Accountancy

Set-2

Time allowed: 3 hours **Maximum Marks: 90**

General Instructions:
1) This question paper contains two parts **A** and **B**.
2) Part **A** is **compulsory** for all.
3) Part **B** has **two** options-Option-**I** Analysis of Financial Statements and Option-**II** Computerized Accounting.
4) Attempt only **one** option of Part **B**.
5) All parts of a question should be attempted at one place.

Section A
(i) This section consists of **17**questions.
(ii) All the questions are compulsory.
(iii) Question Nos. **1** to **6** are very short-answer questions carrying **1** mark each.
(iv) Question Nos. **7** to **10** carry **3** marks each.
(v) Question Nos. **11** and **12** carry **4** marks each.
(vi) Question Nos. **13** to **15** carry **6** marks each.
(vii) Question Nos. **16** and **17** carry **8** marks each.

Section B
(i) This section consists of **6**questions.
(ii) All questions are compulsory
(iii) Question Nos. **18** and **19** are very short-answer questions carrying **1** mark each.
(iv) Question Nos. **20** to **22** carry **4** marks.
(v) Question No. **23** carries **6**marks.

Section - A

Q1 Nusrat and Sonu were partners in a firm sharing profits in the ratio of 3:2. During the year ended 31-3-2015 Nusrat had withdrawn Rs 15,000. Interest on her drawings amounted to Rs 300.
Pass necessary journal entry for charging interest on drawing assuming that the capitals of the partners were fixed.

Q2 On 1-1-2016 the first call of Rs 3 per share became due on 1,00,000 equity shares issued by Kamini Ltd. Karan a holder of 500 shares did not pay the first call money. Arjun a shareholder holding 1000 shares paid the second and final call of Rs 5 per share along with the first call.
Pass the necessary journal entry for the amount received by opening 'Calls-in-arrears' and 'Calls-in-advance' account in the books of the company._

Q3 State the provisions of the Companies Act, 2013 for the creation of 'Debenture Redemption Reserve'.

Q4 Distinguish between 'Dissolution of Partnership' and 'Dissolution of Partnership Firm on the basis of 'Economic Relationship'._

Q5 A, B and C were partners in a firm sharing profits in the ratio of 3:2:1. They admitted D as a new partner for 1/8th share in the profits, which he acquired 1/16th from B and 1/16th from C.
Calculate the new profit sharing ratio of A, B, C and D.

Q6 What is the maximum number of partners that a partnership firm can have? Name the Act that provides for the maximum number of partners in a partnership firm._

Q7 To provide employment to the youth and to develop the Naxal affected backward areas of Chattisgarh. X Ltd. decided to set-up a power plant. For raising funds the company decided to issue 7,50,000 equity shares of Rs 10 each at a premium of 50%. The whole amount was payable on application. Applications for 20,00,000 shares were received. Applications for 50,000 shares were rejected and shares were allotted to the remaining applicants on pro-rata basis.

Pass necessary journal entries for the above transactions in the books of the company and identify any two values which X Ltd. wants to propagate.

Q8 Sandesh Ltd. took over the assets of Rs 7,00,000 and liabilities of Rs 2,00,000 from Sanchar Ltd. for a purchase consideration of Rs 4,59,500. Rs 8,500 were paid by accepting a draft in favour of Sanchar Ltd. payable after three months and the balance was paid by issue of equity shares of Rs 10 each at a premium of 10% in favour of Sanchar Ltd.

Pass necessary journal entries for the above transactions in the books of Sandesh Ltd.

Q9 State any three circumstances other than (i) admission of a new partner; (ii) retirement of a partner and (iii) death of a partner, when need for valuation of goodwill of a firm may arise.

Q10 KTR Ltd., issued 365, 9% Debentures of Rs 1,000 each on 4-3-2016. Pass necessary journal entries for the issue of debentures in the following situations:

(a) When debentures were issued at par redeemable at a premium of 10%.

(b) When debentures were issued at 6% discount redeemable at 5% premium.

Q11 P and Q were partners in a firm sharing profits in the ratio of 5:3. On 1-4-2014 they admitted R as a new partner for $1/8^{th}$ share in the profits with a guaranteed profit of Rs 75,000. The new profit sharing ratio between P and Q will remain the same but they agreed to bear any deficiency on account of guarantee to R in the ratio 3:2. The profit of the firm for the year ended 31-3-2015 was Rs 4,00,000.

