

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.)*

The Question Paper contains three sections.

Section A is compulsory for all candidates.

Candidates have to attempt *all* questions from *either Section B or Section C.*

There are internal choices provided in each section.

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

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.

SECTION A (60 Marks)

*Answer **all** questions.*

Question 1

In subparts (i) to (iv) chose the correct option and in subparts (v) to (x) answer the questions as instructed.

- (i) A firm has an unrecorded liability for workmen compensation of ₹ 10,000. The firm was not prudent enough to create a workmen compensation reserve. **[1]**
How will this liability be treated in the books of the firm at the time of retirement of a partner?
- (a) By debiting it to the capital accounts of all the partners.
 - (b) By crediting it to Revaluation A/c
 - (c) By debiting it to Revaluation A/c
 - (d) By debiting it to Workmen Compensation Reserve A/c
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- (ii) Neptune Ltd., an unlisted manufacturing company has to redeem its 3,000, 7% Debentures of ₹ 100 each on 30th September, 2022. [1]
As per the provisions of the Companies Act, 2013, on which date should the company invest in specified securities?
- (a) On or before 30th September, 2021
 - (b) On or before 30th September, 2022
 - (c) On or before 30th April, 2021
 - (d) On or before 30th April, 2022
- (iii) When a partnership firm dissolves, its losses including deficiencies of capital are to be paid first out of: [1]
- (a) The profits of the firm
 - (b) The capitals of the partners
 - (c) From the partners individually in their profit-sharing ratio
 - (d) From the proceeds from sale of assets
- (iv) A company forfeits 1,000 shares of ₹ 10 each. It had received ₹ 6,000 on these shares. What is the maximum discount that can be allowed by the company on the reissue of 400 shares? [1]
- (a) ₹ 4,000
 - (b) ₹ 400
 - (c) ₹ 1,600
 - (d) ₹ 2,400
- (v) What is the accounting treatment of Employees Provident Fund appearing in the Balance Sheet of a partnership firm at the time of dissolution of the firm? [1]
- (vi) Give *any one* important feature of non- purchased goodwill. [1]
- (vii) Mention the heading and sub-heading under which Calls-in Arrears and Calls-in Advance are shown in the Balance Sheet of a company prepared as per Schedule III of the Companies Act,2013. [1]
- (viii) Give *any one* difference between Securities Premium Reserve and Premium on Redemption of Debentures. [1]

- (ix) Joy and Deb were partners sharing profits & losses in the ratio of 2:1. They admitted Gopi into partnership for $\frac{1}{5}$ share. At the time of Gopi's admission, Furniture (book value ₹ 2,50,000) was reduced by 40% and Machinery (book value ₹ 1,50,000) was reduced to 40% [1]

What was the net decrease in value of assets?

- (x) Gabby Ltd. (a listed NBFC) has 30,000, 5% Debentures of ₹100 each due for redemption at par on 31st March, 2022. [1]

The Debenture Redemption Investment which was purchased on 30th April, 2021, was realized on the date of redemption at 102% less 0.5% brokerage, and the debentures were redeemed.

You are required to calculate the sale price of the Debenture Redemption Investment.

Question 2

[3]

Kavi, Dhruv and Parth are partners in a firm sharing profits and losses in the ratio of 3:1:1.

Balance Sheet of Kavi, Dhruv and Parth (extract)

As at 31st March, 2022

Liabilities	(₹)	Assets	(₹)
		Bank	5,000

On Kavi's retirement from the firm on 1st April, 2022, the amount due to him is determined at ₹ 20,000.

The firm took *sufficient* loan from the bank to pay the amount due to Kavi.

You are required to pass the necessary journal entries to pay the amount due to Kavi.

OR

Gita, Sita and Meena were partners in a firm sharing profits and losses in the ratio of 2: 2:1. Gita died on 30th June, 2022.

The firm closes its books on 31st March every year.

According to their Partnership Deed, the representatives of the deceased partner would be entitled to get Gita's share in the interim profits of the firm calculated on *sales basis*.

Sales for the year 2020-21 were ₹ 6,00,000 and in the year 2021-22, till the date of her death, sales amounted to ₹ 1,20,000.

The profits of the firm for the year 2020-21 were ₹ 1,80,000.

You are required to:

- (i) Calculate Gita's share of interim profit.
- (ii) Pass the necessary journal entry for giving Gita's representative her share of interim profit.

Question 3**[3]**

Veena and Soma are partners in a firm. They admit Sara on 1st April, 2022, for $\frac{1}{4}$ share in the profits of the firm.

