2023

QUESTION PAPER

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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) choose the correct options and in subparts (v) to (x) answer the questions as instructed.

(i) Nikhil, Akhil and Amber are partners in a firm. At the time of Akhil's retirement, Amber takes over furniture of ₹ 12,000 at ₹ 10,000. **[1]**

Choose the correct journal entry from the following options to record this adjustment.

(a) Debit Furniture Account ₹ 10,000; Credit Amber's Capital Account ₹ 10,000

(b) Debit Furniture Account ₹ 12,000; Credit Amber's Capital Account ₹ 10,000; Credit Revaluation Account ₹ 2,000

(c) Debit Amber's Capital Account ₹ 10,000; Credit Furniture Account ₹ 10,000

(d) Debit Amber's Capital Account ₹ 10,000; Debit Revaluation Account ₹ 2,000; Credit Furniture Account ₹ 12,000

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(ii) Select the *correct* statement from the following options. [1]

(a) A debenture holder is entitled to receive dividend on his debentures from the company even if the company has incurred losses.

(b) A debenture holder is entitled to receive interest on his debentures from the company only if the company has made profits.

(c) A debenture holder is entitled to receive interest on his debentures from the company only after dividend has been paid by the company to its shareholders.

(d) A debenture holder is entitled to receive interest on his debentures from the company even if the company has incurred losses.

(iii) On the dissolution of the firm, Partner Rex agreed to take over the responsibility of completing the dissolution work at an agreed remuneration of ₹ 1,000 and to bear all realisation expenses. The actual realisation expenses amounted to ₹ 1,300 which were paid by the firm on Rex's behalf. [1]

What amount will be debited by the firm to the Realisation Account?

(a) ₹ 1,000

(b) ₹ 2,300

(c) ₹ 1,300

(d) ₹ 300

(iv) ABC Ltd. offered 60,000 shares of ₹ 10 each to the public. The public applied for 1,00,000 shares. The company made pro-rata allotment in the ratio of 3:2 and the remaining applications were rejected and money refunded to the applicants. [1]

On how many shares did the company refund the application money?

(a) 40,000 shares

(b) 10,000 shares

(c) 30,000 shares

(d) 20,000 shares

(v) Give the formula used for calculating goodwill of a partnership firm by the *Weighted Average Profit* Method. [1]

(vi) A firm had given a loan to one of its partners. Give the journal entry to *close* this Loan Account at the time of dissolution of the partnership firm. [1]

(vii) Mention the heading and sub-heading under which *Vehicles* are shown in the Balance Sheet of a company prepared as per Schedule III of the Companies Act, 2013. [1]

(viii) Sunrise Ltd., a listed NBFC, had outstanding 20,000, 7% Debentures of ₹100 each, due for redemption on 31st March, 2022. [1]

As per the provisions of the Companies Act, 2013, what amount, if any, does the company need to transfer to Debenture Redemption Reserve, before it can redeem the debentures?

(ix) Pooja and Meher are partners in a firm. They admit Rati into the firm on the following terms: [1]

(a) Unrecorded Debtors of ₹ 1,000 to be brought into the books.

(b) Provision for doubtful debts to be created @ 5% on Debtors.

The recorded debtors in the Balance Sheet of Pooja and Meher on the date of Rati's admission were ₹ 25,000.

What will be the *net debtors* to be shown in the Balance Sheet of the reconstituted firm?

(x) On 1st April, 2021, Bhim Ltd. issued 2,000, 5% Debentures of ₹ 100 each as follows: [1]

(a)	For cash at a discount of 5%	₹ 80,000 (Nominal)
(b)	To a vendor for ₹ 60,000 in satisfaction of his claim	₹ 70,000 (Nominal)
(c)	To Bankers for a loan of ₹ 40,000 as collateral security	₹ 50,000 (Nominal)

The interest on these debentures was to be paid annually on 31st March every year by the company.

You are required to calculate interest on these debentures payable by the company on 31st March, 2022.

