

# ACCOUNTS

(Maximum Marks: 80)

(Time allowed: Three hours)

(Candidates are allowed additional 15 minutes for **only** reading the paper.

They must NOT start writing during this time.)

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**Part I of Section A is Compulsory.**

Answer **any 4 Questions from Part II of Section A and any two questions from either Section B or Section C.**

The intended marks for questions or parts of questions are given in the brackets [ ].

Transactions should be recorded in the answer book.

All calculations should be shown clearly.

All working, including rough work, should be done on the same page as, and adjacent to, the rest of the answer.

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## SECTION A

### PART I (12 Marks)

Answer **all** questions.

#### Question 1

[6 × 2]

Answer briefly each of the following questions:

- (i) List *any two* items which may appear on the credit side of a partner's fixed capital account.
  - (ii) Give the journal entries to be passed when:
    - (a) Interest is due on debentures.
    - (b) Interest is paid to debenture holders.
  - (iii) In what way, if any, can the balance in shares forfeited account be used?
  - (iv) Mention *any two* circumstances when there is need to revalue goodwill of a partnership firm.
  - (v) Enumerate *any two* methods of redemption of debentures.
  - (vi) Give the journal entry for closing the retiring partner's capital account when his share is paid to him privately by the remaining partners.
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**PART II (48 Marks)**  
*Answer any four questions.*

**Question 2**

- (A) Meera Co. Ltd. invited applications for 50,000, equity shares of ₹ 10 each at a premium of ₹ 2 per share, payable as follows: [8]

On Application on 1 <sup>st</sup> May, 2017	₹ 2
On Allotment on 1 <sup>st</sup> July, 2017	₹ 5 (including premium)
On 1 <sup>st</sup> and Final Call on 1 <sup>st</sup> October, 2017	₹ 5

The Company received applications for 62,500 shares.

It was decided to:

- Refuse allotment to the applicants of 2,500 shares.
- Allot in full to the applicants of 10,000 shares.
- Allot the balance of the shares applied on a pro-rata basis among the other applicants.
- Utilize the excess application money in part payment of allotment money.
- Charge interest on calls-in-arrears, if any, @ 10% per annum.

All the money due was received except from one shareholder to whom 200 shares had been allotted in full. The amount was due by him to the company even till the date of the Balance Sheet, which was 31<sup>st</sup> March, 2018.

The company charged interest on calls-in-arrears from the shareholders from the date on which it was due till the Balance Sheet date.

**You are required to, for the year 2017-18:**

- Prepare the Cash Book to record the above issue of shares.**
- Pass journal entries in the Journal Proper (including entries for interest on calls-in-arrears).**

- (B) On 31<sup>st</sup> March, 2018, Vipul Ltd. had ₹ 30,00,000, 8% Debentures of ₹ 100 each outstanding. [4]

On 1<sup>st</sup> June, 2018, it purchased in the open market, 20,000 of its own debentures @ ₹ 102 per debenture and cancelled these debentures immediately.

On 31<sup>st</sup> December, 2018, the remaining debentures were purchased @ ₹ 98 per debenture for immediate cancellation.

**You are required to pass necessary journal entries for the redemption of debentures.** (*Ignore interest on debentures and entries for provisions regarding Debenture Redemption Reserve and Debenture Redemption Investment*).

**Question 3**

[12]

Mohit, Ali and John are partners in a firm, sharing profits and losses in the ratio of 3:1:1. Their Balance Sheet as at 31<sup>st</sup> March, 2018, was as follows:

**Balance Sheet of Mohit, Ali and John  
As at 31<sup>st</sup> March, 2018**

Liabilities	Amount ₹	Assets	Amount ₹
Trade Creditors	15,000	Cash at Bank	40,000
General Reserve	6,000	Sundry Debtors	30,000
Investment Fluctuation Fund	9,000	Less Provision for Doubtful Debts	(5,000)
Capital A/c		Investments	35,000
Mohit	70,000	(Market value ₹ 40,000)	
Ali	50,000	Plant & Machinery	88,000
John	50,000	Goodwill	12,000
	<b>2,00,000</b>		<b>2,00,000</b>

Mohit retired on 1<sup>st</sup> April, 2018, subject to the following adjustments:

- (a) Goodwill of the firm to be valued at ₹ 20,000.
- (b) Mohit to take over the investments at the market value.
- (c) 25% of the General Reserve to be transferred to Provision for Doubtful Debts and the balance to be distributed amongst all the partners.
- (d) Creditors to be paid ₹ 3,000 less.
- (e) Investment Fluctuation Fund not to be distributed. For this, it was decided that the remaining partners would compensate the retiring partner through their capital accounts.
- (f) Mohit to be paid ₹ 20,000 immediately on retirement and the balance to be transferred to his loan account.

