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## OSWAAL BOOKS

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## LATEST SYLLABUS

## 1. INTRODUCTION TO PARTNERSHIP

> Meaning and Definitions.
> The Indian Partnership Act, 1932
> Methods of Capital Accounts:
(a) Fixed Capital Method
(b) Fluctuating Capital Method.

Learning objective:
> Understanding the meaning of Partnership.
> Know the salient features of Partnership.
> Understand the meaning of The Indian Partnership Act, 1932.
> Know the importance of Partnership Deed.
> Understand the provisions applicable in the absence of Partnership Deed.
> Know how to maintain Capital Accounts of Partners.

## 2. PARTNERSHIP FINAL ACCOUNTS

$>$ Introduction and Necessity of preparation of Final Accounts with following adjustments.

- Closing Stock
- Prepaid expenses
- Income receivable
- Provision for doubtful debts
- Depreciation
- Outstanding expenses
- Income received in advance
- Bad debts
- Reserve fordiscounton debtors and creditors
- Interest on capital, drawings and loans
- Interest on investment and loans
- Goods destroyed by fire/accident(insured/uninsured)
- Goods stolen - Goods distributed as free samples
- Goods withdrawn by partners Unrecorded purchases and sales
- Capital expenditure included in revenue expenses and vice-versa.
- Bills Receivable dishonoured Bills Payable dishonoured
- Deferred expenses
- Capital receipts included inrevenue, receipts and vice-versa.
- Commission to working partner / managers on the basis of Gross Profit, Net Profit, Sales, etc.
$>$ Learning Objectives: After studying thischapter a student will be able to :
- Understand the meaning of Final Accounts.
- Know the need and importance of Final accounts.
- Know the effects of adustments in Final accounts. Know the meaning of Trading Account, Profit and Loss Account and Balance Sheet. Know how to find out financial results of the business.


## 3. RECONSTITUTION OF PARTNERSHIP

> Meaning and different ways of Reconstitution.
> Admission of a partner :
(a) Meaning and Need
(b) Capital brought by a new partner
(c) New profit sharing ratio
(d) Sacrifice ratio
(e) Meaning of Goodwill
(f) Methods of Valuation of Goodwill:
(i) Average Profit Method
(ii) Super Profit Method.

## ...Contd.

> Treatment of Goodwill.
> Adjustment of accumulated profits and loss.
> Revaluation of assets and liabilities.
$>$ Adjustment of capital.
Learning Objectives:
> Know the meaning and different ways of Reconstitution.
> Know the meaning and need of admission of partner in the existing Partnership firm.
$>$ Identify the matters that require adjustments on admission of a partner.
> Calculate new profit sharing ratio and sacrifice ratio.
> Know the methods of calculation of Goodwill.
> Know the treatment of Goodwill in the books of account while admitting anew partner.
> Know the accounting treatment as regards accumulated profits and losses,
> Make necessary adjustments for revaluation of assets and liabilities
> Determine capital as per new profit sharing ratio
4. RECONSTITUTION OF PARTNERSHIP (RETIREMENT OF A PARTNER)
> Meaning, Need
> New Ratio
> Gain Ratio
> Treatment of Goodwill
> Adjustment of Accumulated Profits and Losses
> Revaluation of Assets and Liabilities
> Adjustment of Capital
> Amount due to Retiring Partner.
Learning Objectives:
> Meaning of Retirement in Partnership Business.
> Various ratios connected to Retirement of Partmership.
$>$ The treatment of Good will.
> The effects of Reserves Accumulated Profits and Losses.
> The effects of Revaluation of Assetsand Re-assessment of Liabilities.
> The adjustments to be made for remaining Partners' Capitals.
$>$ The various modes of final payment to be made to Retiring Partner.
5. RECONSTITUTION OFPARTNERSHIP (DEATH OF A PARTNER)
> Meaning
, New Profit Sharing Ratio
> Gain (Benefit) Ratio
> Revaluation of Assets and Liabilities
> Amount due to Deceased Partner Executor

- Settlement of amount due
> Accounting treatment
Learning Objectives
> Calculate various ratios
> Calculate share of profit upto the date the death of a partner


## Contd.

> Calculate share of Goodwill of the Deceased Partner
> Calculate amount due to deceased partners' executor
> Settle the account of the executor

## 6. DISSOLUTION OF PARTNERSHIP FIRM

> SimpleDissolution
> Dissolution under Insolvency Situation
> Learning objectives: After studying These topics, Students will be able to understand
> The meaning and concept of Dissolution
> Reasons of Dissolution of Partnership Firm

- Effects of Dissolution of Partnership Firm
> Accounting treatment for settlement of accounts
> Accounting procedures under simple Dissolution and Insolvency of a Partner


## 7. ACCOUNTS OF "NOT FOR PROFIT" CONCERNS

> Introduction, Meaning and Features of "Not for Profit" Concerns.
> Receipts and Payments Account-Meaning and Features.
$>$ Distinction between Income and Expenditure Account
> Preparation of Income and Expenditure Account and Balance Sheet with the following.
(a) Additional Information:
> Outstanding Expenses and Prepaid Expenses of the Current and Previous Year.
> Accrued Income and Income Received in Advance.
> Subscription Received in Advance and Subscription Outstanding of the Current and Previous Year.
> Depreciation.
> Capitalisation of Entrance Fees.
$>$ Creation of Special Funds Out of Donation.
> Stock of Stationery
> Opening Balances of Assets and Liabilities
(b) Important Items:

Entrance Fees, Subscription, Legacy, Life Membership Fees, Sale of Old Assets, Scrap, Newspapers, Specific Donation, General Donations, Specific Funds and Endormant Fund.
> Learning Objectives: After stadying this unit a student will be able to.
> Understands the meaning and features of "Not for Profit" Concerns.
> Understands the meaning and features of Receipts and Payments Account.
> Understand the meaning of Income and Expenditure Account' and its difference from 'Profit and Loss Account'.

