

Q.14) Show how Subscriptions will be shown in Balance Sheet as at 31st march 2020 and Income and Expenditure A/C for the year ended 31st March 2020 from following Receipts and Payments Account

Receipts	Payments
To Subscriptions	
2018-19--- 3,000	
2019-20--- 24,000	
2020-21--- 7,000	
34,000	
Subscriptions received in advance as at 31 st march 2019: for 2019-20--`5,000 and 2020-21--`7,000	
Subscriptions outstanding as on 31 st march 2019 ` 5,000	
Subscriptions outstanding for the year 2019-20- ` 4000	(3)

OR

Present the following items in the Balance Sheet of King's Club as at 31st March 2020

Capital Fund	` 5,40,000
Buildings Fund	` 3,00,000
Donations Received for Building Fund	` 2,00,000
10% Building Fund Investment (Face Value 5,00,000)	` 3,00,000
Interest received on building fund	` 20,000

Q.15) V K Limited purchased machinery from Modern Equipment Manufacturers Limited. The company paid the vendors by issue of some equity shares and debentures and the balance through an acceptance in their favour payable after three months. The accountant of the company, while Journalising the above mentioned transactions, left some items blank. You are required to fill in the blanks (4)

V.K.LIMITED					
DATE	PARTICULARS		L.F.	DR.(`)	CR.(`)
	Machinery A/c	Dr.			
	To _____				
	(Purchased machinery for ` 6,65,000 from Modern Equipment)				
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	Modern Equipments A/C	Dr.			
	Loss on issue of 9% Debentures A/c	Dr.			
	To _____				
	To _____				
	To Securities PremiumA/C				
	To Premium on redemption of debentures A/c				
	(Issued ` 1,00,000, 9% debentures at a discount of 10% redeemable at a premium of 10% and balance by issue of 50,000 equity shares of ` 10 each issued at a premium of 15%)				

Q.16) Ram, Mohan and Sohan were partners sharing profits and losses in the ratio of 5:3:2. Sohan died on 1st July 2020. Calculate Sohan's share of profit if following cases:

- i) It is based on the average of profits of last 3 years which are `20,000, ` 10,000 (Dr.), ` 50,000
- ii) It is based on sales, sales and profit for last year were ` 2,50,000 and ` 50,000 respectively. Sales from 1st April 2020 till the date of death is ` 1,00,000

(4)

Q.17) A, B and C were partners in a firm. They decided to dissolve their firm. Pass necessary journal entries for the following after various assets (other than cash and bank) and the third party liabilities have been transferred to Realisation account:

- (i) There was stock of ₹ 90,000. B took over 50% of the stock at 10% discount and remaining stock was sold at 40% profit on book value.
- (ii) A agreed to take Machine of ₹ 5,000 in full settlement of his loan of ₹ 7,000.
- (iii) Realisation expenses of ₹ 4,000 were paid by firm on behalf of B.
- (iv) Creditors of ₹ 50,000 accepted Investments at a value of ₹ 70,000 and returned remaining 20,000.

OR

A, B and C are partners in a firm sharing profits and losses in the ratio of 2:3:1. They decide to share future profits in the ratio of 3:2:1 with effect from 1st April 2015. Their Balance Sheet showed a debit balance of ₹ 24,000 in Profit and Loss Account and balance of ₹ 1,44,000 in General Reserve. Goodwill of the firm is valued at ₹ 1,80,000.

For this purpose, it was agreed that:

- (a) Creditors amounting to ₹ 2,400 were not likely to be claimed.
- (b) The machinery (having book value of ₹ 3,00,000) be depreciated by 6%.
- (c) Unrecorded Investments to be valued at ₹ 4,80,000.
- (d) The Land (having book value of ₹ 3,00,000) be valued at ₹ 4,80,000.

Give the necessary single adjustment entry to record the above arrangement and show your workings. (4)

Q.18) Shivangi, Chetanya and Jasmine are partners with fixed capital of ₹ 2,00,000, ₹ 1,50,000 and ₹ 1,00,000 respectively. They shared profits upto ₹ 36,000 in their capital ratio and rest in equal proportion. Shivangi advanced ₹ 50,000 as loan. The partnership deed provides as under:

- a) Interest on capital @ 5% p.a. and interest on drawings @ 3%.
- b) Drawings of partners were ₹ 20,000 each.
- c) Chetanya was entitled to rent @ ₹ 1,000 p.m. for providing her premises to the firm.

