

[Time: 3 Hours]

[Total Marks: 100]

NB:

1. All questions are compulsory.
2. All questions carry equal marks.
3. Use of simple calculator is allowed.
4. Draw neat diagrams wherever necessary.

Q.1 a. Explain the following concepts (Any FIVE)

10

- | | |
|--------------------------------|------------------------------------|
| i. Gross Domestic Product | ii. Prosperity |
| iii. Aggregate Demand Function | iv. Marginal Efficiency of Capital |
| v. IS curve | vi. Phillips Curve |
| vii. Income Velocity | viii. Inflation targeting |

b. Choose the right answer from the given options and rewrite the statements

10

- | | |
|---|----------------------------------|
| i. _____ is a leakage from circular flow of aggregate income and expenditure. | |
| a. Exports | b. Tax |
| c. Investments | d. Public expenditure |
| ii. Green Gross Domestic product is an index of: | |
| a. Loss of biodiversity | b. Cost of climate change |
| c. Environmental costs of economic activities | d. all the above |
| iii. Says' Law of market states that: | |
| a. Demand creates its own supply | b. Supply creates its own demand |
| c. Demand is greater than supply | d. Supply is greater than demand |
| iv. When Income equals consumption, savings will be _____ | |
| a. Positive | b. Negative |
| c. Zero | d. Infinity |
| v. After reaching full employment, the aggregate supply curve becomes _____ | |
| a. Horizontal Straight Line | b. Vertical straight line |
| c. Upward sloping | d. Downward sloping |
| vi. The LM curve indicates _____ equilibrium | |
| a. Money market | c. Goods market |
| b. Foreign market | d. Labour market |
| vii. Supply side economics aims at increasing government revenue by _____. | |
| a. Reducing taxes | b. Increasing taxes |
| c. Reducing prices | d. Increasing prices. |
| viii. During inflation, _____ gain | |
| a. Debtors | b. Creditors |
| c. Fixed income earners | d. Poor |
| ix. Cost push inflation is also known as _____. | |
| a. Wage push inflation | b. Spiral inflation |
| c. Supply side inflation | d. All the above |
| x. During inflation, RBI _____ Bank Rate and Cash Reserve Ratio. | |
| a. Increases | b. Reduces |
| c. Does not change | d. None of the Above |

[TURN OVER

Q.2. Answer any two of the following:

- Explain with the help of flowchart, the circular flow of aggregate income and expenditure in a closed economy.
- Define trade cycles and explain its phases with a help of a diagram.
- Examine the features and criticisms of Says law of market.

20

Q.3. Answer any two of the following:

- 'The Starting point of Keynes' theory of employment is the Principle of Effective Demand' – Explain.
- Define consumption function and explain the subjective and objective factors affecting consumption.
- Given investment to be Rs. 100 crores and MPC 0.5, explain the working of investment multiplier.

20

Q.4. Answer any two of the following:

- How do you derive LM curve? Explain the impact of shift in LM curve.
- Write a note on Stagflation.
- Explain the basic prepositions of supply side economics.

20

Q.5. Answer any two of the following:

- Explain the determinants of money supply.
- Describe Fisher's equation of exchange.
- Explain with the help of suitable diagram the demand pull and cost push inflation.

- N.B :
1. All question are compulsory.
 2. Figures to right indicates full marks.
 3. Working should form part of the answer.
 4. Simple calculator is allowed.

Q.1 A) Select the most appropriate answer [Any ten].

10

- (1) The basic function of management accounting is _____.
 - a) To serve Government
 - b) To serve the management in performing if function effectively.
 - c) To serve the public
- (2) In the vertical Balance Sheet, Bank Overdraft is considered as _____.
 - a) Current Asset
 - b) Quick Current Liability
 - c) Fixed Asset
- (3) _____ expresses all items of a financial statement as a percentage of some measure of the company.
 - a) Commonsize statement
 - b) Comparative statement
 - c) Trend statement
- (4) Satisfactory level of Current Ratio is _____.
 - a) 1:1
 - b) 3:1
 - c) 2:1
- (5) _____ shows how manytimes per period the company pays its average payable amount.
 - a) Creditors Turnover Ratio
 - b) Debtors Turnover Ratio
 - c) Stock Turnover Ratio
- (6) If cash flows are not uniform, the calculation of payback period takes a _____.
 - a) Common profit
 - b) Favourable position
 - c) Cumulative form
- (7) The current worth of a sum of money to be received at a future date is called _____.
 - a) Future value
 - b) Present value
 - c) Salvage value

(8) Total cash outflow is ₹ 85,000 and present value of total cash inflow is ₹ 75,000. The

Net Present value is _____.

- a) ₹ 10,000
- b) ₹ (-)10,000
- c) ₹ 2,000

(9) Using Profitability Index, the preference rule for selection of the machine is _____.

- a) The lower Profitability Index
- b) The higher Profitability Index
- c) Both a and b

(10) Operating cycle refers to the time required to convert the _____ to be converted into products and the time it takes for those products to be sold and turned back into cash.