**You are required to:**

- (i) Pass journal entries on the date of Mohit's retirement.
- (ii) Prepare the Balance Sheet of the reconstituted firm.

#### Question 4

- (A) Raina and Meena were partners in a firm sharing profits and losses equally. [8]  
They dissolved their firm on 31<sup>st</sup> March, 2018.

On this date, the Balance Sheet of the firm, apart from realizable assets and outside liabilities showed the following:

	₹
Raina's Capital	40,000 (Cr)
Meena's Capital	20,000 (Dr)
Profit and Loss Account	10,000 (Dr)
Raina's Loan to the firm	15,000
Contingency Reserve	7,000

On the date of dissolution of the firm:

- Raina's loan was repaid by the firm along with interest of ₹ 500.
- The dissolution expenses of ₹ 1,000 were paid by the firm on behalf of Raina who had to bear these expenses.
- An unrecorded asset of ₹ 2,000 was taken over by Meena while Raina discharged an unrecorded liability of ₹ 3,000.
- The dissolution resulted in a loss of ₹ 60,000 from the realization of assets and settlement of liabilities.

**You are required to prepare:**

- Partners' Capital Accounts.**
- Raina's Loan Account.**

- (B) Vinay, Usha and Punit are partners in a firm. They have been sharing profits and losses in the ratio of 3:4:1. [4]

Punit wants the profits to be shared equally amongst the partners. He further wants the change in profit sharing ratio to be applicable retrospectively for the last two years. Vinay and Usha have no objection to this.

The profits for the last two years were ₹ 70,000 and ₹ 50,000.

**You are required to record the adjustment by means of a single journal entry. (Show the workings clearly).**

#### Question 5

- (A) Peter, Max and Som were partners in a firm sharing profits and losses in the ratio of 4:2:1. Their fixed capitals were ₹ 40,000, ₹ 30,000 and ₹ 30,000, respectively. [4]  
Som was guaranteed a profit of ₹ 39,000 by the firm.

It was decided that any loss arising because of the guarantee would be shared by Peter and Max equally.

The trading profit of the firm for the year ended 31<sup>st</sup> March, 2018, was ₹ 1,47,000.

**You are required to prepare the Profit and Loss Appropriation Account for the year 2017-18, showing the distribution of profits.**

- (B) Aditi and Parul are partners in a firm with capitals of ₹ 35,000 each. They shared profits and losses in the ratio of 3:1. [8]

On 1<sup>st</sup> April, 2017, they admit Chanda into their partnership with 1/5<sup>th</sup> share in the profits.

Chanda brings in ₹ 40,000 as her capital and her share of goodwill in cash.

Her share of goodwill is calculated on the basis of her capital contribution and her share of profits in the firm.

At the time of Chanda's admission:

- (a) The firm had a Workman Compensation Reserve of ₹ 60,000 against which there was a claim of ₹ 20,000.
- (b) Creditors of ₹ 8,000 were paid by Aditi privately for which she is not to be reimbursed.
- (c) There was no change in the value of other assets and liabilities.

**You are required to, on the date of Chanda's admission:**

- (i) Calculate the goodwill of the firm. (Show the workings clearly).
- (ii) Pass the necessary journal entries to record the above transactions.

### Question 6

[12]

Ravi and Tiku are partners in a firm. According to their partnership deed:

- (i) Interest on capital will be allowed @ 5% per annum.
- (ii) Interest on drawings will be charged @ 4% per annum.
- (iii) Each partner will be given a salary of ₹1,000 per month.
- (iv) Partners will share profits and losses in the ratio of 2:1.

Following are the particulars of the capitals and drawings of the partners:

	Ravi ₹	Tiku ₹
Capital (1 <sup>st</sup> April, 2017)	60,000	50,000
Drawings (made on 1 <sup>st</sup> June, 2017)	3,000	6,000

Ravi had taken a loan of ₹ 10,000 from the firm on which interest of ₹ 200 was due by him to the firm.

The accounts for the year 2017-18 showed that the firm had made a profit of ₹ 77,000 before taking into account any interest, partners' salaries and manager's salary of ₹ 18,000.

**You are required to prepare:**

- (i) Profit and Loss Appropriation Account for the year 2017-18.
- (ii) Partners' Capital Accounts.

