

**Maharashtra State Board**  
**Book Keeping & Accountancy**  
**Sample Question Paper – 2**  
**Academic Year: 2024-2025**

**Note:**

1. All Questions are compulsory.
2. The figure to right indicates marks.
3. Draw concept maps with pens on the Answer sheet.
4. Start a new question on a new page.

**Q1 | Attempt all of the following sub-questions:**

**1.A | Select the correct options and rewrite the statements:**

**1.A.1. Death is a compulsory \_\_\_\_.**

1. Dissolution
2. Admission
- 3. Retirement**
4. Winding-up

**Solution:**

Death is a compulsory retirement.

**Explanation:**

A partner will cease to be a partner on his death and hence death is considered as compulsory retirement. Partnership business may be continued by surviving partners if partnership firm makes provision in Partnership Deed.

**1.A.2. Not for Profit Concern renders \_\_\_\_\_ services to public at large.**

1. Commercial
- 2. Social**
3. Individual

4. Group

**Solution:**

Not for Profit Concern renders Social services to public at large.

**1.A.3. The due date of the bill drawn for 2 months on 23rd Nov. 2019 will be \_\_\_\_\_.**

1. 23rd Jan. 2020
2. 25th Jan. 2019
3. 26th Jan. 2019

**4. 25th Jan. 2020**

**Solution:**

The due date of the bill drawn for 2 months on 23rd Nov. 2019 will be **25th Jan. 2020**.

**1.A.4. Income and Expenditure Account is a \_\_\_\_\_ Account.**

1. Capital account
2. Real account
3. Personal account

**4. Nominal account**

**Solution:**

Income and Expenditure Account is a **Nominal** Account.

**Explanation:** In this account, only revenue items are recorded, while capital items are ignored. It is prepared to ascertain the results of operating activities of the business over a period of time. All revenue items, i.e. both income and expenses, are recorded in it. Thus, it is treated as a nominal account.

**1.A.5. As per SEBI guidelines minimum amount payable on share application should be \_\_\_\_\_ of Nominal Value of shares.**

1. 10%
2. 15%
3. 2%

4. 5%

**Solution:**

As per SEBI guidelines, minimum amount payable on share application should be 5% of Nominal Value of shares.

**Q1.B | Answer the following questions in only 'one' sentence each:**

**1.B.1. What is Hardware?**

**Solution:**

Hardware is the electronic equipment that includes computers, disk drives, monitors, printers and the network that connects with them.

**1.B.2. Answer in one sentence only.**

What is Fluctuating Capital?

**Solution:**

When capital balances of the partners go on changing every year due to transactions of partners with the firm, it is known as Fluctuating Capital.

**1.B.3. Answer in one sentence only.**

Why Income and Expenditure Account is prepared?

**Solution:**

Income and Expenditure Account is prepared to ascertain whether the concern has sufficient income to meet its expenses.

**1.B.4. How is Gain Ratio calculated?**

**Solution:**

Gain ratio is calculated at the time of retirement of a partner by deducting old ratio from new ratio.

**1.B.5. What is outstanding expenses?**

**Solution:**

Outstanding expenses are the expenses which are unpaid.

**Q1.C | Find the odd one:**

**1.C.1. Find odd one.**

1. Wages

**2. Salary**

3. Royalty

4. Import Duty

**Solution:** Salary.

**1.C.2. Find the odd one:**

1. Contra

2. Payment

3. Receipt

**4. Expense**

**Solution:** Expense

**1.C.3. Find odd one.**

1. Discount received

2. Dividend received

3. Interest received

**4. Depreciation.**

**Solution:** Depreciation

**1.C.4. Find the Odd one.**

1. The decrease in Furniture

2. Patents written off

3. Increase in Bills Payable

**4. RDD written off**

**Solution:** RDD written off

**1.C.5. Find the Odd one.**

1. Super profit method

2. Valuation method

3. Average profit method

#### 4. Fluctuating capital method

**Solution:** Fluctuating capital method

**Q1.D | Calculate the following questions:**

**1.D.1.** In case of non-agreement; Loan by Partner is ₹ 1,00,000/- calculate interest on loan to be given?

**Solution:**

$$\begin{aligned}\text{Int. on Loan to be given @6\%} &= \frac{100000 \times 6}{100} \\ &= ₹ 6,000\end{aligned}$$

