

**Series : BT**

Time : 3 Hrs

**Code : 67/7/2015-16**

Max. Marks : 80

General Instruction : Attempt all questions of Part A or Part B Together.

## Part A

- Q.1 X, Y and Z are equal partners in a firm. Z retires from the firm. The new profit sharing ratio between X and Y is 1:2 find the gaining ratio. (1)
- Q.2 Rajat is admitted to the partnership and he was to bring in ₹ 1,00,000 as goodwill. But, he is not in a position to bring in the goodwill. The accountant has recorded an entry in the books of accounts debiting 'goodwill account' and crediting 'sacrificing partners' capital accounts'. Do you think, he has recorded the entry correctly? Give reasons for your reply. (1)
- Q.3 Will interest paid to a partner on loan be debited to profit and loss account even if there is a loss? (1)
- Q.4 State the name of capital which refers to that amount which is stated in the memorandum of association as the share capital of the company? (1)
- Q.5 In case of dissolution of a firm, which liabilities are to be paid first? (1)
- Q.6 The subscribed share capital of XYZ Ltd. is ₹ 80,00,000 divided in shares of ₹ 100 each. There were no calls-in-arrears till the final call was made. The final call made was paid on 77,500 shares. The calls-in-arrears amounted to ₹ 62,500. Calculate the final call per share (1)
- Q.7 What is issue of Debentures as collateral. How it is treated while preparing accounts. (3)
- Q.8 Board of Directors of Design Bank Ltd. want to start a new unit at a remote area of Bihar. The new unit can be started in the form of labour intensive unit with a capital of ₹ 30,00,000 or in the form of automatic plant with capital of ₹ 80,00,000 Directors decided to start this unit in the form of labour intensive for generation of employment opportunities in the remote area. Therefore, company purchased land for ₹ 2,00,000 and machinery for ₹ 3,00,000. In consideration of these assets, company issues shares of ₹ 100 each at per. Identify the two values involved in the decision of Design Bank Ltd. And journalize. (3)
- Q.9 Neelam and Ranjana entered into partnership on 1st April, 2014 without any partnership deed. They introduced capitals of ₹ 5,00,000 and ₹ 3,00,000 respectively. On 31st October, 2014, Neelam advanced ₹ 2,00,000 by way of loan to the firm without any agreement as to interest. The profit and loss account for the year ended 31st March, 2015 showed a profit of ₹ 4,30,000, but the partners could not agree upon the amount of interest on loan to be charged and the basis of division of profits. Pass a journal entry for the distribution of the profits between the partner and prepare loan account of Neelam. (3)
- Q.10 Rihan Ltd. Issued 50,000 equity shares of ₹ 10 each at a premium of ₹ 2 per shares payable, ₹ 3 per shares on application, ₹ 5 per shares (including premium) on allotment, ₹ 2 per shares on the first call and the balance on the second call. Mrs Sakshi was allotted 800 shares. Give the necessary journal entries for forfeiture in the books of the company in the following cases
- Case 1.** Mrs. Sakshi paid application and allotment money when due but could not pay first and second call. Her shares were forfeited.
- Case 2.** Mrs. Sakshi could not pay the allotment and the first call money. Her shares were forfeited after the first call. (3)
- Q.11 Anil, Sunil and Ravinder entered into partnership to start a business of manufacturing shoes on 1<sup>st</sup> July, 2015 to shares profits in the ratio of 2:1:1 they decided to allow a discount of 30% on shoes

for school going children. It was provided in the deed that Ravinder's shares of profit will not be less than ₹ 70,000 per annum. The profit for the year ended 31st December, 2015 were ₹ 1,00,000 before allowing interest ₹ 4,000 on Anil's loan which is due for the current year. Prepare profit and loss appropriation account for the year ended 31st December, 2015. Identify the value shown in above case. (4)

Q.12 following is the balance sheet of A, B and C as at 31st December, 2014

**BALANCE SHEET**  
as at 31st December, 2014

Liabilities	Amt. (₹)	Assets	Amt. (₹)
Sundry Creditors	15,000	Cash in Hand	1,000
General Reserve	18,000	Cash at Bank	20,000
Fixed Capital A/cs		Sundry Debtors	36,000
A	40,000	Stock	20,000
B	20,000	Tools	16,000
C	<u>20,000</u>	Furniture	20,000
	<b>1,13,000</b>		<b>1,13,000</b>

A died on 31st march, 2015. Under the partnership agreement, the executor of A was entitled to

- (i) Amount standing to the credit of his capital account.
- (ii) Interest on capital @ 6% per annum.
- (iii) His share of goodwill ₹ 12,000.
- (iv) His share of profit up to the date of death is to be calculated on the behalf of previous years profit which was amounting ₹ 64,000

A's executor was paid ₹ 20,000 on 1st April, 2015 and balance transferred to his loan account.

