

ROLL NO. _____

3727

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 discount on issue of shares?
2. Who is called a minor partner?
3. What do you mean by freight?
4. When is the gain ratio to be calculated?
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. A bill of exchange drawn and accepted for a value received.
2. The debentures where no charge is created on the assets of the company.
3. Expenses which are paid before they become due.
4. Profit & Loss Account appearing on asset side of the balance sheet.
5. Credit balance in Realisation Account.

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

1. Non cash items are not recorded in _____.
 - (a) Income & Expenditure Account
 - (b) Receipts & Payments Account
 - (c) Balance Sheet
 - (d) Profit & Loss Account

2. In Statement of Profit or Loss, Interest on Capital is shown as _____.
 - (a) addition
 - (b) subtraction
 - (c) multiplication
 - (d) division

3. Transfer of title of bill from debtor to creditor is known as _____.

- (a) endorsement
- (b) discounting
- (c) honouring
- (d) dishonouring

4. The document inviting offers from public to subscribe its shares is called _____.

- (a) share certificate
- (b) minutes book
- (c) prospectus
- (d) regret letter

5. Bills Payable is _____.

- (a) Long term loan
- (b) Liquid asset
- (c) Net Loss
- (d) Current Liability

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

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1. Equity Shareholder enjoys preferential rights.
2. Returns Inward is deducted from sales.
3. Retirement of a partner leads to dissolution of the firm unless otherwise agreed upon.
4. Realisation Loss is not transferred to insolvent partner's capital account.
5. Single entry system is based on certain rules and principles.

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

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Drawer	: Mr. Piush Pawar, Patel Road, Parner
Drawee	: Ms. Ragini Rastogi, Ramnagar, Raipur
Payee	: M/s. Soham Surgicals, Satnam Marg, Satara
Date of bill	: 5 th December 2017
Date of acceptance	: 6 th December 2017
Duration	: 60 days
Amount	: ₹ 18,000

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

Particulars	As on 1.4.2016	As on 31.3.2017
Debtors	24,000	36,000
Creditors	15,000	18,000
Stock	16,200	21,500
Cash & Bank	13,800	20,500
Tools	8,000	8,000

Additional Information:-

1. Depreciate Tools at 10% p.a.
2. Write off bad debts ` 1,000.
3. Additional Capital introduced during the year was ` 10,000.
4. Drawings during the year were ` 16,000.
5. Stock was found to be undervalued by ` 3,000 on 31.03.2017

You are required to prepare:-

1. Statement of Affairs as on 1st April 2016
2. Statement of Affairs as on 31st March 2017
3. Statement of Profit/Loss for the year ended on 31st March 2017 8

OR

2. (A) What are Common Size statements? 4
(B) Write any four objectives of Financial Statement Analysis. 4

3. Following is the Balance Sheet of Karun & Varun who were sharing profits & losses in the ratio 3:2:-

Balance Sheet as on 31st March 2017

Liabilities		Assets	
Capital : Karun	1,00,000	Building	70,000
Varun	1,00,000	Machinery	98,000
General Reserve	20,000	Furniture	4,200
Creditors	1,40,000	Stock	57,400
Bills Payable	14,000	Debtors	1,26,000
		Cash	18,400
	3,74,000		3,74,000

On 1st April 2017 Arun was admitted to the firm on the following terms :-

1. The new profit sharing ratio will be 3:1:1.
2. Arun should bring ₹ 30,000 as his share of goodwill in the firm and ₹ 40,000 as his capital.
3. Building be valued at 90% of its book value.
4. Machinery & Stock to be reduced by 5% & 10% respectively.
5. Reserve for doubtful debts to be maintained at 5% on debtors.

You are required to prepare :-

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

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OR

3. Following is the balance sheet of Happy, Lucky and Sad who were partners sharing profits and losses in the ratio 3:1:1:-

Balance Sheet as on 31st March 2016

Liabilities	₹	Assets	₹
Capital : Happy	20,000	Machinery	20,000
Lucky	15,000	Furniture	15,000
Sad	10,000	Debtors	15,000
General Reserve	2,500	Cash	5,500
Creditors	8,000		
	55,500		55,500

Sad died on 31st December 2016.

1. Machinery was to be valued at ₹ 23,000 & Furniture at ₹ 14,500.
2. Drawings of Sad to the date of death amounted to ₹ 6,000.
3. Interest on Capital was to be allowed at 10% p.a.
4. Interest on Drawings was to be charged at 6% p.a. for 9 months.
5. His share of Goodwill to be calculated on the basis of two year's purchase of last four year's average profits.
6. His share of profit up to the date of death to be based on the profit of the previous year.
7. Previous Year's profit figures were:- 2012-13 ₹ 35,000, 2013-14 ₹ 30,000, 2014-15 ₹ 15,000, 2015-16 ₹ 20,000.

You are required to prepare Sad's Capital Account showing the amount payable to his legal heir and Give the working of Goodwill & Profit.

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4. On 1st July 2016, Kavya draws a bill for ₹ 1,00,000 on Mohini for 4 months period. The bill is duly accepted and returned to Kavya. One month after, Kavya discounted the bill with bank at 18% p.a.

On due date, Mohini dishonoured her acceptance. Bank paid noting charges ₹ 2,250. Mohini requested to renew the bill for further period of 2 months. Kavya agreed and took the bill back from the bank. Kavya received new acceptance for 40% amount of the bill with full amount of noting charges and cheque for 60% balance plus interest at 12% p.a.