Prepare Proft and Loss Appropriation Account of P, Q and R for the year ended 31-3-2015.

Q12 Vikas, Vishal and Vaibhav were partners in a firm sharing profits in the ratio of 2:2:1. The firm closes its books 31^{st} March every year. On 31-12-2015 Vaibhav died. On that date his Capital account showed a credit balance of Rs 3,80,000 and Goodwill of the firm was valued at 1,20,000. There was a debit balance of Rs 50,000 in the profit and loss account. Vaibhav's share of profit in the year of his death was to be calculated on the basis of the average profit of last five years. The average profit of last five years was Rs 75,000.

Pass necessary journal entries in the books of the firm on Vaibhav's death.

Q13 E and F were partners in a firm sharing profits in the ratio of 7:3. On 28-2-2016 the firm was dissolved. After transferring assets (other than cash) and outsider's liabilities to realization account you are given the following information:

(a) A creditor for Rs 3,00,000 accepted building valued at Rs 3,75,000 and paid the firm Rs 75,000.

(b) A second creditor for Rs 93,000 accepted stock valued at Rs 90,000 in full settlement of his claim.

(c) A third creditor amounting to Rs 60,000 accepted Rs 37,000 in cash and investments of the book value of Rs 40,000 in full settlement of his claim.

(d) Loss on dissolution was Rs 7,000.

Pass necessary journal entries for the above transactions in the books of the firm assuming that all payments were made by cheque.

Q14 A, B and C were partners in a firm sharing profits in the ratio of 3:2:1. Their Balance Sheet as on 31-3-2015 was as follows:

Balance Sheet of A, B and C
As on 31-3-2015

Liabilities		Amount (Rs)	Assets	Amount (Rs)
Creditors		50,000	Land	50,000
Bills Payable		20,000	Building	50,000
Capitals:			Plant	1,00,000
A	1,00,000		Stock	40,000
B	50,000		Debtors	30,000
C	25,000	1,75,000	Bank	5,000
General Reserve		30,000		
		2,75,000		**2,75,000**

From 1st April, 2015 A, B and C decided to share profits equally. For this it was agreed that:
(i) Goodwill of the firm will be valued at Rs 1,50,000.
(ii) Land will be revalued at Rs 80,000 and building be depreciated by 60%.
(iii) Creditors of Rs 6,000 were not likely to be claimed and hence should be written-off.
Prepare Revaluation Account, Partners' Capital Accounts and Balance Sheet of the reconstituted firm.

Q15 On 1-4-2013 NK Ltd. had 20,000, 11% Debentures of Rs 100 each outstanding.
(i) On 1-4-2014 the company purchased in the open market 4,000 of its own debentures at Rs 102 each and cancelled the same immediately.
(ii) On 1-4.2015 the company redeemed at par debentures of Rs 8,00,000 by draw of a lot.
(iii) On 28-2-2016 the remaining debentures were purchased for immediate cancellation for Rs 7,89,900.
Pass necessary journal entries for the above transactions in the books of the company ignoring debenture redemption reserve and interest on debentures.

Q16 A, B and C were partners in a firm sharing profit in the ratio of 3:2:1. On 31-3-2015 their Balance Sheet was as follows:

Balance Sheet of A, B and C
as on 31-3-2015

Liabilities		Amount (Rs)	Assets	Amount (Rs)
Creditors		84,000	Bank	17,000
General Reserve		21,000	Debtors	23,000
Capitals:			Stock	1,10,000
A	60,000		Investments	30,000
B	40,000		Furniture & Fittings	10,000
C	20,000	1,20,000	Machinery	35,000
		2,25,000		**2,25,000**

On the above date D was admitted as a new partner and it was decided that :
(i) The new profit sharing ratio between A, B, C and D will be 2:2:1:1.

(ii) Goodwill of the firm was valued at Rs 90,000 and D brought his share of goodwill premium in cash.
(iii) The market value of investments was Rs 24,000.
(iv) Machinery will be reduced to Rs 29,000.
(v) A creditor of Rs 3,000 was not likely to claim the amount and hence to be written-off.
(vi) D will bring proportionate capital so as to give him 1/6th share in the profits of the firm.