- a) Cash
- b) Assets
- c) Liabilities

11) Inventory is ₹ 20,000 and average stock held is ₹ 4,000. The stock holding period for 360 days in a year is _____.

- a) 72 days
- b) 180 days
- c) 5 days

(12) _____ provides information about financial position of the company.

- a) Revenue Statement
- b) Cashflow Statement
- c) Balance Sheet

Q.1 B) State whether the following statements are True or False. (Any ten)

10

- 1) Financial statements of a company prepared at the end of the financial year provide information only to the owners of the business.
- 2) Combined ratios show the relationship between two figures which are taken from the Balance Sheet only.
- 3) Depreciation is a cash business expenditure.
- 4) Working capital means Net Current Assets.
- 5) Capital Budgeting decisions are long term investment decisions.
- 6) Trend Analysis shows the trend in the performance and position of an organisation.
- 7) When the comparison of financial data is over a number of accounting years relating to one company only it is called as inter company analysis.
- 8) In preparing the estimate of Working Capital, Debtors cannot be valued at cost.
- 9) Permanent Working Capital remains constant.
- 10) Net Profit Ratio is a measure of profitability.
- 11) Payback Method is a modern technique of Capital Budgeting.
- 12) Public Deposits accepted by a company are a part of Shareholders Fund.

Q.2 A) From the following details of A Ltd. prepare a Common Size Income Statement in vertical form suitable for analysis. **08**

M/s A Ltd.
Revenue Statement for the year ending 31st March, 2017

Particulars	(₹)
Net Sales	?
Less : Cost of Sales	?
Gross Profit (25% on Sales)	4,00,000
Less : Operating Expenses	?
Operating Profit	?
Add : Non Operating Income	10,000
Less : Non Operating Expenses	40,000
Net Profit Before Tax	80,000
Less : Tax(50%) on Profit	?
Before Tax	?
Net Profit After Tax	?

Q.2.B) From the following prepare a Comparative Balance Sheet of B Ltd. in a vertical form suitable for analysis. **07**

Balance Sheets

Liabilities	31/3/17 (₹)	31/3/16 (₹)	Assets	31/3/17 (₹)	31/3/16 (₹)
Share Capital	1,43,500	1,20,000	Fixed Assets	1,05,000	88,500
Bank Loan	28,000	21,000	Investment	24,000	18,000
Current Liabilities	76,000	69,000	Current Assets	1,18,500	1,03,500
	2,47,500	2,10,000		2,47,500	2,10,000

OR

Q.2 You are required to prepare Trend Income Statement in vertical form suitable for analysis. **15**

M/s C Ltd.
Balances for the year ending on 31st March of each year

	(₹)	(₹)	(₹)
	31/3/15	31/3/16	31/3/17
Net Sales	60,000	80,000	1,00,000
Opening Stock	6,000	10,000	14,000
Purchases	34,000	38,000	40,000
Wages	3,000	6,000	4,000
Carriage Inward	4,000	8,000	8,000
Closing Stock	?	?	12,000
Office Expenses	2,000	2,400	3,000

Administrative Expenses	2,000	2,000	2,000
Selling Expenses	1,400	1,800	2,000
Distribution Expenses	1,000	800	1,200
Finance Expenses	1,200	800	2,000
Interest received	3,000	4,000	6,000
Loss on sale of Investment	1,000	600	1,000

Make provision for Income Tax at the rate of 40% on Net Profit Before Tax of each year.

Q.3

M/s C Ltd.
Balance Sheet as on 31st March, 2017

Liabilities	Amount (₹)	Assets	Amount (₹)
Equity Share Capital	3,30,000	Debtors	68,000
5% Preference Share Capital	1,00,000	Bills Receivables	12,000
Reserves	68,000	Cash & Bank Balance	32,000
Profit & Loss Account	32,000	Stock	38,000
Creditors	48,000	Other Current Assets	68,000
5% Debentures	1,10,000	Preliminary Expenses	12,000
Provision for Income Tax (current year)	20,000	Fixed Assets	5,47,000
Bills Payable	32,000	Prepaid Expenses	5,000
Bank Overdraft	22,000		
Proposed Dividend	20,000		
	7,82,000		7,82,000

Other details of the company for the year 2016-17:

- 1) Sales ₹8,00,000 (80% on credit)
- 2) Credit Purchases ₹4,00,000
- 3) Net Profit Before Tax ₹60,000
- 4) Dividend on Equity Shares ₹15,000

Calculate:-

- 1) Liquid Ratio
- 2) Creditors Turnover Ratio
- 3) Stock Working Capital Ratio
- 4) Debtors Turnover Ratio
- 5) Capital Gearing Ratio
- 6) Dividend Payout Ratio
- 7) Return on Capital Employed

OR

Q.3 From the following details calculate:

- 1) Gross Profit Ratio
- 2) Office & Administrative Expense Ratio
- 3) Selling & Distribution Expense Ratio
- 4) Operating Expense Ratio
- 5) Operating Ratio
- 6) Net Profit Before Tax Ratio
- 7) Stock Turnover Ratio

M/s D Ltd.

