

# Book-Keeping & Accountancy

Time : 3 Hrs.

October - 2008

Marks :

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

(A) Answer in 'One' sentence :

- (1) To which account gross profit is transferred ?
- (2) What do you mean by revenue expenditure ?
- (3) What do you mean by scrap value ?
- (4) What do you mean by renewal of bill ?
- (5) When Joint Bank Account is opened ?

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

- (1) Debit balance of profit and loss account.
- (2) Excess of income over expenditure in case of 'Not for profit concern'.
- (3) Excess of average profit over normal profit.
- (4) Payment of bill before the due date.
- (5) A partnership for specific purpose and for temporary period.

(C) Match the following pairs :

Group 'A'	Group 'B'
(1) Reserve fund	(a) A nerve centre of the computer
(2) Opening capital	(b) Real account
(3) Control Unit	(c) Nominal account
(4) Joint venture A/c	(d) Sale proceeds of used assets
(5) Residual value	(e) Statement of affairs
	(f) Liability side
	(g) Asset side
	(h) Super computer

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

- (1) Which of the following items will not appear in the balance sheet of a club ?  
(a) Subscriptions received in advance. (b) Special donation received during the year. (c) Subscriptions for the year. (d) Entrance fees paid by new members.
- (2) A bill of exchange is called a ..... by one who is entitled to receive the amount due  
(a) bill payable (b) draft (c) bill receivable (d) promissory note
- (3) Expenses incurred by co-venturer are debited to .....  
(a) Joint venture A/c (b) Co-venturers A/c (c) Joint bank A/c (d) Agent's A/c
- (4) Single entry system is ..... record.  
(a) complete (b) scientific (c) accurate (d) incomplete
- (5) Subscription received in advance during the accounting year is .....  
(a) an income (b) an expense (c) an asset (d) a liability

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

- (1) The expenditure incurred on installation of machinery is revenue expenditure.
- (2) If discounted bill is honoured the drawer does not record this transaction.

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

Drawer : Shreenath Patil, Brindavan Dham, Nasik.  
Drawee : Narayan Shastri, Shiv Colony, Dadar, Mumbai.  
Payee : Gopal Sharma, Samrat Nagar, Thane.  
Amount of bill : Rs. 9990.

Period of bill : 90 days.

Date of bill : 15th October, 2007.

Date of acceptance : 19th October, 2007

Q. 2. On 1st April, 2004 Saikripa Enterprises purchased two computers of Rs. 40,000 each. On 1st October, 2004 they purchased one more computer for Rs. 40,000. (10)

On 1st October, 2006 they sold one of the computer, which was purchased on 1st April, 2004 for Rs. 18,780.

Depreciation on computers was provided @ 10% p. a. on diminishing balance method and the financial year closes on 31st March every year.

Prepare :

Computer A/c and depreciation A/c for the years 2004-05, 2005-06 and 2006-07.

OR

(A) The following is the Balance Sheet of Snehal and Minal. (5)

Balance sheet as on 31st March, 2006

Liabilities	Amount Rs.	Assets	Amount Rs.
Capitals :		Land and Building	2,70,000
Snehal	1,50,000	Furniture	1,00,000
Minal	2,00,000	Stock	27,500
Reserve Fund	31,000	Sundry Debtors	12,500
Sundry Creditors	25,000	Cash	10,000
Bill Payable	29,000	Prepaid Advertisement	15,000
	4,35,000		4,35,000

Profits of the firm for the last three years were Rs. 55,000, Rs. 65,000 and Rs. 75,000. Normal rate of return on capital employed is 10% p. A.

You are required to find out the value of goodwill at 3 1/2 years' purchase of super profit for the last 3 years.

(B) Explain the components of computer hardware. (5)

Q. 3. Shridhar owed Rs. 24,000 to Giridhar, hence accepted a bill drawn on him by Giridhar at 3 months on 12th March, 2007. On the same date Giridhar endorsed it to Murlidhar. (12)

On 12th June, 2007 Shridhar requested Giridhar for the renewal of the bill, Giridhar agreed on the condition that Shridhar should pay half the amount due immediately by cheque and should accept a bill for the balance along with interest @ 10% p. a. for 2 months.

These arrangements were carried through. On the same date Giridhar sent the new bill to the bank for collection. On the due date, the new bill was honoured and bank charges debited were Rs. 100.

Give Journal Entries and show Shridhar's A/c in the books of Giridhar.

OR

Journalise the following transactions in the books of Ashwin.

(a) Bank informed that Sachin's acceptance for Rs. 5,750 sent to bank for collection had been honoured and bank charges debited were Rs. 50.

(b) Nitin renewed his acceptance for Rs. 7,200 by paying Rs. 2,200 in cash and accepting a new bill for the balance plus interest @ 8% p. a. for 3 months.

(c) Discharged our acceptance to Pravin for Rs. 4,250 by endorsing Bhavin's acceptance to us for Rs. 4,000.

(d) Jatin who had accepted Ashwin's bill of Rs. 8,500 was declared insolvent and only 40% of the amount due could be recovered from his estate.

**Q. 4. Rajaram and Sitaram entered into joint venture to construct an office building for Bajrang Enterprises and decided to share profits and losses in the ratio of 3:2. Rajaram and Sitaram contributed Rs. 2,50,000 and Rs. 1,50,000 respectively. The money was deposited into a joint bank account.** (12)

Rajaram supplied equipments and tools valued Rs. 4,00,000 and building materials valued Rs. 3,50,000 supplied by Sitaram.

