CPT – DEC. 2015

Test Code – C D J 5 1 6 2

(100 Marks)

1.	**D**	6% p.a. Simple Interest
2.	**B**	₹1,50,000 Average Profits = $\frac{(40{,}000+50{,}000+60{,}000+50{,}000)}{4}$ = 50,000 Goodwill = 50,000 × 3 = ₹1,50,000
3.	**D**	Net worth of firm = 1,20,000 × $\frac{5}{1}$ = ₹6,00,000
4.	**A**	Company
5.	**B**	₹18 (On the event of forfeiture, the share capital account should be debited with called up amount)
6.	**A**	₹50 10,000 shares have been alloted to applicants of 15,000 shares where as other 3,000 shares have been refunded So, excess application: Allot. Appli. 10,000 15,000 50 ? = 75 shares Excess = (75 – 50) × 2 (Appli. money) = 25 × 2 = 50
7.	**C**	Sale of fixed assets
8.	**A**	₹75,000 Interest accrued but not due = 2000000 × 15% × $\frac{3}{12}$ = ₹75000
9.	**B**	A deduction from the capital account
10.	**B**	Constantly change their value
11.	**B**	₹ 5,50,000 Sales: ₹ 25,00,000 Less : Gross Profit: 2,50,000 **Cost of Sales**: 22,50,000 Opening stock + Purchases – Closing stock = Cost of Sale. Opening Stock = ₹ 22,50,000 – 22,00,000 + 5,00,000 = **₹ 5,50,000.**
12.	**A**	Balance as per pass book: Rs. 5,000 Add: Dr. Side under cast: Rs. 2,000 Less: Cheque deposited into the bank: Rs. 3,000 Balance as per pass book: Rs. 4,000
13.	**A**	₹ 30,000 Balance as pass book: ₹ 45,000 (+) Cheques presented for payment: ₹ 10,000 (-) Cheques issued: ₹ 25,000 Balance as per cash book: ₹ 30,000
14.	**B**	Showing the higher profits
15.	**B**	₹5,25,000
16.	**A**	₹1,12,500 If Goods sold on sale or approval basis are not approved by the end of the year then the sale is cancelled in the books of seller and stock is added to closing stock by passing an entry in that regard.

<table>
<tr><td></td><td></td><td>1) Sales Cancellation
Sales A/c Dr 1,50,000
To Debtor's A/c 1,50,000
2) Stock inclusion @ cost
Stock with Customer A/c Dr 1,12,500
To Trading A/c 1,12,500
$\left[1{,}50{,}000 - \left(1{,}50{,}000 \times \frac{1}{4}\right)\right]$</td></tr>
<tr><td>17.</td><td>A</td><td><table>
<tr><td>Amount</td><td>Outstanding upto 31.3</td><td>Interest</td><td></td></tr>
<tr><td>200</td><td>9 months</td><td>200×6%×9/12</td><td>= 9.00</td></tr>
<tr><td>200</td><td>8 months</td><td>200×6%×8/12</td><td>= 8.00</td></tr>
<tr><td>300</td><td>7 months</td><td>300×6%×7/12</td><td>=10.50</td></tr>
<tr><td>50</td><td>5 months</td><td>50×6%×5/12</td><td>= 1.25</td></tr>
<tr><td>100</td><td>2 months</td><td>100×6%×2/12</td><td>= 1.00</td></tr>
<tr><td></td><td>Interest on drawing</td><td></td><td>29.75</td></tr>
</table></td></tr>
<tr><td>18.</td><td>C</td><td>₹ 33,860<table>
<tr><td>Net profit</td><td>32,000</td></tr>
<tr><td>Less: interest on Capital (6% on ₹14,000)</td><td>840</td></tr>
<tr><td></td><td>31,160</td></tr>
<tr><td>Add: interest on Drawings (10% on ₹27,000)</td><td>2,700</td></tr>
<tr><td>Residual Profit</td><td>33,860</td></tr>
</table></td></tr>
<tr><td>19.</td><td>B</td><td>Normal Profit = $6{,}00{,}000 \times 20\% = 1{,}20{,}000$
Super Profit = $1{,}50{,}000 - 1{,}20{,}000 = 30{,}000$
Goodwill = $30{,}000 \times 3 = 90{,}000$</td></tr>
<tr><td>20.</td><td>B</td><td>Super profits, X years of purchases</td></tr>
<tr><td>21.</td><td>C</td><td>Both (a) & (b)
(As good will a/c has to be written off before the admission, the old partners shares the amount of goodwill in old ratio and the amount which new partner brought in cash should be taken by old partners in sacrificing ratio)</td></tr>
<tr><td>22.</td><td>D</td><td>1 : 2
Sacrificing Ratio = Old Ratio – New Ratio
Rahul $= \frac{1}{3} - \frac{1}{6}$
$= \frac{2-1}{6}$
$= {}^{1}/_{6}$
$= \frac{2}{3} - \frac{2}{6}$
$= \frac{4-2}{6}$
$= {}^{2}/_{6}$
Ratio = 1 : 2</td></tr>
<tr><td>23.</td><td>C</td><td>Remaining Partners</td></tr>
<tr><td>24.</td><td>D</td><td>Executors</td></tr>
<tr><td>25.</td><td>A</td><td>₹1,70,000
Total assets =₹ 90,000 + ₹ 60,000 + ₹20,000 =₹ 17,0000</td></tr>
<tr><td>26.</td><td>D</td><td>Members have unlimited liability</td></tr>
<tr><td>27.</td><td>B</td><td>₹ 15,000</td></tr>
<tr><td>28.</td><td>A</td><td>₹14,000</td></tr>
</table>