The profits before these adjustments for the year ending 31st March 2018 was ₹ 99,000 which had been divided equally without providing above terms. Give adjustment single entry. (4)

OR

A, B and C are partners in a firm sharing profits in the ratio of 3:2:1. Their capital as at 31st March 2017 is ₹ 80,000, ₹ 40,000 and ₹ 1,00,000 respectively. After the accounts for the year 2016-17 were prepared, it was discovered that interest on capital @ 10% was not provided at all and interest on drawings was charged @ 6% p.a. instead of actual rate of 8% p.a. Drawings of each partner were ₹ 20,000. Profits (after charging interest on drawings) for the year ending 31st March 2017 is ₹ 1,20,000. Pass necessary adjustment entry.

Q.19) X Ltd. was registered with an Authorised Capital of ₹ 5,00,000 divided into shares of ₹ 10 each. It issued 10,000 shares as fully paid against purchase of machine and offered 30,000 shares to public. It received applications for 32,000 shares. Company rejected excess applications and refunded the money. Company didn't make final call of ₹ 2 per share. Joy and Happy failed to pay first call of ₹ 3 per share on 2,000 and 1,000 shares respectively. Company forfeited shares of Joy and reissued 1,500 shares for ₹ 11 per share, fully paid up.

Prepare Forfeited Shares account and Show Share Capital in the Balance Sheet of the company.

OR

Y Ltd. took a loan of ₹ 5,00,000 from HDFC Ltd. and issued 7% debentures of ₹ 7,00,000 as collateral security. Pass Journal entry (if any) for issue of debentures and show this in balance sheet of Y Ltd. In following cases:

- (i) Journal is not passed for issue of debentures.
- (ii) Journal is passed for issue of debentures.

(6)

Q.20) Following is the Receipt and Payment account of Goodwill club for the year ended 31 March 2015

Receipts			Payments	
Opening cash in hand		10,000	Salaries	20,000
Subscriptions:			Stationery	4,500
2013-14	15,000		Rates and Taxes	1,500
2014-15	20,000		Telephone Charges	7,500
2105-16	5,000	40,000	8% Govt Securities	25,000
Profit from sports		17,800	Sundry expenses	500
Interest on 8% govt. securities		5,000	Courier service charge	300
			Closing Cash in hand	13,500
		<u>72,800</u>		<u>72,800</u>

Additional Information:

1. There are 500 members, each paying an annual subscription of ₹ 50. ₹ 17,500 being in arrears for the 2013-14 at the beginning of 2014-15. During 2013-14 subscriptions were paid in advance by 40 members for 2014-15.
2. Stock of stationery at March 31, 2014 was ₹ 1,500 and at March 31, 2015 ₹ 2,000.
3. Four months Rates were in advance both at the beginning of the year and at end of the year.
4. A quarter's charge for telephone is outstanding, the amount accrued being ₹ 1,500. There is no change in Quarterly charge.
5. Sundry Expenses accruing at 31.3.2014 were ₹ 250 and at March 31, 2015 ₹ 300.
6. At March 31, 2014 Building stood in the books at ₹ 2,00,000 and it is required to write off depreciation 10% p.a.
7. Value of 8% Government Securities at March 31, 2015 was ₹ 75,000 which were purchased at that date at Par. Additional Government Securities worth ₹ 25,000 are purchased on March 31, 2015.

Prepare Income and Expenditure Account for the year ended 31st March 2015. (6)

Q.21) The Balance Sheet of X, Y and Z who were sharing profits in the ratio of 5:3:2 as 31st March 2019:

Liabilities			Assets	
Creditors		50,000	Cash at Bank	40,000
Employees Provident Fund		10,000	Sundry Debtors	1,00,000
Profit and Loss A/c		85,000	Stock	80,000
Capitals X- 40,000			Fixed Assets	60,000
Y- 62,000				
Z- 33,000				
		<u>1,35,000</u>		
		<u>2,80,000</u>		<u>2,80,000</u>

X retired on the same date on the following terms:

- (a) Goodwill of the firm is to be valued at ₹ 80,000 and X's share of the same to be adjusted in the accounts of Y and Z who are going to share the future profits in the ratio 2:3.
- (b) Fixed Assets are to be depreciated to ₹ 57,500.
- (c) Make a provision for Doubtful Debts at 5% on Debtors.
- (d) An item of ₹ 2,000 included in creditors is not likely to arise.
- (e) 50% of amount due to X is paid at the time of retirement and 50% of balance to be paid one year later and for balance accepted a bill of exchange.

