

Series : BT
Time : 3 Hrs.

Code : 67/5/2015-16
Max. Marks : 80

Part A

- Q.1 State what is the method followed to maintain capital account, if interest on capital, salary to partner are credited while interest on drawings and share of loss are debited to the partner's capital account? (1)
- Q.2 A and B are partners having profit sharing ratio 1:2 New profit sharing ratio is 1:2:3 calculate sacrificing ratio. (1)
- Q.3 Z Ltd. having a paid-up capital of ₹ 20,00,000 has a balance of ₹ 5,00,000 in securities premium reserve account. The company's management does not want to carry over his balance. Suggest the method for utilization of securities premium reserve that would achieve the objective of the management and maximize the return to shareholders. (1)
- Q.4 The accountant of XYZ Ltd. having three partners X, Y Z passed a journal entry to distribute workmen compensation reserve as debit workmen compensation reserve account and credit old partner's capital account. Is the treatment correct? (1)
- Q.5 In case of change in profit sharing ratio, how can the gaining partner compensate the sacrificing partner. (1)
- Q.6 A Ltd forfeited 100 shares of ₹ 10 each, ₹ 8 called up. ₹ 4 paid up on application. What is the amount to be forfeited? (1)
- Q.7 Give three points of distinction between reserve capital and capital reserve. (3)
- Q.8 Sharda Ltd forfeited 1,000 shares of ₹ 10 each issued @ 20% premium held by Mr. A (₹ 8 called-up) on which he did not pay ₹ 5 on allotment (including premium) and first call of ₹ 2. Out of these, 140 shares were re-issued @ ₹ 8 paid-up for ₹ 6 per share. Journalize. (3)
- Q.9 Asin and Shreya are partners in a firm. Since both of them are specially-abled sometimes they find it difficult to run the firm on their own. Ajay, a common friend decides to help them. Therefore, they admit him into partnership for 1/5 share, Ajay brings ₹ 5,00,000 as his share of capital. The value of the total assets of the firm was ₹ 15,00,000 and outside liabilities were valued at ₹ 5,00,000 on that date. Give the necessary journal entry to record goodwill at the time of Ajay's admission. Also show your workings. (3)
- Q.10 Avinash Ltd. issued 10,000 equity shares of ₹ 10 each at ₹ 12 per equity share. The amount was payable as follows
On application ₹ 3. On allotment ₹ 4 (including premium). On first call ₹ 3 and on final call ₹ 2.
The company did not make the final call. Mohan holder of 250 equity shares, failed to pay allotment and first call money. Directors forfeited his shares.
Give the journal entries regarding the forfeiture of Mohan's shares (3)
- Q.11 Ajay, Vijay and Sanjay were partners in a firm sharing profits in the ratio of 2:2:1. On 31st December, 2014, their balance sheet was as under. (4)

Balance Sheet

as at 31st December, 2014

Liabilities	Amt. (₹)	Assets	Amt. (₹)
Creditors	20,000	Cash	16,000
General Reserved	15,000	Debtors	24,000
Capital A/cs		Stock	6,000

Ajay	40,000		Patents	1,000
Vijay	20,000		Machinery	32,000
Sanjay	<u>20,000</u>	80,000	Buildings	36,000
		1,15,000		1,15,000

Ajay died on 1st July, 2015. It was agreed between his executor and the remaining partners that

- Goodwill to be valued at two years' purchase of the average profits of the previous four years which were
2011 ₹ 10,000; 2012 ₹ 14,000; 2013 ₹ 18,000; and 2014 ₹ 12,000
- Goodwill is not to be shown in the books at all.
- Building valued @ ₹ 45,000, machine @ ₹ 30,000.
- Interest on capital be provided at 12% per annum.
- His share of profit for the year 2015 be taken as accrued at the same rate as that of the previous year.

Prepare Ajay's capital account as on 1st July, 2015.

