

बिहार विद्यालय परीक्षा समिति, पटना

वर्ष 2017 का मॉडल प्रश्न पत्र एवं उत्तरमाला



- लेखाशास्त्र – (ACCOUNTANCY)
- Set – V

Model Paper
Set – V
Accountancy

Instruction:—In the following questions there are four option of which only one is correct. You have to choose the correct option and mark in the answersheet.

(The excess of assets over liabilities in non-trading concern is treated as)

- (a) (Capital fund) (b) (Capital)
(c) (Profit) (d) (Deficit)

(In non trading concern excess of income over expenditure is called.)

- (a) (Profit) (b) (Surplus) (c) (loss) (d) (Deficit)

(For the firm, interest on drawing is a.)

- (a) (Gain) (b) (Expenses)
(c) (Loss) (d) (None of these)

(In the absence of partnership deed, partners are not entitled to receive.)

- (a) (salaries) (b) (Commission)
(c) (Interest on capital)(d) (All of these)

(Interest on partner's capital is calculated on.)

- (a) (Capital in the beginning)
- (b) (Capital at the end)
- (c) (Average capital)
- (d) (None of these)

(Share application account is)

- (a) (Personal A/C)
- (b) (Real A/C)
- (c) (Nominal Account)
- (d) (None of these)

(Under the provision of companies act, a company can issue.)

- (a) (Only equity share)
- (b) (Only preference share)
- (c) (Preference share and equity share)
- (d) (None of these)

(A company can not issue its share at discount under the provision of which section of companies act 2013.)

- (a) 78 (b) 53 (c) 52 (d) 53

(Shares may be issued.)

- (a) (At par value)
- (b) (At premium)
- (c) (At discount)
- (d) (All the above)

(Capital included in the liabilities of a company is called.)

- (a) (Authorised capital)
- (b) (Issued capital)
- (c) (Paid up capital)
- (d) (All of these)

(Sacrificing ratio.)

- (a) (New ratio–old ratio)
- (b) (Old ratio–New ratio)
- (c) (Gaining ratio–old ratio)
- (d) (old ratio–gaining ratio)

(Gaining ratio)

- (a) (New ratio–old ratio)
- (b) (Old ratio–sacrificing ratio)
- (c) (Old ratio–sacrificing ratio)
- (d) (None of these)

(What do you mean by super profit)

- (a) (Total profit/no of years)
- (b) (Average profit/Normal profit)
- (c) (Weighted profit/no of year purchase)
- (d) (None of these)

(An asset which is not fictitious but intangible in nature, having realisable value is.)

- (a) (Machinery) (b) (Building)
- (c) (Goodwill) (d) (Furniture)

Rs. 4,000,
Rs. 5,000 Rs. 6,000

(What will be the value of goodwill at two the average of last three years profit years were Rs. 4,000, Rs. 5,000 and Rs. 6,000.)

- (a) Rs. 5,000 (b) Rs. 10,000 (c) Rs. 8,000 (d) Rs. 15,000

(The excess of actual profit over the normal profit is called.)

- (a) (Super profit) (b) (Fixed profit)
- (c) (Net profit) (d) (None of these)

(Goodwill means)

- (a) (Famous name)
- (b) (Famous product)
- (c) (Good reputation of business)

(d) (None of these)

(Which of the following asset is compulsorily revalued at the time of admission of a new partners.)

(a) (stock) (b) (Goodwill)

(c) (Intestment) (d) (Building)

(At the time of admission oa a new partner, general reserve appearing in the old balance sheet is transferred to.)

(a) (All partner's capital account)

(b) (New partners capital account)

(c) (Old partner's capital account)

(d) (None of these)

(A, B and C are partner in a firm D is admitted as a new partner.)

(a) (Old firm is dissolved)

(b) (Old firm and old partnership is dissolved)

(c) (Old partnership reconstituted)

(d) (None of these)

(A the time of admission of a new partner, undistributed profits appearing in the balance sheet of the old firm is transferred to the capital account of.)

