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Sl. No. :

100490

154(E)

(May, 2021)

Time : 3 Hours]

[Maximum Marks : 100

Instructions :

- 1) This question paper contains 6 sections and total 48 questions.
- 2) Answers should be written according to the instructions only.
- 3) Figures to the right side indicate full marks for the questions.
- 4) Use Pencil and scale wherever necessary.
- 5) Use of simple calculator is permitted.
- 6) Start new section on a new page.

SECTION - A

- Questions from 1 to 15 are objective type questions. Choose the correct answer from the options given and write. Each question carries 1 mark :

[15]

- 1) How many number of partners are there in partnership business according to the Rule 10 of the Companies (miscellaneous) Rules, 2014?
(A) 10 (B) 20
(C) 50 (D) 100
- 2) Super Profit means
(A) Capital employed — Expected Profit
(B) Expected Profit — Capital employed
(C) Average Profit — Expected Profit
(D) Expected Profit — Average Profit
- 3) At the time of the reconstruction of a partnership firm is prepared.
(A) Trading account (B) Revaluation account
(C) Realisation account (D) Profit-loss appropriation account
- 4) Old partner is also required to give his share in goodwill to other old partner, when
(A) his capital is less
(B) his new share in new profit-loss ratio is more than his old share

- (C) his new share in new profit-loss ratio is less than his old share
- (D) his new share in new profit-loss ratio is equal to old share
- 5) If partnership deed is silent, interest is payable at on unpaid amount payable to the retiring partner.
- (A) 10% p.a. (B) 12% p.a.
- (C) zero (D) 6% p.a.
- 6) The Employee provident fund balance shown in the balance sheet at the time of dissolution is recorded on
- (A) Credit side of Realisation A/c
- (B) Debit side of Realisation A/c
- (C) Credit side of Capital A/c
- (D) Debit side of Cash A/c
- 7) Which is the first payment made from the realisation of assets, at the time of the dissolution of a firm?
- (A) Dissolution Expense
- (B) Loan of Partner's wife
- (C) Liabilities towards third parties
- (D) Partner's loan
- 8) For Public issue of shares company has to take a permission from whom?
- (A) Central government (B) SEBI
- (C) State government (D) Reserve Bank
- 9) As per Companies Act, 2013, a company engaged in infrastructure projects can issue debentures for more than 10 years but not exceeding _____ years.
- (A) 20 (B) 30
- (C) 40 (D) 50
- 10) At what rate debentures would be issued at discount?
- (A) 10% (B) 5%
- (C) 20% (D) rates as decided by board of directors
- 11) The expenses of the current year of a company is ₹ 6,00,000 and if it is increased by 20% compared to the previous year, what would be the expenses of the previous year?
- (A) ₹ 1,20,000 (B) ₹ 5,00,000
- (C) ₹ 7,20,000 (D) None of the above

- 12) Which of the following ratios are included in traditional classification?
(A) Composite ratios (B) Liquidity ratios
(C) Profitability ratios (D) Solvency ratios
- 13) To arrive at liquid assets which of the following is deducted from current assets?
(A) Stock (B) Cash and Cash equivalent
(C) Debtors (D) Bills receivables
- 14) Bank overdraft
(A) is current liability but considered as financing activity.
(B) is current liability but considered as operating activity.
(C) is current liability but considered as investing activity.
(D) is not activity of cash flow statement.
- 15) Increase in current assets and decrease in current liabilities –
(A) both are cash outflows
(B) both are cash inflows
(C) are cash outflow and cash inflow respectively
(D) are cash inflow and cash outflow respectively

SECTION - B

■ Answer the following questions from 16 to 30 in one sentence each. Each question carries 1 mark :

[15]

- 16) What is partnership?
- 17) What is capitalised profit?
- 18) Under which head goodwill is shown in the balance-sheet?
- 19) Which is the other name known for the revaluation account?
- 20) When revaluation account is debited?
- 21) Who gives the share in goodwill to the retiring or deceased partner?
- 22) What is voluntary dissolution?
- 23) Who has to bear dissolution expense at the time of dissolution of a firm?
- 24) What is meant by share forfeiture?
- 25) What is meant by debenture discount?
- 26) What is financial analysis?
- 27) What is the cost of goods sold?

- 28) By which ratios liquidity is measured?
- 29) What is operating activities?
- 30) What is cash flow statement?

