

ROLL NO. _____

PC-07

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. What is meant by Reconstitution of Partnership?
2. Why is Realisation Account opened?
3. What is legacy?
4. What is Statement of Affairs?
5. What is inland bill of exchange?

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

1. A preference share having right of conversion into equity.
2. An asset which can be converted into cash immediately.
3. Capital Method in which Partners' Current Accounts are opened.
4. The debit balance of Trading Account.
5. A person who represents the deceased partner.

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

1. In case of _____ debentures amount is repaid within specific period.

- (a) Redeemable
- (b) Irredeemable
- (c) Secured
- (d) Non convertible

2. Generally Current Ratio should be _____.

- (a) 3:1
- (b) 2:1
- (c) 1:1
- (d) 1:2

3. _____ is the list of all ledger balances.
- Balance Sheet
 - Trial Balance
 - Trading Account
 - Profit & Loss Account
4. Sunil & Anil, who are equal partners, admit Nikhil into partnership for $\frac{1}{4}$ th share, their new profit sharing ratio will be _____.
- 3:3:1
 - equal
 - 3:3:2
 - 2:2:1
5. Assets & Liabilities are transferred to Realisation Account at their _____ values.
- market
 - purchase
 - sale
 - book

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

- Receipts & Payments Account does not have any opening balance.
- Statement of Profit in single entry is just like Profit & Loss Account.
- Renewal is a request by drawee to extend the credit period of the bill.
- Private Placement Method for shares saves time and cost.
- If the Partnership Deed is silent, partners share profits & losses equally.

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

Drawer	: M/s. Mihir Mithaiwala & Sons, Mansukh Road, Mumbai
Drawee	: Ms. Nandini Narkar, Naman Road, Nagpur
Payee	: Mr. Omprakash Oswal, Om Road, Ooty
Date of bill	: 20 th December 2016
Date of acceptance	: 22 nd December 2016
Duration	: Two Months
Amount	: ` 20,400 (Accepted for ` 20,000)

2. Tushar provides following information for his business under Single Entry System:-

Particulars	As on 1.4.2015	As on 31.3.2016
Equipment	50,000	60,000
Debtors	65,000	80,000
Stock	36,000	54,000
Creditors	27,000	29,000
Cash	14,000	22,000
12% Loan from Bank	-----	20,000
Prepaid Expenses	2,000	3,000

Additional Information:-

- Additions to Equipment were made on 1st October 2015.
- Depreciate Equipment at 20% p.a.
- Maintain R.D.D.at 5% on debtors.
- Drawings during the year were at ` 1,000 p.m. for first 6 months and at ` 1,500 p.m. for last 6 months.
- Interest on Capital was to be allowed at 10% p.a.
- Bank Loan was taken on 1st January 2016 and interest for the year remained unpaid on 31st March 2016.

You are required to prepare:-

- Statement of Affairs as on 1st April 2015
- Statement of Affairs as on 31st March 2016
- Statement of Profit/Loss for the year ended on 31st March 2016 8

OR

- (A) What is Comparative financial statement? 4
(B) Explain Operating Activities on cash flow. 4

3. Following is the Balance Sheet of Anisha & Nimisha:-

Balance Sheet as on 31st March 2016

Liabilities			Assets		
Capital : Anisha		1,20,000	Building		1,50,000
Nimisha		1,00,000	Furniture		25,000
Profit & Loss A/c		6,000	Tools		32,000
Creditors		54,000	Stock		43,000
Bills Payable		30,000	Debtors	52,000	
			(-) R.D.D.	<u>2,000</u>	50,000

		Cash	10,000
	3,10,000		3,10,000

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On 1st April 2016 Manisha was admitted to the firm on the following terms :-

1. For 1/3rd share in profit she will bring ` 1,00,000 as Capital.
2. It was decided to raise goodwill at ` 1,50,000 and write it off fully after Manisha's admission.
3. Tools were to be depreciated by 10% and Building was to be appreciated by 20%.
4. Bills Payable were retired at ` 26,000.
5. All Debtors are considered good.
6. Furniture of book value of ` 10,000 was taken over by Anisha at 60% of book value.

You are required to prepare :-

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

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OR

3. Following is the balance sheet of Anand, Swanand and Makarand who were partners sharing profits and losses in the ratio 2:2:1:-

Balance Sheet as on 31st March 2016

Liabilities	`	Assets	`
Capital : Anand	1,20,000	Furniture	80,000
Swanand	1,20,000	Investments	20,000
Makarand	60,000	Debtors	90,000
General Reserve	10,000	Stock	70,000
Creditors	30,000	Cash & Bank	80,000
	3,40,000		3,40,000

On 1st April 2016 Makarand retired & following was agreed with him:-

1. Goodwill of the firm was to be valued at ` 50,000. It was decided to raise goodwill only for retiring partner and write it off.
2. Furniture were to be depreciated by 10%.
3. R.D.D. was to be maintained at 5% and out of Creditors ` 2,500 were not payable.
4. Makarand was to take over Investments at book value & remaining amount payable to him was to be transferred to Loan Account.