Acquire skill for preparing Income and Expenditure Account and Balance Sheet of "Not for Profit" Concern.

## 8. SINGLE ENTRY SYSTEM

> Introduction
> Meaning of Single Entry System.
> Difference between Single Entry and Double Entry System.
> Preparation of Statements
> Additional Information:

## ...Contd.

(i) Additional Capital
(iii) Depreciation on Fixed Asset
(v) Reserve for Doubtful Debts
(vi) Undervaluation and Overvaluation of Assets and Liabilities
(vii) Interest on Loan
(viii) Interest on Capital
(ix) Interest on Drawings
(xi) Outstanding / Unpaid Expenses
(xiii) Illustrations

Learning objectives : After studying this chapter, students will be able to understand
> Meaning of Single Entry System.
> The difference between Single Entry System and Double Entry System.
$>$ Preparation of Opening Statement of Affairs, Closing Statement of Affairs and Statement of Profit or Loss.
$>$ The difference between Balance Sheet and Statement of Affairs.

## 9. BILL OF EXCHANGE (ONLY TRADE BILL)

> Introduction, Necessity, Meaning and Definition of Bill of Exchange.
$>$ Draft/Format of Bills, Parties to the Bill of Exchange, Acceptance of Bill, Terms of Bill, Days of Grace, Date of Maturity, Due Date and Types of Bill.
> Honouring of Bill, Dishonour of Bill, Noting and Protesting of Bill, Notary Public and Noting Charges
> Accounting Treatment of Bill by the Drawer/Holder and Drawee in following cases:
(i) Retaining the Bill till due date,Honour/Dishonour, Insolvency of the Drawee/ Acceptor.
(ii) Endorsement of the Bill, Honour/Dishonour and also Insolvency of Acceptor.
(iii) Discounting the Bill with the BankHonour/Dishonour and Insolvency.
(iv) Sending the Bill to the Bank for Collection, Honour Dishonour and Insolvency.
(v) Renewal of Bill-Reasons for Renewal of the Bill.Renewal of Bill with or without charging interest.
(vi) Making part payment of basic amount, interestan noting charges and drawing of New Bill.
(vii) Honour / Dishonour of New Bill.
(viii) Insolvency of the Acceptor and Settlement of his Account.
(ix) Retirement of Bill.
(x) Journal Entries and Ledger

Learning Objectives: After studying this chapter students will be able to :
> Define and explain the meaning of a Bill of Exchange
> Explain different concepts used in Bill of Exchange.
> Prepare draft of Bill of Exchange.
Explain the differenttypes of Bill of Exchange.
> Understand Retaining, Sending Bill for Collection, Discounting, Endorsing, Honour, Renewal and Retiring of the Bill.
$>$ Explain the accounting treatment of Bills of Exchange.

## 10. COMPANY ACCOUNTS PART-I ACCOUNTING FOR SHARES

> Share and Share Capital:Meaning, Nature and Types
> Accounting for Share Capital : Issue and Allotment of Equity Shares. Private Placement of Shares. Public Subscription of Shares. Over Subscription and Under-subscription of Shares. Issue at Par and Premium, and at Discount, Calls in Advance in Arrears, Issue of Shares for Consideration other than Cash

## Contd.

> Accounting treatment of Forfeiture and Re-issue
> Disclosure of Share Capital in Company's Balance Sheet (Horizontal form) Learning Objectives: Afterstudying these topics, the students will able to
> Learn the Types of Shares and Share Capital.

- Understand the concept of Public Subscription and Private Placement.
> Know the Concept of Under and Over-subscription of Shares and Accounting Treatment if Shares are issued at Par at Premium and at Discount.
> Differentiate the accounting treatment for Under-subscription and Oversubscription of Shares as well as Calls in Arrears and Calls in Advance.


## 11. COMPANY PART-II ACCOUNTING FOR DEBENTURES

> Debentures:Meaning, Issue of Debentures at Par, at Premium and at Discount
> Issue of Debentures for Consideration other than Cash and Interest on Debentures
Learning Objectives : After studying these topics the students will able to know :
> Concept of Debentures.
> Distinction between Debentures and Shares.
> Types of Debentures
> Procedures for Issue of Debentures
$>$ Accounting entries for Issue of Debentures.

