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Candidates must write the Code on the title page of the answer-book.

- Please check that this question paper contains **6** printed pages.
- Code number given on the right hand side of the question paper should be written on the title page of the answer-book by the candidate.
- Please check that this question paper contains **27** questions.
- **Please write down the serial number of the question before attempting it.**

## ACCOUNTANCY

*Time allowed : 3 hours ]*

*[ Maximum Marks: 80*

### **General Instructions :**

- This question paper contains three parts A, B and C.*
- Part A is **compulsory** for all candidates.*
- Candidates can attempt only **one** part of the remaining parts B and C.*
- All parts of the questions should be attempted at one place.*

### **Part 'A'**

#### **Accounting for Not-for-Profit Organizations, Partnership Firms and Companies**

1. The Surplus of Not-For-Profit Organisation is distributing among the members. State whether this statement is correct or not, give reason also. 1
2. What is super profits? 1
3. What is meant by Reserve Capital? 1
4. Why New Profit Sharing ratio calculated at the time of Retirement of Partner? 1
5. What is the Nature of Revaluation Account ? 1

6. There are 500 members in the Club each paying Subscription of Rs. 100. On 2007, The Club has subscriptions outstanding amounted Rs. 2000 and 10 member paid their subscription for 2008 in year 2007. In 2008, 15 members paid their subscription for 2009 in advance. Subscription outstanding as on 31st Dec, 2008 amounted Rs.3000. Calculate Subscription Received During the Year. 3
7. ABC Ltd. Forfeited 500 shares of Rs. 100 each, issued at a discount of 5% for non-payment of first call of Rs.3 per share; final call of Rs. 1 per share has not yet been made. Of these half shares were re-issued at Rs.9 per share. Journalise. 3
8. Neel Ltd forfeited 120 shares of Mr.Kaushik who applied for 144 shares @ Rs.10 at a premium of Rs.2 for non payment of allotment money Rs.5 (including premium) and first and final call Rs.Rs.3. Directors reissued 100 of these shares @ Rs.9 fully paid. Pass Journal entries. 3
9. Ram, Bharat & Lakhan are partners in firm. Their respective Fixed capital are Rs. 30,000, Rs.50,000 & Rs. 80,000 and Lakhan also given Loan to Firm of Rs. 20,000. The partnership deed provided:
- i. Interest on capital @ 10%.
  - ii. Profit-sharing ratio is 1:2:3.
- During the year 2007-08 firm earned profit of Rs. 9,200 before charging interest on partner's loan. Give us Profit & Loss Appropriation Account. 4
10. MKM Ltd. Made the following issue of Debenture:
- I. For cash at 95% , 5,000; Debenture of Rs. 100 each.
  - II. To a creditor who has supplied furniture worth Rs. 2,60,000; 2,800 Debentures of Rs. 100 each.
  - III. To the Bank for a loan of Rs. 1,60,000 as a collateral security. 2,000 debentures of Rs. 100 each. 4
11. Hari, Ravi and Kavi were partners in a firm sharing profits in the ratio of 3 : 2 : 1 respectively. They admitted Guru as a new partner for 1/5th share in the profits. The new profit sharing ratio between old partners will be equal. Guru brought Rs. 1,00,000 for his capital and nothing for his share of goodwill. Goodwill of the firm is valued at Rs. 60,000. Showing your working clearly, pass necessary journal entries in the books of the firm for the above mentioned transactions. 4
12. BPL Ltd. Redeem 6,000; 10% Debentures of Rs. 100 each by converting them into equity share of Rs. 10 each @ discount of 5%. In addition, after three months it also redeemed 2,000; 10% debentures On 1st April, 2008 ; by purchasing from open market for immediate cancellation at Rs. 92 per Debenture. Pass the journal entries redemption. 6

13. Jai, Veeru & Gabbar are partners in firm sharing profits in the ratio of 5 : 3 : 2. On 31<sup>st</sup> March 2008 their balance sheet was as under:

Liabilities		Amount	Assets		Amount
Creditors		7,000	Building		20,000
Reserves		10,000	Machinery		30,000
Capital Accounts :			Stock		10,000
Jai	30,000		Patents		6,000
Veeru	25,000		Debtors		8,000
Gabbar	<u>15,000</u>	70,000	Cash		13,000

Jai died on 1<sup>st</sup> Oct, 2008. It was agreed between his executors and remaining partners that:

- Goodwill be Valued at 2 years' Purchase of the average Profit of the previous five years, which were 2007-08 : 20,000; 2006-07 : 15,000; 2005-06 : 12,000; 2004-05 : 13,000; 2003-04 : 15,000.
- Patents are valueless; Machinery at Rs. 26,000; and Building valued at Rs. 30,000.
- Profit for the year 2008-09 be taken on the basis of turnover and the sale for the year 2007-08 amounted Rs. 2,00,000. Sales of Rs. 1,00,000 is generated till 1<sup>st</sup> Oct, 2008.
- Interest on Capital be provided at 10% p.a.
- A sum of Rs. 5,000 was to be paid to his executors immediately.

Prepare Jai's Capital Account and his executors' Account at time of his death.

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14. From the following particulars relating to the Country Club prepare the Income & Expenditure account for the year ended 31st March, 2008 and the Balance Sheet as at that date

#### Receipt and Payment Account

Dr.		Cr.	
For the year ending March 31, 2008			
Receipts	Amount	Payments	Amount
To Balance b/d	15,500	By Salaries	44,000
To Subscription	104,000	By Investment @ 9% (30/09/07)	60,000
To Locker Rent		By Rent	124,000
2006-07           10,500		By Rent Deposit	25,000
2007-08           152,500	163,000	By Ins. Premium	18,000
To Sale of old News Papers	1,000	By Balance c/d	12,500
	<u>283,500</u>		<u>283,500</u>

#### Additional Information:

- Salaries had been paid for 11 months Only.
- Annual Ins. Premium is paid on 1st Oct every year.
- Club also own Land & Building of Rs. 5,00,000.

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15.

A Ltd. Invited application for 20,000 share of Rs. 10 each at is count of 10%.

Amount is paid as under

On application Rs.3 per share;

On allotment Rs.3 per share;

On first call Rs.1.50 per share.

and final call Rs.1.50 per share

the issue was over-subscribed to the extent of 16,000 shares. The Board of directors

rejected the applications for 6,000 share and allot full to the shareholder of 10,000 shares.

Jain whom allotted for 300 shares failed to pay the Final call money. His shares were forfeited.

Gupta whom allotted 400 shares failed to pay the first and final money. His shares were forfeited.

Out of these 500 share were re-issued at Rs. 8 per as fully paid. Which includes all the shares of

Gupta. Pass the necessary Journal entries to record the above transactions.

OR

XYZ Ltd. Issued a prospectus inviting applicatons for 20,000 share of Rs. 20 each at premium of Rs. 4 per share, payable as follows:

On Application Rs. 6 (Including Re. 1 premium)

On Allotment Rs. 6 (Including Re. 1 premium)

On First Call Rs. 6 (Including Re. 1 premium)

On Final Call Rs. 6 (Including Re. 1 premium)

Application were received for 36,000 shares. The Board of directors rejected the applications for 11,000 share and made ' *pro-rata* ' allotment to others. It was decided to utilise excess application money till the amount due on allotment only

P to whom 400 shares were allotment, failed to pay the allotment money and his subsequent failure to pay the first call his shares were forfeited.

The forfeited shares were re-issued at Rs. 20 per share as fully paid up.

Pass the necessary Journal entries to record the above transactions.