You are required to prepare :-

1. Revaluation Account.
2. Partner's Capital Account
3. Balance Sheet after retirement of Makarand. 10

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4. Journalise the following transactions in the books of Salil:-

1. Rahil's acceptance to us for ` 9,000 retired one month before due date at rebate of 12% p.a.
2. Discounted 3 months acceptance of Swapnil for ` 6,000 with bank, one month after its acceptance at 10% p.a.
3. Sunil honoured his acceptance of ` 7,600 which was deposited into bank for collection and bank debited ` 70 for bank charges.
4. Endorsed Anil's acceptance at 2 months of ` 10,000 in favour of Sahil and paid cash ` 5,000 in full settlement of his account of ` 15,600.
5. Received a cheque ` 8,000 and 3 months acceptance drawn on Kapil for ` 40,000 for the balance due on his account. 10

5. Following is the Balance Sheet of Chanda, Manda and Nanda who were equal partners:-

Balance Sheet as on 31st March 2016

Liabilities	`	Assets	`
Capital: Chanda	8,000	Plant & Machinery	20,000
Nanda	5,000	Furniture	8,000
Chanda's Loan	10,000	Land & Building	20,000
Sundry Creditors	50,000	Cash in hand	500
		Stock	8,000
		Debtors	10,000
		Manda's Capital	6,500
	73,000		73,000

Due to weak financial position of partners firm was dissolved. Chanda & Nanda were not able to contribute anything & a sum of ` 2,000 were received from Manda. All of them were declared insolvent. The assets realized were as under:

Stock `5,000, Plant & Machinery `10,000, Furniture `2,000, Land & Buidling `8,000 & Debtors `5,500 only. Realisation Expenses amounted to `500.

You are required to prepare necessary Ledger Accounts to close books of the firm. 10

OR

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5. IPL Ltd. issued 50,000 shares of ₹10 each at a premium of 10% payable as under-

On Application	- ₹3	On Allotment	- ₹4 (including premium)
On First Call	- ₹2	On Second Call	- ₹2

Company called up allotment & both the calls which were duly received except Mayank to whom 1,000 shares were allotted failed to pay allotment & calls. These shares were forfeited.

Prepare Journal of IPL Ltd.

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6. Following Receipt and Payment Account of 'Aadhar', a Senior Citizen's Club is given to you:-

Receipts & Payment Account for the year ended on 31st March 2016

Receipts	₹	Payments	₹
To Balance b/d	51,000	By Salary:	
To Subscription:		2014-15	1,000
2014-15	12,000	2015-16	1,16,000
2015-16	1,80,000	2016-17	16,000
2016-17	15,000	By 9% Fixed Deposit (01.04.15)	1,00,000
To Donations (General)	40,000	By Papers & Periodicals	27,700
To Entrance Fees	20,000	By Travelling Expenses	30,300
To Sale of Scrap	13,000	By Medical Check Up Fees	8,100
To Interest on Fixed Deposit	9,000	By Picnic Expenses	23,000
To Picnic Receipts	30,000	By Refreshment Expenses	3,170
		By Office Rent	10,000
		By Balance c/d	34,730
	3,70,000		3,70,000

Additional Information:-

1. Capital Fund as on 01/04/2015 was `62,000.
2. 50% of Entrance Fees are to be capitalized.
3. Outstanding Office Rent for the current year ` 5,000.
4. The bill for Papers & Periodicals ` 14,300 remained outstanding on 31.03.2016.

You are required to prepare Income & Expenditure Account for the year ended on 31st March 2016 and Balance Sheet as on that date. 12

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7. Following is the trial balance of Pradeep and Sudeep :-

Trial Balance as on 31st March 2016

Particulars	Debit ,	Particulars	Credit ,
Opening Stock	56,000	Capital : Pradeep	1,60,000
Purchases	2,32,800	Sudeep	80,000
Trade Expenses	4,800	Sundry Creditors	1,08,000
Royalty on Sales	12,400	Sales	4,24,000
Wages & Salaries	29,600	Reserve for Doubtful	
Advertisement	16,400	Debts	3,600
Salaries	22,000	Bills Payable	72,000
Plant & Machinery	88,000		
Freehold Property	72,000		
Office Rent	8,000		
Motor Van	1,26,000		
Bills Receivable	32,000		
Sundry Debtors	1,20,000		
Cash in Hand	20,000		
Bad Debts	2,000		
General Expenses	5,600		
Total	8,47,600	Total	8,47,600

Adjustments:-

1. Closing Stock was valued at cost ` 1,52,000 while its market price was ` 1,60,000.
2. Uninsured goods worth ` 20,000 were stolen.
3. Goods worth ` 20,000 were sold and delivered on 31st March 2016, but no entry was passed in Sales Book.
4. Depreciate Plant & Machinery at 10% and Motor Van at 15% p.a.

5. Bills Receivable includes a dishonoured bill of ` 8,000.
6. Create a Reserve for Doubtful Debts at 5% on Debtors.

You are required to prepare Trading and Profit & Loss Account for the year ended on 31st March 2016 and Balance Sheet as on that date. 15

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