**1.D.2.** Profit for 2015, 2016 & 2017 is ₹ 10,000, ₹ 15,000 & ₹ 25,000. Calculate average profit.

**Solution:**

$$\begin{aligned}\text{Total Profit} &= 10,000 + 15,000 + 25,000 \\ &= ₹ 50,000\end{aligned}$$

$$\begin{aligned}\text{Average Profit} &= \frac{\text{Total Profit}}{\text{Number of years}} \\ &= \frac{50,000}{3} \\ &= ₹ 16,666.66\end{aligned}$$

**1.D.3.** 1000 shares issued @10% Premium considering face value for ₹ 10/- Calculate Premium.

**Solution:**

$$\begin{aligned}\text{Premium} &= \frac{1000 \times 10 \times 10}{100} \\ &= ₹ 1,000\end{aligned}$$

**1.D.4.** Current Assets: ₹ 1,00,000. Current Liabilities : ₹ 60,000. Calculate Current Ratio.

**Solution:**

$$\begin{aligned}\text{Current Ratio} &= \frac{\text{Current Assets}}{\text{Current Liabilities}} \\ &= \frac{1,00,000}{60,000} \\ &= 1.67\end{aligned}$$

**1.D.5.** 10% Depreciation on Furniture ₹ 12,000/- 3 Months**Solution:**

10 % p.a. Depreciation on Furniture ₹ 12,000/- 3 Months

Depreciation = Cost of Asset × Rate × Period

$$= 12,000 \times \frac{10}{100} \times \frac{3}{12}$$

= ₹ 300 Depr. for 3 months

Thus, Depreciation on furniture @10% on ₹ 12,000 for 3 months = ₹ 300.

**Q2.A.** Pravin and Kishor are partners sharing profits and losses in the ratio 3 :**2.** Their Balance Sheet as on 31st March, 2019 was as under:

Balance Sheet as on 31 <sup>st</sup> March, 2019					
Liabilities		Amount (₹)	Assets		Amount (₹)
Creditors		37,500	Bank		22,500
Bills Payable		30,000	Bills Receivable		11,400
Bank Loans		48,000	Debtors	62,400	60,000
General Reserve		7,500	Less: RDD	2,400	
Capitals:			Stock		36,000
Pravin	45,000	81,000	Furniture		14,100
Kishor	36,000		Machinery		15,000
			Buildings		45,000



		2,04,000			2,04,000
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On 1.04.2019 they admitted Asha on the following terms:

1. For 1/2 share in profits in future, Asha will bring ₹ 30,000 for capital and ₹ 15,000 for goodwill.
2. Half of the amount of goodwill is withdrawn by old partners.
3. Stock is to be depreciated by 10% and Machinery by 5%.
4. RDD is to be maintained at ₹ 3,000.
5. Furniture be valued at ₹ 16,050 and Building be appreciated by 20%

Pass the necessary Journal entries in the books of the firm and prepare working notes.

**Solution:**

In the books of the firm				
Date	Particular	L.F.	Amount Dr. (₹)	Amount Cr. (₹)
1.4.2019				
1.	General Reserve A/c ...Dr.		7,500	-
	To Pravin's capital A/c		-	4,500
	To Kishor's capital A/c		-	3,000
	(Being general reserve distributed among old partners)			
2.	Revaluation A/c ...Dr.		4,950	-
	To Stock A/c		-	3,600
	To Machinery A/c		-	750
	To RDD A/c		-	600
	(Being decrease in the value of assets and RDD increased)			
3.	Furniture A/c ...Dr.		1,950	-

	Building A/c ...Dr.	9,000	-
	To Revaluation A/c	-	10,950
	(Being appreciation in the value of assets)		
4.	Revaluation A/c ...Dr.	6,000	-
	To Pravin's capital A/c	-	3,600
	To Kishor's capital A/c	-	2,400
	(Being profit on revaluation transferred to partner's capital account)		
5.	Bank A/c ...Dr.	30,000	-
	To Asha's capital A/c	-	30,000
	(Being cash brought in by Asha as capital)		
6.	Bank A/c ...Dr.	45,000	-
	To Asha's capital A/c	-	30,000
	To Premium for Goodwill capital A/c	-	15,000
	(Being the amount of capital and goodwill brought in by Asha)		
7.	Bank A/c ...Dr.	15,000	-
	To Goodwill A/c	-	15,000
	(Being cash brought in by Asha as goodwill)		
8.	Goodwill A/c ...Dr.	15,000	-
	To Pravin's capital A/c	-	9,000
	To Kishor's capital A/c	-	6,000
	(Being goodwill credited in old partners capital account in their sacrificing ratio)		
9.	Pravin's capital A/c ...Dr.	4,500	-
	Kishor's capital A/c ...Dr.	3,000	-



