

Series RAC

Code No. **RSPL/1**

Roll No.

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Candidates must write the Code on the title page of the answer-book.

- Please check that this question paper contains **12** printed pages.
- Code number given on the right hand side of the question paper should be written on the title page of the answer-book by the candidate.
- Please check that this question paper contains **23** questions.
- **Please write down the Serial Number of the question before attempting it.**
- 15 minutes time has been allotted to read this question paper.

ACCOUNTANCY

Time Allowed : 3 hours

Maximum Marks : 80

General Instructions :

- This question paper contains **two** parts **A** and **B**.*
- Part **A** is compulsory for all.*
- Part **B** has two options – Option – **I** Analysis of Financial Statements and Option – **II** Computerized Accounting.*
- Attempt only **one** option of Part **B**.*
- All parts of a question should be attempted at one place.*

PART – A
(Accounting for Partnership Firms and Companies)

1. Why is it necessary to adjust goodwill at the time of change in profit sharing ratio? 1

2. A machine of ₹ 35,000 is taken by a creditor of ₹ 50,000 at an agreed value of ₹ 30,000 towards part-payment on dissolution of partnership firm.
Pass journal entry for it. 1

3. On Y's retirement from the partnership firm, having X, Y and Z as partners sharing profits in the ratio 6 : 3 : 1, the investment fluctuation fund appears at ₹ 21,000 in the books. Y decides to take the investments (book value ₹ 1,00,000) at ₹ 80,000 in part settlement of his dues. Pass necessary journal entry/entries for treatment of Investment Fluctuation Fund: 1

4. Can a retiring partner/legal representative of a deceased partner have share in the subsequent profits of the firm. 1

5. Exe Ltd. forfeited 120 shares of ₹ 100 each issued at a premium of 10%, on which ₹ 70 has been called up for the non-payment of first call of ₹ 20. These shares were reissued at ₹ 80 per share fully paid.
Calculate the amount to be transferred to Capital Reserve. 1

6. C Ltd. has 50,000 shares subscribed by public on which it called allotment money of ₹ 4.50 including a premium of ₹ 2 per share. A holder of 500 shares failed to pay allotment and another shareholder of 1,000 shares paid first call of ₹ 3 along with allotment.
Pass the journal entry for the receipt of allotment money by opening calls-in-arrears and calls-in-advance A/c. 1

7. What are the necessary conditions for forfeiture of shares? How is the amount of share forfeiture utilized? 3

8. Heena, Reena and Meena are partners with fixed capital of ₹ 5,00,000, ₹ 10,00,000 and ₹ 15,00,000. Profit of ₹ 36,000 was distributed among partners, in their capital ratio, after providing the following:

(a) Salary to Heena ₹ 5,000 per month.

(b) Interest on capital @ 5% p.a.

Though the deed was silent as to sharing profit, interest on capital and salary to partners.

Pass the necessary adjustment entry.

3

9. Talpro Ltd. acquired business of M/s Seekha Ltd. The following assets and liabilities were acquired:

Building	₹ 6,50,000
Machinery	₹ 2,10,000
Debtors	₹ 50,000
Inventories	₹ 80,000
Creditors	₹ 1,20,000

4% of the purchase consideration was paid through a cheque of ₹ 36,800 and balance through the issue of 9% Debentures of ₹100 each at a discount of 20%.

3

*10. Moon Ltd. manufactures a component used in the manufacture of ordinary filament bulbs, but with the coming of new technology of LED, the company is witnessing a decline in its revenue. The return on investment declined from 14% last year to 8% this year. The company decided to redeem its 10,000 10% debentures of face value ₹ 100 by converting them into 6% preference shares of ₹ 100 each at a premium of 25%. It, further, decided to install technology to manufacture more efficient bulbs.

Pass the journal entries for the above case. List the values highlighted here.

3

*Values Based Question

11. Dinesh, Naresh and Umesh are partners sharing profits in the ratio 5 : 3 : 2. The books are closed on 31st March, every year. Naresh died on 30th September, 2015. The deed provides that besides deceased partner's capital, his executors will be entitled to:

- (a) Interest on capital @ 10% p.a. till the date of death.
- (b) His share of profit from the closure of last accounting date till the date of death on the basis of average profit of last two years.
- (c) Share of goodwill calculated on the basis of three times the average profit of past four years.

Balance of Naresh's capital as on 1st April 2015 is ₹ 2,00,000. On the same date, General Reserve and Goodwill appear in the books at ₹ 52,000 and ₹ 12,000. Naresh's drawings from this date till his date of death amounted to ₹ 37,000. Profit of last four years are :

2014-15	₹ 50,000
2013-14	₹ 64,000
2012-13	₹ 52,000
2011-12	₹ 58,000

Show Naresh's Capital A/c to be rendered to his executors.

4

12. L, M, N and O are partners in a firm sharing profits in the ratio 4 : 3 : 2 : 1. On 1st April, 2016, O retired from the firm. L, M and N decided to continue the firm and the profit sharing ratio among them will be 2 : 3 : 1. Goodwill of the firm is valued at ₹ 3,60,000. Goodwill already appears in the books at ₹ 2,40,000. Complete the following journal entries in this regard.

