



**SHRI GNANAMBICA DEGREE COLLEGE: MADANAPALLE
(AUTONOMOUS)**

**COURSE-5: ADVANCED ACCOUNTING SEMESTER III
(W.E.F.2024-2025)**

Program: B.Com (CA) Honors



Credits: 3

Hours per week: 4

Learning Objectives

The course aims to help learners to acquire conceptual knowledge of Non-Profit Organizations, understand the accounting procedure of single-entry system, hire purchase system and partnership accounts.

Learning Outcomes:

At the end of the course, the student will be able to; Understand the concept of Non-profit organizations and its accounting process, Comprehend the concept of single-entry system and preparation of statement of affairs, Familiarize with the legal formalities at the time of dissolution of the firm, Prepare financial statements for partnership firm on dissolution of the firm and Employ critical thinking skills to understand the difference between the dissolution of the firm and dissolution of partnership.

Unit 1: Accounting for Non-Profit Organizations: Non-Profit Entities- Meaning - Features of Non-Profit Entities –Provisions as per Sec 8 - Accounting Process- Preparation of Accounting Records - Receipts and Payments Account- Income and Expenditure Account - Preparation of Balance Sheet (including problems).

Unit 2: Single Entry System: Features – Differences between Single Entry and Double Entry – Disadvantages of Single Entry- Ascertainment of Profit and Preparation of Statement of Affairs (including Problems).

Unit 3: Hire Purchase System: Features –Difference between Hire Purchase and Installment Purchase Systems - Accounting Treatment in the Books of Hire Purchaser and Hire Vendor. (including Problems).

Unit 4: Partnership Accounts-I: Meaning – Partnership Deed - Fixed and Fluctuating Capital Accounting Treatment of Goodwill – Admission, Retirement and Death of a Partner (including problems).

Unit 5: Partnership Accounts-II: Dissolution of a Partnership Firm – Application of Garner v/s Murray Rule in India – Insolvency of Partners (including problems).

Activities:

- Quiz Programs
- Problem Solving exercises
- Co-operative learning
- Seminar

- Visit a single-entry firm, collect data and Creation of Trial Balance of the firm
- Visit Non-profit organization and collect financial statements
- Critical analysis of rate of interest on hire purchase schemes
- Visit a partnership firm and collect partnership deed
- Debate on Garner v/s Murray rule in India and outside India
- Group Discussions on problems relating to topics covered by syllabus
- Examinations (Scheduled and surprise tests) on all units
- Collect data from your college and prepare a Receipt and Payment Account, Income and Expenditure Account and Balance Sheet

Reference Books:

1. Advanced Accountancy: T S Reddy and A Murthy by Margham Publications.
2. Financial Accounting: SN Maheswari & SK Maheswari by Vikas Publications.
3. Principles and Practice of Accounting: R.L. Gupta & V.K. Gupta, Sultan Chand & Sons.
4. Advanced Accountancy: R.L. Gupta & Radhaswamy, Sultan Chand & Sons.
5. Advanced Accountancy: V.L. Maheswari & V.L. Maheswari, Vikas publishers.
6. Advanced Accountancy: Dr. G. Yogeshwaran, Julia Allen - PBP Publications.
7. Accountancy–III: Tulasian, Tata McGraw Hill Co.
8. Accountancy–III: S.P. Jain & K.L Narang, Kalyani Publishers.
9. Advanced Accounting (IPCC): D. G. Sharma, Tax Mann Publications.
10. Advanced Accounting: Prof B Amarnadh, Seven Hills International Publishers.
11. Advanced Accountancy: M Shrinivas & K Sreelatha Reddy, Himalaya Publishers.

SEMESTER-III
COURSE 5: ADVANCED ACCOUNTING
Practical Credits:1 2 hrs/week

Lab Exercise:

- Non-Trading Concerns - Creation of Company, Creation of Ledger Accounts, creation of Accounting Vouchers, and display of Income and Expenditure Account and Balance Sheet using Accounting Software / Package or in MS Excel.
- Hire Purchase Accounts - Preparation of Statement of Affairs in MS-Excel
- Partnership Accounts - Creation of Company, Creation of Ledger Accounts, Creation of Accounting Vouchers, and Display of Concern Ledgers and Balance sheet using Accounting Software / Package or in MS Excel.
- Single entry - Preparation of Statement of Affairs in MS-Excel

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COURSE-5: ADVANCED ACCOUNTING

SEMESTER III

(W.E.F.2024-2025)

Program: B.Com (CA) Honors

Question Paper Blue Print

Time : 3 Hrs

Max Marks: 70

Section – A

Answer any FOUR of the following.

4×5=20

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.

Section -B

Answer any FIVE of the following.

5×10=50

9. Incomes & expenditure, account problem
10. Closing Balance Sheet problem
11. Single entry system problem
12. Single Entry system problem
13. When the cash price, Installment price and Rate of Interest is Given.
14. When the Rate of Interest is not given with equal Installment.
15. Admission of partner -problem
16. Retirement of partner-problem
17. Dissolution of partnership firm-problem

18. Dissolution of partnership firm-problem.

SHRI GNANAMBICA DEGREE COLLEGE: MADANAPALLE
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COURSE-5: ADVANCED ACCOUNTING SEMESTER III
(W.E.F.2024-2025)

Program: B. Com (CA), Honors
Model Question Paper

Time : 3 Hrs

Max Marks: 70

SECTION-A

Answer any FOUR of the following. $4 \times 5 = 20$

1. Non-Profit Organization
2. Capital Items
3. Single Entry System.
4. Double entry system.
5. Differences between H.P.S & I.S.
6. Revaluation Account.
7. Dissolution of firm
8. Garner v/s Murray case.

