

Series : BT

Time allowed : [2½ hours]

General Instructions :

- (i) This question paper contains parts A, B and C.
- (ii) Part A is compulsory for all candidates.
- (iii) Candidates can attempt only one part of the remaining parts B and C.
- (iv) All part of the questions should be attempt at one place.

Code : 67/5/2014-15

[Maximum Marks : 80]

Part - A

- Q.1** Drawings out of capital if Capital Accounts of partners are fixed, will be posted to _____. **1**
 (a) Dr. Capital A/c (b) Cr. Capital A/c (c) Dr. Current A/c (d) Cr. Current A/c
- Q.2** Name any two factors affecting the goodwill of a partnership firm. **1**
- Q.3** As a director of a company, you had invited applications for 30,000 equity shares of ₹ 10 each at a premium of ₹ 2 each. The total application money received at ₹ 2 per share was ₹ 74,000. It will be a case of _____. **1**
 (a) Fair subscription (b) Over subscription (c) Under subscription (d) None of these
- Q.4** How a partner's loan and partner's wife loan treated in books of accounts at the time of dissolution of a firm. **1**
- Q.5** The portion of authorized capital of a company which can only be called up during winding up is called :- **1**
 (a) Issued Capital (b) Subscribed Capital (c) Capital Reserve (d) Reserve Capital
- Q.6** A, B and C are partners sharing profits and losses in ratio 3:2:1. D is admitted into partnership on 1st April, 2014 for 1/5th share in profits. B decided to retire from the firm on the same date. On 31st March, 2014, Workmen Compensation Fund amounts to ₹ 50,000. At the time admission of D, claim against workmen amounts to ₹ 14,000. Give necessary journal entry. **1**
- Q.7** A partnership firm earned net profit during the last three years as follows : **3**
- | Years | Net Profit (₹) |
|-----------|----------------|
| 2007-2008 | 1,90,000 |
| 2008-2009 | 2,20,000 |
| 2009-2010 | 2,50,000 |
- The Capital employed in the firm throughout the above mentioned period has been ₹ 4,00,000. Having regard to the risk involved, 15% is considered to be a fair return on the capital. The remuneration of all the partners during this period is estimated to be ₹ 1,00,000 per annum. Calculate the value of goodwill on the basis of (i) two years' purchase of super profits earned on average basis during the above mentioned three years and (ii) by capitalization method.
- Q.8** X, Y and Z are partners in a firm sharing profits in the ratio 3:3:2. On 31st December, 2013, their balance Sheet stood as follows : **3**

Liabilities		(₹)	Assets		(₹)
Creditors		30,000	Sundry Assets		1,25,000
Profit & Loss A/c		25,000	Advertisement Suspense A/c		10,000
Capitals A/c :					
X	30,000				
Y	30,000				
Z	20,000	80,000			
		1,35,000			1,35,000

Partners decided to change their profit sharing ratio to 2:3:3. For this purpose, goodwill was valued at ₹ 45,000. They decided neither to record goodwill in the books nor want to change any item of the balance sheet. Pass a single journal entry to give the effect of the change.

Q.9 X Ltd. has an authorized capital of ₹ 10,00,000 divided into equity shares of ₹ 10 each. The Company invited applications for 50,000 shares. Applications for 45,000 shares were received. All calls were made and duly received except the final call of ₹ 2 per share on 1,000 shares. Out of the shares on which final call was not received, 600 shares were forfeited. Out of this 450 shares were reissued at ₹ 10 per share fully paid up. Show how share capital will appear in the Balance Sheet of the company. **3**

Q.10 X Ltd. was formed on 1-1-2013 with authorized capital of ₹ 30,00,000 divided into equity shares of ₹ 100 each. It purchased Building from Gupta & Co. for ₹ 14,80,000 and issued 10,000 shares of ₹ 100 each at a premium of 10% and for balance amount it issued 9% Debentures of ₹ 100 each at a discount of 5%. Pass Journal entries to record the transactions. **3**

Q.11 P and Q were partners sharing profits in ratio 3:1. Their Balance Sheet was as follows on 31st March, 2014. **4**

Liabilities		(₹)	Assets		(₹)
Creditors		40,000	Bank		7,000
Bills Payable		25,000	Debtors	30,000	
Capitals :	(₹)		Less : Provision	<u>1,000</u>	29,000
P	85,000		Stock		50,000
Q	<u>40,000</u>	1,25,000	Fixed Assets		86,000
			Goodwill		8,000
			Profit & Loss A/c		10,000
		<u>1,90,000</u>			<u>1,90,000</u>

R who was national gold medalist in hockey was admitted as a partner on that date and new profit sharing ratio was agreed as 5:3:2. Other terms agreed were :

- Create provision for doubtful debts on debtors @ 5% and 2% provision for discount on debtors.
 - Fixed Assets were valued at ₹ 80,000.
 - Creditors included sum due to Ajay ₹ 2,500 for the last 4 year who is not likely to claim. A provision for discount is required @ 2% on creditors.
 - Goodwill of the firm is valued at ₹ 20,000.
 - R will pay ₹ 30,000 as capital and capital of P and Q be adjusted on the basis of R's capital. Adjustments in capital be made on cash basis.
- (a) Prepare Revaluation Account, Partners' Capital Account and Balance Sheet of the new firm.
(b) Identify 2 values in admitting R as a partner.

