Total No. of Printed Pages—19

HS/XII/Com/Ac/NC/21

2 0 2 1

ACCOUNTANCY

(Commerce)

(New Course)

Full Marks : 80

Time : 3 hours

The figures in the margin indicate full marks for the questions

General Instructions :

(i) This question paper contains two Parts—A and B.

(ii) Part—A and Part—B are compulsory for all candidates.

(iii) All parts of the questions should be attempted at one place.

PART—A

(Accounting for Not-for-Profit Organizations, Partnership Firms and Companies)

(*Marks* : 60)

1. Choose and write the correct answer (any *seven*) : 1×7=7

(a) Life membership fee is

(i) liability

(ii) income

(iii) expense

(iv) earned income

(b) Income and Expenditure Account is

(i) Personal Account

(ii) Real Account

(iii) Nominal Account

(iv) Profit and Loss Account

(c) In the absence of partnership deed, interest on loan of a partner is allowed

(i) at 8% p.a.

(ii) at 6% p.a.

(iii) No interest is allowed

(iv) at 12% p.a.

(d) Goodwill of the firm on the basis of 2 years purchase of average profit of the last 3 years is ₹ 25,000. Find average profit.

(i) ₹ 50,000

(ii) ₹ 25,000

(iii) ₹ 10,000

(iv) ₹ 12,500

(e) *A*, *B* and *C* are partners sharing profits in the ratio of 4 : 3 : 2. *D* is admitted for $\frac{1}{3}$rd share in future profits. What is the sacrificing ratio?

(i) 4 : 3 : 2

(ii) 1 : 1 : 1

(iii) 2 : 3 : 4

(iv) 5 : 4 : 3

(f) Goodwill already appearing in the Balance Sheet at the time of admission of a partner is transferred to

(i) New Partner's Capital Account

(ii) Old Partner's Capital Account

(iii) Revaluation Account

(iv) None of the above

(g) Profit or loss on Revaluation Account is transferred to

(i) Old Partner's Capital Account

(ii) New Partner's Capital Account

(iii) All Partners' Capital Account

(iv) Continuing Partners' Capital Account

(h) Right issue of shares is issued to

(i) directors

(ii) employees

(iii) existing shareholders

(iv) public

(i) Capital Reserve is formed if shares are

(i) issued

(ii) forfeited

(iii) forfeited and reissued

(iv) All of the above cases

(j) Debenture is a certificate

(i) issued by the managing director

(ii) issued by the company

(iii) issued by the banker of the company

(iv) issued to the trade creditors

2. Answer the following questions (any *seven*) : 1×7=7

(a) Explain the term 'redemption of debentures'.

(b) Name any two types of debentures.

(c) What is meant by authorized capital of a company?

(d) Give the meaning of 'forfeiture of shares'.

(e) What is Employees Stock Option Plan?

(f) What is sacrificing ratio?

(g) What is Partnership Deed?

(h) What is meant by reconstitution of partnership firm?

(i) What is Revaluation Account?

(j) State the two rights that a newly admitted partner acquires in the firm.

3. Calculate the amount of expenses to be debited to Income and Expenditure Account ending 31st March, 2019 : 3

	₹
Expenses outstanding on 1st April, 2018	350
Expenses outstanding on 31st March, 2019	600
Expenses prepaid on 31st March, 2019	720
Expenses prepaid on 1st April, 2018	540
Expenses paid in cash during 2018–2019	2,450

Or

From the following information, show the amount that will appear in Income and Expenditure Account in respect of 'stationery' on 31st March, 2019 :

	₹
Stock of stationery on 1st April, 2018	6,000
Stock of stationery on 31st March, 2019	1,000
Creditors for stationery on 1st April, 2018	4,000
Creditors for stationery on 31st March, 2019	2,600
Amount paid for stationery during the year	21,600

4. *M* Ltd. forfeited 2000 equity shares of ₹ 10 each issued at a premium of ₹ 5 per share held by Ram for non-payment of the final call of ₹ 3 per share. Of these, 100 shares were reissued to Vishu at ₹ 6 per share.