SECTION-B

Answer any FIVE of the following. $5 \times 10 = 50$

9. From the following Receipts & Payments Account of Canara Club. Prepare Income & Expenditure Account For the year ended 31/12/1998.

Receipts	Rs	Payments	Rs
To Balance b/d	400	By Salaries By Rent	9000
In Hand At Bank	3200	By Printing & Stationary By	1200
To Subscriptions 1997	2000	Government Bond	300
1998	10000	By Help to the poor Student By	10000
1999	1000	Electricity Charges	2000
To Sale of old news Paper	100	By Telephone	200
To sale of old Furniture (Book	400	By Sundry Expenses By	300
Value:700)	600	subscriptions to Periodical	800
To Interest on -Investment	5000	By Closing Balance In Hand	500
To legacies	3000	At Bank	
To life membership Fee To Donation to	5000		
Price	3000		4400
Funds			5000
To Grants From the Government			
	33700		33700

Adjustments:

- Subscriptions For 1998 still receivable were 7800.
- Interest due on investment 200.
- Rent unpaid 200.

10. O/s Printing expenses for this year 200 From the following Receipts & payments A/c prepare Income & Expenditure A/c and Balance sheet as on 31/3/2020.

Receipts	Rs	Payments	Rs
To Balance b/d To subscriptions	3000	By salaries By Rent By	11000
To Interest on	14000	Repairs	1400
Investment To Interest on	2000	By Gym equipment By	2400
Deposits To Entrance Fees	500	investor	4000
		By Balance c/d	2000
	4800		3500
	24300		24300

Adjustments:

- Subscriptions received included 1000/- for the previous year.
- Subscriptions Outstanding for the current year 1500/-
- Outstanding salaries 1000/-
- Half of the entrance fees have to be capitalized.
- Gym as an investment of 20000/- and total capital fund 24000/-.

11. Mr. Y who keeps his books by single entry gives you the following information

Particulars	1-1-2004	31-12-2004
Stock in hand Debtors	18700	23400
Bills receivable Creditors	4000	5000
Bills payable Furniture Buildings	12000	14000
Bank balance	9000	1500
	1000	200
	600	600
	12000	12000
	4350	3500
		(bank overdraft)

You are also given the following information:

- A provision of 1,450/- is required for bad and doubtful debts.
- Depreciation at 5% is to be written off on buildings and furniture.
- Wages outstanding 3,000, salaries outstanding 1,200/-.
- Insurance has been prepaid 250/-.
- Legal expenses outstanding 700/-.
- Drawings of Mr. Y during the year were 7,520/-

You are required to prepare statement of profit & loss made by him for the year ended 31-12-2004

12. Mr. Ajay keeps his books under single entry system. His position as on 1-1-1998 was as follows:

Particulars	1-1-1998	31-12-1998
Cash at Bank	5000	4300
Cash in Hand		
Stock		
Sundry Debtors	1000	1700
Plant & Machinery		
Bills Receivable	7000	9000
Creditors		
Bills Payable	8400	6000
	6500	6500
	2600	3200
	2500	1600
	4000	3200

During the year Mr. Ajay introduced Additional capital of 2,000/- and his drawings were 800/- per month. Depreciate Plant & Machinery by 5% and create Reserve for Bad debt 5%.

From the above information prepare statement of profit & loss made by him for the year ended 31-12-1998.

13. Following are the particulars relating to hire purchases. Purchases Ram and Co, Seller Sham & Co. Date of Purchases 1-1-2016. Machine Cash price 12,894/-. Payments 2,000/-. On the signing of the Agreements & the balance in the 3 equal annual installments of 4,000/- due on 31-12-each year. Rate of interest 5% per annum. Depreciation 20% on the written down value method. Each year. Pass Journal Entries in the Books of Both the Parties.

14. Mr. Dinu purchase machinery under hire purchase system from Mr. Dilip. The cash price of machinery was 15500/- the payment for the purchases is to be made as under.

- a. On signing the agreement 3000/-
- b. On 1st year-end 5000/-
- c. On 2nd year-end 5000/-
- d. On 3rd year-end 5000/-

Make necessary ledger accounts in the books of both the parties Charging depreciation balance method.

15. Achyuta and Ananth are partners in a firm sharing profit and losses in the ratio of 3:2 on 1 Jan 2020. The position of the business was as followings.

Liabilities	Amount	Assets	Amount
Creditors	15,000	Good will	5,000
Capitals:		Stock	20,000
Achyuta 30,000	55,000	Plant	25,000
Ananth 25,000		Debtors	18,000
		Cash	2,000
	70,000		70,000

Ajith agrees to join business on the following Conditions.

- He will be introduced Rs 20,000/- as his capital and pay 10,000/- to partner as premium for good will for $\frac{1}{4}$ th share of future profits of the firm.
- Revaluation of assets of the firm will be made by reducing plant to 20,000/- and stock by 10% and by raising a provision for bad debts 5% on Debtors You are asked to give necessary Journal Entries to record the about transaction and show the balance sheet of the new firm Good will is to appear in its old figure in the new balance sheet.

