Abhishekjain/Pre-Board/2019-20/12/ACCOUNTANCY

General Instructions :

(i) Please check that this question paper contains 32 questions.

(ii) 15 minutes time has been allotted to read this question paper. The students will read the question paper only and will not write any answer on the answer book during this period.

(iii)*Attempt all parts of a question together.*

PART-A
(Accounting For Not-For-Profit Organisations , Partnership Firms & Companies)

Q1. Capital fund is :
(a) Excess of Income over Expenditure (b) Excess of Assets over Liabilities
(c) Excess of Liabilities over Assets (d) Excess of Expenditure of Income 1

Q2. P, Q, R and S were partners in the firm sharing profits in the ratio of 2:3:5:2. S retires and his share is acquired by Q and R in the ratio 3:2. Calculate the new ratio. 1

Q3. On dissolution, losses are first of all met out of________________________ 1

Q4. Revaluation a/c by nature is a
(a) Real a/c (b) Personal a/c
(c) Nominal a/c (d) Real as well as Personal a/c 1

Q5. When does the Capital Account of a partner not show a debit balance inspite of regular losses incurred by the firm? 1

Q6. How are the accumulated profits and losses distributed when there is change in profit sharing ratio among existing partners? 1

Q7. A and B are partners sharing profits in the ratio of 1:2 with capitals of ₹3,00,000 and ₹4,00,000 respectively. They admit C as a new partner for 1/5 th share in profits. On this date A retires from the firm. Goodwill of the firm was valued at ₹1,50,000. Calculate A's share of goodwill. 1

Q8. In case of death of a partner, his share of profit till the date of his death may be estimated on the basis of ______________ or _______________. 1

Q9. State two main rights that a newly admitted partner acquires in the firm. 1

Q10. On dissolution, what entry is passes if a partner takes over an asset of the firm valued ₹10,000 at ₹6,000? 1

Q11. Issued 6,000 , 8 % debentures of ₹100 each at discount of 4% redeemable at premium of 5%. In such case :
a) Loss on issue will be credited by ₹24,000.
b) Loss on issue will be debited by ₹54,000.
c) Premium on redemption will be credited by ₹54,000.
d) Premium on redemption will be debited by ₹30,000. 1

Q12. Wellness company Ltd. has issued 20,000 , 9% Debentures of ₹100 each at premium of 10% on 1^{st} April 2018 redeemable as follows:
31^{st} March,2021 - 10,000 Debentures
31^{st} March,2022 - 4,000 Debentures
31^{st} March,2023 – Balance Debentures.
It transferred to Debenture Redemption Reserve the required amount as per applicable rules of the Companies Act and Rules ,2014 on due date. How much amount will be transferred to General reserve on 31^{st} March,2021
(a) ₹1,00,000 (b) ₹2,50,000
(c) ₹5,00,000 (d) ₹20,00,000 1

Q13. Y Ltd. forfeited 500 shares of ₹100 each (₹75 called-up) issued at a premium of 5% on which ₹45 per share has been paid. Out of these 200 shares were reissued to Z as ₹75 paid up for ₹60 per share. What is the amount to be transferred to capital reserve? 1

Q14. Show how will you deal with the following items while preparing the balance sheet of a club as at 31st March 2019 :

Particulars	₹
Tournament Fund	3,00,000
12% Tournament Fund Investment on 1st April,2019	3,00,000
Interest received on Tournament Fund Investments	30,000
Sale of Tournament tickets	75,000
Tournaments prizes awarded	60,000
Expenses on Tournament events	20,000

Or

Amount debited to Income and Expenditure account in respect of Medicines was ₹ 30,000. Following information is provided to you :

	April 1 ,2018 ₹	31st March,2019 ₹
Stock of Medicines	7,000	6,000
Creditors for Medicines	10,000	8,200

What was the amount paid for medicines during the year? 3

Q15. Arti, Bharti and Seema are partners in a firm sharing profits in the proportion of 3:2:1. Their Balance Sheet as at 31st March, 2019 stood as follows:

Liabilities		**Amt. (₹)**	**Assets**	**Amt. (₹)**
Creditors		14,000	Buildings	40,000
General Reserve		12,000	Cash at Bank	6,700
Bills Payable		12,000	Debtors	12,000
Capital A/cs:			Bills Receivable	4,300
Arti	12,000		Stock	1,750
Bharti	20,000	40,000	Investments	13,250
Seema	8,000	78,000		78,000

Bharti died on 30th September, 2019 and according to the deed of the said partnership her executors are entitled to be paid as under:

i. The capital to her credit at the time of her death and interest thereon @ 10% per annum.
ii. Her proportionate share of general reserve.
iii. Her share of profits for the intervening period will be based on the sales during that period. Sales were calculated as ₹1,20,000. The rate of profit during past three years had been 10% on sales.
iv. Firm's goodwill according to her share of profit to be calculated by taking twice the amount of the average profit of the last three years less 20%. The profits of the previous three years were: 2016-17: ₹ 8,200, 2017-18: ₹ 9,000, 2018-19: ₹ 9,800.
v. Bharti's drawings up to the date of her death amounting to ₹ 2,000. Interest on drawings up to the date of death will be charged @ 12% p.a.
vi. The investments were sold at par and her executors were paid out. Deficiency in bank balance is met through bank overdraft facility enjoyed by firm.

Prepare Bharti's Capital Account. 4

Q16. Mollie, Ananya and Isha are partners in a CA firm, sharing profits and losses in the ratio of 2:2:1. All the partners have agreed to the following terms:

- Isha's share of profits is guaranteed to be not less than ₹ 25,000 p.a.
- Mollie gives a guarantee to the effect that the gross fee earned by her for the firm will not be less than the average gross fee earned by her during the preceding four years when she was carrying on the profession alone (The Average of which works out at ₹ 40,000).

The profits earned by the firm for the year ended 31st march, 2019 are ₹ 70,000. The gross fees earned by Mollie for the firm is just ₹ 30,000. Prepare the Profit and Loss Appropriation Account, showing your working clearly.

Or

X, Y and Z are partners in a firm having capitals of ₹ 4,75,000, ₹ 3,00,000 and ₹ 1,80,000 respectively as on 1st April, 2018. During the year 2018-19, X contributed additional capital of ₹ 50,000 on 1st October, 2018 and Z contributed capital of ₹ 80,000 on 1st January, 2019. Their drawings are: X ₹ 10,000, Y ₹ 5,000 and Z ₹ 5,000. Their Partnership Deed provides that:

i) Interest on Partners' Capital to be provided @ 5% p.a.
ii) Interest on Partners' Drawings should also be provided @ 10% p.a.
iii) Z is entitled to a salary of ₹ 23,000 p.a.
iv) X is entitled to a commission @ 10% on the profit before charging the above provisions.
v) Y is entitled to a commission @ 10% on the profit after charging the above provisions and after charging his on commission.
vi) 25% of the profit (after charging all the above provisions) should be transferred to Reserve Fund.
vii) Of the net divisible profits, X is entitled to 50% of first ₹ 45,000, Y to 40% and Z to 10%. Over that amount, profits are to be shared equally.

Profit for the year amounted to ₹ 3,00,000. From the above particulars, prepare Profit and Loss Appropriation Account for the year ended 31st March, 2019. 4

Q17. On 1st April, 2019, Vivek Ltd. was formed with an authorized capital of ₹ 8,00,00,000 divided into equity shares of ₹ 10 each. Subscribed and fully paid up capital of the company was ₹ 4,00,00,000.
To meet its new financial requirements the company, the company decided to issue 1,00,000 Equity shares of ₹ 10 each and 10,000 , 10% Debentures of ₹ 100 each. The debentures were redeemable after 5 years. The equity shares and debentures were fully subscribed. A shareholder holding 1,000 shares failed to pay the final call of ₹ 2 per share.
Show the 'Share capital' in the Balance Sheet of the company as per Schedule-III, Part-I of the Companies Act, 2013.Also prepare 'Notes to Accounts' for the same. 4

