
Accountancy

Set-3

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.
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Section A

- Q1** Tom and Harry were partners in a firm sharing profits in the ratio of 5 : 3. During the year ended 31.3.2015 Tom had withdrawn Rs 40,000. Interest on his drawings amounted to Rs 2,000.
Pass necessary journal entry for charging interest on drawings assuming that the capitals of the partners were fluctuating.
- Q2** State the provisions of Companies Act, 2013 for the creation of 'Debenture Redemption Reserve'.
- Q3** Distinguish between 'Dissolution of partnership' and 'Dissolution of partnership firm' on the basis of 'Economic Relationship'.
- Q4** On 28.2.2016 the first call of Rs 2 per share became due on 50,000 equity shares allotted by Kumar Ltd. Komal a holder of 1000 shares did not pay the first call money. Kovil a holder of 750 shares paid the second and final call of Rs 4 per share alongwith 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.

- Q5** P, Q and R were partners in a firm sharing profits in the ratio of 3 : 2 : 1. They admitted S as a new partner for $\frac{1}{8}$ share in the profits which he acquired $\frac{1}{16}$ from P and $\frac{1}{16}$ from Q.
- Q6** A group of 40 people wants to form a partnership firm. They want your advice regarding the maximum number of persons that can be there in a partnership firm and the name of the Act under whose provisions it is given.
- Q7** K Ltd. took over the assets of Rs 15,00,000 and liabilities of Rs 5,00,000 of P Ltd. For a purchase consideration of Rs 13,68,500. Rs 25,500 were paid by issuing a promissory note in favour of P Ltd. Payable after two months and the balances was paid by issue of equity shares of Rs 100 each at a premium of 25%.
Pass necessary journal entries for the above transactions in the books of K Ltd.
- Q8** To provide employment to the youth and to develop Baramulla district of Jammu and Kashmir, Jyoti Power Ltd. decided to setup a power plant. For raising funds the company decided to issue 8,50,000 equity shares of Rs 10 each at a premium of Rs 3 per share. The whole amount was payable on application. Applications for 20,00,000 shares were received. Applications for 3,00,000 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 the company wants to propagate.
- Q9** On 2.3.2016 L and B Ltd. issued 635, 9% debentures of Rs 500 each. Pass necessary journal entries for the issue of debentures in the following situations:
(a) When debentures were issued at 5% discount, redeemable at 10% premium.
(b) When debentures were issued at 12% premium, redeemable at 6% premium.
- Q10** State any three circumstances other than (i) death of a partner, (ii) admission of a partner and (iii) retirement of a partner when need for valuation of goodwill of a firm may arise.
- Q11** Vikas and Vivek were partners in a firm sharing profits in the ratio of 3 : 2. On 1.4.2014 they admitted Vandana as a new partner for $\frac{1}{8}$ share in the profits with a guaranteed profit of Rs 1,50,000. The new profit sharing ratio between Vivek and Vikas will remain the same but they decided to bear any deficiency on account of guarantee to Vandana in the ratio 2 : 3. The profit of the firm for the year ended 31.3.2015 was Rs 9,00,000.
Prepare Profit and Loss Appropriation Account of Vikas, Vivek and Vandana for the year ended 31.3.2015.
- Q12** Manav, Nath and Narayan were partners in a firm sharing profits in the ratio of 1 : 2 : 1. The firm closes its books on 31st March every year. On 30th September, 2015 Nath died. On that date his capital account showed a debit balance of Rs 5,000. There was a debit balance of Rs 30,000 in the profit and loss account. The goodwill of the firm was valued at Rs 3,80,000. Nath's share of profit in the year of his death was to be calculated on the basis of average profit of last 5 years, which was Rs 90,000.
Pass necessary journal entries in the books of the firm on Nath's death.
- Q13** G and H were partners in a firm sharing profits in the ratio of 9 : 7. On 1.4.2015 their firm was dissolved. After transferring assets (other than cash) and outsider's liabilities to realisation account you are given the following information:
(a) Mohan, a creditor of Rs 2,30,000 accepted debtors of Rs 2,00,000 at a discount of 10% and the balance was paid to him by cheque.

- (b) Sohan, a second creditor for Rs 7,00,000 accepted land of the book value of Rs 10,00,000 at Rs 15,00,000 and paid the balance to the firm by cheque.
 (c) Ram, a third creditor for Rs 80,000 took over stock of book value of Rs 40,000 at Rs 30,000 and investments of Rs 48,000 in full settlement of his claim.
 (d) Loss on dissolution was Rs 48,000.

Pass necessary journal entries for the above transactions in the books of G and H.

