

MOCK BOARD 1 /AKJ/ACCOUNTANCY/2014-15/A

TIME: 3 HOURS

Max. Marks: 80

General Instructions:

- (i) All questions are compulsory.
- (ii) Marks are indicated against each question.
- (iii) All questions must be done in prescribed format.
- (iv) Attempt all parts of a question at one place only.

Part-A**(Accounting for Partnership Firms & Companies)**

- Q1. Premium received at the time of issue of shares is in the nature of
(a) Personal Account (b) Real Account
(c) Nominal Account (d) None of these [1]
- Q2. State with reasons, whether at the time of admission of a partner, partnership is dissolved or partnership firm is dissolved. [1]
- Q3. Hemant and Anjali are partners in a firm sharing profits and losses in the ratio 3:2. Hemant surrenders $\frac{1}{5}$ th of his share and Anjali surrenders $\frac{2}{5}$ th of her share in favour of Nidhi, a new partner. Calculate their new profit sharing ratio :
(a) 3:2:1 (b) 12:6:7 (c) 4:3:2 (d) None of the above [1]
- Q4. Lallu and Laddu are partners in a firm. Lallu, while on his business tour used the office car for his personal use for three days. After returning, he informed that out of the total expenses, ₹10,000 be treated as his drawings. Which value is highlighted here by Lallu? [1]
- Q5. The portion of uncalled share capital which will be called up only at the time of winding up of the company is called :
(a) Registered Capital
(b) Reserve Capital
(c) Capital Reserve
(d) Subscribed Capital [1]
- Q6. On the death of a partner, the assets and liabilities of the firm are
(a) to be revalued upward only.
(b) to be revalued downward only.
(c) to be revalued both upward and downward where necessary.
(d) not to be revalued. [1]
- Q7. State any three purposes for which securities premium can be used. [3]
- Q8. Aslam Ltd. has an authorised capital of ₹20,00,000 divided into Equity shares of ₹10 each. The company invited applications for 1,00,000 shares. Applications for 80,000 shares were received. All calls were made and were duly received except the final call of ₹2 per share on 1,000 shares. 500 of the shares on which the final call was not received were forfeited. Show how Share Capital will appear in the Balance sheet of the company as per Schedule VI Part I of the Companies Act 1956. [3]
- Q9. Naveen, Seerat and Hina were partners manufacturing blankets. They were sharing profits in the ratio of 5:3:2. Their capitals on 1st April, 2012 were ₹2,00,000 ; ₹3,00,000 and ₹6,00,000 respectively. After massive Snowfall in Himachal, all partners decided to help the flood victims personally.

For this Naveen withdrew ₹10,000 from the firm on 1st September, 2012. Seerat instead of withdrawing cash from the firm took blankets amounting to ₹12,000 from the firm and distributed to the snowfall victims. On the other hand, Hina withdrew ₹2,00,000 from her capital on 1st January, 2013 and set up a centre to provide medical facilities in the snowfall effected area.

The partnership deed provides for charging interest on drawings @ 6% p.a. After the final accounts were prepared, it was discovered that interest on drawings had not been charged. Give the necessary adjusting journal entry and show the working notes clearly. Also state any two values that partners wanted to communicate to the Society. [3]

- Q10. Vishesh Ltd. forfeited 1,000 equity shares of ₹10 each issued at a premium of ₹2 per share for non-payment of allotment money of ₹5 per share including premium. The final call of ₹2 per share was not yet called on these shares.

Of the forfeited shares 800 shares were reissued at ₹12 per share fully paid-up. The remaining shares were reissued at ₹11 per share fully paid-up. Pass necessary journal entries in the books of the company. [3]

- Q11. Abhay and Beena are partners in a firm. On 1st April'2014, they decided to admit Chetan as a partner with 1/4th share in the profits of the firm and on the same date Beena retired from the firm. Chetan brings 2,00,000 as his share of capital. Abhay and Chetan decided to share future profits in the ratio of 3:1. On that date value of total assets of the firm is 5,40,000 and outside liabilities were 1,00,000. Abhay and Chetan decided to conduct collection drive in schools and colleges for food, clothes, books, blankets etc. for the flood victims of Kashmir.