## 12. ANALYSIS OF FINANCIAL STATEMENTS

## ,

> Debentures:Meaning, Issue of Debentures at Par, atPremiumand at Disco
> Financial Statement Analysis:Meaning, Objectives and Limitations.
$>$ Tools for Financial Statement Analysis : Meaning of Comparative Statements, Common-sized Statements, Cash Flow Analysis and Ratio Analysis.
> Accounting Ratios: Meaning, Objectives and Classification of Ratios.
> Introductions to Current Ratio, Liquid Ratio, Gross Profit Ratio, Operating Profit Ratio and Net Profit Ratio. ROI, ROCI.
Learning Objectives: After studying these topics, students will able to know :
> Meaning, Objectives and Limitations of Financial Statement Analysis.
> Tools for Financial Statement Analysis.
> Comparative Statements
> Common-sized Statements
> Cash Flow Analysis
> Meaning, Objectives and Classification of Accounting Ratios and Ratio Analysis

| Examination <br> Paper | Maharashtra HSC Exam <br> February 2018 <br> Set No. J-309 | Book Keeping <br> and <br> Accountancy |
| :---: | :---: | :---: |

Time : 3 Hours
Max. Marks : 80

## General Instructions :

1. All questions are compulsory.
2. Draw tables / diagrams wherever necessary.
3. Figures to the right indicate full marks.
4. Write answers to all questions on new pages.
5. Attempt any THREE of the following sub-question :
(A) Answer the following questions in only 'one' sentence each :
(1) What is 'trial balance'?
(2) What is 'entrance fees'?
(3) What is 'qualified acceptance' ?
(4) When is gain ratio required to be calculated?
(5) What is the formula for calculating gross profit ratio?
(B) Write a word / term / phrase as a substitute for each of the following statements:
(1) The assets which are not recorded in the books of accounts.
(2) The excess of total assets over total liabilities.
(3) The person in whose favour the bill is transferred.
(4) The proportion in which the continuing partners are benefitted due to retirement of a partner.
(5) The system of accounting normally suitable for a small business organization.
(C) Select the most appropriate alternative from those given below and rewrite the statements :
(1) When shares are forfeited, share capital account is $\qquad$ .
(a) debited
(b) credited
(c) adjusted
(d) none of these
(2) A bill is drawn on $23^{\text {rd }}$ October, 2016 payable after 8 months, the due date of the bill will be $\qquad$ .
(a) $25^{\text {th }}$ January, 2017
(b) $26^{\text {th }}$ January, 2017
(c) $24^{\text {th }}$ January, 2017
(d) $25^{\text {th }}$ January, 2016
(3) The capital balances are ascertained by preparing $\qquad$ -.
(a) Statement of Affairs
(b) Cash Account
(c) Drawings Account
(d) Debtor's Account
(4) If any unrecorded liability is paid on dissolution of the firm $\qquad$ is debited.
(a) Cash / Bank Account
(b) Realization Account
(c) Partners' Capital Account
(d) Partners' Loan Account
(5) Return outwards are deducted from $\qquad$ .
(a) purchases
(b) sales
(c) capital
(d) debtors
(D) State whether the following statements are True of False :
(1) Closing stock is always valued at market price.
(2) Retirement of bill means payment of the bill before due date.
(3) Share forfeited balance is transferred to Capital Reserve Account.
(4) Gross profit depends upon not sales.
(5) The inland bill which is drawn and payable in the same country.
(E) Prepare a format of a Bill of Exchange from the following information :

Mr. Akash Sane, 42, 'Sagar', Bandar Road, Ratnagiri, draws a three months bill on Mrs. Magha Kale, Vishram Baag, Sangli, for ₹ 16,500 on $1^{\text {st }}$ December 2016, which was accepted on $4^{\text {th }}$ December, 2016, for ₹ 15,000 only by Mrs. Megha Kale.
2. Miss Kalpana started her business with a capital of $₹ 1,30,000$ on $1^{\text {st }}$ April, 2015. Her financial position on $31^{\text {st }}$ March 2016 was as follows :

|  | Amount $(₹)$ |
| :--- | ---: |
| Cash | 9,120 |
| Stock | 10,250 |
| Bills payable | 12,880 |
| Creditors | 17,180 |
| Debtors | 31,000 |
| Prepaid insurance | 550 |
| Bills receivable | 29,120 |
| Premises | 85,800 |
| Vehicles | 40,200 |

Additional information :
(1) Miss Kalpana brought additional capital of ₹ 20,000 on $30^{\text {th }}$ September, 2015.
(2) Interest on capital is to be allowed at $5 \%$ p.a.
(3) She withdrew ₹ 10,000 for personal use.
(4) Reserve for doubtful debts is to be provided at $2 \frac{1}{2} \% \%$ after writing off bad debts of ₹ 1,000 .
(5) Depreciate vehicles at $10 \%$ p.a. and premises at $5 \%$ p.a.
(6) Creditors were overvalued by ₹ 2,180 .