On an average, the profits earned by Veena and Soma are ₹ 21,000. The average capital employed by the firm is ₹ 1,50,000.

The normal rate of return in the industry is 10%.

It is decided to value goodwill on the basis of four years' purchase of profits in excess of profits @ 10% on the money invested.

You are required to:

- (i) Calculate the goodwill of the firm.
- (ii) Pass the journal entries in the books of the firm if Sara brings into the firm her share of goodwill in cash.

Question 4**[3]**

On 31st March, 2021, the books of Pragya Ltd. (an unlisted manufacturing company) showed the following closing balances:

7% Debentures (redeemable on 30 th September, 2022)	₹ 60,00,000
Debenture Redemption Reserve	₹ 2,00,000

In order to meet the provisions of the Companies Act, 2013, the company transferred the required balance amount to Debenture Redemption Reserve Account on 31st March, 2022. It met the requirements of Debenture Redemption Investment.

You are required to prepare the Debenture Redemption Reserve Account for the years 2021-22, 2022-23.

OR

Barua Ltd. (a listed NBFC) redeems its 9,000, 10% Debentures of ₹ 100 each in instalments as follows

Date of Redemption	Debentures to be redeemed
31 st March, 2020	3,000
31 st March, 2021	5,000
31 st March, 2022	1,000

You are required to prepare the Debenture Redemption Investment Account for the years 2020-21, 2021-22.

Question 5**[3]**

On 1st February, 2022, Swadesh Ltd. issued to the public 12,000, 10% Debentures of ₹ 100 each at a discount of 3% payable:

₹ 20 on application.

The balance on allotment being made on 1st May, 2022.

The public applied for 20,000 debentures. Pro-rata allotment was made on 15,000 debentures.

The debentures were to be redeemed at par after four years.

You are required to pass journal entries for the year 2021-2022.

Question 6**[6]**

The Balance Sheet of Ravi and Kamal as at 31st March, 2022, was as follows:

Balance Sheet of Ravi and Kamal**As at 31st March, 2022**

Liabilities	(₹)	Assets	(₹)
Creditors	5,000	Cash	1,400
Investment Fluctuation Fund	300	Debtors	4,700
Capital Accounts:		Stock	2,300
Ravi	3,500	Furniture	50
Kamal	2,750	Property	2,000
		Investment	1,100
	<hr/>		<hr/>
	11,550		11,550

The partners shared profits in the ratio of 9:7.

The partnership firm was dissolved on the date of the Balance Sheet subject to the following adjustments:

- (i) Property realized 75%.
- (ii) Bad debts and discount amounted to ₹ 500.
- (iii) Stock realized ₹ 2,525.
- (iv) Creditors allowed a discount of 2%.
- (v) Expenses of dissolution amounted to ₹ 75 which were paid by Ravi.

You are required to prepare the Realisation Account.

Question 7**[6]**

Amit and Barun are partners sharing profits in the ratio of 4:1. Their Balance Sheet as at 31st March, 2022, was as under:

Balance Sheet of Amit and Barun
As at 31st March, 2022

Liabilities	(₹)	Assets	(₹)
Sundry Creditors	51,000	Furniture	4,000
Capital Accounts:		Building	45,000
Amit 20,000		Goodwill	1,000
Barun 15,000	35,000	Debtors 9,400	
		Less Prov. for	
		Doubtful debts 400	9,000
		Cash	27,000
	86,000		86,000

On 1st April, 2022, Charan is admitted as a new partner on the following terms:

- (i) The new profit-sharing ratio of the partners to be 2:1:1.
- (ii) Charan to bring in ₹ 16,000 as his capital but would be unable to bring his share of goodwill in cash.
- (iii) The value of the goodwill of the firm to be calculated on the basis of Charan's share in the profits and the capital contributed by him.
- (iv) Furniture, which had been undervalued by ₹ 600 to be brought up to its revised value.
- (v) Out of the total insurance premium paid, ₹ 3,400 to be treated as prepaid insurance. The amount was earlier debited to Profit & Loss Account.

You are required to prepare:

- (i) **Revaluation Account.**
- (ii) **Partners' Capital Accounts.**

OR

Karan and Vijay are partners in a firm sharing profits and losses in the ratio of 4:3. They admit Shrey for $\frac{1}{3}$ share in the profits.