- (a) Give the necessary entry to record goodwill at the time of Chetan's admission. Also show working notes.
(b) Identify the value (s) involved. [4]

- Q12. K, L and M were partners in a firm sharing profits in the ratio of 2:1:1. Their Balance Sheet as at 31st March, 2014 was as follows:

Liabilities	Amount (₹)	Assets	Amount (₹)
Capital A/cs :		Land and Building	72,000
K 80,000		Machinery	16,000
L 40,000		Debtors	48,000
M 40,000	1,60,000	Inventory	32,000
Creditors	24,000	Cash at Bank	40,000
Reserve Fund	25,600	Cash in Hand	1,600
	2,09,600		2,09,600

On 30th June, 2014, M died and according to the provisions of partnership deed the executor of a deceased partner were entitled to the following:

- (i) Amount standing to the credit of Partner's Capital Account.
(ii) Interest on Capital @ 5% p.a.
(iii) Share of goodwill on the basis of two years purchase of the average profits of the last three years.
(iv) Share of profit in the year of his death, till the date of his death on the basis of the last year's profit.

The profits of the firm during the previous three years were: I - `40,000, II - `72,000, III - `56,000.

M's executors were paid 14,400 on 1st July, 2014 and the balance in three equal installments of equal intervals of 6 months starting from 31st December, 2014 with interest @ 10% p.a.

Prepare M's Capital Account. [4]

Q13. Softy, Anisha and Kratika are partners in a firm sharing profits and losses in the ratio 3:2:1. Their Balance Sheet for the year ended 31-03-2014:

Liabilities	Amount (₹)	Assets	Amount (₹)
Bills Payable	60,000	Current Assets	90,000
Profit and Losses A/c	50,000	Plant	1,80,000
Softy's Capital	1,20,000	Furniture	70,000
Anisha's Capital	80,000	Advertisement Suspense a/c	10,000
Kratika's Capital	40,000		
	3,50,000		3,50,000

The partners agreed to share profits equally w.e.f. 01-04-2014. They further agreed that:

- Current assets are valued at 15% less.
- Depreciate Plant and Furniture by 10%.
- Salary outstanding is `3,000.
- Goodwill of the firm is valued at `60,000.

Partners decided to not alter the values of assets, liabilities and profits. They also decided not to show goodwill in the books.

- Pass a single entry to give effect to above changes.
- What value/values have been followed by the sacrificing partner/partners by deciding to share profits equally?[6]

Q14. (a) Ram Ltd. took over assets of `2,50,000 and liabilities of `30,000 of Shyam Ltd. for the purchase consideration of `3,30,000. Ram Ltd. paid the purchase consideration of `100 each at 15% premium. Give the Journal entries in the books of Ram Ltd.

(b) Anupam Ltd. issued 10,000, 9% Debentures of `100 each which is due for redemption on 31st March 2014. The company has in its Debenture Redemption Reserve Account a balance of `4,00,000. Record the necessary journal entries at the time of redemption of debentures. [6]

Q15. On 31st March 2014, the balance sheet of Mansi, Mitali and Madhur who were sharing profits and losses in proportion to their capitals stood as follows:

BALANCE SHEET

Liabilities	Amount (₹)	Assets	Amount (₹)
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Creditors	11,350	Cash at Bank	8,050
Profit and Losses A/c	19,650	Debtors	8,250
Mansi's Capital	3,000	Less : Provision	750
Mitali's Capital	3,000	Stock	13,000
Madhur's Capital	3,000	Machinery	11,000
	40,000	Building	40,000

On April 1, 2014, Naina was admitted into partnership for one-sixth share in future profits. Assets and liabilities were revalued. Goodwill of the firm is valued at ₹3,600.

Fill in the missing information/figures in the following ledger accounts and Balance sheet. [6]

Dr.		REVALUATION ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Buildings a/c	1,000	By Stock a/c	500		
To Creditors a/c	11,500	By Loss transferred to :			
		Mansi's Capital a/c	.....	
		Mitali's Capital a/c	.....	
		Madhur's Capital a/c	.....	

Dr.					PARTNERS' CAPITAL ACCOUNTS					Cr.				
Particulars	Mansi	Mitali	Madhur	Naina	Particulars	Mansi	Mitali	Madhur	Naina					
To	-	By	3,000	3,000	3,000	-					
To Balance c/d	5,000	By Bank a/c	-	-	-	.....				
					By Premium for goodwill a/c	.....	.....	.....	-		
					By .....	.....	.....	.....	-		
					By Balance b/d	.....	.....	.....	.....	