(a) (old partner in old profit sharing ratio)

- (b) (old partner in new profit sharing)
 (c) (All the partners in the new profit sharing ratio)
 (d) (None of these)

A B 3:1 C 1/4
 A B

(A and B share profit and loss in the ratio of 3:1. C is admitted into partnership for 1/4 share. The sacrificing ratio of A and B is.)

- (a) (equal) (b) 3:1 (c) 2:1 (d) 3:2

x, y z 3:4:3 y x
 y x y

(x, y and z are partners sharing profit in the ratio of 3:4:3. y retires and x and z share his profit in equal ratio find the new ratio of x and y.)

- (a) 1:2 (b) 2:1 (c) 3:1 (d) 1:1

A, B C 5:3:2

(A, B and C are partners with profit sharing ratio of 5:3:2. A retires. Find the gaining ratio.)

- (a) 3:2 (b) 5:3 (c) 5:2 (d) 2:2

(Which of the following is transferred to realisation account.)

- (a) (Balance of cash A/C)
 (b) (Balance of profit and loss A/C)
 (c) (Amount realised on sale of assets)
 (d) (Reserve)

(On dissolution of firm, loss calculate in realisation account in debited/credited to which account.)

- (a) (Cash account credit)
- (b) (Partners capital account debit)
- (c) (Partners capital account credit)
- (d) (None of these)

(On dissolution of a firm, Bank overdraft is transferred to.)

- (a) (Cash account)
- (b) (Bank Account)
- (c) (Realization Account)
- (d) (None of these)

(On dissolution of a firm, partner's loan account is transferred to.)

- (a) (Realisation A/C)
- (b) (Partner's capital A/C)
- (c) (Partner's current A/C)
- (d) (None of these)

Rs. 10 2000

(Diwakar hold 2,000 shares of Rs. 10 each of a company on othe these he paid application and allotment money of Rs. 6 per share but failed to pay the first and final call of Rs. 4 per share. His shares will be transferred to.)

- (a) (share capital A/C)

- (b) (First and final call A/C)
- (c) (Share for teiture A/C)
- (d) (None of these)

(Premium on issue of debenture is)

- (a) (Revenue receipt)
- (b) (Profit)
- (c) (Capital receipt)
- (d) (None of these)

(The balance of sinking fund account after the redemption of debenture is transferred to.)

- (a) (Profit & loss account)
- (b) (Profit & loss appropriation A/C)
- (c) (Reserve A/C)
- (d) (None of these)

(Profit on cancellation of own debentures is transferred to.)

- (a) (Profit & loss A/C)
- (b) (Profit & loss appropriation A/C)
- (c) (Capital reserve account)

(d) (None of these)

(The form of balance sheet is.)

(a) (Horizontal) (b) (Horizontal or vertical)

(c) (Vertical) (d) (None of these)

(Which section of the companies act 2013 makes compulsory for every company to keep proper books of accounts.)

(a) (Section) 128

(b) (Section) 129

(c) (Section) 212

(d) (Section) 213

(Dividend is usually paid.)

(a) (on Authorised capital)

(b) (on issued capital)

(c) (on paid up capital)

(d) (on called up capital)

(Interpretation of financial statements includes.)

(a) (criticisms and analysis)

(b) (comparison and trend analysis)

(c) (Drawing conclusion)

(d) (All the above)

(Financial analysis is useful.)

- (a) (For investors)
- (b) (For share holder)
- (c) (For debentureholder)
- (d) (All the above)

(Comparative statements are also known as.)

- (a) (Dynamic analysis)
- (b) (Horizontal analysis)
- (c) (Vertical analysis)
- (d) (None of these)

Rs. 12,000

Rs. 9,000

(If total asset of a firm are Rs. 12,000 and its non-current assets are Rs. 9,000. What will be percentabe of non-current assets to total asset.)

