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

ACCOUNTANCY (Outside Delhi)

PART - A

(ACCOUNTANCY)

Q1. Distance between fixed and fluctuating capitals of partners. **2**

Q2. 'X' Ltd. purchased land costing Rs. 9,50,00,000 from 'Y' Ltd. Rs. 50,00,000 were paid through bank and the balance by issuing equity shares of Rs. 100 each at a discount of 10%. Pass the necessary journal entries for making the payment through bank and by issue of equity shares. **2**

Q3. CMC Ltd. Invited for issuing 1, 00,000 Equity Shares of Rs. 10 each at a premium of Rs. 3 per share. The Whole amount was payable on application. The issue was over subscribed by 30,000 shares and allotment was made on prorate basis. Pass necessary journal entries in the books of the company. **2**

Q4. On 28.2.2005 BCL Ltd. converted its Rs. 1,00,000, 9% debentures issued at a premium of 10% Into 8% shares of Rs. 100 each Issued at a premium of 25%. Pass necessary journal entries on the redemption of debentures. **2**

Q5. Ram and Manohar are partners in a firm sharing profits and losses in the ratio of 7: 3. According to the partnership deed, Ram was to be paid salary of Rs. 5,000 per month and Manohar was to get a bonus of Rs. 40,000 per annum. Interest on capital was to be allowed @10% per annum and interest on drawings was to be charged @8% per annum Interest on Earns drawings was Rs 3,000 and on Manohar's drawings was Rs 2,000 Their fixed capitals were Rs. 4,00,000 and Rs. 1,50,000 respectively The firm earned a profit of Rs. 2,50,000 for the year ended 31.3.2004. Prepare Profit and Loss Appropriation Account of Ram and Manohar. **3**

Q6. What is meant by a debenture 'Distinguish between a debenture and a Share? (Any two points) **3**

Q7. Briefly explain the occasions when the partnership can be reconstituted. **4**

Q. 8. State the conditions for the issue of shares at discount. **4**

Q. 9. Journalize the following transactions in the books of the firm of Harry and Jim at the time of its dissolution. Harry and Jim shared profits in the ratio of 3: 2.

a) There was a debit balance of Rs 7,500 in the Profit and Loss account.

b) Machinery of the book value 'of Rs. 20,000 was taken over by Harry at a discount of 10% He also took over land and building valued at Rs. 500,000 for Rs. 6, 00,000.

c) Jim agreed to pay the creditors amounting to Rs. 34,000. He also paid dissolution expenses Rs 4,000.

d) Loss on dissolution was Rs. 9,000. **4**

Q10. On 1.1.2000 Sona Ltd. issued 50,000 7% debentures of Rs. 100 each at par redeemable after 10 years. The debenture-holders' were given the option to get their debenture-holder were given the option to get their debentures redeemed at any time after 3 years at a premium of 10%. At the end of 4 years debenture-holders' holding 10,000 debentures exercised their option and got their debentures redeemed.
Record necessary journal entries in the books of Sona Ltd. for the issue and issue and redemption of debentures. **4**

Q11. On 1.4.2004 Z Ltd. issued 5, 00,000 8% Debentures of Rs. 100 each at a discount of 6% redeemable at a premium of 10% after four years. The amount was payable as follows:

On application — Rs. 50 per debenture

On allotment— Balance after discount

Record the necessary journal entries for the issue of debentures in the books of the company.

4

Q12. E and F were partners in a firm sharing profits in the ratio of 3: 1. They admitted G as a new partner on 1.3.2005 for 1/3 share. It was decided that B, F and G will share future profits equally. G brought Rs. 50,000 in cash and machinery worth Rs. 70,000 for his share of profit as premium for goodwill. Showing your calculations clearly, pass, necessary journal entries in the books of the firm. 6

Q13. Ram and Shyam were partners In a firm sharing profits in the ratio of 2:3. Their Balance Sheet as on 31.1.2005 was as follows:

Liabilities	Amount Rs.	Assets	Amount Rs.
Creditors	1,30,000	Land and building	2,40,000
Bills Payable	70,000	Machinery	1,30,000
Capital Accounts:		Goodwill	20,000
Ram 1,50,000	3,00,000	Stock	50,000
Shyam 1,50,000		Debtors	40,000
	5,00,000	cash	20,000
			5,00,000

On the above date the firm was dissolved. Ram paid the creditors at a discount of 10% and Shyam paid bills payable in full. Assets realised: Land and Building 20% less; Machinery Rs. 70,000; Stock 25% less; Debtors Rs. 25,000. Expenses of realisation paid by Shyam were Rs. 3,500.

Prepare Realisation Account, Cash Account and Capital Accounts of the partners to close the books of the firm. 6

Or

P, Q and R commenced business on January 01, 2002 with capitals of:

P	Rs.	1,50,000
Q	Rs.	1,00,000
R	Rs.	50,000

Profits are shared In the ratio of 4 : 3 : 3. CapltaLeari4ed Interest ® 5% per annum. During the year 2002, the firm suffered a loss of Rs. 85,000 before allowing interest on capital. Drawings

of each partner during the year were Rs. 10,000.
On December 31st, 2002, the partners agreed to dissolve the firm as it was no longer profitable. The creditors on that date were Rs. 25,000. The assets realised a net value of Rs. 2, 00,000 and the expenses of realisation were Rs. 3,000.
Prepare Realisation Account, Partner's Capital Accounts and Cash Account along with necessary workings to close the books of the firm