BALANCE SHEET
As at 01/04/2014

Liabilities	Amount (₹)	Assets	Amount (₹)
Creditors	Cash at Bank	.....
Mansi's Capital	Debtors	`8,250
Mitali's Capital	Less : Provision	<u>750</u>
Madhur's Capital	Stock	13,000
Naina's Capital	Machinery	.....
	Building	.....

Q16. Ram and Shyam were partners in a firm sharing profits in the ratio of 2:3. Their Balance Sheet as at 31st March, 2014 was as follows:

BALANCE SHEET

Liabilities		Assets	
Ram's Capital	1,50,000	Machinery	1,30,000
Shyam's Capital	1,50,000	Land & Building	2,40,000
Creditors	1,30,000	Goodwill	20,000
Bills Payable	70,000	Stock	50,000
		Debtors	40,000
		Cash at Bank	20,000
	<u>5,00,000</u>		<u>5,00,000</u>

On the above date, the partners decided to dissolve the firm as if they found that they are unable to utilise their financial resources optimally. Ram paid the creditors at a discount of 10% and Shyam paid Bills Payable in full. Assets realized: Land & Building 20% less; Machinery ` 70,000; Stock 25% less; Debtors ` 25,000. Expenses of realization paid by Shyam were ` 3,500. Prepare the Realisation Account, Cash Account and Capital Accounts of the Partners to close the books of the firm.

Or

A, B & C are partners sharing profits in the ratio of their capitals. B retired from the firm on 31st March, 2014, The Balance Sheet of the firm on that date is as following :

Liabilities		Assets	
Sundry Creditors	4,000	Cash	5,400
Bills Payable	2500	Debtors	6,000
Employees Provident Fund	500	Less : Provision	400
			<u>5,600</u>

Contingency Reserve	12000	Stock	10,000
Workmen Compensation Fund	6000	Machinery	28,000
Capital Accounts:		Land & Buildings	30,000
A's	25,000	Advertisement suspense a/c	6,000
B's	20,000		
C's	15,000		
	85,000		85,000

The following Adjustment were made

Buildings appreciated by 20 %; Stocks depreciated by 10%, and Provision for Doubtful Debts was to be 5%. A provision for legal charge payable was to be made at ₹ 900. Goodwill of the firm be valued at ₹12,000 and B's Share in it be adjusted into the capital a/c without opening Goodwill A/c. ₹ 24,000 from B's capital A/c to be transferred to his loan a/c and balance to be paid in cash. New profit ratio of A & C decided to be 3: 2. Prepare the necessary accounts and the Balance Sheet of the firm after the B's retirement. [8]

Q17. Bharat Ltd. issued a prospectus inviting applications for 4,000 equity shares of ₹20 each at a premium of ₹4 per share payable as follows:

On Application ₹4 ; on Allotment ₹10 (including premium); on First Call ₹6 ; on Second Call ₹4

Applications were received for 6,000 shares and allotment was made on pro rata basis to the applicants of 4,800 shares, the applications for remaining shares were refused. Money overpaid on application was used on account of sums due on allotment.

Harish, to whom 80 shares were allotted, could not pay the allotment money and on his subsequent failure to pay the first call, his shares were forfeited after the First call.

Mukesh, to whom 120 shares were allotted, failed to pay the two calls and his shares were forfeited after the second call.

Of the shares forfeited, 160 shares were sold to Suresh credited as fully paid at ₹18 per share, all of Harish's forfeited shares being included.

Pass Journal entries in the books of the company to record the above transactions.

OR

Pihu and Priya Ltd. invited applications for issuing 1,00,000 equity shares of ₹10 each payable as follows :

On Application ₹2 per share; on Allotment ₹3 per share; on First and Final call ₹5 per share

Applications for 1,50,000 shares were received and pro-rata allotment was made to all the applicants as follows:

(a) Applicants for 80,000 shares were allotted 60,000 shares on pro-rata basis.

(b) Applicants for 70,000 shares were allotted 40,000 shares on pro-rata basis.

Sudha to whom 600 shares were allotted out of group (a) failed to pay the allotment money. Her shares were immediately forfeited after allotment.