Pass necessary Journal Entries for forfeiture and its reissue. 3

5. *J* and *K* are partners in a firm. Their capitals are *J*—₹ 3,00,000 and *K*—₹ 2,00,000. During the year ended 31st March, 2019, the firm earned a profit of ₹ 1,50,000. Assuming that the normal rate of return is 20%, calculate the value of goodwill of the firm—

(a) by capitalization method;

(b) by superprofit method if the goodwill is valued at 2 years purchase of superprofits. 4

6. *A* and *B* entered into a partnership on 1st April, 2019. They contributed ₹ 1,00,000 and ₹ 2,00,000 respectively and agreed that—

(i) interest on capital should be allowed at 10% p.a.

(ii) *A* must receive a salary of ₹ 20,000 p.a. and *B* ₹ 30,000 p.a.

The profits for the year amounted to ₹ 1,20,000 which are to be shared equally amongst the partners. Interest on drawings amounted to ₹ 3,000 for *A* and ₹ 4,500 for *B*.

Prepare Profit and Loss Appropriation Account. 4

7. Pass the necessary Journal Entries for issue of 8000, 8% debentures of ₹100 each in the following cases : 4

(i) Issued at a discount of 5% and redeemable at a premium of 4%

(ii) Issued at a premium of 10% and redeemable at a premium of 5%

Or

Arun Ltd. purchased an established business for ₹ 8,00,000 payable as ₹ 2,60,000 in cash and the balance by issue of 12% debentures of ₹ 100 each at a discount of 10%.

Journalize the above transactions in the books of purchasing company (Arun Ltd).

8. Following is the Receipts and Payments Account of Delhi Charitable Trust for the year ending 31st December, 2019 :

Receipts & Payments Account of Delhi Charitable Trust for the year ending on 31st December, 2019

	Receipts	₹		*Payments*	₹
To	Cash in Hand	11,500	By	Charity	11,500
»	Cash at Bank	12,600	»	Rent and Taxes	3,200
»	Donation	9,000	»	Salary	6,000
»	Subscriptions	42,800	»	Printing	600
»	Legacies	18,000	»	Postage	300
»	Interest on Investment	4,500	»	Advertisement	4,500
»	Sale of Old Newspapers	200	»	Insurance	2,000
			»	Furniture	21,600
			»	Investment	23,000
			»	Cash in Hand	9,900
			»	Cash at Bank	16,000
		98,600			98,600

Additional Information :

(i) It was decided to treat one-third of the amount received on account of donation as income

(ii) Insurance premium was paid in advance ₹ 500

(iii) Interest on investment ₹ 1,100 accrued was not received

(iv) Rent ₹ 600, salary ₹ 900 and advertisement expenses ₹ 1,000 outstanding as on 31st December, 2019

Prepare Income and Expenditure Account. 6

Or

From the following information supplied by the accountant of Lion Club for the year ended 31st March, 2019, prepare Income and Expenditure Account :

Receipts & Payments Account
for the year ended 31st March, 2019

	Receipts	₹		*Payments*	₹
To	Balance b/d	10,000	By	Investments @ 8% p.a.	
»	Subscriptions :			on 1st Oct., 2018	10,000
	2018-2019	18,000	»	Furniture	5,400
	2019-2020	500	»	Salaries	4,500
»	Entrance Fee	350	»	Stationery	1,200
»	Income from		»	Electric Charges	2,400
	Entertainment	3,400	»	Balance c/d	8,900
»	Sale of Old				
	Newspapers	150			
		32,400			32,400

Additional Information :

(i) The Club has 400 members each paying an annual subscription of ₹ 50. Subscriptions still outstanding for 2017–2018 ₹ 200

(ii) Stock of stationery on 31st March, 2018 ₹ 780 and on 31st March, 2019 ₹ 860

(iii) On 1st April, 2018, premises were ₹ 16,000. Depreciation on premises and furniture to be charged @ 5% and 10% p.a. respectively

9. Sharma, Verma and Gupta were partners sharing profits and losses in the ratio of 3 : 2 : 1 respectively. Their Balance Sheet as on 30th June, 2019 stood as follows :

Liabilities	₹	*Assets*	₹
Sundry Creditors	21,500	Cash	1,000
Loan	21,500	Stock	25,000
Capitals :		Debtors	18,000
Sharma	6,000	Furniture	5,000
Verma	5,000	Machinery	8,000
Gupta	3,000		
	57,000		57,000

The firm was dissolved on the above date. The fixed assets realized ₹ 2,000. Whereas stock and debtors realized ₹ 33,000 in all. The expenses on dissolution were ₹ 600.

