



A. G. High School and G. & D. Parikh Higher Secondary School

Navrangpura, Ahmedabad - 380 009.

First Preliminary Examination : 2013-2014

Date : 24-12-2013

Std. : 12

Marks : 100

Day : Tuesday

Subject : Ele. of Accounts

Time : 3:00 Hrs.

- Note : (i) Draw columns where necessary.
(ii) Show calculation where necessary.

Section - A

Choose the correct alternative from the given alternatives and answer the following questions. (10)

- Riya and Ritu are partners in a firm. Their profits sharing ratio is 3:2. Riya is to be paid commission at 5% on net profit after charging her commission. How much amount will Riya get if the firm's profit of the year is Rs.9,387.
(A) Rs.5634 (B) Rs.5364
(C) Rs.5811 (D) 5188
- The profit of the firm for the last 4 year were as follows :
Profit Rs.15000; Loss Rs.10,000; Profit Rs.18,000, Profit Rs.17,000. What will be the value of goodwill if is valued at 3 years purchase of average profit of last four year.
(A) Rs.37,500 (B) Rs.50,000
(C) Rs.30,000 (D) None of these
- Which of the following is not reserve fund or accumulated profit.
(A) Investment fluctuation fund (B) Worker's accident compensation fund
(C) Workers profit sharing fund (D) Reserve fund
- In which ratio is the goodwill account created at its full value by the old partners at the time of admission of a partner.
(A) in their old profit and loss ratio (B) in new profit & loss ratio
(C) in capital ratio (D) in equal ratio
- x, y, z are partners sharing profit and loss in the ratio of 6:3:1. z gets retired then the gain ratio of x & y is
(A) 1:1 (B) 2:1
(C) 3:1 (D) None of these
- What interest does the company pay on calls in advance until the calls are made and amount is adjusted against the calls.
(A) 4% (B) 5%
(C) 6% (D) Not more than 10%
- Under which title 'Debenture Discount' is shown in Balance-sheet.
(A) Miscellaneous expenditure which is not written off
(B) Fixed Assets
(C) Secured loan
(D) Contingent liabilities
- What is not included in contingent liability ?
(A) Arrears of fixed cumulative dividend (B) Bills discounted but not matured
(C) Guarantee given (D) Preliminary expense

9. Which of the following is not a Paka Khatan.
(A) Shri Yantra Khatu
(B) Shri Makan Khatu
(C) Shri Kharid Khatu
(D) Shri agau the chukvel vima premium khate
10. When money is sent to an out-station creditor through an angadia this amount is recorded in which account.
(A) Shri Haththu Khate
(B) Shri Deshavar Khate
(C) Shri Shah Khate
(D) Shri Tasalmat Khate

Section - B

Answer in one sentence the following questions 11 to 20.

(10)

Each question carries ONE mark.

11. Pass the necessary journal entry to close the partners drawings A/c. at the end of the year under fixed capital accounting method.
12. Which things are considered for valuation of goodwill under the method of capitalization of average profit.
13. Mention any two such circumstances the court can pass the order of dissolution under it, when any partner makes any application to the court.
14. While preparing final accounts where is the following shown.
(a) the amount of securities premium.
(b) the amount of discount on shares.
15. What journal entry will be passed at the time of redemption of debenture at premium if they are issued at par.
16. State any two objectives of financial statement analysis.
17. What does operating ratio indicate ? State the formula for calculating operating ratio.
18. What is meant by 'Janas Vahi' in Deshi nama system ?
19. Pass the necessary Havala for creating Bad debts reserve in Deshi Nama System.
20. In case of dissolution of the firm, if disolution expense is paid by the firm instead of the partner (who accepts the liability for it) what accounting entry will be passed.

Section - C

Give short answer of the following questions from 21 to 27.

(14)

Each question carries two marks.

21. A, B and C are partners in a firm sharing profit and losses in the ratio of 3:2:1 on 1.4.2010. Their capitals were Rs.1,00,000, 80,000 and Rs.60,000 respectively.
At the end of the year after distributing profit, it was found than calculation of interest on capital at 8% p.a., was missed out. Give journal entry to rectify the error.
22. Mahesh, Naresh and Suresh are partners in a firm. Their profit sharing ratio is 3:2:1 goodwill does not appear in the books of the firm. All partners agreed to change their profit sharing ratio and make it equal for all partners. The value goodwill of the firm was agreed at Rs.90,000. Give journal entries in the books of the firm when not effect of goodwill is to be given without raising goodwill account.