Journal

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)	
2016 1 April	L's capital A/c	Dr.	.....	
	M's capital A/c	Dr.	.....	
	N's capital A/c	Dr.	.....	
	O's capital A/c	Dr.	.....	
	To .....			.....
	(Being existing goodwill written off)				
	.....	Dr.	.....	
	To .....			.....
	To .....			.....
	To .....			.....
(Being the adjustment for goodwill made on retirement of O)					

4

13. Sagar and Prateek are partners in a firm sharing profits in the ratio 2 : 3. On 31st March 2016, the firm dissolved and the Balance Sheet on this date was as follows:

Liabilities	Amount (₹)	Assets	Amount (₹)
Capital Accounts:		Land and Building	4,00,000
Sagar 2,12,000		Machinery	2,50,000
Prateek <u>4,26,000</u>	6,38,000	Investments	1,20,000
Investment Fluctuation Fund	1,00,000	Debtors 80,000	
Employee Provident Fund	70,000	Less: Prov. <u>4,000</u>	76,000
Creditors	80,000	Bank	42,000
	8,88,000		8,88,000

The assets and liabilities were settled as follows:

- (a) The debtors were sold to a debt collecting agency at a discount of 2%.
- (b) Creditors accepted investments for a value of ₹ 1,00,000 and paid the balance amount in cash.
- (c) Other assets realised ₹ 5,10,000.
- (d) Realisation expenses amounted to ₹ 800 which was paid by Sagar in cash.

Show settlement of Accounts.

6

14. A, B and C are partners in a firm, sharing profits in the ratio 6 : 5 : 4. They changed their profit sharing ratio to 3 : 1 : 2. Pass the journal entries to give the effect of the following:

- (a) Goodwill of the firm was valued at ₹ 1,20,000.
- (b) The investment fluctuation fund appear in the books at ₹ 50,000.
- (c) The assets and liabilities have to revalued as follows:

	Book value	Revalued as
Building	80,000	1,10,000
Debtors	75,000	60,000
Machinery	50,000	15,000
Creditors	45,000	40,000
Investments	1,00,000	80,000

- (d) Advertisement Suspense ₹ 60,000 appear in the books which was decided to be carried forward as it is.

6

15. Pass the necessary journal entries in the books of Varun Ltd. for the following transactions:

- Redeemed 4,500, 9% Debentures of ₹ 100 each by draw of lots.
- Converted 600, 6% Debentures of ₹ 100 each redeemable at a premium of 20% into equity shares of ₹ 100 each issued at a premium of 25%.
- Paid half yearly interest on ₹ 18,00,000, 12% Debentures of ₹ 100, issued at a premium of 20%.

6

16. A, B and C are partners in a firm, sharing profits in the ratio 5 : 3 : 2. Their Balance Sheet stood as follows as on 31st March 2016:

Liabilities		Amount (₹)	Assets		Amount (₹)
Capitals:			Building		65,000
A	50,000		Goodwill		20,000
B	30,000		Plant		15,000
C	<u>20,000</u>	1,00,000	Debtors		27,000
General Reserve		9,000	Stock		30,000
Creditors		60,000	Cash at Bank		12,000
		<u>1,69,000</u>			<u>1,69,000</u>

The decided to admit D into the partnership firm for 1/6th share. D brought ₹ 35,000 as capital. Following terms were decided:

- Plant was found to be undervalued by 20%.
- Debtors written off last year, paid ₹ 500.
- Stock of value ₹ 3,000 was found obsolete and was expected to realise only ₹ 800.

- (d) The goodwill of the firm is valued at ₹ 60,000. D brought his share in cash.
- (e) The capitals of all the partners should be made proportion to their profit sharing ratio, on the basis of incoming partner's share.

Prepare Revaluation A/c, Capital A/cs and Balance Sheet of the new constituted firm.

OR

Atul, Bilal and Charu are partners sharing profits in the ratio 4 : 3 : 1. Their Balance Sheet as on 31st March 2016 is as follows:

Liabilities	Amount (₹)	Assets	Amount (₹)
Capital:		Building	1,40,000
Atul	80,000	Patents	30,000
Bilal	60,000	Debtors	30,000
Charu	50,000	Stock	26,000
Sundry Creditors	48,000	Bank	12,000
	2,38,000		2,38,000

Bilal retires from the firm on the above date. The following terms were agreed upon:

- (a) Goodwill of the firm was valued at ₹ 48,000.
- (b) Stock was found to be overvalued by ₹ 2,000.
- (c) A provision @ 5% is to be created for bad and doubtful debts.
- (d) Building is to be appreciated by ₹ 60,000.
- (e) A liability against workmen compensation is to be created for ₹ 8,100.
- (f) Bilal is paid the full amount with cash brought in by Atul and Charu in such a manner that their capital are in proportion to their future profit sharing ratio, i.e., equal and Cash at Bank remains at ₹ 15,000.

Prepare Revaluation A/c, Partner's Capital Account and Balance Sheet of new firm of Atul and Charu.

17. Hi Tech Ltd. issued 20,000 equity shares of ₹ 10 each at a premium of ₹ 2 per share payable:

₹ 5 on application

₹ 5 on allotment (including premium)

and balance with call

The issue was oversubscribed to the extend of 5,000 shares and prorata allotment was done to all the applicants. All the money was duly received as and when called; except allotment and call on 300 shares. These shares were forfeited and later reissued at ₹ 7 fully paid.

Pass the necessary journal entries and prepare cash book to record the above transactions.

OR

Vijeta Computers Ltd. has an authorised capital of 20,000 shares @ ₹ 100 each. It issued 5,000 shares to the public, the amount payable as follows:

On application ₹ 20

On allotment ₹ 30

On first call ₹ 30

On second call ₹ 20

Applications were received for 4,500 shares. All calls were made and money was duly received except:

(a) A holder of 300 shares did not pay anything after application.

(b) A holder of 500 shares did not pay anything after allotment.

(c) A holder of 200 shares did not pay anything after first call.

The company forfeited the shares on which less than ₹ 80 is received.

These shares were then reissued at ₹ 80 fully paid.