- (a) 50%
- (b) 75%
- (c) 25%
- (d) 80 %

(Cash sales is)

- (a) (operating activity)
- (b) (Investing activity)
- (c) (Financing activity)
- (d) (None of these)

Model Paper

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Short Answer Type Questions

(लघु उत्तरीय प्रश्न)

निर्देश : प्रश्न संख्या 1 से 10 तक लघु उत्तरीय प्रश्न है तथा प्रत्येक के लिए 3 अंक निर्धारित है।

Instructions : For Questions Nos. 1 to 10 are Short answer type and each question carries 3 marks.

State three limitation of receipt and payment account.

How would you treat the following items in the case of a non for profit organisation.

- | | | |
|-------|----------------------------|--------|
| (i) | (Match fund) 1-4-16 | 40,000 |
| (ii) | (Sale of match tickets) | 15,000 |
| (iii) | (Expenses on match events) | 60,000 |

A	B	3:2	
	10%		Rs.
24,000	Rs. 16,000		

A and B are partners in a firm. They share profit and losses in the ratio of 3:2 As per their partnership agreement interest on drawing is to be charged @ 10% p.a. Their

drawing during 2016 were Rs. 24,000 and Rs. 16,000 respectively. Calculate interest on drawing based on the assumption that the amounts withdrawn evenly, through the year.

x, y z 4:3:2

x, y and z are partners sharing profit and losses 4:3:2. Now they decided to share profit equally in future calculate their sacrificing or gaining ratio.

x	y	2/3	1/3		2
		Rs 30,000		Rs. 9,000	1/6
x	y				

On 1st Jan 2016 x and y sharing profit in the ratio of 2/3 and 1/3 respectively, agree to admit 2 in to partnership on condition that he pay Rs. 30,000 as capital and Rs. 9,000 for 1/6 the share of goodwill which he acquires equally form x and y. Give necessary journal entries in the received these transaction.

Explain the uses of cash flow statement.

Make Journal

What journal entries would you pass for the following transaction on the dissolution of a firm of partner A and B dissolution of a firm of partner A and B.

- (i) (Dissolution expense amounted to Rs. 500)
- (ii) (Unrecorded asset realised Rs. 2,500)
- (iii) Rs 4,000 3:1

(Profit on realisation Rs. 4,000 is to be distributed be these partners A and B in the ratio of 3:1.

3:1

Rs. 30,000

Rs. 60,000

Suresh Ltd has current ration of 3:1. It its stock is Rs. 30,000 and total current liabilities are Rs. 60,000. Find out its quick ratio.

What entries are dove in case forfeiture and re-issue of share.

Radha Ltd purchased machiner worm Rs. 4,00,000 from Krishna Ltd. on 01-01-2016 Rs. 1,00,000 were paid immediatly and the balance was paid by issue of Rs. 2,80,000 12% debentures in Radha Ltd. Pass the necessary Journal entries for recording the transctions in the books of Radha Ltd.

Long Answer Type Question

दीर्घ उत्तरीय प्रश्न

निर्देश : प्रश्न संख्या 1 से 6 तक दीर्घ उत्तरीय प्रश्न है तथा प्रत्येक के लिए 5 अंक निर्धारित है।

Instructions : For Questions No. 1 to 6 are Long answer type and each question carries 5 marks.

1. The following is the balance sheet of Bhara Manufacturing co. Ltd. as on 31st Dec. 2016

From the above data calculate the current ratio and quick or acid test ratio.

2. Journalise the following transactions:

- (i) Issued 10000, 6% debenture of Rs. 100 each at par, repayable after 5 year at par.

Rs. 100 10,000, 6%

- (ii) Issued 10000, 7 1/2% debenture of Rs. 100 each at a discount of 10% repayable at par after 5 years.

Rs. 100 10000, 7 1/2% 10%

- (iii) Issued 10,000, 6% debenture of Rs. 100 each at a premium of 10% repayable at par after 5 years.