Trading and Profit & Loss Account for the year ending on 31st March, 2017.

Dr.

Cr.

Particulars	(₹)	Particulars	(₹)
To Opening Stock	1,30,000	By Sales	65,00,000
To Purchases	55,70,000	By Closing Stock	2,55,000
To Direct Expenses	1,70,000	By Interest	15,000
To Salaries	1,78,000		
To Office Expenses	1,38,000		
To Selling Expenses	1,18,000		
To Distribution Expenses	98,000		
To Interest	48,000		
To Provision for Income Tax	95,000		
To Net Profit	2,25,000		
	67,70,000		67,70,000

Q.4

F Ltd. is considering the purchase of a machine. Two models, Model A and Model B are available each costing ₹ 1,50,000.

15

Cash Inflows are expected as follows:

Year	Model A (₹)	Model B (₹)
1	45,000	15,000
2	60,000	45,000
3	75,000	60,000
4	45,000	90,000
5	60,000	60,000
6	40,000	50,000
7	30,000	30,000

With the discount factor of 12% , the Present Value of ₹ 1 is as follows:

Year	1	2	3	4	5	6	7
Present Value	0.893	0.797	0.712	0.636	0.567	0.507	0.452

Indicate the selection of the machine by applying

- 1) Payback Period
- 2) Net Present Value at 12% discount factor
- 3) Profitability Index.

OR

- Q.4** M/s G Ltd. has two different alternatives to buy – Machine X and Machine Y. The expected Earnings Before Tax of the two machines are as follows: 15

Year	Machine X (₹)	Machine Y (₹)
1	4,00,000	4,35,000
2	5,00,000	4,90,000
3	6,00,000	5,80,000
4	5,50,000	6,80,000
5	4,50,000	7,00,000
6	4,20,000	6,80,000
7	3,00,000	5,00,000

Income Tax rate is to be considered at 20% on Earning Before Tax.

Initial Investment of Machine X is ₹ 1,45,000 and of Machine Y is ₹ 1,55,000.

The scrap value of Machine X and Machine Y is ₹ 5,000 and ₹ 15,000 respectively.

Calculate Accounting Rate of Return on the basis of Average Investment.

- Q.5** M/s H Ltd. gives the following details to prepare the statement of Working Capital requirement for the year 2016-17. 15

Projected Revenue Statement for the year 2016-17

	(₹)	(₹)
Sales		18,00,000
Less: Purchases	8,00,000	
Wages	2,00,000	
Overheads	1,50,000	
		<u>11,50,000</u>
Less: Expenses		6,50,000
Office and Administrative Expenses	1,80,000	
Selling and Distribution Expenses	1,20,000	
		<u>3,00,000</u>
		3,50,000

During the year 2016-17 it is estimated that

- 1) Raw materials will be in store for 30 days.
- 2) Finished goods will be in stock after production for 45 days.
- 3) The processing period will be 20 days.
- 4) 70% of purchases and sales will be on credit of 20 days and balance on cash.
- 5) Wages and Overheads will be paid at the time lag of 10 days.
- 6) Office and Administrative Expenses will be paid at the time lag of 20 days.
- 7) The expected Cash and Bank Balance will be ₹ 78,000.
- 8) Operations are evenly spread and expenses accrue evenly.
- 9) Debtors are estimated at selling price.
- 10) Company works for 300 days during the year.

OR

Q.5. M/s T Ltd. plans to produce 19,000 units during the year 2016-17 and to sell them for ₹ 150 per unit. 15

Cost structure of the product is

Raw Materials	60%
Labour	15%
Overheads	10%
	85%
Profit	15%
Selling Price	100%

Further details are available for the year 2016-17 :

- 1) Raw materials equivalent to 1 month's supply is stored in the godown.
- 2) Production process takes 1 month.
- 3) Finished goods equal to 3 month's production are carried in stock.
- 4) Customers get credit of 2 months and suppliers allow credit of 1½ months.
- 5) Time lag in payment of wages and overheads is ½ month.
- 6) 20% of sales are made on cash basis and balance on credit.
- 7) Cash and Bank balance will be maintained at ₹ 10,000.
- 8) Operations are evenly spread throughout the year. Expenses accrue similarly.
- 9) Debtors are estimated at Selling Price.

Prepare the statement of Working Capital Requirement for the year 2016-17.

Q.6 A) Explain the meaning and functions of Management Accounting. 10

B) Explain the techniques of Capital Budgeting. 10

OR

Q.6 Write short notes (Any Four). 20

- 1) Tools of analysis of financial statements
- 2) Revenue Statement Ratios
- 3) Operating Cycle
- 4) Limitations of Ratio Analysis
- 5) Estimation of Working Capital requirement
- 6) Scope of Management Accounting

Q. P. Code : 22287

(3 Hours)

[Total Marks : 100

- N.B : 1. All questions are compulsory.
2. Figures to the right indicate full marks.