Pass necessary journal entries & Prepare A's accounts. (4)

Q.13(A) P, Q and R are partners sharing profits and losses in the ratio of 14:5:6 respectively. Q retires and surrenders his 5/25th share in favour of P. The goodwill of the firm is valued at 2 years purchase of super profits based on average profits of last 3 years. The profits of the last three years are ₹ 1,00,000, ₹ 1,10,000 and ₹ 1,20,000 respectively. The normal profit of the similar firms are ₹ 60,000. Goodwill already appears in the books of the firm at ₹ 1,50,000. The profit for the first year after Q's retirement was ₹ 2,00,000.

Give necessary journal entries to adjust goodwill and distribute profits showing your working. (3)

Q.13(B) A,B and C are partner sharing profits in the ratio of 8:7:5 respectively. D is admitted for 1/4<sup>th</sup> share. A surrenders 1/4 share of his profit in favour of D. B and C agree to share future profit in the ratio of 3:2. Calculate New ratio and Sacrificing Ratio. (3)

Q.14 Complete the following journal entries

**JOURNAL**

Date	Particulars	LF	Amt (₹)	Amt (₹)
.....	Dr		.....	.....
	To .....			.....
	(Being 60,000 15% debentures of ₹ 10 per debenture issued to promotes for their services)			
	Underwriting Commission A/c	Dr	1,50,000	
	To Underwriters' A/c			1,50,000
	(Being Underwriting commission due)			
.....	Dr		.....	.....
	To.....			.....
	(Being 15,000 15% debenture of ₹ 10 per debenture issued to underwriters for their services)			

(ii) XYZ Ltd issued 30,000, 10% debenture of 100 each on 1st April, 2014. The issue was fully subscribed. According to the terms of issue, interest is payable on half-yearly basis. Pass journal entries for the year ended 31st March, 2015. (6)

**Q.15** A, B and C are partners. They decided to dissolve their firm. Pass necessary journal entries for the following after various assets (other than cash and Bank) and the third party liabilities have been transferred to realization account.

- (i) There were total debtors of ₹ 76,000. A provision for doubtful debts also stood in the books at 6000, ₹ 12,000 debtors proved bad and rest paid the amount due.
- (ii) A agreed to pay off her husband's loan of ₹ 7,000 at a discount of 5%.
- (iii) A machine which was not recorded in the books was taken over by B at ₹ 3,000 whereas its expected value was ₹ 5,000.
- (iv) The firm had a debit balance of ₹ 27,000 in the profit and loss account on the date of Dissolution.
- (v) A contingent liabilities (not provide for) of ₹ 4000 was also discharged.
- (vi) C paid realization expenses of ₹ 15,000 out of her pocket and she was to get a remuneration of ₹ 18,000 for completing the dissolution process. (6)

**Q.16** DEF Company Ltd. Offered for public subscription 10,000 shares of ₹ 10 each at ₹ 11 per share. Money was payable as follows  
 ₹ 3 on application; ₹ 4 on allotment (including premium); ₹ 4 on first and final call.  
 Application were received for 12,000 shares and the directors made pro-rata allotment.  
 Akanksha, an applicant for 120 shares, could not pay the allotment and call money and Shalu, a holder of 200 shares, failed to pay the call. All these shares were forfeited.  
 Out of the forfeited shares, 150 shares (The whole of Akanksha shares being included) were issued at ₹ 8 per shares. Record journal entries for the above transaction and prepare the share forfeited account. (8)

**Q.17** Shiva and Anshita are partner in a firm equal ratio.

**Balance Sheet**

As at.....

Liabilities	Amt. (₹)	Assets	Amt. (₹)
Sundry Creditors	86,000	Cash in Hand	77,000
Employees Provident Fund	10,000	Debtors	42,000
Investment Fluctuation Fund	4,000	<u>Less</u> : Provision for Dd	<u>(7,000)</u>
Capital A/cs		Investments	21,000
Shiva	1,19,000	Buildings	98,000
Anshita	<u>1,12,000</u>	Plant and Machinery	1,00,000
	<b><u>3,31,000</u></b>		<b><u>3,31,000</u></b>

Manav was admitted on that date for 1/4<sup>th</sup> share of profit on the following terms

- (i) Manav will bring ₹ 50,000 as his share of capital.
- (ii) Goodwill of the firm is valued at ₹ 42,000 and Manav will bring his share of goodwill in cash.
- (iii) Building were appreciated by 20%
- (iv) All debtors were good.
- (v) There was a liability of ₹ 10,800 included in creditor which was not likely to arise.
- (vi) New profit sharing ratio will be 2:1:1
- (vii) Capital of Shiva and Anshita will be adjusted on the basis of Manav's share of capital and any excess or deficiency will be adjusted by withdrawing or bringing in cash by the concerned partners as the case may be.