Q.12 A and B are partners sharing profits in the ratio of 3:2. They are doing the business of recycling old furniture and refurbishing them for sale. They admit C into partnership, C paying only ₹ 3,000 for premium out of his share of ₹ 5,000 for 1/4 shares. Goodwill account appears in book at ₹ 6,000. Pass the necessary journal entries for the treatment of goodwill. Identify the value shown by the partners in the case. **(4)**

Q.13 Tanu and Manu are equal partners. The balance sheet of their capital account as on 1st April, 2014 were ₹ 60,000 and ₹ 40,000 respectively. Their partnership deed provides for the following

- Interest on capital and drawings @ 5%.
- Salary for Manu @ 2.5% on sale.
- Commission to Tanu @ 2.5% on sale.

During the year ended 31st March, 2015 Sales were ₹ 2,40,000. Net Profit was ₹ 22,400.

Tanu and Manu drew ₹ 16,000 and ₹ 14,000 respectively during the year 2014-2015.

The assets and liabilities of the firm as at 31st March, 2015 are plant and machinery ₹ 60,000, stock ₹ 18,000, Bills receivable ₹ 3,200, bank ₹ 20,000, creditors ₹ 8,800.

You are required to prepare the profit and loss appropriation account for the year ended 31st March, 2015 and partners' capital account. **(6)**

Q.14 (i) Pass necessary journal entries for the redemption of debentures in the following case in the books of Jain Ltd.

Purchased for immediate cancellation 930, 12% debentures of ₹ 1,000 each at ₹ 975 each.

(ii) Arujun Ltd. issued 10,000, 9% debentures of ₹ 100 each on 1st April, 2015 redeemable at a premium of 8% after 10 years. According to the terms of prospectus, ₹ 40 is payable on application and balance on allotment of debentures. Record all the necessary entries for the year 2015-16. Tax deducted at source on interest 10%. **(6)**

Q.15 S and T were partners from 1st April, 2013 with capitals of ₹ 1,20,000 and ₹ 80,000 respectively. They shared profits in the ratio of 3:2. They carried on business for two years. In the first year ended 31st March, 2014, they earned a profit of ₹ 1,00,000 but in the second year ended 31st March, 2015, a loss of ₹ 40,000 was incurred. As the business was no longer profitable, they dissolved the firm on 31st March, 2015.

Complete the realization account, partners' capital account and cash account. **(6)**

Dr.		Realization Account		Cr.	
Particulars	Amt. (₹)	Particulars	Amt. (₹)		
To Sundry Assets (WN 2)	2,36,000	By Creditors	40,000		
To Cash A/c (Capital)	40,000	By Cash A/c (Assets realized)	2,00,000		
To Cash A/c (Expenses)	6,000	By -----			
			42,000		
	2,82,000		2,82,000		

Dr.		Partners' Capital Account				Cr.	
Particulars	S (₹)	T (₹)	Particulars	S (₹)	T (₹)		
To Cash A/c (Final payment)	98,800	55,200	By Balance b/d (WN1)	1,24,000	72,000		
	1,24,000	72,000		1,24,000	72,000		

Dr.		Cash Account		Cr.	
Particulars	Amt. (₹)	Particulars	Amt. (₹)		
To realization A/c (Assets realized)	2,00,000	By		
		By		
		By S's Capital A/c (Final payment)		
		By T's Capital A/c (Final payment)		
	2,00,000		2,00,000		

- Q.16** Sambhav Ltd. issued a prospectus inviting application for 3,000 shares of ₹ 100 each at a premium of ₹ 20 payable as follows
 On application ₹ 40 per share on, allotment ₹ 30 per share (including premium); on first call ₹ 20 per share and on second call ₹ 30 per share.
 Applications were received for 4,000 shares and allotments made on pro-rata basis to the applicants of 3,600 shares, the remaining applications being rejected. Money received on application was adjusted on account of sum due on allotment.
 Charu to whom 360 shares were allotted failed to pay allotment money and calls money and her shares were forfeited.
 Arhaan, who was allotted 200 shares, failed to pay the two calls, her shares were also forfeited. All these shares were sold to Nishant as fully paid for ₹ 80 per share. Show the journal entries in the books of the company.

