**Answer key of 1st term A/C**

Q2) **Solution: In the books of Mr. Raj**

**Statement of Affairs as on 31.03.2013 and 31.03.2014**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Liability** | **31.3.2013** | **31.3.2014** | **Assets** | **31.03.2013** | **31.03.2014** |
| Capital  (Bal. Fig.) | 116900 | 114700 | Stock | 15000 | 14000 |
|  |  |  | Furniture | 53500 | 44000 |
|  |  |  | Plant and  Machinery | 42500 | 55500 |
| Loan Taken | 21000 | 21000 | Bank Balance | 1900 | 2100 |
| Creditors | 18000 | 14900 | Debors | 43000 | 35000 |
|  | 155900 | 150600 |  | 155900 | 150600 |

**Statement of Profit or Loss for the year ended 31.03.2014**

|  |  |  |
| --- | --- | --- |
| **Particulars** | **Rs.** | **Rs.** |
| Capital at the end of the year |  | 114700 |
| Add: Drawings: |  |  |
| Amount withdrawn for Private Expenses |  | 15000 |
|  |  | 129700 |
| Less: Additional Capital Introduced |  |  |
| Amount Invested by Mr. Raj. |  | -4000 |
|  |  | 125700 |
| Less: Capital at the beginning of the year |  | -116900 |
| **Trading Profit** |  | **8800** |
| Less: Depreciation: |  |  |
| On Plant and Machinery  55500 × 5% = 2775 | 2775 |  |
| On Furniture  44000 × 5% = 2200 | 2200 | -4975 |
|  |  | 3825 |
| Less: Bad debts |  | -500 |
| **Net Profit** |  | **3325** |

**ANSWER**

|  |  |  |  |
| --- | --- | --- | --- |
| **116900** | **114700** | **8800** | **3325** |
| **OPENING CAPITAL** | **CLOSING CAPITAL** | **TRADING PROFIT** | **NET PROFIT** |

Q3) **Solution:Journal Entries in the books of New Partnership Firm**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Date | Particulars | LF | Debit | Credit |
| 1. | Rajkumar's Capital A/c … Dr. |  | 20000 |  |
|  | Rajendra Kumar's Capital Ac/ |  | 10000 |  |
|  | To Profit and Loss A/c |  |  | 30000 |
|  | [Being debit balance of Profit & Loss Account is transferred to Partners Capital Account in Old Ratio] |  |  |  |
| 2. | General Reserve A/c ....... Dr. |  | 60000 |  |
|  | To Rajkumar's Capital A/c |  |  | 40000 |
|  | To Rajendra Kumar's Capital A/c |  |  | 20000 |
|  | [Being Credit Balance in General Reserve is transferred to Old Partners Capital Account in old ratio] |  |  |  |
| 3. | Cash/ Bank A/c .... Dr. |  | 105000 |  |
|  | To Dhirajkumar's Capital A/c |  |  | 60000 |
|  | To Goodwill A/c |  |  | 45000 |
|  | [Being Capital and Goodwill brought in by the new partner] |  |  |  |
| 4. | Goodwill A/c .... Dr. |  | 45000 |  |
|  | To Rajkumar's Capital A/c |  |  | 30000 |
|  | To Rajendra Kumar's Capital A/c |  |  | 15000 |
|  | [Being Goodwill is retained in the business] |  |  |  |
| 5. | General Reserve A/c ... Dr. |  | 60000 |  |
|  | To R.D.D. A/c |  |  | 60000 |
|  | [Being R.D.D. is created by transferring fund from General Reserve A/c] |  |  |  |
| 6. | Revaluation A/c ... Dr. |  | 1500 |  |
|  | To Furniture A/c |  |  | 1500 |
|  | [Being depreciation is charged on furniture] |  |  |  |
| 7. | Stock A/c ....Dr. |  | 5000 |  |
|  | Creditors A/c |  | 5000 |  |
|  | Rent receivable A/c .... Dr. |  | 2000 |  |
|  | To Revaluation A/c |  |  | 12000 |
|  | [Being Asset appreciated, Creditors written off and income receivable recorded.] |  |  |  |
| 8. | Revaluation A/c ... Dr. |  | 10500 |  |
|  | To Rajkumar's Capital A/c |  |  | 7000 |
|  | To Rajendra Kumar's Capital A/c |  |  | 3500 |
|  | [Being Profit on revaluation account is transferred to old partners capital A/c] |  |  |  |

**Balance Sheet as on 1st April, 2012**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Liabilities | Amount | Amount | Assets | Amount | Amount |
| Capital A/c |  |  | Buildings |  | 100000 |
| Rajkumar | 257000 |  | Furniture | 30000 |  |
| Rajendrakumar | 178500 |  | (-) Depreciation @5% | 1500 | 28500 |
| Dhirajkumar | 60000 | 495500 | Stock | 60000 |  |
| Creditors | 80000 |  | (+) Appreciation | 5000 | 65000 |
| (-)Claims written off | -5000 | 75000 | Debtors | 300000 |  |
|  |  |  | (-) R.D.D. | -60000 | 240000 |
|  |  |  | Cash in Hand  (30000 + 60000  + 45000) |  | 135000 |
|  |  |  | Rent Due but not received |  | 2000 |
|  |  | 570500 |  |  | 570500 |

1. Working Note

Revaluation A/c

|  |  |
| --- | --- |
| **Debit** | **Credit** |
| 1500 | 12000 |
| 10500 |  |
| 12000 | 12000 |