On the date of Shrey's admission:

- (a) The capitals of Karan and Vijay are: ₹ 40,000 and ₹ 30,000 respectively.
- (b) Profit and Loss Account has a debit balance of ₹ 7,000.
- (c) General Reserve shows a balance of ₹ 21,000 which is not to be disturbed.
- (d) Goodwill of the firm is valued at ₹ 42,000.
- (e) The cash at bank is ₹ 15,000.
- (f) Shrey brings in proportionate capital and his share of goodwill in cash.

You are required to prepare:

- (i) **Partners' Capital Accounts.**
- (ii) **Cash at Bank Account of the reconstituted firm on the date of Shrey's admission.**

Question 8

[6]

From the information of Prudence Ltd. given below, you are required to show how the relevant items will appear in the company's Balance Sheet (an extract) as at 31st March 2022.

The authorised capital of Prudence Ltd. consisted of 3,000, 10% Preference Shares of ₹ 100 each and 8,000 Equity Shares of ₹100 each, out of which:

- (a) 1,000, 6% Preference shares were issued to the public, fully called and paid up
- (b) 3,000 Equity shares were issued which were fully called up.
- (c) There were arrears of ₹ 20 per share on 400 Equity shares.

Particulars	(₹)
Mortgage Debentures	50,000
Bank Overdraft	25,000
Balance in Statement of P/L (Dr)	76,000
Freehold Property	50,000

Question 9**[10]**

Ajay and Vijay are in partnership sharing profits and losses in the ratio of 3:1.

On 1st April, 2021, their capitals were ₹ 1,00,000 and ₹ 90,000.

The terms of their partnership are as follows:

- (i) Interest on capital to be allowed at @ 6% per annum.
- (ii) Interest on drawings to be charged @ 4% per annum.
- (iii) Partners to get a salary of ₹1,000 *each* per month.
- (iv) Vijay to get a commission of 2% on the correct net profit.
- (v) Any partner taking a loan from the firm to be charged interest on it @ 8% per annum.

Ajay had borrowed ₹ 10,000 from the firm on 1st October, 2021.

Vijay had withdrawn ₹ 8,000 on 1st July, 2021.

During the year ending 31st March, 2022, the firm earned a net profit of ₹ 60,000 *before* any of the provisions mentioned in the partnership deed.

You are required to prepare for the year ending 31st March, 2022:

- (i) Profit and Loss Appropriation Account.**
- (ii) Ajay's Capital Account.**

OR

The partnership agreement of Rohit, Ali and Sneha provides that:

- (i) Profits will be shared by them in the ratio of 2:2:1.
- (ii) Interest on capital to be allowed at the rate of 6% per annum.
- (iii) Interest on drawings to be charged at the rate of 3% per annum.
- (iv) Ali to be given a salary of ₹ 500 per month.
- (v) Ali's guarantee to the firm that the firm would earn a net profit of at least ₹ 80,000 per annum and any shortfall in these profits would be personally met by him.

The capitals of the partners on 1st April, 2021, were:

Rohit – ₹ 1,20,000; Ali- ₹ 1,00,000; Sneha- ₹ 1,00,000.

All the three partners withdrew ₹1,000 each at the beginning of every month.

The net profit for the year 2021-22 was ₹ 70,000.

You are required to prepare for the year 2021- 2022:

- (i) Profit and Loss Appropriation Account.**
- (ii) Ali's Capital Account.**

Question 10**[10]**

In the year 2021-22, Yamuna Limited Co. was registered with an authorized capital of ₹ 1,00,000 in ₹ 10 per Equity share.

Of these, 4,000 equity shares were issued as fully paid to vendor for the purchase of Plant and Machinery and 6,000 shares were subscribed for by the public.

During the first year, ₹ 6 per Equity share was called up, payable:

₹ 3 on Application

₹ 1 on Allotment

₹ 2 on the First Call

The amounts received in respect of these shares were as follows:

On 5,000 shares the full amount called

On 600 shares ₹ 4 per Equity share

On 400 shares ₹ 3 per Equity share.

The company forfeited all those shares on which only ₹ 3 had been received and reissued them at ₹ 4 per share.

You are required to:

- (i) **Pass journal entries to record the above transactions in the books of the company.**
- (ii) **Prepare the Calls-in Arrears Account.**

OR

Tapsi Ltd. invited applications from the public for the issue of 55,000 Equity shares of ₹ 10 each payable as:

₹ 3 on Application

₹ 5 on Allotment

Balance on Call

The public applied for 50,000 shares which were duly allotted by the company.

₹ 2,49,000 were received by the company on allotment and ₹ 99,400 on call.

The company forfeited those shares on which both, allotment and call money was not received.

70% of the forfeited shares were reissued at ₹ 7 per share, fully called up.

