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RT-2 2016-17 Marks: 50

**Q. 1** A, B and C were partners in a firm having capitals of ₹ 60,000; ₹ 60,000 and ₹ 80,000 respectively. Their current account balances were A 10,000; B ₹ 5,000 and C ₹ 2,000 (Dr.) According to the partnership deed the partner were entitled to an interest on capital @ 5% p.a. C being the working partner was also entitled to a salary of ₹ 6,000 p.a. The profits were to be divided as follows:
(a) The first ₹ 20,000 in proportion to their capitals
(b) Next ₹ 30,000 in the ratio of 5:3:2
(c) Remaining profits to be shared equally
The firm made a profit of ₹ 1,56,000 before charging any of the above items. Prepare the Profit and Loss Appropriation Account and pass the necessary journal entry for the appropriation of profits.

**Q. 2** A, B, C and D are partners sharing Profits and Losses in the ratio of 4:3:2:1. their respective fixed capitals on 31.3.2010 were ₹ 60,000, ₹ 90,000, ₹ 1,20,000 and ₹ 90,000. After preparing the final accounts for the year ended 31.3.2010 it was discovered that interest on capital @ 12% p.a. was not allowed and interest on drawings amounting to ₹ 2,000, ₹ 2,500 ₹ 1,500 and ₹ 1,000 respectively was also not charged.
Pass the necessary adjustment journal entry showing your working clearly.

**Q. 3** A, B and C were partners sharing profit and losses as 2/5th, 2/5th, and 1/5th respectively. Below is given their Balance Sheet as on 31st December 2015.

| Liabilities | | ₹ | Assets | ₹ |
|---|---|---|---|---|
| Capitals: | | | Machinery | 3,75,000 |
| A | ₹ 1,70,000 | | Typewriter | 15,000 |
| B | ₹ 1,30,000 | | Stock | 65,000 |
| C | ₹ 1,50,000 | 4,50,000 | Debtors | 60,000 |
| Bills Payable | | 20,000 | Cash | 25,000 |
| Bank Loan | | 60,000 | Goodwill | 20,000 |
| Profit and Loss A/c | | 30,000 | | |
| | | 5,60,000 | | 5,60,000 |

C retires on that date and the following adjustments of the assets and liabilities have been made before ascertaining the amount payable by the firm to C:
(a) That the Stock to be decreased by 5%
(b) That a Provision for Doubtful Debts to be maintained @ 5% on Debtors.
(c) That the Machinery be appreciated by 20%
(d) That a provision of ₹ 7,500 be made in Outstanding Legal Charges.
(e) That the goodwill of the firm is valued at ₹ 16.200
(f) That A and B decide to share future profits of the firm in equal proportion.
(g) That the entire capital of the new form is fixed at ₹ 3,50,000 between A and B in equal proportion. For this purpose, actual cash is to be brought in or paid off.

You are required to prepare the Revaluation Account, Partners' Capital Accounts and revised Balance Sheet after C's retirement. Also indicate the gaining ratio in working notes.

**Q. 4** A, B and C were partners sharing profits in the ratio of 5:3:2 respectively. The Balance Sheet on this date was as follows:

| Liabilities | Amount ₹ | Assets | Amount ₹ |
|---|---|---|---|
| Trade Creditors | 26,500 | Fixed Assets | 2,25,000 |
| Expenses Due | 3,500 | Stock | 55,000 |

| | | | |
|---|---|---|---|
| Reserves | 15,000 | Debtors | 45,000 |
| Capitals : | | Cash | 10,000 |
| A | 2,00,000 | | |
| B | 50,000 | | |
| C | 40,000 | | |
| | 3,35,000 | | 3,35,000 |

B retires on 31.3.2016 and for this purpose:

(i) Goodwill was valued at ₹ 90,000

(ii) Fixed Assets were found undervalued by ₹ 60,000.

(iii) Stock was considered worth ₹ 50,000.

B was to be paid in cash brought in by A and C in such a way so as to make their capitals proportionate to their new profit sharing ratio which is 3:2 respectively. Prepare Capital Accounts and the Balance Sheet of A and C.

**Q. 5** Z Ltd. invited applications for issuing 40,000 equity shares of ₹ 10 each at a premium of ₹ 2 per share. The amount was payable as follows:
On Application ₹ 6 (including premium) and balance on Allotment)
On Applications for 50,000 shares were received. Pro-rata allotment was made to all applicants.
Excess money received on application was adjusted towards sums due to allotment.
A shareholder to whom 8,000 shares were allotted failed to pay the allotment money and therefore, his share were forfeited. Later on the forfeited share were re-issued for ₹ 70,000 as fully paid-up.
Pass necessary journal entries in the books of Z Ltd.

**Q. 6** Shri Hari Ltd. forfeited 150 shares of ₹ 10 each, ₹ 8 called up for non-payment of allotment money of ₹ 5 per share and first call of ₹ 2 per share. These share were issued at premium of ₹ 4 per share (to be paid at the time of allotment) 60 of these forfeited shares were reissued @ ₹ 8 per share. Final Call was not made till re-issue. Pass Journal entries for forfeiture and re-issue of forfeited shares. Also open share forfeited account in the books of Shri Hari Ltd.

**Q. 7** Roomi Ltd. acquired assets of ₹ 20 lakhs and took over creditors of ₹ 2 lakhs from kapil Enterprises, Roomi Ltd. issued 8% debentures of ₹ 100 each at a premium of 25% as purchase consideration. Record necessary journal entries in the books of Roomi Ltd.

**Q. 8** On 1st January 2010 jai Ltd. took a loan of ₹ 6,30,00 from the Bank of India for which the company placed with the bank, debentures of ₹ 7,00,000 as Collateral Security.
Pass journal entries, if any. Also show how the Debentures and Bank Loan will appear in the Company's Balance Sheet.

**Q. 9** The ratio of Current Assets (₹ 3,00,000) to Current Liabilities ( ₹ 2,00,000) is 1.5:1. The accountant of this firm is interested in maintaining a current ratio of 2:1 by paying some part of current liabilities. You are required to suggest him the amount of current liabilities which must be paid for this purpose.

**Q. 10** Calculate Return on Capital Employed from the following details:
Net profit after tax ₹ 2,00,000, Rate of Income Tax 50%, 10% Debentures ₹ 5,00,000, Share Capital ₹ 10,00,000, Opening Credit Balance of Profit and Loss Account ₹ 2,50,000, Opening Balance of Loss on Issue of Debentures ₹ 50,000.