Accountancy 2006 (Compartment Outside Delhi)

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.

PART - A

Q. 1. Give the meaning of partnership deed. **(2)**

Q. 2. What is meant by 'private placement' of shares? **(2)**

Q. 3. Jay Ltd. issued 10,000, 8% debentures of Rs. 100 each at a premium of 10% redeemable at a premium of 2% after 5 years.
Pass necessary journal entries for the issue of 8% debentures. **(2)**

Q. 4. Ghosh Ltd. made the second and final call on its 50,000 equity shares @ Rs.2 per share on 1.1.2006. The whole amount was received on 15.1.2006 except on 100 shares allotted to Venkat. Pass necessary journal entry for the call money due and received by opening 'calls-in-arrears account'. **(2)**

Q. 6. Suman and Poonam were partners in a firm sharing profits in 3: 2 ratios. From 1.3.2006 they decided to change it to 3: 1. For this purpose the goodwill of the firm was valued at Rs. 1, 20,000. Pass the necessary journal entry for the treatment of goodwill. **(3)**

Q. 7.

i. A, B and C were partners sharing profits in the ratio of 5 : 3 : 2. B retires on 1.1.2006 with A and C agreeing to share the profits in future in the ratio of 6: 4. Find the gain ratio. **(2)**
ii. On 1.3.2006 A and C admitted D into the partnership, their profit sharing ratio being 5 : 4 : 3 respectively. Assuming before admission the profit sharing ratio of A and C was equal, find the sacrifice ratio. **(2)**

Q. 8. Sagar and Santa were partners in a firm sharing profits in 3: 2 ratios. On, 28.2.2006 their firm was dissolved. On that date the balances in their capital accounts were Sagar Rs. 20,000 (Cr.), Santa Rs. 5,000 (Dr.). There was a debit balance of Rs. 15,000 in the profit and loss account. The general reserve account had a balance of Rs. 30,000. Dissolution resulted into a gain of Rs. 75,000. You are required to prepare the capital accounts of the partners at the time of dissolution assuming that the necessary cash was paid to or brought in by the partners for final settlement as the case may be. **(4)**

Q. 9. X Ltd. forfeited 150 shares of Rs. 20 each issued at a premium of Rs. 5 per share for the non-payment of the second and final call of Rs. 7 per share. 100of these shares were reissued @ Rs 21 per share fully paid. Journalise the above transactions regarding the forfeiture and reissue. **(4)**

Q. 10. J.B. Ltd. issued Rs. 10, 00,000, 6% debentures at a premium of 4% redeem able at a premium of 5% after four years. The debentures were issued on 1.1.2001. Pass the journal entries at the time of issue and redemption of debentures. **(4)**

Q. 11. Thandak Refrigerators Ltd. had an outstanding balance of 5,000, 6% debentures of Rs. 100 each redeemable at a premium of 10%. According to the terms of redemption, the company redeemed 10% of these debentures by converting them into 8% preference shares of Rs. 100 each issued at a premium of 10%. Calculate the number of shares to be issued on conversion and record journal entries for the redemption in the books of the company. **(4)**

Q. 12. Ali and Arif were partners in a firm sharing profits in 4: 1 ratio. They had insured their lives jointly for Rs. 5, 00,000. Ali died three months after the date of the last Balance Sheet. According to the partnership deed legal representatives of the deceased partner were entitled to the following payments:

i. His capital, Rs. 1,50,000, as per the last Balance Sheet.
ii. Interest on capital @ 12% per annum up to the date of death.
iii. His share of profits to the date of death calculated on the basis of the average profits of last three years. The net profits of the last three .years were Rs. 1, 00,000, Rs. 1, 50,000 and Rs. 2, 00,000.
Prepare Ali's capital account to be rendered to his representatives and the Executor's Account. **(6)**

Q. 13. Ram, Rahim and Mathew were partners in a firm sharing profits equally. On 31.3.2004 their firm was dissolved. On that date their Balance Sheet was as follows:

Liabilities		***Amount Rs.***	***Assets***	***Amount Rs.***
Sundry Creditors		1,80,000	Cash	20,000
Capital Accounts :		10,000	Sundry Assets	5,20,000
Ram	30,000		Mathew's Capital	15,000
Rahim	1,25,000	3,75,000		
		5,55,000		5,55,000

It was agreed between the partners that Ram will take over the assets at a value of Rs. 4, 80,000 and liabilities at Rs. 1,70,000. The expenses of dissolution were Rs. 3,000 and the same were paid by Rahim.
Prepare Realisation Account, Partners' Capital Accounts and Cash Account. **(6)**

On 1.4.2004 A, B and C started business sharing profits in 4 : 3 : 3 ratio, with capitals of Rs. 1,00,000, Rs. 80,000 and Rs. 60,000 respectively. During the year ended 31.3.2005 the firm earned a profit of Rs. 50,000. During the year each partner with drew Rs. 10,000. On 31.3.2005 the firm was dissolved. Creditors on that date were Rs. 20,000 and there was a cash balance of Rs. 3.0,000. The assets realised Rs. 3, 00,000. Expenses on realisation were Rs. 2,000. Prepare Realisation Account, Partners' Capital Accounts and Cash Account.

