

Question Bank

- Q1. On 1st June 2013 a Partner introduced in the firm additional capital of Rs 50,000. In the absence of Partnership deed, on 31st March 2014 he will receive interest; (1)
- a) 3,000 b) Zero
c) 2,500 d) 1,800
- Q2. A and B are Partners in a firm having capital balances of Rs 54,000 and Rs 36,000 respectively. They admit C in partnership for 1/3 share and C is to bring proportionate amount of Capital. The capital amount of C would be : (1)
- a) 90,000 b) 45,000
c) 5,400 d) 36,000
- Q3. A, B and C share profits and losses of the firm equally. B retires from the business and his share is purchased by A & C in the ratio of 2:3. New profit sharing ratio between A & C would be: (1)
- a) 1 : 1 b) 2 : 2
c) 7 : 8 d) 3 : 5
- Q4. Share Application Account is in the nature of : (1)
- a) Real Account b) Personal Account
c) Nominal Account d) None of the above
- Q5. On issue of shares Securities Premium is : (1)
- a) Profits b) Income
c) Revenue Receipt d) Capital Profit
- Q6. A Ltd issued 1,000 , 10% Debentures of Rs 100 each at a premium of 5%. What will be the total amount of interest for the year ending 31st March 2008? (1)
- a) 10,500 b) 10,000
c) 5,250 d) 5,000
- Q7. Profit on cancellation of own debentures is : (1)
- a) Revenue Profit. b) Capital Profit
c) Operating Profit d) Trading Profit.
- Q8. A company issuing debentures with a maturity period of not more than 18 months, in that case the creation of Debentures Redemption Reserve will be: (1)
- a) 50% of the amount of debentures issued.

- b) 25% of the amount of debentures issued.
- c) 100% of the amount of debentures issued.
- d) None of the above

Q9. Weighted average method of calculating goodwill is used when:

- A. Profits are not equal
- B. Profits shows a trend.
- C. Partners who gave the guarantee.
- D. None of the above. (1)

Q10. On retirement of a partner, goodwill will be credited to the Capital Account of :

- A. Retiring Partner
- B. Remaining Partners.
- C. All Partners
- D. None of the above. (1)

Q11. Amount of calls in advance is (1)

- A added to Share Capital
- B Deducted from Share Capital
- C Shown on the Assets side
- D Shown on Equity & Liabilities side

Q12. Pro rata allotment of shares is made when there is : (1)

- A Under subscription.
- B Over subscription
- C Equal subscription
- D As & when desired by directors

Q13. A company invited applications for 1,00,000 shares and it received applications for 1,50,000 shares. Applications for 30,000 shares were rejected and the remaining were allotted shares on pro rata basis. How many shares an applicant of 3,000 shares will be allotted: (1)

- A 2500 shares
- B 3600 shares
- C 4500 shares
- D 2000 shares

Q14. Which one of the following item is not a part of Subscribed Capital: (1)

- A Equity Shares
- B Preference Shares
- C Forfeited Shares
- D Bonus Shares

Q15. Balance of Share Forfeiture account is shown in the Balance Sheet under the head_____(1)

- A Share Capital Account
- B Reserve & Surplus
- C Current Liabilities & Provisions
- D Unsecured Loans

Q16. A ltd. Issued 1000,10% debentures of Rs 100 each at a premium of 5%. What will be the total amount of interest for one year: (1)

- A 10,500
- B 10,000

C 5,250 D 5,000

Q17. Premium on Redemption of Debentures Account is: (1)

- A Personal Account B Real Account
C Nominal Account D All of the Above.

Q18. On issue of debentures as a collateral security, which account is credited? (1)

- A Debenture account B Bank loan account
C Debenture holding account D Debenture suspense account.

Q19. Profit on cancellation of own debentures is (1)

- A Revenue Profit B Capital Profit
C Operating Profit D Trading Profit

Q20. State one right acquired by a newly admitted partner? (1)

Q21. NOIDA Toll bridge Ltd an infrastructure company issued 5,000, 10% debentures of Rs 500 each on 1st January 2005 redeemable at 5% premium on 31st December 2008.

Pass necessary journal entries at the time of redemption of debentures and how much amount of debentures redemption reserve is required before the redemption of debentures as per the companies' act 1956? 3

Q22. Give journal entries for forfeiture and reissued shares.