**Question 7****[12]**

The trainee accountant of Rudra Ltd. drafted the following Balance Sheet. He did not prepare it according to the format prescribed as per Schedule III of the Companies Act, 2013. He also classified a few items incorrectly.

**Balance Sheet of Rudra Ltd.  
for the year ending 31<sup>st</sup> March, 2018**

Assets	Amount ₹	Liabilities	Amount ₹
General Reserve	1,20,000	Capital 1,30,000 Equity	13,00,000
Plant & Machinery	6,00,000	shares @ ₹ 10 each)	
Land & Building	8,00,000	Share Forfeiture	10,000
Profit & Loss (Debit Balance)	1,50,000	Goodwill	1,00,000
Cash & Bank Balances	2,50,000	Trade Receivables	20,000
Unclaimed Dividend	30,000	Trade Payables	50,000
Calls-in-arrears (₹4 per share)	40,000	Inventories	30,000
		Fixed Deposit accepted	4,50,000
		Calls-in-advance	30,000
	<b>19,90,000</b>		<b>19,90,000</b>

**Foot note:** The company had an authorized capital of 2,00,000 Equity shares of ₹ 10 each.

**You are required to prepare, as at 31<sup>st</sup> March, 2018:**

- (i) The Balance Sheet of Rudra Ltd. as per Schedule III of the Companies Act, 2013.
- (ii) Notes to Accounts.

**Question 8****[12]**

**You are required to pass journal entries to record the following issues of debentures and to write off any capital losses.**

- (a) Zoom Ltd. issues 6,000, 12% Debentures of ₹ 100 each at par redeemable after 5 years also at par.
- (b) Zola Ltd. issues 5,000, 13% Debentures of ₹ 100 each at a discount of 10% to be redeemed at par after 7 years.
- (c) Zubic Ltd issues 11% Debentures of the total face value of ₹ 12,00,000 at a premium of 5% to be redeemed at par after 6 years.
- (d) Ruby Ltd. issues ₹ 5,00,000, 12% Debentures at a premium of 5% to be redeemed at 10% premium after 10 years.
- (e) Emerald Ltd. issues 3,000, 9% Debentures of ₹ 100 each at a discount of 7%, to be redeemed at a premium of 10% after 4 years.

**Note:** All the companies write off their capital losses in the year in which they occur.

**SECTION B (20 Marks)**

*Answer any two questions*

**Question 9**

- (A) Mention *any two* commonly used tools for comparison of financial statements. [2]
- (B) While preparing a Cash Flow Statement, identify the following transactions as belonging to *Operating Activities, Investing Activities, Financing Activities, Cash and Cash Equivalents*: [2]
- (i) Bank overdraft repaid.
- (ii) Purchase of Marketable Securities to be sold within 90 days.
- (C) **From the following data, prepare a Common Size Balance Sheet of Palms Ltd. as at 31<sup>st</sup> March, 2018:** [6]
- (All calculations up to two decimal places)*

<b>Particulars</b>	<b>31.03.2018</b>
	₹
Share Capital	24,00,000
Trade Payables	2,40,000
Fixed Assets (Tangible)	20,00,000
Fixed Assets (Intangible)	2,00,000
Reserves and Surplus	3,60,000
Cash and Bank Balances	8,00,000
Short-term Loans and Advances	2,00,000
Short-term Borrowings	40,000
Long-term Borrowings	1,60,000

**Question 10**

- (A) **Calculate the Gross Profit Ratio from the following information:** [2]

**Particulars**

Opening Inventory	₹ 80,000
Closing Inventory	₹ 1,00,000
Revenue from Operations	₹ 9,00,000
Inventory Turnover Ratio	8 times

(B) From the following Statement of Profit and Loss of Gama Ltd. for the year 2017-18, calculate (up-to two decimal places): [8]

- (i) Net Profit Ratio
- (ii) Operating Profit Ratio
- (iii) Current Ratio
- (iv) Quick Ratio

<b>Statement of Profit and Loss of Gama Ltd. For the year ending 31<sup>st</sup> March, 2018</b>		
Particulars	Note No.	₹
Revenue from operations		3,00,000
Other income (Dividend received)		40,000
<b>Total Revenue</b>		<b>3,40,000</b>
<b>Expenses:</b>		
Purchases		1,80,000
Change in Inventories	1	(4,000)
Employee Benefit Expenses (Salaries)		10,000
Depreciation and Amortization (Depreciation of Fixed Assets)		28,000
Other Expenses	2	6,000
<b>Total Expenses</b>		<b>2,20,000</b>
<b>Profit before tax</b>		<b>1,20,000</b>
Less Provision for Tax		(48,000)
<b>Profit after Tax</b>		<b>72,000</b>
<b>Notes to Accounts:</b>		
Particulars		₹
1.	Change in Inventories	
	Opening Inventory	8,000
	Closing Inventory	12,000
		(4,000)
2.	Other Expenses:	
	Carriage Outward	4,000
	Rent	2,000
		6,000