- Q.17** A and B are partners in a firm with equal ratio. **(8)**

Balance Sheet
as 31st March, 2015

Liabilities		Amt. (₹)	Assets		Amt. (₹)
Creditors		1,00,000	Bank		40,000
Bills Payable		60,000	Debtors		60,000
General Reserve		40,000	Building		2,00,000
Capital A/cs			Machinery		1,00,000
A	2,00,000		Investment		40,000
B	<u>1,00,000</u>	3,00,000	Patents		20,000
			Furniture		20,000
			Goodwill		20,000
		5,00,000			5,00,000

Adjustments

- (i) C comes for 1/5th share and brings capital 1,00,000 and premium ₹ 20,000 out of ₹ 30,000.
 - (ii) New ratio 2:2:1
 - (iii) ₹ 10,000 included in creditors are not likely to be paid
 - (iv) Patent are valueless
 - (v) 10% provision for doubtful debts on debtors out of general reserve.
 - (vi) Capitals of A and B adjusted in new ratio and difference to be adjusted in cash.
- Prepare revaluation account, partners' capital account, bank account and balance sheet.

PART B

- Q.18** Dividend paid by bank is classified under which kind of activity, while preparing cash flow statement. **(1)**
- Q.19** While preparing cash flow statement, the accountant of RST Ltd considered interest received on investment as a financing activity? Is the treatment correct? **(1)**

- Q.20 (i) Name any six items that can be disclosed under reserves and surplus. (3)
(ii) What is the interest of customers, in the analysis of financial statement? (1)
- Q.21 Miss . AYUSHI owns a business and gives the following figures : (4)

Particulars	2011-12 ₹	2012-13 ₹
Revenue from Operations	9,00,000	18,00,000
Gross Profit	2,25,000	3,60,000
Current Assets	3,00,000	4,50,000
Current Liabilities	1,50,000	2,50,000

She is of the opinion that her manager Ghazal is very efficient as there is an increase in profit from ₹ 2,25,000 to ₹ 3,60,000 by her efforts. Again her current assets are increased from ₹ 3,00,000 to ₹ 4,50,000 whereas current liabilities are increasing only by ₹ 1,00,000 and thus her short term financial position is also becoming strong. One of her Friend Eeshma argued on her financial.

With whom do you agree with ? Give reasons for your answer.

Q.22 (A)

A company had a liquid ratio of 1.5:1 and current ratio of 2:1 and inventory turnover ratio 6 times. It has total current assets of ₹ 8,00,000 in the year 2013. Find out annual sales if goods are sold at 25% profit on cost.

Q.22 (B)

A company has a loan of ₹ 30,00,000 as part of its capital employed. The interest payable on loan is 10% and the ROI of the company is 15%. The rate of income tax is 50%. What is the gain to the shareholders due to the loan raised by the company.

Q.23 The summarized balance sheet of RL Ltd. as at 31st March, 2014 and 2015 were. (6)

Particulars	Note No.	31st March 2014 (₹)	31st March 2015 (₹)
I. EQUITY AND LIABILITIES			
1. Shareholder's Funds			
(a) Share Capital		2,25,000	2,25,000
(b) Reserves and Surplus	1	1,78,000	1,89,000
2. Non-current Liabilities			
Mortgage Loan		---	1,35,000
3. Current Liabilities			
(a) Trade Payable (Creditors)		84,000	67,000
(b) Other Current Liabilities		37,500	5,000
Total		5,24,500	6,21,000
ASSETS			
1. Non-current Assets			
(a) Fixed Assets (Tangible (Net)		2,00,000	1,60,000
(b) Non-current Investments		25,000	30,000
2. Current Assets			
(a) Inventories		1,20,000	1,05,000
(b) Trade Receivables (Debtors)		1,05,000	2,27,500
(c) Cash and Cash Equivalents		74,500	98,500
Total		5,24,500	6,21,000

Note to Accounts

Particulars	2014 (₹)	2015 (₹)
1. Reserve and Surplus		
General Reserve	1,50,000	1,55,000
Statement of Profit & loss	28,000	34,000
	1,78,000	1,89,000

Additional Information

- (i) Investments costing ₹ 4,000 were sold during the year 2014-15 for ₹ 4,250.
(ii) Provision for taxation made during the year was ₹ 4,500.
(iii) During the year, part of the fixed assets costing ₹ 5,000 was sold for ₹ 6,000 and the profit was included in the statements of profit and loss.
(iv) Dividend paid during the year amounted to ₹ 20,000.
You are required to prepare the cash flow statement.