Pass the necessary journal entries to record the above transactions.

PART – B
(Analysis of Financial Statements)

18. Dividend received by a financing company will be shown under which head in Cash Flow Statement? 1

19. XYZ Ltd. provides the following information, calculate Cash Flow from Financing Activities:

Particulars	31-3-2016 (₹)	31-3-2015 (₹)
Equity Share Capital	10,00,000	10,00,000
10% Debentures	3,50,000	4,00,000

- (a) Interim dividend paid on equity shares is ₹ 40,000.
- (b) Debentures of ₹ 50,000 were redeemed on 1st October 2015.
- (c) Debentures interest was paid half yearly on 30th September and 31st March every year. 1

20. (a) Current ratio of ABC Ltd. is 2 : 1 and Current Assets is of ₹ 1,50,000. The sales of the company is ₹ 6,00,000. Calculate Working Capital Turnover Ratio.

(b) Calculate Return on investment from the following information:

Profit after interest and tax	₹ 1,05,000
8% Debentures of ₹ 100 each	₹ 5,00,000
10% Preference Shares	₹ 3,00,000
20,000 Equity Shares of ₹ 10 each	₹ 2,00,000
Tax rate	50%

4

21. (a) State any two objectives of Financial Statement Analysis.
 (b) Name the major heads under which the following items will be presented in the Balance Sheet of a company as per Schedule III of the Companies Act, 2013.

(i) Outstanding Expenses (ii) Capital Advances

(iii) Share Forfeited A/c (iv) Bank Overdraft

4

22. Prepare Comparative Statement with the help of the following information:

Particulars	31-3-2016 (₹)	31-3-2015 (₹)
Revenue from Operations	3,00,000	4,50,000
Cost of Material Consumed	60% of Revenue from operations	70% of Revenue from operations
Employees Benefit Expenses	60,000	90,000
Income Tax	22,500	30,000

4

23. From the following Balance Sheets of BT Ltd. as at 31st March 2016 and 31st March 2015, prepare Cash Flow Statement.

Particulars	Note No.	31-3-2016 (₹)	31-3-2015 (₹)
I. Equity and Liabilities			
1. Shareholder's Funds:			
(a) Equity Share Capital		3,80,000	2,80,000
(b) Reserve and Surplus	1	90,000	40,000
2. Non-Current Liabilities:			
Long-term Borrowings	2	1,00,000	50,000
3. Current Liabilities:			
(a) Trade Payables		90,000	70,000
(b) Short-term Provisions	3	1,10,000	1,80,000
Total		7,70,000	6,20,000

II. Assets			
1. Non-Current Assets:			
Fixed Assets	4	4,00,000	2,70,000
2. Current Assets:			
(a) Inventories		80,000	50,000
(b) Trade Receivables		80,000	1,20,000
(c) Cash and Cash Equivalents		2,10,000	1,80,000
Total		7,70,000	6,20,000

Notes to Accounts:

Particulars	31-3-2016 (₹)	31-3-2015 (₹)
1. Reserve and Surplus:		
General Reserve	20,000	15,000
Balance as per Statement of Profit and Loss	70,000	25,000
	90,000	40,000
2. Long term Borrowing:		
8% Debentures	1,00,000	50,000
	1,00,000	50,000
3. Short term Provisions:		
Proposed Dividend	50,000	60,000
Provision for Tax	60,000	1,20,000
	1,10,000	1,80,000
4. Fixed Assets:		
Land and Building	1,90,000	2,00,000
Machinery	2,10,000	70,000
	4,00,000	2,70,000

Additional Information:

- (a) Tax paid during the year ₹ 65,000.
- (b) Machine is depreciated by ₹ 85,000. A new machine of ₹ 2,80,000 is purchased during the year and a machine was sold at a profit of ₹ 15,000.

Series RAC

Code No. **RSPL/2**

Roll No.

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ACCOUNTANCY

Time Allowed : 3 hours

Maximum Marks : 80

General Instructions :

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- Part **A** is compulsory for all.*
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- Attempt only **one** option of Part **B**.*
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PART – A
(Accounting for Partnership Firms and Companies)

1. Can a retiring partner or legal representative of a deceased partner have share in the subsequent profits of the firm? 1

2. Renu and Seema are running a partnership firm. They decided to donate ₹ 50,000 or 5% of their net profit (whichever is more) to a Non-government Organisation which is engaged in cleanliness of area, waste management and plantation of trees in the nearby area. Current year's profit amounted to ₹ 12,00,000. Pass journal entry for donation for the cause.
Which values are highlighted here? 1

3. Akshit and Nikesh are two partners earning very good profits. But due to the shortage of finance, they decide to admit Divyanshi as a new partner. Divyanshi wants to revalue firm's assets and liabilities. Why Divyanshi raise this point and suggest partners how they can do so? 1

4. Q Ltd. forfeited 300 shares of ₹ 10 each fully called up for non-payment of final call money of ₹ 4 per share. These were subsequently reissued by the company for ₹ 12 per share as fully paid up. What amount of Forfeited Share Account is to be transferred to Capital Reserve? 1

5. What is meant by employee stock option plan? 1

6. Average profits is ₹ 3,00,000; Capital employed is ₹ 10,00,000, Normal rate of return is 15%. Calculate the value of goodwill on the basis of Capitalisation of Super Profits. 1

7. VK Ltd. purchased the running business of M/s PLK Ltd. for a sum of ₹ 18,75,000. The assets and liabilities comprises of ₹ 21,00,000 and ₹ 2,50,000 respectively.
VK Ltd. paid ₹ 1,25,000 through cheque and for the balance purchase consideration it issued 6% Debentures of ₹ 100 each at a discount of 30%.
Pass the necessary journal entries. 3