Before the due date, Mohini was declared insolvent and 30% of the amount due could be recovered from her private estate.

Write journal of Kavya for the above bill transactions.

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5. Following is the Balance Sheet of Swaraj, Veeraj and Dhanraj who were partners sharing profits & losses in the ratio 1:2:3. Their Balance Sheet as on 31st March 2017 was as follows:-

Balance Sheet as on 31st March 2017

Liabilities	₹	Assets	₹
Capital: Swaraj	4,000	Machinery	14,500
Veeraj	8,000	Furniture	3,500
Dhanraj	13,000	Fixtures	6,000
Contingency Reserve	3,000	Investments	6,000
Workmen Compensation		Stock	7,500
Fund	1,750	Trade Debtors	4,500
Creditors	7,000	Cash in hand	1,500
Swaraj's Loan	5,000	Profit & Loss A/c	2,250
Veeraj's Loan	4,000		
	45,750		45,750

The firm was dissolved on this date.

- The assets realized: Machinery ₹ 10,000, Investments ₹ 3,500 and Debtors ₹ 3,500.
- Swaraj took over his loan.
- Stock was taken over by Veeraj for ₹ 7,000.
- Veeraj's Loan was paid in full.
- Furniture & Fixtures were taken over by Dhanraj at 10% less than the book value.
- Realisation expenses amounted to ₹ 1,450.
- In addition, an outstanding liability for ₹ 1,250 was finally settled at ₹ 1,100 and paid off immediately.

8. Liability towards Workmen Compensation Fund was settled & paid off at ₹ 1,000.
 9. The Creditors were paid ₹ 6,000 in full settlement of their claim.

Prepare necessary Ledger Accounts in the books of the firm.

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OR

5. Chandan Ltd. issued 2,000 5% Debentures of ₹ 100 each repayable at the end of the 10th year. Pass journal entries in the books of Chandan Ltd. presuming that:

- a. They were issued at 5% discount and redeemable at par.
 b. They were issued at par and redeemable at premium of 4%.
 c. They were issued at 5% discount and redeemable at 4% premium.
 d. They were issued at 5% premium and redeemable at par.

Also give a journal entry for expenses on issue of debentures ₹ 6,000.

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6. Following is Receipt and Payment Account of 'Noble Engineering College', Satara:-

Receipts & Payment Account for the year ended on 31st March 2017

Receipts	₹	Payments	₹
To Balance b/d		By Salary:	
Cash in Hand	7,975	Teaching Staff	4,25,250
Cash at Bank	50,035	Non Teaching Staff	90,500
To Interest on Fixed Deposit	25,500	By Electricity	25,950
To Subscriptions	12,900	By Books	28,900
To Life Membership Fees	10,250	By Furniture	22,500
To Donations	3,18,000	By Stationery	9,975
To Tuition Fees	5,60,000	By 8% Fixed Deposit (31/3/17)	3,75,000
To Term Fees	1,00,450	By Balance c/d	
To Admission Fees	27,500	Cash in Hand	6,750
To Sundry Receipts	3,465	Cash at bank	1,31,250
	11,16,075		11,16,075

Additional Information:-

1. Balances of some of the assets & liabilities were:

Particulars	01/04/2016	31/03/2017
Books	2,75,000	2,87,500
Furniture	1,07,500	1,00,000
Building Fund	4,67,500	?
8% Fixed Deposit	4,00,000	?
Capital Fund	3,73,010	?

2. 50% of Donations are for building fund and the balance is to be treated as revenue income.
3. Outstanding Subscription ` 2,100.
4. Life Membership Fees are capitalized, Term Fees & Admission Fees are to be treated revenue.

You are required to prepare Income & Expenditure Account for the year ended on 31st March 2017 and Balance Sheet as on that date. **12**

7. Following is the trial balance of Surendra and Rajendra :-

Trial Balance as on 31st March 2017

Particulars	Debit	Particulars	Credit
Salary	24,000	Sales	2,20,000
Postage	3,500	Sundry Creditors	1,45,400
Opening Stock	47,000	Bills Payable	80,000
Machinery	1,40,000	10% Bank Loan	1,20,000
Advertisement	10,000	(w.e.f. 01/10/2016)	
Import Duty	4,200	Outstanding Salary	11,800
Bad Debts	2,000	Capital : Surendra	90,000
Purchases	1,97,000	Rajendra	90,000
Sundry Debtors	91,600		
Bills Receivable	33,400		
Carriage Outward	3,600		
Wages	28,000		
Printing & Stationery	9,200		
Cash & Bank	3,700		
Leasehold Premises	1,60,000		
Total	7,57,200	Total	7,57,200

Adjustments:-

1. Closing Stock was valued at ` 60,000.
2. Postal Stamps of ` 500 and Stationery of ` 800 remained unused.
3. Goods worth ` 5,000 were distributed as free samples.
4. Leasehold Property is to run for 10 years w.e.f. 1st October 2016.
5. Depreciate Machinery at 10% p.a.
6. Mr. Devendra, our customer became insolvent & could not pay his debt of ` 3,000.

You are required to prepare Trading and Profit & Loss Account for the year ended on 31st March 2017 and Balance Sheet as on that date. **15**