23. State giving reasons whether the following statement are true or false.
- The loan of partner's wife from the woman's personal health of possession is paid prior to any payment towards third party liability.
 - In the partnership firm, the responsibility of all the partners is according to their capital.
24. A limited company issued on 1.1.08 Rs.1,00,000 debentures of Rs.1,00,000 at a discount of 6% repayable by annual drawings of Rs.25,000 show the debenture discount account in the ledger for the period of duration of debentures if company closes its books of account every year on 31st December.
25. The books of Roma Ltd. showed on 31.03.2005 equity share capital of Rs.22,00,000 and reserves and surplus of Rs.5,40,000. Fixed assets were Rs.36,00,000. If fictitious assets are Rs.40,000. Find proprietary ratio.
26. Current assets Rs.7,40,000; current liabilities Rs.5,60,000; cost of goods sold is Rs.8,10,000. If the rate of gross profit is 10% on sales, then find out working capital turnover.
27. How are contingent liabilities shown in the balance sheet as per Companies Act.

Section - D

Following are the short answer type questions from 28 to 33.

(18)

Each question carries 3 marks.

28. By using appropriate average, determine the value of goodwill on the basis of $2\frac{1}{2}$ years purchase.

Year	2008	2007	2006	2005	2004
Profit (Rs.)	40,000	35,000	32,500	25,000	22,500

29. Explain in brief the methods of dissolution of partnership firm.

OR

Distinguish between the first method and second method of realisation account on any three points.

30. Maruti Ltd. issued 9% debentures of Rs.100 each on the following terms :-
- 40,000 debentures at Rs.95.
 - Issued 10,000 debentures of Rs.100 each against purchase of machinery of Rs.12,00,000.
 - Issued 7000 debentures of Rs.100 each as collateral security against loan of Rs.5,00,000.

Pass the journal entries for the above transactions in the books of the company. (Without Narration)

31. The books of Karnavati Ltd. showed the following balances on 31.12.2004.

	Rs.
15% mortgaged debentures	10,00,000
Debentures Redemption Fund	10,82,000
Debentures Redemption Fund Investment :	
(i) 10% Govt. loan purchased at face value	5,28,000
(ii) 9% National Defence Bonds	5,42,000
	10,70,000

On 31.3.05 10% Central Government loans and 9% National Defence Bonds were sold at Rs.110 and Rs.98 respectively and on the same date debentures were redeemed at Rs.107.50 including unpaid interest.

Debenture interest were paid upto 31.12.04. Prepare Debenture Redemption fund Account.

32. Some balances of Z Ltd. as on 31.03.2008 are as under :-

Particulars	Amount Rs.	Particulars	Amount Rs.
Debtors	8,00,000	Bank overdraft	1,20,000
Stock	5,00,000	Workman Profit Sharing fund	90,000
Creditors	3,00,000	Outstanding Expenses	50,000
Bills Payable	70,000	Worker's Savings Account	70,000
Cash	50,000	Bills Receivable	50,000

Calculate (i) Current ratio and (ii) Liquid ratio from the above information.

33. State the order in which the payment from the realization of assets will be made.

OR

Stayam, Shivam, Sundaram are partners sharing profit and loss in the proportion of

$\frac{1}{2} : \frac{1}{5} : \frac{1}{10}$. On 31.12.10 they decided to dissolve their firm. On that day balancesheet was not prepared but they can provide the following information :

- (1) Total assets of the firm are Rs.2,00,000 out of which 40% are current assets. (including Rs.10,000 for cash & Rs.10,000 Bank Balance)
- (2) Liabilities are $\frac{3}{4}$ of fixed assets in which Rs.20,000 for the employee provident fund and Rs.10,000 unpaid expenses are not included.

If the total capital of the firm is distributed among partners in their profit loss sharing ratio. Find out the opening capital of the partners.

Section - E

Questions from 34 to 36 are essay type question. Each question carries eight marks. (24)

34. Amar & Akbar are partners sharing profit-losses in proportion of 3:2.

Their balance-sheet as on 31.12.2010 is as under.

Balance-Sheet

Capital-Liabilities	Rs.	Assets	Rs.
Capital :		Plants & Machinery	15,000
Amar	20,000	Building	17,000
Akbar	12,000	Furniture	2,000
Reserve Fund	10,000	Stock	13,000
Creditors	23,000	Debtors	16,000
Bills Payable	2,000	Cash	7,000
Bank Overdraft	3,000		
	70,000		70,000

They decided to admit Anthony as a partner on 1.4.10 on following condition.