Prepare Realization Account, Partners' Capital Accounts and Cash Account. 6

Or

X, *Y* and *Z* carrying on business as a partnership firm decided to dissolve the firm on 30th June, 2019 when their Balance Sheet was as follows :

Liabilities	₹	*Assets*	₹
Creditors	34,000	Cash	25,000
Capitals :		Debtors	62,000
X	1,20,000	Stock	37,000
Y	90,000	Tools	8,000
Z	60,000	Car	12,000
		Machinery	60,000
		Buildings	1,00,000
	3,04,000		3,04,000

The partnership deed provided that profits will be divided in the ratio of 3 : 2 : 1 respectively among *X*, *Y* and *Z*.

Assets realized as under :

	₹
Stock	40,000
Machinery	78,000
Car	25,000
Debtors	59,000
Tools	5,000
Buildings	84,000
Goodwill	60,000

Creditors were settled at a discount of ₹ 720.

There was an unrecorded asset valued at ₹ 3,000 which was handed over to *X* for ₹ 2,000.

Prepare Realization Account, Partners' Capital Accounts and Cash A/c.

10. The Balance Sheet of *A* and *B* as on 31st March, 2019 is given below :

Liabilities	₹	*Assets*	₹
A's Capital	60,000	Freehold Property	20,000
B's Capital	30,000	Furniture	6,000
General Reserve	24,000	Stock	12,000
Creditors	16,000	Debtors	80,000
		Cash	12,000
	1,30,000		1,30,000

A and *B* share profits and losses in the ratio of 2 : 1. They agree to admit *P* into the firm subject to the following terms and conditions :

(i) *P* will bring in ₹ 21,000 of which ₹ 9,000 will be treated as his share of goodwill to be retained in the business

(ii) *P* will be entitled to $\frac{1}{4}$ th share of profits of the firm

(iii) A provision for doubtful debts is to be created at 3% of the debtors

(iv) Furniture is to be depreciated by 5%

(v) Stock is to be revalued at ₹ 10,500

Prepare Revaluation Account and Capital Accounts of the new firm. 8

Or

A, *B* and *C* were partners sharing profits in the proportions of $\frac{1}{2}$, $\frac{1}{3}$ and $\frac{1}{6}$ respectively. The Balance Sheet of the firm on 31st March, 2019 was as follows :

Liabilities	₹	*Assets*		₹
Sundry Creditors	12,600	Cash at Bank		4,100
Provident Fund	3,000	Debtors	30,000	
Reserve Fund	9,000	*Less* : Provisons	1,000	29,000
Capitals :		Stock		25,000
A	40,000	Investments		10,000
B	36,500	Patents		5,000
C	20,000	Plant and Machinery		48,000
	1,21,100			1,21,100

C retired on the above mentioned date on the following terms :

(i) Goodwill of the firm was valued at ₹ 27,000 but it was not to remain in the books of the new firm

(ii) Value of the patents was to be reduced by 20% and that of Plant and Machinery by 10%

(iii) Provision for doubtful debts was to be raised to 6%

(iv) *C* took over the investments at a value of ₹ 15,800

(v) Liability on account of Provident Fund was only ₹ 2,500

Prepare Revaluation Account and Partners' Capital Accounts.

11. Mysore Lamp Ltd. invited the public to subscribe 10000 equity shares of ₹ 100 each at a premium of ₹ 10 per share payable on allotment. Payments were to be made as follows :

On application — ₹ 20

On allotment — ₹ 40

On first call — ₹ 30

On final call — ₹ 20

Applications were received for 13000 shares, applications for 2000 shares were rejected. Allotment was made proportionately to the remaining applicants. Both the calls were made and all the money were received except the final call on 300 shares which were forfeited after due notice. Later 200 shares of the forfeited shares were reissued as fully paid at ₹ 85 per share.