Q18. Bharat, Bhushan and Amitabh were partners in a firm sharing profits in the ratio of 5:3:2. The firm was dissolved. After transfer of assets and external liabilities to Realisation Account, following transactions took place:

i. Mohan, a creditor, to whom Rs. 60,000 were due to be paid, accepted Office Equipment at Rs. 40,000 and the balance was paid to him by cheque.
ii. Sohan, a creditor, to whom Rs. 16,000 were due to be paid, took Machinery valued at Rs. 20,000. He paid the balance by cheque.
iii. An unrecorded liability of the firm Rs. 10,500 was paid by Bharat.
iv. There were total debtors of Rs. 76,000. A provision for doubtful debts stood in the books at Rs. 6,000. Debtors amounting to Rs. 12,000 proved bad and rest paid the due amount. 4

Pass the necessary Journal entries for the above transactions in the books of the firm.

Q19. Following is the Receipts and Payments Account of Ganvesh Kalyan Samiti:

RECEIPTS AND PAYMENTS ACCOUNT

Dr. For the year ended on 31st March, 2019 Cr.

Receipts		₹	Payments	₹
To Balance b/d:			By Rent	6,600
Cash in Hand	1,000		By Electricity Charges	3,200
Cash at Bank	1,270	2,270	By Lecturer's Fee	730
To Subscriptions		32,500	By Office Expenses	1,480
To Life Membership Fee		3,250	By Printing and Stationery	1,050
To Donations		2,500	By Legal Fee	1,870

To Surplus from Entertainment Event	7,250	By Books	6,500
To Sale of Old Books		By Furniture Purchases	8,600
(Books Value Rs. 1,000)	750	By Expenses on Nukkad Drama	1,300
To Interest	350	By Balance c/d:	
		Cash in Hand 8,040	
		Cash at Bank <u>9,500</u>	17,540
	48,870		48,870

You are required to prepare an Income and Expenditure Account for the year ended 31st March, 2019 and Balance Sheet as on that date after the following adjustments:

i) Subscription still to be received are ₹ 750, but subscription included ₹ 500 for the year 2019-20.

ii) In the beginning of the year the Samiti owned building ₹ 20,000 and furniture ₹ 3,000 and Books ₹ 2,000.

iii) Provide depreciation on furniture @ 5% (including purchase), books @ 10% and building @ 5%.

6

Q20. Yashraj Ltd. has 40,000 , 9% Debentures of ₹ 100 each due for redemption on 31st March 2015. Assume that Debenture Redemption Reserve has a balance of ₹7,20,000 on that date. It was decided to invest the required amount towards debenture redemption investment. Investments were realised at 102% less 0.25% brokerage and debentures were redeemed. Record the necessary entries.

Or

Journalise the following transactions:

(i) Mehar Ltd. issued ₹ 1,00,000 , 12% Debentures of ₹ 100 each at a premium of 5% redeemable at a premium of 2% .

(ii) 12% Debentures were issued at discount of 10% to vendor of machinery for payment of ₹ 9,00,000.

(iii) Issue of 10,000 , 11% Debentures of 100 each as collateral security in favour of State Bank of India. Company opted to pass necessary entry for issue of debentures. 6

Q21. Abha and Ritu were partners sharing profits and losses in the ratio of 3:2. Their Balance Sheet as at 31st March, 2019 was as under:

Liabilities	Amount ₹	Assets	Amount ₹
Creditors	28,000	Cash at Bank	10,000
Employee Provident Fund	22,000	Debtors 65,000	
General Reserve	10,000	Less : Prov. For DD <u>(5,000)</u>	60,000
Capital Accounts:		Stock	33,000
Abha	60,000	Patents	57,000
Ritu	40,000		
	1,60,000		1,60,000

On 1st April, 2019 they admitted Sonal into the partnership firm for 1/5th share which she acquired wholly from Abha. Other adjustments were as follows :

i) Sonal shall bring ₹ 10,000 as his share of goodwill in cash

ii) A debtor whose dues of ₹ 3,000 were written off as bad debts paid ₹ 2,000 in full settlement.

iii) A claim of ₹ 5,000 on account of workmen's compensation was to be provided for.

iv) Patents were undervalued by ₹ 2,000. Stock in the books was valued 10% more than its market value.

v) Sonal was to bring in capital equal to 20% of the combined capitals of Abha and Ritu after all adjustments.