SECTION - C

■ **Answer the following questions (Any Four). Each question carries 3 marks :**

[12]

- 31) Dhruva, Darshi and Prarshi are partners of a partnership. Their capital as on 1-4-2016 was ₹ 60,000, ₹ 40,000 and ₹ 50,000 respectively. After the distribution of the profit of the year, it was realized that charging of 6% interest on partner's capital accounts was missed out. Write the entry for the rectification of error.
- 32) Heer, Swara and Jainil are the partners of a partnership firm. Their capital proportion is 4 : 2 : 3. Swara and Jainil has given assurance to Heer that she will get minimum ₹ 35,000 from the profit. The profit of the year is ₹ 90,000. How would you distribute the profit among the partners?
- 33) Prerna, Mukesh and Gaurav are the partners of a partnership firm. They distribute profit-loss in the ratio of 3 : 2 : 1. All the partners have decided to change the profit and loss sharing ratio to 5 : 3 : 2 for future. From this information, calculate the sacrifice ratio.
- 34) Pass journal entries for the following transactions. The profit-loss sharing ratio between partners A, G and D is 3 : 2 : 1. Undertake the disposal of the following balances :
 - (i) General reserve ₹ 18,000.
 - (ii) Debit balance of Profit and Loss A/c ₹ 12,000.
 - (iii) Workman accident compensation fund ₹ 18,000.
- 35) Pass Journal entries for the following transactions. (Show the calculation).
At the time of dissolution total assets of the firm are of ₹ 4,00,000. Out of that 40% are current assets where cash is included of ₹ 20,000. 120% of fixed assets are realized. 80% are realised from current assets.
- 36) On 1-8-2020 Apurva Limited issued 8,000, 9% debentures of ₹ 100 each at par. These debentures are to be redeemed on

31-7-2022 at ₹ 120 per debenture.

Pass the necessary journal entries in the books of the company for the issue and redemption of debentures.

(Without narration)

SECTION - D

- Give answer to the following questions showing calculations wherever necessary. Each question carries 4 marks (Any Three) : [12]

- 37) From the following information of Nirav and Harshit's firm, determine the value of goodwill of partnership firm on the basis of capitalization of weighted average profit method:

Year	Profit (₹)
2012-13	45,000
2013-14	50,000
2014-15	65,000
2015-16	75,000
2016-17	90,000

Additional information :

- (i) Business assets – ₹ 6,00,000
(ii) Business liabilities – ₹ 1,70,000
(iii) Normal expected return of business is 10%
- 38) Sweta and Seema are partners of a firm sharing profit and loss in the ratio of 3 : 2. They want to change their profit-loss sharing ratio to 1 : 1. Therefore, they decided to make valuation of goodwill. As per partnership agreement, value of goodwill to be determined on the basis of 5 years' purchase of last 4 years' average profit.

Year	Profit (₹)
2013-14	60,000
2014-15	80,000
2015-16	20,000
2016-17	30,000

- 39) The abridged profit and loss statement ending on 31-3-2020 and 31-3-2021 of Akhsay Company Limited are given as follows. Prepare comparative statement of Profit and Loss :

Particulars	Note No.	31-3-2021 (₹)	31-3-2020 (₹)
Sales revenue		33,00,000	22,00,000
Other Income		2,25,000	1,50,000
Expenses		23,76,000	15,40,000
Income Tax rate 30%			

- 40) (i) Calculate stock turnover ratio, from the following information of Aroma Company Ltd. :

Particulars	Amount (₹)
Sales	30,00,000
Closing Stock	2,50,000
Opening stock	3,50,000
Purchases	12,00,000
Gross Profit rate	30%

- (ii) From the following information of 'Yash' Ltd., calculate current ratio.

Current assets ₹ 1,50,000

Working capital ₹ 60,000

- 41) From the following details of Anjali Company Ltd., determine transactions influencing operating profit and cash flow from investing activities:

Particulars	Amount (₹)
Opening balance of furniture	12,00,000
Closing balance of furniture	18,00,000
Depreciation of furniture	2,00,000
Sales of furniture	4,00,000
Book value of furniture sold	3,20,000

SECTION - E

- Following questions are essay type questions. Each question carries 8 marks (Any Three) : [24]

42) Bharat and Prakash are partners in a firm sharing profit and loss in the ratio of their capital.

