

**Instructions-**

- ( i ) Question No. 1 to 5 are objective type questions which contain one sentence answer, Match the column, choose the correct answer, fill in the blanks and True/False questions etc. Each question carries one mark.
- ( ii ) Question No. 6 to Q. 24, the word limit of each type of questions is as below : Very short answer type questions carry 2 marks, approximate 30 words. Short answer type questions carry 4 marks, approximate 75 words. Long answer type questions carry 5 marks, approximate 120 words. Long answer type questions carry 6 marks, approximate 150 words.
- ( iii ) All questions have an internal choice, except objective type questions.

**( Objective Type Questions )**

1. Answer the following in one sentence/one word:  $5 \times 1 = 5$ 
  - (i) When is Consignment Stock Suspense Account opened?
  - (ii) What is called the Capital A/c of which the closing balance changes every year?
  - (iii) What is Normal Profit?
  - (iv) The difference between the old and new ratio is .....
  - (v) Dissolution of partnership due to efflux of time is called .....
2. Match the following columns:  $5 \times 1 = 5$ 

(i) Godown Rent	(a) Third Party
(ii) Part amount of Reserve	(b) Redeemable debentures
(iii) First payment after dissolution	(c) Executor of deceased partner
(iv) Premium on debentures	(d) Not included in Consignment stock
(v) Redeemed after a fixed time	(e) Capital gain

Select the correct answer of the following:

$5 \times 1 = 5$

- (i) Goods consigned at invoice price ₹ 19,200 which is 20% above the cost. The cost price of goods will be-
- (a) ₹ 15,360 (b) ₹ 16,000  
(c) ₹ 16,200 (d) ₹ 18,500
- (ii) Interest on Drawings is-
- (a) Loss of firm (b) Income of partners  
(c) Income of firm (d) None of the above
- (iii) A and B share profits in the ratio of 3 : 1. They admit C in partnership for  $\frac{1}{4}$  share. Their profit sharing ratio will be-
- (a) 10 : 2 : 4 (b) 9 : 3 : 4  
(c) 8 : 3 : 5 (d) 8 : 5 : 3
- (iv) At the time of dissolution of a firm the Bank Overdraft Account is transferred to-
- (a) Cash Account (b) Realization Account  
(c) Capital Account (d) Revaluation Account
- (v) Period of Payment of Interest on debentures is-
- (a) 3 months (b) 6 months  
(c) 1 Year (d) At any time

4. Fill in the blank:

$5 \times 1 = 5$

- (i) Under consignment transactions the account sale is prepared by the .....
- (ii) The registration of Partnership firm is .....
- (iii) Goodwill is a/an ..... asset.
- (iv) Revaluation Account is a ..... account.
- (v) The debentures which can be changed into shares are called ..... debentures.

5. Answer the following in True/False:

$5 \times 1 = 5$

- (i) Consignee is given commission on consignment profit.
- (ii) Goodwill is valued when partners agree to it.
- (iii) On paying the goodwill premium by new partner, it is transferred to old partner's capital accounts in their sacrificing ratio.

- (iv) On dissolution of a firm, an amount realised from the unrecorded assets is shown in Realisation A/c.
- (v) The nature of debenture is that of short period loan.
6. Mention the legal status of Debentureholder. 2
- (Or) When can debentures be issued?
7. Write two names of the types of financial analysis. 2
- (Or) Name the different tools of financial analysis (any two).
8. Sunil Industries has Liquid Ratio 2 : 1. If its stock is ₹ 20,000 and total current liabilities are ₹ 50,000, find out its current ratio.
- (Or) How would you find out the cost of goods sold?
9. What is Quick Asset? 2
- (Or) Give the names of operating expenses. (any four)
10. Name four sources from which funds are obtained by business. 2
- (Or) What are non-cash items?
11. Jay, Vijay and Sanjay are partners in a firm, sharing profits and losses in the ratio of 2 : 1 : 1 with capitals of ₹ 28,800, ₹ 19,200 and ₹ 14,400 respectively on which interest @ 5% p.a. is payable. Sanjay gets salary of ₹ 7,200 per annum and Vijay gets commission on gross sales @ 3%. The firm showed profit of ₹ 27,600. Gross sales amounted to ₹ 3,36,000. Interest on drawings was ₹ 192, ₹ 240 and ₹ 288 respectively. Prepare Profit and Loss Appropriation Account. <http://www.mpboardonline.com>
- (Or) Write the rules applicable in the absence of partnership deed. (any four)
12. A company issued 15,000 equity shares of ₹ 100 each to the public. All amounts have been received in lump-sum. Pass the necessary Journal Entries in the books of the company. 4
- (Or) Give the characteristics of Preference Shares. (any four)
13. What is the object of issuing debentures. 4
- (Or) What points should be kept in mind on redemption of debentures?
14. X Limited purchased a business for ₹ 4,40,000. The purchase price was paid by 6% debentures of ₹ 4,00,000 issued at 10% premium. Pass the necessary journal entries in the book of X Ltd. 4
- (Or) State the types of Debentures. (any four)
15. From the following information prepare a Comparative Income Statement: 4

Particulars	2007 (₹)	2008 (₹)
Sales	8,00,000	12,80,000
Materials consumed	4,00,000	6,44,000
Expenses	2,20,000	3,30,000
Income Tax	60,000	1,02,000
Profit	1,20,000	2,04,000

( Or ) Differentiate between Current ratio and Liquid ratio.