Rs.100 10000, 6% 10%

3. Sanny and Hanny are partners in a business sharing profits and losses in the ratio of 3:2. Their capital are Rs. 20,000 and Rs. 15,000 respectively.

On 18th January 2015 they admit Chintu for one-fifth share in the business who brings in Rs. 16,000 as his capital. As Chintu is unable to bring anything more, it is agreed to raise Rs. 8,000 for goodwill to be credited to the old partners' capital accounts.

Prepare Journal entries and show the partner's capital accounts and goodwill account when goodwill is to be maintained in the books.

	3:2	Rs. 20,000
Rs. 15,000	1/5th	Rs. 16,000
	Rs. 8,000	

3. Singh and Sinha are partners in a business sharing profit and losses in proportion of 2/3 to Singh and 1/3 to Sinha. They agree to dissolve the partnership on 31st December 2016, when their balance sheet showed the following position.

Liabilities	Amount Rs.	Assets	Amount Rs.
Sundry creditors	4100	Cash in hand	1200
Bills payable	4100	Debitors	7030
Singh's loan A/C	4600	Stock	4400
Capital	10,400	Building	10,620
Singh—7600			

Sinha-2800			
	23250		23250

The assets were realised as following:–

- (a) The Debtors realised Rs. 6000
- (b) The stock realised Rs. 3620
- (c) The building realised Rs. 2210 less than its Book value
- (d) The expenses of liquidation amount to Rs. 660. Rs. 660
- (e) Creditor were paid Rs. 4,000 only. Rs. 4,000

Given the necessary journal entries.

5. From the information given below, draft receipt and payments account of Patna Lion club, Bihar for the year ended 31 march 2016.

Cash on April 1st 2015 Rs. 4,400, Subscription, Rs. 37,600 Donation Rs. 8000, entrance fees Rs. 4300, Rent realised from club hall Rs. 5250, electric charges Rs. 3440, Taxes Rs. 500, Salaries and wages Rs. 21,500, Honorarium to secretary Rs. 2500 interest received on investment Rs. 2950 printing and stationary Rs. 350 pettycash payments Rs. 900 Insurance premium paid Rs. 310.

- 6.

What is partnership. Discuss its elements.

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Answer.

- | | | | | | | | | | | | |
|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 1. | (a) | 2. | (b) | 3. | (a) | 4. | (d) | 5. | (a) | 6. | (a) |
| 7. | (c) | 8. | (b) | 9. | (d) | 10. | (c) | 11. | (b) | 12. | (a) |
| 13. | (b) | 14. | (c) | 15. | (b) | 16. | (a) | 17. | (c) | 18. | (c) |
| 19. | (c) | 20. | (c) | 21. | (a) | 22. | (b) | 23. | (d) | 24. | (c) |
| 25. | (c) | 26. | (b) | 27. | (c) | 28. | (d) | 29. | (c) | 30. | (c) |
| 31. | (c) | 32. | (c) | 33. | (b) | 34. | (a) | 35. | (c) | 36. | (d) |
| 37. | (d) | 38. | (b) | 39. | (b) | 40. | (a) | | | | |

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Ans Q.No. 1.

(1)

(2)

(3)

Three following are the limitation of receipt and payment account.

- (i) It does not provide information about income and expenses of the accounting period. It only reveals the amount of income and expenses in cash.
- (ii) It does not help in judging the financial position of the organisation as it shows cash and bank transactions only. It does not show other assets and liabilities.
- (iii) It does not show surplus deficit.

Ans Q.No. 2.

Match fund	40000
Add: sale of match tickets	<u>15000</u>
	55000
Less. expenses of match events	<u>(60000)</u>
 Amount to be shown on the debit side of income & exp. A/C.	 5000

Income & expenditure account.

Expenditure	Rs.	Income	Rs.
To match expense	5,000		

Ans Q.No. 3.