Prepare :
(1) Closing Statement of Affairs as on 31.03.2016.
(2) Statement of Profit or Loss for the year ended 31.03.2016.
$\rightarrow$
OR
(A) State and explain any 'four objectives' of analysis of financial statement from a business concern's point of view.
(B) What are the different cash inflows and cash outflows of investing activities?
3. The Balance Sheet of Meena and Heena who shared the profits and losses in the ratio of $2: 1$ is as under :

Balance Sheet as on 31 ${ }^{\text {st }}$ March, 2016

| Liabilities | Amount (₹) | Assets | Amount (₹) |
| :--- | ---: | :--- | :---: |
| Capital : |  | Leasehold property | 20,000 |
| Meena | $1,34,000$ | Livestock | 6,600 |
| Heena | $1,20,000$ | Loose tools | 90,200 |
| Creditors | 53,800 | Stock | 86,800 |
| Rent outstanding | 10,000 | Debtors | 48,000 |
| Reserve fund | 7,200 | Less : R.D.D. | $\boxed{2,000}$ |
|  |  | Bank | 46,000 |
|  | $3,25,000$ |  | 75,400 |
|  |  |  | $3,25,000$ |

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On $1^{\text {st }}$ April, 2016 Seema was admitted as $\frac{1}{4}$ th partner on the following terms :
(1) Seema should bring in ₹ $1,20,000$ towarsds her capital.
(2) Firm's goodwill is valued at $₹ 1,44,000$ and Seema agreed to bring her share in the firm's goodwill by a cheque.
(3) Reserve for doubtful bebts should be maintained at $7.5 \%$ on debtors.
(4) Increase live stock by ₹ 4,400 and write off loose tools by $20 \%$.
(5) Outstanding rent 9,040 is paid in full settlement.

## Prepare:

(1) Profit and Loss Adjustment Account
(2) Partners' Capital Account
(3) Balance Sheet of the new firm

## OR

Ashish, Satish and Manish were partners in business profits and losses in the ratio of $3: 1: 1$ respectively.
Their Balance Sheen as on $31^{\text {st }}$ March, 2016 was as follows :

| Balance Sheet as on 31 ${ }^{\text {st }}$ March, 2016 |  |  |  |
| :--- | :---: | :--- | :---: |
| Liabilities | Amount (₹) | Assets | Amount (₹) |
| Capital accounts : |  | Plant and machinery | 70,000 |
| Ashish | 80,000 | Stock | 50,000 |
| Satish | 60,000 | Debtors | 40,000 |
| Manish | 50,000 | Cash | 60,000 |
| Creditors | 10,000 |  |  |
| Reserve fund | 20,000 |  |  |
|  | $\mathbf{2 , 2 0 , 0 0 0}$ |  |  |

Manish died on $1^{\text {st }}$ October, 2016 and the partnership deed provided that :
(1) The deceased partner to be given his share of profit upto the date of death on the basis of the profit of the previous year.
(2) His share of goodwill will be calculated on the basis of two years' purchase of average profit of the last four years.
The net profits for the last four years were:
First year: ₹ $1,40,000$,

Third year: ₹ $90,000$. | Second year : ₹ $1,10,000$. |
| :--- |
| Fourth year : ₹ $60,000$. |

(3) Plant and machinery to be valued at ₹ 80,000 . Reserve for doubtful debts of $₹ 4,000$ to be created.
(4) The drawings of Manish upto the date of death amounted to ₹ 40,000 .
(5) Interest on capital is to be allowed at $10 \%$ p.a. and interest on drawings is charged at $6 \%$ p.a.

## Prepare:

(1) Profit and Loss Adjustment Account.
(2) Manish's Capital Account.
(3) Wording of Manish's share in profit and goodwill.
4. Sayali sold goods on credit to Manali of ₹ 40,000 . Sayali draws a bill on Manali for 4 months for the amount due. Manali accepted the bill and returned it to Sayali. After a month, Sayali discounted the bill with her bank at $12 \%$ p.a.

On the due date, bank informed that the bill is dishonoured and bank paid the noting charges ₹ 300 . Manali requested Sayali to renew the bill. Sayali agreed on conditions that Manali should pay ₹ 20,000 in cash along with noting charges and accept a new bill for the balance amount with interest at $15 \%$ p.a. for 3 months.
These arrangements were carried through. Before the due date Manali was declared insolvent and only $40 \%$ of the amount due could be recovered from her private estate as final dividend. Give Journal Entries in the books of Sayali.
5. Ashwin, Bhavin and Pravin carried on business. They share profits an losses in the ratio of $5: 3: 2$ respectively. Their Balance Sheet as on $31^{\text {st }}$ March, 2016 was as under :

Balance Sheet as on 31 ${ }^{\text {st }}$ March, 2016


On the above date, the firm was dissolved, and the assets realised were as under :
(1) Investment ₹ 10,000 . Stock ₹ 48,000 , and Debtors ₹ 30,000 .
(2) Plant and machinery were taken over by Ashwin at book value.
(3) Sundry creditors and Bhavin's loan were paid in full.
(4) Realisation expenses incurred ₹ 2,000 .

## Prepare:

(1) Realisation Account
(2) Partners' Capital Account
(3) Bank Account

## OR

Aniket Ltd issued 40,000 equity shares of ₹ 100 each payable as follows :
On application ₹ 20
On allotment ₹ 30
On first call
₹ 30
On second call ₹ 20
The company received applications for 50,000 equity shares. Allotment of shares was made on pro-rata basis. Excess application money were adjusted to allotment. Share allotment and calls were made and also received, except Mr. Sanish who was holding 1,000 shares failed to pay both the calls. His shares were forfeited after the second call.
Record the above transactions in the books of Aniket Ltd.
6. Form the following Receipts and payments Account of A. S. C. College of Commerce, Ramanand Nagar, for the year ending $31^{\text {st }}$ March, 2016 and additional information, prepare Income and Expenditure Account for the year ending $31^{\text {st }}$ March, 2016 and Balance Sheet as on that date.