Prepare revaluation account, partners' capital account and the balance sheet of the new firm. (8)

## PART B

**Q.18** List any two items of operating activities, that is typical of and pertaining to Real State and property. (1)

**Q.19** A company reported the following information for the past year. (1)

Net profit	₹ 2,00,000
Depreciation expense	₹ 30,000
Gain on sale of truck	₹ 5,000
Proceed from sale of truck	₹ 8,000
Decrease in account receivable	₹ 10,000

What amount will the company report as the cash provided by operating activities in the cash flow statement ?

**Q.20** (a) Give the major heads under which the following items will be shown in a company's balance sheet as per schedule III, part I of companies Act, 2013

- (i) Debit balance of stamen of profit and loss.
- (ii) Advances from customer (long term).
- (iii) Deposit with custom authorities.
- (iv) Provision for employee benefits.
- (v) Capital reserve.
- (vi) Trade marks.

(b) Name any two limitations of analysis by financial analysis. (4)

**Q.21** From the following balance sheet of Z Ltd as at 31<sup>st</sup> March, 2014 and 2015 prepare comparative balance sheet.

**Balance Sheet  
as at 31st March, 2014 and 2015**

Particulars	2013 -14 (₹)	2014 -15 (₹)
<b>I. EQUITY AND LIABILITIES</b>		
<b>1. Shareholder's Funds</b>		
(a) Share Capital (Equity)	9,00,000	15,00,000
(b) Reserves and Surplus	3,00,000	3,00,000
<b>2. Non-current Liabilities</b>		
Long-term Borrowings 8% Debenture(Secured)	6,00,000	6,00,000
<b>3. Current Liabilities</b>		
(a) Trade Payable	2,00,000	4,00,000
(b) Short-term Provisions	1,00,000	2,00,000
<b>Total</b>	21,00,000	30,00,000
<b>II. ASSETS</b>		
<b>1. Non-current Assets</b>		
(a) Fixed Assets Tangible Assets	12,00,000	15,00,000
(b) Non current Investments	3,00,000	3,00,000
<b>2. Current Assets</b>		
(a) Trade Receivables (Debtors)	6,00,000	12,00,000
<b>Total</b>	21,00,000	30,00,000

(4)

**Q.22** From the following balance sheet of Kanishka Ltd. Compute short term (2) & long term (2) financial Ratio of company.

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

Particulars	Note NO,	Amt (₹)
<b>I. EQUITY AND LIABILITIES</b>		
<b>1. Shareholder's Funds</b>		
(a) Share Capital I		7,50,000
(b) Reserves and Surplus		(1,15,000)
<b>2. Non-current Liabilities</b>		

(a) Long-term Borrowings		7,50,000
(b) Other Long-term Liabilities		1,17,500
(c) Long-term Provisions		25,000
<b>3. Current Liabilities</b>		
(a) Trade Payables		57,500
(b) Other Short-term Liabilities		12,500
(c) Short-term Provisions		27,500
<b>Total</b>		<b>16,25,000</b>
<b>II. ASSETS</b>		
<b>1. Non-current Assets</b>		
(a) Fixed Assets	1	6,15,000
(b) Other Non-current Assets	2	1,30,000
<b>2. Current Assets</b>		
(a) Inventories		3,75,000
(b) Trade Receivables		1,50,000
(c) Cash and Cash Equivalents		2,60,000
(d) Other Current Assets	3	95,000
<b>Total</b>		<b>16,25,000</b>

#### Notes to Accounts

Particulars	Amt(₹)
<b>1. Fixed Assets</b>	
Tangible	5,50,000
Intangible	65,000
	<b>6,15,000</b>
<b>1. Other Non-current Assets</b>	
Advance to Suppliers	1,30,000
	<b>1,30,000</b>
<b>2. Other Current Assets</b>	
Prepaid Expenses	25,000
Advance Taxes Paid	70,000
	<b>95,000</b>

(4)

Q.23(A) How will you disclose the related items in Cash Flow statements ?

(3)

#### Balance Sheet

Liabilities	31.3.2015 ₹	31.3.2014 ₹	Assets	31.3.2015 ₹	31.3.2014 ₹
Profit & Loss A/c	(34,000)	(14,000)	Fixed Assets	12,40,000	10,20,000

The provision for depreciation stood at ₹ 3,00,000 on 31.3.2014 and at ₹ 3,80,000 on 31.3.2015. During the year 2014-15 a machine costing ₹ 1,40,000 (book value ₹ 80,000) was disposed of for ₹ 50,000.

Q.23(B) Calculate Cash from operation from the following :

(3)

Particulars	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2015
Surplus, statement of profit and loss	1,50,000	1,90,000
General Reserves	60,000	80,000
Sinking fund ( Debentures redemption fund)	25,000	32,000
Goodwill	-----	20,000
Securities Premium	5,000	15,000
Preliminary Expenses	9,000	4,000
Provision for Depreciation	40,000	70,000
Provision for Tax	25,000	30,000
Working Capital	1,70,000	2,12,000
Cash & cash equivalent balance	30,000	40,000