

ROLL NO. _____

HC-27

Time : 3 Hours

(Printed pages 7)

Max. Marks: 80

1. Attempt any THREE of the following:- 15

(A) Answer in one sentence only:- 5

1. Who is called minor partner?
2. When is the ratio of sacrifice to be calculated?
3. What is an Entrance Fee?
4. What is Capital Deficiency?
5. What do you mean by non-recurring expenses?

(B) Write the word/term/phrase which can substitute each of the following statements:- 5

1. Income which is received before its due date.
2. A person who represents the deceased partner.
3. The debentures where a charge is created on the assets of the company.
4. A particular mathematical number showing relationship between two accounting figures.
5. Acceptance with some changes as regards the terms of a bill.

(C) Select the most appropriate alternative from those given below:- 5

1. Partnership is an association of _____ or more persons.
 - (a) two
 - (b) seven
 - (c) ten
 - (d) twenty
2. Assets and Liabilities are transferred to Realisation Account at their _____ values.
 - (a) market
 - (b) purchase
 - (c) sale
 - (d) book

3. Bills Payable is _____.

- (a) Long Term Loan
- (b) Current Liability
- (c) Liquid Asset
- (d) Net Loss

4. The Capital balances are ascertained by preparing _____.

- (a) Statement of Affairs
- (b) Cash Account
- (c) Drawings Account
- (d) Debtors Account

5. The document inviting offers from public to subscribe its share is called _____.

- (a) Prospectus
- (b) Share Certificate
- (c) Offer Letter
- (d) Debentures

(D) State whether the following statements are True or False:- 5

1. Analysis of financial statement is a tool but not a remedy.
2. When goodwill is paid privately, no entry in the books of account of the firm is required.
3. Closing Stock is always valued at market price.
4. Drawee can transfer the ownership of the bill.
5. Single Entry System is not useful for large business.

(E) From the following details prepare the format of Bill of Exchange:- 5

Drawer	: Mr. Jayesh Jadhav, Jay Road, Jalgaon
Drawee	: Ms. Kirti Karmarkar, Karma Lane, Kolhapur
Payee	: Mr. Lokesh Lad, Lion Road, Latur
Date of bill	: 2 nd January 2015
Date of acceptance	: 3 rd January 2015
Duration	: 60 days
Amount	: ₹ 14,000

2. Payal did not keep proper record of her business transactions but provided the following information:-

Particulars	As on 1.4.2014	As on 31.3.2015
Furniture	42,000	42,000
Debtors	38,000	48,000
Stock	40,000	60,000
Creditors	17,000	22,000
Cash	20,000	25,000
Bills Payable	3,000	8,000
Deposit with M.S.E.B.	10,000	10,000

Additional Information:-

1. Depreciate Furniture at 10% p.a.
2. Write off bad debts ` 3,000 & maintain R.D.D.at 10% on debtors.
3. Drawings during the year were ` 15,000.
4. Interest on Drawings was to be charged at 5% p.a.
5. Outstanding Telephone Charges as on 31/03/2015 were ` 1,000.

You are required to prepare:-

1. Statement of Affairs as on 1st April 2014
2. Statement of Affairs as on 31st March 2015
3. Statement of Profit/Loss for the year ended on 31st March 2015 8

OR

2. (A) State any four limitations of Analysis of financial statements. 4
(B) Explain Common Size Balance Sheet. 4

3. Following is the Balance Sheet of the firm in which Suresh & Ramesh were partners sharing profits & losses in the ratio 3:2:-

Balance Sheet as on 31st March 2015

Liabilities			Assets		
Capital : Suresh		40,000	Machinery		20,000
Ramesh		30,000	Debtors		36,000
General Reserve		5,000	Investments		25,000
Creditors		35,000	Stock		20,000
			Cash		9,000

	1,10,000		1,10,000
--	----------	--	----------

HC-27/Page 3

P.T.O.

On 1st April 2015 Mahesh was admitted to the firm on the following terms :-

1. New Profit sharing ratio was to be 5:3:2.
2. He was to bring ` 20,000 in cash as capital.
3. He was to bring ` 10,000 as his share of goodwill in cash.
4. Machinery was to be depreciated by 5%, ` 1,000 were to be written off as bad debts and Investments were to be valued at ` 32,000.
5. Capitals of all partners were to be adjusted in new profit sharing ratio with Mahesh's Capital as the base by making adjustment through Cash Account.

You are required to prepare :-

1. Revaluation Account.
2. Partner's Capital Account.
3. Balance Sheet after the admission of Mahesh.

10

OR

3. Following is the balance sheet of Changu, Mangu and Tingu who were partners sharing profits and losses equally:-

Balance Sheet as on 31st March 2015

Liabilities	`	Assets	`
Capital : Changu	60,000	Equipments	50,000
Mangu	60,000	Furniture	40,000
Tingu	60,000	Debtors	70,000
Reserve Fund	15,000	Stock	40,000
Creditors	40,000	Cash	35,000
	2,35,000		2,35,000

On 30th September 2015 Tingu died and following was agreed with his executor:-

1. Goodwill of the firm was to be valued at 2 year's purchase of average profits and losses of last 5 years. Profits and losses in last 5 years were:-
2010-11 ` 36000, 2011-12 ` 6,000 (Loss), 2012-13 ` 24,000, 2013-14 ` 18,000
and 2014-15 ` 48,000.
2. Profit for the current year is to be calculated on the basis of profit of 2014-15.
3. Equipments and Furniture were to be depreciated by 5%.
4. Tingu's Drawings during the current year till the date of death were ` 8,000.