Pass Journal Entries in the books of the company. 8

Or

Famous Company Ltd. issued 6000 equity shares of ₹ 10 each at a premium of ₹ 2 per share payable as follows :

On application ₹ 3 per share

On allotment ₹ 5 per share including premium

On first and final call ₹ 4 per share

Subscriptions were received for 10000 shares. The excess money was refunded and the allotment money was received in full. In due course, the first and final call was made and the amount due was received with the exception of 200 shares.

These 200 shares were forfeited and 50 of the forfeited shares were subsequently reissued as fully paid for a consideration of ₹ 6 per share.

Pass necessary Journal Entries in the books of the company recording the above transactions.

PART—B

(Analysis of Financial Statements)

(*Marks* : 20)

12. Choose and write the correct answer (any *three*) : 1×3=3

(a) Which ratios measures the velocity of conversion of stock into sales?

(i) Working capital turnover ratio

(ii) Current ratio

(iii) Inventory turnover ratio

(iv) Liquid ratio

(b) Amount from current assets is realized within

(i) 1 month

(ii) 1 year

(iii) 2 years

(iv) 3 years

(c) Cash proceeds from issue of preference shares will be shown in Cash Flow Statement under

(i) operating activities

(ii) investing activities

(iii) financing activities

(iv) None of the above

(d) Cash flow from operating activities is derived from the _____ of the enterprise.

(i) marketing activities

(ii) transactions within cash and bank

(iii) investing activities

(iv) principal revenue producing activities

13. Give the formula for calculating return on investment. 1

14. Compare current ratio and liquid ratio (any one point). 1

15. Give the meaning of 'Cash Flow Statement'. 1

Or

List any two investing activities which will result in out flow of cash.

16. From the following statement of profit and loss of Ferox Ltd. for the year ended 31st March, 2018 and 2019, prepare a comparative statement of profit and loss : 4

Particulars	*2019*	*2018*
	₹	₹
Revenue from operations	8,00,000	6,00,000
Other incomes	1,00,000	50,000
Expenses	5,00,000	4,00,000

Rate of income tax was 40%.

17. A firm has current ratio of 4 : 1 and quick ratio of 2·5 : 1. Assuming inventories are ₹ 22,500, find out total current assets and total current liabilities. 4

Or

Calculate Stock Turnover Ratio from the following information :

	₹
Opening Stock	29,000
Closing Stock	31,000
Sales	3,20,000

Gross Profit Ratio 25% on sales.

18. Following are the Balance Sheets of Dhara Ltd. as at 31st March, 2018 and 2019 :

Particulars	*31.03.2019*	*31.03.2018*
	₹	₹
I. *Equity and Liabilities*		
1. Shareholders' Fund :		
(a) Share Capital	30,00,000	28,00,000
(b) Reserves and Surplus (Profit and Loss Balance)	5,00,000	2,20,000
2. Non-current Liabilities :		
Long-term Borrowings	4,00,000	2,50,000
3. Current Liabilities :		
(a) Short-term Borrowings (Bank Overdraft)	24,000	20,000
(b) Trade Payables	30,000	1,66,000
(c) Short-term Provisions (Provision for Tax)	36,000	22,000
	39,90,000	34,78,000

Particulars	*31.03.2019*	*31.03.2018*
	₹	₹
II. *Assets*		
1. Non-current Assets :		
Fixed Assets :		
(a) Tangible Assets :		
Machinery	40,00,000	34,00,000
Less : Accumulated Depreciation	(2,80,000)	(1,80,000)
	37,20,000	32,20,000
(b) Intangible Assets :		
Patents	1,00,000	60,000
2. Current Assets :		
(a) Current Investments	16,000	10,000
(b) Inventories	74,000	1,18,000
(c) Trade Receivables	52,000	46,000
(d) Cash and Cash Equivalents	28,000	24,000
	39,90,000	34,78,000