- Q14** X, Y and Z were partners in a firm sharing profits in the ratio of 1 : 2 : 3. On 31.3.2015 their Balance Sheet was as follows :

Balance Sheet of X, Y and Z as on 31.3.2015					
Liabilities		Amount (Rs)	Assets		Amount (Rs)
Creditors		25,000	Land		25,000
Bills Payable		10,000	Building		25,000
General Reserve		15,000	Plant		50,000
Capitals:			Stock		20,000
X	50,000		Debtors		15,000
Y	25,000		Bank		2,500
Z	12,500	87,500			
		1,37,500			1,37,500

X, Y and Z decided to share the profits equally with effect from 1.4. 2015. For this it was agreed that:

- (a) Goodwill of the firm be valued at Rs 75,000.
 (b) Land be revalued at Rs 40,000 and building be depreciated by 6%.
 (c) Creditors of Rs 3,000 were not likely to be claimed and hence be written off.

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

- Q15** On 1.4.2013 Roshni Ltd. had Rs 50,00,000, 9% debentures of Rs 100 each outstanding.
 (i) On 1.4.2014 the company purchased in the open market 20,000 of its own debentures at Rs 98.50 each and cancelled the same immediately.
 (ii) On 1.10.2014 the company redeemed at par debentures of Rs 16,00,000 by draw of a lot.
 (iii) On 31.3.2015 the remaining debentures were purchased for immediate cancellation for Rs 9,98,000.

Ignoring interest on debentures and debenture redemption reserve, pass necessary journal entries for the above transactions in the books of Roshni Ltd.

- Q16** SK Ltd. invited applications for issuing 3,20,000 equity shares of Rs 10 each at a premium of Rs 5 per share. The amount was payable as follows:
 On application Rs 3 per share (including premium Rs 1 per share)
 On allotment Rs 5 per share (including premium Rs 2 per share)
 On First and Final Call - Balance.

Applications for 4,00,000 shares were received. Applications for 40,000 shares 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. Jeevan holding 800 shares failed to pay the allotment money and

his shares were immediately forfeited. Afterwards final call was made. Ganesh who had applied for 2,700 shares failed to pay the final call. His shares were also forfeited. Out of the forfeited shares 1,500 shares were re-issued at Rs 8 per share fully paid up. The re-issued shares included all the forfeited shares of Jeevan.

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

OR

BBG Ltd. had issued 1,00,000 equity shares of Rs 10 each at a premium of Rs 3 per share payable with application money. While passing the journal entries related to the issue, some blanks are left. You are required to complete these blanks.

Books of BBG Ltd.				
Journal				
Date	Particulars	L.F.	Debit	Credit
			Amount (Rs)	Amount (Rs)
2015				
Jan. 05	.....	Dr.	.....
	To .....			.....
	(Application money received for 1,40,000 shares @ Rs 6 per share including premium)			
Jan. 17	Equity Shares Application A/c	Dr.	.....
	To .....			.....
	To .....			.....
	To .....			.....
	To .....			.....
	(Application money transferred to share capital account, securities premium account, refunded for 20,000 shares for rejected applications and balance adjusted towards money due on allotment as shares were allotted on pro-rata basis.			
Jan. 17	.....	Dr.	.....
	To .....			.....
	(Allotment money due @ Rs 4 per share)			
Feb. 20	.....	Dr.	.....
	To .....			.....
	(Balance allotment amount received)			
April 01	.....	Dr.	.....
	To .....			.....

	(First and Final Call money due)			
April 20	.....	Dr.	.....
	Calls-in-arrears A/c.	Dr.	3,000	
	To .....			.....
	(First and Final Call money received)			
May 20	.....	Dr.	.....
	To .....			.....
	To .....			.....
	(Forfeited the shares on which First and Final Call was not received)			
June 15	.....	Dr.	.....
	.....	Dr.	3,000	
	To .....			.....
	(Forfeited shares re-issued)			
.....	.....	Dr.	.....
	To .....			.....
	(.....)			

Q17 L, M and N were partners in a firm sharing profit in the ratio of 3 : 2 : 1. Their Balance Sheet on 31.3.2015 was as follows :

Balance Sheet of L, M and N as on 31.3.2015				
Liabilities		Amount (Rs)	Assets	Amount (Rs)
Creditors		1,68,000	Bank	34,000
General Reserve		42,000	Debtors	46,000
Capitals:			Stock	2,20,000
L	1,20,000		Investments	60,000
M	80,000		Furniture	20,000
N	40,000	2,40,000	Machinery	70,000
		4,50,000		4,50,000

On the above date O was admitted as a new partner and it was decided that:

- The new profit sharing ratio between L, M, N and O will be 2 : 2 : 1 : 1.
- Goodwill of the firm was valued at Rs 1,80,000 and O brought his share of goodwill premium in cash.
- The market value of investments was Rs 36,000.
- Machinery will be reduced to Rs 58,000.
- A creditor of Rs 6,000 was not likely to claim the amount and hence to be written-off.
- O will bring proportionate capital so as to give him $\frac{1}{6}$ th share in the profits of the firm.

