Note: **" ` "denotes to Rs.**

Part A

Q1. What is meant by fund based Accounting? **(1)**

Q2. What is the status of partnership from an accounting viewpoint ? **(1)**

Q3. Distinguish between "New profit sharing ratio" and "Sacrificing ratio". **(1)**

Q4. Why should a new partner contribute towards Goodwill on his admission? **(1)**

Q5. Differentiate between Reserve capital and Capital Reserve on the basis of time when it can be used. **(1)**

Q6. From the following Receipts and Payments A/c and additional information compute the subscription credited to Income and Expenditure A/c for the year ending 31st March, 2010:

Receipts	`	**Payments**	`
To Subscription for:			
2008-09 5,000			
2009-10 80,000			
2010-11 3,500	87,500		

Additional Information:

The club has 4,500 members each paying an annual subscription of ` 20. ` 1,500 are still in arrears for subscription for 2008-09. In 2008-09, 50 members had paid their subscription for 2009-10. **(3)**

Q7. Ram Ltd. issued 20,000, 8% debentures of ` 100 each at 10% premium and redeemable at 5% premium after 5 years. The full amount payable with application. Applications were received for 25,000 debentures and pro-rata allotment was made to all applicants. Pass necessary journal entries for issue of debentures. **(3)**

Q8. Write down any three points of distinction between partnership and company. **(3)**

Q9. X and Y are partners in a firm sharing profits in the ratio of 3:2. They admitted Z as a partner for 1/4th share, who bring Rs. 1,00,000 as capital and Rs. 40,000 as premium for goodwill. After making all adjustments capitals of X and Y stood at Rs. 1,55,000 and Rs. 1,35,000. It was agreed that capital of partners would be re-adjusted on the basis of Z's capital and for this purpose current account is to be opened. Pass necessary journal entries to record the above transactions. **(4)**

Q10. X, Y and Z are partners in a firm. Their profit sharing ratio is 5:3:2. However, Z is guaranteed a minimum amount of Rs. 10,000 as share of profit every year. Any deficiency arising on that account shall be met by Y. The profits for the two years ending 31st December, 2003 and 2004 were Rs. 40,000 and Rs. 60,000 respectively. Pass necessary journal entries to record the above transactions for two years. **(4)**

Q11. Y Ltd. forfeited 6,000 equity shares of ` 100 each issued at 10% discount, for non payment of first call ` 20 per share and final call of ` 10 per share not yet made. Later on the company re-issued 5,000 shares at maximum discount. Pass journal entries for forfeiture and re-issue of shares in the books of the company. **(4)**

Q12. Following is the Receipt and Payment Account of an Entertainment Club for the period April 1, 2006 to March 31, 2007.

Receipt and Payment Account for the year ending March 31, 2007

Receipts	`	**Payments**	`
Balance b/d		Salaries	24,000
Cash	87,500	Electric bill	21,000
Bank		Food Stuff for Restaurant	60,000
Members' Subscriptions		Telephone bill	35,000
2005-06 12,500		Subscription for periodicals	14,500
2006-07 1,00,000		Printing and Stationery	13,000
2007-08 10,000	1,22,500	Sports expenses	50,000
Sale of furniture (Book Value Rs. 8,000)	10,000	Secretary's honorarium	30,000
Sale of Food Stuffs	1,00,000	8% Investment (31.3.2007)	1,00,000
Sale of periodicals & newspapers	3,200	Balance C/d	
Hire of ground used for marriage	48,750	Cash 21,500	
Donations for Sports Fund	25,000	Bank 45,000	66,500
Locker Rent	17,050		
Total	**4,14,000**	**Total**	**4,14,000**

Additional Information:

a). During 2006-07 the Club had 225 members, each paying an annual subscription of Rs. 500. Out of 30 members, who had not paid annual subscription during 2005-06, twenty five members cleared their arrears in 2006-07 and the arrears of the remaining five members who left the club on April 1, 2006 were treated as irrecoverable.

b). Stock of foodstuffs for Restaurant run by the club amounted to Rs. 16,000 and Rs. 18,000 at the end of 2005-06 and 2006-07 respectively.

c). Advance payment of subscription for periodicals, magazines, newspapers amounted to Rs. 2,500 and Rs. 5,000 at the end of 2005-06 and 2006-07 respectively.