Prepare Revaluation account, Partners' Capital accounts and the Balance Sheet of new firm. (8)

OR

R and M are partners sharing profits in the ratio of 3:2. Their Balance Sheet on 31st March 2019 stood as:

Liabilities			Assets	
Creditors		38,500	Cash	2,000
Outstanding Expenses		4,000	Stock	15,000

Capitals:			Prepaid Expenses		1,500
R	29,000		Debtors	9,400	
M	<u>15,000</u>	44,000	Less: Prov for Bad debts	<u>(400)</u>	9,000
			Machinery		19,000
			Buildings		35,000
			Furniture		<u>5,000</u>
		<u>86,500</u>			<u>86,500</u>

N is admitted as a new partner introducing a capital of ₹ 16,000. The new profit sharing ratio is decided at 5:3:2. N is unable to bring in any cash for goodwill, so it will be decided to value the goodwill on the basis of N's share in the profits and capital contribution by him. Following revaluations are made.

- (a) Stock to depreciate by 5%.
- (b) Provision for doubtful debts is to be ₹ 500.
- (c) Furniture to be depreciated to 90%.
- (d) Building is valued at ₹ 40,000.
- (e) Creditors of ₹ 1,000 are paid off.

Prepare Revaluation account, Partners' Capital accounts and the Balance Sheet of new firm.

(8)

Q.22) Y Ltd. Was registered with a capital of ₹ 5,00,000 divided into 20,000 shares of ₹ 25 each, payable as ₹ 2.50 per share on application, ₹ 7.50 per share on allotment and balance in two equal calls. The company offered to the public for subscription 10,000 shares but applications were received for 10,500 shares. **A** applied for 400 shares, paid ₹ 1,000 on application but was allotted only 200 shares. **B** applied for 800 shares, paid the full amount ₹ 20,000 of his share money on application but was allotted only 500 shares and the surplus money was returned to him after adjusting necessary amount of 500 shares on allotment and calls. **C** applied for 1,000 shares paid his application and allotment money in order, paid ₹ 2,000 on first call but did not pay for the second call at all. Company forfeited all the shares of C and reissued half of the forfeited shares at ₹ 18 per share ₹ 20 paid up. Pass journal entries.

OR

Record the Journal entries for forfeiture and reissue of shares in the following cases:

- (a) A Ltd. forfeited 200 shares of ₹ 10 each, ₹ 7 called up on which ₹ 5 had been paid. Out of these 150 shares were reissued as ₹ 7 per share paid up for ₹ 8 per share.
- (b) B Ltd. forfeited 900 shares of ₹ 10 each, ₹ 8 called up issued at premium of ₹ 2 per share to R for non-payment of allotment money of ₹ 5 per share (including premium). Out of these 800 shares were reissued to Sanjay at ₹ 8 called up for ₹ 10 per share.
- (c) C Ltd. forfeited 3,000 shares of ₹ 10 each issued at a premium of ₹ 1 per share for non-payment of first and final call of ₹ 3 per share. Out of these 2,000 shares were reissued at ₹ 3 per share fully paid up.

(8)

PART B: Analysis of Financial Statements

Q.23) Give an example of a transaction which is financing activity for all types of company i.e for Investment as well as Non-Investment Companies. (1)

Q.24) What is meant by Cash and Cash Equivalents? (1)

Q.25) Current Ratio of a company is 5:1 (ideal ratio in same industry is 2:1), what does this signify? (1)

Q.26) State the importance of financial analysis for labour unions. (1)

Q.27) What will be the effect of Purchase Return on Inventory Turnover Ratio if inventory turnover ratio is 3 times (1)

Q.28) Match the followings: (1)

- | | | |
|-------------------------|---|--|
| 1. Performance Ratios | A | Current Ratio and Quick Ratio |
| 2. Profitability Ratios | B | Working Capital Turnover Ratio and Fixed Assets Turnover Ratio |
| 3. Solvency Ratios | C | Debt-Equity ratio and proprietary ratio |
| | D | Gross Profit Ratio and Operating Ratio |

Q.29) Total Assets of a company are `2,60,000, Total Debts ` 1,80,000 and Current Liabilities ` 20,000. Calculate Debt to Equity Ratio. (1)

Q.30) Give major heads and sub-heads under which following items will be shown in a company's Balance sheet as per Schedule III , part I of the Companies Act,2103.