Prepare Revaluation Account, Partner's Capital Accounts and the Balance Sheet of the New Firm.

Or

J, H and K were partners in a firm sharing profits in the ratio of 5:3:2. On 31-3-2015 their Balance Sheet was as follows:

Balance Sheet of J, H and K			
<i>as on 31.3.2015</i>			
Liabilities	Amount (Rs)	Assets	Amount (Rs)
Creditors	42,000	Land and Building	2,24,000
Investment-	20,000	Motor Vans	40,000
Fluctuation Fund		Investments	38,000
Profit and Loss	80,000	Machinery	24,000
Account		Stock	30,000
Capitals:		Debtors	80,000
J	1,00,000	Less: Provision	6,000
H	80,000		74,000
K	40,000	Cash	32,000
	3,62,000		3,62,000

On the above data H retires and J and K agreed to continue the business on the following terms:

- (i) Goodwill of the firm was valued at Rs 1,02,000.
- (ii) There was a claim of Rs 8,000 for workmen's compensation.
- (iii) Provision for bad debts was to be reduced by Rs 2,000.
- (iv) H will be paid Rs 14,000 in cash and the balance will be transferred in his loan account which will be paid in four equal yearly installments together with interest @ 10% p.a.
- (v) The new profit sharing ratio between J and K 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, Partner's Capital Accounts and Balance Sheet of the new firm.

- Q18** Does movement between items that constitute cash or cash equivalents result into cash flow? Give reason in support of your Ans.
- Q19** Why is separate disclosure of cash flows from investing activities important? State.
- Q20** (a) Give the meaning of 'Long-Term Provisions'.
(b) List any four items other than 'stock-in-trade' that are presented under the sub-head 'inventories' as per schedule III of the Companies Act, 2013.
- Q21** Following is the Statement of Profit and Loss of Moon India Ltd. for the year ended 31st March 2015.

Particulars	Note	31.3.2015	31.3.2014
	No.	(Rs)	(Rs)

Revenue from operations		50,00,000	40,00,000
Other Income		2,00,000	10,00,000
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 Moon India Ltd. is to produce and distribute green energy in the backward areas of India. It has also taken up a project of giving vocational training to the girls belonging to the backward areas of Rajasthan.

You are required to prepare a comparative statement of Profit and Loss of Moon India Ltd. from the given statement of Profit and Loss and also identify any two values that the company wishes to convey to the society.

- Q22** (a) What is meant by 'Activity Ratios'?
- (b) From the following information calculate inventory turnover ratio; Revenue from operations Rs 16,00,000; Average Inventory Rs 2,20,000; Gross Loss Ratio 5%.
- Q23** Following was the Balance Sheet of M.M. Ltd. at on 31.3.2015.

M.M. Ltd.			
Balance Sheet as at 31.3.2015			
Particulars	NoteNo.	31.03.2015 (Rs)	31.03.2014 (Rs)
I. Equity and Liabilities :			
(1) Shareholders' Funds			
(a) Share Capital		5,00,000	4,00,000
(b) Reserves and Surplus	1	2,00,000	(50,000)
(2) Non-Current Liabilities			
Long-term borrowings	2	4,50,000	5,00,000
(3) Current Liabilities			
(a) short-term borrowings	3	1,50,000	50,000
(b) short-term provisions	4	70,000	90,000
Total		13,70,000	9,90,000
II. Assets			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible	5	10,03,000	7,20,000
(ii) Intangible	6	20,000	30,000
(b) Non-Current Investments		1,00,000	75,000
(2) Current Assets :			
(a) Current Investments	7	50,000	60,000
(b) Inventories		1,07,000	45,000
(c) Cash and Cash Equivalents		90,000	60,000

Total		13,70,000	9,90,000

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)	2,00,000	(50,000)
		2,00,000	(50,000)
(2)	Long-term borrowings		
	12% Debentures	4,50,000	5,00,000
		4,50,000	5,00,000
(3)	Short-term borrowings		
	Bank overdraft	1,50,000	50,000
		1,50,000	50,000
(4)	Short-term Provisions		
	Provision for tax	70,000	90,000
		70,000	90,000
(5)	Tangible Assets		
	Machinery	12,03,000	8,21,000
	Accumulated Depreciations	(2,00,000)	(1,01,000)
		10,03,000	7,20,000
(6)	Intangible Assets		
	Goodwill	20,000	30,000
		20,000	30,000
(7)	Inventories		
	Stock in trade	1,07,000	45,000
		1,07,000	45,000

Additional Information:

(i) 12% Debentures were redeemed on 31.3.2015.

(ii) Tax Rs 70,000 was paid during the year.

Prepare Cash Flow Statement.