

BOARD QUESTION PAPER: MARCH 2014

Time: 3 Hours

Max. Marks: 80

Q.1. Attempt any THREE of the following sub-questions: [15]

(A) Answer the following questions in 'one sentence' each: (5)

- (1) What do you mean by 'carriage inward'?
- (2) What is 'due date of a bill'?
- (3) What is 'deficit'?
- (4) What do you mean by 'sacrifice ratio'?
- (5) Which statement is prepared under single entry system to ascertain profit?

(B) Write a word/term/phrase which can substitute each of the following statements: (5)

- (1) The debit balance of trading account.
- (2) The excess of total assets over total liabilities of a 'not for profit concern'.
- (3) Expenses incurred on dissolution of a partnership firm.
- (4) Transfer of title of a bill from a debtor to a creditor.
- (5) The statement showing profitability of two different periods and its percentage change.

(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 the above
- (2) A bill drawn and accepted on 23rd November, 2012 for two months will be payable on _____.
(A) 23rd January, 2012 (B) 23rd January, 2013
(C) 25th January, 2013 (D) 26th January, 2013
- (3) If the opening capital is Rs. 80,000, closing capital is Rs. 1,80,000, withdrawals are Rs. 10,000 and additional capital brought in is Rs. 20,000, the profit will be Rs. _____.
(A) 90,000 (B) 1,10,000
(C) 70,000 (D) 1,50,000
- (4) Assets and liabilities are transferred to Realisation Account at their _____ value.
(A) market (B) purchase
(C) sale (D) book
- (5) Share of profit of a deceased partner till the date of his death is _____.
(A) debited to profit and loss adjustment account.
(B) credited to profit and loss adjustment account.
(C) debited to profit and loss suspense account.
(D) credited to profit and loss suspense account.

(D) State whether the following statements are TRUE or FALSE: (5)

- (1) Honour of bill means payment in accordance with the apparent tenor of the bill.
- (2) The issue of debenture more than the face value is termed as issue of debenture at par.
- (3) Return inward is deducted from purchases.
- (4) Ratio analysis is useful for inter-firm comparison.

- (5) Renewal is a request by drawee to cancel the old bill and draw a new bill by extending the credit period.

(E) Prepare a specimen of Bill of Exchange from the following information: (5)

- (1) Drawer ? Ramesh Mishra,
L.B.S. Road, Ghatkopar, Mumbai.
- (2) Drawee ? Nandkumar Sharma,
Laxmi Road, Pune
- (3) Payee ? Rupesh Kumar Pande,
Rajkamal Chowk, Amaravati.
- (4) Period of bill ? 90 days
- (5) Amount of bill ? Rs. 25,000
- (6) Date of bill ? 17th February, 2014
- (7) Date of acceptance ? 20th February, 2014
- (8) Accepted for ? Rs. 20,000 only.

Q. 2. Mr. Keshav keeps his books on Single Entry System and disclosed the following information of his business. [8]

Particulars	1 st April, 12 (Rs.)	31 st March, 13 (Rs.)
Investments	?	30,000
Bills Payable	?	18,000
Creditors	52,500	69,000
Furniture	15,000	45,000
Debtors	60,000	90,000
Stock in Trade	30,000	37,500
Cash at Bank	36,000	54,000

Additional information:

- (1) Mr. Keshav transferred Rs. 3,000 per month during the first half year and Rs. 2,000 per month for the second half year from business account to his personal account.
- (2) He also took goods worth Rs. 7,000 for private use.
- (3) He sold his private asset for Rs. 27,000 and brought the proceeds into his business.
- (4) Furniture to be Depreciated by 10%.
- (5) Provide Reserve for Doubtful Debts at 5% on Debtors.

Prepare:

- (i) Opening Statement of Affairs
- (ii) Closing Statement of Affairs
- (iii) Statement of Profit or Loss for the year ended 31st March, 2013.

