

Seat No.:

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Sl. No. :

154(E)

(March, 2019)

Time : 3 Hours]

[Maximum Marks : 100

Instructions :

- 1) This question paper contains 6 sections and total 35 questions.
- 2) All questions are compulsory. Options are internal.
- 3) Answers should be written according to the instructions only.
- 4) Figures to the right side indicate full marks for the questions.
- 5) Use pencil and scale wherever necessary.
- 6) Use of simple calculator is permitted.
- 7) Start new section on a new page.

SECTION - A

- Following questions 1 to 10 are objective type questions. Choose the correct alternative from the options given. Each question carries 1 mark :

[10]

- 1) What is the interest on drawings of partners for a partner?
(A) An expense (A) Liability
(C) An income (D) Loss
- 2) Goodwill is _____ where individual skill is important.
(A) more (B) less
(C) zero (D) negative
- 3) Revaluation A/c is also known as _____.
(A) Capital reserve account
(B) Profit-loss appropriation account
(C) Profit-loss adjustment account
(D) Profit-loss account
- 4) When only old profit-loss sharing ratio is given, gaining ratio of remaining partners will be _____.
(A) 1 : 1 (B) old ratio
(C) capital ratio (D) can not be calculated

- 5) To which account balance of general reserve is transferred at the time of the dissolution of a firm?
- (A) Realization A/c (B) Cash A/c
(C) Profit-loss A/c (D) Capital A/c of partners
- 6) Which of the following is not shown under the heading 'share capital' in a balance sheet?
- (A) Authorised capital (B) Issued capital
(C) Reserve capital (D) Subscribed capital
- 7) Debenture is _____ for a company.
- (A) capital (B) receivable
(C) liability (D) asset
- 8) In which terms ratios are presented?
- (A) Proportion (B) Percentage
(C) Time (D) All of these
- 9) To arrive at liquid assets which of the following is deducted from current assets?
- (A) Stock (B) Cash and bank balance
(C) Debtors (D) Bills receivables
- 10) How many activities are there in cash-flow statement?
- (A) Five (B) Four
(C) Three (D) Two

SECTION - B

- Answer the following questions from 11 to 20 in one sentence each.
Each question carries 1 mark :

[10]

- 11) What is goodwill?
- 12) How is the consolidated profit distributed?
- 13) When revaluation A/c is debited?
- 14) How would you deal with bad debts return at the time of dissolution of a firm?

- 15) What is securities premium?
- 16) What is meant by debenture discount?
- 17) What is horizontal analysis?

OR

What is vertical analysis?

- 18) By which ratios efficiency is measured?
- 19) What is cost of goods sold?
- 20) In which activity the dividend paid is recorded?

SECTION - C

- Answer the following questions from 21 to 26 in short. Each question carries 3 marks :

[18]

- 21) A partner withdraws identical amount at the end of each month from the firm. At the end of the year total annual drawings is ₹ 12,000, 12% p.a. interest is chargeable on drawings. Determine the amount of interest on drawings of the year.
- 22) Aaju, Baju and Kaju are partners in a firm sharing profit and loss in the ratio of 2 : 2 : 1. They decided to share profits and losses in the ratio of 3 : 2 : 1 in future. From this information calculate share of sacrifice by partner.
- 23) At the time of dissolution total assets of the firm are of ₹ 4,00,000. Out of that 40% are current assets, where cash ₹ 20,000 is included. Fixed assets are realised 120% and 80% are realised from current assets. Write necessary journal entries. Also show necessary calculations [Narration is not necessary].
- 24) Write difference between dissolution of partnership and dissolution of partnership firm [Any Three points].

OR

How would you deal with the following balances disclosed in the balance sheet at the time of dissolution of a partnership firm?

- (i) Investment fluctuation fund
- (ii) Provident fund
- (iii) Debit balance of profit-loss A/c

25) On 1.8.2017, Prerna Ltd. issued 8,000, 9% debentures of ₹ 100 each at par. These debentures are to be redeemed on 31.7.2022 at ₹ 120 per debenture. Pass necessary journal entries in the books of the company for the issue and redemption of debentures [Without narration].

26) Prakhar Ltd. issued 8,000, 7.5% convertible debentures of ₹ 200 each at par on April 1, 2014. As per the terms of issue of debentures, all the debentures will be converted into shares after 4 years and for this one equity share of ₹ 10 each will be issued at a premium of 25% against each debenture.