## Receipts and Payments Account

for the year ended on 31 March, 2016
Dr.
Cr.

| Receipts | Amount $(₹)$ | Payments | Amount (₹) |
| :--- | ---: | :--- | :---: |
| To Balance b/d |  | By Salaries | 67,000 |
| $\quad$ Cash in hand | 7,950 | By Electricity | 26,200 |
| Cash in bank | 50,800 | By Books | 41,300 |
| To Life membership fees | 20,500 | By Furniture | 45,000 |
| To Donations | $1,00,000$ | By Stationery | 18,000 |
| To Tuition fees | $1,30,000$ | By Fixed deposits | $2,00,000$ |
| To Term fees | $1,00,000$ | By Balance c/d |  |

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| To Admission fees |  | Cash | 1,450 |
| :--- | ---: | ---: | ---: |
|  | 40,000 | Bank | 50,000 |
|  | $\mathbf{4 , 4 9 , 2 5 0}$ |  | $\mathbf{4 , 4 9 , 2 5 0}$ |

Additional information :
(1)

| Particulars | 01.04.2015 Amount (₹) | 31.03.2016 Amount (₹) |
| :--- | ---: | :---: |
| Furniture | 40,000 | 75,000 |
| Building | $1,50,000$ | - |
| Fixed deposits | $1,60,000$ | - |
| Capital Fund | $1,20,750$ | - |

(2) $50 \%$ of donations are received for building fund.
(3) Life membership fees are to be capitalised.
(4) Tuition fees includes ₹ 12,000 received for the last year.
(5) Outstanding tuition fees for the current year amounted to ₹ 4,200 .
7. Given below is the Trial Balance of $\mathrm{M} / \mathrm{s}$. Shailesh and Nilesh as on $31^{\text {st }}$ March, 2016. You are required to prepare Trading and Profit and Loss Account for the year ended $31^{\text {st }}$ March, 2016 and Balance Sheet as on that date : 15

Trial Balance
as on 31.03.2016

| Debit Balances | Amount (₹) | Credit Balances | Amount (₹) |
| :---: | :---: | :---: | :---: |
| Opening stock <br> Purchase <br> Wages <br> Salaries (10 months) <br> Office expenses <br> Bank charges <br> Machinery <br> Land and building <br> Bad debts <br> Sundry debtors <br> Electricity charges <br> Furniture <br> $8 \%$ Debentures (1.10.2015) <br> Drawings : <br> Shailesh <br> Nilesh | 88,000 $1,76,000$ 23,500 18,000 8,000 2,600 90,000 $1,30,000$ 4,000 82,000 9,900 43,000 40,000 3,000 2,000 | Capital accounts: <br> Shailesh <br> Nilesh <br> Sundry creditors <br> Bank overdraft <br> Sales <br> Current accounts : <br> Shailesh <br> Nilesh | $\begin{array}{r} 1,20,000 \\ 1,20,000 \\ 1,03,000 \\ 60,000 \\ 3,08,000 \\ 5,000 \\ 4,000 \end{array}$ |
|  | 7,20,000 |  | 7,20,000 |

Adjustments :

1. Stock on $31^{\text {st }}$ March, 2016 was valued at market price of $₹ 84,000$, which was $20 \%$ above its cost price.
2. Depreciate machinery at $10 \%$ p.a.
3. Create reserve for bad and doubtful debts at $5 \%$ on sundry debtors.
4. Provide interest on capital at $8 \%$ p.a.
5. Machinery includes purchase of machinery for ₹ 40,000 on $1^{\text {st }}$ January, 2016.

## Solutions

1. (A) (1) A Trial Balance may be defined as a statement(or a schedule) listing in the separate columns, the debit and credit balances of accounts on a particular date.
(2) Entrance fees is paid by those persons who wish to become a member of the organisation.
(3) If the drawee of a bill of exchange accepts condition of a bill, it is called qualified acceptance.
(4) The ratio in which the continuing partners decide to share the retiring partners' share in the profits is called Gain Ratio.
(5) ???
(B) (1) Personal Transaction of owner.
(2) Capital.
(3) Endorsee.
(4) Gaining Ratio.
(5) Single entry system.
(C) (1) (a) Debited.
(2) (b) $26^{\text {th }}$ January, 2017.
(3) (a) Statement of Affairs.
(4) (b) Realisation A/c.
(5) (a) Purchases.
(D) (1) False (2) True (3) True (4) True (5) True.
(E)

## BILL OF EXCHANGE

Stamp
Mr. Akash Sane
42, Sagar, Bandar
Road, Vishram Baag,
₹ 16,500
Three months after date, pay to me or my order the sum of rupees Sixteen Thousand Five Hundred only, for the value received

Sd/- Mr. Akash Sane

## To

Mrs. Megha Kale
Vishram Baag
2.