16. A, B and C sharing profit and losses equally, had been trading for many years. C decided to retire on 31st Dec 2020 on which date Balance Sheet of the firm was as follows:

Liabilities	Rs.	Assets	Rs.
Capital Accounts:		Cash	30,000
A	1,00,000	Debtors	60,000
B	80,000	Stock	50,000
C	60,000	Plant and Machinery	1,00,000
Creditors	80,000	Land and Buildings	80,000
	3,20,000		3,20,000

The value of the goodwill was agreed as Rs.81,000. The Land and Building had increased in value, the value being agreed at Rs.1,10,000, plant and Machinery was revalued at Rs.88,000 and it was also agreed to provide 5% in respect of debtors. Prepare Memorandum Revaluation account, Capital Accounts and Balance Sheet. Basant, Hemant and Sarat were partners in a firm sharing profits and losses in the ratio of 4:3:3, respectively. The firm was dissolved, and Hemant was appointed to realize the assets and distribute the proceeds. Hemant is to bear all expenses of realization.

17. The Balance sheet on the date of dissolution was as under:

Liabilities	Amount	Assets	Amount
Creditors	59,000	Cash	1,500
Basant's capital	30,000	Debtors 45,500	
Hemant's capital a/c	20,000	Less; provisions 2,500	
			43,000
		Stock	60,000
		Sarat's capital	4,500
	1,09,000		1,09,000

Debtors realized Rs.35,000; stock Rs.45,000; Goodwill Rs.2,000; Creditors was paid Rs.57,000 in full settlement in addition, outstanding creditors Rs.500, were also paid. Basant and Hemant agreed to receive Rs.3,000 from Sarat, in full settlement

18. The following is the balance sheet of vasu and Ramana as of 31st December 2020, on which date they have decided to wind up their affairs;

Liabilities	Amount	Assets	Amount
Reserves	2,000	Furniture	400
Sundry creditors	3,800	Stock	7,200
Vasu's capital	11,000	Book debts	12,000
Raman's capital	8,000	Machinery	1,800
		Profit & loss Account	3,400
	24,800		24,800

The book debts were collected at a cost of $7\frac{1}{2}\%$. stock sold for Rs.6,000 machinery for RS.1,400; furniture for Rs. 500. open the necessary ledger account on the basis of the above balance sheet and show the closing of the books, including the withdrawal by partners of any ultimate balances due to them. The partners share equally.

ADVANCED ACCOUNTING

UNIT-I

SHORT ANSWERS

- 1) Non-Profit Organization
- 2) Section-8
- 3) Capital Items
- 4) Revenue items
- 5) Receipts and Payments A/c
- 6) Income and Expenditure A/c

LONG ANSWERS

- 1) From the following particulars prepare Income and Expenditure Account. Fees

Collected (included 3000 for the last Year and 5000 for this year outstanding).	28000
Salaries Paid (including Rs-300 an account of last year).	2400
Entertainment Expenses	500
Tournament Funds	4000
Meeting Expenses	2000
Travelling & Conveyance	800
Purchase of Books	2000
Postage & Telegram	1700
Rent	1200
Printing & Stationery	500

- 2) From the Following Figures give below prepare an income & Expenditure
Account for 2020.

Receipts	Rs	Payments	Rs
To Opening Balance		By Salaries By Rent	4800
In Hand	200	By Stationary & Postage	500
At Bank	1600	By Bicycle Purchases	200
To Subscriptions		By National saving cart	300
2019	500	By Help to needy Students	3000
2020	8300	By Balance	2000
2021	600	In Hand	300
To sale of Investments	2000	At Bank	2400
To sale of Old Furniture (Book value Rs 400)	300		2700
	13500		13500

Adjustments:

- Subscriptions For 2020 Still Receivable Where 700.
- Interest due on saving Certificate 100.
- Rent unpaid due was 60.

3) From the Following Receipts & Payments Account and Prepare Income & Expenditure Account for 2020.

<u>Receipts</u>	<u>RS</u>	<u>Payments</u>	<u>RS</u>
To Balance	300		5200
B/d To	550	By Rent	3068
Entrance Fee		By Stationary	5330
To	200	Expenses By Wages	3900
Subscriptions	16900	By Billboard's	806
2019	300	Table By	1500
2020	500	Repairs	2396
2021		By Interest	
To locker Rent	3450	By Balance C/d	
To Subscription			
For	22200		22200
Government			
Party			

Adjustments:

- Locker Rent Rs/- 60 Pertain to 2019 and Rs/- 90 still owing. Rent Rs/- 1300 Pertained to 2019 and Rs/- 1300 is still due.
- Stationary expenses Rs/- 312 related to 2019 and 364 still owing.
- Subscriptions unpaid For 2020 Rs/-468.

4) From the Following Receipts & Payments Accounts of Bangalore Charity

Hospital For the year ended 31/12/2000. Prepare Income & Expenditure

Account.

<u>Receipts</u>	<u>Rs</u>	<u>Payments</u>	<u>Rs</u>
To Balance	2010	By Salaries	656
b/d To	1115	By	380
Subscriptions		Boarding	200
To Fees from	270	By Rent &	2000
Non-		Tax By	670
Members	1560	Cost of Car	840
To Donations	38	By expenses	1247
For	1000	of car By	

Buildings TO Interest To Municipal grant		Drugs By Balance c/d	
	5993		5993

Adjustments:

- A bill of medicines purchased Rs.128 Was still outstanding.

