,100
Apate brings a truck of	Rs. 4,000
Bachute brings materials of	Rs. 5,500
Chapate brings a mixer worth	Rs. 1,000

At the close of the venture the unused materials were taken by Apate for Rs. 500.

Bachute took over the mixer and plant for Rs. 2,700.

The truck was sold in the market for Rs. 2,200.

The contract price was received as per the agreement.

Chapate agreed to take over the debentures at Rs. 19,000.

Prepare : 1. Joint Venture Account

2. Joint Bank Account

3. Co-Venturer's Account

Q.5 Mr. Balasaheb is dealing in the business of fruits. He maintains his accounting record with single entry. The following figures are taken from his record. [10]

Particulars	Balance as on 1.4.2004	Balance as on 31.3.2005
Land and Building	40,000	50,000
Machinery	30,000	40,000
Furniture	10,000	10,000
Sundry Debtors	20,000	40,000
Stock	10,000	25,000
Cash Balance	5,000	15,000
Bills Receivable	5,000	5,000
Sundry Creditors	25,000	25,000
Bank Overdraft	5,000	—
Bank Balance	—	10,000

- Mr. Balasaheb introduced Rs. 10,000 as further capital.
 He spent Rs. 45,000 from the business for his daughter's marriage.
 Depreciate Land and Building by Rs. 5,000
 Create 5% Reserve for Doubtful Debts on Sundry Debtors.
 Prepare :
1. Opening Statement of Affairs.
 2. Closing Statement of Affairs.
 3. Statement of Profit and Loss.

Q.6 Following is the summary of Receipts and Payments of Jay Bajrangbali Vyayam Shala, Ajara for the year ending on 31.03.2007. [16]

Receipts and Payments Account			
For the year ended on 31st March 2007			
Dr.			Cr.
Receipts	Amount Rs.	Payments	Amount Rs.
To Balance b/d	41,600	By Salary	55,000
To Subscription		By Lighting	10,000
2005-06	4,120	By General Expenses	15,360
2006-07	1,60,000	By Entertainment Expenses	25,800
To Donation for		By Taxes Paid	5,000
Building	50,000	By Printing and Stationery	9,440
To Receipts from		By Expenses paid of 2005-06	24,000
Entertainments	36,440	By Investment	1,20,000
To Interest	3,240	By Fixed Deposit with	
To Entrance fees	45,000	Ajara Urban Bank	40,000
		By Balance c/d	35,800
Total	3,40,00	Total	3,40,400

Adjustments :

1. Jay Bajrangbali Vyayam Shala has 4500 members paying annual subscription of Rs. 40 each.
2. Provide for outstanding salary Rs. 5,000.
3. On 1.4.2006 the assets stood as under :
 - (a) Land and Building Rs.60,000
 - (b) Furniture Rs.46,000

Depreciate the above assets at 10% p. a.

4. Interest on Investment Rs. 2,000 is not received.
5. Capital Fund was Rs. 1,27,720 on 1 : 4. 2006.
6. 50% of the entrance fees is to be capitalized.

Prepare :

Income and Expenditure Account for the year ended 31st March, 2007 and Balance Sheet as on that date.

Q.7 Ashok and Tanaji are Partners sharing Profits and Losses in the ratio 2 : 3 respectively. [20]

Their Trial Balance as on 31st March, 2007 is given below. You are required to prepare Trading and Profit and Loss Account for the year ended 31st March, 2007 and Balance Sheet as on that date after taking into account the given adjustments.

Dr. Trial Balance as on 31st March, 2007 Cr.

Particulars	Amount Rs.	Particulars	Amount Rs.
Purchases	98,000	Capitals :	
Patents Right	4,000	Ashok	30,000
Building	1,00,000	Tanaji	40,000
Stock (1.04.2006)	15,000	Provident Fund	7,000
Printing and Stationery	1,750	Creditors	45,000
Sundry Debtors	35,000	Bank Loan	12,000
Wages and Salaries	11,000	Sales	1,58,000
Audit fees	700	Reserve for	
Sundry Expenses	3,500	Doubtful Debts	250
Furniture	8,000	Purchase Returns	3,500
10% Investment (Purchased on 30.09.2006)	10,000		
Cash	4,000		
Provident Fund Contribution	800		
Carriage Inwards	1,300		
Travelling Expenses	2,700		
	2,95,750		2,95,750

Adjustments :

1. Closing stock is valued at the cost of Rs. 15,000 while its market price is Rs. 18,000
2. On 31st March, 2007 the stock of stationery was Rs. 500.
3. Provide reserve for bad and doubtful debts at 5% on debtors.
4. Depreciate building at 5% and patent rights at 10 %.
5. Interest on capitals is to be provided at 5% p. a.
6. Goods worth Rs. 10,000 were destroyed by fire.

The Insurance company admitted a claim for Rs. 8,000.