Or

Q4) book

Q5) Solution: **Realisation Account**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | Rs. | Rs. | Particulars | Rs. | Rs |
| To Sundry Assets |  |  | By Sundry Liabilities |  |  |
| Building | 30000 |  | Creditors |  | 15000 |
| Machinery | 10000 |  | By R.D.D. A/c |  | 800 |
| Furniture | 12000 |  | By Bank A/c |  |  |
| Debtors | 8800 |  | Stock | 19000 |  |
| Stock | 20000 |  | Debtors | 7500 |  |
| Investments | 4000 |  | Machinery | 11000 |  |
| Commission Receivable | 1000 | 85800 | Building | 14000 | 51500 |
| To Bank A/c |  | 2000 | BY Y’s Capital A/c |  |  |
| (Dissolution Expenses) |  |  | Investments | 5000 |  |
| To Bank A/c |  |  | Furniture | 12000 | 17000 |
| Creditors |  | 15000 | By X’s Loan A/c |  | 500 |
|  |  |  | By Loss on Realisation A/C |  |  |
|  |  |  | X | 9000 |  |
|  |  |  | Y | 9000 | 18000 |
|  |  | 102800 |  |  | 102800 |

Partners Capital Account

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | X | Y | Particulars | X | Y |
| To Realisation A/c |  | 17000 | By Balance b/d | 40000 | 30000 |
| To Realisation A/c  (loss) | 9000 | 9000 | By Reserve Fund (1:1) | 4000 | 4000 |
| To Bank A/c | 35000 | 8000 |  |  |  |
|  | 44000 | 34000 |  | 44000 | 34000 |

X’s Loan Account

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | Rs. | Rs. | Particulars | Rs. | Rs |
| To Bank A/c |  | 1500 | By Balance b/d |  | 2000 |
| To Realisation A/c |  | 500 |  |  |  |
|  |  | 2000 |  |  | 2000 |
|  |  |  |  |  |  |

Bank Account

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | Rs. | Rs. | Particulars | Rs. | Rs |
| To Balance b/d |  | 10000 | By Realisation A/c |  | 2000 |
| To Realisation A/c |  | 51500 | By Realisation A/c |  | 15000 |
|  |  |  | By X’s Loan A/c |  | 1500 |
|  |  |  | By X’s Capital A/c |  | 35000 |
|  |  |  | By Y’s Capital A/c |  | 8000 |
|  |  | 61500 |  |  | 61500 |

Q6)

**Solution:**

**In the books of M/s Kamesh and Mani**

**Trading Account for the year ended 31.12.2005**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Particulars** | **Amt.** | **Amt.** | **Particulars** | **Amt.** | **Amt.** |
| To Opening Stock |  | 26000 | By Sales |  | 57000 |
| To Purchases | 34500 |  |  |  |  |
| (+) Unrecorded | 5600 | 40100 |  |  |  |
| To Wages |  | 5000 |  |  |  |
| To Carriage Inward |  | 700 |  |  |  |
| To Gross Profit C/d |  | 25200 | By Closing Stock |  | 40000 |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  | **97000** |  |  | **97000** |

**Profit and Loss Account for the year ended 31.12.2005**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Particulars** | **Amt.** | **Amt.** | **Particulars** | **Amt.** | **Amt.** |
| To Office Expenss |  | 2270 | By Gross Profit b/d |  | 25200 |
| To Rent, Rates and Taxes |  | 1750 |  |  |  |
| To Insurance | 480 |  |  |  |  |
| (+) Outstanding for 9 months | 360 | 840 |  |  |  |
| To Salaries |  | 1750 |  |  |  |
| To Bad debts | 950 |  |  |  |  |
| (+) F.D.D. | - |  |  |  |  |
| (+) N.R.D.D. | - |  |  |  |  |
| (-) O.R.D.D. | -500 | 450 |  |  |  |
| To Depreciation |  |  |  |  |  |
| Plant | 975 |  |  |  |  |
| Land & Building | 8900 |  |  |  |  |
| Motor Van | 1500 | 11375 |  |  |  |
| To Net Profit C/d |  |  |  |  |  |
| Kamesh | 3383 |  |  |  |  |
| Mani | 3382 | 6765 |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  | **25200** |  |  | **25200** |

**Partners Current  Account**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Particulars** | **Kamesh** | **Mani** | **Particulars** | **Kamesh** | **Mani** |
| To Drawings | 3000 | 2000 | By Balance b/d | 60000 | 40000 |
| To Balance c/d | 60383 | 41382 | By Net Profit b/d | 3383 | 3382 |
|  |  |  |  |  |  |
|  | **63383** | **43382** |  | **63383** | **43382** |

**Balance Sheet as on 31.12.1997**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Liability** | **Amt.** | **Amt.** | **Assets** | **Amt.** | **Amt.** |
| Capital A/c |  |  | Land & Building | 44500 |  |
| Kamesh | 60383 |  | (-) Depreciation | -8900 | 3600 |
| Mani | 41382 | 101765 | Plant | 9750 |  |
| Sundry Creditors | 9500 |  | (-) Depreciation | -975 | 8775 |
| (+) Unrecorded | 5600 | 15100 | Motor Van | 20000 |  |
| Outstanding Expenses |  | 500 | (-) Depreciation | -1500 | 18500 |
| Outstanding Insurance |  | 360 | Debtors |  | 14680 |
|  |  |  | Cash at Bank |  | 250 |
|  |  |  | Closing Stock |  | 40000 |
|  |  | **117725** |  |  | **117725** |