

Series : BT

Time : 3 Hrs.

Code : 67/4/2015-16

Max. Marks : 80

Part A

- Q.1** D, E and F are partners sharing profits in the ratio of 4:3:2. E retired, his share was taken over equally by D and F. In which ratio will the profit or loss on revaluation on assets and liabilities on the retirement of E be transferred to the capital accounts of the partners? **(1)**
- Q.2** At the time of admission of a new partner, new profit sharing ratio is ascertained. The new or incoming partner acquires his share from old partners and as a result, profit share of old partner is reduced. What is the reduced part of the profit sharing ratio of old partner known? **(1)**
- Q.3** The accountant of a firm has debited salary or commission paid to a partner to profit and loss appropriation account. Is the treatment correct? **(1)**
- Q.4** Name the asset that is not transferred to the debit side of realization account, but brings certain amount of cash against its disposal at the time of dissolution of the time. **(1)**
- Q.5** What is meant by pro-rata allotment of shares? **(1)**
- Q.6** Paramount Ltd has allotted 20,000 shares to the applications of 28,000 shares on pro-rata basis. The amount payable on application was ₹ 2 per share. Vishnu applied for 840 share. Calculate the number of shares allotted. **(1)**
- Q.7** What is the nature of interest on debentures? Give journal entries (a) when interest is due (b) when the interest is paid (ignore tax). **(3)**
- Q.8** A Ltd forfeited 180 shares of ₹ 10 each, ₹ 8 called-up, issued at a premium of ₹ 2 per share to B for non-payment of allotment money of ₹ 5 per share (including premium). Out of these, 160 shares were re-issued to Anmol as ₹ 8 per share for ₹ 10 per share fully paid-up. **(3)**
- Q.9** Sohan and Mohan are in a partnership since 2015, sharing profits and losses in the ratio of 3:2. They admitted Rohan for 3/7 share. Completed the missing amounts. **(3)**

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Date	Particulars	LF	Amt (₹)	Amt (₹)
(i)	Cash A/c Sundry Debtors A/c Stock A/c Machinery A/c To Rohan's Capital A/c To Premium for Goodwill A/c (28,000x3/7) (Being amount and assets brought in by new Partner for his share of capital and goodwill)	Dr Dr Dr Dr	5,000 10,000 5,000 12,000 12,000
(ii) To To (Being goodwill premium brought in by Rohan transferred to capital accounts of Sohan and Mohan in sacrificing ratio i.e., 3:2)	

- Q.10** A company issued 15,000 fully paid-up shares of ₹ 100 each for the purchase of the following assets and liabilities from Rastogi Brothers

Plant ₹ 3,50,000; stock-in-trade ₹ 4,50,000; land and building ₹ 6,00,000; sundry creditors ₹ 1,00,000. You are required to pass the necessary journal entries. (3)

Q.11 After completing MBBS, E suggested to her classmate F to form a partnership to run a hospital in the locality inhabited by low income group. After a long thought, he agreed to her proposal. Since, they did not have sufficient resources for implementing the proposal, they persuaded a rich friend N who contributed the required capital. All of them formed a partnership on the following terms.

(i) E, F and N will contribute ₹ 3,00,000; ₹ 5,00,000 and ₹ 10,00,000 respectively.

(ii) Interest on capital @ 5% per annum will be allowed.

The profits of the firm for the year ended 31st March, 2015 were ₹ 9,00,000.

Prepare profit and loss appropriation account of the firm for the year ending 31st March, 2015. Identify the values which according to you motivated them to form the partnership. (4)

Q.12 Following is the balance sheet of P, Q and R as at 31st March, 2015

Balance Sheet
as 31st March, 2015

Liabilities		Amt. (₹)	Assets		Amt. (₹)
Sundry Creditors		40,000	Plant and Machinery		2,00,000
Reserved Fund		64,000	Stock		80,000
Capital A/cs			Sundry Debtors		1,20,000
P	2,00,000		Cash at Bank		1,00,000
Q	1,00,000		Cash in Hand		4,000
R	<u>1,00,000</u>	4,00,000			
		5,04,000			5,04,000

R died on 30th June, 2015. Under the terms of partnership deed, the executors of the deceased partner were entitled to

(i) Amount standing to the credit of the partner's capital account.

(ii) Interest on capital @ 5% per annum.

(iii) Share of goodwill on the basis of twice the average of the past three years' profits.

(iv) Share of profits from the closing of the last financial year to the date of death on the basis of the last year's profits.

(v) R's share of goodwill will be adjusted to the accounts of P and Q who will maintain a profit sharing ratio of 2:1 in the new firm. They decided not to raise any goodwill account.