	To Bank A/c		-	7,500
	(Being half the amount of goodwill withdrawn by old partners)			

**Working Notes:**

Dr.	Revaluation Account			Cr.
Particulars		Amount (₹)	Particulars	Amount (₹)
To Stock		3,600	By Furniture A/c	1,950
To Machinery		750	By Building A/c	9,000
To RDD		600		
To Profit transferred to Partners Capital A/c:				
Pravin	3,600	6,000		
Kishor	2,400			
		<b>10,950</b>		<b>10,950</b>

Dr.	Goodwill Account		Cr.
Particulars	Amount (₹)	Particulars	Amount (₹)
To Pravin's capital A/c	9,000	By Bank A/c	15,000
To Kishor's capital A/c	6,000		
	<b>15,000</b>		<b>15,000</b>

**OR**

**Q2.B. Given below is the Balance Sheet of Ram, Rani and Prashant who were partners In a firm sharing profits and losses in the ratio 5: 3: 2. Their Balance Sheet as on 31st March 2019 was as follows:**

Liabilities		Amount (₹)	Assets	Amount (₹)
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Creditors		11,200	Cash	7,600
Bank Overdraft		9,700	Debtors	18,000
Reserve Fund		15,000	Stock	17,500
Capital A/c:			Machinery	30,000
Ram	42,000	1,12,200	Land	70,000
Rani	37,000		Furniture	5,000
Prashant	33,200			
		1,48,100		1,48,100

On 1st April 2018 Prashant retired on the following terms:

1. Goodwill of the firm will be raised in the books at ₹ 20,000.
2. Stock to be reduced by 10 %. Furniture by 5% and Machinery by 11%.
3. RDD be maintained at 5% on debtors.
4. ₹ 200 to be written off from Creditors.
5. Out of the amount due to Prashant ₹ 5,000 to be paid by cash and remaining amount to be transferred to his loan account.

Prepare Revaluation Account, Partner's Capital Account, and Balance sheet of the new firm.

**Solution:**

Dr.	Revaluation Account			Cr.
Particulars	Amount (₹)	Particulars		Amount (₹)
To Stock A/c	1,750	By Creditors A/c		200
To Furniture A/c	250	By Loss transferred to partners capital A/c		
To RDD A/c	900	Ram	3,000	6,000
To Machinery A/c	3,300	Rani	1,800	
		Prashant	1,200	

	6,200			6,200
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Dr.	Partner's Capital Accounts						Cr.
Particulars	Ram (₹)	Rani (₹)	Prashant (₹)	Particulars	Ram (₹)	Rani (₹)	Prashant (₹)
To Revaluation A/c	3,000	1,800	1,200	By Balance b/d	42,000	37,000	33,200
To Cash A/c	-	-	5,000	By Reserve fund A/c	7,500	4,500	3,000
To Prashant Loan A/c	-	-	34,000	By Goodwill A/c	10,000	6,000	4,000
To Balance c/d	56,500	45,700	-				
	<b>59,500</b>	<b>47,500</b>	<b>40,200</b>		<b>59,500</b>	<b>47,500</b>	<b>40,200</b>

Balance Sheet as on 1st April, 2019					
Liabilities		Amount (₹)	Assets		Amount (₹)
Creditors	11,200	11,000	Cash		2,600
<b>Less:</b> Written off	200		Debtors	18,000	17,100
Bank Overdraft			<b>Less:</b> R.D.D. 5%	900	
Partners Capital A/c:			Stock	17,500	15,750
Ram		56,500	<b>Less:</b> Depreciation	1,750	
Rani		45,700	Machinery	30,000	26,700

Prashant's Loan A/c		34,000	<b>Less:</b> Depreciation	3,300	
			Land		70,000
			Furniture	5,000	4,750
			<b>Less:</b> Depreciation	250	
			Goodwill		20,000
		<b>1,56,900</b>			<b>1,56,900</b>

**Q3.A. Riddhi and Siddhi are partners sharing profits and losses in the ratio of 2:1. The following is their balance sheet as on 31st March, 2019.**

<b>Balance Sheet as on 31st March, 2019</b>				
Liabilities	Amount (₹)	Assets		Amount (₹)
Capital A/c:		Building		60,000
Riddhi	80,000	Furniture		24,000
Siddhi	60,000	Machinery		20,000
Reserve Fund	16,000	Debtors	17,600	16,000
Siddhi's Loan A/c	4,000	Less: RDD	1,600	
Creditors	30,000	Stock		40,000
		Investment		8,000
		Interest Receivable		2,000
		Bank		20,000
	<b>1,90,000</b>			<b>1,90,000</b>

The firm was dissolved on 31st March 2019.