Additional Information :

(i) Tax paid during the year amounted to ₹ 32,000

(ii) Machinery with a net book value of ₹ 20,000 (Accumulated Depreciation ₹ 80,000) was sold for ₹ 4,000

Prepare Cash Flow Statement. 6

Or

Following are the Balance Sheets of Anand Ltd. as at 31st March, 2018 and 31st March, 2019. Prepare Cash Flow Statement :

Particulars	*31.03.2019*	*31.03.2018*
	₹	₹
I. *Equity and Liabilities*		
1. Shareholders' Fund :		
(a) Share Capital	2,50,000	2,00,000
(b) Reserves and Surplus :		
(i) Surplus, i.e., Profit & Loss balance	30,600	30,500
(ii) General Reserve	60,000	50,000

Particulars	*31.03.2019* ₹	*31.03.2018* ₹
2. Non-current Liabilities :		
Long-term Borrowings	—	70,000
3. Current Liabilities :		
(a) Trade Payables	1,35,200	1,50,000
(b) Short-term Provisions		
(Provision for Tax)	35,000	30,000
	5,10,800	5,30,500
II. *Assets*		
1. Non-current Assets :		
Fixed Assets :		
(a) Tangible Assets :		
(i) Land and Building	1,90,000	2,00,000
(ii) Plant and Machinery	1,69,000	1,50,000
(b) Intangible Assets :		
Goodwill	5,000	—
2. Current Assets :		
(a) Inventories	1,38,200	1,80,000
(b) Cash and Cash Equivalents	8,600	500
	5,10,800	5,30,500

Depreciation provided during the year was ₹ 40,000 on Land and Building and ₹ 30,000 on Plant and Machinery.

★★★

Total No. of Printed Pages—15

HS/XII/Com/Ac/OC/21

2021

ACCOUNTANCY

(Commerce)

(Old Course)

Full Marks : 80

Time : 3 hours

The figures in the margin indicate full marks for the questions

General Instructions :

(i) This question paper contains two Parts—A and B.

(ii) Part—A and Part—B are compulsory for all candidates.

(iii) All parts of the questions should be attempted at one place.

PART—A

(Accounting for Non-Profit Organizations, Partnership Firms and Companies)

(*Marks* : 60)

1. Choose and write the correct answer (any *four)* : 1×4=4

(a) Endowment Fund is

(i) liability

(ii) expense

(iii) income

(iv) asset

(b) In the absence of an agreement or partnership deed among the partners, interest will be allowed to the partners for loans advanced by them to the firm at the rate of

(i) 5% p.a.

(ii) 6% p.a.

(iii) 4% p.a.

(iv) 10% p.a.

(c) In case of admission of a partner, the entry for unrecorded investments will be

(i) Debit – Partners' Capital Account
Credit – Investment Account

(ii) Debit – Revaluation Account
Credit – Investment Account

(iii) Debit – Investment Account
Credit – Partners' Capital Account

(iv) Debit – Investment Account
Credit – Revaluation Account

(d) The profit on re-issue of forfeited shares is transferred to

(i) Reserve Capital Account

(ii) Share Capital Account

(iii) Capital Reserve Account

(iv) Profit and Loss Account

(e) Outstanding salary is

(i) asset

(ii) liability

(iii) income

(iv) outflow of cash

(f) Receipts and Payments Account is

(i) Real Account

(ii) Nominal Account

(iii) Personal Account

(iv) None of the above

(g) Life Membership Fee is

(i) liability

(ii) asset

(iii) revenue income

(iv) None of the above

2. Answer the following questions : 1×4=4

(a) Write one feature of Receipts and Payments Account.

(b) What is guarantee of profit to a partner?

(c) What do you mean by weighted average profit method of valuation of goodwill?

(d) Give one point of difference between Equity Share and Preference Share.

