

This Question Paper contains 11 printed pages:

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Sl. No. : 127553

**154(E)**

(March, 2020)

**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**

■ Questions from 1 to 10 are objective type questions. Choose the correct answer from the options given and write. Each question carries 1 mark :

[10]

- 1) How would you consider the interest on credit balance of partners' current account for firm?  
(A) Expense (B) Liability  
(C) Income (D) Loss
- 2) Goodwill is the financial value of \_\_\_\_\_.  
(A) Investment  
(B) Competition  
(C) Fixed assets  
(D) Prestige of business enterprise
- 3) At the time of reconstruction of a partnership firm, investments are shown at \_\_\_\_\_ in the balance sheet after the revaluation.  
(A) intrinsic value (B) cost price  
(C) market value (D) face value

- 4) Riya, Dhruvi and Isha are equal partners. Dhruvi retires, Dhruvi's share is gained by Riya and Isha equally. New profit and loss sharing ratio of Riya and Isha will be \_\_\_\_\_.
- (A) 3 : 1 (B) 2 : 1  
(C) 1 : 2 (D) 1 : 1
- 5) To which account workmen accident compensation fund is transferred at the time of dissolution of a firm?
- (A) Realization A/c (B) Partners' Capital A/c  
(C) Profit-loss A/c (D) Cash A/c
- 6) For public issue of shares company has to take permission from whom?
- (A) Central Government (B) SEBI  
(C) State Government (D) Reserve Bank
- 7) The amount of premium received on issuing debentures at premium is \_\_\_\_\_.
- (A) revenue profit (B) capital loss  
(C) capital profit (D) revenue loss
- 8) Which of the following is not included in operating expenses?
- (A) Loss on sale of assets (B) loss due to fire  
(C) Interest paid (D) All of the above
- 9) Liquidity ratio is \_\_\_\_\_.
- (A) measurement of liquidity  
(B) measurement of short-term profitability  
(C) measurement of profitability  
(D) measurement of solvency
- 10) Reduction in goodwill in current year as compared to previous year is \_\_\_\_\_.
- (A) Sale of goodwill (B) Purchase of goodwill  
(C) Written off goodwill (D) All of the above



## SECTION - B

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

[10]

- 11) Write formulae to find out super profit.
- 12) What is reconstruction of a partnership firm?
- 13) State any two rights of a new partner.
- 14) What is voluntary dissolution?
- 15) At what minimum price per share company can issue shares according to current provisions of Companies Act?
- 16) What is debenture?

OR

State the types of debenture on the basis of security.

- 17) What is comparative statement?
- 18) By which ratios efficiency is measured?
- 19) Write formula to find interest coverage ratio.
- 20) What is cash and cash equivalent?

## SECTION - C

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

[18]

21) Jay and Ajay are the partners of a firm. Their capital ratio is 3:2. Jay is to be paid 8% commission on net profit, after deduction of such commission. What amount will be received by Jay if profit for the year is ₹ 96,876?

22) Sanju, Raghu and Raju are partners of a partnership firm. Profit-loss sharing ratio is 1:2:2 between them. All partners have decided to change profit-loss sharing ratio to 3:2:1. Calculate the sacrifice ratio of partners.

23) Pass journal entries for the following transactions of the firm in the case of firm's dissolution. [Narration not necessary]

- (i) Goodwill is not disclosed in the book. But ₹ 60,000 are realised during dissolution.

$$\begin{array}{r} \text{Ans} = 3(2) \\ \frac{30}{1} \\ \text{Paye} \end{array}$$

$$96876 \times \frac{108}{100}$$

$$\begin{array}{r} \text{Ans} = 6 \\ \frac{139}{1} \end{array}$$

$$\begin{array}{r} \text{Ans} = 5(4) \\ \frac{311}{1} \end{array}$$

*Solved*

P.T.O.

$$\frac{\text{Qwe} = 5(5)}{311/1}$$

(ii) The value of laptop is ₹ 45,000. One partner has taken it for ₹ 35,000.

$$\frac{\text{Qwe} = 6(5)}{311/1}$$

(iii) Sundry creditors ₹ 80,000, paid at 25% discount.

$$\frac{\text{Illn.} = 1(?)}{287/1}$$

24) At the time of dissolution total assets of the firm are of ₹ 8,00,000. Out of that 40% are current assets. Where cash is included of ₹ 40,000. 120% of fixed assets are realised. 80% are realised from current assets. Show necessary calculations and write journal entries. [Narration not necessary]

OR

$$\frac{\text{Paye} = 277/1}{}$$

In which circumstances court can pass the order for dissolution of a firm? Explain.

$$\frac{\text{Qwe} = 18}{114/2}$$

25) On 1.1.2017 'Siddh Limited' issued 14,000, 8% debentures of ₹ 300 each at a premium of 5%. These debentures are to be redeemed on 31.12.2023 at ₹ 330 per debenture. Write necessary journal entries in the books of the company [Without narration].

$$\frac{\text{Illn.} = 8}{79/2}$$

26) Charmi Limited purchased machinery worth ₹ 6,00,000 from Prem Manufacturing Ltd. on 1.12.2017. Paid ₹ 2,00,000 by cheque on 1.1.2018 and for balance amount issued 11% debentures of ₹ 4,20,000. Write necessary journal entries in the books of Charmi Ltd. [Without narration].