d). Depreciate Furniture and Building @ 12.5% and 5% respectively.

e). During 2006-07an amount of Rs. 35,000 was deposited with MTNL, Delhi for adjustment of telephone bills. On March 31, 2007 the following statement was received from the telephone office:

Amount deposited	` 35,000
Interest on deposit	` 3,000
Less: Telephone rent and bills for 2006-2007	` 22,000
Balance of deposit on 31.3.2007	` 16,000

f). On April 1, 2006 other balances were as under:

	`
Furniture	1,00,000
Buildings	6,50,000
Sports fund	15,000

Prepare Income and Expenditure account for the year ending 31st March, 2007.

Q13. On 1.1.2007 a company issued 15,000 9% debentures of ` 100 each at a 110%. The terms of issue provide for redemption of 3,000 debentures every year staring from the end of 2010 either by purchase or by draw of lot at par at the company's option.

On 31st December, 2010 the company purchased for cancellation debentures of the face value of ` 80,000 at ` 95 per debenture and of ` 1,20,000 at ` 90 per debenture. Journalise the above transactions. **(6)**

Q14. Pass necessary Journal entries in each of the following alternative cases assuming there are two partners A and B sharing profits equally: (on dissolution of a firm).

a). Realisation expenses amounted to Rs. 1,000.
b). Bank Loan paid Rs. 10,000.
c). Stock taken over by a partner "B" for Rs. 5,500.
d). Profit and Loss A/c appearing on the assets side of Balance Sheet at Rs. 10,000.
e). A's loan paid back to him Rs. 20,000.
f). 'B' agree to bear all realisation expenses a an agreed remuneration of Rs. 1,500. Actual realisation expenses amounted to Rs. 1,000 were paid by the firm.

Q15. A and B are partners in a firm sharing profits in the ratio of 3:2. On 31st March, 2008 their Balance Sheet Stood as under:

Liabilities		`	Assets		`
Creditors		72,000	Machinery		66,000
Bank Loan		18,000	Furniture		30,000
General Reserve		20,000	Investments		40,000
Capitals A/cs:			Stock		46,000
A	70,000		Debtors	38,000	
B	60,000	1,30,000	Less: PDD	4,000	34,000
			Cash		24,000
Total		**2,40,000**	**Total**		**2,40,000**

On the above date, C is admitted C for 25% share in profit on the following terms:

a). C brings capital proportionate to his share after all adjustments & Rs. 8,000 for goodwill out of his share of Rs. 14,000.
b). Depreciate furniture by 10%
c). Half of investments were taken over by A and B in their profit sharing ratio and remaining valued at 26,000.
d). New ratio will be 3:3:2.

Prepare Revaluation Account; Capital Accounts of partners and Balance Sheet.

OR

A, B and C were sharing profits and losses in proportion of their capitals. Their B/S as at December 31, 2004 was as follows:

Liabilities		`	Assets		`
Sundry Creditors		21,600	Buildings		1,00,000
Capitals:			Plant & Machinery		48,000
A	90,000		Stock of Goods		18,000
B	60,000		Trade Debtors	20,000	
C	30,000	1,80,000	*Less:* PDD	400	19,600
			Cash at Bank		8,000
			Cash in Hand		8,000
Total		**2,01,600**	**Total**		**2,01,600**

B decided to retire due to bad health. They agreed to following adjustments in the books of accounts to decide about B's share:

a). Building will be appreciated by 10%;
b). Provision for Bad and Doubtful Debts will be increased to 5% of Debtors;
c). Out of the insurance premium paid Rs. 2,000 will be treated as prepaid insurance. This amount was earlier debited to the profit and loss account;
d). Plant and Machinery will be depreciated by 5%;
e). A provision will be made for a outstanding bill for repairs of machinery for Rs. 3,000;
f). Goodwill of the entire firm to be valued at Rs. 36,000. A and C who will maintain a profit-sharing ratio of 3:1 in the new firm.
g). The capital of the new firm be fixed at Rs. 1,20,000. Individual capital be in their profit sharing ratio and necessary adjustments will be made through cash.
h). B will be paid Rs. 6,000 in cash and the balance will be transferred to his loan A/c.