OR

(A) What are the different 'cash inflows' and 'cash outflows' of operation activity? (4)

(B) State and explain any 'four objectives' of financial statement analysis from business point of view. (4)

Q.3. Mrs. Snehal and Mrs. Meenal are equal partners in a business. Their balance sheet is as follows: [10]

Balance Sheet as on 31st March 2013

Liabilities	Amount Rs.	Assets	Amount Rs.
Capital A/c's:		Premises	20,500
<i>Snehal</i> 80,000		Investments	10,500
<i>Meenal</i> 45,000	1,25,000	Equipments	5,000
Creditors	46,000	Bills receivable	18,000
General Reserve	20,000	Debtors	1,10,000
		<i>Less: R.D.D.</i> 11,000	99,000
		Bank Balance	38,000
	1,91,000		1,91,000

They agreed to admit Mrs. Komal on 1st April, 2013 on the following terms:

- (1) Komal should bring Rs. 50,000 towards her capital for one fourth (1/4th) share in future profit.
- (2) Goodwill to be raised in the books of the firm for Rs. 40,000.
- (3) R.D.D. to be maintained at 5% on Debtors.
- (4) Premises to be valued at Rs. 30,000 and Equipments to be written off fully.
- (5) Creditors allowed a Discount of Rs. 1,000 and they were paid off immediately.

Prepare: Profit & Loss Adjustment Account, Partner's Capital Accounts and Balance Sheet of the new firm.

OR

Pravin, Prakash and Paresh were partners sharing profits and losses in the proportion to their capitals. Their balance sheet of the firm on 31st March, 2013 was as under:

Balance Sheet as on 31st March 2013

Liabilities	Amount Rs.	Assets	Amount Rs.
Capital A/c's:		Land and Building	80,000
<i>Pravin</i> 60,000		Investments	40,000
<i>Prakash</i> 40,000		Debtors	32,000
<i>Paresh</i> 20,000	1,20,000	<i>Less: R.D.D.</i> 4,000	28,000
Creditors	56,000	Stock Cash	36,000
Reserve fund	36,000		28,000
	2,12,000		2,12,000

Paresh died on 1st August, 2013 and the following adjustments were made :

- (1) Assets were revalued as Land and building Rs. 88,000, Investments Rs. 36,000 and Stock Rs. 34,000.
- (2) All debtors were good.
- (3) Goodwill of the firm valued at two times the Average Profit of the last 4 years profit.
- (4) Paresh's share of profit upto his death to be calculated on the basis of Average profit of the last two years.
- (5) Profit for the last four years were:

Rs. 12,000, Rs. 24,000, Rs. 14,000 and Rs. 22,000

Prepare:

(i) Profit and Loss Adjustment Account.

(ii) Paresh's Capital Account, showing the amount payable to his executor.

(iii) Give working of Paresh's share in Goodwill and profit.

(iv) Q.4. Journalise the following transactions in the books of Kedarnath:

[10]

- A. Badrinath informs Kedarnath that Aloknath's acceptance of Rs. 16,000 endorsed to Badrinath has been dishonoured and noting charges amounted to Rs. 500.
- B. Somnath renews his acceptance of Rs. 14,400 to Kedarnath by paying cash Rs. 4,400 and accepting a new bill for 2 months for the balance plus interest @ 12% p.a.
- C. Vishwanath retired his acceptance for Rs. 10,500 to Kedarnath by paying in cash Rs. 10,250.
- D. Recovered only 50% of the amount due from the private estate of Ramnath, who declared as insolvent, against his bill of Rs. 12,500.