8. A, B and C are partners in the ratio of 4:3:2. B retires and his capital after making adjustment for reserves and profits on revaluation stands at ₹ 1,05,000. The journal entry for the adjustment of goodwill is given below:

Journal

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
	A's Capital A/c Dr.		3,900	
	C's Capital A/c Dr.		3,300	
	To B's Capital A/c			7,200
	(Being the adjustment for goodwill made)			

Calculate the amount agreed to be paid to B and the new profit sharing ratio of A and B. **3**

9. Gamon India Ltd. was registered with an authorized capital of ₹ 50,00,000 divided into 5,00,000 equity shares of ₹ 10 each. The company issued 30,000 equity shares as fully paid to the vendor for purchase of building and 2,50,000 equity shares were subscribed by the public. All the calls were made and duly received except the second and final call of ₹ 2 per share on 3,500 shares. 3,000 shares were forfeited.

Show how "Share Capital" will appear in the balance sheet of the company. Also prepare 'Note to Accounts' for the same. **3**

- *10. Ravinder Ltd. is in a publication business. To make a contribution towards society, it decided to provide free books to poor illiterate children in the society and EWS meritorious students in the schools. It also issued 10,000, 10% Debentures of ₹ 100 each at 6% premium redeemable at a premium of 4% after four years.

Pass necessary journal entries for issue of debentures. Also, identify one value which the company wants to communicate to the society. **3**

*Values Based Question

11. The Balance Sheet of Sarah, Riya and Kaya who were sharing profits in the ratio of 3:3:4 respectively, as on 31st March, 2016 was as follows:

Liabilities		Amount (₹)	Assets		Amount (₹)
Capitals:			Land and Building		1,20,000
Sarah	1,20,000		Investments		94,000
Riya	1,00,000		Stock		34,000
Kaya	80,000	3,00,000	Sarah's loan		20,000
Loan		24,000	Profit and Loss A/c		74,000
Bills Payable		20,000	Cash		12,000
General Reserve		10,000			
		3,54,000			3,54,000

Sarah died on 31st July 2016. The partnership deed provided for the following on the death of a partner:

- Goodwill of the firm be valued at two years' purchase of average profits for the last three years which were ₹ 80,000.
- Sarah's share of profit till the date of her death was to be calculated on the basis of sales. Sales for the year ended 31st March, 2016 amounted to ₹ 8,00,000 and that from 1st April to 31st July 2016 ₹ 3,00,000. The profit for the year ended 31st March 2016 was ₹ 2,00,000.

Prepare Sarah's Capital Account to be rendered to her executor.

4

12. Vineet and Sachin are partners sharing profits in the ratio of 4 : 1. They agreed to admit Arvind into the partnership firm on 1st April 2015 and will share profits equally in future. Arvind brought ₹ 50,000 as premium. Goodwill exist in the books at ₹ 40,000. Complete the following entries:

Journal

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
	..... Dr.		.....
	..... Dr.		.....
	To Goodwill A/c (Being goodwill written off)			.....
	Bank A/c Dr.		.....
	To .....			.....
	(Being premium brought in by Arvind)			
	..... Dr.		.....
	..... Dr.		.....
	To .....			.....
	(Being sacrificing partner compensated)			

4

13. Kumar, Kashish and Rama were partners in a firm. Their fixed capitals are : Kumar ₹ 5,00,000; Kashish ₹ 2,50,000 and Rama ₹ 2,50,000. The partnership deed provided for the following :

- (i) Interest on Capital @ 6% p.a.
- (ii) Kumar was entitled for a commission of ₹ 8,000 p.a.
- (iii) Rama was entitled for a salary of ₹ 5,000 p.m.
- (iv) Partners will share profits in the ratio of capitals.

Net Profit for the year ended 31st March, 2013 was ₹ 3,00,000 which was distributed equally without taking into consideration the above provisions. Showing your working clearly, pass necessary adjustment entry for the above.

6

14. P, Q and R were partners in a firm sharing profits in the ratio of 1:2:2. Their Balance Sheet on 31st March, 2016 was as follows:

Liabilities		Amount (₹)	Assets		Amount (₹)
P's Capital	19,000		Land and Building		47,000
Q's Capital	38,000		Office Equipment		8,000
R's Capital	<u>38,000</u>	95,000	Stock		56,000
Workmen Compensation Fund		20,000	Accounts Receivable		18,000
Q's Loan		18,000	Investments		15,000
Bank overdraft		12,000	Bank		16,000
Employee's P.F.		1,000			
Accounts Payable		14,000			
		1,60,000			1,60,000

Partners agreed to dissolve the firm on that date. You are given the following information about dissolution:

- Investments realized at ₹ 9,000.
- Office equipment was accepted by a creditor for ₹ 7,000 in full settlement. The remaining creditors were paid in full by cheque.
- Assets realized as follows: Land and Building ₹ 1,20,000; Stock ₹ 40,000; Accounts Receivable ₹ 15,000.
- There was a claim against workmen compensation amounting ₹ 5,000.
- Dissolution expenses amounted to ₹ 3,000.

Prepare Realisation Account, Partners' Capital Account.

6

15. (a) XYZ Ltd. issued 2,500; 10% Debentures of ₹ 100 each. Give journal entries when:
- Debentures were issued at a premium of 20%.
 - Debentures were issued as a collateral security to Bank against a loan of ₹ 2,00,000.
 - Debentures were issued to a supplier of a machinery costing ₹ 2,50,000.
- (b) Siya Ram International Ltd. issued 1,000, 10% Debentures of ₹ 100 each at a premium of 5% repayable at a premium of 10%. The Board of Directors decided to transfer the minimum required amount to Debenture Redemption Reserve as per the Companies Act, 2013 at the time of redemption. Give journal entries at the time of redemption of debentures.