- (1) Anthony is to be given 1/5 share in future profit for which he must bring the amount of goodwill in cash.
The goodwill of the firm is to be valued as Rs.30,000.
- (2) Anthony should bring as capital amount equal to 1/5th of the net assets of the new firm in cash.
- (3) The assets and liabilities should be revalued as follows :
 - (a) Furniture to be valued at Rs.1600 and Amar should take it over.
 - (b) The full amount of bank overdraft to be repaid by Akbar.
 - (c) Bad debts reserve should be maintained at 5% on debtor.
 - (d) Value of Plant and Machinery to be increased by 20% and building to be increase by 10%.

From the above information prepare necessary accounts and new Balancesheet.

35. Nee, Jill and Sheel are partners sharing profit and loss on the ratio of 5:3:2 respectively. Their firm's balance-sheet as on 31.12.09 was as under.

Liabilities		Amount Rs.	Assets		Amount Rs.
Capital A/c.			Goodwill		8,000
Neet	25,000		Building		42,000
Jill	15,000		Furniture		6,000
Sheel	<u>10,000</u>	50,000	Debtors	14,000	
General Reserve		2,000	Less : B.D.R.	<u>1,000</u>	13,000
Workmen Profit Sharing Res.		9,500	Stock of Goods		5,000
Creditor		12,000	Cash at Bank		11,000
Bank Overdraft		11,500			
		85,000			85,000

On the above date. Jill retired and the following terms were decided.

1. Furniture to be revalued at Rs.5,500 and Building is to be appreciated by Rs.2,000.
2. The market value of the 3/5th stock of goods is 40% less than the book value.
3. Bad debts reserve is to be maintained at 10%.
4. Bills payable of Rs.900 is to be recorded in the books.
5. The goodwill of the firm is fixed at Rs.20,000 and after retirement of Jeel, goodwill is not to be shown in the books.
6. Sheel agreed to pay the bank overdraft.
7. Rs.15,000 is to be retained as 15% loan in the firm and balance is to be paid to Jeel.
8. The total capital of the new firm is fixed at Rs.30,000 in proportion of new profit and loss ratio 1:1. The necessary adjustments are to be made in cash.

36. The authorised capital of Krishna & Co. Ltd. was Rs.2,00,000 divided into 20,000 equity shares of Rs.10 each. The company issued all the share on which the amount was payable as follows :

On application Rs.5 (including premium)

On allotment Rs.4

On Call Rs.3

Money due on all the shares were received except allotment money on 200 shares and call money on 500 shares (which includes 200 shares on which allotment money was not paid).

The above 500 shares were forfeited and were re-issued at Rs.7. Give Journal entries.

OR

36. Shri Ganesh Ltd. issued 1,00,000 equity shares of Rs.10 each at a discount of 5% per share. Amount called up per share was as under.

Rs.2.50 on application (net of discount)

Rs.2.00 on allotment

Rs.3.00 on first call

Rs.2.00 on final call.

Money due on allotment, first call and final call were not received from Nayan who was holding 800 shares and amount due on first and final call were not increased Nihar who was holding 300 shares. Except this all the sums due were received.

Company forfeited all the above shares and re-issued at Rs.7. Pass necessary Journal entries.

Section - F

Questions 37 and 38 are essay type and carry twelve marks each.

(24)

37. A, B and C are sharing profits losses in ratio 3:2:5 from the following. Trial Balance and adjustments. Prepare trading A/c. P&LA/c., P&L Appropriation A/c., Partner's Capital Accounts & Balance-sheet for the year ended on 31.12.05.

Balancesheet as on 31.12.2005

Particulars	Debit Rs.	Particulars	Credit Rs.
Drawings		Capital A/c.	
A (01.04.05)	6,000	A (increase of Rs.20,000	40,000
B (01.07.05)	9,000	on 1.7.05)	
C	3,000	B	50,000
Stock (1.1.05)	12,000	C	60,000
Carraige Outword	5,000	Bank Overdraft	1,300
Fixed Assets	1,50,000	Discount	400
Debtors	30,000	Sales	70,000
Furniture	12,000	Bills Payable	5,000
Comm. to Salesman	300	General Reserve	16,000
Railway Freight	250	Loan of A (01.07.05)	10,000
Wages & Salary	350	Bad debts reserve	600
Cash Balance	5,000	Goods Return	1,400
Discount	600	Unpaid Wages	7,000