Statement of Afraid (Before Adjustment)
as at $31^{\text {st }}$ March, 2016

| Liabilities | Amount (₹) | Assets | Amount (₹) |
| :--- | :---: | :--- | :---: |
| Bills Payable | 12,880 | Cash | 9,120 |
| Creditors | 17,180 | Stock | 10,250 |
| Capital Fund (Balancing fig.) | $1,75,980$ | Debtors | 31,000 |
|  | 0 | Prepaid Insurance | 550 |
|  | 0 | Bills Receivable | 29,120 |
|  | 0 | Premises | 85,800 |
|  | 0 | Vehicle | 40,200 |
|  | $\mathbf{2 , 0 6 , 4 0 0}$ |  | $\mathbf{2 , 0 6 4 0 0}$ |

Statement of Affairs
for the year ended 31 March, 2016

| Particulars | Amount (₹) |
| :--- | :---: |
| Capital on 31 March 2016 before making adjustment | $1,75,980$ |

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1. (A) Objectives of Financials Statement Analysis:
(i) Financial Statement Analysis help to pinpoint the areas wherein the managers have shown efficiency and the areas of inefficiencies.
(ii) On the basis of Financial Statement Analysis, the solvency of the concern may be judged.
(iii) Past Financial Statement Analysis help a great deal in assessing developments in future, specially the next years.
(iv) Analysis of Financial Statement helps in judging the efficiencies as well as inefficiencies of the business.
(B) Different Cash Inflows and Cash Outflows of Investing Activities :

| S.No. | Cash Inflows | Cash Outflows |
| :---: | :--- | :--- |
| $\mathbf{1 .}$ | Sale of property including intangibles. | Purchase of fixed assets |
| $\mathbf{2 .}$ | Disposal of shares and other investments | Cash payments for acquiring the shares and <br> other investments |
| $\mathbf{3 .}$ | Interest and dividend received | Payment of brokerage and commission par <br> using the investments |
| $\mathbf{4 .}$ | Example : Sale of machines and buildings | Example : Purchase of machines and buildings |

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31 the Book of firm Profit and Loss Adjustment AC
Dr.
Cr .

| Particulars | Amount (₹) | Particulars | Amount (₹) |
| :--- | :---: | :--- | :---: |
| To Reserve for Doubtful Debts | 1,600 | By live stick |  |
| To Loose Tools | 18,040 | By outs tending Rent | 4,450 |
|  |  | By Loss trusters to <br> Meena's capital A/c 9520 |  |
|  |  | Heena's capital A/c 4760 |  |
|  |  |  | 960 |
|  |  | $\mathbf{1 9 , 6 4 0}$ |  |

Partner's Capital A/c
Dr.

| Particulars | Meena <br> (₹) | Heena <br> (₹) | Seean <br> (₹) | Particulars | Meena <br> (₹) | Heena <br> (₹) | Seean <br> (₹) |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| To Profit and loss Adjustment | 9,520 | 4,760 |  | By balance b/d | 1,34,000 | $12,000$ |  |
|  |  |  |  | By Reserve fund <br> By Bank A/c | $4,300$ | $2,400$ | 1,20,000 |
|  | 1,53,280 | 1,29,640 | 1,20,000 | By Premium fó Gwdwill A/c | 24,000 | 12,000 |  |
| To Balance c/d | 19,640 | 19,640 | 19,640 |  | 1,62,800 | 1,34,400 | 1,20,000 |

> Balance Seheet
> as on I ${ }^{\text {st }}$ April, 2016

| Liabilities | Amount (₹) | Assets | Amount (₹) |
| :---: | :---: | :---: | :---: |
| Capital A/c: <br> Meena : <br> 1,53,280 <br> Heena : <br> 1,29,640 <br> Seema : <br> Creditors | 4,02,92053,800 | Leasehold Property | 20,000 |
|  |  | Live stock 6,600 |  |
|  |  | $(+)$ Appreciation $\quad \underline{4,400}$ | 11,000 |
|  |  | Loose Tools 90,200 |  |
|  |  | $(-)$ Dep $\quad \underline{18,040}$ | 72,160 |
|  |  | Stock | 86,800 |
|  |  | Debtors 48,000 |  |
|  |  | Less : RDD $\quad$ 3,600 | 44,400 |
|  |  | Bank (75400 + 120000 + 36000-9,040) | 2,22,360 |
|  | 4,53,720 |  | 45,6720 |

OR
In the Book of Firm
Profit and Loss Adjuctment A/c
Dr.
Cr.

| Particulars | Amount (₹) | Particulars | Amount (₹) |
| :---: | :---: | :---: | :---: |
| To Reserve for Doubtful Debts Dr. b/s | 4,000 | By Plant and Machine | 10,000 |
| By Profit Hcl. to partner's capital A/c |  |  |  |
| Ashish | 3,600 |  |  |
| Satish | 1,200 |  |  |

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| Manish 1,200 | 6,000 |  |  |
| :---: | :---: | :---: | :---: |
|  | $\mathbf{1 0 , 0 0 0}$ |  | $\mathbf{1 0 , 0 0 0}$ |

## Manish's Capital A/c

Dr.
Cr.

| Particulars | Amount (₹) | Particulars | Amount (₹) |
| :--- | :---: | :--- | :---: |
| To Drawing | 4,000 | By Balance b/d | 50,000 |
| To Mterest on drawing | 1,200 | By Reserve fund | 4,000 |
|  |  | By Profit and Loss Adjustment A/c | 1,200 |
| To Manish's Eneustor A/c |  | By Profit and Loss Suspense A/c | 6,000 |
|  |  | By Interest on Capital A/c | 2,500 |
|  |  | By Ashish's Capital A/c | 30,000 |