5) From the following Receipts & Payments Account of Canara Club.
Prepare Income & Expenditure Account For the year ended 31/12/1998.

Receipts	Rs	Payments	Rs
To Balance b/d		By Salaries	9000
In Hand	400	By Rent	1200
At Bank	3200	By Printing & Stationary	300
To Subscriptions 1997	2000	By Government Bond	10000
1998	10000	By Help to the poor	
1999	1000	Student	2000
To Sale of old news Paper	100	By Electricity Charges	200
To sale of old Furniture (Book Value:700)	400	By Telephone	300
To Interest on Investment		By Sundry Expenses	800
To legacies	600	By subscriptions to Periodical	500
To life membership Fee	5000	By Closing Balance	
To Donation to Price Funds	3000	In Hand	4400
To Grants From the Government	5000 3000	At Bank	5000
	33700		33700

Adjustments:

- Subscriptions For 1998 still receivable were 7800.
- Interest due on investment 200.
- Rent unpaid 200.
- O/s Printing expenses for this year 200.

Closing Balance Sheet

6) The following is the Receipts & Payments A/c From Delhi Football Association for the First year ending 31/12/2020.

Receipts	Rs	Payments	Rs
To donations	50000	By pavilion office (constructed)	40000
To reserve fund (life Membership)	4000	By expenses in connection with matches	900
To receipts from Football matches	8000	By Furniture	2100
		By Investment at cost	16000
<u>Revenue Receipts:</u>		<u>Revenue Payments:</u>	
To subscriptions	5200	By salaries	1800
To locker rent	50	By wages	600
To interest in Securities	240	By insurance	350
To Sundries	350	By telephones	250
		By electricity	110
		By sundry Expenses	210
		By balance on Hand	5520
	67840		67840

Adjustments:

- Subscriptions outstanding per 2020 are 250.
- Salaries unpaid from 2020 are Rs 170.
- Wages unpaid from 2020 are Rs 90.
- Outstanding bill for the sundry expenses is Rs 40.
- Donations received have to be capitalized.
- Prepare from the details given above prepare incomes & expenditure A/c for the year ended 31/12/2020 and Balance sheet of the Association as on that date.

7) From the following Receipts & payment A/c prepare income & Expenditure A/c and Balance sheet for the year 31/12/2020.

Receipts	Rs	Payments	Rs
To balance b/d	4000	By Rent	14500
To entrance fees	5500	By Stationary	2800
To subscriptions 2019	2000	By Wages	9800
2020	55000	By construction of dinning hall	40000
2021	2900	By Maintenace Expenses	5400
To Function Hall	3000	By Interest	7300
Rent	7600	By Furniture	3000
To Dinner receipts	30000	By deposits	13000
To legacies		By Fixed deposits	6000
		By Dinner expenses	8200
	110000	By balance c/d	110000

Adjustments:

- Capital Fund Rs 7000
- Hall Rent Rs 1000 related to the last year and Rs 600 received in advance.
- Outstanding subscriptions for current year 3600.

8) From the following Receipts & payments A/c prepare Income & Expenditure A/c and Balance sheet as on 31/3/2020.

Receipts	Rs	Payments	Rs
To Balance b/d	3000	By salaries	11000
To subscriptions	14000	By Rent	1400
To Interest on Investme nt	2000	By Repairs	2400
To Interest on Deposi ts	500	By Gym equipment	4000
To Entrance Fees	4800	By investor	2000
		By Balance c/d	3500
	24300		24300

Adjustments:

- Subscriptions received included 1000/- for the previous year.
- Subscriptions Outstanding for the current year 1500/-
- Outstanding salaries 1000/-
- Half of the entrance fees has to be capitalized.
- Gym as an investment of 20000/- and total capital fund 24000/-.

9) The following is the Receipts & Payments A/c of Tennis Club for the year ended 31/12/2004 was as follows.

Receipts	Rs	Payments	Rs
To Donations	40000	By Furniture	12800
To Endowment Fund	20000	By Sports Equipment By Function	20400
To Tournament Fund	2400	Expenses	18000
To Life membership	6000	By printing	1000
Fees	600	By Deprecations & sports	5000
To Entrance Fees	24000	Equipment By Rent	2400
To Fees for Functions	6000	By Salaries	300
To subscriptions		By Postage	30000
		By Fixed Deposit	1900
	99000	in Ban	
		By Cash	
		Balance	99000

Adjustments:

- Expenses outstanding: Salaries – 2400/-
- Printing – 1000/-
- Subscriptions due for 2004 were 4000/-.
- Prepaid postage for the next year 40/-.
- Entrance fees and life membership fees was capitalized.

Prepare Income and Expenditure Account and Balance sheet as on 31/12/2004.

Unit-2

I. Short Answers Questions

- 1) Single entry system.
- 2) Double entry system.
- 3) Following information of an Accounting Year is given:

Opening Capital	60000
Drawings	5000
Capital added (Additional)	
During the year	10000
Closing capital	90000

Calculate the profit & loss for the year.