OR

Distinguish between shares and debentures [Three points].

### SECTION - D

- Questions from 27 to 30 are calculative questions. Give answer showing calculations wherever necessary. Each question carries 4 marks :

[16]

$$\frac{\text{Qwe} = 12}{106/1}$$

27) Prabha and Prabhu are partners of a partnership firm. On the basis of their firm's profit and other information, determine the value of goodwill by capitalised average profit method.

- Capital employed ₹ 8,00,000
- Expected rate of return 12%

(3) Previous year's profit :

Year	Profit (₹)
2014-15	1,20,000
2015-16	90,000
2016-17	1,50,000

28) Prepare common size profit and loss statement from the given profit and loss statement :

$\frac{2114}{187} = 13 \frac{1}{2}$

Particulars	Note No.	31.3.2017	31.3.2016
I. Sales revenue		37,50,000	30,00,000
II. Expenses :			
(i) Purchases for resale		20,62,500	15,00,000
(ii) Employees' benefit expenses		2,50,000	3,00,000
(iii) Financial expenses		2,25,000	1,80,000
(iv) Depreciation and amortized amount		3,00,000	2,70,000
Total expenses		28,37,500	22,50,000
III. Profit before tax		9,12,500	7,50,000
IV. Less : Tax 30%		2,73,750	2,25,000
V. Profit after Tax		6,38,750	5,25,000

29) From the following information of Karnavati Limited, calculate gross profit ratio and operating ratio :

$\frac{2114}{219} = 6 \frac{1}{2}$

Particulars	Year 2019 (₹)
Sales	15,00,000
Cost of goods sold	7,50,000
Administrative expenses	1,00,000
Sales expenses	2,50,000
Depreciation	1,00,000

OR



From the following information of Rajyash Co. Ltd., calculate debt-equity ratio :

$\frac{Jlba. = 18}{231/2}$

Particulars	Amount (₹)
Non-current assets	28,00,000
Current assets	17,00,000
Total liabilities	15,00,000
Creditors	90,000
Bills Payables	40,000
Outstanding expenses	70,000

30) From the following information calculate cash flow from investing activities :

$\frac{Ans = 18}{286/2}$

Particulars	Amount (₹)
Sales of Non-current investments	8,80,000
Purchase of land	14,80,000
Purchase of machine	9,80,000
Sale of furniture	4,50,000
Dividend received on investments	4,00,000
Paid for goodwill	3,20,000
Issue of shares	12,00,000
Redemption of debentures	4,50,000
Loan borrowed	2,80,000

OR

From the following information calculate cash flow from financing activities :

$\frac{Ans = 21}{287/2}$

Particulars	31.03.2019	31.03.2018
10% debentures	2,45,000	1,95,000
Equity share capital	3,45,000	2,50,000
12% debentures	1,00,000	1,50,000
Preference share capital	80,000	1,00,000
Bank Overdraft	45,000	68,000

**Additional information :**

- (1) Debenture interest paid ₹ 12,000
- (2) Paid ₹ 22,000 for equity share dividend and preference share dividend
- (3) Paid ₹ 4000 as interest on Bank overdraft.

**SECTION - E**

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

[24]

- 31) Bhavya and Deep are partners sharing profit and loss in the ratio 1:2. Balance sheet of their firm as on 31-3-2019 was as under :

**Balance Sheet**

Liabilities	Amt. (₹)	Assets	Amt (₹)
Capital Accounts :		Goodwill	27,000
Bhavya 1,00,000		Land-building	1,50,000
Deep 1,50,000	2,50,000	Machinery	50,000
Profit-Loss A/c	9,000	Stock	20,000
General reserve	15,000	Debtors	30,000
Creditors	25,000	Bills receivable	10,000
Bad debts reserve	8,000	Cash	20,000
	<b>3,07,000</b>		<b>3,07,000</b>

They admitted Vedant as a new partner as on the above date for following terms:

- (1) Bad debts reserve is to be kept ₹ 5,000 on debtors.
- (2) Value of land-building is to be appreciated by 10%.
- (3) Book value of machinery is 25% more than its market value.
- (4) Value of stock is to be decreased by 10%.
- (5) Vedant will bring ₹ 16,000 for his share of goodwill in cash.  
Sacrifice ratio of Bhavya and Deep is 1:3.
- (6) Vedant will bring ₹ 2,69,000 in cash as capital.

Prepare necessary accounts and balance sheet after admission of the new partner.