5. Tingu's Executor was to be paid ` 10,000 in cash immediately. Balance was to be paid in two equal instalments next year.

You are required to show :-

1. Calculation of Goodwill.
2. Calculation of Current Year's Profit to the date of death.
3. Tingu's Capital Account. 10

HC-27/Page 4

4. For the amount due Gaurang accepted a bill of exchange for ` 20,000 drawn by Devang. Devang sent it to bank for collection. On due date it was dishonoured, noting charges being ` 100. Gaurang then paid ` 5,100 in cash and accepted a new bill for the balance including interest at 12% p.a. for 3 months. This bill was honoured on due date.

You are required to record these transactions in the journal of Devang and prepare Devang's Account in the ledger of Gaurang. 10

5. Following is the Balance Sheet of Suraj, Dheeraj and Neeraj who were sharing profits and losses in the ratio 3:2:1:-

Balance Sheet as on 31st March 2015

Liabilities	`	Assets	`
Capital: Suraj	25,000	Tools	16,000
Dheeraj	15,000	Debtors	14,000
Creditors	11,000	Stock	11,000
Bills Payable	9,000	Cash	3,000
		Profit & Loss Account	6,000
		Neeraj's Capital	10,000
	60,000		60,000

Firm was dissolved on this date & following transactions took place:-

1. Assets realized:- Tools ` 14,000, Debtors ` 13,000 & Stock at ` 12,000.
2. Creditors and Bills Payable were settled at book value whereas Dissolution Expenses amounted to ` 1,000.
3. Neeraj was declared insolvent and only ` 2,000 could be recovered from his estate.

You are required to prepare Realisation Account, Partners' Capital Accounts and Cash Account to close books of the firm. 10

OR

5. MSD Ltd. issued 4,000, 10% debentures of ` 100 each on 1st April 2014 at discount of 10%, redeemable at premium of 10%.

Give journal entries relating to issue of debentures and debenture interest for the period ending 31st March 2015 assuming that interest was paid half yearly on 30th September and 31st March and income tax deducted at source was 10%. 10

HC-27/Page 5

P.T.O.

6. Following Balance Sheet and Receipt and Payment Account of 'Jeevanrekha Charitable Clinic' are given to you:-

Balance Sheet as on 1st April 2014

Liabilities	`	Assets	`
Capital Fund	80,000	Furniture	20,000
Outstanding Salary	6,000	Equipments	40,000
		Subscription Receivable	3,000
		Prepaid Rent	2,000
		Cash & Bank	21,000
	86,000		86,000

Receipts & Payment Account for the year ended on 31st March 2015

Receipts	`	Payments	`
To Balance b/d	21,000	By Rent	22,000
To Subscription	15,000	By Printing & Stationery	11,200
To Legacies	10,000	By Salary	50,800
To OPD Collections	98,000	By Travelling Expenses	7,900
To Health Check Up Collections	24,000	By Electricity	42,100
To Other Collections	17,000	By Health Check Up Expenses	6,400
		By Refreshments	2,500
		By Balance c/d	42,100
	1,85,000		1,85,000

Additional Information:-

- Subscription receivable as on 31/3/2015 was ` 2,000.
- Legacies were to be treated income.
- Furniture & Equipments were to be depreciated at 20% & 10% p.a. respectively.
- Outstanding Salary as on 31/03/2015 was ` 7,000.
- Out of OPD Collections ` 5,000 were Advance received from a patient towards a surgery to be performed in April 2015.

You are required to prepare Income & Expenditure Account for the year ended on 31st March 2015 and Balance Sheet as on that date. 12

HC-27/Page 6

7. Following is the trial balance of Sonu and Monu :-

Trial Balance as on 31st March 2015

Particulars	Debit `	Particulars	Credit `
Stock on 1 st April 2014	26,000	Provident Fund	25,000
Sundry Debtors	42,000	Interest on Provident Fund Investment	1,400
Bad Debts	1,500	Sundry Creditors	42,000
Premises	39,000	Rent Received	4,800
Salaries	14,000	Reserve for Doubtful Debts	1,000
Motor Vehicle	25,000	Discount Earned	1,800
Purchases	88,000	Sales	1,60,000
Provident Fund Investment	25,000	Capital : Sonu	25,000
Provident Fund Contribution	2,750	Monu	25,000
Wages	11,000		
Rent (for 10 months)	8,000		
Office Expenses	2,500		
Discount Allowed	1,250		
Total	2,86,000	Total	2,86,000

Adjustments:-

1. Stock on 31st March 2015 was valued at ` 40,000.
2. Goods of ` 3,000 were sold and dispatched on 28th March 2015, but no entry was made in the books of accounts.
3. Write off bad debts ` 2,000 and provide for doubtful debts at 5% on Sundry Debtors.
4. Maintain Reserve for discount on debtors at 2% and on creditors at 3%.
5. Outstanding Wages ` 2,000 and Outstanding Salary ` 1,533.
6. Depreciate Motor Vehicle at 5% p.a.

You are required to prepare Trading and Profit & Loss Account for the year ended on 31st March 2015 and Balance Sheet as on that date.

15

XXXXXXXXXX

HC-27/Page 7