Q. 14. Z Ltd. invited applications for issuing 2, 00,000 equity shares of Rs. 25 each at a premium of Rs. 10 per share. The amount was payable as follows: On Application and Allotment Rs. 10 per share Balance including premium on first and final call

Applications for 2,50,000 shares were received. Applications for 25,000 shares were rejected and shares were allotted on pro-rata basis to the remaining applicants. All calls were made and were duly received except the first and final call on 2,000 shares allotted to Vijay. His shares were forfeited. The forfeited shares were re-issued @ Rs. 30 per share fully paid up. Pass necessary journal entries in the books of the company. **(6)**

Q. 15. A and B were partners in a firm sharing profits in 2 : I ratio. C was admitted as a new partner for 1/4th share in the profits on 1.3.2006. The Balance Sheet of the firm on 28.2.2006 was as follows:

Liabilities	***Amount Rs.***	***Assets***	***Amount Rs.***
Creditors	18,000	Cash	14,000
General Reserve	12,000	Debtors	12,000
A's Capital	50,000	Stock	17,000
B's Capital	40,000	Furniture	9,000
		Machinery	22,000
		Building	46,000
	1,20,000		1,20,000

C was admitted on the following terms: (8)

i. C will bring Rs. 45,000 for his capital and Rs. 18,000 for his share of good will/premium.
ii. Building was valued at Rs. 55,000 and machinery at Rs. 18,000.
iii. A provision of Rs. 500 was created for bad debts on debtors.
iv. The capital accounts of A and B were to be adjusted in profit sharing ratio. Necessary cash was to be brought in or paid off to them as the case may be.
v. Prepare, Revaluation Account, Partners' Capital Accounts and the Balance Sheet of A, B and C.

Or

P. Q and R were partners in a firm sharing profits in 4: 3: 3 ratios. Their Balance Sheet on 28.2.2006 was as follows:

Liabilities	***Amount Rs.***	***Assets***	***Amount Rs.***
Creditors	75,000	Bank	20,000
P's Capital	85,000	Debtors	46,000
Q's Capital	50,000	Stock	60,000
R's Capital	66,000	Building	1, 00,000
		P & L Account	50,000
	2,76,000		2, 76,000

Q retired on the above date on the following terms:

i. Building was to be depreciated by Rs. 10,000.
ii. A provision of Rs. 2,000 for bad and doubtful debts was to be created on sundry debtors.
iii. Rent outstanding was Rs. 8,000.
iv. Goodwill of the firm was valued at Rs. 1,40,000.
v. Q 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 R after Q's retirement.

PART - B

(ANALYSIS OF FINANCIAL STA TEMENTS)

Q. 16. What is meant by a 'Cash Flow Statement'? **(2)**

Q. 17. Categorise each of the following items into operating/investing/financing activities while preparing Cash Flow Statement: **(2)**

i. Redemption of 2,00,000, 12% preference shares of Rs. 10 each at a premium of Rs. 4 per share.
ii. Sale of machinery for Rs. 40,000.
iii. Declared and paid dividend Rs. 1,00,000.
iv. Interest collected from investments Rs. 28,000.

Q. 18. The Profit and Loss accounts of Hira Lal & Co. for the years ended March 31, 2005 and 2006 are as follows:

Particulars	***2005 Rs.***	***2006 Rs.***
Net Sales	2, 42,500	2, 12,500
Cost of Goods Sold	1, 30,000	1, 22,500
Gross Profit	1, 12,500	90,000
Operating Expenses	30,000	22,500
Net Profit	82,500	67,500

Prepare a 'Comparative Profit and Loss Statement'. (3)

Q. 19. What is meant by 'Analysis of Financial Statements'? Explain briefly. **(3)**

Q. 20. On the basis of the following information calculate any two of the following ratios: **(4)**

i. Operating ratio ii. Liquid ratio iii. Proprietary ratio
iv. Information:
Cash sales Rs. 4,00,000; Credit sales Rs. 2,75,000; Sales returns Rs. 27,000; Cost of goods sold Rs. 3,90,000; Selling and distribution expenses Rs. 7,000; Administration expenses Rs. 3,000;

Current liabilities Rs. 1,95,000; Current assets Rs. 3,94,000; Closing stock Rs. 23,000; Equity share capital Rs. 4,37,000; 6% Preference share capital Rs. 1,74,000; Fixed assets Rs. 4,30,000.

Q. 21. From the following statement calculate the cash generated from operating activities: **(6)**

Statement of Profit for the year ending March 31st, 2006

Liabilities	***Rs.***	***Assets***	***Rs.***
To Salaries	35,000	By Gross Profit	85,000
To Rent	7,000	By Profit on Sale of machinery	22,000
To Depreciation	25,000	By Dividend received	16,000
To Loss on Sale of Building	6,000		
To Good Will Written Off	10,000		
To Proposed Dividend	10,000		
To Provision for tax	5,000		
To Net Profit	25,000		
	1,23,000		1,23,000

Or

From the following summarised Balance Sheets of a company, calculate cash flow from operating activities:

Liabilities	***2004 Rs.***	***2005 Rs.***	***Assets***	***2004 Rs***	***2005 Rs.***
Creditors	30,000	45,000	Cash	30,000	50,000
Bills Payable	30,000	35,000	Investments	50,000	40,000
Other Current	50,000	55,000	Stock	40,000	65,000
Liabilities	1,00,000	1,30,000	Debtors	40,000	50,000
Share Capital	80,000	1,00,000	Fixed Assets	1,30,000	1,60,000
Profit & Loss A/c	2,90,000	3,65,000		2,90,000	3,65,000