The company paid share issue expenses of ₹ 20,000 which were completely written off at the end of the year.

The company had ₹ 15,000 in its Securities Premium Reserve Account.

You are required to pass journal entries to record the above transactions in the books of the company.

SECTION B (20 Marks)

Answer all questions

Question 11

In subparts (i) and (ii) chose the correct option and in subparts (iii) to (v) answer the questions as instructed.

- (i) What will be the Operating Ratio of Zenia Ltd. from the particulars given below? [1]
Revenue from Operations: ₹ 9,00,000
Gross Profit: 20% on cost
Operating Expenses: ₹ 60,000
(a) 86.67%
(b) 90%
(c) 76.67%
(d) 20%
- (ii) How is interest paid on debentures considered in a Cash Flow Statement? [1]
(a) As an Operating Activity
(b) As a Financing Activity
(c) As an Investing Activity
(d) Both as an Operating Activity and a Financing Activity
- (iii) State the objective of calculating Liquidity Ratios. [1]
- (iv) Mention the accounting basis on which a Cash Flow Statement is prepared. [1]
- (v) What is Gross Profit + Cost of Materials consumed? [1]

Question 12

[3]

From the following particulars of Bharti Ltd., you are required to prepare a Common-size Balance Sheet as at 31st March, 2022.

Particulars	31.03.2022 (₹)
Shareholders' Funds	14,00,000
Current Liabilities	2,00,000
Total Equity & Liabilities	20,00,000
Non-current Assets	15,00,000

Question 13

[6]

From the following extracts of a company's Balance Sheets, you are required to calculate:

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

Particulars	31.3.2022 (₹)	31.3.2021 (₹)
Equity Share Capital	15,00,000	12,00,000
5% Debentures	10,00,000	8,00,000
Securities Premium Reserve	50,000	10,000
Plant & Machinery (at cost)	10,90,000	9,00,000
Accumulated Depreciation	3,00,000	4,00,000
10% Investments	60,000	50,000
Goodwill	1,00,000	70,000

Note: Dividend proposed in the years 2020-21 and 2021-22 were ₹ 42,000 and ₹ 40,000 respectively.

Additional information:

During the year 2021-22, the company:

- (i) Issued the 5% Debentures at a discount of 10% on 1st April, 2021. The discount on issue of Debentures was written off from Securities Premium Reserve.
- (ii) Provided depreciation of ₹ 1,00,000 on Plant and Machinery.
- (iii) Sold Plant and Machinery, the book value of which was ₹ 5,00,000 for ₹ 4,50,000.

OR

You are required to prepare a Cash Flow Statement of Bruno Ltd. (as per AS 3) for the year 2021-22 from the following Balance Sheets.

Balance Sheets of Bruno Ltd.
As at 31st March, 2022 and 31st March, 2021

Particulars	N. No.	31.3.2022 (₹)	31.3.2021 (₹)
I EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital (Equity)		5,00,000	3,50,000
(b) Reserves and Surplus (Statement of Profit & Loss)		1,20,000	88,000
2. Non- Current Liabilities			
Long-term Borrowings (7% Debentures)		1,50,000	2,10,000
3. Current Liabilities			
(a) Short-term Borrowings (Bank Overdraft)		39,000	46,000
(b) Short term Provision (Provision for Tax)		40,000	30,000
TOTAL		8,49,000	7,24,000
II ASSETS			
1. Non- Current Assets			
(a) Property, Plant & Equipment & Intangible Assets			
(i)Property, Plant & Equipment (Plant & Machinery)		3,80,000	3,30,000
2. Current Assets			
(a) Cash & Bank Balances (Cash at Bank)		4,69,000	3,94,000
TOTAL		8,49,000	7,24,000

Notes to Accounts:

Particulars	31.3.2022 (₹)	31.3.2021 (₹)
1. Contingent Liability		
Proposed Dividend	30,000	----

Additional information:

During the year 2021-22:

- (i) Plant & Machinery of ₹ 1,20,000 was purchased and some machinery was sold at a loss of ₹ 12,000.
- (ii) The company charged ₹ 38,000 as depreciation on its Plant and Machinery.
- (iii) Interest of ₹ 18,000 was paid on all borrowings
- (iv) Tax paid was ₹ 25,000.