(A) Select the most appropriate answer from the options given below (Any ten) : 10

- (1) _____ is not an element of Integrated Marketing Communication.
(a) Internet (b) Events & Sponsorship
(c) Physical Distribution (c) Sales Promotion
- (2) _____ advertising creates generic demand for products
(a) Primary (b) Selective
(c) Social (d) Trade
- (3) _____ is the oldest form of advertising agency,
(a) Mega agency (b) Space broker
(c) Creative boutique (d) In-house agency
- (4) _____ department in an advertising agency co-ordinates the advertising production process.
(a) Media (b) Traffic
(c) Client Service (d) Accounts
- (5) _____ is a person in an advertising agency responsible for writing headlines and slogans
(a) Visualiser (b) Media Executive
(c) Copywriter (d) Account Executive
- (6) _____ skill is required for people working in the creative department of an advertising agency.
(a) Communication (b) Visualising
(c) Marketing (d) Organising
- (7) _____ advertising is deceptive
(a) Product (b) Institutional
(c) Surrogate (d) Local
- (8) Point of Purchase advertising helps in stimulating _____ purchase.
(a) Impulse (b) Planned
(c) Budgeted (d) Online
- (9) 'Swacch Bharat' campaign is an example of _____ advertising.
(a) Political (b) Pro-Bono
(c) Institutional (d) Trade
- (10) _____ refers to incremental value of the brand
(a) Brand Image (b) Brand Loyalty
(c) Brand Equity (d) Brand Personality
- (11) _____ advertising helped Maggi to regain its market share after the crisis.
(a) Green (b) Advocacy
(c) Political (d) Product

TURN OVER

(12) Advertising spends on _____ advertising is growing at a faster rate as compared to others.

- (a) Print (b) Digital
(c) Cinema (d) Radio

(b) State whether the following statements are true or false (Any ten) :—

10

- (1) IMC is same as promotion mix .
- (2) Sign Boards are the oldest form of Advertising .
- (3) Radio is no longer a useful medium for advertising.
- (4) Client Turnover is a negative sign of growth for an advertising agency.
- (5) Commission is a traditional method of agency compensation .
- (6) Account Executives handle finances of an advertising agency.
- (7) Jio has used an effective Integrated Marketing Strategy to fight competition .
- (8) Advertisements having direct comparison with a competitors products are unethical.
- (9) Advertising always has a positive impact on the society.
- (10) Decoding uses signs & symbols to communicate the advertising message .
- (11) The Jan Dhan Yojana of the prime minister has used Doordarshan channel for effective promotion in regional areas .
- (12) Social media has made advertising execution interactive.

2. Answer any **two** of the following :—

15

- (a) Explain the meaning of Integrated Marketing Communication (IMC). What is the role of advertising within IMC ?
- (b) Define advertising. Who are the active participants of advertising ?
- (c) Explain the classification of advertising on the basis of functions.

3. Answer any **two** of the following :—

15

- (a) What are the factors considered while selecting an advertising agency ?
- (b) How can an advertising agency maintain a healthy relationship with its clients ?
- (c) What are the unique skills required for a career in advertising ?

4. Answer any **two** of the following :—

15

- (a) How does advertising affect market competition ?
- (b) Discuss the common ethical issues in advertising.
- (c) Describe how ASCI self-regulates advertising in India.

5. Answer any **two** of the following :—

15

- (a) With the help of a diagram explain the advertising communication process.
- (b) Explain the features of corporate image advertising.
- (c) Describe different execution styles of advertisements.

6. Write short notes on any **four** of the following :—

20

- (a) Any five benefits of advertising
- (b) Creative Pitch
- (c) Pro bono advertising
- (d) AIDA
- (e) Effect of advertising on cultural values
- (f) Brand equity.

N. B. (1) All questions are compulsory

(2) Figures to the right indicate full marks.

1. A. Explain the following concepts: (any five)

1. Scheduled tribes
2. Political rights
3. Recovery after Disaster
4. Avalanches
5. Scientific temper
6. Hippocratic oath
7. Non-Verbal Communication
8. Reflective listening

OR

B Write a detailed note on the Foundation Course (Semester III) project submitted by you.

2). A. 'Women belong to the vulnerable category in India'. Comment.

(15)

OR

B. Examine the Constitutional and Legal rights of children in India.

3). A. Examine the impact of floods on human life. Suggest some measures for protection.

(15)

OR

B. Define Disaster Mitigation. Explain the different objectives of Disaster Mitigation.

4). A. Write a note on scientific development in the Age of Reason and Enlightenment.

(15)

OR

B. Bring out the differences between science and technology.

5). A. Comment on the barriers to effective communication. How can one overcome these barriers?

(15)

OR

B. Explain Statement of Purpose (SOP). Discuss the ways and approaches to write an SOP.

Q.P. Code :20745

[Time: Three Hours]

[Marks:100]

Please check whether you have got the right question paper.

