10+2 (Accounts)Test – 02 (2014) ***M.Marks : 80***

PART-A

Q.1 Would a 'charitable dispensary' run by 8 members be deemed a partnership firm? Give reason in support of your answer. **(1)**

Q.2 Can a partner be exempted from sharing the losses in a firm? If yes, under what circumstances? **(1)**

Q.3 State giving reason whether the interest on loan given by a Partner to the firm be paid if there are losses? **(1)**

Q.4 Unless given otherwise, what will be the Gaining Ratio in case of retirement of partner? **(1)**

Q.5 State the two Financial Rights acquired by a new partner. **(1)**

Q.6 To which account the balance in Current Account is transferred? **(1)**

Q.7 X Ltd. Forfeited 100 shares of Ramesh for non-payment of final call of Rs. 2 per share without giving any notice. Which value has been affected by this act of the company? **(1)**

Q.8 Aman, Ashish & Vivek were partners. Their fixed capitals were Aman – Rs.30,000, Ashish – Rs.20,000 and Vivek – Rs.10,000 respectively. According to the Partnership Deed, they were entitled to an interest on capital at 5% p.a. In addition Ashish was also entitled to draw a salary of Rs. 500 per month. Vivek was entitled to a commission of 5% on the profits after charging the interest on capital, but before charging the salary payable to Ashish. The net profits for the year were Rs. 30,000 distributed in the ratio of capitals without providing for any of the above adjustments. The profits were to be shared in the ratio of 5: 2 : 3. Pass the necessary adjustment entry showing the working clearly. **(3)**

Q.9 Deepak Ltd. Purchased Furniture Rs. 2,20,000 from M/s Furniture Mart. 50% of the amount was paid to Furniture Mart by accepting a Bill of Exchange and for the balance, the company issued 9% Debentures of Rs. 100 each at a premium of 10% in favour of M/s. Furniture Mart. **(3)**

Q.10 A and B were sharing profits in the ratio of 3 : 2. They decided to admit C into the partnership for $1/6^{th}$ share of the future profits. Goodwill, valued at 4 times the average super profits of the firm, was Rs.18,000. The firm had Assets worth Rs. 15,00,000 and Liabilities Rs. 12,00,000. The normal earning capacity of such firms is excepted to be 10% p.a. Find the Average Profits/Actual Profits earned by the firm during the last 4 years. **(3)**

Q.11 Ram and Shyam were partners in a firm sharing profits in 3 : 2 ratio. Their respective fixed capitals were Rs. 10,00,000 and Rs. 15,00,000. The partnership deed provided the following:
(i) Interest on capital @ 10% p.a., (ii) Interest on drawings @ 12% p.a.
During the year ended 31.3.2012, Ram's drawings were Rs. 1,000 per month drawn at the end of every month and Shyam's drawings were Rs.2,000 per month drawn in the beginning of the every month. After the preparation of final accounts for the year ended 31.3.2012 it was discovered that interest on Ram's drawings was not taken into consideration. Calculate Interest on Ram's drawings and Pass necessary Adjusting Entry for the same. **(4)**

Q.12 Ajanta Ltd. had an authorized capital of Rs. 2,00,000 divided into equity shares of Rs. 10 each. The company offered for subscription Rs. 1,00,000 shares. The issue was fully subscribed. The amount payable on application was Rs. 2 per share. Rs. 4 per share were payable each on allotment and first and final call. A shareholder holding 100 shares failed to pay the allotment. His shares were forfeited. The company did not make the final call. Show how the 'Share Capital' will be shown in the company's balance sheet. Also prepare Notes to Accounts for the same. **(4)**

Q.13 A,B and C were partners in a firm sharing profits in 3:2:1 ratio. The firm closses its books on 31st March every year. B died on 30th June 2013. On B's death the goodwill of the firm was valued at Rs. 60,000. On B's death his share in the profits of the firm till the time of his death was to be calculated on the basis of previous year's profit which was Rs. 1,50,000. Calculate B's share in the profit of the firm. Pass the necessary journal entries for the treatment of goodwill and B's share of profit at the time of his death. **(4)**

Q.14 Alfa Ltd. Issued 10,000, 9% Debentures of Rs.100 each. Pass the necessary Journal entries for issue of Debentures in the following cases:

I. When Debentures are issued at par and redeemable at par.
II. When Debentures are issued at par and are redeemable at premium of 10%.
III. When Debentures are issued at a premium of 25% to the vendors for the purchase of machinery worth Rs. 12,50,000.
IV. When Debentures are issued at a premium of Rs. 250 each and are redeemable at par. **(4)**

Q.15 Sarthak and Sanyam are partners in a firm. They share profits and losses in the ratio of 2 : 1. Since both of them are specially abled, sometimes they find it difficult to run the business on their own. Gauri, a common friend decides to help them. Therefore, they admitted her into partnership for a 1/3rd share. She brought her share of goodwill in cash and proportionate capital. At the time of Gauri's admission, the Balance Sheet of Sarthak and Sanyam was as under:

Liabilities		Rs.	Assets	Rs.
Capital Accounts:			Machinery	1,20,000
Sarthak:	1,20,000		Furniture	80,000
Sanyam	80,000	2,00,000	Stock	50,000
General Reserve		30,000	Sundry Debtors	30,000
Creditors		30,000	Cash	20,000
Employees' Provident Fund		40,000		
		3,00,000		3,00,000

It was decided to:

a) Reduce the value of stock by Rs. 5,000.
b) Depreciate Furniture by 10% and appreciate Machinery by 5%.
c) Rs. 3,000 of the debtors proved bad. A provision of 5% was to be created on Sundry Debtors for doubtful debts.
d) Goodwill of the firm was valued at Rs. 45,000.

Prepare Revaluation A/c, Partners' Capital A/c and Balance Sheet of the reconstituted firm. **(6)**

Q.16 Journalise following transactions in the books of SSC Ltd:
(i) 100 12% Debentures of Rs.100 each issued at a discount of 10% were converted into 10% Preference Shares of Rs.100 each issued at a premium of 25%. The debentures were converted at the option of the debenture holder before the date of Redemption.

(ii) 100 12% Debentures of Rs. 500 each were converted into 15% debentures of Rs.100 each. The new debentures were issued at a discount of 20%. **(6)**

Q.17 Following is the Balance Sheet of A and B who share profits and losses in the ratio of 3:2 as at 31st March, 2013:

Liabilities	Rs.	Assets		Rs.
Sundry Creditors	75,000	Cash at Bank		4,500
Bills Payable	30,000	Stock		25,000
Mrs A's Loan	25,000	Debtors	40,500	
Workmen's Compensation Fund	8,000	Less: Provision	1,000	39,500
Employers' Provident Fund	50,000	Bills Receivable		15,000
General Reserve	27,000	Investments		60,000
A's Capital	30,000	Plant and Machinery		80,000
B's Capital	40,000	Building		61,000
	2,85,000			2,85,000

On the above date, the firm was dissolved and the following arrangements were made:

I. A promised to pay Mrs A's Loan and took half of the Investments @ 10% discount.
II. Stock and remaining investments were sold @ 10% discount.
III. Goodwill was taken by B for Rs. 40,000. He also agreed to pay Bills Payable at a discount of 10%.
IV. Assets realized Debtors Rs. 5,500 less; Bills Receivable at 10% discount; Plant and Machinery at 50% and Building Rs. 1,18,900.
V. There was a car in the firm, which was completely written off from the books. It was taken over by A for Rs. 24,400. He also agreed to pay Outstanding Salary of Rs. 1,000 not provided in books.
VI. Creditors were paid 90% in full and final settlement of their dues.
VII. The expenses of dissolution amounted to Rs. 1,700.

Required: Prepare the realization A/c, Capital A/c of Partners and Bank A/c in the Books of the firm.

OR

A,B and C are partners in a firm sharing profits and losses in the ratio of 3 : 2 : 1. Their Balance Sheet as at 31st March, 2013 is as under:

Creditors	46,000	Cash in hand		18,000
General Reserve	12,000	Debtors	25,000	
A's Capital	40,000	Less: Provision	3,000	22,000
B's Capital	40,000	Stock		18,000
C's Capital	30,000	Furniture		30,000
		Machinery		68,000
		Goodwill		12,000
	1,68,000			1,68,000

B retired on 1st April, 2013 on the following terms:

I. Provision for Doubtful debts will be raised by Rs. 1,000.
II. Stock will be depreciated by 10% and Furniture by 5%.
III. There is an outstanding claim for damages of 1,100 and it is to be provided for in the books.

IV. Creditors will be written back by Rs. 6,000. Goodwill of the firm is valued at Rs. 24,000.
V. B is paid in full with the cash brought in by A and C in such a manner that their capitals are in proportion to their profit-sharing ratio of 3 : 2.