Question 14

[6]

From the following Statement of Profit and Loss of Swatantra Ltd. for the year 2020-21, calculate *any three ratios* (up-to two decimal places):

- (i) Gross Profit Ratio
- (ii) Net Profit Ratio
- (iii) Operating Profit Ratio
- (iv) Inventory Turnover Ratio

**Statement of Profit and Loss of Swatantra Ltd.
For the year ending 31st March, 2022**

Particulars	Note No.	(₹)
Revenue from operations		5,00,000
Other Income (Profit on Sale of Machinery)		40,000
Total Revenue		5,40,000
Expenses:		
Purchases		2,50,000
Changes in inventories	1	(10,000)
Employee Benefit Expenses	2	26,000
Depreciation		14,000
Finance Cost (Interest on Debentures)		30,000
Other Expenses	3	20,000
Total Expenses		3,30,000
Profit before Tax		2,10,000
Provision for Tax		(84,000)
Profit after Tax		1,26,000

Notes to Accounts:

Particulars	(₹)
1. Changes in Inventories	
Opening Inventory	40,000
Closing Inventory	50,000
2. Employee Benefit Expenses	
Wages	16,000
Salaries	10,000
3. Other expenses	
Carriage inward	8,000
Loss on sale of Furniture	12,000

SECTION C (20 Marks)

Answer all questions

Question 15

In subparts (i) and (ii) chose the correct option and in subparts (iii) to (v) answer the questions as instructed.

- (i) In Excel, the drag and drop method is used to: [1]
- (a) Copy cell contents
 - (b) Move cell contents
 - (c) Add cell contents
 - (d) (a) and (b)
- (ii) Which one of the following fields would not make a suitable primary key? [1]
- (a) A date field
 - (b) An invoice number
 - (c) An autoNumber field
 - (d) A customer's social security number.
- (iii) Mention *any two* types of charts available in a spreadsheet. [1]
- (iv) What is meant by *sorting of records* in an Excel sheet? [1]
- (v) How can the name of default Sheet 1 be changed to any other name? [1]

Question 16 [3]

- (i) What is a Database Transaction in DBMS?
- (ii) Give an example of a Database transaction.

Question 17**[6]**

ABC & Sons run an ice cream parlour. They sell ice creams in cups and cones in four flavours, Vanilla, Butter Scotch, Chocolate and Badaam Pista. The ice cream is purchased in the form of ice cream bricks of 1 litre size and served to the customer in a cup or cone as per his/her preference, by cutting each ice cream brick into ten smaller pieces of 100 ml each.

The ice cream is purchased from the supplier of a well-known brand who as per the sales arrangement, also supplies the cups, cones, spoons and paper napkins in adequate quantity, at no extra cost.

The firm has prepared a summary of its Purchase, Sales and Unsold Stock for the month of March, 2022, in spreadsheet form. It did not have any unsold stock on the last day of February, 2022.

	A	B	C	D	E	F	G	H	I	J	K	L
1	Ice Cream Flavours	No. of Bricks purchased	Cost Price per Brick (₹)	Total Cost (₹)	Equivalent Number of cups/cones	Unit cost of cup/cone (₹)	No. of Cups/Cones Sold	Sale Price of cup/cone (₹)	Total Sales (₹)	Cost of cups/cones sold (₹)	Cost of unsold cups/cones (₹)	Profit (₹)
2	Vanilla	400	200	80,000	4,000	20	3,500	35	1,22,500	??	??	52,500
3	Butter Scotch	100	250	25,000	1,000	25	900	35	31,500	22,500	??	9,000
4	Chocolate	200	300	60,000	2,000	30	1,900	40	??	57,000	3,000	19,000
5	Badaam Pista	300	300	90,000	3,000	30	2,500	40	1,00,000	75,000	15,000	??
6	Total	1,000		2,55,000	10,000		8,800		3,30,000	2,24,500	30,500	1,05,500

Based on the information and spreadsheet given above, write the formula, *for any three*, to calculate for the month of March, 2022:

- (i) Value of unsold stock of Butter Scotch Ice Cream in cell **K3**. **[2]**
- (ii) Total Sales of Chocolate Ice Cream in cell **I4**. **[2]**
- (iii) Profit made on the sales of Badaam Pista Ice Cream in cell **L5**. **[2]**
- (iv) Percentage of *total profit on cost* made by ABC & Sons on all the flavours of the Ice Cream. **[2]**

Question 18

[6]

Answer any three of the following questions.

- (i) Give the meaning of *Database* design.
- (ii) List *any two* attributes to be stored in *Payroll Data base*.
- (iii) Give *any two* differences between *Generic Software* and *Specific Software*.
- (iv) The syntax of the PMT function is

= PMT (rate, nper, pv, [fv], [type])

What do the following stand for in this syntax:

- Rate
- Nper
- Pv
- Type