

Duration: 2 hrs

Max Marks: 50

Instructions:

1. All questions are compulsory
2. Start each new question on a fresh page
3. Figures to the right indicate maximum marks

Q 1) Write short notes on :- (Any 5)**(10 mks)**

- a) Realisation Concept
- b) Nominal Account
- c) Revenue Expenditure
- d) Reducing Balance Method
- e) Equity Shareholders
- f) Funds Flow Statement
- g) Convention of Disclosure
- h) Dual Aspect Concept

Q 2) A) Journalize the following transactions in the books of Mr. Rohit.**(10 mks)****Year 2015**

- 1st April Rohit commenced business with cash Rs.1,00,000, Building Rs. 5,00,000 and Machinery Rs. 50,000
- 4th April Purchased goods for cash Rs. 25,000
- 7th April Paid for Postage & Stationery Rs. 500
- 10th April Opened an account with Central Bank of India by depositing cash Rs. 40,000
- 12th April Paid wages Rs 70,000
- 15th April Purchased goods on credit from Dalal and Sons Rs 5,000
- 19th April Cash sales Rs. 65,000
- 20th April Goods distributed as free samples Rs. 1,000
- 22nd April Good being found defective were returned to Dalal and Sons Rs. 700
- 30th April Paid to Dalal and Sons in full settlement.

OR**Q 2) B) Prepare a trial balance from the following balance extracted from the books of Keni traders as on 31st March 2016.****(10 mks)**

| Particulars | Amount |
|--------------------------|----------|
| Capital | 1,50,000 |
| Opening Stock | 35,000 |
| Purchases | 52,000 |
| Machinery | 21,000 |
| Cash in hand and at bank | 35,000 |
| Sales | 45,000 |
| Commission received | 4,000 |
| Goodwill | 50,000 |
| Purchase return | 1,000 |
| Discount allowed | 7,000 |

Q 3) A) A firm purchased a 5 year lease on 1st January 2012 for Rs. 30,000. It decided to write off depreciation on the annuity method, presuming the rate of interest to be 5% p.a. If annuity factor at 5% is 0.230975, show the Lease Account for 5 Years. (10 mks)

OR

Q 3) B) On 1st January 2010, a firm purchased machinery worth Rs.45,000 and spent Rs. 5,000 on installation. On 1st July 2012 additional machinery was purchased worth Rs. 10,000. The machinery purchased on 1st January 2010 was sold on 31 December 2014 for Rs. 20,000. The firm decided to charge depreciation @ 10% as per to straight line method. Firm closes its accounts on 31st December every year. Prepare machinery Account for 5 years. (10 mks)

Q 4) A) Prepare financial statements from the trial balance of Aditya Traders Pvt. Ltd. at the end of the year 31st march 2014 as per revised Schedule III. (10 mks)

| Particulars | Debit | Particulars | Credit |
|-----------------|-----------------|----------------------|-----------------|
| Opening Stock | 50,000 | Sales | 3,50,000 |
| Purchases | 2,00,000 | Equity Share Capital | 90,000 |
| Debtors | 50,000 | Interest | 1,000 |
| Loose tools | 2,000 | Commission | 5,000 |
| Bank Balance | 30,000 | Creditors | 50,000 |
| Cash Balance | 18,000 | Bank Overdraft | 8,000 |
| Insurance | 2,000 | | |
| Building | 40,000 | | |
| Machinery | 44,000 | | |
| Wages | 10,000 | | |
| Furniture | 20,000 | | |
| Office Expenses | 8,000 | | |
| Salaries | 30,000 | | |
| Total | 5,04,000 | Total | 5,04,000 |

Additional Information:

- 1) Closing stock is valued at Rs. 22,000.
- 2) Depreciation on Building and Machinery @ 10% p. a.
- 3) Bad debts of Rs. 2,000 are to be written off from debtors.
- 4) Prepaid Insurance Rs. 500.

OR

Q 4) B) From the following Profit & Loss statement and Balance sheet of Smart Link Ltd. determine: -

- 1) Net Profit Ratio
 - 2) Operating Ratio
 - 3) Administrative Expense Ratio
 - 4) Selling Expense Ratio
 - 5) Stock Turnover Ratio
 - 6) Current Ratio
 - 7) Liquid Ratio
 - 8) Capital Gearing Ratio
 - 9) Proprietary Ratio
 - 10) Debt-Equity Ratio
- (10 mks)

Profit & Loss account

| Particulars | Amount | Particulars | Amount |
|---------------------------------|----------|------------------|----------|
| To Opening Stock | 30,000 | By Sales | 3,00,000 |
| To Purchases | 2,00,000 | By Closing Stock | 50,000 |
| To Wages | 15,000 | | |
| To Other Manufacturing Expenses | 45,000 | | |
| To Administrative Expenses | 15,000 | | |
| To Selling Expenses | 30,000 | | |
| To Net Profit | 15,000 | | |

Balance Sheet

| Liabilities | Amount | Assets | Amount |
|-----------------------------|-----------------|-------------------|-----------------|
| Equity share capital | 2,50,000 | Land & Building | 3,00,000 |
| 8% preference share capital | 1,00,000 | Plant & machinery | 2,00,000 |
| Reserves | 1,50,000 | Debtors | 1,00,000 |
| 9% Debentures | 2,00,000 | Prepaid Expenses | 30,000 |
| Bank Overdraft | 50,000 | | |
| Creditors | 90,000 | Bank | 2,00,000 |
| Bills payable | 60,000 | Stock | 70,000 |
| | 9,00,000 | | 9,00,000 |

Q 5) A) The balance sheet of IT Kings Pvt. Ltd., as on 31st March 2015 and 31st March 2016 are as follows: -

Prepare 1) A schedule of changes in working capital

(10 mks)

2) A fund flow statement

Balance Sheet

| Liabilities | 2015 | 2016 | Assets | 2015 | 2016 |
|-------------------|-----------------|------------------|---------------------|-----------------|------------------|
| Share Capital | 5,00,000 | 7,00,000 | Land and Building | 80,000 | 1,20,000 |
| Profit & Loss a/c | 1,00,000 | 1,60,000 | Plant and Machinery | 5,00,000 | 8,00,000 |
| General Reserve | 50,000 | 70,000 | Stock | 1,00,000 | 75,000 |
| Creditors | 1,53,000 | 1,90,000 | Debtors | 1,50,000 | 1,60,000 |
| Bills Payable | 40,000 | 50,000 | Cash | 20,000 | 20,000 |
| O/s Expenses | 7,000 | 5,000 | | | |
| | | | | | |
| | 8,50,000 | 11,75,000 | | 8,50,000 | 11,75,000 |

Additional Information: -

- 1) Rs 50,000 depreciation has been charged on Plant and Machinery during 2016.
- 2) A piece of machinery having book value of Rs. 5,000 was sold of Rs. 8,000 during 2016.

OR

Q 5) B) Sanvi Pvt. Ltd. issued 5,000 shares of Rs. 100 each. The amount payable as follows:-

Rs. 20 on application, Rs. 40 on allotment, Rs. 20 on first call & Rs. 20 on final call.

All money due were received except the final call on 500 shares. These shares were forfeited and reissued at Rs. 90 per share.

Pass necessary journal entries.

(10 mks)