Profits for the year ended 31st March, 2013, 2014 and 2015 were ₹ 1,60,000; ₹ 1,80,000, ₹ 2,00,000 respectively. Profits were shared in the ratio of capitals.

Draw up R's capital account. (4)

Q.13 XYZ company decided to issue 4,00,000, 9% debentures on 1st April, 2009 at a discount of 5%. The face value of each debenture was ₹ 100. These debentures were redeemable in four installments starting from the end of third year, which was as follows :

Year	Amt (₹)
III	40,00,000
IV	80,00,000
V	1,20,00,000
VI	1,60,00,000

Prepare 9% debentures account from 1st April, 2009 till all the debenture were redeemed and pass all journal entries for Redemption of debentures till 4th year. (6)

Q.14 Kanika, Sakshi and Arora are partners sharing profit and losses as 20%, 30% and 50%. Kanika decided to retire with the consent of other partners and sold her share to Sakshi. Goodwill was valued at two and a half year purchase of the average profits of three years. Profit of these three years were ₹ 50,000; ₹ 70,000 and ₹ 60,000. Reserve fund stood in the balance sheet at ₹ 30,000 at the time of retirement. There was an unrecorded Investment costing ₹ 60,000 , whose Market value was ₹ 20,000. It was taken over by Kanika.

You are required to record necessary journal entries regarding above adjustment on Kanika's retirement. Also prepare her capital account to find out the amount due to her when her capital balance in the balance sheet were ₹ 1,00,000 before any of the above adjustment. Reserve should continue to appear in books. She was paid in four equal installments with Interest at 1 % per month. (6)

Q.15 (i) X, Y and Z are partners sharing profits in the ratio of 4:3:2. On 1st April, 2015 Y gave a notice to retire from the firm. X and Z decided to share future profits in the ratio of 1:1. The capital accounts of X and Z after all adjustments showed a balance of ₹ 43,000 and ₹ 80,500 respectively. The total amount to be paid to Y was ₹ 95,500. The amount was to be paid by X and Z in such a way that their capitals become proportionate to their new profit sharing ratio. Pass necessary journal entries in the books of the firm for the above transactions. Show your working clearly.

(ii) L and M started partnership business on 1st April, 2014 with capitals of ₹ 2,50,000 and ₹ 1,50,000 respectively. On 1st November, 2014 they decided that their capitals should be ₹ 2,00,000 each. The necessary adjustments in the capitals are made by introducing or withdrawing cash. Interest on capital is to be allowed @ 10% per annum. Calculate interest on capital as on 31st March, 2015. (6)

Q.16 Biyani Ltd. issued a prospectus inviting applications for 20,000 share of ₹ 10 each at a premium of ₹ 2 per share payable as follows
On applications ₹ 2 , on allotment ₹ 5 (including premium), on first call ₹ 3, on second and final call ₹ 2.

Applications were received for 30,000 shares and pro-rata allotment was made on the applications for 24,000 shares. Money overpaid on application was employed on account of sum due on allotment.

Shresth, to whom 400 shares were allotted, failed to pay the allotment money and on his subsequent failure to pay the first call, his shares were forfeited. Parth, the holder of 600 shares, failed to pay the two calls and his shares were forfeited after the second call. Of the shares forfeited, 800 shares were sold to Jaya credited as fully paid for ₹ 9 per share, the whole of Shresth's shares being included. Prepare Cash Book & Balance Sheet & pass necessary Journal entries. (8)

Q.17 (A)

Amit and Dushyant are partners sharing profits in the ratio of 3:2. Their balance sheet stood as under, at 31st December, 2015.

Balance Sheet
as at 31st December, 2015

Liabilities	Amt (₹)	Assets	Amt (₹)
Creditors	38,500	Cash	2,000
Employees Provident Fund	4,000	Stock	15,000
Workmen Compensation Reserve	2,500	Prepaid Insurance	1,500
Contingency Reserve	2,500	Debtors	9,400
Capital A/cs		<u>Less</u> Provision for Doubtful Debts	<u>400</u>
Amit	26,000	Machinery	19,000
Dushyant	<u>13,000</u>	Building	35,000
	39,000	Furniture	5,000
	86,500		86,500

Rita is admitted as a new partner introducing a capital of ₹ 16,000. The new profit sharing ratio is decided as 5:3:2. Rita is unable to bring in any cash for goodwill. So, it is decided to calculate the amount of goodwill on the basis of Rita's share in the profits and the capital contributed by her. Following revaluations are made the profits and the capital contributed by her. Following revaluations are made

- (i) Stock to be depreciated by 5%.
- (ii) Provision for doubtful debts to be made at ₹ 500
- (iii) Furniture to be depreciated by 10%

(iv) Building are valued at ₹ 40,000

Show the necessary Ledger accounts and the balance sheet of the new firm.