- i) X Ltd forfeited 500 shares of Rs 10 each (Rs 6 called up) issued at discount of 10% to Ram on which he has paid Rs 3 per share. Out of these 300 shares were reissued to Z as Rs 8 paid up for Rs 6 per share.
ii) X Ltd forfeited 500 shares of Rs 10 each Rs 8 called up on which Vimal has paid application and allotment money of Rs 6 per share. Of these, 400 shares were reissued to Kamal as fully paid for Rs 9 per share. 3

Q23. Meena Ltd issued 60,000 shares of Rs 10 each at a premium of Rs 2 per share payable as Rs 3 on application Rs 5 (Including premium) on allotment all and the balance of First call & final call. Application were received for 1,02,000 shares the Directors resolved to allot as follows.*

- a) Applicants of 60,000 shares 3000 shares
b) Applicants of 40,000 shares 3000 shares
c) Applicants of 2,000 shares Nil

Nikhil who applied for 1000 shares in category A, and Vishu who was allotted 600 shares in category B failed to pay the allotment money. Calculate the amount received on Allotment. 3

Q24. A company purchased Asset of the book value of Rs 1200,000 and liabilities of Rs, 2,20,000 of another company for a purchase consideration of Rs 9,35,000. The purchase consideration was discharged by the issue of debentures of Rs 500 each at a premium of 10% Pass journal entries in the books of purchasing company. 4

Q25. L Ltd issued 30,000, 9% Debentures of Rs 500 each at premium of 5%, redeemable at a premium of 10% after 4 years payable Rs 200 on application and balance on allotment. Record necessary journal entries for issue of debentures. 4

- Q26. Give the journal entries at the time of issue of debentures in the following cases
- i) X Limited issued 30,000, 12% Debentures of Rs 100 each at par, redeemable at a premium of 5%. 4
 - ii) Y Limited issued 50,000, 12% Debentures Rs 100 each at a premium of 5% redeemable at par. 4

Q27. Mona Ltd has issued 20,000, 9% Debentures of Rs 100 each of which half the amount is due for redemption on Mach 31, 2088. The company has in its Debenture Redemption Reserve Account a balance of Rs 4,40,000. Record necessary journal entries at time of redemption of debentures. 4

Q28. Vandana Ltd redeemed Rs 25,00,000, 9% debentures at a premium of 5% out of profits on 31-03-2006. Pass necessary journal entries for redemption of debentures. 4

Q29. A company redeemed 1,000 15% debentures of Rs 100 each by purchasing from market for immediate cancellation at Rs 95 a debenture. Company paid Rs 250 as brokerage. Give journal entries. 4

Q30. A limited company issued a prospectus inviting applications for 2,00,000 shares of Rs 10 each at a premium of Rs 2 per share payable as follows: on Application Rs3, on Allotment Rs 4(including premium), on First call Rs 3 and on second call Rs 2. Applications were received for 3,00,000 shares and allotment was made on prorata basis. Money overpaid on applications was employed on account of sums due on allotment.

R, to whom 400 shares were allotted failed to pay the allotment money and on his subsequent failure to pay first call his shares were forfeited. M, a the holder of 600 shares failed to pay two calls and his shares were forfeited after second call Of the shares forfeited 800 shares were sold to K as fully paid. K Paying Rs9 per share, the whole of R's share being included. Pass journal entries. 8

Q31. R Ltd issued a prospectus inviting application for 3,00,000 shares of Rs10 each at a premium of Rs 4 per share. payable as follows:

On application Rs4 (including Re 1 Premium)

On Allotment Rs3(including Re 1 Premium)

On First call Rs 4 (including Re 1 Premium)

On Final call Rs 3 (including Re 1 Premium)

Application were received for 3,80,000 shares and pro rata allotment was made on the applications for 3,50,000 shares.

It was decided to utilize excess application money towards sums due on allotment.

X to whom 6000 shares were allotted failed to pay allotment money and his shares were forfeited after allotment. Y, who applied for 10,500 shares failed to pay the two calls and on his such failures his shares were forfeited.

Z, who was allotted 3,000 shares, did not pay final call.

Of the shares forfeited, 11,000 shares were reissued as fully paid up for Rs 9 per share, the whole of Y's shares being included.