## Working Note :

1. 

$$
\begin{aligned}
\text { Manish's Profit } & =60,000 \times \frac{1}{5} \times \frac{6}{12} \\
& \Rightarrow ₹ 60,000
\end{aligned}
$$

2. 

$$
\text { Interest on capital }=50,000 \times \frac{10}{100} \times \frac{6}{12}
$$

3. 

$$
\text { Interest on Drawing }=₹ 40,000 \times \frac{6}{100} \times \frac{6}{12}
$$

$$
=₹ 1,200
$$

4. Calculation of Manish's Goodwill :

$\Rightarrow$ ₹ 40,000
Ashish's Capital A/c 30,000
Satish's Capital A/c 10,000
To Manish Capital A/c 40,000.
5. 

In the book of Sayali
Journal

| Date | Particulars | L.F | Dr. (₹) | Cr. (₹) |  |
| :---: | :--- | :---: | :---: | :---: | :---: |
| Dale of Sale | Manali <br> To Seles a/c <br> (Being Goods cold to Manali) | Dr. |  | 40,000 |  |
| Date of | Bill Receivable A/c <br> To Manali | Dr. |  | 40,000 |  |
| Acceptance |  |  | 40,000 |  |  |
| (Being Bill drawn for 4 months) |  |  | 40,000 |  |  |
| Dishonour | Bank A/c <br> Discount A/c <br> To Bill Receivable A/c <br> (Being Bill discount at 12\% p.a.) | Dr. |  | 38,800 |  |
|  | Dr. |  | 1,200 |  |  |

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Working Note :

$$
\text { Amount of Discount }=40000 \times \frac{12}{100} \times \frac{3}{12}
$$

$\Rightarrow ₹ 1200$.
5.


Partner's Capital A/c

| Particulars | Ashwin (₹) | Bhavin (₹) | Pravin <br> (₹) | Particulars | Ashwin (₹) | Bhavin <br> (₹) | Pravin <br> (₹) |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| To Realisation (Plant marching) | 40,000 |  |  | Balance b/d | 40,000 | 20,000 | 8,000 |
| To Realisation (Loss) | 12,000 | 7,200 | 4,800 | Reserve fund | 20,000 | 12,000 | 8,000 |
| To Bank A/c | 8,000 | 24,800 | 11,200 |  |  |  |  |
|  | 60,000 | 32,000 | 16,000 |  | 60,000 | 32,000 | 16,000 |

Bank A/c

| Particulars | Amount (₹) | Particulars | Amount (₹) |  |  |  |  |  |
| :--- | :---: | :--- | :---: | :---: | :---: | :---: | :---: | :---: |
| To Balance b/d | 10,000 | By Realisation | 42,000 |  |  |  |  |  |
| To Realisation | 88,000 | By Realisation |  | 2,000 |  |  |  |  |
|  |  | By Ashwin capital A/c | 8,000 |  |  |  |  |  |
|  |  | By Bhavin capital A/c | 4,800 |  |  |  |  |  |
|  |  | By Pravin capital A/c | 11,200 | 44,000 |  |  |  |  |
|  |  | By Bhavin wen A/c |  | 10,000 |  |  |  |  |
|  | $\mathbf{9 8 0 0 0}$ |  |  |  |  |  |  | $\mathbf{9 8 , 0 0 0}$ |

In The Books of Ankita capital Ldt.
Journal Entries

| Date | Particulars | L.F. | Debit <br> Amount (₹) | Credit Amount ( $₹$ ) |
| :---: | :---: | :---: | :---: | :---: |
| 1. | Bank A/c To share Application A/c (Being application money Received on 50,000 shares for ₹ 20 each) |  |  | $10,00,000$ |
| 2. | Share Application A/c <br> To Share capital A/c <br> To share allotment $\mathrm{A} / \mathrm{c}$ <br> (Being Application money adjusted) |  | $10,00,000$ | $\begin{aligned} & 8,00,000 \\ & 2,00,000 \end{aligned}$ |
| 3. | Share Allotment A/c <br> To share capital A/c <br> To Bill Receivable A/c <br> (Being Allotment money due) |  | 12,00,000 | 12,00,000 |
| 4. | Bank A/c <br> To Share Allotment A/c <br> (Being Allotment money due) |  | 10,00,000 | 10,00,000 |
| 5. | Share first capital A/c <br> To share capital A/c <br> (Being share $\mathrm{I}^{\text {st }}$ class money due) |  | 12,00,000 | 12,00,000 |
| 6. | Bank A/c <br> To Share First Call <br> (Being First call money Received) |  | 11,70,000 | 11,70,000 |
|  | Share second call A/C <br> To Share Capital A/c <br> (Being Amount duem second call) |  | 8,00,000 | 8,00,000 |
| 8. | Bank A/c <br> To Share second call A/c <br> (Being Money receival on second call) |  | 7,80,000 | 7,80,000 |
| 9. | Share Capital A/c <br> To share for feature $\mathrm{A} / \mathrm{c}$ <br> To share first call <br> To share second capital <br> (Being 1,000 shares forfeited) |  | 1,00,000 | $\begin{aligned} & 50,000 \\ & 30,000 \\ & 20,000 \end{aligned}$ |

6. 