<table>
<tr><td></td><td></td><td>(Forfeiture A/c = ₹ 200 × (₹ 100 - ₹ 30) =₹ 14,000)</td></tr>
<tr><td>29.</td><td>D</td><td>Retaining the earnings of business for future expansion programme</td></tr>
<tr><td>30.</td><td>C</td><td>Unclaimed dividend account</td></tr>
<tr><td>31.</td><td>B</td><td>₹4,000, ₹3,000, ₹2,000, ₹1,000 in 1st, 2nd, 3rd and 4th year respectively
The loss on issue of debentures to be written off in 4 : 3 : 2 : 1
So, the loss on issue of debenture = ₹ 1,00,000 × (5 + 5)%
= ₹ 1,00,000 × 10%
= ₹ 10000
Discount to be written off in
1st year = ₹ 10,000 × $\frac{4}{10}$
= ₹ 4,000
2nd year = ₹ 10,000 × $\frac{3}{10}$</td></tr>
<tr><td>32.</td><td>D</td><td>Capital loss</td></tr>
<tr><td>33.</td><td>C</td><td>Profit will be understated</td></tr>
<tr><td>34.</td><td>B</td><td>Purchase of goods on credit</td></tr>
<tr><td>35.</td><td>A</td><td>Cost of installing a new machine</td></tr>
<tr><td>36.</td><td>D</td><td>₹1,500</td></tr>
<tr><td>37.</td><td>C</td><td><table>
<tr><td></td><td>Dr.</td><td>Cr.</td></tr>
<tr><td>Pass book balance (assumed to be deposit balance)</td><td></td><td>20,500</td></tr>
<tr><td>Payments recorded in passbook, hence give the effect of recording in cash book</td><td></td><td>500</td></tr>
<tr><td>Balance as per cash book (deposit balance)</td><td>21,000</td><td></td></tr>
</table></td></tr>
<tr><td>38.</td><td>C</td><td>Cheques deposited and cleared</td></tr>
<tr><td>39.</td><td>D</td><td>Annuity method</td></tr>
<tr><td>40.</td><td>D</td><td>Scrap Value</td></tr>
<tr><td>41.</td><td>C</td><td><table><tr><td>C</td><td>₹ 70,000</td><td>₹ 44,000</td></tr></table>As the time period of approval does not over, It will be reduced from sales and debtors. So,
Debtors = ₹75,000 – ₹5,000 = ₹70,000
Stock = ₹45,000 – ₹1,000 ($5{,}000 - [5{,}000 \times \frac{100}{125}]$) = ₹44,000</td></tr>
<tr><td>42.</td><td>A</td><td>Surrender value of a policy</td></tr>
<tr><td>43.</td><td>A</td><td>₹6,000
Total Amount of Capital = New partners capital × New partners share
= ₹12,000 × 3
= ₹36,000
(-) Total capital ₹30,000
Hidden Goodwill ₹6,000</td></tr>
<tr><td>44.</td><td>B</td><td>₹ 6,500: ₹ 6,500:0.<table>
<tr><td>Dr.</td><td colspan="2">Revaluation A/c</td><td>Cr.</td></tr>
<tr><td>To stock</td><td>8,000</td><td>By loss: A 6,500
B 6,500</td><td>13,000</td></tr>
<tr><td>To Machinery</td><td>5,000</td><td></td><td></td></tr>
<tr><td></td><td>13,000</td><td></td><td>13,000</td></tr>
</table></td></tr>
<tr><td>45.</td><td>B</td><td>₹27,000</td></tr>
<tr><td>46.</td><td>C</td><td>7</td></tr>
<tr><td>47.</td><td>B</td><td>To meet legal requirements regarding redemption of preference shares</td></tr>
<tr><td>48.</td><td>C</td><td>Personal account</td></tr>
<tr><td>49.</td><td>C</td><td>Share Capital = Number of shares subscribed (& allotted)× Amount called up
= (2,00,000/10) is 20,000 × 7 (i.e. 5 + 2) = ₹1,40,000</td></tr>
<tr><td>50.</td><td>D</td><td>Share or security premium account</td></tr>
<tr><td>51.</td><td>C</td><td>Participating preference Shares</td></tr>
<tr><td>52.</td><td>B</td><td>2.5%</td></tr>
</table>