Prepare Revaluation Account, Partner's Capital Accounts and the Balance Sheet of the reconstitute firm.

OR

X, Y and Z were partners in a firm sharing profit's in the ratio of 5:3:2. On 31-3-2015 their Balance Sheet was as follows:

Balance Sheet of X, Y and Z
as on 31st March 2015

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Creditors	21,000	Land and Building	62,000
Investment		Motor Vans	20,000
Fluctuation Fund	10,000	Investments	19,000
P & L Account	40,000	Machinery	12,000
Capitals:		Stock	15,000
X 50,000 Y 40,000 Z 20,000	1,10,000	Debtors 40,000 Less: Provision 3,000	37,000
		Cash	16,000
	1,81,000		**1,81,000**

On the above date Y retired and X and Z agreed to continue the business on the following terms :
(1) Goodwill of the firm was valued at Rs 51,000.
(2) There was a claim of Rs 4,000 for Workmen's Compensation.
(3) Provision for bad debts was to be reduced by Rs 1,000.
(4) Y will be paid Rs 8,200 in cash and the balance will be transferred in his loan account which will be paid in four equally yearly instalments together with interest @ 10% p.a.
(5) The new profit sharing ratio between X and Z will be 3:2 and their capitals will be in their new profit sharing ratio. The capital adjustments will be done by opening current accounts.

Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the reconstituted firm.

Q17 KS Ltd. invited applications for issuing 1,60,000 equity shares of Rs 10 each at a premium of Rs 6 per share. The amount was payable as follows:
On Application Rs 4 per share (including premium Rs 1 per share)
On Allotment Rs 6 per share (including premium Rs 3 per share)
On First and Final Call – Balance.
Applications for 3,20,000 shares were received. Applications for 80,000 share were rejected and application money refunded. Shares were allotted on pro-rata basis to the remaining applicants. Excess money received with applications was adjusted towards

sums due on allotment. Jain holding 800 shares failed to pay the allotment money. His shares were forfeited immediately after allotment. Afterwards the final call was made. Gupta who had applied for 1200 shares failed to pay the final call. This shares were also forfeited. Out of the forfeited shares 1000 shares were re-issued at Rs 8 per share fully paid up. The re-issued shares included all the forfeited shares of Jain

Pass necessary journal entries for the above transactions in the books of KS Ltd.

Or

GG Ltd. had issued 50,000 equity shares of Rs 10 each at a premium of Rs 2 per share payable with application money. The incomplete journal entries related to the issue are given below. You are required to complete these blanks:

Books of GG Ltd.
Journal

Date	Particulars		L.F.	Debit Amount (Rs)	Credit Amount (Rs)
2015					
Jan. 10	....	Dr.		....	
	To				....
	(Amount received on application for 70,000)shares @ Rs 5 per share including premium				
Jan. 16	Equity Shares Application A/c	Dr.		....	
	To				....
	To				....
	To				....
	To				....
	(Transfer of application money to share capital, securities premium, money refunded for 8,000) shares for rejected applications and balance adjusted towards amount due on allotment as shares were allotted on Pro-rata basis.				
Jan. 31	....	Dr.		....	
	To				....
	(Amount due on allotment @ Rs 4 per share)				
Feb. 20	....	Dr.		....	
	To				....
	(Balance amount received on allotment)				
April 01	....	Dr.		....	
	To				....
	(First and final call money due)				
April 20	....	Dr.		....	
	Calls-in-arrears A/c.	Dr.		1,500	
	To				....

	(Money received on first and final call)				
Aug. 27	…………….	Dr.		……….	
	To ……………….				……….
	To ……………….				……….
	(Forfeited the shares on which call money was not received				
Oct. 3	…………….	Dr.		……….	
	…………….	Dr.		……….	
	To ……………….				……….
	(Re-issued the forfeited shares @ 8 per share fully paid up)				
…………	………….	Dr.		………	
	To ………….				……….
	(………………………………….)				

Q18 'An enterprise may hold securities and loans for dealing or trading purposes in which case they are similar to inventory acquired specifically for resale.' It the statement correct? Cash flows from such activities will be classified under which type of activity whicle preparing Cash Flow Statement?