- 4) Mayank does not keep proper records of his business he gives you the following information:

Opening Capital	100000
Closing Capital	125000
Drawings during the year	30000
Additional Capital	

3

7500 Calculate the profit & loss for the year.

- 5) Difference Between single entry system and double entry system

Long Answers Questions

- 1) Reddy keeps his books by single entry system on 1-4-2019. His financial Position was as follows

Cash in hand	1250
Stock in Trade	7500
Sundry Debtors	9800
Sundry Creditors	9000
Cash at Bank	2000
Fixtures	350
Plant	15100
Drawings	5900

On 31-3-2020 His financial position was as follows:

Sundry Creditors	7500
Fixtures	320
Stock in trade	14000
Bank overdraft	3600
Plant	18100
Debtors	13300
Cash in hand	1150

You are required to prepare a statement of profit & loss and a closing statement of Affairs.

- 2) Mr Ravi Kumar keeps his books on single entry his position on 31-12-2019 was as

follows:

Cash at Bank	3000
Stock	20000
Debtors	30000
Machinery	50000
Creditors	25000

His position on 31-12-2020 was as

follows:

Cash at Bank	4000
Stock	25000
Debtors	45000
Machinery	50000
Creditors	25000

During the year he introduced 10,000/- As future capital and withdraw from businesses 3,000/- per month.

From the above information ascertain the profit & loss made by Mr Ravi Kumar for the year ended 31-12-2020.

- 3) Mr .Y who keeps his books by single entry gives you the following information.

Particulars	1-1-2004	31-12-2004
Stock in hand	18700	23400
Debtors	4000	5000
Bills receivable	12000	14000
Creditors	9000	1500
Bills payable	1000	200
Furniture	600	600
Buildings	12000	12000
Bank balance	4350	3500
		(bank overdra ft)

You are also given the following information :

- A provision of 1,450/- is required for bad and doubtful debts.
- Deprecation at 5% is to be written off on buildings and furniture.
- Wages outstanding 3,000/- , salaries outstanding 1,200/-.
- Insurance has been prepaid 250/-.
- Legal expenses outstanding 700/-.

- Drawings of Mr.y during the year were 7,520/-
You are required to prepare statement of profit & loss made by him for the year ended 31-12-2004

4) Mr. Bunty keeps his books on single entry system and the following information is available for the year ended 31-12-2020.

Particulars	31-12-2019	31-12-2020
Investment	Nil	2000
s Furniture	1	400
Stock	40	6100
Debtors	0	6800
Cash in Hand	560	400
	0	3800
Creditors	420	600
Bills Payable	0	1000
Loan	300	
	350	
	0	
	Nil	
	Nil	

He has draw Rs 1,000/- during the year for the personal use. Prepare a statement showing his profit for the year ended 31-12-2020 after writing off 10% depreciation on furniture and making a provision for Bad debts 10% on debtors.

5) Mr. Ajay keeps his books under single entry system. His position as on 1-1-1998 was as follows:

Particulars	1-1-1998	31-12-1998
Cash at Bank	5000	4300
Cash in Hand	1000	1700
Stock	7000	9000
Sundry Debtors	8400	6000
Plant & Machinery	6500	6500
Bills Receivable	2600	3200
Creditors	2500	1600
Bills Payable	4000	3200

During the year Mr. Ajay introduced Additional capital of 2,000/- and his drawings were 800/- per month. Depreciate Plant & Machinery by 5% and create Reserve for Bad bed 5%.From the above information prepare statement of profit & loss made by him for the year ended 31-12-1998.

6) Mr. Pradeep keep his books under single entry system the following as on 31-3-2009.

Particulars	1-4-2008	31-3-2009
Cash at	5000	3300
Bank Cash	1000	1700
in hand	7000	9000
Stock	8400	6000
Debtors	6500	6500
Machinery	2600	3200
Bill receivable	2500	1600
Creditors	4000	3200
Bills payable		

Adjustment

- Drawings Rs.800/- per month.
- He introduced Further capital of 2000/-.
- Create Bad Debts 500 and reserve Doubtful debts provision at 6%.
- The total interest on drawings amount to 800 per Annum.
- Depreciation Machinery 5% P.A.

7) Mr. Revanth Commenced his business on 1-1-2021 with a capital of Rs. 2,70,000. On 31-12-2021 his was on follows:

Creditors	30000
Furniture	9000
Book debts	180000
Stock	90000
Cash in Hand	36000

The Drawings of Mr. Revanth were 27,000/-. Interest on capital is to be charged at 5% p.a. Interest on drawings 1,350/-. You are required to Find out Profit & Loss Made by him for the year ending 31-12-2021.

- 8) Mr. Dilip Started his business with 30,800/- earn 1-1-2004. The drawings during the year amounted to 16,000/- and Future Capital of 9,600/- was introduced. Prepare a statement to show Profit & loss during the year from the following particulars.

Creditors	34800
Debtors	24600
Furniture	4800
Machinery	6600
Cash	1800
Investments	23600
Bills Payable	10800
Stock	22200
Bank Over Draft	7600

Write-off 1,200/-. Towards Bad Debts and maintain 5% for Doubtful debts. Furniture by 5%, Machinery 10%, Out Standing Salaries were 480/-, and prepaid Rent was 320/-.

UNIT – 3

Short Answers Questions

- 1) Hire Purchase System
- 2) Installment System'
- 3) Differences Between H.P.S & I.S.
- 4) Features of H.P.S.

Long Answers Questions

A) When the Cash Prices, Installment Price And Rate of the Interest is given.