53.	**A**	Shown on the liability side of Balance sheet
54.	**D**	₹400 Commission to works Manager = 2,200 X $\frac{10}{110}$ = ₹200 Profit after works Manager Commission = ₹2,200 – ₹200 = ₹2,000 Commission to General Manager = 2,000 X $\frac{25}{125}$ = ₹400
55.	**A**	₹1,455
56.	**C**	Neither disclosure nor provision is required
57.	**B**	Subtracted
58.	**C**	₹18,000
59.	**B**	Straight line method
60.	**B**	₹50,000
61.	**D**	Both debtors and sales will be reduced by ₹ 7,000 As goods sent were recorded as sales which have also been included the debtors. But as the time period of approval does not over, It will be reduced from sales and debtors.
62.	**C**	X- ₹3,400, Y- ₹8,200, and Z- ₹3,400 Profit before interest ₹15,000 (-) Interest (80000 × 6%) ₹48,00 Profit After interest ₹10,200 Profit to each partner =₹10,200/3 =₹3,400 So, X will receive =₹3,400 Y will receive =₹3400 + ₹4,800 =₹8,200 Z will receive =₹3,400
63.	**A**	₹ 60,000 and ₹ 20,000 B's share in G/W = ₹ 80,000 × $\frac{3}{4}$ = ₹ 60,000 D's share in G/W = ₹ 80,000 × $\frac{1}{4}$ = ₹ 20,000
64.	**C**	₹78,000 Average profit = $\frac{10{,}500 + 22{,}000 - (3{,}500), + 27{,}000 + 40{,}000 + 60{,}000}{6}$ = 26,000 Goodwill = 26,000 × 3 = 78,000
65.	**B**	Revalued Figure.
66.	**D**	17:11:12 New ratio = Old ratio - Sacrifice A $= \frac{5}{8} - \frac{1}{5}$ $= \frac{25-8}{40}$ $= \frac{17}{40}$ B $= \frac{3}{8} - \frac{1}{10}$ $= \frac{30-8}{80}$ $= \frac{22}{80} = \frac{11}{40}$