As per agreed terms, all the debentures are converted into shares as on April 1, 2018. Write necessary journal entries in the books of the company [Without narration].

OR

Distinguish between shares and debentures [Three points].

SECTION - D

■ Answer the following questions from 27 to 30. Calculate as directed. Each question carries 4 marks :

[16]

27) Pooja and Prarthna's firm's capital is ₹ 8,00,000 and expected rate of return is 12%. Last three years' profit are ₹ 1,00,000, ₹ 1,40,000 and ₹ 90,000 respectively. Determine the value of goodwill of the firm on the basis of 2 years' purchase of last three years' average super profit.

- 28) Profit-loss statement of Sun Ltd. for the year ending on 31.3.2016 and 31.3.2017 are as follows. On the basis of that, prepare comparative profit-loss statement :

Summarised Profit-Loss Statement

Particulars	Note No.	31.3.17 (₹)	31.3.16 (₹)
Sales revenue		16,00,000	14,00,000
Other income		3,00,000	2,50,000
Expenses		9,60,000	7,20,000

Income tax rate is 30%.

- 29) From the following information of Janta Ltd., calculate current ratio and liquid ratio :

Particulars	Amount (₹)
Cash and cash equivalent	1,80,000
Debtors	1,20,000
Bills Receivables	60,000
Stock	1,40,000
Current investments	1,00,000
Creditors	2,00,000
Bills payables	1,00,000
Outstanding expenses	80,000
Taxation provision	80,000

OR

- From the following information of Karnavati Ltd., calculate debtors' turnover and creditors' turnover :

Particulars	Amount (₹)
Credit Sales	48,00,000
Cash Sales	12,00,000
Opening trade receivables	2,30,000
Opening trade payables	3,60,000

Cash Purchase	4,00,000
Gross profit	12,00,000
Closing trade receivables	1,70,000
Total Purchase	30,00,000
Closing trade payables	4,80,000

30) From the following details of Parag Company Ltd. compute cash flow from operating activities :

Particulars	Amount (₹)
Profit of current year	3,20,000
Taxation provision	30,000
Proposed dividend	60,000
Goodwill written off	35,000
Depreciation Charged	47,000
Loss on Sale of Asset	43,000
Rent received	45,000
Dividend received	65,000
Increase in Current assets	1,00,000
Decrease in Current liabilities	90,000

OR

From the following information of Narmada Ltd., determine cash-flow from investing activities :

Particulars	Amount (₹)
Opening balance of machines	4,50,000
Closing balance of machines	4,00,000
Book value of machine sold during the year	25,000
Depreciation provided on machines	50,000
Selling price of machines	15,000

SECTION - E

- Questions from 31 to 33 are essay type questions. Each question carries 8 marks :

[24]

- 31) A and B are partners sharing profit-loss in the ratio of 2:1. The balance sheet of their firm as on 31.3.2018 was as under :

Balance Sheet

Liabilities	Amount (₹)	Assets	Amount (₹)
Capital :		Plant-	
A 80,000		machinery	80,000
B 40,000	1,20,000	Building	50,000
Reserve		Stock	17,000
fund	21,000	Debtors 50,000	
Creditors	75,000	(-) BDR - 4,000	46,000
Bills payable	10,000	Cash bank	33,000
	2,26,000		2,26,000

They admitted C as a new partner on 1.4.2018 on following conditions :

- (1) C will get $\frac{1}{4}$ th share in future profits which he gets from A and B in the ratio 1:2.
- (2) C will bring proportionate capital.
- (3) C will bring his share of goodwill in cash. Goodwill is valued at ₹ 1,80,000.
- (4) Fixed assets are to be depreciated at 10%.
- (5) All debtors are solvent.
- (6) Insurance premium of ₹ 3,000 is to be carried forward to the next year.

Prepare necessary accounts and balance sheet.