*Additional Information:*

Total Current Liabilities as on 31 <sup>st</sup> March, 2018	₹ 50,000
Current Assets (other than inventory) as on 31 <sup>st</sup> March, 2018	₹ 70,000



### Question 11

(A) Mention whether the following would result in *inflow*, *outflow* or *no flow* of [2] cash:

- (i) Issue of fully paid Bonus Shares
- (ii) Cash withdrawn from Bank

(B) From the following information and extracts of Balance Sheets of Pioneer Ltd. as at 31<sup>st</sup> March, 2017 and 31<sup>st</sup> March 2018, calculate for the year 2017 - 18: [8]

- (i) Cash from Operating Activities.
- (ii) Cash from Investing Activities.

Particulars	31.03.2018 ₹	31.03.2017 ₹
General Reserve	40,000	30,000
Balance in Statement of Profit and Loss	2,40,000	1,40,000
Provision for Tax	1,20,000	90,000
Trade Payables	32,000	44,000
Plant and Machinery (at cost)	2,90,000	2,45,000
Accumulated depreciation on Plant and Machinery	30,000	40,000
Patents	50,000	1,50,000
10% Debentures	1,20,000	10,000
Goodwill	15,000	12,000

**Note:** Proposed dividends for the years 2016-17 and 2017-18 were ₹ 40,000 and ₹ 50,000 respectively.

#### Additional Information:

During the year 2017-18:

- (a) The company provided depreciation on Plant and Machinery amounting to ₹ 24,000.
- (b) A machine had been condemned and scrapped.
- (c) Interest of ₹ 12,000 paid on Debentures.
- (d) Tax paid ₹ 50,000.
- (e) Patents worth ₹ 30,000 were written off while some patents were sold for ₹ 75,000 at a profit of ₹ 5,000. No new patents were purchased.
- (f) Dividend proposed in 2016-17 was approved by the shareholders and paid by the company.

### SECTION C (20 Marks)

Answer any *two* questions.

#### Question 12

The spreadsheet below shows the payroll structure of Pluto Ltd.:

	A	B	C	D	E	F	G	H	I	J	K
1	EMPL- OYEE CODE	BASIC	DA 35% OF BASIC	HRA 10% OF BASIC	MED. FIXED	SPL ALL OW	GROSS	PF 10% OF BASIC & DA	PROF. TAX FIXED	I TAX	NET PAY
2	EMP001	11000	3850	1100	300	1200	17450	1485	150	0	15815
3	EMP002	10400	3640	1040	300	1200	16580	1404	150	0	?
4	EMP003	17800	6230	1780	300	1200	27310	2403	150	?	22026
5	EMP004	11350	3973	1135	300	1200	17958	?	150	0	16275
6	EMP005	?	6300	1800	300	1200	27600	2430	150	2760	22260

Based on the information given in the spreadsheet, write the formula for calculating each of the following:

- (a) Net Pay of EMP002. [2]
- (b) Provident Fund (PF) amount of EMP004. [2]
- (c) Income Tax (I TAX) of EMP003. [2]
- (d) The total gross salary of all the employees. [2]
- (e) The basic salary of EMP005. [2]

#### Question 13

- (a) List *any two* types of entries that are allowed in a worksheet. [2]
- (b) You enter  $40 - 10$  in a cell. The worksheet does not display the difference 30 in the cell, instead it shows  $40 - 10$ . What is the reason for this? [2]
- (c) Give the full form of DBMS. [2]
- (d) Explain the term 'Charts' in MS Excel. [2]
- (e) Write a shortcut key for each of the following: [2]
  - (i) To minimize the worksheet
  - (ii) To redo an action.

#### Question 14

- (a) (i) What is the option used to adjust the text within a cell? [2]
  - (ii) Give the procedure to use this option.

- (b) What is a *unique key*? [2]
- (c) State *any two* types of database structures. [2]
- (d) What is meant by a *cell* in a spreadsheet? [2]
- (e) State the steps involved in merging two cells in a spreadsheet. [2]

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