- The assets realised were: Machinery ₹ 22,000, Building ₹ 28,000, Stock ₹ 38,000 and Debtors ₹ 15,000.
- Riddhi took over the Investment at ₹ 10,000 and Furniture at book value.

- iii. Siddhi agreed to accept ₹ 3,000 in full settlement of her Loan Account.
- iv. Dissolution expenses amounted to ₹ 4,000.
- v. Interest receivable could not be recovered.

Prepare Realisation Account, Partners' Capital Account, Siddhi's Loan Account and Bank Account.

**Solution:**

Dr.	In the books of Firm Realisation Account				Cr.
Particulars		Amount (₹)	Particulars		Amount (₹)
To Sundry Assets A/c:			By Sundry Liabilities A/c:		
Building	60,000	1,71,600	Creditors		30,000
Furniture	24,000		RDD		1,600
Machinery	20,000		By Bank A/c:		
Debtors	17,600		Building	28,000	1,03,000
Stock	40,000		Debtors	15,000	
Investment	8,000		Stock	38,000	
Interest receivable	2000		Machinery	22,000	
To Bank A/c:			By Riddhi's Capital A/c:		
Creditors	30,000	34,000	Investment	10,000	34,000
Realisation Expense	4,000		Furniture	24,000	
			By Siddhi's Loan A/c		1,000
			By Partner's Capital A/c: (Loss)		36,000

			Riddhi	24,000	
			Siddhi	12,000	
		<b>2,05,600</b>			<b>2,05,600</b>

Dr.	Partner's Capital Accounts					Cr.
Particulars	Riddhi (₹)	Siddhi (₹)	Particulars	Riddhi (₹)	Siddhi (₹)	
To Realisation A/c	34,000		By Balance b/d	80,000	60,000	
To Realisation A/c (Loss on Realisation)	24,000	12,000	By Reserve Fund A/c	10,667	5,333	
To Bank A/c	32,667	53,533				
	<b>90,667</b>	<b>65,333</b>		<b>90,667</b>	<b>65,333</b>	

Dr.	Siddhi's Loan A/c		Cr.
Particulars	Amount (₹)	Particulars	Amount (₹)
To Bank A/c	3,000	By Balance b/d	4,000
To Realisation A/c	1,000		
	<b>4,000</b>		<b>4,000</b>

Dr.	Bank Account		Cr.
Particulars	Amount (₹)	Particulars	Amount (₹)
To Balance b/d	20,000	By Realisation A/c	34,000
To Realisation A/c	1,03,000	By Siddhi's Loan A/c	3,000
		By Riddhi's Capital A/c	32,667
		By Siddhi's Capital A/c	53,333
	<b>1,23,000</b>		<b>1,23,000</b>



OR

**3.B. Journalise the following transactions in the books of Apoorva.**

- i. Prashant's acceptance for 60 days ₹ 12,750 deposited into bank for collection.
- ii. Apoorva sold goods to Kirti for ₹ 20,000 and received her acceptance for the same amount for 2 months. The bill was endorsed to Rekha.
- iii. Received 30% of the amount due from the private estate of Mukta who was declared insolvent. Mukta had dishonoured her acceptance of ₹ 23,850 and noting charges paid were ₹ 150.
- iv. Apoorva renews her acceptance of ₹ 36,000 to Anuradha by paying cheque of ₹ 6,000 and accepting a new bill for 2 months for balance along with interest @ 14.5% p. a.

**Solution:**

<b>Journal Entries In the Books of Apoorva</b>				
<b>Date</b>	<b>Particular</b>	<b>L.F.</b>	<b>Amount Dr. (₹)</b>	<b>Amount Cr. (₹)</b>
(a)	Bill sent for collection A/c ...Dr.		12,750	-
	To Bills Receivable A/c		-	12,750
	(Being bill deposited into bank for collection)			
b) i)	Kirti's ...Dr.		20,000	-
	To Sales A/c		-	20,000
	(Being goods sold on credit)			
ii)	Bill Receivable A/c ...Dr.		20,000	-
	To Kirti's A/c		-	20,000
	(Being drawn and accepted)			
iii)	Rekha's A/c ...Dr.		20,000	-
	To Bills Receivable A/c		-	20,000
	(Being Kirti's acceptance endorsed)			