Q. 5. Devendra and Ganesh were partners sharing profits and losses in the ratio of 3 : 2. They dissolved the partnership firm on 31st March, 2013 when their position was as follows:

[10]

Balance Sheet as on 31.03.2013

Liabilities		Amount Rs.	Assets		Amount Rs.
Sundry Creditors		12,500	Debtors	56,250	
Bank Overdraft		10,000	Less: R.D.D.	<u>6,250</u>	50,000
Reserve Fund		15,000	Stock		1,12,500
Capital Account's:			Furniture		25,000
Devendra	1,15,000		Motor Car		37,500
Ganesh	<u>75,000</u>	1,90,000	Cash in hand		2,500
		2,27,500			2,27,500

The assets realised as follows:

- Debtors Rs. 45,000, Stock Rs. 1,00,000 and Goodwill Rs. 12,500.
- Motor car was taken over by Devendra for Rs. 35,000 and Furniture by Ganesh for Rs. 30,000.
- The creditors were paid Rs. 11,250 in full settlement.
- The Realisation Expenses were Rs. 5,000.

Pass necessary journal entries in the books of the firm.

OR

Khandelwal Co. Ltd. made an issue of 40,000 Equity Shares of Rs. 20 each, payable as follows:

Application: Rs. 5 per share

Allotment: Rs. 10 per share

First Call: Rs. 3 per share

Second and Final Call: Rs. 2 per share

The company received applications for 45,000 shares of which applications for 5,000 shares were rejected and the money refunded. All the shareholders paid upto second call except Sachin, the allottee of 2,000 shares, failed to pay Final Call.

Pass Journal Entries for the above transactions in the books of Khandelwal Co. Ltd.

Q. 6. Following is the Receipts and Payments Account of Chamber of Commerce, Amaravati for the year ending 31st March, 2012 and some additional information.

[12]

Receipts and Payments Account for the year ended 31.03.2012

Dr.

Cr.

Receipts	Amount Rs.	Payments	Amount Rs.
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To Balance b/d (Cash at Bank)	11,960	By Printing and Stationery	6,950
To Subscription (Including Rs. 2,500 for 2010-11)	36,500	By Repairs	2,100
To Sale of Furniture (Book value Rs. 18,000)	12,000	By Rent	8,500
To Donation for Building Fund	27,000	By Books	20,000
To Admission Fees (Revenue)	5,050	By Travelling Expenses	2,000
		By Investments	40,000
		By Insurance	1,700
		By Balance c/d (Cash at Bank)	11,260
	92,510		92,510

Additional information:

Particulars	1.04.2011	31.03.2012
Outstanding Subscription	3,000	5,000
Furniture	32,000	12,600
Building Fund	1,45,000	–
Capital Fund	1,51,960	–
Investments	2,50,000	–

Prepare Income and Expenditure A/c for the year ended 31st March 2012 and Balance Sheet as on that date.

- Q. 7. Miss Meena and Miss Reena are in partnership sharing Profits and Losses in the ratio of 3 : 2. From the following trial balance and adjustments, you are required to prepare Trading Account, Profit and Loss Account for the year ended 31st March, 2013 and Balance Sheet as on that date. [15]

Trial Balance as on 31.03.2013

Dr.		Cr.	
Particulars	Amount Rs.	Particulars	Amount Rs.
Building	4,00,000	Capital Accounts	
Plant and Machinery	1,20,000	Meena	3,00,000
Purchases	6,50,000	Reena	<u>2,00,000</u>
Carriage	7,000	Sales	8,14,000
Opening Stock	90,000	Sundry Creditors	1,80,000
Wages	35,000	Bank Overdraft	20,000
Sundry Debtors	1,50,000		
Salaries	28,000		
Postage and telegram	4,000		
Insurance	5,000		
Bad Debts	3,000		
Rent	4,000		
Discount	3,000		
Drawings			
Meena	10,000		
Reena	<u>5,000</u>		
	15,000		
	15,14,000		15,14,000

Adjustments:

- (1) Stock on hand on 31st March, 2013 was valued at Rs. 1,10,000.

- (2) Depreciate Plant and Machinery at 10% p.a.
- (3) Create Reserve for Doubtful Debts at 5% on Sundry Debtors.
- (4) Salaries include Rs. 2,500 as Advance to Workers.
- (5) Partners are allowed Interest at 5% p.a. on their Capitals.