

RT - 1 2016-17**Total Marks : 50****Ques : 1**

From the following Balance Sheet of A and B for year ending 31st March, 2016

Liabilities	₹	Assets	₹
A's Capital	60,000	Sundry Assets	90,000
B's Capital	50,000	Drawings A	20,000
P & L Appropriation A/c (2015-16)	15,000	Drawings B	15,000
	1,25,000		1,25,000

During the year, A's and B's Drawings were ₹ 20,000 & ₹ 25,000 and Profits during 2015-16 were ₹ 35,000. Calculate Interest on Capital @ 8% p.a. **Marks : 4**

Ques:2

X, Y and Z are partners sharing profits and losses in the ratio of 3:2:1. After the final accounts have been prepared, it was discovered that interest on drawings was charged at 5% instead of 12 % p.a. The drawings of the partners were: X ₹ 60,000, Y ₹ 80,000, Z ₹ 40,000. Give the necessary adjusting journal entry. **Marks:4**

Ques: 3

A, B and C are in partnership. A and B sharing profits in the ratio of 3:1 and C receiving an annual salary of ₹ 32,000 plus 5% of the profits after charging his salary and commission, or 1/4th of the profit of the firm whichever is more. Any excess of the latter over the former received by C is, under the partnership deed, to be borne by A and B in the ratio of 3:2. The profit for the year ended 31st March, 2015 came to Rs. 1,60,000 after charging C's salary & commission. Show the distribution of profits among the partners. **Marks:4**

Ques: 4

A and B are partners with fixed capital of ₹ 5,00,000 and ₹ 3,00,000 respectively. The profit for the year ended 31st March, 2016 was ₹ 6,40,500 before allowing interest on partner's loan. Show the distribution of profit after taking the following into consideration :

- Interest on A's Loan of ₹ 1,50,000 to the firm provided on 1st October, 2015.
- Interest on capital to be allowed @ 8 % p.a.
- Interest on drawings @ 10 % p.a. Drawings were A ₹ 1,00,000 and B ₹ 80,000.
- B is to be allowed a Commission of 2% on sales. Sales for the year were ₹ 60,00,000.
- 10% of the divisible profits is to be kept in Reserve Account.

Prepare Necessary accounts & show partner's capital balances on 31st march 2016. **Marks:6**

Ques : 5

Mohan Ltd. acquired assets of ₹ 58 lakhs and took over creditors of ₹ 5 lakhs from Ram Enterprises. The consideration was settled by giving Bank draft of ₹ 10,00,000 and issuing 8% Debentures of ₹ 36,00,000 at 25% premium to be redeemed in cash after a period of 5 years 10 % premium. Show necessary journal entries in the book of Mohan Ltd at the time of issue and redemption. **Marks:6**

Ques : 6

Charu Ltd. had a balance of ₹ 30,00,000 in its Profit and Loss account on 31st March, 2015. Instead of declaring a dividend it decided to redeem its ₹ 25,00,000, 8% Debentures at a premium of 10% on 30th sept. 2015. Investments were made 12 % Govt. securities. Pass necessary journal entries in the books of the company for the year 2015-16. **Marks:4**

Ques : 7

X Ltd. made an issue 3,000, 15 % Debentures of ₹ 100 each. Of these, debentures of the face value of ₹ 50,000 are to be redeemed annually commencing from 2016, either by drawings at par or by purchase in open market at the company's option. During 2016, the company purchased for cancellation ₹ 30,000 debentures at ₹ 96 and ₹ 20,000 debentures at ₹ 95. The expenses on purchases amounted to ₹ 450. Pass necessary journal entries to be passed in 2016. **Marks:4**

Ques: 8

On 1st April, 2014, A Company made an issue of 1,000, 10% Debentures of ₹ 100 each. The terms of issue provided for the redemption of ₹ 10,000 Debentures annually commencing from 31st March, 2015 either by drawing at par or by purchase in the market at the Company's option. On 31st March, 2015, the Company purchased for cancellation ₹ 4,000 of its debentures at 96; ₹ 3000 at 98 and ₹

1,000 at ₹ 98.50. The expenses of purchase amounted to ₹ 35. Record the above transaction in the Company's Ledger. **Marks:4**

Ques: 9

Pass the necessary journal entries in the books of AB Ltd. for the following transactions: **Marks :6**

- (i) Converted 1,000, 12% debentures of ₹ 100 each into 9% preference shares of ₹ 100 each issued at a premium of 25%.
- (ii) Converted 2,000, 12% debentures of ₹100 each issued at a discount of 10% into equity share of ₹ 10 each.
- (iii) ₹ 1,00,000, 14% Debentures of ₹ 100 each issued at a discount of 5% and redeemable at par after 4 years were converted into equity shares of ₹10 each issued at ₹ 9.50 paid up in the year of issue.

Ques: 10

A, B and C are partners sharing profits of 2:1:1. They closed their books on 31st December each year. A died on 28th February, 2016. B & C decided to share future profits in 3:2. On this date, their Balance Sheet was as follows:

Liabilities		₹	Assets		₹
Creditors		37,900	Cash		2,00,000
Profit for 2 month (Before Interests & Salaries)		31,100	Sundry Debtors		30,000
Capital : A	1,00,000		Loan to A		49,000
B	60,000				
C	50,000	2,10,000			
		2,79,000			2,79,000

According to the partnership deed:

- (i) Interest on capital is allowed @ 6% p.a. A & B are entitled to salaries at ₹ 3,000 p.m & ₹ 2,500 p.m.
- (ii) In the event of death of a partner goodwill was to be valued at 2 years' purchase of the average net profits of 3 completed years preceding death. The net profits for the year 2013,2014 & 2015 were ₹ 55,000, ₹ 48,000 & ₹ 65,000 respectively.

Firm had taken a Joint Life Policy (with profit policy) of ₹ 1,00,000. The insurance company admitted a claim of ₹ 1,26,000 including bonus.

Prepare profit & loss appropriation A/c, partner' Capital A/c, & Balance Sheet of B & C. **Marks :8**

Partnership – Fundamentals & Death of Partner

Issue and Redemption of Debentures.