Q19 Give the meaning of 'Cash Equivalents' for the purpose of preparing Cash Flow Statement.

Q20 (a) One of the objectives of 'Financial Statements Analysis' is to ascertain the relative importance of the different components of the financial position of the firm. State two more objectives of this analysis.

(b) Name any two items that are shown under the head 'Other Current Liabilities' and any two items that are shown under the head 'Other Current Assets' in the Balance Sheet of a company as per Schedule III of the Companies Act, 2013.

Q21 (a) What is meant by 'Profitability' of business?

(b) From the following information calculate Operating Profit ratio:

Opening Stock Rs 10,000; Purchases Rs 1,20,000; Revenue from operations Rs 4,00,000; Purchase Returns Rs 5,000; Returns from Revenue from operations Rs 15,000; Selling Expenses Rs 70,000; Administrative Expenses Rs 40,000; Closing Stock Rs 60,000.

Q22 Following is the statement of Profit and Loss of Sun India Ltd. for the year ended 31st March, 2015:

Particulars	**Note No.**	**31-3-2015 (Rs)**	**31-3-2014 (Rs)**
Revenue from operations		25,00,000	20,00,000
Other Income		1,00,000	5,00,00
Employee benefit-expenses		60% of total Revenue	50% of total Revenue
Other expenses		10% of employee benefit expenses	20% of employee benefit expenses
Tax Rate		50%	40%

The motto of Sun India Ltd. is to produce and supply green energy in the rural areas of India. It has also taken up a project of constructing a road that will pass through five villages, so that these villages could be connected to the nearby town. It will use the local resources and employ local people for construction of the road.

You are required to prepare a Comparative Statement of Profit and Loss of Sun India Ltd. from the given statement of Profit and Loss. Also identify any two values that the company wishes to convey to the society.

Q23 Following is the Balance Sheet of K.K. Ltd. as at 31-3-2015:

K.K. Ltd. Balance Sheet as at 31-3-2015

Particulars	**Note No.**	**31-03-2015 (Rs)**	**31-03-2014 (Rs)**
I. Equity and Liabilities : (1) Shareholders' Funds :			
(a) Share Capital		10,00,000	8,00,000
(b) Reserves and Surplus	1	4,00,000	(1,00,000)
(2) Non-current Liabilities :			
Long-term borrowings	2	9,00,000	10,00,000
(3) Current Liabilities :			
(a) Short-term borrowings	3	3,00,000	1,00,000
(b) Short-term provisions	4	1,40,000	1,80,000
Total :		**27,40,000**	**19,80,000**
II. Assets : (1) Non-current Assets :			
(a) Fixed Assets			
(i) Tangible	5	20,06,000	14,40,000
(ii) Intangible	6	40,000	60,000
(b) Non-current Investments		2,00,000	1,50,000
(2) Current Assets :			
(a) Current Investments		1,00,000	1,20,000
(b) Inventories	7	2,14,000	90,000
(c) Cash and Cash Equivalents		1,80,000	1,20,000
Total :		**27,40,000**	**19,80,000**

Notes to Accounts:

Note No.	**Particulars**	**31-03-2015 (Rs)**	**31-03-2014 (Rs)**
1.	Reserves and Surplus		
	(Surplus i.e. Balance in Statement of Profit and Loss)	4,00,000	(1,00,000)
		4,00,000	**(1,00,000)**
2.	Long-term borrowings :		
	12% Debentures	9,00,000	10,00,000
		9,00,000	**10,00,000**
3.	Short-term borrowings :		
	Bank Overdraft	3,00,000	1,00,000

		3,00,000	**1,00,000**
4.	Short-term provisions :		
	Provision for tax	1,40,000	1,80,000
		1,40,000	**1,80,000**
5.	Tangible Assets :		
	Machinery	24,06,000	16,42,000
	Accumulated Depreciations	(4,00,000)	(2,02,000)
		20,06,000	**14,40,000**
6.	Intangible Assets :		
	Goodwill	40,000	60,000
		40,000	**60,000**
7.	Inventories :		
	Stock in trade	2,14,000	90,000
		2,14,000	**90,000**

Additional Information:
(i) 12% Debentures were redeemed on 31-3-2015.
(ii) Tax Rs 1,40,000 was paid during the year.
Prepare Cash Flow Statement.