3. What do you mean by 'Not for Profit Organisations'? Give two examples. 2

4. Average profit of a firm based on profits of the last 5 years is ₹ 60,000. Its assets and liabilities are ₹ 8,00,000 and ₹ 3,50,000 respectively. Normal rate of return of the industry in which the firm operates is 12%. Find out the value of goodwill at 3 years' purchase of super profit. 2

5. Why do we prepare Revaluation Account at the time of Admission of a Partner? 2

6. Write the journal entry for issuing shares at a premium which is included in allotment. 2

7. What is Profit & Loss Appropriation Account? Why is it prepared? 2+1=3

8. Give three points of differences between Shares and Debentures. 3

9. *X* Ltd. forfeited 30 shares of ₹ 10 each, ₹ 7 called up, on which Mahesh has paid application and allotment money of ₹ 5 per share. Of these, 25 shares were reissued to Naresh as fully paid up at ₹ 6 per share.

Pass Journal entries for the forfeiture and reissue of shares in the books of *X* Ltd. 3

10. Write three uses of Securities Premium. 3

11. Prakash Ltd. purchased assets worth ₹ 2,20,000 and also took over the liabilities (creditors) of ₹ 40,000 of Ajay Ltd. for a purchase consideration of ₹ 1,92,000. Prakash Ltd. paid the purchase consideration by issuing 12% debentures of ₹ 100 each at a premium of 20%.

Pass necessary journal entries in the books of Prakash Ltd. 4

Or

Distinguish between a Joint Stock Company and a Partnership firm (any *four* points).

12. VKR Ltd. issued 975; 9% Debentures of ₹ 500 each on 4th March, 2016. Pass necessary journal entries for the issue of debentures under the following situations : 4

(a) When debentures were issued at a premium of 10%, redeemable at a premium of 6%.

(b) When debentures were issued at par, redeemable at 9% premium.

Or

Define any four types of Debentures.

13. Following is the Receipts and Payments Account of Star Literacy Club for the year ended 31st March, 2019 :

Dr. *Cr.*

Receipts		₹	*Payments*	₹
Balance b/d		19,550	Salary	3,000
Subscriptions :			Newspapers	2,050
2017–2018	1,200		Electricity Bill	1,000
2018–2019	26,500		Fixed Deposit	
2019–2020	500	28,200	(on 1.7.2018 @ 9% p.a.)	20,000
Sale of Old			Books	10,600
Newspapers		1,250	Rent	6,800
Government Grants		10,000	Furniture	10,500
Sale of Old Furniture			Balance c/d	11,200
(Book value ₹ 7,000)		5,700		
Interest on Fixed Deposits		450		
		65,150		65,150

Additional Information :

(i) Subscriptions outstandings were for 2017–2018—₹ 2,000 and for 2018-2019—₹ 1,700.

(ii) On 31.03.2019, Salary outstanding was—₹ 600 and Rent outstanding was—₹ 1,200.

Prepare Income and Expenditure A/c for the year ended 31st March, 2019. 6

Or

From the following Receipts and Payments Account of a Club, prepare Income and Expenditure Account for the year ended December 31, 2018 :

Receipts & Payments A/c
for the year ended 31st December, 2018

Dr. *Receipts*		₹	*Cr.* *Payments*	₹
Balance b/d		3,500	General Expenses	900
Subscriptions :			Salary	16,000
2017	2,000		Postage	1,300
2018	70,000		Electricity Charges	7,800
2019	3,000	75,000	Furniture	26,500
Sale of Old Books			Books	13,000
(Costing ₹ 3,200)		2,000	Newspapers	600
Rent from use of a Hall		17,000	Meeting Expenses	7,200
Sale of Old Newspapers		400	TV Sets	16,000
Profit from Entertainment		7,300	Balance c/d	15,900
		1,05,200		1,05,200

Additional Information :

(i) The Club has 100 members each paying an annual subscription of ₹ 900. Subscriptions outstanding on December 31, 2017 were ₹ 3,800.

(ii) On December 31, 2018, salary outstanding amounted to ₹ 1,000; salary paid included ₹ 1,000 for the year 2017.