Q14. AB Ltd. invited applications for 40,000 equity shares of Rs. 10 each Issued at a discount of 10%. The amount was payable as follows:
On application — Rs. 4
On allotment — Balance after discount

Applications were received for 48,000 shares. Prorate allotment was made to all applicants. Excess money received on application was adjusted towards sums due on allotment. Mohan to whom 400 shares were allotted failed to pay the allotment money. His shares were accordingly forfeited. The forfeited shares were re-Issued ® Rs. 8 per share fully paid up. Pass necessary journal entries in the books of AB Ltd. 6

Q15. X and Y were partners in a firm sharing profits In the ratio of 3: 2. On 31.3.2004 their Balance Sheet was as follows:

Liabilities		**Amount Rs.**	**Assets**	**Amount Rs.**
Sundry Creditors		50,000	Land and Building	1,00,000
Bills Payable		20,000	Machinery	80,000
Outstanding Expenses		10,000	Stock	1,00,000
Capital Accounts:			Debtors	40,000
X	1,80,000	2,50,000	Cash	10,000
Y	70,000	3,30,000		
				3,30,000

On the above date Z was admitted as a new partner in the firm for 1/4 share in the profits on the following terms:
a) Z will bring Rs. 1,20,000 for his capital and Rs. 20,000 for his share as premium for goodwill.

b) Machinery was to be depreciated by 10% and Land and Building was to be appreciated by Rs. 30,000.

c) Stock was overvalued by Rs. 20,000.

d) A provision of 5% was to be created for doubtful debts.

e) Salary outstanding was Rs. 5,000.

Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the new firm. **8**

Or

E, F and G were partners in a firm sharing profits in the ratio of 3 : 1 : 1. On 31.3.2004 their Balance Sheet was as follows:

Liabilities	**Amount Rs.**	**Assets**	**Amount Rs.**
Creditors	90,000	Bank	31,000
Bills Payable	30,000	Debtors	
Capital Accounts:		70,000	68,000
E 1,50,000		Less: Provision for	80,000
F 1,00,000		Doubtful	2,70,000
G 99,000	3,49,000	Debts 2,000	20,000
	4,69,000	Stock	4,69,000
		Building	
		Profit and loss A/c	

On the above date F retired on the following terms:

a) Building was to be appreciated by 10%.

b) 10% provision for doubtful debts was to be made on sundry debtors.

c) Creditors Rs. 10,000 will not be claimed.

d) There was an outstanding bill for repairs Rs. 2,000.

e) Goodwill of the firm was valued at Rs. 75,000 and no goodwill account was to be opened for its treatment.

f) F was to be paid Rs. 20,000 in Cash and the balance was to be transferred to his Loan account.

Prepare Revaluation Account. Partners' Capital Accounts and Balance Sheet of E and C after F's retirement.

Q16. Distinguish between a Cash Flow Statement and a Funds Flow Statement. 2

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

a) Received cash Rs. 2,00,000 from debtors.

b) Purchased land Rs. 10, 00,000 and paid by issue of equity shares of the same amount to the vendor.

c) Sold old machinery for Es. 50,000.

d) Redeemed 8% preference shares Rs. 5,00,000.

Q18. Explain briefly the interest of shareholders, lenders and taxation authorities in the analysis of financial statements of a company. 3

Q19. The current Assets of a company are Rs. 15, 00,000. Its current Ratio is 3.00 and Liquid Ratio is 1.25 calculate the amount of current Liabilities, Liquid Assets and Inventory.

3

Q20. On the basis of the information given below calculate any two of the following ratios:

4

a) Gross Profit Ratio

b) Debt-Equity Ratio

c) Working Capital Turnover Ratio

Information:

Net sales Rs. 5,65,000; Cost of goods sold Rs. 3,75,000; Current liabilities Rs. 1,75,000; Loan Rs. 1,25,000; Current assets Rs. 3,25,000; Equity share capital Rs. 3,95,000 and Debentures Rs. 1,29,000.

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

Liabilities	**2003 Rs.**	**2004 Rs.**	**Assets**	**2003 Rs**	**2004 Rs.**
Share Capital General Reserve	95,500 20,000	1,26,700 27,000	Goodwill Machinery	25,000 75,000	20,000 1,00,000

Profit & Loss A/c	17,000	14,300	Investments	10,000	17,000
Proposed Dividend	19,000	21,700	Debtors	15,000	18,700
Bills Payable	8,000	2,300	Stock	27,000	21,600
Outstanding	3,000	4,900	Cash	7,500	18,400
Expenses			Preliminary	3,000	1,200
	1,62,500	1,96,900	Expenses	1,62,500	1,96,900

You are required to:

a) Prepare Schedule of Changes in Working Capital.

b) Calculate Funds from Operations

c) Prepare a Funds Flow Statement. **6**

Or

The following balances appeared in Machinery Account and Accumulated Depreciation Account in the books of Jai Bharat Ltd:

Balances as at	**31.3.2003**	**31.3.2004**
Machinery Account	Rs.	Rs.
Accumulated Depreciation Account	17,78,985	26,55,450
	3,40,795	4,75,690

Additional Information:

Machinery costing Rs. 2,65,000 on which accumulated depreciation was Rs. 1,00,000, was sold for Rs. 75,000.

You are required to:

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

b) How shall each of the items related to machinery be shown in the Cash Flow Statement?