16. What are the uses of preparing Cash Flow Statement. (any four) 4

( Or ) From the following balances, compute the cash from operation:

Particulars	March 2006 (₹)	March 2005 (₹)
Profit and Loss A/c	46,000	56,000
Debtors	20,000	30,000
Outstanding Rent	11,000	18,000
Goodwill	30,000	26,000
Prepaid Insurance	6,000	3,000
Creditors	15,000	22,000

17. Explain the difference between Cash Flow Statement and Cash Budget.  
(any four) 4

( Or ) Explain the limitations of Cash Flow Statement. (any four)

18. X sends out a consignment of the value of ₹ 6,000 to Y, drawing on later for ₹ 4,500 as an advance against the same. X pays ₹ 500 for freight and insurance etc. Y clears the goods paying ₹ 300 for duty etc. He sells half the goods on credit for ₹ 4,500 and half of the remaining is sold for ₹ 2,200 on cash. Y is entitled to remuneration of 5% on sales and 2% del credere on credit sales. Y sends out an account sales and cheque for the balance to X. Open a Consignment Account in the books of X.

( Or ) Distinguish between Del credere commission and Over-riding commission. (any five)

19. State the causes of origin of Goodwill. (any five) 5

( Or ) A firm earned profit of ₹ 20,000, ₹ 6,000, ₹ 12,000, ₹ 8,000 during the past four years. The firm has capital investment of ₹ 50,000. A fair return on investment is 15% p.a. Calculate goodwill of the firm based on three-year's purchase of average super profit.

20. Rajat, a partner in a firm, retired on 31st March, 2004. On that day the balance of his Capital Account was ₹ 20,000. It is arranged that this will be paid by annual instalment of ₹ 5,000 each. Interest being charged on the outstanding balance at 5%. The first instalment was paid on 31st March, 2005 and subsequent payments were made on 31st March each year. Show Rajat's Loan A/c in the books of the firm. <http://www.mpboardonline.com> 5

( Or ) Ajay and Baldev are partners in a firm. Their Balance Sheet as on 31st December, 2007 is as follows:

Liabilities	Amount (₹)	Assets	Amount (₹)
Bank Overdraft	5,000	Cash	10,000
B/P	7,000	Debtors	20,000
Creditors	8,000	Stock	10,000
Capital:		Furniture	10,000
Ajay	20,000		
Baldev	10,000		
	50,000		50,000

They admitted Chetan as a new partner for  $\frac{1}{4}$  share. He brought ₹ 8,000 as capital and ₹ 6,000 as goodwill in cash. Furniture was valued at ₹ 16,000 and stock at ₹ 8,000. Provision for discount on creditors was created @ 10% Prepare Revaluation Account and Partners' Capital Accounts.

21. Under what circumstances can a company forfeit its shares? 5

( Or ) Distinguish between Equity shares and Preference shares. (any five)

22. Under what headings the following items are shown in the Balance Sheet of the company?

- (i) Goodwill (ii) Unclaimed Dividend  
 (iii) Provision for tax (iv) Securities Premium A/c  
 (v) Loose Tools.

(Or) How will you show the following items in the Balance Sheet of a company?

- (i) Calls in arrears (ii) Calls in advance  
 (iii) Forfeited Shares (iv) Debenture Sinking Fund  
 (v) Contingent Liabilities.

23. State the difference between Realisation A/c and Revaluation A/c (any six) 6

(Or) A and B decided to dissolve their business on 31st December, 2007. On that date their Balance Sheet stood as follows:

Liabilities	Amount (₹)	Assets	Amount (₹)
Creditors	12,000	Cash	2,000
A's Loan A/c	16,000	Debtors	10,000
Capital Ac:		Stock	40,000
A : 40,000		Plant	20,000
B : <u>20,000</u>	60,000	Fixtures	8,000
		Goodwill	8,000
	88,000		88,000

Partners share profit and loss in the ratio of capital. Sundry debtors realised ₹ 7,400, Stock ₹ 37,000, Plant and fixtures realised 80% of their book value and goodwill realised ₹ 12,000. Creditors paid off at 5% discount and cost of dissolution amounted to ₹ 1,200. Prepare Realisation A/c and Partners' Capital A/c.

24. Teena Limited issued 5,000 equity shares of ₹ 100 each at a discount of 10%, payable ₹ 20 on application, ₹ 30 on allotment and the balance on first and final call. All the moneys were duly received. Pass necessary Journal Entries.

(Or) A Company issued 2,000 shares of ₹ 10 each. Payable as ₹ 3 per share on application, ₹ 3 per share on allotment and ₹ 4 per share on call. All the moneys were duly received except call money on 300 shares. The directors forfeited these shares and reissued the same for cash ₹ 2,800. Pass Forfeited, Reissue and Transfer entries in the books of the company.