- N.B:
1. All questions are compulsory subject to internal choice.
 2. All questions carry equal marks.
 3. Figures to the right indicate maximum marks.

Q.1 Answer any **Two** of the following:-

- a) Explain the essentials of a valid contract. 10
- b) Discuss the meaning of 'Offer' in a contract and the legal rules regarding offer. 10
- c) Who is competent to contract? Explain the effects of a Minor's agreement. 10
- d) Discuss the essentials of 'consideration' in a contract. 10

Q.2 Answer any **Two** of the following:-

- a) Explain the meaning of 'Free Consent' in a contract. Distinguish between agreements entered into by 'Fraud' and agreements entered into by 'Misrepresentation'. 10
- b) What is a void agreement? Explain the agreements declared void under the Indian Contract Act. 10
- c) Discuss the 'Quasi Contracts' given under the Indian Contract Act. 10
- d) Explain the methods of discharge of a contract by operation of law. 10

Q.3 Answer any **Two** of the following:-

- a) Distinguish between the Contract of Indemnity and the Contract of Guarantee. 10
- b) Explain the Rights of a Bailor in a contract of Bailment. 10
- c) Distinguish between contracts of Pledge and Lien. 10
- d) Discuss the duties of an Agent under the Indian Contract Act. 10

Q.4 Answer any **Two** of the following:-

- a) Explain the essentials of a Contract of Sale and state the classification of goods. 10
- b) Explain the meaning of 'Conditions' and the 'Implied Conditions' under the Sale of Goods Act. 10
- c) Discuss the rules relating to transfers of property in the case of sale of specific goods and the sale of unascertained goods. 10
- d) Explain the concept of 'Unpaid Seller' and the unpaid seller's right of, 'Stoppage of goods in Transit' and 'Right of Resale.' 10

Q.5 Answer any **Two** of the following:-

- a) Explain the essentials of a Negotiable Instrument. 10
- b) Distinguish between a Cheque and a Bill of exchange. 10
- c) Explain the characteristics of a Cheque. Discuss the types of crossing of cheques. 10
- d) Explain the meaning of Payment in Due Course, Noting and Protest under the Negotiable Instruments Act. 10

Please check whether you have got the right question paper.

- N.B. :**
- 1. All questions are compulsory.**
 - 2. Figures to the right indicate maximum marks.**

Q1. Objective Questions:

A) Choose the correct answer from the options given below (any ten): (10 Marks)

1. Henri Fayol stated _____ principles of management.
(Ten, Twelve, Fourteen)
2. Ethos is originally a _____ word that signifies character.
(Roman, Greek, Indian)
3. _____ skills are also known as interpersonal skills.
(Technical, Human Relations, None of these)
4. _____ is a long-term action plan for achieving the goals.
(Strategy, Procedure, Program)
5. Planning needs to be _____.
(complicated, flexible, rigid)
6. Heuristic technique is a _____ technique.
(rule of thumb, blind, trial and error)
7. Formal organisation structure is _____ in nature.
(official, un-official, un-structured)
8. Delegation of authority _____ the burden on superior.
(maintains, reduces, increases)
9. De-centralization is necessary for effective management of a _____.
Business organisation. (small, medium, large)
10. _____ uses network analysis by identifying critical and non-critical activities.
(PERT, CPM, Budgetary Control)
11. Noise and distance are _____ barriers to effective communication.
(physical, cultural, psychological)
12. _____ is a function of leadership.
(Directing, Confidence, Vision)

Q. P. Code: 23778**B) State whether the following statements are True or False (any ten): (10 Marks)**

1. Staffing involves selection of right person for the right job.
2. Division of work leads to specialization.
3. Controlling is a measuring and correcting device.
4. Only external environmental factors are analyzed in the planning process.
5. In Management By Exception, the managers get involved in day to day activities of the employees.
6. Use of technology leads to quick decision-making.
7. Matrix Structure is a combination of project and functional organisation.
8. Tall Organisation Structure has very few levels of hierarchy.
9. Successful Functional Departmentation requires good co-ordination.
10. Leadership is a personal quality.
11. Budgetary Control technique is qualitative in nature.
12. Cultural diversity causes communication problem.

Q 2. Answer any two of the following:**(15 Marks)**

- a) Define Management. Explain the nature of management.
- b) Explain the F.W.Taylor's Theory of Scientific Management.
- c) Explain the dimensions of management stated by Peter Drucker in Modern Approach.

Q 3. Answer any two of the following:**(15 Marks)**

- a) Define Planning and state its importance.
- b) Explain briefly the steps involved in the MBO process.
- c) What are the essentials of sound Decision Making?

Q4. Answer any two of the following:**(15 Marks)**

- a) Explain the features of Line and Staff Organisation Structure.
- b) Discuss Tall and Flat Organisation in detail.
- c) What is Delegation of Authority? Describe the process of Delegation of Authority.

Q.5 Answer any two of the following:**(15 Marks)**

- (a) What is Motivation? State its importance.
- (b) Explain the different Styles of Leadership.
- (c) What are the essentials of a good Control System?