Assume that investments, as required by Rule 18(7) of the Companies Rules, 2014, were made on 1st April of the financial year in which redemption is due and realized at book value at the end of the financial year. Interest on the investment is received @ 8% per annum. **3+3=6**

16. X and Y are partners sharing profits in the ratio of 3:2. They admitted Z as a partner on 1/5th share of profit. The Balance Sheet of X and Y as on 31-3-2016 stood as:

Liabilities	Amount (₹)	Assets	Amount (₹)
Capitals:		Fixed Assets	64,000
X 60,000		Stock	35,000
Y <u>35,000</u>	95,000	Book Debts	25,000
Workmen Compensation Fund	6,000	Cash	9,000
Reserves for Contingencies	10,000	Profit and Loss A/c	8,000
Creditors	30,000		
	1,41,000		1,41,000

Other terms agreed were:

- (i) Liability for workmen compensation is ₹ 1,000.
- (ii) Stock is reduced to ₹ 30,000 and fixed assets are reduced by ₹ 4,000.
- (iii) Z is required to bring ₹ 12,000 as goodwill and proportionate capital to his share of profit.
- (iv) It was decided to adjust the capital of partners' based on Z's capital.

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

OR

A, B and C were partners in a firm sharing profits in ratio of 3:3:2 whose Balance Sheet as on 31st March, 2016 was as below:

Liabilities	Amount (₹)	Assets	Amount (₹)
Capitals:		Patents	4,000
A 16,000		Furniture	12,000
B 15,000		Stock	30,000
C 10,000	41,000	Book Debts	28,000
General Reserve	4,000	Cash at Bank	6,000
Creditors	35,000		
	80,000		80,000

B retired on that date and in this connection, it was decided to make the following adjustments:

- (i) To reduce stock and furniture by 5% and 10% respectively.
- (ii) To provide for doubtful debts at 5% on debtors.
- (iii) Expenses outstanding ₹ 300 was not yet recorded.
- (iv) Goodwill was valued at ₹ 12,000.

A and C decided:

- (i) To share profits and losses in ratio 5:3 respectively;
- (ii) To readjust their capitals in the profit sharing ratio; and
- (iii) To bring in sufficient cash to pay off B immediately and to leave a balance of ₹ 1,000 in the bank. B was paid off.

Give journal entries to record the above prepare the Capital A/cs and Balance Sheet of the new firm.

8

17. X Ltd. issued 40,000 equity shares of ₹ 10 each at a premium of ₹ 2.50 per share. The amount was payable as follows:

On application ₹ 2 per share; On allotment ₹ 4.50 (including premium) and on call ₹ 6 per share

Owing to heavy subscription, the allotment was made on prorata as follows:

- (i) Applications for 20,000 shares were allotted 10,000 shares
- (ii) Applications for 56,000 shares were allotted 14,000 shares
- (iii) Applications for 48,000 shares were allotted 16,000 shares

It was decided that excess amount received on applications would be utilized on allotment and surplus would be refunded.

Ram, to whom 1,000 shares were allotted, who belongs to category (i), failed to pay allotment money. His shares were forfeited after the call.

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

OR

Krishan Company issued for public subscription 75,000 shares of the value of ₹10 each payable as follows:

₹ 2 per share on application, ₹ 3 per share on allotment and ₹ 5 per share on First and Final call.

The company received applications for 1,50,000 shares. The allotment was done as under:

- (a) Applicants of 15,000 shares were allotted 5,000 shares.
- (b) Applicants of 70,000 shares were allotted 40,000 shares.
- (c) Remaining applicants were allotted 30,000 shares.

Money in excess to allotment was returned. Hari, a shareholder who had applied for 3,500 shares out of group(b) failed to pay allotment and call money. Rohan, a shareholder who was allotted 3,000 shares paid the call money along with the allotment. Rohan also belonged to group(b). Hari's shares were forfeited after call and these were reissued at ₹ 8 as fully paid up shares.

Pass necessary journal entries to record the above transactions in the books of the company. Show your working clearly.

8

PART – B

(Analysis of Financial Statements)

- 18.** How will you show an increase or decrease of goodwill in Cash Flow Statement? **1**
- 19.** State with reason whether old furniture written off would result in Inflow, outflow or no flow of cash or cash equivalents. **1**
- 20.** (a) State the significance of financial statements to Finance Manager.
(b) How will you show the following items in the Balance Sheet of a company?
 - (i) Land and Building
 - (ii) Computer Software
 - (iii) Deposits
 - (iv) Provision for tax
 - (v) Interest accrued but not due
 - (vi) Provision for doubtful debts

1+3=4

21. Prepare Common Size Statement of Profit and Loss from the following information:

4

Particulars	31-3-2016	31-3-2015
	(₹)	(₹)
Revenue from Operation (% of material consumed)	125%	200%
Cost of material consumed	6,72,000	3,00,000
Other expenses (% of operating revenue)	10%	10%
Tax Rate	30%	30%

22. (a) Operating Cost ₹ 27,20,000; Operating Expenses ₹ 3,20,000; Gross Profit Ratio 25%. Calculate Operating Ratio.

- (b) Net Profit after Interest and Taxes ₹ 6,00,000; 10% Debentures of ₹ 100 each ₹ 10,00,000; Capital Employed ₹ 80,00,000, Tax Rate 50%. Calculate Return on Investment.