Q.17 (B)

Following is the balance sheet of Harsh and Suresh who are partners in a firm sharing profits in the ratio of 3:2, as at 31st March, 2015.

Balance Sheet
as at 31st December, 2015

Liabilities	Amt (₹)	Assets	Amt (₹)
Creditors	31,500	Plant and Machinery	21,000
General Reserve	1,250	Stock	3,000
Capital A/cs		Debtors	10,000
Harsh	5,000	(-) Provision for Doubtful Debts	(500)
Suresh	4,000	Bank	5,750
	9,000	Profit and Loss	2,500
	41,750		41,750

The firm was dissolved on 31st March, 2015, Plant and machinery realized ₹ 16,000 and stock ₹ 2,500, ₹ 9,000 were collected from the debtors, creditors were paid ₹ 30,000 in settlement. Pass all Journal Entries at time of Dissolution till final settlement among partners.

PART-B

Q.18 Under which type of activity will you classify purchase of investment, while preparing cash flow statement? (1)

Q.19 The cash provided from operations was 23,000. The net increase in cash was 22,000. If the net cash inflow from financing activities was 15,000, then calculate the net cash flow from investing activities? (1)

Q.20 (a) Give the headings under which the following items will be shown in a companies balance Sheet.

- (i) Goodwill
- (ii) Preliminary expenses
- (iii) Proposed dividend
- (iv) Subsidy reserve
- (v) Provision for doubtful debts
- (vi) Accrued income

(b) State any one objective of financial statement analysis.

Q.21 The balance sheet of Riyansh Ltd. as at 31st March, 2014 and 2015 are given below. (4)

Balance Sheet
as at 31st March, 2014 and 2015

Particulars	2014-15 (₹)	2013-14 (₹)
I. EQUITY AND LIABILITIES		
1. Shareholder's Funds		
(a) Share Capital	5,48,000	5,48,000
(b) Reserves and Surplus	3,04,000	1,40,000
2. Non-current Liabilities		
Long-term Borrowings : Secured Loans	2,00,000	4,64,000
Unsecured Loans	11,92,000	4,12,000
3. Current Liabilities		
(a) Short terms Borrowings	2,50,000	1,00,000
(b) Trade Payable	2,00,000	40,000
(c) Other Current Liabilities	1,00,000	6,000
(d) Short-term Provisions	46,000	10,000
Total	28,40,000	17,20,000
ASSETS		
1. Non-current Assets		
(a) Fixed Assets (Tangible (Net)	11,36,000	8,60,000

(b) Non current Investments	12,000	8,000
2. Current Assets		
(a) Inventories	8,52,000	4,32,000
(b) Trade Receivables	8,60,000	2,80,000
(c) Cash and Cash Equivalents	1,80,000	3,40,000
Total	28,40,000	17,20,000

Prepare common size balance sheet for Riyansh Ltd for 2014 and 2015.

- Q.22** From the following balance sheet, calculate . **(4)**
- Debt equity ratio
 - Proprietary ratio
 - Total assets to debt ratio

**Balance Sheet
as at 31st March, 2015**

Particulars	Amt (₹)
I. EQUITY AND LIABILITIES	
1. Shareholder's Funds	
(c) Equity Share Capital	45,00,000
(d) Reserves and Surplus	9,00,000
2. Non-current Liabilities	
Long-term Borrowings	27,00,000
3. Current Liabilities	
(a) Short terms Borrowings	6,00,000
(b) Trade Payables	33,00,000
Total	1,20,00,000
ASSETS	
3. Non-current Assets	
(a) Fixed Assets (Tangible Assets)	49,50,000
(b) Long term Investments	4,80,000
4. Current Assets	
(a) Inventories	27,30,000
(b) Trade Receivables	37,20,000
(c) Cash and Cash Equivalents	1,20,000
Total	1,20,00,000

- Q.23** The net profit of a company after tax is ₹ 4,00,000 as on 31st March, 2015 after considering the following. **(6)**

Particulars	Amt (₹)
Depreciation on Fixed Assets	25,000
Transfer to General Reserve	20,000
Goodwill Written off	10,000
Profit on Sale of Building	30,000
Loss on Sale of Machinery	6,000

Additional Information

Particulars	1st April 2014	31st March 2015
Provision for Tax	40,000	60,000
Creditors	20,000	45,000
Debtors	60,000	70,000
Cash in Hand	40,000	70,000
Stock	60,000	40,000
Bills Payable	10,000	18,000

Calculate cash flow from operating activities.
Identify the value shown by the company in paying taxes.