- i) Share Option Outstanding ii) Unclaimed dividend iii) Security Deposit with BSNL

OR

Calculate Operating Ratio from following information

Revenue from Operations ` 5,00,000, Sales Returns ` 1,00,000, Rate of Gross loss on Cost 20%, Wages `20,000, Office Expenses ` 75,000, Selling Expenses ` 50,000, Interest on Borrowings ` 20,000. (3)

Q.31) Complete common-size Statement of Profit and Loss from the following information: (4)

Particulars	31st March 2019(₹)	% of Revenue from operation
Revenue from operations	-----	-----
Other Incomes	-----	10
Purchase of Stock-in-Trade	7,50,000	75
Change in inventories	20,000	-----
Other Expenses	10,000	-----
Rate of Income Tax 50%		

OR

Complete Comparative Balance Sheet of X Ltd. And Y Ltd.

Particulars	Note no.	31st march 2019	31st march 2020	Absolute change	% change
		(₹)	(₹)	(₹)	

Particulars		31 st March 2020(₹)	31 st March 2019(₹)
<u>EQUITY AND LIABILITIES</u>			
1. Shareholders' Funds			
a) Share Capital	-----	-----	1,00,000
b) Reserves and Surplus	-----	90,000	-----
2. Non-Current Liabilities			
a) Long-Term Borrowings (10% Debentures)	2,00,000	-----	50,000
	-----	-----	-----
<u>ASSETS</u>			
1. Non-Current Assets			
a) Tangible Assets	-----	-----	00
2. Current Assets			
d) Cash and Cash Equivalents	3,00,000	4,40,000	-----
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Q.32) Prepare Cash Flow Statement for the year ended 31st March 2019 from following Balance Sheets

Particulars	Note no.	31 st March 2020(₹)	31 st March 2019(₹)
<u>EQUITY AND LIABILITIES</u>			
1. Shareholders' Funds			
a) Share Capital	1	10,00,000	6,00,000
b) Reserves and Surplus	2	(20,000)	(1,50,000)
2. Non-Current Liabilities			
a) Long-Term Borrowings (10% Debentures)		8,00,000	10,00,000
3. Current Liabilities			
a) Short-term Borrowings (Bank Overdraft)		5,00,000	3,00,000
b) Trade Payables		70,000	50,000
c) Short term Provisions	3	70,000	50,000
		<u>24,20,000</u>	<u>18,50,000</u>
<u>ASSETS</u>			
1. Non-Current Assets			
a) Tangible Assets		8,20,000	10,40,000
b) Intangible Assets (Goodwill)	4	70,000	50,000
c) Non-Current Investments		13,20,000	5,00,000
2. Current Assets			
a) Current Investments		40,000	50,000
b) Inventories		60,000	80,000
c) Trade Receivables		80,000	90,000
d) Cash and Cash Equivalents		30,000	40,000
		<u>24,20,000</u>	<u>18,50,000</u>

Notes to Accounts

Note no. 1**Share Capital**

Equity Share Capital	5,00,000	3,00,000
Preference Share Capital	5,00,000	3,00,000

Note No. 2**Reserves and Surplus**

Balance is Statement of Profit and Loss	(1,00,000)	(2,00,000)
General Reserve	80,000	50,000

Note No. 3**Short- term Provisions**

Provision for Tax	70,000	50,000
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Note No.4**Tangible Assets**

Land and Buildings	5,00,000	8,00,000
Plant and Machinery	4,00,000	3,00,000
Less: Accumulated Depreciation	(80,000)	(60,000)
	3,20,000	2,40,000

Additional Information:

- 1) Tax provided during the year ` 65,000.
- 2) 10% Debentures were redeemed on 1st oct.2019
- 3) During the year Machinery costing ` 70,000(Accumulated Depreciation ` 20,000) was sold at gain of 10% of book value.