- 1) A Madras Company limited purchases a Machine From Bombay Motors limited. On Hire Purchases Agreement on 1-1-2016. Paying cost of 10,000/- and Agreeing to pay three further installments of 10,000/- each on 31-12- Every year. The Cash prices of the Machine is 37,250/- and the Bombay company charged interest at 5% per annum. The Madras company write-off as depreciation at 10% on Reducing Balance Method. Pass journal entries in the books of Madras Company.
- 2) Following are the particulars relating to hire purchases. Purchases Ram and Co, Seller Sham & Co. Date of Purchases 1-1-2016. Machine Cash price 12,894/-. Payments 2,000/-. On the signing of the Agreements & the balance in the 3 equal annual installments of 4,000/- due on 31-12-each year. Rate of interest 5% per annum. Depreciation 20% on the written down value method. Each year. Pass Journal Entries In the Books of Both the Parties.
- 3) The Cash Prices of Machine Bought by Hire Purchases Raju on 1-4-2016. Under Hire Purchases system was 7,45,000/-.

On signing the Agreement 2,00,000/- was to be paid and balance in there installments of 2,00,000/- each at the end of the each year. 5% Interest was charged by hire vendor Ravi per annum.

10% depreciations is to be charged annually on Reducing Balance Method. Pass necessary Journal Entries in the Books of the both parties.

- 4) X Purchase a machine on hire purchase system .The total cash price of the machine is 31960/- payable 8000/- down and 3 installment of 12000/-, 10000/- and 4000/- payable at the end of first, second and third year respectively . interest is charged at 5% per annum. Charge depreciation at 10% and on straight line method prepare journal entries in the books of X and also prepare ledger accounts in the books of X.

B) When the rate of interest is not given with equal installment.

- 1) On 1-1-2016 XYZ limited took Delivery a machine from ABC limited on hire purchase system.1500/- being paid on delivery and the balance in 5 equal installment of 3000/- each, payable annually on 31-12. The cost price of the machine was 15000/- pass journal entries in the books XYZ Limited .
- 2) Mr. Dinu purchase machinery under hire purchase system from Mr.Dilip. The cash price of machinery was 15500/- the payment for the purchases is to be made as under.
 - On signing the agreement 3000/-
 - On 1st year end 5000/-
 - On 2nd year end 5000/-
 - On 3rd year end 5000/-

Make necessary ledger accounts in the books of both the parties
Charging depreciation balance method.

Unit-4

I. Short Answers:-

1. Partnership Deed.
2. Fixed Capital.
3. Fluctuating Capital.
4. Revaluation Account .
5. A and B are sharing profit and losses in the ratio of 3:2, they are decided to admit C for $\frac{1}{5}$ th share calculate new profit sharing Ratio.
6. A, B and C sharing profit and losses in 5:3:2 they agreed to admit the a new partner giving $\frac{1}{6}$ share in the future profit calculate new profit sharing Ratio.
7. A,B and C are partners sharing profit and losses equally. They agreed to admit as a new partner by giving $\frac{1}{4}$ th share in the future profit calculate new profit sharing Ratio.
8. Ram; Shyam and Mohan were partners sharing profit and losses in equal Ratio. They have decided to share the profits in the ratio of 5:3:2 which respective effect. Calculate sacrifices or gain of the partner.

II. Long Answers.

1. Achytha and Ananth are partners in a firm sharing profit and losses in the ratio of 3:2 on 1 Jan 2020. The position of the business was as followings.

Liabilities	Amount	Assets	Amount
Creditors	15,000	Good will	5,000
Capitals:		Stock	20,000
Achytha 30,000		Plant	25,000
Ananth 25,000		Debtors	18,000
		Cash	2,000
	70,000		70,000

Ajith agrees to join business on the following Conditions.

- He will introduced Rs 20,000/- as his capital and pay 10,000/- to partner as premium for good will for $\frac{1}{4}$ th share of future profits of the firm.
- Revaluation of assets of the firm will be made by reducing plant to

20,000/- and stock by 10% and by raising a provision for bad debts 5% on Debtors You are asked to give necessary Journal Entries to record the about transaction and show the balance sheet of the new firm Good will is to appear in its old digure in the new balance sheet.

2.The Balance Sheet of Laya and Renuka on 31 Dec 2020 is set out below. They share profit and losses the ratio of 3:1

Liabilities	Amount	Assets	Amount
Laya capital	40,000	Land and Building	30,000
Renuka capital	30,000	Furniture	2,000
General reserve	20,000	Stock	8,000
Creditor	20,000	Debtors	60,000
		Cash	4,000
		Profit and losses	6,000
	1,10,000		1,10,000

They agree to admit pooja into the firm, Subjects to the following terms and condition.

- She will be entitled to 1/4th share of the profit.
 - She will bring Rs21,000 of which Rs10,000 will be treated as her share of Good Will to be retained in the business.
 - Depreciation is to be provided on durnitlure at Rate of 15%
 - Stock to be revalued at Rs 6,500/-
 - 50% of the general is to remain as a provision for Bad and douthful debt show necessary ledger A/c and Constructe the balance sheet of new firm.
2. Dilli and Dinu are partners in a firm sharing profit in the ratio of 3:2 on 31 Mar 2012 there balance sheet was as follows.