Asha who applied for 1,400 shares out of group (b) failed to pay the First and Final call. Her shares were also

forfeited.

Out of the forfeited shares 1,000 shares were reissued @ `8 per share fully paid-up. The reissued shares included all the forfeited shares of Sudha.

Pass necessary journal entries to record the above transactions. [8]

PART – B
(Financial Statements Analysis)

- Q18. How will you classify dividend received by a finance company?
 (a) Operating Activity
 (b) Investing Activity
 (c) Financing Activity
 (d) None of the above [1]
- Q19. Rahim Ltd. made a profit of `2,50,000 after considering depreciation of fixed assets `30,000 and profit on sale of furniture 20,000. State the amount to be shown as Flow from Operating activities.
 (a) `2,00,000
 (b) `2,40,000
 (c) `2,60,000
 (d) `3,00,000 [1]
- Q20. (a) Where will you show the following items in the Statement of Profit and Loss of a company:
 (i) Goodwill amortized
 (ii) Interest earned
 (iii) Profit on sale of Furniture
 (iv) Selling and Marketing Expenses
 (b) Distinguish between Intra-firm analysis and Inter-firm analysis. [4]
- Q21. Trade Receivables Turnover ratio is 4 times. Cost of Revenue from Operations is `3,20,000 . Gross Profit ratio is 20%. Closing Trade Receivables is `10,000 more than at the beginning. Cash revenue from operations being $\frac{1}{3}$ rd of Credit Revenue from Operations. Calculate Opening and Closing Trade Receivables. [4]
- Q22. (a) From the following information, prepare Comparative Income statement :
- | | 31 st March, 2013 | 31 st March, 2014 |
|--|------------------------------|------------------------------|
| Revenue from Operations | 12,00,000 | 16,00,000 |
| Purchase of stock in trade | 7,60,000 | 9,00,000 |
| Change in inventories | 40,000 | 50,000 |
| Employee benefit expenses (Indirect)
(% of Cost of Revenue from Operations) | 20% | 18% |
| Tax Rate | 50% | 50% |
- (b) Calculate Gross Profit Ratio for the year ending 31st March , 2013 and 31st March, 2014. [4]

Q23. From the given notes to account and Cash flow statement of XYZ Ltd. , complete the missing figures :

Notes to Accounts

Note 1

Particulars	Note No.	As on 31/03/14 (₹)	As on 31/03/13 (₹)
Share Capital			
Equity Share Capital		2,00,000	1,50,000

Note 2

Particulars	Note No.	As on 31/03/14 (₹)	As on 31/03/13 (₹)
Reserve and Surplus			
Balance in Statement of Profit & Loss		56,000	35,000
General Reserve		24,500	17,500
Securities Premium Reserve		10,500	7,000

Note 3

Particulars	Note No.	As on 31/03/14 (₹)	As on 31/03/13 (₹)
Cash and Cash Equivalents			
Cash at Bank		7,000	9,450

Additional Information :

During the year 2013-14, ₹12,250 has been charged as Depreciation on plant and Machinery.

CASH FLOW STATEMENT
for the year ended 31st March, 2014

Particulars	Details	Amount
A. Cash Flows from Operating Activities:		
Profit before Tax and Extraordinary items	.....
Adjustments for :		
Depreciation on Plant & Machinery	.....
Operating Profit before Working Capital Changes	.....
Add: Decrease in Current Assets :		
Inventories	12,250	
Add: Increase in Current Liability :		
Trade Payables	.....	29,750

		70,000	
Less: Increase in current asset :			
Trade Receivables	15,750		
Less: Decrease in current liability:			
Other current liability	.....	(19,950)	
Cash Flow from Operating Activity		.....	.....
B. Cash Flow from Investing Activity			
Purchase of Land and Building		(17,500)	
Purchase of Plant & Machinery		.....
Purchase of Patents		(7,000)	
Cash flow from Investing Activity		.....	.....
C. Cash Flow from Financing Activity			
Proceeds from Issue of Shares at Premium		.....
Cash flow from Financing Activity		.....	.....
Net Cash Flow [A+B+C]			(2,450)
Add: Opening Balance of Cash & Cash Equivalents			.....
		
Closing Balance of Cash & Cash Equivalents			