Prepare Revaluation A/c, Partners' Capital Accounts and the Balance Sheet of the newly constituted firm.

Or

Megha, Anita and Richa are partners sharing profits and losses in the ratio of 2:2:1. Their Balance Sheet as on 31st March, 2019 stood as under:

Liabilities	**Amount ₹**	**Assets**	**Amount ₹**
Creditors	1,60,000	Cash at bank	40,000
Bills Payable	2,44,000	Debtors	4,00,000
Employee Provident Fund	76,000	Land and Building	10,00,000
Capital Accounts:		Stock	10,00,000
Megha	14,00,000	Machinery	12,00,000
Anita	14,00,000		
Richa	3,60,000		
	36,40,000		36,40,000

On the above date Anita retired and the terms of retirement were:

i) Land and Building be appreciated by ₹ 2,40,000 and Machinery be depreciated by 10%.
ii) 50% of the stock was taken over by the retiring partner at book value.
iii) Provision for doubtful debts was to be made at 5% on debtors.
iv) Goodwill of the firm be valued at ₹ 3,00,000 and Anita's share of goodwill be adjusted in the accounts of Megha and Richa.
v) The total capital of the new firm is decided to be ₹ 27,00,000 which will be in the proportion of the new profit sharing ratio of Megha and Richa. Necessary adjustments to be made by opening Current Accounts.

Prepare Revaluation A/c, Partners' Capital Accounts and Balance Sheet of the new firm after Anita's retirement.

8

Q22. Bala Limited invited applications for 60,000 shares of ₹10 each at par. The amount was payable as follows

On application ₹ 2 , on allotment ₹ 3 and on first and final call ₹ 5

Applications received for 92,000 shares. Allotment was made on the following basis:

(I) To applicants for 40,000 shares- full ,
(II) To applicants for 50,000 shares- 40%
(III) To applicants for 2,000 shares- Nil (Most of them applied for 5 shares each)

₹ 1,08,000 was realised on account of allotment (excluding amount carried from application money) and ₹ 2,50,000 on account of call.

The directors forfeited shares of those applicants to whom full allotment was made and on which allotment money was overdue .Pass Journal entries in the books of Bala limited to record the above transactions. Open calls in arrear account and calls in advance account wherever necessary.

Or

X Limited invited applications for issuing 20,000 shares of ₹ 10 each at a premium of ₹ 5 each payable as under:

On Application ₹ 6 (including ₹ 2 Premium)
On Allotment ₹ 4 (including ₹ 2 Premium)
On first Call ₹ 3 (including Rs.1 Premium)
On Final Call balance

Applications received for 30,000 shares. Allotment was made on Pro-Rata basis. Excess money received on application will be adjusted towards some due on allotment.

Ram, to whom 1,000 shares were allotted, failed to pay allotment and his shares were forfeited after allotment.

Gopi, who applied for 3,000 shares failed to pay both the calls and his shares were forfeited after second call.
Company reissued 2,500 forfeited shares @ rupees 8 each fully paid up. All the shares of Gopi were included in it.
Pass necessary journal entries. Open calls in arrear account and calls in advance account wherever necessary. 8

PART-B
(Analysis of Financial Statements)

Q23. Match the following: 1

1.	Operating Ratio	(a)	Activity Ratio
2.	Interest Coverage Ratio	(b)	Solvency Ratio
3.	Return on Investment	(c)	Profitability Ratio

Q24. Current ratio of a company is 1.2 : 1, state giving reason whether bills receivable endorse to creditor will improve, reduce or not alter the ratio. 1

Q25. Share capital ₹ 8 lakh; Reserve and surplus ₹ 4 lakh; General reserve ₹ 1 lakh and total assets ₹ 20 lakh. Proprietary ratio will be
(a) 0.4:1 (b) 0.55:1
(c) 0.6:1 (d) 0.65:1 1

