General Instructions:

1. This question paper contains three parts A, B and C
2. Part A is compulsory for all candidates
3. Candidates can attempt only one part of the remaining parts B and C
4. All parts of a question should be attempted at one place.

ACCOUNTANCY (Delhi)

PART - A

(ACCOUNTANCY)

Q1. Define partnership. 2

Q2. P Ltd. purchased assets worth Rs. 1, 80,000 from S Ltd. The payment was made by issuing equity shares of the face value of Rs. 100 each at a premium of Rs. 20 per share. Pass necessary journal entries. 2

Q3. JCM Ltd invited applications for issuing 20,000 equity shares of Rs. 20 each at a discount of 10%. The whole amount was payable on application. The issue was fully subscribed. Pass necessary Journal entries 2

Q4. On 31.1.2005 Janta Ltd. converted Its Rs. 88,00,000, 6% debentures into equitysharesofRs.20 each at a premium of Rs. 2 per share. Pass necessary journal entries in the books of the company for redemption of debentures. 2

Q5. Pappu and Munna are partners In a firm sharing profits in the ratio of 3 : 2. The partnership deed provided that Pappu was to be paid salary of Rs. 2,500 per month and Munna was to get a commission of Rs. 10,000 per year. Interest on capital was to be allowed @ 5% per annum and interest on drawings was to be charged @ 6% per annum. Interest on Pappu's drawing was Rs. 1,250 and on Munna's drawings Rs. 425. Capital of the partners were Rs. 2.00.000 and respectively, and were fixed. The firm earned a profit of Rs. 90,575 for the year ended 31.3.2004.

Prepare Profit and Loss Appropriation Account of the firm. 3

Q6. What is meant by issue of debentures as ‘Collateral Security’? **3**

Q7. What is meant by reconstitution of a partnership firm? Explain briefly any two occasions on which a partnership firm can be reconstituted. **4**

Q8. State the purposes for which securities premium amount can be used by a company.**4**

Q9. A, B and C were the partners in a firm, sharing profits in the ratio of 4: 3: 3. The firm was dissolved on 28-2-2005. After transfer of assets and external liabilities to Realization Account the following transactions took place: **4**

Q10. On 1.1.2000, X Ltd. issued 5, 00,000 8% debentures of Rs. 100 each, redeemable after l0 years. Debenture-holders’ were given the option to get their debentures redeemed at any time after 3 years at Re. 105 per debenture. At the end of four years, debenture-holders’ holding 40,000 debentures exercised their option and got their debentures redeemed. Record necessary journal entries for issue and redemption of debentures in the books of the company.

4

Q11. On 1.1.2005, Fast Computers Ltd. issued 20,00,0 6% debentures of Rs. 100 each at a discount of 4% redeemable at a premium of 5% after three years. The amount was payable as follows:

On application Rs. 50 per debenture.

Balance on allotment.

Record the necessary Journal entries for issue of debentures. **4**

Q12. Ram and Mohan were partners in a firm sharing profits in the ratio of 4: 1. On 01.03.2005, they admitted Sohan as a new partner for 1/3rd share in the profit of the firm. They fixed the new profit sharing ratio as 4: 2: 3.On the date of Sohan’s admission, the firm had a JLP for Rs, 60,000 (surrender value Rs. 20,000) The P & LA/c on the date of admission showed a Balance of Rs. 32,000 (DR). The firm also had a reserve of Rs 1, 00,000.Sohan is to bring Rs. 60,000 as premium for his hare of good will showing your calculations a clearly, pass necessary Journal entries to record the above transactions. **6**

Q13. Following is the Balance Sheet of Ramesh and Suresh as on 28.2.2005.

Liabilities		Amount Rs.	Assets	Amount Rs.
Sundry Creditors		20,000	Land and Building	40,000
Bills Payable		40,000	Furniture and Fittings	28,000
Capital Accounts:			Truck	20,000
Ramesh	30,000		Stock	10,000
Suresh	30,000	60,000	Debtors	12,000
			Cash	10,000
		1,20,000		1,20,000

On the above date, Ramesh and Suresh decided to dissolve the firm. Ramesh took over the creditors and Suresh took over the bills payables. Assets realized as follows:
Debtors Rs. 9,000; Furniture Rs. 21,000; Stock Rs. 6,000; Truck Rs. 32,000 and Land and Buildings Rs. 60,000. Expenses of realization paid by Ramesh were Rs. 1,200.
Prepare Realization Account, Cash Account and Capital Accounts of the partners to close the books of the firm. **6**

Or

Pass necessary journal entries to record the following at the time of dissolution of a partnership firm assuming that the Assets and third party liabilities have already been transferred to Realization A/c:

a) An unrecorded asset of Rs. 300 was taken over by 'A', one of the partners.
b) Creditors were paid Rs. 14,000 In full settlement of their claims for Rs. 15,000
c) Sundry assets realized Rs. 1, 95,000.
d) 'B' (another partner) was to bear the expenses on dissolution, which amounted to Rs.1, 500.
e) Value of Sundry liabilities including creditors at the time of dissolution was Rs. 1, 90,000.
f) 'A' takes over the loan payable to 'Mrs. A' Rs. 15,000. **6**