c) i)	Mukta's A/c ...Dr.		24,000	-
	To Bills Receivable A/c		-	23,850
	To Cash A/c		-	150
	(Being Mukta's acceptance dishonoured and Noting Charges paid)			
ii)	Cash / Bank A/c ...Dr.		7,200	-
	Bad Debts A/c ...Dr.		16,800	-
	To Mukta's A/c		-	24,000
	(Being amount received and bad debts written of on account of insolvency)			
d) i)	Bills Payable A/c ...Dr.		36,000	-
	To Anuradha's A/c		-	36,000
	(Being our acceptance dishonoured)			
ii)	Interest A/c ...Dr.		725	-
	To Anuradha's A/c		-	725
	(Being Interest due)			
iii)	Anuradha's A/c ...Dr.		6,000	-
	To Cash Bank A/c		-	6,000
	(Being part payment paid)			
iv)	Anuradha's A/c ...Dr.		30,725	-
	To Bills Payable A/c		-	30,725
	(Being acceptance given to new bill drawn along with interest)			

**4.A. The Subscribed Capital of Parag Limited is 30,000 equity shares of ₹ 100 each and 50,000 preference shares of ₹ 100 each. On both of these shares ₹ 80 per share were called-up.**

The Directors forfeited 500 equity shares held by Ashish who failed to pay First and Second Call each of ₹ 20 per share. They also forfeited 500 preference shares of Ashok who failed to pay ₹ 20 per share on Allotment, ₹ 20 per share on First call and ₹ 20 per share on Second call.

The Director re-issued these forfeited shares of Ashish at ₹ 60 per share, ₹ 80 paid up and those of Ashok at ₹ 72 per share ₹ 80 paid up. All re-issued shares were taken up by Anagha.

Pass Journal entries to record the forfeiture and re-issue of shares in the books of Parag Ltd.

**Solution:**

In the books of Parag Ltd.				
Date	Particular	L.F.	Amount Dr. (₹)	Amount Cr. (₹)
1	Equity Share Capital A/c ...Dr.		40,000	-
	To Equity Share First Call A/c		-	10,000
	To Equity Share Second Call A/c		-	10,000
	To Equity Share Forfeiture A/c		-	20,000
	(Being forfeiture of 500 equity share for failure to pay first and second call)			
2	Preference Share Capital ...Dr.		40,000	-
	To Preference Share Allotment A/c		-	10,000
	To Preference Share First Call A/c		-	10,000
	To Preference Share Second Call A/c		-	10,000
	To Preference Share Forfeiture A/c		-	10,000
	(Being forfeiture of 500 preference shares due to non-payment of allotment money first call and second call money)			
3	Bank A/c ...Dr.		30,000	-
	Equity Share Forfeiture A/c ...Dr.		10,000	-

	To Equity Share Capital A/c		-	40,000
	(Being re-issue of 500 forfeited shares ₹ 60 per share due)			
4	Bank A/c ...Dr.		36,000	-
	Preference Share Forfeiture A/c ...Dr.		4,000	-
	To Preference Share Capital A/c		-	40,000
	(Being re-issued 500 forfeited preference shares ₹ 72 Per share)			
5	Equity Share Forfeiture A/c ...Dr.		10,000	-
	Preference Share Forfeiture A/c ...Dr.		6,000	-
	To Capital Reserve A/c		-	16,000
	(Being balance of share forfeiture account transferred to capital reserve)			

OR

#### 4.B. Explain importance of Computerised Accounting System.

##### **Solution:**

1. **Automation:** All the calculations are automatically done by the accounting software with minimum time as compared to manual accounting calculations.
2. **Multi-user-Facilities:** Multi-user-facility enable the business man access accounting information online or off line with more user controls outside of the office or within office. In big business houses this facility is useful as data entry can be done by many operators on different computers simultaneously.
3. **Accuracy:** Computerized accounting software is more accurate as compared to human being. All calculations, like additions, subtractions and statistical calculations are automatically done by software.
4. **Speed:** Computerized accounting software work faster than manual accounting process. It generates all financial statements and reports speedily as per user requirements.