Question 2 [3]

Pia, Sia and Jiya are partners in a firm sharing profits and losses in the ratio of 3:2:1. Pia died on 31st October, 2021. Her capital as on 1st April, 2021, was ₹ 24,000 and her share of profit for the year 2021-22 till the date of her death, was ascertained as ₹ 2,000.

Additional information:

(i) Office Equipment of the firm, the book value of which was ₹ 10,000 on 1st April, 2021, was revalued on the date of Pia's death at ₹ 13,600.

(ii) The amount of ₹ 35,000 due to Pia's executor in full settlement of the claim, was transferred to her executor's loan account.

You are required to prepare Pia's capital account to be rendered to her executor.

OR

Vinay, Tarun and Arjun are partners in a firm sharing profits and losses in the ratio of 4:3:2 respectively. On Tarun's retirement from the firm on 1st April, 2022, his capital account, after all adjustments, stood at ₹ 1,14,000.

The partners decided that:

(i) Tarun to be paid 50% of the amount due to him immediately and the balance by accepting a Bill of Exchange (without interest) payable at the expiry of 3 months.

(ii) The continuing partners to re-adjust their capitals in their new profit-sharing ratio in the reconstituted firm. Any surplus / deficit in their capital accounts to be adjusted through their current accounts.

Upon re-adjustment of their capitals, Vinay's capital showed a deficit of ₹ 1,000 while Arjun's capital had a surplus of ₹ 1,000.

You are required to pass journal entries to record:

(i) The closing of the retiring partner's capital account.

(ii) Adjustment of surplus / deficit in the capital accounts of the continuing partners.

Question 3 **[3]**

On 1st April, 2022, Lighthouse Ltd. purchased land from Bricks Ltd. The payment was made on the same day by:

(i) Issuing a bank draft for ₹ 20,00,000;

(ii) Drawing a Promissory Note in favour of Bricks Ltd. for ₹ 10,00,000;

(iii) Issuing 8,000, 10% Debentures of ₹ 100 each at par, redeemable at a premium of 10%, after three years.

You are required to pass necessary journal entries in the books of Lighthouse Ltd. on the *date of purchase of land.*

Question 4 **[3]**

Jerome Ltd., an unlisted manufacturing company, had 20,000, 6% Debentures of ₹ 100 each due for redemption at par on 31st March, 2022. On this date the company had the required amount of ₹ 2,00,000 in its Debenture Redemption Reserve.

The Debenture Redemption Investment which was purchased on 30th April, 2021, was realised at 98% on the date of redemption and the debentures were redeemed on the due date.

You are required to pass journal entries in the books of the company for the year 2021-22. (Ignore interest on debentures).

OR

On 1st April, 2017, Gabriel Ltd., a listed company, issued 3,000, 8% Debentures of ₹ 100 each. *One- third* of the Debentures were redeemed at par on 31st March, 2021, and the remaining *two-third* on 31st March, 2022.

The company paid interest on debentures annually on 31st March.

After meeting the requirements of the Companies Act, 2013, regarding Debenture Redemption Investment, the debentures were redeemed by the company.

You are required to record necessary journal entries in the books of the company *only* on 31st March, 2022, *including* entries for interest on debentures.

Question 5 **[3]**

Viraj, Harsh and Akhil are partners in a firm sharing profits and losses in the ratio of $^4/_9 : ^1/_3 : ^2/_9$. Akhil dies on 31st March, 2022. Viraj acquires $^4/_9$ of Akhil's share and the balance is acquired by Harsh.

On the date of Akhil's death, it was decided to value the goodwill of the firm on the basis of *two years' purchase of average super profit.*

The average net profit made by the firm is ₹ 49,000 per annum.

The remuneration of the partners, considered as management cost, is estimated to be ₹ 9,000 per annum.

The total value of assets and liabilities of the firm is ₹ 2,20,000 and ₹ 80,000 respectively.

The normal rate of return in the industry is 15%.