Q26. State the significance of analysis of financial statements for management. 1

Q27. Increase in creditors will be added while calculating cash flow from operating activities. (True/False) 1

Q28. State any two items included in the term inventory. 1

Q29. Give one transaction which is partly shown in investing and partly in financing activity while preparing cash flow statement. 1

Q30. From the following information, calculate Inventory Turnover Ratio:

	₹
Purchases	10,20,000
Wages	50,000
Rent Paid	1,20,000
Revenue from Opeartions	10,00,000
Opening Inventory	1,40,000
Gross Loss	5% on Revenue from Operations

Or

Give the major headings under which the following items will be shown in a company's Balance Sheet as per schedule III Part I of Companies Act,2013 :
(i) Trade Payable
(ii) Provision for Tax
(iii) Discount on Issue of debentures
(iv) Loose Tools
(v) Interest accrued on investment
(vi) Goodwill 3

Q31. Fill in the blanks :

Particulars	Note No.	2017-18	2018-19	Absolute Change (Increase or Decrease)	Percentage Change (Increase or Decrease)
1		2	3	4	5
		A	B	C=B-A	C/A ×100= D

		₹	₹	₹	₹
I. Revenue from Operations		4,00,000	6,00,000	_	_
II. Less : Expenses					
Cost of Material Consumed		2,40,000	-	-	75
Other Expenses		-	84,000	-	40
Total Expenses		-	-	-	-
III. Profit before Tax		-	-	-	-
IV. Less : Tax (40%)		-	-	-	-
V. Profit after Tax		-	-	-	-

OR

Prepare Common-size Income Statement for the following information.

Particulars	31-3-2019 (₹)	31-3-2018 (₹)
Revenue from Operations	9,00,000	6,00,000
Other Income	1,08,000	1,20,000
Cost of Material Consumed	5,40,000	3,00,000
Other Expenses	60,000	60,000
Tax	40%	40%

4

Q32. Following are the balance sheet of AKJ Ltd. as on 31st March 2019 and 2018:

Particulars	Note No.	31.03.19 ₹	31.03.18 ₹
I. Equity and Liabilities			
1. Shareholder's fund:			
a) Share capital		19,00,000	17,00,000
b) Reserve and surplus	**1**	6,00,000	3,00,000
2. Non-current liabilities:			
Long term borrowings	**2**	5,00,000	4,00,000
3. Current liabilities:			
a) Short Term Borrowings	**3**	1,70,000	1,75,000
b) Short term Provisions	**4**	2,00,000	1,65,000
Total		33,70,000	27,40,000
II. Assets			
1. Non-current assets:			
a) Fixed assets			
i. Tangible assets	**5**	24,00,000	19,00,000
ii. Intangible assets	**6**	2,00,000	3,00,000
b) Non-Current Investments		3,00,000	2,00,000
2. Current Assets:			
a) Current Investments		1,40,000	1,70,000
b) Inventories		2,60,000	1,30,000
b) Cash and cash equivalents		70,000	40,000
Total		33,70,000	27,40,000

Notes to Accounts :

S.No.	Particulars	31-3-2019 (₹)	31-3-2018 (₹)
1.	Reserve and surplus: Surplus (i.e., balance in statement of profit and loss)	6,00,000	3,00,000

2.	Long Term Borrowings 12% Debenture	5,00,000	4,00,000
3.	Short Term Borrowings Bank Overdraft	1,70,000	1,75,000
4.	Short Term Provisions Provision for Tax	2,00,000	1,65,000
5.	Tangible assets: Machinery Less: Accumulated depreciation	26,00,000 (2,00,000)	20,00,000 (1,00,000)
6.	Intangible assets: Goodwill	2,00,000	3,00,000

Prepare cash flow statement after taking into account the following adjustment:

(i) ₹ 1,00,000, 12% Debentures were issued on 1st April , 2018.

(ii) During the year , a piece of machinery costing ₹ 80,000 on which accumulated depreciation was ₹ 40,000 was sold at a gain of ₹ 10,000. 6