Q14. Z Ltd. invited applications for Issuing 40,000 equity shares of Rs. 10 each at a premium of Rs. 2 per share. The amount was payable as follows:
On Application Ra. 6 (including premium) and balance on Allotment. Applications for 50,000 shares were received Pro-rata allotment was made to all applicants Excess money received on application was adjusted towards sums due on allotment. A shareholder to whom 8,000 shares

were allotted failed to pay the allotment money and therefore, his share was forfeited. Later on the forfeited shares were re-issued for Rs. 70,000 as fully paid up. Pass necessary journal entries hi the books of Z Ltd. ` 6

Q15. M and N were partners in a firm sharing profits in the ratio of 3: 1. Their Balance Sheet as on 31.3.2004 was as follows:

Liabilities	Amount Rs.	Assets	Amount Rs.
Creditors	28,000	Cash	50,000
Bills Payable	40,000	Debtors	60,000
Outstanding Salary	2,000	Stock	40,000
Capital Accounts:		Plant	1,00,000
M 2,00,000		Land and Building	1,50,000
N 1,30,000	3,30,000		
	4,40,000		4,00,000

On the above date 'O' was admitted as a partner for 1/4th share in profits on the following terms:

a) 'O' will bring Rs. 1, 50,000 as his capital and Rs. 90,000 as his share of premium for goodwill for his share of profits.
b) Plant is to be appreciated to Rs. 1, 30,000 and the value of land and building is to be appreciated by 5%.
c) Stock is overvalued by Rs. 6,000.
d) A provision for bad and doubtful debts is to be created at 5% on debtors.
e) There were unrecorded creditors Is. 4,500.

Prepare Revaluation Account, Partners Capital Accounts and the Balance Sheet Of the new firm. 8

Or

P, Q and R were partners in a firm sharing profits in the ratio of 2 : 3 : 5. On 31.3.2004 their balance Sheet was as follows:

Liabilities		Amount Rs.	Assets	Amount Rs.
Creditors		70,000	Bank	45,000
Capital Accounts:			Debtors	
P	80,000		40,000	
Q	70,000		Less: provision for	35,000
R	60,000	2,10,000	doubts debts	50,000
			5,000	1,40,000
			Stock	10,000
		2,80,000	Building	2,80,000
			Profit & loss A/c	

On the above date R retired firm due to his Illness on the following terms:

a) Building was to be depreciated by Rs. 40,000.

b) Provision for doubtful debts was to be maintained at 20% on debtors.

c) Salary outstanding Rs. 5,000 was to be recorded and creditors Re. 4,000 will not be claimed.

d) Goodwill of the firm was valued at Rs. 72,000 and the same was to be treated without opening goodwill account.

e) R was to be paid Rs. 15,000 In cash, through bank and the balance was to be transferred to his loan account

Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of P and Q after R's retirement 8

PART - B

(ANALYSIS OF FINANCIAL STATEMENTS)

Q16. What is meant by a 'Cash Flow Statement'? 2

Q17. State whether the following transactions will result into inflow, outflow or no flow of funds

a) Purchased machinery for cash Rs. 80,000.

b) Paid to creditors Rs. 40,000.

c) Converted Rs. 10,000 equity shares into 9% debentures.

d) Issued equity shares Rs. 10, 00,000 for cash. **2**

Q18. Briefly explain the limitations of analysis of financial statements. **3**

Q19. The current liabilities of a company are Rs. 3,50,000. Its current ratio is 3.00 and liquid ratio is 1.75. Calculate the amount of current assets, liquid assets and inventory. **3**

Q20. On the basis of Information given below, calculate any two of the following ratios: **4**

a) Gross Profit Ratio;

b) Debt Ratio and

c) Working Capital Turnover Ratio.

Information:

Rs. Rs.

Net Sales 3,75,000 Current assets 4,25,000

Cost of goods sold 2,50,000 Equality share Capital 1,90,000

Current liabilities 1,20,000 Debentures 75,000

Loan 60,000

Q21. Following are the Balance Sheets of XY Ltd. As on 31st March, 2003 and 2004:

Liabilities	**2003 Rs.**	**2004 Rs.**	**Assets**	**2003 Rs.**	**2004 Rs.**
Share capital	1,20,000	1,40,000	Good will	20,000	16,000
General reserve	8.000	12,000	Building	76,000	96,400
Profit & loss A/c	7,200	6,200	Investments	4,000	14,000
Proposed Dividend	11,200	20,200	Debtors	30,000	43,200
Bills payable	14,000	21,200	Stock	34,000	31,200
Outstanding Expenses	14,400	15,200	Cash	6,800	11,200
			Preliminary Expenses	4,000	2,800
	1,74,800	2,14,800		1,74,800	2,14,800

You are required to:

a) Prepare schedule of changes in working DIPRIL:

b) Calculate funds from operations, and

c) Prepare a Funds Flow Statement. 6

Or

The following balances appeared in Plant Account and Accumulated Depreciation Account In the books of Bharat Ltd:

Balances as a	**31.3.2003 Rs.**	**31.3.2004 Rs.**
Plant	7,50,000	9,70,000
Accumulated Depreciation	1,80,000	2,40,000

Addition Information:

Plant costing Rs. 1,45000; accumulated depreciation thereon Rs. 70,000, was sold for Rs. 35,000.

You are required to:

a) Compute the amount of Plant purchased, depreciation charged for the year and loss on sale of plant.

b) Show how each of the Items related to the plant will be shown in the cash flow statement.