5. **Reduction in Cost:** As the financial records are to be entered only once in the system the accountant will save his time in maintaining the records. This will enable the business organization to employ few accounting personnel.
6. **Systematic and up to date records:** Computerized accounting system ensures systematic and up to date financial records of the business organization.
7. **Huge Storage Capacity:** In case of manual accounting it is required to maintain separate Books and Registers for each financial year. In case of computerized system one computer software can store the accounting records for many years.
8. **Compact:** No matter how voluminous the financial data is the computer can store it in a compact way. The financial information can be stored on the hard disk and if required back - up can be taken on the external storage devices which requires very little space.
9. **Transferability / Sharing Information:** Computerized accounting system allow the business organization to share the financial information with the interested parties. The information can be shared with the help of printouts or can also be shared with soft copy i.e through pen drive or Internet transfer.

**Q5.A. From the following balance sheets of Mr. Shubham as on 1st April. 2019 & 31st March 2020. Prepare the cash flow statement.**

Liabilities	1 <sup>st</sup> April 2019 (₹)	31 <sup>st</sup> March 2020 (₹)	Assets	1 <sup>st</sup> April 2019 (₹)	31 <sup>st</sup> March 2020 (₹)
Capital	1,48,000	1,49,000	Stock	25,000	22,000
Sundry Creditors	36,000	41,000	Debtors	35,000	38,400
Long Term Loan	30,000	45,000	Cash	4,000	3,600
			Buildings	50,000	55,000
			Machinery	80,000	86,000
			Land	20,000	30,000

	2,14,000	2,35,000		2,14,000	2,35,000
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**Solution:**

Cash Flow statement For the Year ended 1st April, 2019 and 31st March, 2020		
Particulars	Amount (₹)	Amount (₹)
<b>(A) Cash flow from Operating Activities</b>		
Profit for the year (1,49,000 - 1,48,000)	1,000	<b>5,600</b>
<b>Add:</b> Decrease in the Current Assets: Stock	3,000	
<b>Add:</b> Increase in Current Liabilities: Sundry Creditors	5,000	
	9,000	
<b>Less:</b> Increase the Current Assets : Debtors	(3,400)	
<b>Net Cash From Operating Activities (A)</b>		
<b>(B) Cash Flow from Investing Activities</b>		
Purchase of Land	10,000	<b>21,000</b>
Purchase of Machinery	6,000	
Purchase of Building	5,000	
<b>Net Cash used in Investing Activities (B)</b>		
<b>(C) Cash Flow from Financial Activities</b>		



Borrowing of Long Term Loan	15,000	
Net Cash from Financial Activities (C)		15,000
Net Decrease in Cash and Cash Equivalents (A + C – B)		<b>(400)</b>
Cash Equivalent at the beginning of Period		4,000
Cash Equivalent at the end of Period		<b>3,600</b>

**OR**

**5.B. Following is the balance sheet of Varad Company Ltd as on 31.03.2019 and 31.03.2020 is given as below:**

<b>Liabilities</b>	<b>31.3.2019 (₹)</b>	<b>31.3.2020 (₹)</b>	<b>Assets</b>	<b>31.3.2019 (₹)</b>	<b>31.3.2020 (₹)</b>
Share Capital	2,50,000	3,70,000	Fixed assets	3,50,000	5,70,000
Reserve and Surplus	60,000	1,00,000	Investment	1,20,000	1,70,000
Secured Loans	1,00,000	1,60,000	Current Assets	1,30,000	1,20,000
Unsecured Loans	90,000	1,40,000			
Current Liabilities	1,00,000	90,000			
	<b>6,00,000</b>	<b>8,60,000</b>		<b>6,00,000</b>	<b>8,60,000</b>

You are required to prepare Comparative Balance Sheet of Varad Company Ltd. as on 31.03.2019 & 31.03.2020.

**Solution:**

**Comparative Balance Sheet of Varad Company  
Ltd. as on 31st March, 2019 and 31st March, 2020**

Particulars	31.3.2019 (₹)	31.3.2020 (₹)	Absolute change (₹)	Percentage change (%)
<b>(I) Source of Funds</b>				
(a) Share Capital	2,50,000	3,70,000	1,20,000	48% Increase
(b) Reserves and Surplus	60,000	1,00,000	40,000	66.67% Increase
Total Funds Available	3,10,000	4,70,000	1,60,000	51.61% increase
<b>(II) Borrowed Funds</b>				
(a) Secured Loan	1,00,000	1,60,000	60,000	60% increase
(b) Unsecured Loan	90,000	1,40,000	50,000	55.55% increase
Total Borrowed Fund	1,90,000	3,00,000	1,10,000	57.89% increase
<b>Total Fund Available (A + B)</b>	5,00,000	7,70,000	2,70,000	54% Increase
<b>Application of Funds</b>				
(a) Fixed Assets	3,50,000	5,70,000	2,20,000	62.86% Increase
(b) Investment	1,20,000	1,70,000	50,000	41.67% Increase
(c) Working capital:				
Current Assets	1,30,000	1,20,000	(10,000)	(7.69%) Decrease
Less: Current liabilities	1,00,000	90,000	(10,000)	(10%) Decrease