4

23. From the following Balance Sheets of P.K. Ltd. as at 31st March, 2016 and 31st March 2015.

Particulars	Note No.	31-3-2016	31-3-2015
		(₹)	(₹)
I. Equity and Liabilities			
1. Shareholder's Funds:			
(a) Share Capital	1	5,00,000	4,00,000
(b) Reserve and Surplus		4,00,000	2,50,000
2. Non-Current Liabilities:			
Long-term Borrowings		2,00,000	1,70,000
3. Current Liabilities:			
Short-term Provisions	2	1,00,000	80,000
Total		12,00,000	9,00,000

II. Assets			
1. Non-Current Assets:			
(a) Fixed Assets			
	Tangible (machinery)	8,00,000	5,00,000
(b) Non-Current Investments			
		1,80,000	1,80,000
2. Current Assets:			
(a) Inventories			
		50,000	70,000
(b) Trade Receivables			
		40,000	45,000
(c) Cash and Cash Equivalents			
		1,30,000	1,05,000
Total		12,00,000	9,00,000

Notes of Accounts:

Particulars	31-3-2016	31-3-2015
	(₹)	(₹)
1. Reserves and Surplus		
Surplus i.e. Balance in statement of Profit and Loss	4,00,000	2,50,000
	4,00,000	2,50,000
2. Short-term Provisions		
Provision for Tax	42,000	30,000
Proposed Dividend	58,000	50,000
	1,00,000	80,000

Additional Information:

A piece of machinery of the book value of ₹ 60,000 was sold for ₹ 45,000 at the beginning of the year. Depreciation provided on machinery during the year amount to ₹ 1,30,000.

Prepare Cash Flow Statement.

6

Series RAC

Code No. **RSPL/3**

Roll No.

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Candidates must write the Code on the title page of the answer-book.

- Please check that this question paper contains **12** printed pages.
- Code number given on the right hand side of the question paper should be written on the title page of the answer-book by the candidate.
- Please check that this question paper contains **23** questions.
- **Please write down the Serial Number of the question before attempting it.**
- 15 minutes time has been allotted to read this question paper.

ACCOUNTANCY

Time Allowed : 3 hours

Maximum Marks : 80

General Instructions :

- This question paper contains **two** parts **A** and **B**.*
- Part **A** is compulsory for all.*
- Part **B** has two options – Option – **I** Analysis of Financial Statements and Option – **II** Computerized Accounting.*
- Attempt only **one** option of Part **B**.*
- All parts of a question should be attempted at one place.*

PART – A
(Accounting for Partnership Firms and Companies)

1. A, B, C and D are partners in a firm sharing profits and losses in the ratio of 4:3:2:1. C retires from the firm. C surrenders his share equally in favour of B and D. Calculate the new profit sharing ratio of A, B and D. 1

2. State one difference between partner's loan account and partner's capital account on the basis of interest payable on it. 1

3. How is workmens' compensation fund present in the balance sheet of a partnership firm treated at the time of its dissolution? 1

4. What is the minimum price at which a company can reissue its forfeited shares which were originally issued at a premium? 1

5. State with reason whether change in profit sharing ratio amounts to dissolution of partnership. 1

6. Avinay Ltd. has 4,000, 9% Debentures of ₹ 100 each to be redeemed at a premium of 5% in five equal annual instalment starting from 31st March 2016.

Calculate the amount of investment that the company has to make before redeeming its debentures. 1

7. Pinnacle Instruments Ltd. registered itself with a capital of ₹ 20,00,000 divided into Equity Shares of ₹ 100 each.

On 1st June, 2015, the company issued 5,000 Equity Shares as fully paid to M/s Mila Herbals, as purchase consideration for the purchase of plant and machinery.

10,000 Equity shares were issued to the public at a premium of 20%.

Till the date of the Balance Sheet, the Directors had called from the public, 60% of the nominal value of the shares.

The amount called was received by the company except first call of ₹ 10 from 800 shares.

You are required to show:

- (i) Share Capital in the Balance Sheet as at 31st March 2016 of Pinnacle Instruments Ltd. as per Schedule III of the Companies Act, 2013.
- (ii) Notes to Accounts.

3

8. X, Y and Z were partners in a firm sharing profits in the ratio of 4:3:2. Y died. The new profit sharing ratio decided between X and Z is 2:1. Fill the missing figures in the following journal entries:

Journal

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
	X's Capital A/c Dr.		40,000	
	Y's Capital A/c Dr.		.....
	Z's Capital A/c Dr.		.....
	To Goodwill A/c			.....
	(For existing goodwill written off)			
	X's Capital A/c Dr.		.....
	Z's Capital A/c Dr.		12,000	
	To Y's Capital A/c			.....
	(For Y's share of goodwill adjusted between partners)			
	X's Capital A/c Dr.		.....
	Z's Capital A/c Dr.		.....
	To Y's Capital A/c			15,000
	(For Y's share of general reserve provided to him. General reserve will remain as it is in the books).			