- 32) A, B and C are partners of a partnership firm sharing profit-loss in the ratio 4:3:2. Balance sheet of the firm as on 31-3-2019 was as under :

**Balance Sheet**

Liabilities	Amt. (₹)	Assets	Amt (₹)
Capital Accounts :		Goodwill	36,000
A   1,60,000		Land-building	1,50,000
B     96,000		Machinery	90,000
C     80,000	3,36,000	Stock	85,000
Reserve fund	45,000	Debtors 60,000	
Workmen com- pensation reserve	13,500	BDR     - 4,000	56,000
Partners' Loan :		Bank	63,000
A    10,000		Advertisement	
B    16,000	26,000	Campaign exp.	4,500
Creditors	64,000		
	<b>4,84,500</b>		<b>4,84,500</b>

'A' retired on 1-4-2019. Terms of retirement is as under :

- (1) Value of Land-building is ₹ 1,80,000.
- (2) Value of machinery is to be reduced by ₹ 15,000.
- (3) Provision for doubtful debt is to be kept at 10% on debtors.
- (4) ₹ 5,000 is not payable to creditor.
- (5) Valuation of Goodwill is ₹ 1,80,000.
- (6) Gain ratio of B and C is 3:1.
- (7) ₹ 20,000 is to be paid to 'A' and balance will be kept as loan.

Prepare revaluation account, partners' capital accounts and balance sheet after A's retirement.

Ans = 6  
266/1



33) Gujarat Machine limited issues 15,00,000 equity shares of ₹ 10 each on which amount was payable as under :

- ₹ 3 per share on application
- ₹ 4 per share on allotment
- ₹ 3 per share on first and final call.

Company received applications for 15,70,000 shares from public. Excess applications were rejected and money paid on them was refunded.

Aakash who was allotted 1200 shares did not pay final call money. Company forfeited all the shares on which final call was unpaid and reissued all forfeited shares at maximum permissible discount.

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

OR

Palash Company Limited issued 2,00,000 equity shares of ₹ 10 each for public subscription. Company decided to call ₹ 3.50 per share on application, ₹ 4 per share on allotment and ₹ 2.50 per share on first and final call.

Applications were received from public for 2,30,000 equity shares of which applications for 30,000 equity shares were rejected and their application money was refunded to applicants.

Heet who had applied for 2500 shares had paid entire amount i.e. ₹10 per share at the time of application. Company has allotted him all the shares applied for. Preet who was allotted 1500 shares had paid his first and final call money in advance along with share allotment money.

Except this, all the amounts due on allotment and call were received on due dates. Write journal entries for above transactions in the books of the company [Without narration].

**SECTION - F**

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

[22]

- 34) From the trial balance and adjustments of partnership firm of Ansh and Vansh, prepare profit and loss A/c, capital accounts of partners and Balance-sheet :

Trial balance of partnership firm of Ansh and Vansh as on 31-3-2019

Particulars	Dr. Bal (₹)	Cr. Bal. (₹)
Capital Accounts :		
Ansh	—	1,50,000
Vansh	—	1,60,000
Stock (31-3-2019)	54,600	—
Cash balance	560	—
Current A/c with bank	14,000	—
Fixed deposit of SBI	80,000	—
Debtors - Creditors	36,800	24,000
Salary	37,000	—
Land-building	1,80,000	—
Machinery	40,000	—
Furniture	10,000	—
Insurance premium	2,000	—
Stationery and printing	1,200	—
Bad debts - Bad debts reserve	400	2,000
Advertisement expenses	1200	—
Travelling expenses	800	—
Trading A/c	—	61,800
Loan of Vansh (1-10-2018)	—	60,000
Discount reserve	—	760
<b>Total</b>	<b>4,58,560</b>	<b>4,58,560</b>

Adjustments :

- (1) Ansh withdrew goods of ₹ 4,000 for personal use. It is not recorded in the books.

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ave = 4  
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- (2) Goods of ₹ 8,000 purchased on credit at the end of the accounting year, which is not recorded in the books.
- (3) Prepaid insurance is ₹ 400.
- (4) From debtors ₹ 800 is not recoverable. Provide 5% bad debts reserve on debtor.
- (5) Provide depreciation on machinery at 20% and on furniture at 5%.

35) Following balances are extracted from the books of Vardhman Ltd. Prepare balance sheet as per schedule-III of Companies Act, 2013 as at 31-3-2019.

**Trial balance as on 31-3-2019**

Debit Balance	Amount (₹)	Credit Balance	Amount (₹)
Plant-Machinery	8,00,000	Equity Share	
Cash and Cash equivalent	60,000	Capital	5,50,000
Stock	4,30,000	9% loan from Bank	5,00,000
Debtors	5,60,000	Proposed dividend	1,80,000
Interest accrued	30,000	Creditors	1,00,000
Trade marks	20,000	Surplus as per statement of profit-loss	5,00,000
10% Narmada bond	7,00,000	Provident fund C.L.	7,00,000
Loose tools	40,000	Bank overdraft	1,60,000
Telephone deposit	30,000	Outstanding Salary	60,000
Mutual fund units (temporary)	1,00,000	10% debentures C.L.	12,30,000
Calls in arrears on shares equity	10,000	Provision for tax	20,000
Computers	1,80,000		
Computer software	40,000		
<b>Total</b>	<b>30,00,000</b>		<b>30,00,000</b>