Working Capital (Current Asset - Current Liabilities)	30,000	30,000	Nil	Nil
Total Funds Applied (a + b + c)	5,00,000	7,70,000	2,70,000	54% Increase

**Working Notes:**

$$\begin{aligned}
 & \frac{\text{Amount of Absolute Change}}{\text{Amount of Previous Year}} \times 100 \\
 &= \frac{1,20,000}{2,50,000} \times 100 \\
 &= 48\%
 \end{aligned}$$

**Q6. Following is the Receipts and Payments Account of Parnil Sports Club, Pune and additional information given below you are required to prepare Income and Expenditure Account for the year ended 31st March 2019 and a Balance Sheet as on that date.**

Dr.	Receipts and Payments Account for the year ended 31st March, 2019			Cr.
Receipts		Amount (₹)	Payments	Amount (₹)
To Balance b/d		5,000	By Bank Overdraft (Repaid)	32,000
To Subscriptions:			By Salaries	10,000
2016-17	2,000	75,000	By Electrical Charges	4,000
2017-18	3,000		By Municipal Taxes	2,700
2018-19	70,000		By Purchase of Sports Materials	50,000
To Donations		15,000	By General Expenses	500
To Entrance fees		1,700	By Billiard Expenses	3,000

To Life membership fees (Revenue)		17,000	By Repairs to Ground	500
To Tournaments Receipts		60,000	By Tournaments Exp.	50,000
			By Balance c/d:	
			Cash in Hand	7,000
			Cash at Bank	14,000
		1,73,700		1,73,700

**Additional Information:**

- 50% Donations are towards Building Fund.
- 70% entrance fees should be capitalised.
- Subscriptions ₹ 500 for the year 2016-17 ₹ 1,000 for 2017-18 are still in arrears.
- Following are the balances appeared in the books as on 1-4-2018:  
Building Fund ₹ 47,000, Bank Overdraft ₹ 32,000, Land ₹ 1,50,000, Sports Materials ₹ 30,000. Outstanding Subscription for 2016-17 is ₹ 2,500 and 2017-18 is ₹ 4,000.
- Outstanding Subscription for current year is ₹ 8,000.
- Closing Stock of Sports Material was ₹ 8,000 on which depreciation to be provided at 12.50% p.a.

**Solution:**

Dr.	Income and Expenditure A/c for the Year Ended 31st March, 2019				Cr.
Expenditure		Amount (₹)	Income		Amount (₹)
To Salaries		10,000	By Tournament Receipts	60,000	

To Electricity Charges		4,000	<b>Less:</b> Tournament exp.	50,000	10,000
To Municipal Taxes		2,700	By Subscriptions	70,000	78,000
To Sports Materials Consumed:			<b>Add:</b> Outstanding	8,000	
Opening Stock	30,000	72,000	By Donations	15,000	7,500
<b>Add:</b> Purchases	50,000		<b>Less:</b> 50 % for Building fund	7,500	
	80,000		By Entrance fees	1,700	510
<b>Less:</b> Closing Stock	8,000		<b>Less:</b> 70 % Capitalised	1,190	
To General Expenses		500	By Life Membership Fee		17,000
To Billiard Expenses		3,000			
To Repairs to Ground		500			
To Depreciation on Sports Materials		1,000			
To Surplus (Excess of Income over Expenditure)		19,310			
		<b>1,13,010</b>			<b>1,13,010</b>
<b>Balance Sheet as on 31st March, 2019</b>					

Liabilities		Amount (₹)	Assets		Amount (₹)
Capital Fund	1,12,500	1,33,000	Cash in Hand		7,000
<b>Add:</b> 70% Entrance fees	1,190		Cash at Bank		14,000
<b>Add:</b> Surplus	19,310		O/s Subscription		
Building Fund	47,000		2016-17	500	9,500
<b>Add:</b> 50 % Donations	7,500	54,500	2017-18	1,000	
			2018-19	8,000	
			Land		1,50,000
			Sports Materials	8,000	7,000
			<b>Less:</b> 12.5% Depreciation	1,000	
		<b>1,87,500</b>			<b>1,87,500</b>