Pass journal entries for above transactions. 8

Q32. Y Ltd invited applications for issuing 10,000 equity shares of Rs 100 each at a discount of 6% The amount was payable as follows:

On Application Rs 20 per share.

On Allotment Rs 44 per share.

On first & Final Call- Balance

Application for 13000 shares were received. Applications for 500 shares were rejected and pro rata allotment was made to the remaining applicants. Over payment received with applications were adjusted towards sums due on allotment. All calls were made and were duly received except Kanwar who has applied for 250 shares failed to pay allotment and call money. His shares were forfeited. The forfeited

shares were reissued at Rs 22,000 fully paid up. Pass necessary journal entries in the books of the company. (8)

Q33. Vinod Paper Ltd invited applications for issuing 1,00,000 shares of Rs 10 each at a Premium of Rs 4. per share payable s follows:*

On Application Rs4 (Including premium Rs2)

On Allotment Rs4 (Including premium Rs2)

On First and Final call 6

Applications were received or 1,30,000 shares and pro rata allotment was made to applicants as follows.

i) Applications for 80000 shares were allotted 60,000 shares and

ii) Applications for 50000 shares were allotted 40,000 shares.

X who belonged to the First category and was allotted 900 shares failed to pay the allotment and call money.

Y who belonged to the second category & who applied for 1000 shares also failed to pay the allotment and call money. Their shares were forfeited and 1,400 of the forfeited shares were reissued @ Rs 9 per share as fully paid. Reissued shares included whole of Y s Share. Pass necessary journal entries. 8

PART - B

ANALYSIS OF FINANCIAL STATEMENTS

Q34. Under what heads the following items on the Assets side of Balance Sheet will be presented. 3

i) Sundry Debtors

ii) Bills Receivable

iii) Loose Tools

Q35. Current Ratio 2:5:1, Quick Ratio 1:5:1, Current Assets Rs. 200000. Calculate current liabilities, Quick Assets and Stock. 4

Q36. Rs. 30000 is the cost of Revenue from Operation; inventory turnover 8 times, stock at the beginning is 2 times more than stock at the end. Calculate the values of opening & closing stock. 4

Q37. Gross profit of a company is 20% of cost Revenue from Operation. Its cash sales are 1/3 of its credit sales. Calculate the G.P ratio if the cash sales are Rs. 300000. 4

Q38. Calculate Return on investment from the following details:- 4

Equity share capital	500000
12% preference share capital	100000
Reserves	154000
15% Loans	240000
10% Debentures	120000
Currant Liabilities	75000
Preliminary expenses	10000
Net Profit (after Interest and Income Tax)	96000
Rate of Income Tax	50%

Q39. A company has a loan of Rs. 30,00,000 as part of its capital employed. Interest payable on loan is 12% and Role of company is 25%. The rule of income tax is 40%. What is the gain to the shareholders due to the loan raised by the company? 4

Q40. From the following Particulars, determine the trade receivables at the end of the year:

Credit Revenue from Operation	Rs 17,52,000	
Trade Receivables Turnover Ratio	6 times	
Trade Receivables (beginning of the year)	2,84,000	4

Q41. Calculate Debt Equity ratio and proprietary ratio from the following. 4

Equity share capital	20,00,000
General Reserve	10,00,000
Securities premium	6,00,000
10% Debentures	3,00,000
Loan from IDBI	12,00,000
Current Liabilities	10,00,000
Preliminary expenses	80,000
Under writing commission	20,000
Fixed Assets	40,00,000
Current Assts	20,00,000

Q42. Calculate current assets of a company from the following information. 4

- Stock Turnover ratio 4 times
- Stock in the end is Rs 20,000 more than stock in the beginning
- Sales Rs 3,00,000.
- Gross profit ratio 20%
- Current Liabilities Rs 40,000
- Quick Ratio 0.75

Q43. Calculate the amount of opening Debtors and closing Debtors from the following:- 4

Debtor Turnover Ratio	10 times
Cost of Revenue from Operation	Rs 7,00,000
GP Ratio	30% of sales.

You are informed that closing Debtors were three times than that in the beginning. Cash sales being 25% of credit sales.

