

# Ashish Group Tuition

Time: 3 Hrs

Sub: B.K

Marks: 80

- Note: 1) All Questions are compulsory  
2) Figures to the right indicate full marks  
3) Answer to every question must be started on a new page.

- Q.1. Attempt any THREE of the following sub-questions: [15]
- (A) Answer the following questions in only 'one' sentence each: (5)
- (1) What is 'trial balance'?
- (2) What is 'entrance fees'?
- (3) What is 'qualified acceptance'?
- (4) When is gain ratio required to be calculated?
- (5) What is the formula for calculating gross profit ratio?
- (B) Write a word/term/phrase as a substitute for each of the following statements: (5)
- (1) The assets which are not recorded in the books of accounts.
- (2) The excess of total assets over total liabilities.
- (3) The person in whose favour the bill is transferred.
- (4) The proportion in which the continuing partners are benefitted due to retirement of a partner.
- (5) The system of accounting normally suitable for a small business organization.
- (C) Select the most appropriate alternative from those given below and rewrite the statements: (5)
- (1) When shares are forfeited, share capital account is \_\_\_\_\_.  
(A) debited (B) credited (C) adjusted (D) none of these
- (2) A bill is drawn on 23rd October, 2016 payable after 3 months, the due date of the bill will be \_\_\_\_\_.  
(A) 25th January, 2017 (B) 26th January, 2017 (C) 24th January, 2017 (D) 25th January, 2016
- (3) The capital balances are ascertained by preparing \_\_\_\_\_.  
(A) Statement of Affairs (B) Cash Account (C) Drawings Account  
(D) Debtor's Account
- (4) If any unrecorded liability is paid on dissolution of the firm, \_\_\_\_\_ is debited.  
(A) Cash/Bank Account (B) Realization Account (C) Partners' Capital Account (D) Partners' Loan Account
- (5) Return outwards are deducted from \_\_\_\_\_.  
(A) purchases (B) sales (C) capital (D) debtors
- (D) State whether the following statements are True or False: (5)
- (1) Closing stock is always valued at market price.
- (2) Retirement of bill means payment of the bill before due date.
- (3) Share forfeited balance is transferred to Capital Reserve Account.
- (4) Gross profit depends upon net sales.
- (5) The inland bill which is drawn and payable in the same country.
- (E) Prepare a format of a Bill of Exchange from the following information: (5)
- Mr. Akash Sane, 42, 'Sagar', Bandar Road, Ratnagiri, draws a three months bill on Mrs. Megha Kale, Vishram Baag, Sangli, for Rs. 16,500 on 1st December 2016, which was accepted on 4th December 2016, for Rs. 15,000 only by Mrs. Megha Kale.

Q.2. Miss Kalpana started her business with a capital of Rs. 1,30,000 on 1st April, 2015. Her financial position on 31st March 2016 was as follows: [8]

	Amount (₹)
Cash	9,120
Stock	10,250
Bills payable	12,880
Creditors	17,180
Debtors	31,000
Prepaid insurance	550
Bills receivable	29,120
Premises	85,800
Vehicles	40,200

Additional information:

- (1) Miss Kalpana brought additional capital of Rs. 20,000 on 30th September, 2015.
- (2) Interest on capital is to be allowed at 5% p.a.
- (3) She withdrew Rs.10,000 for personal use.
- (4) Reserve for doubtful debts is to be provided at 2½ % after writing off bad debts of Rs. 1,000.
- (5) Depreciate vehicles at 10% p.a. and premises at 5% p.a.
- (6) Creditors were overvalued by Rs. 2,180.

Prepare: (1) Closing Statement of Affairs as on 31.03.2016.

(2) Statement of Profit or Loss for the year ended 31.03.2016.

OR

- (A) State and explain any 'four objectives' of analysis of financial statement from a business concern's point of view. (4)
- (B) What are the different cash inflows and cash outflows of investing activities? (4)

Q.3. The Balance Sheet of Meena and Heena who shared the profits and losses in the ratio of 2 : 1 is as under: [10]

**Balance Sheet as on 31<sup>st</sup> March 2016**

Liabilities	Amount (₹)	Assets	Amount (₹)
<b>Capital:</b>		Leasehold property	20,000
Meena	1,34,000	Livestock	6,600
Heena	1,20,000	Loose tools	90,200
Creditors	53,800	Stock	86,800
Rent outstanding	10,000	Debtors	48,000
Reserve fund	7,200	Less: R.D.D.	2,000
		Bank	75,400
	<b>3,25,000</b>		<b>3,25,000</b>

On 1<sup>st</sup> April, 2016, Seema was admitted as ¼ th partner on the following terms:

- (1) Seema should bring in ₹ 1,20,000 towards her capital.
- (2) Firm's goodwill is valued at ₹ 1,44,000 and Seema agreed to bring her share in the firm's goodwill by a cheque.
- (3) Reserve for doubtful debts should be maintained at 7.5% on debtors.
- (4) Increase live stock by ₹ 4,400 and write off loose tools by 20%.
- (5) Outstanding rent ₹ 9,040 is paid in full settlement.