3

9. During the year 2015-16, Ashwani Ltd. issued 10% Debentures of ₹ 100 each as per details below:
- 9,000 debentures were issued as collateral security to a bank against a loan of ₹ 6,00,000.
 - A machine was purchased for ₹ 2,16,000. The vendor was paid by the issue of debentures at a discount of 10% to be redeemed at par. **3**
- *10. To provide employment to the youth and to develop the backward area of Odisha, TPE Ltd. decided to set up power plant of 300 mega watt capacity. The company issued 6,000 10% Debentures of ₹ 100 each at a premium of 5% redeemable at a premium of 10%. Record the necessary journal entries for the issue of debenture.
List the values conveyed by the company here. **3**
11. The partnership agreement of Rohit, Ali and Sneh provides that
- Profits will be shared by them in the ratio of 2:2:1.
 - Interest on capital to be allowed @ 6% p.a.
 - Sneh to be given a salary of ₹ 500 per month.
 - Sneh's share of profit including interest on capital but excluding salary is guaranteed at ₹ 18,000. Any deficiency arising on that account shall be met by Rohit.
- The capitals of the partners on 1st April, 2015 were:
Rohit ₹ 1,20,000, Ali ₹ 1,00,000; Sneh ₹ 1,00,000. The net profit for the year 2015-16 ₹ 80,000.
Prepare Profit and Loss Appropriation Account for the year ended 31st March 2016. **4**
12. Mudit, Rakesh and Vansh are partners in a firm. They decided to dissolve their firm. Pass necessary journal entries for the following after various assets (other than cash and bank) and third party liabilities have been transferred to Realisation A/c.

*Value Based Question

- (i) Rakesh's loan of ₹ 9,000 was discharged at ₹ 9,200.
- (ii) There was a furniture of ₹ 60,000. Mudit took over of 60% of the furniture at 20% discount and the remaining furniture was taken over by Vansh at 10% profit on book value.
- (iii) The firm had paid realisation expenses amounting ₹ 8,000 on behalf of Rakesh who had to bear these expenses.
- (iv) Creditors to whom the firm owed ₹ 8,000 accepted computer of ₹ 7,000 at a discount of 10% and the balance was paid in cash. 4

13. A, B and C are partners in a firm, sharing profits and losses in the ratio of 3:2:1. On 31st March 2016, their Balance Sheet was as under:

Balance Sheet of A, B and C
as at 31st March, 2016

Liabilities	Amount (₹)	Assets	Amount (₹)
Capital A/cs:		Goodwill	18,000
A 50,000		Land and Building	20,000
B 30,000		Investments	66,000
C <u>20,000</u>	1,00,000	Sundry Debtors	18,600
Investment Fluctuation Fund	12,600	Bills Receivables	7,400
Profit and Loss A/c	4,800	Cash in Hand	11,100
General Reserve	23,400	Advertisement Suspense A/c	8,700
Sundry Creditors	9,000		
	1,49,800		1,49,800

The partners decided that with effect from 1st April, 2016, they would share profits and losses equally.

For this purpose, they decided that:

- (a) Investments to be valued at ₹ 60,000 and Land and Building at ₹ 50,000.
- (b) Goodwill to be valued at ₹ 24,000.
- (c) General Reserve is not to be distributed between the partners.
- (d) Advertisement Suspense A/c is to be carried forward as it is.

Pass necessary journal entries in the books of the firm.

6

- 14.** (a) Ali Ltd. purchased machinery for ₹ 1,18,750 from Ayan Ltd. The purchase consideration was paid through the issue of 6% Debentures of ₹ 100 each at a discount of 5%.

Pass the necessary journal entries.

- (b) On 1st April 2016, Y Ltd had 1000, 12% Debentures of ₹ 100 each redeemable at a premium of 5% due for redemption. On 1st July 2016, the company purchased 1000 of these debentures at ₹ 97 for immediate cancellation.

Pass the journal entries for the purchase and cancellation of debentures.

6

- 15.** Deepak, Esha, Fazal and Gagan are partners in a firm sharing profits in the ratio of 4:3:2:1. On 1st April, 2016 Heena is admitted into the firm and on the same date Gagan retires from the firm. The new ratio between Deepak, Esha, Fazal and Heena is agreed at 5:3:1:1. Heena brings ₹ 2,00,000 as her share of capital and could not bring her share of goodwill in cash. Goodwill of the firm is valued at ₹ 1,50,000. The Goodwill already appears in the books at ₹ 45,000. The profit of the firm of the year ended 31st March 2017 amounted to ₹ 4,00,000.

Pass journal entries in the books of the firm.

6

16. Bharat Ltd. invited applications for issuing 2,00,000 equity shares of ₹ 10 each. The amount was payable as follows:

On application ₹ 3 per share

On allotment ₹ 5 per share

On First and Final Call ₹ 2 per share

Applications for 3,00,000 shares were received and pro-rata allotment was made to all applicants. 'Ramesh' who was allotted 3,000 shares failed to pay allotment money and his shares were forfeited immediately.

The first and final call was duly made and received. 2,500 of the forfeited shares were reissued as fully paid up @ ₹ 8 per share.

Pass necessary entries to record the above transactions in the books of company.

OR

During the year 2015-16, Sumeet Ltd. issued 10,000 Equity shares of ₹ 100 each at ₹ 110 per share, payable as follows:

On Application ₹ 30

On Allotment ₹ 40 (including premium ₹ 10)

On First and Final Call ₹ 40

All the issued shares were subscribed for by the public.

One shareholder holding 500 shares did not pay the amount due on allotment and his shares were immediately forfeited.

Another shareholder holding 100 shares paid the amount of the First and Final Call with allotment.

After the company had made the First and Final Call, 200 of the forfeited shares were reissued as fully called up at ₹ 90 per share.

The share issue expenses were ₹ 14,000 which were written off at the end of the year.

Pass journal entries in the books of the company for the year ending 31st March 2016.