Following expenses were paid through joint bank account.

Payment of wages Rs. 3,00,000, Staff salaries Rs. 1,75,000, Architect's fees Rs. 50,000 and Sundry Expenses Rs. 25,000.

On completion of construction, Bajrang Enterprises paid Rs. 20,00,000 out of which Rs. 15,00,000 in cash and the balance of Rs. 5,00,000 in fully paid-up shares of Rs. 10 each. These shares were taken over at Rs. 12 each by Rajaram and Sitaram in equal ratio.

At the close of joint venture, equipments and tools were taken up by Rajaram at an agreed value Rs. 1,50,000 and unused materials were taken by Sitaram for Rs. 50,000.

Prepare :

- (a) Joint Venture Account
- (b) Joint Bank Account
- (c) Co-venturer's Account in the books of Joint Venture.

**Q. 5. Mr. Suryakant maintains books on Single Entry and who gives you the following information :** (10)

Particulars	31/3/2006	31/3/2007
Cash in hand	500	2,000
Cash at bank	2,500	5,000
Stock	20,000	30,000
Sundry Debtors	25,000	40,000
Investments	20,000	20,000
Furniture	10,000	25,000
Machinery	25,000	40,000
Sundry Creditors	10,000	10,000
Outstanding Expenses	3,000	2,000

**Additional Information :**

- (1) Mr. Suryakant introduced further capital of Rs. 20,000 on 1st July, 2006 and had withdrawn Rs. 10,000 during the year.
- (2) Interest on capital is allowed at 10% p. a.
- (3) Additions to furniture and machinery were made on 1st October, 2006.
- (4) Write off depreciation on furniture and machinery at 10% p. a.
- (5) Create reserve for doubtful debts at 5% on Sundry debtors.

Prepare :

- (a) Statement of Affairs.
- (b) Statement of Profit and Loss for the year ended 31st March, 2007.

**Q. 6. From the following Balance Sheet and Receipts and Payments A/c of Padmavati High School, Thane. Prepare Income and expenditure A/c for the year ended 31/03/2007 and balance sheet as on that date.** (16)

**Balance Sheet as on 31st March, 2007**

Liabilities	Amount Rs.	Assets	Amount Rs.
Entrance Fees	30,000	Furniture	84,000
Capital fund	5,19,000	Computer Laboratory	1,00,000
		Library	1,25,000
		Investment	2,00,000
		Cash in Hand	5,000
		Cash at Bank	15,000
		Outstanding Tuition fees	20,000
	5,49,000		5,49,000

**Receipt and Payment Account for the year ended 31st March, 2007**

Receipts	Amount Rs.	Payments	Amount Rs.
To Balance b/d		By Furniture purchased	52,000
Cash in Hand	5,000	By Salaries	3,00,000
Cash at Bank	15,000	By Rent	1,40,000
To Tuition fees	4,00,000	By Sundry expenses	27,000
To Term fees	1,20,000	By Stationery	49,000
To Government grant (Salary)	1,04,500	By Annual gathering expenses	24,000
To Donation of library	1,50,000	By Repairs of buildings	32,500
To Sundry receipts	11,000	By Insurance	20,000
To Sale of old newspapers	500	By Balance c/d	
To Interest on Investment	10,000	Cash in Hand	44,500
		Cash at Bank	1,27,000
	8,16,000		8,16,000

**Adjustments :**

- (1) Tuition fees receivable Rs. 1,50,000.
- (2) Salary still payable Rs. 1,50,000.
- (3) Rent paid in advance Rs. 20,000.
- (4) Insurance premium is paid for one year ending 30/09/07.
- (5) Depreciate furniture and library at 10% and computer laboratory at 20%.  
Depreciation to be charged on the closing balances of assets.

**Q. 7. Following is the Trial Balance of Premlal and Sundarlal as on 31st March 2006.** (20)

**Trial Balance as on 31st March, 2006**

Debit Balances	Amount Rs.	Credit Balance	Amount Rs.
Stock on 1/4/2005	90,000	Sales	3,75,000
Purchases	2,25,000	Purchase Returns	3,000
Drawings : Premlal	33,000	Discount received	3,000
Sundarlal	30,000	Sundry Creditors	90,000
Sales Return	7,200	Capital : Premlal	1,05,000
Wages :		Sundarlal	1,35,000
Productive	10,500	Bank Overdraft	30,000
Unproductive	1,800		

Salaries	18,600	
Rent, Rates and Insurance	10,200	
Bad Debts	1,200	
Discount allowed	3,900	
Machinery	45,000	
Building	1,08,600	
Sundry Debtors	1,53,000	
Cash	3,000	
	7,41,000	7,41,000

**Adjustments :**

- (1) Closing stock was valued on 31/03/2006 at market price Rs. 60,000 which was its cost price.
- (2) Outstanding productive wages Rs. 600.
- (3) Rent, Rates and Insurance include Insurance Rs. 1600 paid for one year ending June 2006.
- (4) Maintain Reserve for doubtful debts at 5% on debtors.
- (5) Depreciate Building by 5% and machinery at 10% p. a.
- (6) Goods costing Rs. 2,500 were distributed as free samples for which no record has been made in the books.
- (7) Six months interest is due on Bank overdraft at 10% p. a.

**Prepare :**

Trading and Profit and Loss A/c for the year ended 31st March, 2006 and Balance Sheet as at that date.