14. Excel Limited issued 1,00,000 shares of ₹ 10 each at par through public subscription. The amount was payable as follows :

On application—₹ 2

On allotment—₹ 4

On first call—₹ 3

On second and final call—₹ 1

Entire shares were subscribed and allotted. All the shareholders paid up to allotment. The company made first call and a shareholder holding 2000 shares could not pay the amount of first call. The company did not make the second call. Directors decided to forfeit these shares. After the forfeiture, the company reissued 1000 of the forfeited shares at ₹ 12 fully paid up.

Pass necessary Journal entries in the books of Excel Limited. 6

Or

Avian Limited issued 50000 Equity Shares of ₹ 50 each at par. Amount payable was as follows :

On application—₹ 15

On allotment—₹ 25

On first and final call—₹ 10

All the shares were subscribed. Alaska holding 200 shares could not pay the amount due on first and final call. Subsequently her shares were forfeited. In due course, the forfeited shares were reissued at ₹ 40 per share as fully paid up.

Pass necessary Journal entries in the books of Avian Limited.

15. *A* and *B* share the profits of a business in the ratio of 5 : 3. They admit *C*, into the firm for $\frac{1}{4}$th share in the profits to be contributed equally by *A* and *B*. On the date of admission of *C*, the Balance Sheet of the firm was as follows :

Balance Sheet of A and B
as on 31st March, 2019

Liabilities	₹	*Assets*	₹
A's Capital	40,000	Machinery	30,000
B's Capital	30,000	Furniture	20,000
Workmen's		Stock	15,000
Compensation Reserve	4,000	Debtors	15,000
Creditors	2,000	Bank	6,000
Provident Fund	10,000		
	86,000		86,000

Terms of *C*'s admission were as follows :

(i) *C* will bring ₹ 24,000 for his share of capital and ₹ 6,000 as share of goodwill.

(ii) Furniture is undervalued by ₹ 12,000 and the value of stock is reduced to ₹ 13,000.

(iii) Provident Fund be raised by ₹ 1,000.

(iv) Creditors are unrecorded to the extent of ₹ 6,000.

Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the new firm. 2+2+2=6

Or

Ajit and Baljit share profits as 4 : 1. They admit Charanjit for $\frac{1}{5}$ th share in profits. Their Balance Sheet as on March 31, 2018 was as follows :

Balance Sheet of Ajit and Baljit
as on 31st March, 2018

Liabilities		₹	*Assets*	₹
Capital Accounts :			Cash	15,000
Ajit	80,000		Debtors	40,000
Baljit	80,000	1,60,000	Stock	50,000
Creditors		1,00,000	Machinery	1,20,000
			Furniture	35,000
		2,60,000		2,60,000

The terms of admission were as follows :

(i) Charanjit was to bring in ₹ 60,000 as capital and ₹ 15,000 as goodwill. Assume that the share of goodwill had been fully withdrawn by the old partners.

(ii) There was a claim for damage for ₹ 1,000 not shown in the Balance Sheet.

(iii) Depreciate machinery and furniture by 10%.

(iv) Provision for doubtful debts was to be created @ 5% on debtors.

Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the new firm. 2+2+2=6

16. *A*, *B* and *C* were partners sharing profits in the ratio of their capitals. *B* retired from the firm on 31st December, 2019 the date on which the Balance Sheet of the firm was as follows :

Balance Sheet of A, B and C
as on 31st December, 2019

Liabilities		₹	*Assets*		₹
Sundry Creditors		24,000	Cash		32,400
Bills Payable		18,000	Debtors	36,000	
Capital Accounts :			*Less* : Provision	2,400	33,600
A	1,80,000		Stock		60,000
B	1,44,000		Fixed Assets		3,48,000
C	1,08,000	4,32,000			
		4,74,000			4,74,000

The terms of retirement were :

(i) Fixed Assets appreciated by 20%

(ii) Stock depreciated by 10%

(iii) Goodwill of the firm was valued at ₹ 72,000 and *B*'s share was to be adjusted into the Capital Accounts of *A* and *C* without opening Goodwill Account

(iv) New profit sharing ratio was decided as 3 : 2

Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet after *B*'s retirement. 6

Or

P, *Q* and *R* were partners sharing profits in the ratio of 2 : 2 : 1. Individual policies of ₹ 50,000, ₹ 30,000 and ₹ 20,000 on the lives of *P*, *Q*, and *R* respectively were taken and premium paid was charged to Profit and Loss Account (Prepared on 31st December each year).