You are required to calculate:

(i) The gaining ratio of the continuing partners.

(ii) The value of non-purchased goodwill of the firm.

Question 6 **[6]**

Sunrise Ltd. was formed on 1st November, 2021, with a capital of ₹ 20,00,000 divided into Equity shares of ₹ 20 each.

It offered 95% shares to the public which were all subscribed for.

60% amount was payable on application;

30% on allotment;

And the balance on final call.

The applicants paid ₹ 11,40,000 on application and ₹ 5,40,000 on allotment.

Final call was not made by the company till the Balance Sheet date.

You are required to prepare:

(i) An extract of the Balance Sheet showing Share Capital.

(ii) Notes to Accounts.

Question 7 [6]

Mita and Sita, sharing profits in the ratio of 2:1, decided to dissolve their partnership firm on 31st March, 2022, on which date their Balance Sheet was as under:

Balance Sheet of Mita and Sita
As at 31st March, 2022

Liabilities		(₹)	Assets		(₹)
Sundry Creditors		40,000	Land & Building		29,000
Sita's Son's Loan		2,000	Plant & Machinery		20,000
Bank Overdraft		8,000	Stock		3,000
Capital Accounts:			Debtors	26,400	
Mita	20,000		Less Provision for		
Sita	10,000	30,000	doubtful debts	400	26,000
			Bank		2,000
		80,000			80,000

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

(a) Trade creditors accepted plant and machinery at an agreed valuation of 10% less than the book value and the balance in cash in full settlement of their claims.

(b) Debtors of ₹ 1,000 proved bad.

(c) Sita took over the stock at a discount of 20%.

(d) Realisation expenses of ₹ 1,100 were paid by the firm.

You are required to prepare the Realisation Account.

Question 8 **[6]**

Benu and Leena are partners in a firm sharing profits and losses in the ratio of 5:3. They admit Deepa and Erica as two new partners.

The new profit-sharing ratio is decided to be 3:2:2:3.

Both the new partners introduce ₹ 1,00,000 each as capital.

Deepa pays ₹ 40,000 in cash for her share of goodwill but Erica is unable to contribute any amount for her share of goodwill.

At the time of Deepa's and Erica's admission, the firm had an Advertisement Suspense Account of ₹ 56,000 which is written off.

You are required to pass necessary journal entries to record the above adjustments at the time of admission of Deepa and Erica.

OR

Greg and Rohit are partners in a firm sharing profits and losses in the ratio of 2:3.

Their Balance Sheet as at 31st March, 2022, is given below:

Balance Sheet of Greg and Rohit
As at 31st March, 2022

Liabilities		(₹)	Assets		(₹)
Sundry Creditors		15,000	Goodwill		10,000
Outstanding Salary		5,000	Office Equipment		37,000
General Reserve		8,000	Sundry Debtors	6,400	
Capital Accounts:			Less Provision for		
Greg	25,000		doubtful debts	400	6,000
Rohit	10,000	35,000	Cash		10,000
		63,000			63,000

On 1st April, 2022, they admit Kunal as a new partner on the following terms:

(a) The new profit-sharing ratio of Greg, Rohit and Kunal to be 5:3:2.

(b) Kunal to bring his share of capital of ₹ 25,000 and his share of goodwill of ₹ 5,000 in cash.

(c) Office Equipment to be valued at ₹ 42,000.

You are required to prepare Partners' Capital Accounts.

Question 9 **[10]**

The *fixed* capital accounts of Shiv, Azeem and Angad, sharing profits and losses in the ratio of 2:2:1, stood at ₹ 4,00,000, ₹ 6,00,000 and ₹ 2,00,000 respectively.

The accounts for the year ended 31st March, 2022, were drawn up and closed and the *Current Account* balances of the partners were determined to be:

Shiv ₹ 35,000, Azeem ₹ 40,000 and Angad ₹ 25,000.

Subsequently the following errors were discovered on 1st April, 2022:

(a) Interest on capital @ 10% per annum had been allowed to the partners, although there was *no* provision for it in the partnership deed.