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16. Jain & Gupta are partners sharing profit in the ratio of 2:1 & The following is the Balance Sheet was as 31<sup>st</sup> March 2008:

<u>Liabilities</u>	Amount	<u>Assets</u>	Amount
Capital Account:		Fixed assets	80,000
Jain 70,000		Investment	50,000
Gupta <u>60,000</u>	1,30,000	Stock	26,200
Workmen's Compensation Fund	20,000	Debtors 21,000	
Creditors	20,000	Less: Provision <u>1,000</u>	20,000
Bills Payable	3,000	cash	14,800
Bank Overdraft	17,000		
	<u>1,90,000</u>		<u>1,90,000</u>

They admitted Mishra to the firm *w.e.f.* 1<sup>st</sup> April, 2008. He brings Rs. 15,000 cash for 1/4th share of Goodwill, half of which is withdrawn by old partners. Half of Investments are taken over by Gupta & Jain at Rs. 30,000 in their profit sharing ratio. An unrecorded stock of stationery of Rs. 2,000 is found. All the debtors are good. It is decided among the partners that Mishra will bring in proportionate capital in a firm.

Prepare Revaluation Account, Partners Capital Accounts, and Balance Sheet on the event of Partners' admission.

**OR**

A, B & C are sharing profit in the ratio of 3:3:1. Their Balance sheet is as follow:

**Balance Sheet**  
as on 31<sup>st</sup> March 2008

<u>Liabilities</u>	Amount	<u>Assets</u>	Amount
Capital Accounts:		Land & Building	75,000
A                    50,000		Plant & Machinery	30,500
B                    30,000		Investment	12,500
C <u>20,000</u>	1,00,000	Stock	22,000
Current Account:		Sundry Debtors	25,000
A                    4,000		Cash at Bank	15,000
B <u>1,500</u>	5,500	Cash in Hand	6,500
Provident Fund	15,000	C's Current Account	3,500
Creditors	42,500		
Bank Loan	30,000		
	1,93,000		1,93,000

C retired on the above date on the following term & conditions:

- a. Goodwill is valued at Rs. 35000.
- b. Land & building were appreciated by 20%.
- c. The firm had JLP for Rs. 60,000 on which premium were paid in all amounting to Rs. 25,000. The surrender value of the policy was Rs. 14,000.
- d. After retaining Rs. 5,000 in bank account, balance is paid to C immediately as part of his claim.

Capital of the firm is maintain intact as earlier for that all the adjustment are to be made through current account. Prepare Revaluation Account, Partners Capital Accounts, and Balance Sheet on the event of Partners' retirement.

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### **Part B**

#### **Financial Statement Analysis**

17. What does proprietary ratio indicates? 1
18. State whether conversion of Debentures into shares in inflow, outflow or no flow of cash. 1
19. Rent received by a finance company is classified under which kind of activity while preparing a cash flow statement? 1
20. Under which head would you disclose the following items in the Balance Sheet of a Limited Company?
  - a. Sinking Fund;
  - b. Goodwill, and
  - c. Proposed Dividend. 3

21. From the following information Calculate STR and Working Capital Turnover Ratio.

	<b>Rs.</b>
Sales	5,00,000
Purchase	3,80,000
Working Capital	60,000
Liquid Ratio	1.5
Current Ratio	2
Gross Profit on Cost	25%

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22. From the following Balance Sheet as on 31st December, Prepare Comparative Balance Sheet Statement:

Liabilities	Amount		Assets	Amount	
	2007-08	2008-09		2007-08	2008-09
Share Capital	2500000	2500000	Fixed Assets	3000000	3600000
Reserve & Surplus	500000	600000	Investments	500000	500000
Long-term Debts	1500000	1500000	Current Assets	1200000	1000000
Current Liabilities	500000	550000	Preliminary Expenses	300000	50000
	5000000	5150000		5000000	5150000

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23. From the following information calculate cash flow from investing and financing Activities

	<b>2007</b>	<b>2008</b>
	<b>Rs.</b>	<b>Rs.</b>
Furniture ( at cost)	220,000	228,000
Accumulated Depreciation on furniture	60,000	90,000
Land	14,00,000	7,00,000

Additional Information :

- (i) During the year furniture costing Rs. 40,000 was sold for Rs.30,000.
- (ii) Depreciation charged on furniture during the year amounted to Rs.50,000.
- (iii) Land was sold at twice of its cost.

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-----Best of Luck-----