R died on 31st March, 2018. On that date, surrender values were 50% of the amount of policies. Under the partnership deed the executors of deceased partners were entitled to :

(i) His capital as per last Balance Sheet

(ii) Interest on capital @ 10% to the date of death

(iii) His share of profit to the date of death, calculated on the basis of last year's profit

(iv) His share of insurance money

(v) Interest on drawings is to be charged at an average rate of 6% irrespective of the period

R's capital on 31st December, 2017 stood at ₹ 80,000 and his drawings from that date to the date of his death were ₹ 14,000. Last year's profit was ₹ 40,000 (for the year ended 31st December, 2017).

Prepare *R*'s Capital Account, *R*'s Executor's Account and also show the necessary workings.

PART—B

(Financial Statement Analysis)

(*Marks* : 20)

17. Choose and write the correct answer : 1×2=2

(a) An example of cash flow from investing activities is

(i) payment of dividend

(ii) issue of debentures

(iii) payment of income tax

(iv) purchase of machinery

(b) Ideal Liquid Ratio is

(i) 1 : 1

(ii) 2 : 1

(iii) 1 : 2

(iv) 3 : 1

18. *(a)* Give the formula of Debt-Equity Ratio. 1

(b) What are 'Cash Equivalents' for the purpose of preparing Cashflow Statement? 1

19. List three tools for analysing financial statements. 3

20. What is Return on Investment (ROI)? How is it calculated? 2+1=3

21. From the following information, calculate—

(a) Current Ratio;

(b) Quick Ratio;

(c) Debt-Equity Ratio;

(d) Proprietary Ratio : 4

Information	₹
Inventory	30,000
Prepaid Expenses	2,000
Liquid Assets	50,000
Current Liabilities	40,000
12% Debentures	30,000
Profit and Loss Balance	10,000
Equity Share Capital	1,00,000
Long-term Investments	15,000
Fixed Assets	83,000

22. Calculate Cash Flow from operating activities from the following information : 6

Statement of Profit and Loss
for the year ended 31st March, 2019

	Particulars		₹
I.	Revenue from Operations		3,00,000
II.	Other Incomes :		
	Interest received	4,000	
	Profit on sale of machinery	6,000	10,000
III.	Total Revenue		3,10,000
IV.	Expenses :		
	Cost of Materials Consumed		2,00,000
	Employees Benefit Expenses		30,000
	Depreciation		10,000
	Goodwill written off		5,000
	Office Expenses		3,000
	Loss on Sale of Furniture		5,000
	Total Expenses		2,53,000
V.	Profit before Tax		57,000
	Less : Tax Paid		17,100
VI.	Profit after Tax		39,900

Or

Prepare a Cashflow Statement from the following Balance Sheet :

Particulars	*Note No.*	*31.03.2019* ₹	*31.03.2018* ₹
I. *Equity and Liabilities* :			
1. Shareholders' Funds :			
(a) Share Capital		10,50,000	8,00,000
(b) Reserve and Surplus		3,00,000	1,80,000
2. Non-Current Liabilities :			
Long-term Borrowings		3,80,000	2,00,000
3. Current Liabilities :			
Trade Payable		60,000	75,000
Total		17,90,000	12,55,000

Particulars	*Note No.*	*31.03.2019* ₹	*31.03.2018* ₹
II. *Assets*			
1. Non-current Assets :			
Fixed Assets :			
Tangible Assets		10,00,000	8,00,000
2. Current Assets :			
(a) Inventories		5,00,000	3,05,000
(b) Trade Receivables		1,70,000	1,00,000
(c) Cash and Cash Equivalents		1,20,000	50,000
Total		17,90,000	12,55,000

Adjustments :

(i) A tangible asset of the book value of ₹ 50,000 was sold for ₹ 40,000 during the year

(ii) Depreciation provided on tangible assets during the year was ₹ 1,50,000

★★★