Prepare:

- (1) Profit and Loss Adjustment Account.
- (2) Partners' Capital Account.
- (3) Balance Sheet of the new firm.

OR

Following is the balance sheet at Sharmila, Urmila and Pramila, who shared profits and losses in the ratio of 5 : 3 : 2 respectively:

**Balance Sheet as on 31<sup>st</sup> March, 2013**

Liabilities	Amount (₹)	Assets	Amount (₹)
<b>Capital accounts:</b>		Land and buildings	2,50,000
<i>Sharmila</i>	2,00,000	Plant and Machinery	70,000
<i>Urmila</i>	1,50,000	Furniture	20,000
<i>Pramila</i>	1,00,000	Sundry debtors	90,000
Reserve fund	50,000	Stock	56,500
Sundry creditors	42,800	Bills receivable	7,400
Bills payable	6,000	Cash in hand	3,700
		Cash at bank	51,200
	<b>5,48,800</b>		<b>5,48,800</b>

Pramila retired on 31<sup>st</sup> March, 2013 on the following terms:

- (1) Goodwill of the firm was valued at ₹ 60,000. It was decided that 'goodwill' should be raised to the extent of Pramila's share only, and to be written off immediately.
- (2) Land and building to be appreciated by ₹ 20,000. Stock is revalued at ₹ 58,500. Furniture is to be depreciated by 10%.
- (3) Amount payable to Pramila is to be transferred to her loan account.

Prepare necessary ledger accounts.

Q.4. Sayali sold goods on credit to Manali for Rs. 40,000. Sayali draws a bill on Manali for 4 months for the amount due. Manali accepted the bill and returned it to Sayali. After a month, Sayali discounted the bill with her bank at 12% p.a. On the due date, bank informed that the bill is dishonoured and bank paid the noting charges Rs. 300. Manali requested Sayali to renew the bill. Sayali agreed on conditions that Manali should pay Rs. 20,000 in cash along with noting charges and accept a new bill for the balance amount with interest at 15% p.a. for 3 months. These arrangements were carried through. Before the due date, Manali was declared insolvent and only 40% of the amount due could be recovered from her private estate as final dividend. Give Journal Entries in the books of Sayali. [10]

Q.5. Ashwin, Bhavin and Pravin carried on business. They share profits and losses in the ratio of 5 : 3 : 2 respectively. Their Balance Sheet as on 31<sup>st</sup> March, 2016 was as under: [10]

**Balance Sheet as on 31<sup>st</sup> March, 2016**

Liabilities	Amount (₹)	Assets	Amount (₹)
Sundry creditors	42,000	Plant and machinery	40,000
Bhavin's loan	10,000	Investment	16,000
Reserve fund	40,000	Stock	60,000
<b>Capital accounts:</b>		Debtors	36,000
<i>Ashwin</i>	40,000	<i>Less: R. D. D.</i>	2,000
<i>Bhavin</i>	20,000	Bank	10,000
<i>Pravin</i>	8,000		
	<b>1,60,000</b>		<b>1,60,000</b>

On the above date, the firm was dissolved and the assets realised were as under:

- (1) Investment Rs.10,000, Stock Rs. 48,000 and Debtors Rs. 30,000.
- (2) Plant and machinery were taken over by Ashwin at book value.
- (3) Sundry creditors and Bhavin's loan were paid in full.
- (4) Realisation expenses incurred Rs. 2,000.

Prepare : (1) Realisation Account (2) Partners' Capital Account (3) Bank Account

Q.6. Given below is the Trial Balance of M/s. Shailesh and Nilesh as on 31st March, 2016. You are required to prepare Trading and Profit & Loss Account for the year ended 31st March, 2016 and Balance Sheet as on that date: [15]

**Trial Balance as on 31.03.2016**

Debit Balances	Amount (₹)	Credit Balances	Amount (₹)
Opening stock	88,000	Capital accounts	
Purchases	1,76,000	<i>Shailesh</i>	1,20,000
Wages	23,500	<i>Nilesh</i>	1,20,000
Salaries (10 months)	18,000	Sundry creditors	1,03,000
Office expenses	8,000	Bank overdraft	60,000
Bank charges	2,600	Sales	3,08,000
Machinery	90,000	Current accounts:	
Land and building	1,30,000	<i>Shailesh</i>	5,000
Bad debts	4,000	<i>Nilesh</i>	4,000
Sundry debtors	82,000		
Electricity charges	9,900		
Furniture	43,000		
8% Debentures (1.10.2015)	40,000		
Drawings:			
<i>Shailesh</i>	3,000		
<i>Nilesh</i>	2,000		
	<b>7,20,000</b>		<b>7,20,000</b>

Adjustments :

- (1) Stock on 31<sup>st</sup> March, 2016 was valued at market price of ₹ 84,000, which was 20% above its cost price.
- (2) Depreciate machinery at 10% p.a.
- (3) Create reserve for bad and doubtful debts at 5% on sundry debtors.
- (4) Provide interest on capital at 8% p.a.
- (5) Machinery includes purchase of machinery for ₹ 40,000 on 1<sup>st</sup> January, 2016.