Calculation of interest on drawings

	A	B
Drawings	Rs. 24,000	Rs. 16,000
Rate of interest on drawing	10% p.a.	10% p.a.
Interest on Drawing	$24,000 \times 10 / 100 \times 6 / 12$ = Rs. 1200	$16,000 \times 10 / 100 \times 6 / 12$ = Rs. 800

Ans Q.No. 4.

X : 4:2

old ratio = 4 : 3 : 2 or $4/9 : 3/9 : 2/9$

New ratio = equally = $1/3 : 1/3 : 1/3$

Sacrifice or gain = old Ratio – New Ratio

x's gain or sacrifice = $4/9 - 1/3 = 4 - 3/9 = 1/9$ (sacrifice)

y's gain or sacrifice = $3/9 - 1/3 = 3 - 3/9 = 0$ (No change)

z's gain or sacrifice = $2/9 - 1/3 = 2 - 3/9 = 1/9$ (gain)

Ans Q.No. 5.

Journal entries

Date	Particulars	L.F	Amount	Amount
------	-------------	-----	--------	--------

			Rs.	Rs.
	Cash A/C..... Dr		39,000	
	To 2's capital A/C			30,000
	To premium A/C			9,000
	(Being cash brought in the capital and one sixth share to goodwill.)			
	Premium A/C..... Dr		9,000	
	To x's capital A/C			4,500
	To y's capital A/C			4,500
	(Being old partner capital A/C credited with goodwill in sacrificing ratio)			

Ans Q.No. 6.

(1)

(2)

(3)

(4)

Uses of cash flow statement are followings.

- (1) It helps in preparing the cash budget.
- (2) It helps in comparison with the cash budget.
- (3) It is useful for short term financial planning.
- (4) It is helpful in making dividend decision.

Ans Q.No. 7.

Journal entries

Date	Particular	L.F	Amount Rs.	Amount Rs.
(1)	Realisation A/C..... Dr To Bank A/C (Being realisation expense paid)		500	500
(2)	Bank A/C..... Dr To realization A/C (Being unrecorded assets realised)		2,500	2,500
(3)	Realisation A/C..... Dr To A's capital A/C To B's capital A/C (Being profit on realization transferred to partner capital A/C in the ratio of 3:1)		4,000	3,000 1,000

Ans Q.No. 8.

$$\begin{aligned}\text{Current assets} &= \text{Current liabilities} \times 3 \\ &= \text{Rs. } 60,000 \times 3 \\ &= \text{Rs. } 1,80,000\end{aligned}$$

$$\begin{aligned}\text{Quick ratio} &= \text{Current assets} - \text{stock} \\ &= \text{Rs. } 1,80,000 - 30,000 \\ &= \text{Rs. } 1,50,000\end{aligned}$$

Quick ratio = Quick asset = 1,50,000 = 2.5:1 Ans.

Ans Q.No. 9.

(foreteiture of share)

share capital A/C..... Dr

To calls in arrear A/C.

To share forfeiture A/C.

(Being share for feited)

(Re-issue of share)

(a) (At profit)

Bank A/C..... Dr

To share capital A/C.

To sec. Pre. reserve A/C.

(Being share re-issued at pre)

(b) (At loss)

Bank A/C..... Dr

share forefeiture A/C. Dr

To share capital A/C.

(Being share re-issued at loss)

(c) (Transfer of balance)

Share forfeiture A/C..... Dr

To capital reserve A/C.

(Being balance transferred to capital reserve A/C)

Ans Q.No. 10.

Journal entris of Radha Ltd.