#### Working Note:

##### 1. Calculation of Capital Fund:

Balance Sheet as on 31st March, 2018				
Liabilities	Amount (₹)	Assets		Amount (₹)
Building Fund	47,000	Land		1,50,000
Bank Overdraft	32,000	Sports Materials		30,000
Capital Fund (Balance figure)	1,12,500	O/s Subscription		



		2016-17	2,500	
		2017-18	4,000	6,500
		Cash in Hand		5,000
	<b>1,91,500</b>			<b>1,91,500</b>

## 2. Calculation of Depreciation:

12.5% Depreciation of ₹ 8,000

$$8,000 \times \frac{12.5}{100} = ₹ 1,000$$

**Q7. Kranti & Sumangala are Partners sharing Profits and Losses in their Capital ratio. From the Trial Balance given below and Adjustments, you are required to prepare Trading and Profit and Loss Account for the year ended 31st March, 2019 and Balance Sheet as of that date.**

Trial Balance as on 31st March, 2019			
Debit Balance	Amount (₹)	Credit Balance	Amount (₹)
Stock (1/4/2018)	32,500	Capital:	
Purchases	40,000	Kranti	1,20,000
Sundry Debtors	1,00,000	Sumangala	40,000
Bills Receivable	8,500	Sales	60,000
Wages	3,000	Sundry Creditors	30,000
Investment	32,000	Bills Payable	15,000
Postage	2,700	Commission	325
Insurance	7,500	Purchases Returns	1,000
Plant & Machinery	15,000		

Salaries	4,850		
Prepaid Rent	2,000		
Bad-debts	500		
Furniture	12,500		
Cash in Hand	3,775		
Sales Return	1,500		
	2,66,325		2,66,325

**Adjustments:**

- Closing Stock is valued at Cost Price ₹ 28,000 and Market Price ₹ 32,000.
- Insurance is paid up to 30th June 2019.
- Outstanding Expenses - Wages ₹ 800, Salaries ₹ 700.
- Book value of Plant and Machinery is reduced to ₹ 13,000.
- Depreciate Furniture by 5% p.a.
- Provide further Bad debts of ₹ 800.
- Goods of ₹ 3,000 distributed as a free sample.

**Solution:**

Dr.	In the Books of Kranti & Sumangala Trading and Profit and Loss A/c for the year ended 31st March 2019				Cr.
Particulars		Amount (₹)	Particulars		Amount (₹)
To Opening Stock		32,500	By Sales	60,000	58,500
To Purchases	40,000	36,000	<b>Less:</b> Sales Return	1,500	
<b>Less:</b> Purchase Return	1,000		By Closing Stock		
					28,000

<b>Less:</b> Free Sample	3,000				
To Wages	3,000	3,800			
<b>Add:</b> Outstanding	800				
To Gross Profit c/d		14,200			
		<b>86,500</b>			<b>86,500</b>
To Postage		2,700	By Gross Profit b/d		14,200
To Insurance	7,500	5,625	By Commission		325
<b>Less:</b> Prepaid Insurance	1,875		By Net Loss (Transferred to Capital A/c's)		
To Salaries	4,850		Kranti	4,706	6,275
<b>Add:</b> Outstanding Salary	700	5,550	Sumangala	1,569	
To Depreciation on:					
Plant & Machinery	2,000	2,625			
Furniture	625				
To Bad-debts (Old)	500	1,300			
<b>Add:</b> Bad debts (New)	800				
To Advertisement (Goods distributed)		3,000			
		<b>20,800</b>			<b>20,800</b>

Balance Sheet as on 31st March, 2019					
Liabilities		Amount (₹)	Assets		Amount (₹)

Capitals: Kranti	1,20,000	1,15,294	Plant & Machinery	15,000	13,000
<b>Less:</b> Net Loss	4,706		<b>Less:</b> Depreciation	2,000	
Capital: Sumangala	40,000	38,431	Furniture	12500	11,875
<b>Less:</b> Net Loss	1,569		<b>Less:</b> Depreciation 5%	625	
Outstanding Expenses:			Sundry Debtors	1,00,000	99,200
Wages	800	1500	<b>Less:</b> Bad Debts	800	
Salaries	700		Bills Receivable		
Sundry Creditors		30,000	Investment		32,000
Bills Payable		15,000	Cash in Hand		3,775
			Closing Stock		28,000
			Prepaid Insurance		1,875
			Prepaid Rent		2,000
		<b>2,00,225</b>			<b>2,00,225</b>