Q.12 Following is the Balance Sheet of P and Q as on 31st December, 2014 who share profits equally. **4**

Liabilities		(₹)	Assets		(₹)
P's Capital		1,00,000	Sundry Assets		1,80,000
Q's Capital		70,000	P's Drawings		20,000
Profit & Loss A/c (2014)		30,000			
		<u>2,00,000</u>			<u>2,00,000</u>

During 2014, Q's drawings were ₹ 15,000 and profits during 2014 was ₹ 50,000. While finalizing accounts for 2014, interest on capital @ 5% p.a. and interest on drawing @ 12% p.a. were inadvertently ignored. Give adjustment entry.

Q.13 Following is the Balance Sheet of Aruna, Karuna and Varuna as on 31st March, 2009, who have agreed to share profits and Losses in proportion of their capitals. **6**

Liabilities		(₹)	Assets		(₹)
Capital A/cs :			Land & Building		2,00,000
Aruna	2,00,000		Machinery		3,00,000
Karuna	3,00,000		Closing Stock		1,00,000
Varuna	<u>2,00,000</u>	7,00,000	Sunday Debtors	1,10,000	
General Reserve		35,000	Less : Provision for D.D.	<u>10,000</u>	1,00,000
Workmen Compensation Fund		15,000	Cash at Bank		1,00,000
Sundry Creditors		50,000			
		<u>8,00,000</u>			<u>8,00,000</u>

On 31st, March 2009, Aruna desired to retire from the firm and the remaining partners decided to carry on the business. It was agreed to revalue the assets and reassess the liabilities on the following basis :

- (i) Land & Building to be appreciated by 30%.
- (ii) Machinery be depreciated by 20%.
- (iii) There were bad debt of ₹ 17,000.
- (iv) The claim on account of Workmen's Compensation was estimated at ₹ 8,000.
- (v) Goodwill of the firm was valued at ₹ 1,40,000 and Aruna's share of Goodwill be adjusted against the Capital Accounts of the continuing partners Karuna and Varuna who have decided to share future profits in the ratio of 4:3 respectively.
- (vi) Capital of the new firm in total will be the same as before the retirement of Aruna and will be in the new profit sharing ratio of the continuing partners.
- (vii) Amount due to Aruna be settled by paying ₹ 50,000 in cash and the balance by transferring to her Loan A/c which will be paid later on.

Prepare Revaluation Account, Capital Accounts of Partners and Balance Sheet of the firm after Aruna retirement.

Q.14(a) Give journal entries in each of the following cases if the face value of debenture is ₹ 100. **6**

- (i) A debenture issued at ₹ 110, repayable at ₹ 100
- (ii) A debenture issued at ₹ 105, repayable at ₹ 105

- (b)** On 1-4-2011, Ken Ltd. had made as issue of 3,000, 6% debentures of ₹ 100 each. The company during the year 2014-15 purchased for cancellation 600 of its debentures. The company paid ₹ 95 per debentures for 400 debentures and ₹ 97 per debentures for the rest. The expenses on purchase amounted to ₹ 500. Pass necessary journal entries in the books of the companies for the period 2014-15.

Q.15 P, Q and R were partners in a firm sharing profits and losses in ratio 3:2:1. They dissolved their firm on 31st March, 2014. From the information given below, complete Realisation A/c, Partners' Capital A/cs and Bank A.c :- **6**

Realization Account									
Particulars		(₹)		Particulars		(₹)			
To Sundry Assets :				By Sundry Liabilities :					
Debtors	52,300			Creditors	60,000				
Stock	36,000			Provident Fund	12,000				
Investment	15,000			Invest Fluctuation Fund	6,000				
Plant	<u>91,200</u>	1,94,500		Commission Received in Ad.	<u>8,000</u>	86,000			
To Bank A/c :				By Bank A/c :					
Adv. Comm.(returned)	5,000			Debtors	30,000				
Salaries Outstanding	7,200			Stock	26,000				
Compensation	9,800			Investment	11,250				
Provident Fund	25,000			Plant	<u>42,750</u>	1,10,000			
Creditors	<u>60,000</u>	1,07,000		By Loss transferred :					
To P's Capital A/c (Commission on ₹ 1,10,000 @ 5%)		5,500		P	-----				
				Q	-----				
				R	-----				
		3,07,000				3,07,000			
Dr. Partners' Capital Account				Cr.					
Particulars		P	Q	R	Particulars		P	Q	R
		(₹)	(₹)	(₹)			(₹)	(₹)	(₹)
To P & L A/c (Loss)	27,000	18,000	9,000	By Balanced b/d		90,000	60,000	10,000	
To Realization A/c (Loss)	-	-	-	By Realization A/c (Commission)		5,500	-	-	
To Bank A/c (Bal. Fig.)	-	-	-	By Bank A/c (Bal. Fig.)		-	-	-	
	<u>95,500</u>	<u>60,000</u>	<u>27,500</u>			<u>95,500</u>	<u>60,000</u>	<u>27,500</u>	
Bank Account									
Particulars		(₹)		Particulars		(₹)			
To Cash A/c (deposited)		22,500		By Balance b/d		25,000			
TO Realization A/c (Asset paid)		--		By Realization A/c (Liabilities paid)		----			
To R's Capital A/c (brings in)		17,500		By P's Capital A/c		----			
				By Q's Capital A/c		5,000			