8

17. Neha, Ravina and Priya are partners in a firm sharing profits and losses in the ratio of 3:2:1. On 31st March, their Balance Sheet was as under:

Liabilities		Amount (₹)	Assets		Amount (₹)
Sundry Creditors		15,000	Cash in Bank		16,000
General Reserve		9,000	Sundry Debtors	25,000	
Capitals A/c:			Less: Provision	(1,300)	23,700
Neha	79,000		Stock		14,300
Ravina	70,000		Plant and Machinery		60,000
Priya	<u>61,000</u>	2,10,000	Land and Building		1,20,000
		<u>2,34,000</u>			<u>2,34,000</u>

Neha retires on 1st April, 2016, subject to the following adjustments:

- Land and Building are to be reduced by 10%.
- Goodwill is to be valued at ₹ 54,000.
- Provision for Doubtful Debts is to be raised to 10% of the debtors, the excess provision being created from General Reserve. The balance of the General Reserve to be distributed amongst the partners.
- Creditors of ₹ 3,000 were paid by Neha for which she is not to be reimbursed.
- The continuing partners to share profits and losses in future in the ratio of 5:4.
- Neha to be paid ₹ 5,400 on retirement and the remaining amount in two equal annual instalments together with interest @ 10% per annum on the outstanding balance. The first instalment of Neha loan to be paid on 31st March, 2016.

You are required to prepare:

- (i) Revaluation Account.
- (ii) Partners' Capital Accounts.
- (iii) Neha's Loan Account till it is finally closed.

OR

P, Q and R were partners in a firm sharing profits in the ratio of 4:3:2. On 1st April, 2016, their Balance Sheet was as follows:

Liabilities	Amount (₹)	Assets	Amount (₹)
Creditors	16,700	Cash in hand	6,000
General Reserve	4,500	Debtors	15,000
Workmen's Comp. Fund	9,000	Investments	20,000
Investment Fluctuation Fund	11,000	Plant and Machinery	14,000
Provision for Bad Debts	1,800	Land and Building	78,000
Capitals:			
P 40,000			
Q 30,000			
R 20,000	90,000		
	1,33,000		1,33,000

On the above date, S was admitted for 1/9th share in the profits of the firm on the following terms:

- (i) S will bring ₹ 10,800 for his capital and ₹ 2,700 for his share of goodwill.
- (ii) All debtors were considered good.
- (iii) The market value of investments was ₹ 16,200.
- (iv) There was a liability of ₹ 3,600 for workmen compensation.

- (v) The capitals of the partners shall be proportionate to their profit sharing ratio taking S's capital as base. Excess/deficiency transferred to current A/c.

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

8

PART – B
(Analysis of Financial Statements)

18. While preparing a cash flow statement, identify following transactions as belonging to operating activities, investing activities or financing activities:

- (i) Goodwill written off
(ii) Interest received by a company on its investments.

1

19. X Ltd. had purchased delivery van deferred payment basis. During the year ended 31st March, 2016, the company paid an instalment of ₹ 20,800 which included interest of ₹ 4,800.

Under which activity or activities payment of instalment will be classified while preparing Cash Flow Statement.

1

20. (a) What is contingent liability? How are contingent liabilities shown in the Balance Sheet of a company, prepared as per Schedule III of the Companies Act, 2013?

(b) What is meant by analysis of financial statements?

2+2=4

21. Following is the statement of Profit and Loss of Manohar Ltd. for the year ended 31st March 2016:

Particulars	31-3-2016 (₹)	31-3-2015 (₹)
Revenue from Operations	8,00,000	6,00,000
Gross Profit Ratio	40%	30%
Employee Benefit Expenses	80,000	32,000
Other Expenses	20,000	8,000
Tax Rate	40%	50%

You are required to prepare a Comparative Statement of Profit and Loss of Manohar Ltd. from the given statement of Profit and Loss.

4

22. (a) Calculate Liquid Ratio from the following (up-to two decimal places):

Current Assets	₹ 1,26,000
Inventories	₹ 2,000
Current Ratio	3:2

- (b) With the help of the following information, Calculate ROI.

Net Profit after interest and Tax ₹ 3,00,000, 9% Debentures ₹ 4,00,000, Tax ₹ 2,00,000, Capital Employed 27,00,000.

4

23. From the following Balance Sheets of Karuna Ltd. as at 31st March, 2016 and 31st March 2015, Prepare Cash Flow Statement.

Particulars	Note No.	31-3-2016 (₹)	31-3-2015 (₹)
I. Equity and Liabilities			
1. Shareholder's Funds:			
(a) Share Capital		8,08,000	6,65,000
(b) Reserve and Surplus	1	1,30,000	1,20,000
2. Non-Current Liabilities:			
Long-term Borrowings	2	4,00,000	4,00,000
3. Current Liabilities:			
(a) Short-term Borrowings	3	80,000	—
(b) Trade Payables		1,30,000	1,62,000
(c) Short-term Provisions	4	70,000	80,000
Total		16,18,000	14,27,000
II. Assets			
1. Non-Current Assets:			
(a) Fixed Assets		9,00,000	8,80,000
(b) Non-Current Investments		4,00,000	3,00,000
2. Current Assets:			
(a) Inventories		1,18,000	72,000
(b) Trade Receivables		80,000	95,000
(c) Cash and Cash Equivalents		1,20,000	80,000
Total		16,18,000	14,27,000

Notes of Accounts:

Particulars	31-3-2016	31-3-2015
	(₹)	(₹)
1. Reserves and Surplus		
Balance as per statement of P & L	50,000	70,000
General Reserve	80,000	50,000
	1,30,000	1,20,000
2. Long-term Borrowings		
10% Debentures	4,00,000	4,00,000
	4,00,000	4,00,000
3. Short-term Borrowings		
Bank Overdraft	80,000	—
	80,000	—
3. Short-term Provision		
Provision for tax	70,000	80,000
	70,000	80,000

Additional Information:

- (a) Interim dividend of ₹ 80,000 was paid.
- (b) Depreciation on Fixed assets ₹ 1,80,000 was charged.

6