		C $= \frac{3}{10}$ $= \frac{12}{40} (\frac{3}{10} \times \frac{4}{4})$ New Ratio = 17 : 11 : 12
67.	**A**	Date of retirement
68.	**A**	When a partner dies and JLP is a appearing is the B/S at surrender-value, the share of each partner will be computed as follows: Amount to be distributed = Actual value of JLP – Surrender value = ₹3,00,000 – ₹90,000 = ₹ 2,10,000 This amount shall be distributed among the partners in the old ratio. A's share = ₹ 2,10,000 × $\frac{3}{6}$ = ₹1,05,000 B's share = ₹ 2,10,000 × $\frac{2}{6}$ = ₹70,000 C's share = ₹ 2,10,000 × $\frac{1}{6}$ = ₹35,000
69.	**A**	Vote
70.	**A**	The business entity would continue to operate independent of the proprietor / owner
71.	**B**	Directors as per rules and regulations provided in the Articles of Association
72.	**C**	12 months
73.	**C**	Authorised share capital
74.	**A**	₹50,000 Capital reserve = Amount to be redeem – Amount received by issue = ₹2,00,000 – ₹1,50,000 = ₹ 50,000
75.	**A**	Creditors
76.	**C**	₹ 37,500 Discount on issue of debenture = 3000 × 100 × 7.5% = 22,500 Premium payable on redemption = 3000 × 100 × 5% = 15,000 **Loss on issue of debenture = ₹ 37,500**
77.	**A**	Purchases = Cost of Goods Sold + Closing Stock – Opening Stock – Carriage inward + Purchase return = 1,20,000 + 38,500 – 43,640 – 1,890 + 2,150 = 1,15,120
78.	**B**	Deducted from the amount of sales or purchase as the case may be
79.	**A**	₹ 8,000 Gross Profit = Net Sales – Cost of goods sold = 38,000 – 30,000 = ₹ 8,000/-
80.	**D**	After rectifying / adjusting items which are Pending in the cash book
81.	**B**	₹18,800 Balance as per pass book ₹ 19400 (-) interest received by Bank ₹ 600 Balance as per cash book ₹ 18800
82.	**B**	It is put to use
83.	**B**	Replacement
84.	**C**	6 month
85.	**D**	₹ 13,868. (As it is up to super Profit=4,355) According Annuity of four years = ₹ 4,375 × 3.1699 =₹ 13,868
86.	**B**	Goodwill account Dr. 40,000 To A's Capital a/c 25,000

		To B's Capital a/c 15,000
87.	**A**	₹2,60,000 : ₹2,06,000 : ₹50,000 Amount of goodwill transferred to partners (5 : 3) Amit =₹16,000 × 5/8 = ₹10,000 + ₹2,50,000 = ₹2,60,000 Anil = ₹16,000× 3/8 = ₹6,000 + ₹2,00,000 = ₹2,06,000 Atul = ₹50,000
88.	**B**	1 / 12
89.	**A**	Gaining Ratio
90.	**B**	Nil In this case, nothing is transferred to joint life policy when premium is paid. Therefore, the joint life policy account will show nil balance
91.	**C**	Cumulative, non-participating and non-convertible
92.	**B**	Over subscription
93.	**D**	₹ 2 per share Minimum amount to be call = face value – Forfeited amount = ₹ 10 –₹ 8 = ₹ 2
94.	**A**	6,000 shares Purchase $= \frac{7,50,000}{125}$ Consideration = 6,000 shares
95.	**B**	To Issue fully paid Bonus shares
96.	**D**	₹ 50,000 Redeemable preference shares = 3,00,000 Less: Fresh issue of equity shares = (2,50,000) Balance redemption out of profit & hence amount transferred to C.R.R. A/c **₹ 50,000** Note : Redemption out of fresh issue will include issue of equity shares or preference shares but not issue of debenture
97.	**D**	Miscellaneous expenditure
98.	**B**	Reduced by ₹ 7,000
99.	**B**	–₹ 3,000 +₹ 800 –₹ 500 = –₹ 2,700. Balance in cash book should be ₹ 2,700 (overdraft) i.e., ₹ 2,700 (Cr.)
100.	**D**	Remains fixed for all the years