- 32) E, F and G are partners sharing profit and loss in the ratio of 4:3:3. E retires on 31.03.2018. Balance sheet of the firm on that date was as under :

Balance Sheet

Liabilities	Amount (₹)	Assets	Amount (₹)
Capital :		Goodwill	1,000
E 8,000		Land-	
F 5,000		building	6,000
G 2,000	15,000	Freehold	
General		assets	3,000
reserve	2,000	Furniture	3,000
Creditors	8,000	Stock	6,600
Bills payable	2,000	Debtors	7,000
		Cash	400
	27,000		27,000

Following terms of retirement were decided in partnership agreement and among the partners :

- (1) Goodwill of the firm is valued at ₹ 7,000.
- (2) Value of Land-building ₹ 7,000 and furniture ₹ 2,000 is decided.
- (3) Stock is over valued by 10%.
- (4) ₹ 5,000 to be paid to E immediately and balance to be transferred to his loan account.
- (5) F and G will bring necessary cash in equal proportion in such manner that E is to be paid his dues fully and ₹ 2,000 remain as working capital (cash).

Prepare necessary accounts and balance sheet.

- 33) National Textiles Limited issued 12,00,000 equity shares of ₹ 10 each on which amount was payable as under :

On application ₹ 4 per share

On allotment ₹ 4 per share and on final call ₹ 2 per share.

Company received applications for 15,50,000 equity shares from public. Excess applications were rejected and amount paid on application was refunded.

Shah who was allotted 2000 shares, had not paid amount on final call. Company forfeited his shares and all the forfeited shares were reissued at 7.50 per share as fully paid up to Thaker.

Pass necessary journal entries in the books of the company to record above transactions [Without narration].

OR

- 33) Bharat Foods Products Ltd. issued 80,000 equity shares to the public at ₹ 10 per share. Company called up the amount as under :
- On application ₹ 4 per share,
 - On allotment ₹ 3 per share,
 - On final call ₹ 3 per share.

Applications were received from public for 1,20,000 shares, its allotment was made by company as under :

Full allotment was made to applicants of 32,000 shares.

Not a single share was allotted to the applicants of 24,000 shares.

48,000 shares were allotted to applicants of 64,000 shares.

All amounts were received in time. Pass journal entries in the books of the company from above information [Without narration].

SECTION - F

- Answer the following essay type questions 34 and 35. Each question carries 11 marks :

[22]

- 34) Shubh and Labh are the partners of a partnership firm. From the Trial balance and adjustments prepare trading A/c, profit-loss A/c, profit-loss appropriation A/c, capital A/c and balance sheet.

Trial Balance of the firm as on 31.3.2018

Debit balance	Amount (₹)	Credit balance	Amount (₹)
Drawings :		Capital :	
Shubh	4,800	Shubh	24,000
Labh	3,200	Labh	16,000
Adjusted		Sales	2,00,000
purchase	1,06,000	Payables	30,000
Stock of goods		Goods	
(31.03.18)	28,000	distributed as	
Receivables	48,000	free samples	2,000
Wages-salary	10,000	Bank overdraft	14,000
Trading expense	16,000		
Building	50,000		
Furniture/fittings	10,000		
Office			
equipments	4,000		
Packing			
material stock	4,000		
Cash balance	2,000		
	2,86,000		2,86,000

Adjustments :

- (1) Provide interest @8% on capital and 12% on drawings. Shubh had withdrawn ₹ 400 at the end of each month and Labh had withdrawn on 1.10.2017.
- (2) Credit sales ₹ 10,000 is not recorded and total of sales book of March is overcast by ₹ 2,000 by mistake.
- (3) Write off additional bad debts of ₹ 2,000 and provide 5% bad debts reserve on debtors.
- (4) Fittings of ₹ 4,000 became obsolete, which is not recorded in the books.

- (5) Court has finalised claim of ₹ 4,000, for not meeting agreement to provide goods to a customer.
- (6) Outstanding wages ₹ 2,000 is recorded to wages account but outstanding wages account is not recorded in trial balance.

35) Following balances are extracted from the books of Star Ltd. Prepare balance sheet as per Schedule-III of companies Act, 2013 as at 31.3.2018.

Balance Sheet as on 31.3.2018

Debit balance	Amount (₹)	Credit balance	Amount (₹)
Interest accrued	3,000	Trade payables	30,000
Plant and Machinery	6,00,000	Long-term provisions	60,000
Cash on hand	37,000	Reserves and surplus	1,10,000
Trademark	20,000	Other current liabilities	25,000
Debtors	42,000	Short-term borrowings	24,000
10% Narmada bonds	70,000	Share capital	3,50,000
Loose tools	18,000	Short-term provisions	35,000
Telephone deposit	30,000	Long-term borrowings	1,20,000
Units of mutual fund (Temporary)	10,000	Other long-term liabilities	76,000
	8,30,000		8,30,000