(b) Salary of ₹ 16,000 per annum to Shiv and ₹ 20,000 per annum to Azeem was *not* allowed to them, *despite* a provision for salary in the partnership deed.

(c) Commission of ₹ 24,000 was *not* allowed to Angad, *despite* a provision for commission in the partnership deed.

You are required to prepare the *adjusted* Current Accounts of the partners on 1st April, 2022, to rectify the lapse in accounting.

OR

Ruma and Neha started business on 1st April, 2021, with *fixed* capitals of ₹ 4,00,000 and ₹ 3,50,000 respectively.

On 1st October, 2021, they decided that their total capital (*fixed*) should be ₹ 8,00,000, in their profit-sharing ratio of 3:2.

Accordingly, they introduced extra capital or withdrew excess capital.

Their partnership deed provided for the following:

(a) Interest on capital to be allowed @ 10% per annum.

(b) A monthly salary of ₹ 1,000 each to be allowed to both Ruma and Neha.

(c) Interest on drawings to be charged @ 18% per annum.

Ruma had withdrawn ₹ 12,000, during the year. As per the deed, the interest on her drawings amounting to ₹ 1,080 to be charged from her.

During the year ending 31st March, 2022, the firm earned a net profit of ₹ 2,04,000 *before* charging manager's commission of ₹ 20,400 and interest on bank loan of ₹ 4,000.

You are required to:

(i) Give the journal entry to *close* Ruma's Drawings Account.

(ii) Prepare Profit and Loss Appropriation Account for the year ending 31st March, 2022.

Question 10 **[10]**

NH Ltd., with an authorized capital of ₹ 10,00,000 divided into 1,00,000 Equity shares of ₹ 10 each, issued 50,000 shares to the public at a premium of ₹ 2 per share, payable as follows:

₹ 5 on Application (including premium)
₹ 3 on Allotment
₹ 4 on First & Final Call.

The subscription was at par and the share money was received in full with the exception of the allotment money on 4,000 shares held by shareholder Ravi and the call money on 6,000 shares (including Ravi's shares).

The above 6,000 shares were forfeited by the company and 5,000 of these (including the shares which had been allotted to Ravi) were reissued at ₹ 8 per share as fully paid up.

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

OR

MV Ltd. was registered with a capital of ₹ 2,00,000 divided into 10,000 Equity shares of ₹ 20 each, payable as follows:

On Application	₹ 5 per share
On Allotment	₹ 7 per share
On First & Final Call	₹ 8 per share

The company offered 5,000 shares to the public for subscription. It received applications for 6,700 shares.

From amongst the applicants:

(i) Vimal, who had applied for 1,500 shares, paid ₹ 7,500 on application, but was allotted only 800 shares.
(ii) Abhay, who had applied for 2,000 shares, paid the full amount of ₹ 40,000 with his application, but was allotted only 1,000 shares.
(iii) Nitin, who had applied for and allotted 500 shares, did not pay the allotment and call money when due.
(iv) The remaining applicants paid as and when due.

The surplus money paid by both Vimal and Abhay was used towards allotment and call and any surplus beyond the call was refunded.

The company forfeited Nitin's shares after the final call.

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) choose the correct options and in subparts (iii) to (v) answer the questions as instructed.

(i) A company had Current Assets of ₹ 3,00,000 and Current Liabilities of ₹ 1,50,000, having a Current Ratio of 2:1. [1]
What will be the company's revised Current Ratio after it collects ₹ 20,000 cash from its debtors of ₹ 25,000, the remaining debtors being bad?

(a) 2·56:1

(b) 2·03:1

(c) 2·13:1

(d) 1·97:1

(ii) During the year 2021-22, SM Ltd. issued 10,000, 10% Debentures of ₹ 100 each at a discount of 10% to be redeemed after three years. The company had a balance of ₹ 60,000 in its Securities Premium Reserve. [1]
What amount will be added under Operating Activities as Discount on issue of Debentures written off in the Cash Flow Statement of SM Ltd. for the year 2021-22?