Particulars	Debit Rs.	Particulars	Credit Rs.
Purchase	10,000	Creditors	2,000
Bills receivable	6,000	Commission	1,000
Stock of Stationery	150	Apprentice Premium	15,000
Stationery Expenses	450	(for two year from 1.1.05)	
Bad Debts	2,000		
Office Expenses	2,600		
Lease-hold Building (for 5 years from 01.07.03)	25,000		
	2,79,700		2,79,700

Adjustment :-

- Closing stock is Rs.15,000 market value is 10% more.
 - Calculate interest at 10% p.a. on capital and 12% on drawing.
 - Goods of Rs.2000 are withdrawn by C for personal use are recorded in Sales Book.
 - A brought his personal fixed assets worth Rs.20,000 on 1.7.05 in business.
 - Depreciate fixed assets at 8% and furniture @ 10% p.a.
 - Write off bad debts of Rs.5000 from debtors and provide bad debts reserve at 10%.
 - Commission to salesman is 1% on sales.
38. From the following Utaro of Ramanlal for Samvat 2061, prepare Kharid Vakra Khatu, Havalamel and Sarvaiyu.

Utaru of Samvat 2061, Aso Vad 0))

32,000J00	Shri Bhandolkhate	L.F.	4,000J00	Shri Sharuna Stock Khate	L.F.
51,000J00	Shri Vakra Khate	L.F.	1,800J00	Shri Office Bhada Khate	L.F.
1,500J00	Shri Dividend Khate	L.F.	1,200J00	Shri Stationery Kharch Khate	L.F.
1,200J00	Shri Commission Khate	L.F.	12,000J00	Shri Imarat Khate	L.F.
10,000J00	Shri Bank Loan Khate	L.F.	34,000J00	Shri Kharid Khate	L.F.
2,000J00	Shri Geet Khate	L.F.	3,000J00	Shri Ghar Kharch Khate	L.F.
1,000J00	Shri Vimal Khate	L.F.	3,000J00	Shri Rahul Khate	L.F.
	<u>98,700J00</u>		2,500J00	Shri Hardik Khate	L.F.
			12,000J00	Shri Bank Silak Khate	L.F.
			12,000J00	Shri Furniture Khate	L.F.
			3,200J00	Shri Office Pagar Khate	L.F.
			<u>88,700J00</u>		
			10,000J00	Shri Purant Baki	L.F.
			<u>98,700J00</u>		

Havala :-

- Akhar Mal stock is Rs.12,000 and its market price is Rs.10,000.
- Depreciate Imarat at 10%.

3. Depreciate furniture at 20%.
4. Stationery Expenses unpaid Rs.2,000.
5. Office pagar expenses unpaid Rs.1,000.

OR

From the following transaction prepare Bethomel of Shri Bharatlal for Magsar Mas Samvat 2061.

Magsar

- Sud-1 Cash on hand Rs.30,000; Bank Balance Rs.20,000.
- Sud-2 Purchased goods from Jay worth Rs.10,000 at 10% trade discount. In return gave a cheque for the half amount.
- Sud-8 All goods purchased from Jay is sold to Vijay adding 20% profit on cost for cash.
- Sud-10 Paid Rs.1,000 for personal house rent and Rs.2,000 for the rent of the shop.
- Sud-12 Somebody has given Rs.800 but name is forgotten.
- Sud-15 Received incometax refund of Rs.3,000 which is deposited in the bank and recorded in the books of firm.
- Vad-1 Purchased goods of Rs.40,000 from Daya at 10% trade discount.
- Vad-8 Paid Life insurance premium Rs.700 by cheque and fire insurance premium Rs.300 in cash.
- Vad-9 Paid Rs.1,000 from the business towards expense of a party in celebration of the birthday of his son Kishan.
- Vad-10 Cash purchases Rs.20,000 and Cash sales Rs.40,000.
- Vad-11 Give goods Rs.1,000 and Rs.500 in cash towards earthquake relief fund.
- Vad-12 Paid Rs.1,000 for advertisement expenses. Rs.1,200 for telephone expenses and Rs.800 for stationery.
- Vad-13 Give Rs.2,000 to Aangadia Amrutlal for payment to creditor Shri Rameshchandra.
- 0)) Chhaya has taken Rs.400 to return in the evening.
- 0)) On tallying cash on hand in the evening it was found to be short by Rs.300.

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