Q44. On the basis of information given below calculate the following ratios 4

- Gross profit ratio
- Debt Equity Ratio
- Working capital turnover ratio

<u>Information</u>	<u>Rs</u>
Revenue from Operation	3,75,000
Cost of Revenue from Operation	2,50,000
Current Liabilities	1,20,000

Loan	60,000
Current Assets	4,25,000
Equity share capital	1,90,000
Debentures	75,000

Q45. Raj Ltd had a profit of Rs 17,50,000 for the year ended 31.3.2006 after
Considering the following (4)

	Rs
Depreciation on building	1,30,000
Depreciation on plant	40,000
Goodwill written off	25,000
Loss on sale of machinery	9,000

Following was the position of current assets and current Liabilities of the company as on 31.3.2005 and 31.3.2006

	Mar 31,2005	Mar 31,2006
Stock	70,000	87,000
Bills Receivable	67,000	58,000
Cash	60,000	75,000
Creditors	68,000	77,000
Outstanding Salary	7000	4000
Bills payable	43,000	29,000

Calculate cash flow from operating activities.

Q46. From the following balance sheets of ABC LTD find out cash form operating activities only. 6

Liabilities	31.03.06	31.03.07	Assets	31.03.06	31.03.07
Share capital	30,000	35,000	Goodwill	10000	8000
General Reserve	10,000	15,000	Machinery	41000	54000
P&L A/C	-	7,000	10% Investment	3000	8000
10% Debentures	21,000	25,000	Stock	6000	24500
Creditors	8,500	1,2500	Cash& Bank	12000	13000
Provision for	9,000	13,00	Discount on Debentures	500	-
Depreciation on Machinery			Profit & Loss A/C	6000	-
	78500	107500		78500	107500

Additional information

Debentures were issued on 31.03.2007

Investments were made on 31.03.2007

Q47. The balance sheet of Kewl Ltd as on 31st December, 2006 and 31st December 2007 were as follows*

Liabilities	2007	2006	Assets	2007	2006
Share capital	10,00,000	7,00,000	Plant and	8,00,000	5,00,000

			Machinery		
P&L A/C	2,50,000	1,50,000	Stock	1,00,000	75,000
Proposed Dividend	50,000	40,000	Cash	4,00,000	3,15,000
	13,00,000	8,90,000		13,00,000	8,90,000

a) Rs 50000 depreciations has been charged on plant and machinery during the year 2007.

b) A piece of machinery costing Rs 12000 (Book value Rs 5000) was sold at 60% profit on book value.

c) Prepare cash flow statement.

Q48 Prepare a Common Size Balance Sheet of ABC Ltd, with the help of following information (4)

Particular	31.3.1996	31.3.1997
Current Assets	13,00,000	18,20,000
12% Debentures	5,00,000	4,00,000
Equity Share Capital	10,00,000	10,00,000
Fixed Assets	15,00,000	20,00,000
Investments	2,00,000	50,000
Current Liabilities	9,00,000	12,70,000
Reserve & Surplus	6,00,000	12,00,000

Q49 Prepare a Comparative Income Statement of Mohan Ltd, with the help of following information: (4)

	31.3.2009	31.3.2008
Revenue from operation	30,00,000	20,00,000
Other income (%of Revenue from operation)	15%	20%
Expenses(% of Revenue from Operation)	60%	50%

Q50 Prepare a Comparative Balance Sheet of ABC Ltd, with the help of following information: (4)

Particular	31.3.1996	31.3.1997
Current Assets	15,00,000	20,20,000

12% Debentures	8,00,000	7,00,000
Equity Share Capital	12,00,000	12,00,000
Fixed Assets	20,00,000	25,00,000
Investments	5,00,000	1,00,000
Current Liabilities	12,00,000	14,20,000
Reserve & Surplus	8,00,000	13,00,000

Q51. Prepare a Common size Income Statement of Ram Ltd, with the help of following information: (4)

	31.3.2013	31.3.2012
Revenue from operation	60,00,000	40,00,000
Purchase of stock in trade	43,20,000	30,40,000
Changes in inventories	1,20,000	(80,000)
Other Expenses	3,60,000	2,00,000
Other Incomes	1,50,000	60,000

Q52. Under what heading the following items are to be shown in a company Balance Sheet as per companies Act 1956. (4)

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|----------------------|---------------------|
| (1) Interim Dividend | (2) Goodwill |
| (3) work in progress | (4) Public Deposits |
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