Income The Interdictors $\mathrm{A} / \mathrm{c}$
For the tear ended 31 March 2016

| Expenditure | Amount (₹) | Income |  | Amount (₹) |
| :--- | :---: | :--- | ---: | :---: |
| Salaries | 67,000 | Donation | 42,000 |  |
| Electricity | 26,200 | Tuition fees | $1,30,000$ | 2,000 |
| Stationery | 18,300 | $(-)$ Fees for last year | 12,000 |  |

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| Depreciation on Furniture | 10,000 |  | $\underline{18,000}$ |  |
| :--- | ---: | :--- | ---: | ---: |
| Surplus | $1,90,700$ | $(+)$ Fees for current year | $\underline{4,200}$ | $1,22,200$ |
|  |  | Term Fees |  | $10,00,000$ |
|  |  | Admission Fees |  | $4,00,000$ |
|  | $\mathbf{3 , 1 2 , 2 0 0}$ |  |  | $\mathbf{3 , 1 2 , 2 0 0}$ |

Balance Sheet
as on 31 March, 2016

| Liabilities | Amount (₹) | Assets | Amount (₹) |
| :---: | :---: | :---: | :---: |
| Capital Fund 1,20,750 | 311,450 | Cash <br> Bank <br> Outstanding Tuition fees <br> Furniture <br> Fixed Deposit $(160000+200000)$ <br> Books | 1,450 |
| $(+)$ Surplus $\quad \underline{1,90,700}$ |  |  | 50,000 |
| Life Membership Fees | 20,500 |  | 4,200 |
|  |  |  | 75,000 |
| Building Fund 1,50,000 |  |  | 3,60,000 |
| $(+)$ Donation 50,000 | 2,00,000 |  | 41,300 |
|  | 5,31,950 |  | 5,31,950 |

Working Note
Dr.
Furniture A/c
Cr.

| Date | Particulars | Amount <br> $(₹)$ | Date | Particulars | Amount <br> $(₹)$ |
| :--- | :--- | :---: | :---: | :--- | :---: |
| $1-4-15$ | To Balance b/d | 40,000 | $31-3-16$ | By Dep. | 10,000 |
| $1-4-15$ | To Bank Purchase | 45,000 | $31-3-16$ | By oiliness c/d | 75,000 |
|  |  | 85,000 |  |  | $\mathbf{8 5 , 0 0 0}$ |

7. 

Trading and profit and Loss A/c
For the year 31-3-16


Partners currant A/c
Dr.
Cr.
To know about more useful books for class-12 click here

| Particulars | Shailesh (₹) | Nilesh (₹) | Particulars | Shailesh (₹) | Nilesh (₹) |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Drawing | 3,000 | 2,000 | Balance b/d <br> Interest capital <br> By profit Loss APP. A/c | 5,000 | 4,000 |
| Balance c/d |  |  |  | 9,600 | 4,600 |
|  | 19,950 | 19,950 |  | 8,950 | 8,350 |
|  | 22,950 | 21,950 |  | 22,950 | 21,950 |

P \& L App. A/c

| Inters in capital | 19,200 | Net Profit | (ene | 35,900 |
| :---: | :---: | :---: | :---: | :---: |
| Shailesh 9,600 |  |  |  |  |
| Nilesh $\quad \underline{9,600}$ |  |  |  |  |
| Profit tal to Partners canens A/c |  |  |  |  |
| Shailesh 8,350 |  |  |  |  |
| Nilesh 8,350 | 19,700 |  |  |  |  |
|  | 35,900 |  |  |  | 35,900 |
| Balance Sheet as on 31-3-16 |  |  |  |  |
| Liabilities | Amount (₹) |  |  | Assets | Amount (₹) |
| Capital A/c :  <br> Shailesh : $1,20,000$ <br> Nilesh : $\underline{1,20,000}$ | 24,000 |  |  | Machinery <br> (-) Dep <br> Land and Building <br> Debtors <br> (-) Provision balance <br> Furniture <br> Debenture <br> (*) Acenad Interest <br> Choosing stocks |  |
|  |  | 84,000 |  |  |
|  |  | 13,000 |  |  |
| Carnet A/c |  |  |  |  |
| Shailesh: 19,950 |  | 77,900 |  |  |
| Nilesh: 19,950 | 39,900 | 40,000 |  |  |
| Sundry creditor | 1,03,000 |  |  |  |
| Balance medrelt | 60,000 | 41,600 |  |  |
| O/s salary | 3,600 |  |  |  | 70,000 |
|  | 4,46,500 |  |  |  | 446,500 |

Working Note :

$$
\begin{aligned}
\text { Market value of closing Stock } & =84,000 \\
\text { Cost value of Closing stock } & =84,000 \times \frac{100}{1,200} \\
& \Rightarrow 700 \times 100 \\
& \Rightarrow 70,000
\end{aligned}
$$

Closing stock is taken on market value or cuts value whichever is lower
2. Depreciation on mashing

$$
\begin{aligned}
50,000 \times \frac{10}{100} & =5,000 \\
4,000 \times \frac{10}{100} \times \frac{3}{12} & =\frac{1,000}{60,000}
\end{aligned}
$$

Total Depreciation
3. Interest on debentures.
$40,000 \times \frac{8}{100} \times \frac{6}{12}$.