Date	Particular	L.F	Amount Rs.	Amount Rs.
	Machinery A/C..... Dr To bank A/C To Krishna Ltd. (For machinery purchased from Krishna Ltd and part payment made)		4,00,000	1,00,000 3,00,000
	Krishna Ltd..... Dr To 12% debenture A/C To securities premium A/C (For the blance of Rs. 3,00,000 settled by the issued Rs. 2,80,000 debenture)		3,00,000	2,80,000 20,000

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Ans.1 :

- (i) Current ratio = current assets/current liabilities
= 48,000/48,000 = 1:1

Working

Currents assets = debtor + stock + cash at bank + prepaid insurance

= (18000 + 24000 + 460 + 1440) = 48,000

current liabilities = (Sundry creditor + Taxation provision)

= (46,800 + 1,200) = 48,000

- (ii) Liquid/quick/acid Test ratio = Liquid assets/current liquilition
= 22,560/48,000
= 0.47:1

Working/liquid asset = current assets – (stock + prepaid inssurence)

= 48000 – (24000 + 1440)

= 48000

22560 = 48006 – 25440

= 22560

Ans. 2.:

Journal entries

	Particulars	Dr Amount Rs.	Cr Amount Rs.
I	Bank A/C..... Dr To 6% debentures Ac Being 10,000 6% debenture of Rs. 100 each were issued at par per board's resolution.	10,000	10,000
II	Bank A/C..... Dr Discount on issue of debentures A/C To 7 ½% debenture A/C (Being 10,000 7 ½% debenture of Rs. 100 each issued at discount of 10% as per board's resolution.)	9,00,000 1,00,000	10,00,000
III	Bank A/C..... To 6% Debentures A/C To premium on issue of delientures A/C (Being 10,000 6% debenture of Rs. 100 issued at premium of 10% as board's resolution.)	11,00,000	10,00,000 1,00,000

Ans .3:

Date	Particulars	Dr Amount Rs.	Cr Amount Rs.
1 st Jan 2015	Bank A/C..... Dr To Chintu capital A/C (Being the amount of cash brought by	16,000	16,000

	chintu as his capital.			
	Goodwill A/C..... Dr		8,000	
	To Sunny's capital A/C			4,800
	To Hanny's capital A/C			3,200
	Being the amount of goodwill credited to old partners capital accounts.			

Sunny's Capital A/C

Particulars	Amount	Particulars	Amount
To balance c/d	24,800	By balance b/d	20,000
		By goodwill	4,800
	24,800		24,800

Hanny's Capital A/C

Particulars	Amount	Particulars	Amount
To balance c/d	18,200	By balance old	15,000
		By goodwill	3,200
	18,200		18,200

Chintu's Capital A/C

Particulars	Amount	Particulars	Amount
To balance c/d	16,000	By bank	16,000
	16,000		16,000

Goodwill A/C

Particulars	Amount	Particulars	Amount
To Sunny's capital A/C	4,800	By balance old	8,000
To Hanny's capital A/C	3,200		
	8,000		8,000

Ans.4 :

When the goodwill is to be written back:—

Journal entries

Date	Particulars	L.F	Amount Rs.	Amount Rs.
1 st Jan 2015	Bank A/C..... Dr To Chintu's Capital A/C Being the amount of capital brought in by the new partner		16,000	16,000
	Goodwill A/C..... Dr		8,000	

	To Sunny's capital A/C..... Dr			4800
	To Hanny's capital A/C..... Dr			3200
	Being the amount of goodwill raised and credited to the old partner's capital A/C			
	Sunny's capital A/C.....		3840	
	Hunny's capital A/C.....		2560	
	Chintu's capital A/C.....		1600	
	To Goodwill A/C			8000
	Being the amount of goodwill written back to the partner's capital A/C in the new sharing ratio.			

Working

New sharing ratio:–

Chintu's share = $1/5$

Sunny's share = $(1 - 1/5) \times 3/5 = (5 - 1/5) \times 3/5 = 4/5 \times 3/5 = 12/25$

Hanny's share = $(1 - 1/5) \times 2/5 = (5 - 1/5) \times 2/5 = 4/5 \times 2/5 = 8/25$

sharing of goodwill:–

Sunny's = $12/25 \times 8000 = 3840$

Hanny's = $8/25 \times 8000 = 2560$

Chintu's = $1/5 \times 8000 = 1600$

Sanny's capital A/C

Particulars	Amount	Particulars	Amount
To Goodwill A/C	3840	By balance B/d	20,000
To Balance A/C	20960		4800
	24800		24800