Q6. Answer any four Short Notes:**(20 Marks)**

- | | |
|-------------------------------|--|
| i) Indian Ethos in Management | ii) Management Information System |
| iii) Virtual Organisation | iv) Departmentation |
| v) Management Audit | vi) Financial factors influencing Motivation |

S.Y. B. Com Sem: - III

Q.P. Code: 23792

Regional Exam Nov. 2017

[Time: Three Hours]

[Marks:100]

Please check whether you have got the right question paper.

NOTE:

1. All questions are compulsory.
2. Q.1 and Q.6 carry 20 marks each.
3. Q.2, Q.3, Q.4 and Q.5 carry 15 marks each.
4. Use of simple calculator is allowed.

Q 1) (A) Fill in the blanks with proper words: (Answer any 10)

(10)

1. In dissolution of partnership firm all assets are transferred to Realization A/c _____ side.
2. Debit balance on Realisation A/c represents _____.
3. On Amalgamation _____ assets are transferred to partners capital Accounts.
4. Partnership firm has _____ liability.
5. If asset is depreciated Realisation A/c is _____.
6. Trade Mark is a _____ assets.
7. Return Inward is deducted from _____.
8. Payment made in advance is shown on _____ side of balance sheet.
9. Goodwill written off in the books of new firm is debited to _____ Account.
10. The balance due to retiring partner is transferred to his _____ account until final settlement.
11. After all external liabilities are paid the balance cash is paid to the partners as per _____ method.
12. On dissolution of firm payment of unrecorded liability is debited to _____ account.

(B). Match the following: (Answer any 10)

(10)

Column 'A'	Column 'B'
1) Dues to employees	a) 12 % p .a
2) Fluctuating Capital Method	b) Distributed among the partners
3) Excess capital method	c) Closing stock
4) Amalgamation of firms	d) Liability
5) Purchase Consideration	e) created after payment of external liability
6) Loose tools	f) 6 % p.a
7) Preferential liability	g) Income tax dues
8) Interest on Partner's Loan	h) Not a fixed asset
9) Reserve for contingent Liabilities	i) Amount payable by purchasing company
10) Income received in advance	j) Purchase Consideration
11) Unsold stock at the end of the year	k) Highest Relative Capital method.
12) General Reserve	l) Separate current A/c is not opened
	m) Preferential Liability

Q.2 The Following is the Trial balance of a firm as on 31st March 2017

(15)

Particulars	Debit (Amount)	Particulars	Credit (Amount)
Drawings:		Capital Accounts:	
Ajay	12,000	Ajay	30,000
Vijay	12,000	Vijay	30,000
Sanjay	12,000	Sanjay	30,000
Purchases	1,56,000	Sales	2,94,000
Return inward	2,400	Return Outward	2,000
Stock	24,000	RDD	8,800
Salary	27,000	Bank Loan	20,000
Office Expenses	16,500	Creditors	76,500
Bad Debts	2,100	Bills Payable	8,700
Carriage Inward	4,500		
Carriage Outward	6,750		
Debtors	1,00,000		
Bills Receivables	3,250		
Bank	8,000		
Cash	2,500		
Investments	25,000		
Premises	50,000		
Machinery	36,000		
	5,00,000		5,00,000

On 1st October 2016, Ajay Retired and the following adjustments were agreed upon:

1. Goodwill of Rs. 90,000 was brought into the books of accounts.
2. Furniture worth Rs. 20,000 was purchased on 30th June 2016, but the invoice was not recorded in the books.
3. Balance in Ajay's Accounts after making all adjustments was to be transferred to his loan account carrying interest @16%.
4. Closing stock was valued @42,000.
5. Depreciate machinery by 10%, Premises by 5% and Furniture by 5% p.a.
6. Provide interest on capital @10%.

Prepare Trading and Profit & loss Account for the year ended 31st March 2017,

OR

Q.2.

(15)

Krishna was carrying on business as a wholesale business man. He closes his books of accounts by 31st March every year. Arjun was his Manager on a monthly salary of Rs.2,000 till 30th September 2016; and from 1st October 2016, it was agreed that he will be admitted as partner with 1/3rd share in profit and loss without any salary.

The books of the firm yielded the following Trail Balance at the end of the year on 31st March 2017.

Details	Debit (Amount)	Credit (Amount)
Krishna's Drawing and capital	20,000	37,000
Purchase and Sales	2,10,000	3,30,000
Debtors and Creditors	15,000	8,700
Furniture and Fittings	9,000	
Motor car	15,000	
Stock (01-04-2016)	30,000	
Bank	15,000	
Cash	900	
Salaries	15,000	
Advertising and Selling expenses	33,000	
Professional Charges	2,400	
Rent	6,400	
Prepaid Rent	400	
Bills Receivable and Bills Payable	8,900	5,300
	3,81,000	3,81,000

The Following additional information is available:

1. Purchases were Rs.1,00,000 upto 30th September 2016.
2. Sales during the first six months of the year were Rs.1,10,000.
3. Stock on 30th September 2016, and 31st March 2017 was Rs.50,000 and Rs.20,000 respectively.
4. Furniture and Fittings are to be depreciated @10% and Motor Car @ 20%.
5. Rent which was Rs.450 per month upto 30th November 2016, was increased to Rs.600 per month. From 1st December, 2016.