Prepare Revaluation Account, the Capital Accounts of all the partners and the Balance Sheet of A & C after B's retirement.

Q16. **(a).** Pink Ltd. has an authorized capital of Rs. 4,00,000 which is divided into equity shares of Rs. 10 each. The company invited applications for 40,000 shares. Applications were received for 30,000 shares. Final call of Rs. 2 on 2,000 shares was not received. The directors of the Company forfeited the shares and after some time, re-issued all forfeited shares at Rs. 9 per share. Show how Share how capital will appear in the Balance Sheet of the company as per Schedule VI Part I of the Companies Act, 1956.

(b). Tata Ltd. had issued and allotted 40,000 shares made first call of Rs. 3 per share on 1st July, 2010 & final call of Rs. 3 per on 15th September, 2010. Ram holder of 1,000 shares failed to pay the due, while Shyam paid final call money with first call. Pass necessary journal entries to record the above transactions by opening calls-in-arrears and calls-in-advance. **(4+4=8)**

OR

XYLtd. company issued for public subscription 40,000 equity shares of Rs. 10 each at a premium of Rs. 1 per share payable as under **:**

On application Rs. 3.50 per share; On allotment Rs. 5 per share, and On first and final call Rs. 2.50 per share

Applications were received for 60,000 shares. Allotment was made pro-rata to the applicants for 48,000 shares, the remaining applications being refused. Money overpaid on application was utilized towards sum due on allotment.

A, to whom 1,600 shares were allotted failed to pay the allotment and call money. B to who had applied for 2,400 shares failed to pay the call. These shares were forfeited. Later on 2,500 shares were re-issued at Rs. 8 per share. Give necessary journal entries for the above transactions.

Part B:

Q17. Schedule VI provides that Profit and Loss Account should be shown first and Balance Sheet shall be annexed to it. **(1)**

Q18. Give two examples of movements of cash and cash equivalents, which are not recorded in the Cash Flow Statement. **(1)**

Q19. State anyone objective of cash flow statement. **(1)**

Q20. Following figures were extracted from the trial balance of X Ltd. share capital 10,000 equity shares of ` 10 each fully paid: **(3)**

Securities premium ` 10,000 12% Debentures ` 50,000
Fixed deposits ` 25,000 Creditors ` 5,000

You are required to draw up the liabilities side of the balance sheet, according to the requirements of the Companies Act.

Q21. From the following information, calculate Debt Equity Ratio, Proprietary Ratio and Ratio of Total Assets to Debt. **(4)**

Balance Sheet as on December 31, 2006

Equity share Capital	3,00,000	Fixed Assets	4,50,000
Preference Share Capital	1,00,000	Current Assets	3,50,000
Reserves	50,000	Preliminary Expenses	15,000
Profit & loss A/C	65,000		
11 % Mortgage Loan	1,80,000		
Current liabilities	1,20,000		
	8,15,000		**8,15,000**

Q22. **(a).** Give any one limitations of Ratio Analysis.

(b). Calculate the amount of Opening Debtors & Closing Debtors from the following figures:

Debtors Turnover Ratio 4 times, Cost of goods sold ` 6,40,000, Gross profit ratio 20%, Closing Debtors were ` 20,000 more than at the beginning. Cash sales being 33--1/3% of credit sales. **(1+3=4)**

Q23. From the following Balance Sheets of Bharat Ltd. for the year ended 31st March, 2003 and 2004, prepare a Cash Flow Statement.

Liabilities	2003 (`)	2004 (`)	Assets	2003 (`)	2004 (`)
Trade Creditors	1,07,000	75,000	Bank	20,000	15,000
Bills Payable	23,000	35,000	Stock	80,000	1,00,000
Bank Overdraft	20,000	25,000	Debtors	40,000	95,000
Accumulated Depreciation	50,000	30,000	Short term Investments	20,000	---
P & L A/c	20,000	60,000	Fixed Assets	2,00,000	3,00,000
Share Capital	1,60,000	3,00,000	Goodwill	20,000	15,000
Total	**3,80,000**	**5,25,000**	**Total**	**3,80,000**	**5,25,000**

Additional Information: Depreciation provided during the year was ` 40,000.

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