Hanny's capital A/C

Particulars	Amount	Particulars	Amount
To Goodwill A/C	2560	By balance B/d	15000
To Balance A/C	15640	By Goodwill A/C	3200
	18200		18200

Chintu's capital A/C

Particulars	Amount	Particulars	Amount
To Goodwill A/C	1600	By balance B/d	16000
To Balance A/C	14400	By Goodwill A/C	
	16000		16000

Goodwill's capital A/C

Particulars	Amount	Particulars	Amount
-------------	--------	-------------	--------

To Sunny's capital A/C	4800	By Sunny's capital A/C	3840
To Hanny's capital A/C	3200	By Hanny's capital A/C	2560
		By Chintu's capital A/C	1600
	8000		8,000

Balance A/C

Particulars	Amount	Particulars	Amount
To Chintu's Capital A/C	16000	By Balance old	16000
	16000		16000

Journal entries

Date	Particulars	L.F	Amount Rs.	Amount Rs.
	Relisation A/C..... Dr		22050	
	To Sundry Debtors			7030
	To Stock			4400
	To Building			10620
	(Being the amount of assets transferred to realisation A/C at their book value)			
	Sundry creditors..... Dr		4100	
	B/P..... Dr		4100	8200
	To realization A/C			
	(Being the amount of liabilities transferred to the			

	realisation A/C)			
	Realisation A/C..... Dr To Bank Being the amount of expenses		660	660
	Bank A/C..... Dr To realization A/C Being the amount of assets realized as under Debitors 6000 Stock 3620 Building 8410		18030	18030
	Realisation A/C..... Dr To Bank A/C Being the creditor & bill paid		8100	8100
	Singh's loan A/C..... Dr To Bank Being the loan of singh paid		4650	4650
	Singh's capital A/C..... Dr Sinha's capital A/C..... Dr To realization A/C Being the amount of realization loss transferred to capital A/C		1526.6 3053.4	4580

Ans.5 :

Patna lion's club Bihar
 Receipt and payments Account
 For the year ended 31st March 2016

Receipts	Amount Rs.	Payment	Amount Rs.
To balance on 1-4-2015	4400	By electric charges	3440
To subscriptions	37600	By taxes	500
To donations	8000	By salaries and wages	21500
To entrance fees	4300	By honorarium to seeretary	2500
To rent	5250	By printing and stationary	350
To intrest on Investment	2950	By petty cash payments	900
		By insurance premium	310
		By balance on 31 st march 2016 cash in hand	33000
	62500		62500

Ans.6 :

Partnership as a form a business organisation grew essentially out of the failures and limitation of the individual proprietorship. Expansion of sole trading business called for more capital enhanced the risk and required more managrial alility that could be expected of a single individud. Therefore matter is fact partnership has been defined in following wags partneship is the first such a man and association of businessmen which represents the second stage in the evolution of the form of business organisation.

According to prof me naught age. "Partnership results from the desires of businessmen to take advantge of complementary abilities and to have more capital." According to Dr. William R.Sprigel." Partnership has two or more member, each of whom is responsible for

obligation of the partnership, each of the partners may find the other and the assets of partner may be taken for the debt of the partnership.”

According to section 4 of the Indian partnership Act which governs the formation and management of partnership organisation “Partnership is the relationship between persons who have agreed to share profit of business carried on the all or any of them acting for all.”

In this regard definition give in Indian partnership Act is most appropriate we find the following as essential element which constitute a partnership:–

- (1) At least two persons must join together to form partnership.
- (2) There must be an agreement between persons desirous of forming partnership.
- (3) The agreement must be business.
- (4) The agreement must be to earn profit.
- (5) Profit divided between all partners.
- (6) The business must be carried on by all or one or more of them acting for all.

Thus we may define partnership as that “form of business organisation who agree to share the profits of a lawful business which is managed and carried on either by all or by any or some of them acting for all”.