You are required to prepare Trading and Profit and Loss account in Columnar Form.

Q.P. Code: 23792

Q 3)

(15)

P, Q and R are partners of M/s. Piku Stationers, sharing Profits and Losses in the ratio of 1:1:2.

On 30th June, 2017. They decided to dissolve their firm when their Balance sheet was as under –

LIABILITIES	Rs.	ASSETS	Rs.
Capital - P	2,40,000	Goodwill	1,20,000
Q	1,60,000	Building	2,40,000
R	3,00,000	Plant	2,68,000
General Reserve	80,000	Stock	1,23,000
Loan From Q	40,000	Debtors	1,80,000
Sundry Creditors	1,60,000	Bills Receivable	37,000
		Bank	12,000
	9,80,000		9,80,000

The realisation and expenses of realisation were as stated below:

Date	Realisation	Expenses
31 st July	1,10,000	2,000
31 st August	3,40,000	10,000
30 th September	3,50,000	5,000
31 st October	1,62,000	3,000

You are required to prepare statement to show the piecemeal distribution of cash available under Highest Relative Capital Method.

OR

Q 3)

(15)

The firm of Py Ra Midas present you with the following Balance Sheet drawn as on 31st March, 2017:

Liabilities	Rs.	Asset	Rs.
Sundry Creditors	74,000	Cash in hand	6,000
Capital Accounts :		Sundry Debtor	68,000
P	80,000	Stock in Trade	78,000
R	60,000	Machinery	1,02,000
M	54,000	Current Accounts :	
		R	8,000
		M	6,000
	2,68,000		14,000
			2,68,000

Q.P. Code: 23792

Partners shared profits and losses in the ratio of 4:3:3. Due to differences among the partners, it was decided to wind up the firm, realize the assets and distribute cash among the partners at the end of each month.

- April 2017: Rs. 30,000 from Debtors and Rs. 40,000 by sale of stock. Expenses on Realisation Rs. 1,000.
- May 2017: Balances of debtors realized Rs.20,000. Balance of stock fetched Rs. 48,000.
- June 2017: Part of Machinery was sold for Rs. 36,000. Expenses incidental to sale Rs. 1,200.
- July 2017: Part of Machinery valued in the books at Rs. 10,000 was taken by P. in part discharge at an agreed value of Rs. 20,000. Balance of Machinery was sold for Rs. 60,000 (net)

Show how the amounts due to partners will be settled as per Highest Relative Capitals Method.

Q 4). The Balance Sheet of M/s. M & N, and M/s. R & S as on 31st March, 2017 were as follow:

LIABILITIES	M & N Rs.	R & S Rs.	ASSETS	M & N Rs.	R & S Rs.
Capital :			Land	36,000	47,400
M	36,000		Machinery	25,200	28,800
N	36,000		Furniture	10,800	12,600
R		36,000	Debtors	21,600	30,600
S		36,000	Stock	28,800	32,400
Creditors	54,000	36,000	Cash	3,600	1,800
Loan		39,600	Bank	7,200	5,400
Outstanding Expenses	7,200	11,400			
	1,33,200	1,59,000		1,33,200	1,59,000

The two firms decided to amalgamate and form into M/s. MNRS with effect from 31st March, 2017.

Partners would share profits and losses equally between themselves as they were doing prior to amalgamation and they agreed to following revaluation of assets and liabilities:

	M & N	R & S
Land	45,000	45,000
Machinery	30,000	32,000
Furniture	10,000	12,000
Debtors	21,000	30,000
Stock	29,000	34,000
Creditors	52,000	34,000
Loans	-	38,000
Outstanding Expenses	7,200	11,400

In addition to the above it was decided:

Q.P. Code: 23792

- Goodwill of M & N and R & S were values at Rs. 35,000 and Rs. 20,000 respectively and it should be written off in the new firm.
 - That the reconstructed capitals of the partners would be Rs. 37,500 each. The difference, if any should be transferred to Current Account.
- You are required to show:-

- The accounts in the books of M/s. M & N
- The opening balance sheet of the new firm.

(15)

OR

(15)

Q 4)

Following is the Balance Sheet of M/s Lalwani Bros. and M/s Motwani Bros. as on 31st March, 2017.