(a) ₹ 10,00,000

(b) ₹ 60,000

(c) ₹ 1,00,000

(d) ₹ 40,000

(iii) State with reason whether *Provision for Doubtful Debts* is subtracted from Trade Receivables while computing Current Ratio. [1]

(iv) While preparing its Cash Flow Statement, will a company consider an increase in its Bank Overdraft as an Operating Activity or as a Financing Activity? [1]

(v) What is meant by *inter-firm analysis*? [1]

Question 12 [3]

From the following data of Horizon Ltd., you are required to prepare a Comparative Statement of Profit and Loss.

Particulars	31.03.2022	31.03.2021
from Operations (% of Other Income)	100%	100%
..ncome	₹ 1,00,000	₹ 50,000
.. of Materials consumed	₹ 50,000	₹ 20,000
Depreciation and Amortisation Expense	₹ 10,000	₹ 5,000

Question 13 [6]

From the following information of Hoopla Ltd., you are required to prepare a Cash Flow Statement (as per AS 3) for the year 2021-22.

	Particulars	(₹)
(i)	Profit for the year 2021-22, *before* considering dividend and tax but *after* taking into account the following items:	15,80,000
	(a) Depreciation on Property, Plant & Equipment	5,50,000
	(b) Interest Payable on Bank Loan	3,80,000
	(c) Profit on sale of investments, the book value of which was ₹ 2,20,000	1,00,000
(ii)	During the year 2021-22:	
	(a) The company	
	• Paid Tax (which was provided in 2020-21)	4,40,000
	• Issued 66,000 equity shares of ₹10 each	6,60,000
	• Repaid Bank Loan	15,00,000
	• Paid interest on Bank Loan	3,00,000
	• Paid Dividend	5,00,000
	(b) Trade payables decreased by	10,000
	(c) Cash at bank increased from ₹ 60,000 on 1st April, 2021 to ₹ 7,00,000 on 31st March, 2022	

OR

From the following Balance Sheets of Rainbow Ltd., you are required to prepare a Cash Flow Statement (as per AS 3) for the year 2021-22.

Balance Sheets of Rainbow Ltd.

As at 31st March, 2022 and 31st March, 2021

Particulars	Note No.	31.3.2022 (₹)	31.3.2021 (₹)
I EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital (Equity)		4,00,000	4,00,000
(b) Reserves and Surplus	1.	1,60,000	1,20,000
2. Non-Current Liabilities			
Long-term Borrowings (5% Debentures)		3,50,000	2,60,000
3. Current Liabilities			
Short term Provision (Provision for Tax)		30,000	25,000
TOTAL		**9,40,000**	**8,05,000**
II ASSETS			
1. Non-Current Assets			
Property, Plant & Equipment & Intangible Assets			
(i) Property, Plant & Equipment (Plant & Machinery)		6,00,000	7,80,000
2. Current Assets			
Cash & Bank Balances (Cash at Bank)		3,40,000	25,000
TOTAL		**9,40,000**	**8,05,000**

Notes to Accounts:

Particulars	31.3.2022 (₹)	31.2.2021 (₹)
1. Reserves and Surplus		
General Reserve	30,000	20,000
Balance in Statement of Profit and Loss	1,30,000	1,00,000

Additional information:

During the year 2021-22, the company:

(i) Sold a machine for ₹ 90,000 at a loss of ₹ 10,000.

(ii) Issued the 5% Debentures on 31st March, 2022, at a discount of 10%. The discount was written off from General Reserve.