Balance sheet of their firm as on 31-3-2019 was as under :

Balance Sheet

Particulars	Amount (₹)	Assets	Amount (₹)
Capital A/c:		Building	90,000
Bharat 50,000		Furniture	17,500
Prakash 1,50,000	2,00,000	Machinery	1,07,500
Reserve fund	30,000	Stock	17,500
Creditors	40,000	Debtors	30,000
Outstanding expenses	1,500	Cash at bank	8,250
		Accrued income	750
	2,71,500		2,71,500

They admitted Kiran as a new partner for 1/5th share of profit on 31-3-2019 on following terms :

- Kiran brought ₹ 62,500 as capital and ₹ 24,000 as her share of goodwill in cash. 60% amount of goodwill is withdrawn by the old partners.
 - Market value of stock and machinery is ₹ 20,000 and ₹ 1,20,000 respectively.
 - Provision for bad-debt at 10% and 2% discount reserve on debtors is to be made.
 - Creditors are to be paid ₹ 30,000.
 - Value of building is to be increased by 15% and value of furniture is to be increased by 20%.
 - Outstanding wages of ₹ 460 is not recorded in the books.
- From the above information prepare necessary accounts and new balance sheet of the firm.

- 43) Bhavana, Rishita and Falguni are partners in a firm sharing profit and loss in the ratio of their capitals. Balance sheet of the firm as on 31-3-2017 was as under :

Balance Sheet

Liabilities		Amount (₹)	Assets		Amount (₹)
Creditors		16,000	Goodwill		40,000
Workmen- compensation reserve		12,000	Land and Building		2,00,000
Employee's profit sharing fund		30,000	Patents		60,000
Provident fund		45,000	Machinery		80,000
Capital A/cs:			Debtors	35,000	
Bhavana	2,00,000		-Bad debt reserve	5,000	30,000
Rishita	1,20,000		Stock		53,000
Falguni	80,000	4,00,000	Bank		40,000
		5,03,000			5,03,000

Falguni retires on the above date. Partners decided the following terms of retirement:

- (1) The new profit and loss sharing ratio of Bhavana and Rishita is to be kept at 2 : 3.
- (2) Goodwill of the firm is to be valued at ₹ 80,000.
- (3) Paid ₹ 60,000 for patents during current year which is for total 4 years.
- (4) Machinery is to be depreciated by 10%.
- (5) Bad-debt on debtors is to be written off ₹ 3,000.
- (6) ₹ 20,000 is to be paid to Falguni.
- (7) Market value of stock is ₹ 54,000.
- (8) New firm's total capital will be equal to total capital of old firm. The entire capital of the new firm is to be kept in new profit and loss sharing ratio of Bhavana and Rishita. All necessary adjustments are to be made through bank.

Prepare :

- (i) Revaluation Account
- (ii) Capital Accounts of Partners
- (iii) Bank Account
- (iv) Balance sheet after retirement of Falguni.

44) Mayank, Minesh and Vaishali are the partners of the firm sharing profit and loss in the ratio of 50%, 30% and 20% respectively. The balance sheet of the firm as on 31-3-2017 was as under :

Balance Sheet

Liabilities		Amount (₹)	Assets		Amount (₹)
Capital A/c			Goodwill		50,000
Mayank	60,000		Fixed assets		1,00,000
Minesh	50,000		Investments		60,000
Vaishali	80,000	1,90,000	Debtors	70,000	
Investment fluctuation fund		20,000	-Bad debt reserve	6,000	64,000
Workmen compensation reserve		30,000	Stock		20,000
Creditors		40,000	Cash		16,000
Provident fund		60,000	Profit-loss A/c		30,000
		3,40,000			3,40,000

Mayank retires on 1-4-2017 on the following terms :

- (i) The claim of workmen compensation is accepted at ₹ 20,000.
- (ii) The market value of investment is ₹ 45,000.
- (iii) Bad-debts on debtors ₹ 2,000 is to be written off and the provision for doubtful debts is to be kept at 5%.
- (iv) Fixed assets to be appreciated by 20%.
- (v) The book value of stock is over valued by ₹ 600 compared to its cost. The cost of stock is to be recorded.
- (vi) The value of goodwill of the firm is ₹ 1,00,000.
- (vii) Mayank is to be paid ₹ 10,000 in cash.