**M/s. Lalwani Brothers
Balance Sheet**

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	50,000	Cash in hand	12,000
Loan from Vijaya Bank	10,000	Stock in Trade	58,000
Capital :		Furniture and Fixtures	20,000
Anil	1,00,000	Office Premises	90,000
Sunil	50,000	Debtors	30,000
	2,10,000		2,10,000

**M/s. Motwani Brothers
Balance Sheet**

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	60,000	Cash in hand	16,000
Capital :		Stock in Trade	44,000
Ajay	60,000	Sundry Debtors	50,000
Vijay	40,000	Furniture and Fittings	10,000
		5% National Savings Certificate	40,000
	1,60,000		1,60,000

They shared profits & losses in proportion to their capitals. They decided to amalgamate their business with effect from 1st April, 2017, as per the following terms and conditions:

- That the name of the new firm shall be VANEE TRADING CORPORATION.
- That the Vijaya Bank Loan be repaid.
- That the 5% National Saving Certificate not to be taken over by new firm to be distributed between partners equally at Book Value.
- That Goodwill of M/s Lalwani Bros. and M/s. Motwani Bros fixed at Rs. 21,000 and Rs. 25,000 respectively.
- That office premises are valued at Rs. 99,000.
- That stock in trade of M/s Lalwani Bros. be reduced by 9,000 and that of M/s. Motwani Bros. increased by Rs. 5,000

Q.P. Code: 23792

7. That a reserve for Bad debts be created at the rate of 5% on debts of both the firms.
 8. That the total capital of the "Vanee Trading Corporation" will be Rs. 1,80,000 and the capital of each partner will be in his profit sharing ratio which will be as follows :
Anil 30%, Ajay 30%, Sunil 20%, Vijay 20%
The differences if any, should be transferred to current account.
 9. Goodwill account in the new firm should be written off.
- You are required to close the books of M/s Lalwani Bros and prepare balance sheet of VANEE TRADING CORPORATION as on 1st April, 2017.

Q5.

(15)

Veena and Neena are carrying on business in the name of Veena & co, sharing profit in the ratio of 2:3. On 31st March 2017 their Balance Sheet was:

Liabilities	Amount	Assets	Amount
Neena A/c	88,000	Property	72,000
Veena A/c	60,000	Stock	40,000
General Reserve	24,000	Debtors	48,000
Loan- Neena	16,000	Machinery	60,000
Bank Overdraft	32,000	Advances	8,000
Creditors	20,000	Cash/Bank	12,000
	2,40,000		2,40,000

On the same date Veena Pvt. Ltd was incorporated to take over the running business of Veena & Co, on the following terms.

1. Goodwill of the firm is to be valued at 2 years purchase of average profits of past Five years. The firm used to transfer Rs. 4,000 every year to General Reserves. The profit after above transfer were Rs. 12,800, Rs. 14,000, Rs. 15,000, Rs. 14,200 and Rs. 15,400
2. Machinery is overvalued by Rs. 6,000 and property is undervalued by Rs. 8,000 other assets and liabilities except Loan of Neena are taken over at book value.
3. The Company decided to allot
 - (a) 12% preference shares to that partners who has excess capital after all necessary adjustments to the extent of such amount.
 - (b) Equity shares for the balance amount payable.
4. The face value of shares is Rs. 10.

Show necessary Journal Entries in the books of both parties to the above agreement.

OR

Q.P. Code: 23792

Q5.

(15)

Ajit and Sujit were partners sharing profits and losses in the ratio of 2:1. Their Balance sheet as on 31-03-2017 showed the following positions.

Liabilities	Amount	Assets	Amount
Capital Accounts:		Freehold Premises	62,000
Ajit	50,000	Plant and Machinery	18,000
Sujit	40,000	Stock	32,000
Current Accounts:		Book Debt	41,000
Ajit	26,000	Bank PNB	45,000
Sujit	18,000		
Ajit's Loan Account	40,000		
Accounts Payable	24,000		
	<u>1,98,000</u>		<u>1,98,000</u>

The partner's wishing to dissolve the firm. Accepted the offer of Majestic Ltd to acquire the stock and fixed assets at an inclusive price of Rs.1,40,000.

The Purchase consideration was to be satisfied by-

1. A cash payment of Rs.35,000
2. By allotment to the partners 6,000, 6% preference shares of Rs.10 each valued at Rs.8 per share.
3. 57,000 ordinary shares of Rs. 1 each.

The book debts realized Rs.38,000 and Accounts payable were settled by Rs.22,000.

The partners agreed that the following should be the basis of distribution on dissolution of partnership.

- (a) Ajit to be allotted preference shares in settlement of his loan, the remaining preference shares being allotted equally to them.
- (b) The ordinary shares to be allotted in the ratio of profit sharing.
- (c) The Balance to be paid in cash.

You are required to prepare:-

1. Realisation Account
2. Partners capital and Current Accounts separately.
3. Majestic Ltd. Account
4. Cash Account.

Q.6. (a) What is the Accounting Procedure for accounting of Amalgamation of Firm in the books of Amalgamating firms? (10)

(b) What are the Adjustments in final accounts of a firm? (10)

OR

Q6. Short Notes (Answer any Four)

(20)

a) Net Asset Method of purchase consideration	b) Proportionate capital Method
c) Death of Partner	d) Interest on Partners Loan.
e) Fluctuating Capital	f) Accounting Procedure in the books of purchasing company.