Liabilities	Amount	Assets	Amount
Sundry Creditors	50,000	Land and Building	1,00,000
Bills Payable	20,000	Machinery	80,000
Out Standing Expense	10,000	Stock	1,00,000
			0
Dilli	1,80,000	Debtors	40,000
	0		
Dinu	70,000	Cash	10,000
	3,30,000		3,30,000
	0		0

From the above data Chrey admitted as a new partner in firm with 1/4 share as profit and losses from the following terms.

- Chrey will bring 1,20,000/- his capital and 20,000 for his share as

perimum for Good Will.

- Machinery must be depreciated by 10% & Land and Building was to be appreciated by 30,000/-
- A provision of 5% was to be created for doubtful debts.
- Outstanding salary was 5,000/-

3. P,Q and R share their profits in the ratio of 6/14,5/14 and 3/14. Their Balance Sheet as on 31.12.22 was as follows.

Liabilities	Rs.	Assets	Rs.
Creditors	9,000	Land and Buildings	24,000
Bills Payable	3,000	Furniture	3,500
<u>Capital:-</u>		Stock	14,000
<u>P</u>	19,000	Debtors	12,600
<u>Q</u>	16,000	Cash	900
<u>R</u>	8,000		
	55,000		55,000

S For 1/8 share in the profits he brings' Capital Rs.7,000 and 4,200/- as Good will.

- Depreciate Furniture by 12% and Stock by 10%
- Create 5% Reserve for Doubtful Debts on debtors.
- Increase land, Building to Rs.31,000.
- Old partners share profits in the old ratio only. Adjust, P,Q,R Capital accounts based on S Capital, through Cash account. Show the Profit and Adjustment account and Balance Sheet.

5.The following was the Balance Sheet of A, B, C, sharing profit and losses in 6:5:3 respectively.

Liabilities	Rs.	Assets	Rs.
Creditors	37,600	Cash at Bank	17,780
Bills Payable	12,800	Debtors	52,920
Reserve	14,000	Stock	58,800
<u>Capital A/c:-</u>		Furniture	14,700
A	79,800	Land & Buildings	1,00,800
B	67,200		
C	33,600		
	1,80,600		
	2,45,000		2,45,000

They agreed to take 'D' into partnership and gave him 1/8 share of profit on the following terms:

- That D brings in Rs. 32,000 as his capital.
- That Furniture be Written down by Rs.1,840 and stock be depreciated by 20%
- That provision of Rs.2,640 be made for O/S repair bills.
- That the value of land & building be Rs. 1,30,200.
- That the value of Goodwill be fixed at Rs. 17,640.

- That the Capitals of A , B , C be adjusted on the basis of D's capital by opening current A/c. Give necessary Accounts and the balance sheet of newly constituted firm.

RETIREMENT OF A PARTNER.

6. Following was the balance sheet of Rakesh, Suresh and Tarun on 31st December, 2020. The partners shared profits and losses in the ratio of their capitals.

Balance sheet

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	13,800	Cash in hand	4,000
Reserve Fund	18,000	Cash at bank	24,800
<u>Capital A/c</u>		Land and Buildings	50,000
Rakesh 40,000		Plant and Machinery	17,000
Suresh 30,000		Sundry Debtors	10,000
Tarun 20,000	90,000	Stock	16,000
	1,21,800		1,21,800

Suresh retired from 1st January, 2020 and it is agreed to adjust the values of assets and liabilities as follows:

- Value of Land and Building be increased by 20%.
- Stock be depreciated by 6%.
- 5% provision be created for Doubtful Debts.
- A sum of Rs.980 be provided for outstanding legal expenses
- Goodwill of the firm was valued at Rs. 21,600. Rakesh and Tarun agreed to share profits in future in the ratio 5:3. They further decided not to open goodwill account in the firm's books on the retirement of Suresh.

Pass journal entries to effect retirement and prepare the balance Sheet of the continuing partners as on January 1, 2020.

7. A, B and C sharing profit and losses equally , had been trading for many years. C decided to retire on 31st Dec., 2020 on which date Balance Sheet of the firm was as follows:

Liabilities	Rs.	Assets	Rs.
Capital Accounts:		Cash	30,000
A	1,00,000	Debtors	60,000
B	80,000	Stock	50,000
C	60,000	Plant and Machinery	1,00,000
Creditors	80,000	Land and Buildings	80,000
	3,20,000		3,20,000

The value of the goodwill was agreed as Rs.81,000. The Land and Building had increased in value , the value being agreed at Rs.1,10,000, plant and Machinery was revalued at Rs.88,000 and it was also agreed to provide 5% in respect of debtors. Prepare Memorandum Revaluation account , Capital Accounts and Balance Sheet.

8) A,B,C & sharing profit & losses equally ,had been trading for many years “C” decided to retire on 31/12/2020 on which date balance sheet of the firm was as follow

Liabilities	Amount	Assets	Amount
Creditors	80,000	Cash	30,000
<u>Capital :</u>		Debtors	60,000
A	1,00,000	Stock	50,000
B	80,000	Plant & machinery	1,00,000
C	60,000	Land & buildings	80,000
	3,20,000		3,20,000

The value of the goodwill was agreed as 81,000/- The land & building has increased in value. The value being agreed at 1,10,000/- plant & machinery was revalued at 88,000/- & It was also agreed to provide 5% respect of debtors. Prepare memorandum, revaluation a/c, capital account & balance sheet .