1,50,000

1,50,000

- Q.16** X, Y and Z were partner in a firm sharing profits and losses in the ratio of 5:3:2. On 31.03.2010, their balance sheet was as follows : **8**

Liabilities		(₹)	Assets		(₹)
Capital A/cs :			Buildings		50,000
X	75,000		Patents		15,000
Y	62,500		Machinery		75,000
Z	<u>37,500</u>	1,75,000	Stock		37,500
Sundry Creditors		42,500	Debtors		20,000
			Cash at Bank		20,000
		<u>2,17,500</u>			<u>2,17,500</u>

Z died on 31.7.2010. it was agreed that :

- (a) Goodwill be valued at 2½ years purchase of the average profits of the last four years, which were as follows :

Years	Profits (₹)
2006-2007	32,500
2007-2008	30,000
2008-2009	40,000
2009-2010	37,500

- (b) Machinery be valued at ₹ 70,000; Patents at ₹ 20,000 and Building at ₹ 62,500.
 (c) For the purpose of calculating Z' shares of profits in the year of his death, the profits in 2010-2011 should be taken to have been accrued on the same scale as in 2009-2010.
 (d) A sum of ₹ 17,500 was paid immediately to the executors of Z and the balance was paid in four half yearly installments together with interest at 12% p.a. starting from 31-01-2011.
 Prepare Z's Capital A/c and Z's executors' account till the payment of installment due on 31-01-2011.

- Q.17** A company issued for public subscription 40,000 equity shares of ₹ 10 each at a premium of ₹ 2 per share payable as under : **8**

On Application	₹ 2 per share
On Allotment	₹ 5 per share (including premium)
On First & Final Call	₹ 5 per share.

Applications were received for 60,000 shares. Allotment was made on pro-rata basis to all the applicants. Money overpaid on application was applied towards sum due on allotment. 'A' to whom 1,000 shares were allotted failed to pay allotment and call money. 'B' to whom 2,000 shares were allotted, failed to pay the final call. The shares of 'A' and 'B' were subsequently forfeited after the first & final call was made. 2,000 of the forfeited shares were reissued @ ₹ 8 per share fully paid. The reissued shares include all the share of A.

- (a) Pass journal entries in the books of the company to record the above transactions.
 (b) Which value has been served by making allotment in this matter?

Part - B

- Q.18** Cash Flow Statement is prepared on the basis of _____ . **1**

(a) Accrual basis (b) Cash basis (c) Accounting Equation (d) Double Entry System

- Q.19** When is interested received considered as financing activity? **1**

- Q.20(a)** Mention the major heads of item show under the head, "Non-current Assets". **4**

- (b) What is the importance of analysis of financial statements from the point of view of Management/ Top Management?

- Q.21** From the following Statements of Profit and Loss of Delta Ltd., for the year ended 31st March 2013, prepare Common Size Income Statement and compute Net-Profit Ratio. **4**

Particulars	Note No.	2013 (₹)
I. Revenue from Operation (Sales)		18,00,000
II. Expenses :		
Purchases of Stock-in-Trade		12,60,000
Change in Inventories of Stock-in-Trade		(36,000)
Employees Benefit Expenses		1,08,000
Depreciation and Amortization Expenses		90,000
Other Expenses		1,17,000

III. Profit (I-II)	TOTAL	15,39,000
		2,61,000

Q.22(a) The Current Ratio of a company is 2:1 State giving reasons which of the following would improve, reduce or not change the ratio : **4**

1. Cash Paid to Trade Payables
2. Sales of Fixed Tangible Assets for Cash
3. Issue of New Shares for Cash
4. Payment of Final Dividend already declared.

(b) Cost of Revenue from Operations = ₹ 3,00,000
Inventory Turnover Ratio = ₹ 6 Times

Find out the value of Opening Inventory, if opening inventory is ₹ 10,000 less than the closing inventory.

Q.23 Compute Cash Flow from Operating Activities for the year 2011-12 from the following information: **6**

	₹
Operating Profit after provision for tax ₹ 25,000	1,70,000
Depreciation	15,000
Profit on Sales of Investment	6,000
Dividend and Interest received on investment	4,000
Proposed Dividend	15,000
Insurance claim received for goods lost by fire	6,000
Loss on Sale of Plant	8,000
Decrease in Value of Stock	12,000
Increase in Value of Creditors	9,000
Income Tax Paid	20,000
Refund of Income Tax received	4,000
Increase in Value of Receivables	8,000