Question 14 [6]

Answer *any three* of the following questions:

(i) **Calculate Debt to Total Assets Ratio of Moonlight Ltd. (up-to two decimal places) from the following information:**

Particulars	(₹)
Property, Plant & Equipment and Intangible Assets	20,00,000
Shares of XYZ Bank Ltd.	1,00,000
Long term Loans and Advances	1,00,000
Current Assets	10,00,000
Current Liabilities	4,00,000
Total Debt	12,00,000

(ii) **Calculate Trade Payables Turnover Ratio (up-to two decimal places) from the following information:**

Particulars	(₹)
Trade Payables at the beginning of the year	70,000
Trade Payables at the end of the year	80,000
Payment to Trade Payables	3,20,000
Returns to Credit Suppliers	30,000

(iii) **Calculate Quick Ratio (up-to two decimal places) from the following information:**

Particulars	(₹)
Total Current Assets	90,000
Working Capital	60,000
Prepaid Expenses	30,000

(iv) In the year 2021-22, Kartik Ltd.:

- Carried an average stock of ₹ 40,000.
- Its Inventory Turnover Ratio was 8 times.
- It sold goods at a profit of 25% on the cost of revenue from operations.

Calculate the profit made by Kartik Ltd. in the year 2021-22.

SECTION C (20 Marks)

*Answer **all** questions*

Question 15

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

(i) Which of the following formulas in Excel will **NOT** give any result? **[1]**

(a) = SUM(Sales)−A3

(b) = SUM(A1:A5)*·5

(c) = SUM(A1:A5) / (10−10)

(d) = SUM(A1:A5)−10

(ii) Which one of the following terms is **NOT** related to computerised databases? **[1]**

(a) Search

(b) Sort

(c) Field names

(d) Record grab

(iii) Which formula will capture the correct number of numerical values from the following range? **[1]**

A2:A5 & C2:C5

(iv) Give the meaning of the MODE function in Excel with an example. **[1]**

(v) When editing a cell in Excel, which key or combination of keys is pressed to toggle between relative, absolute and mixed cell references? **[1]**

Question 16

[3]

(i) What is a *view* in SQL?

(ii) How is a view created in SQL?

Question 17 **[6]**

Uday and Bijoy are partners in a firm. On 1st April, 2022, they admit Kabir as a partner for $^1/_3$ share in the profits. The adjustments on the date of admission are as follows:

2022

April 1 Bank Loan to be paid off.

April 1 Kabir to bring in capital of ₹ 40,000 but would be unable to bring in his share of goodwill in cash.

These transactions are recorded in the following spreadsheet:

	A	B	C	D	E
	Date	**Particulars**	**Ledger Folio**	**Debit (₹)**	**Credit (₹)**
	2022	**Closing Balances**			
1	March 31	Bank A/c		15,000	
2	March 31	Uday's Capital Balance			40.000
3	March 31	Bijoy's Capital Balance			30,000
4	March 31	Bank Loan			10,000
	2022	**Transactions**			
5	April 1	Bank A/c		40,000	
6	April 1	To Kabir's Capital A/c			40,000
7	April 1	Kabir's Current A/c		?	
8	April 1	To Uday's Capital A/c			3,000
9	April 1	To Bijoy's Capital A/c			?
10	April 1	Bank Loan A/c		10,000	
11	April 1	To Bank A/c			10,000
	2022	**Opening balances of reconstituted firm**			
12	April 1	Bank A/c		?	
13	April 1	Uday's Capital A/c			?

Based on the above transactions and the information given in the spreadsheet, answer *any three* of the following questions:

(a) Write the formula to calculate Kabir's share of the non-purchased goodwill in cell **D7**.

(b) Write the formula to calculate Uday's opening capital balance in cell **E13**.

(c) Write the formula to calculate the *opening* Bank balance of the reconstituted firm in cell **D12**.

(d) Give the amount of total value of the non-purchased goodwill of the firm at the time of Kabir's admission.

Question 18 **[6]**

Answer *any three* of the following questions.

(i) Give the difference between *Database State and Database Schema.*

(ii) State the following rules of DBMS:
- Entity Integrity
- Referential Integrity

(iii) Give *any two* differences between *Static (embedded) SQL and Dynamic SQL.*

(iv) How is index hunting helpful? Give *any two* measures to achieve index hunting.

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