UNIT-5

I. Short Answers:

- 1) Dissolution of firm
- 2) Realisation Account v/s Revaluation a/c
- 3) Garner v/s Murray case.

II.Long Answers:

1)The following was the balance sheet as on 31st july,2020 of the firm of Arun and Aditya who were sharing profits and losses in the ratio of 3:2

Liabilities	Amount	Assets	Amount
Creditors	97,500	Land & Buildings	30,000
capitals:		Motor Vehicles	18,300
Arun	77,500	Stocks	72,800
Aditya	58,000	Debtors	90,750
General Reserves	12,500	Cash	33,650
	2,45,500		2,45,500

The partners decided to dissolve the firm on the date of balance sheet. Motor vehicles and stocks were sold for cash at Rs.16,950 and Rs.77,600 respectively. All debtors accounts were realised in full. Aditya took over the land and buildings at an agreed valuation of Rs,43,500. creditors were paid off subject to a discount of Rs.1,700. Expenses of realisation were Rs.1,250

Prepare and close the Realisation Account, cash Account and capital accounts of partners

2) Basant ,Hemant and Sarat were partners in a firm sharing profits and losses in the ratio of 4:3:3, respectively .The firm was dissolved and Hemant was appointed to realise the assets and distribute the proceeds. Hemant is to bear all expenses of realization.

The Balance sheet on the date of dissolution was as under :

Liabilities	Amount	Assets	Amount
Creditors	59,000	Cash	1,500
Basant's capital	30,000	Debtors	45,500
Hemant's capital a/c	20,000	Less; provisions	2,500
			43,000
		Stock	60,000
		Sarat's capital	4,500
	1,09,000		1,09,000

Debtors realized Rs.35,000; stock Rs.45,000; Goodwill Rs.2,000;Creditors was paid Rs.57,000 in full settlement in addition, outstanding creditors Rs.500,were also paid .Basant and Hemant agreed to receive Rs.3,000 from sarat, in full settlement

3) The following is the balance sheet of vasu and ramana as at 31st December, 2020,on which date they have decided to wind up their affairs;

Liabilities	Amount	Assets	Amount
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Reserves	2,000	Furniture	400
Sundry creditors	3,800	Stock	7,200
Vasus's capital	11,000	Book debts	12,000
Raman's capital	8,000	Machinery	1,800
		Profit & loss Account	3,400
	24,800		24,800

The book debts were collected at a cost of $7\frac{1}{2}\%$. stock sold for Rs.6,000 machinery for RS.1,400; furniture for rs.500. open the necessary ledger account on the basis of the above balance sheet and show the closing of the books, including the withdrawal by partners of any ultimate balances due to them. The partners share equally.

4) X, Y & Z sharing profits in the proportion of 3:2:1 decided to dissolve partnership on 31st December 2020 on which date their balance sheet was as under.

Liabilities	Rs	Rs	Assets	Rs	Rs
Capital Accounts			Goodwill		20,000
X	30,000		Leasehold Buildings		12,500
Y	10,000		Machinery		30,520
Z	10,000	50,000	Stock in Trade		7,550
Bank loan		29,500	Investments		6,330
Sundry Creditors		16,206	Joint Life Policy		12,000
			Sundry Debtors	5,800	
			Less: provision for Doubtful debts	500	5,300
			Cash at Bank		1,500
		95,706			95,706

The life policy is Surrendered for Rs.10,000. The investments are taken over by Y for Rs.8000. X agreed to discharge the bank loan, The remaining Assets are sold for Rs.86,706. The Expenses of realization amount to Rs.850.

Show the necessary ledger accounts including the final accounts of the partners.

5) A and B dissolve their partnership. Their position as at 31 March, 2018 was as follows :

<u>Particulars</u>	<u>Rs</u>
A's Capital	60,000

B's Capital	40,000
Sundry Creditors	25,000
Cash at Bank	2,000

The balance of A's Loan Account to the firm stood at Rs.20,000. The realisation expenses amounted to Rs.800. Stock realised Rs.40,000 and Debtors Rs.30,000. B took a machine at the agreed valuation of Rs.20,000. Other fixed assets realised Rs.60,000.

Prepare necessary accounts.

6) Following is the Balance Sheet of Ramji Lal and Panna Lal as at 31 March

Liabilities	Rs	Assets	Rs
<u>Capitals:</u>		Goodwill	4,000
Ramji Lal	16,000	Machinery	6,000
Panna Lal	10,000	Plant	12,800
Reserves	3,600	Debtors	10,800
Workmen Compensation - Reserve	2,000	(-)Provisions	<u>800</u>
Creditors	5,400	Bank	6,800
Bills Payable	2,600		
	<u>39,600</u>		<u>39,600</u>

They decided to dissolve the firm. Assets are realized as follows

i) Machinery 10% less than book value; Plant Rs.12,500 and Goodwill Rs.2,520.

ii) Ramji Lal is to take over Debtors amounting to Rs.6,800 at Rs.6,000, remaining Debtors were realised for 90% of the book value.

iii) One bill for Rs 600 under discount having been dishonoured had to be taken up by them.

iv) The Bill payable of Rs.2,600 to be assumed by Panna Lal at that figure.

v) Creditors are paid off at a discount of 10%

vi) An amount of Rs.2,500 had to be paid for Workmen Compensation.

vii) The liquidation expenses amounted to Rs. 400.

You are required to show the Realisation Account, Capital Accounts and Bank Account.