(viii) The new profit and loss sharing ratio of Minesh and Vaishali is 1 : 4.

Prepare revaluation A/c, Capital A/c of partners and the balance sheet after the retirement of Mayank.

- 45) Amar Limited of Ahmedabad issued 18,00,000 equity shares of ₹ 10 each. The company received applications for 20,00,000 shares. Shares were allotted at meeting of board of directors.

Excess applications of shares were rejected and the application money thereon was refunded to the applicants. Amount on shares was called up as under :

On application	₹ 3 per share
On allotment	₹ 2.50 per share
On first call	₹ 2 per share
On Final call	₹ 2.50 per share

Aman who was allotted 1,600 shares, could not pay first and final call money. Where, Abhay who was allotted 1,400 shares could not pay final call money. Except this, all the amounts due from all the shareholders were received on due dates.

Pass necessary journal entries relating to above transactions in the books of the company.

- 46) Vijay Textiles issued 12,00,000 equity shares of ₹ 10 each. On which amount was payable as under :

On application	₹ 4 per share
On allotment	₹ 4 per share
On Final call	₹ 2 per share

Company received application for 15,50,000 equity shares from public. Excess applications were rejected and amount paid on application there on was refunded.

Aasha, who was allotted 8,000 shares, had not paid allotment and final call amount.

Lina, who was allotted 2,000 shares had not paid amount on final call. Company forfeited shares of Aasha and Lina and all the forfeited shares were reissued at ₹ 7.50 per share as fully paid up. All these shares were purchased by Vinod.

Pass necessary journal entries in the books of company to record above transactions.

SECTION - F

■ Answer the following questions. Each question carries 11 marks. [22]

- 47) Shiv and Keshav are partners of a firm sharing profit-loss in the equal proportion. From the following trial balance as on dated 31-3-2017 and adjustments, prepare final accounts of the firm.

**Trial Balance of the Partnership firm of
Shiv and Keshav as on 31-03-2017**

Particulars	Debit(₹)	Credit (₹)
Capital and Drawings		
Shiv	10,000	1,00,000
Keshav	20,000	1,20,000
Opening Stock	60,000	
Purchase and Sales	61,000	80,000
Carriage inward	20,000	
Weighing machine-charges/Tolai	1,000	
Provident fund and contribution to Provident fund	1,000	4,000
Dead stock	22,000	
Salary-wages	12,000	
Loan of Shiv (from 1-7-2016)		20,000
Mahajan Lago	2,000	
Factory building	1,00,000	
Depreciation on factory building	10,000	
Insurance premium	1,200	
Prepaid insurance	600	
Demurrage	200	
Cash and bank	6,000	18,000
Bills	30,000	14,000
Customers and Traders	20,000	16,000
Professional tax	1,000	
Outstanding salary		1,400
Bad debts and bad debts reserve	1,400	6,000
Total	3,79,400	3,79,400

Adjustments :

- (1) The value of closing stock is ₹ 40,000 but market value is 20% less than book value.
- (2) Goods were received of ₹ 1,000 but invoice is not recorded in the purchase book.
- (3) 10% interest is payable on capital and 5% interest is chargeable on drawings.
- (4) Provide bad debts reserve of ₹ 3,000 and keep 10% discount reserve on debtors.
- (5) Shiv has withdrawn goods of ₹ 1,000 and Keshav has withdrawn goods of ₹ 2,000 for personal use recorded in sales book as credit sales.
- (6) As per partnership deed, interest on capital is payable, even if there is loss.

48) Following is the trial balance of Divine Ltd. as on 31-3-2017 :

Particulars	Debit(₹)	Credit (₹)
Inventories	1,10,000	
Fixed assets-tangible	8,00,000	
5,000 equity shares of ₹100 each		5,00,000
Sales		7,50,000
Other incomes		20,000
Employee benefit expenses	1,30,000	
Long-term borrowings		3,50,000
Finance costs	17,500	
Trade payable		1,00,000
Trade receivables	40,000	
Cash and bank balance	60,000	
Depreciation	22,500	
Cost of goods sold	4,00,000	
Non-current investment	1,40,000	
Total	17,20,000	17,20,000

Additional information :

Provision for tax ₹ 80,000. Prepare final accounts of the company as per schedule-III of Companies Act, 2013.