Prepare the Revaluation A/c, Partners' Capital Accounts and the B/Sheet of New Firm.

(8)

Q.18 SSC Ltd. Invited applications for issuing 60,000 Shares of Rs. 100 each at a premium of Rs. 50 per share. The amount was payable as follows:
On application Rs. 75 per share (including premium of Rs. 25)
On allotment Rs. 50 per share (including premium of Rs. 25) and
On first and final call – the balance amount.
Application for 55,000 shares were received. Allotment was made to all the applicants and the company received all money due on allotment except K who was allotted 500 shares and his shares were immediately forfeited. Afterwards the first and final and call was made. L to whom 300 shares were allotted failed to pay the first and final calls. His share were also forfeited. 300 shares of K and 200 shares of L were reissued for Rs. 75,000 fully paid-up. Pass the necessary Journal entries.

OR

SC Ltd. Invited application for issuing 1,00,000 shares of Rs. 10 each. The amount was payable as follows:

(i)	On Application	Rs. 3 per share
(ii)	On Allotment	Rs. 2 per share
(iii)	On First and Final Call	Balance

Applications were received for 2,20,000 shares. Applications for 20,000 shares were rejected and their application money was refunded. Shares were allotted to the remaining applicants as follows:

I. Allotted 50% shares to Raman who had applied for 40,000 shares
II. Allotted in full to Akbar who had applied for 20,000 shares.
III. Allotted balance of the shares on prorata basis to the other applicants.

Excess application money was utilized in payment of allotment and final call. All calls were made and were duly received except the first and final call on 600 shares allotted to an applicant in III category.

His shares were forfeited. The forfeited shares were reissued for Rs.9 per share fully paid up. Pass the necessary Journal entries in the books of SC Ltd. **(8)**

PART-B

Q.19 State how Price Level Changes are ignored in Financial Statements Analysis. **(1)**

Q.20 The Operating Profit Ratio of a Company is 15%. State giving reason, whether the Ratio will increase or decrease or not change on Sale of Goods for Rs. 20,000 assuming operating expenses are nil. **(1)**

Q.21 Give one example of an activity which is classified as Investing Activity in case of all enterprises. **(1)**

Q.22 Prepare Common Size Statement of Profit & Loss from the following information:

	31.3.2013	31.3.2012
Revenue from Operations	15,00,000	10,00,000
Other Income	1,80,000	2,00,000
Employee Benefits Expense	9,00,000	5,00,000
Other Expenses	1,50,000	1,00,000
Tax Rate	30%	30%

(3)

Q.23 Calculate Current Ratio of a company from the following information:
Stock Turnover Ratio : 4 times, Stock in the end was Rs. 20,000 more than Stock in the beginning. Sales Rs. 3,00,000, Gross Profit Ratio 25%, Current Liabilities Rs. 40,000, Quick Ratio 0.75 : 1. **(4)**

Q.24 Under what heads and sub-heads the following items will appear in the Balance Sheet of a company.
1. Debit Balance of Profit & Loss A/c, 2. Tonnage Tax Reserve, 3. Interest accrued on Investments 4. Premium on Redemption of Debentures **(4)**

Q.25 From the following information, prepare a Cash Flow Statement:

BALANCE SHEETS as at……….

Particulars	31.3.2013 (Rs.)	31.3.2012 (Rs.)
I EQUITY AND LIABILITIES		
1. Shareholders' Funds		
Share Capitals	1,00,000	1,00,000
Reserves & Surplus (Profit and Loss A/c)	60,000	30,000
2. Non-Current Liabilities [6% Debentures]	80,000	60,000
3. Current Liabilities		
Trade Payables	45,000	60,000
Other Current Liabilities	45,000	40,000
Total	**3,30,000**	**2,90,000**

II ASSETS		
1. Non-Current Assets		
Fixed Assets	1,90,000	1,50,000
Non-Current Investments	30,000	40,000
2. Current Assets		
Inventories	55,000	40,000
Trade Receivables	45,000	40,000
Cash & Cash Equivalents	10,000	20,000
Total	**3,30,000**	**2,90,000**

Additional Information: A piece of machinery costing Rs. 5,000, on which depreciation of Rs.2,000 had been charged was sold for Rs. 1,000. Depreciation charged during the year was Rs. 17,000. New Debentures have been issued on 1st Aug. 2012. **(6)**