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HS/XII/Com/Ac/24

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ACCOUNTANCY

(Commerce)

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 Partnership Firms and Companies)

(Marks : 60)

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

- (a) In the absence of partnership deed, interest on loan from a partner is allowed at
 - (i) 8% p.a.
 - (ii) 6% p.a.
 - (iii) 12% p.a.
 - (iv) 5% p.a.

(2)

(b) When a new partner brings his share of goodwill in cash, the amount is debited to

- (i) Cash A/c
- (ii) Premium A/c
- (iii) Old Partner's Capital A/c
- (iv) New Partner's Capital A/c

(c) X and Y are partners in a firm sharing profits and losses in the proportion of 2 : 1. They admit a new partner Z. The new profit-sharing ratio after Z's admission is 10 : 5 : 3. The sacrificing ratio is

- (i) 3 : 2
- (ii) 2 : 3
- (iii) 2 : 1
- (iv) 1 : 1

(d) The amount due on shares which has been called up by the company but has not been paid by the shareholders is

- (i) subscribed capital
- (ii) nominal capital
- (iii) reserve capital
- (iv) calls-in-arrear

(3)

(e) In the case of dissolution of a partnership firm, all assets are transferred to Realization A/c at their

- (i) market value
- (ii) realized value
- (iii) book value
- (iv) cost or market price whichever is less

(f) Premium received on shares issued, is shown at

- (i) debit side of Profit & Loss A/c
- (ii) liabilities side of Balance Sheet
- (iii) assets side of Balance Sheet
- (iv) credit side of Profit & Loss A/c

(g) Debenture holders get

- (i) interest
- (ii) dividend
- (iii) commission
- (iv) salary

(4)

(h) Debenture certificate is issued by

(i) banker of the company

(ii) managing director

(iii) a company

(iv) shareholders

(i) Profits of a firm during the last 5 years were ₹ 15,000; ₹ 25,000; ₹ 18,000; ₹ 22,000 and ₹ 30,000. Goodwill at 3 years' purchase of the average profit will be

(i) ₹ 66,000

(ii) ₹ 69,000

(iii) ₹ 64,000

(iv) ₹ 61,000

(j) On the death of a partner, his share in the profits of the firm till the date of his death is transferred to the

(i) debit side of Profit & Loss A/c

(ii) credit side of Profit & Loss A/c

(iii) credit side of Profit & Loss Suspense A/c

(iv) debit side of Profit & Loss Suspense A/c

(5)

2. Answer any *seven* of the following questions : $1 \times 7 = 7$

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

(b) What is reserve capital?

(c) Name any two factors affecting the valuation of goodwill.

(d) Why is Profit & Loss Appropriation A/c prepared?

(e) State one point of difference between sacrificing ratio and gaining ratio.

(f) What is Employee Stock Option Plan?

(g) What do you mean by convertible debentures?

(h) What is Revaluation A/c?

(i) What is forfeiture of shares?

(j) What is a Partnership Deed?

(6)

3. Jay and Raj started a partnership business sharing profits and losses in the ratio of 3 : 2. They contributed ₹ 2,00,000 and ₹ 1,60,000 respectively towards their capitals. The following are the terms and conditions of the agreement :

- (i) Interest on Capital and Drawings is @ 8% p.a.
- (ii) Jay and Raj are to get monthly salary of ₹ 2,000 and ₹ 3,000 respectively
- (iii) Their Profit & Loss A/c for the year ended 31st December, 2022 showed a net profit of ₹ 1,37,580

During the year 2022, Jay and Raj withdrew ₹ 25,000 and ₹ 8,000 respectively for their personal use.

Prepare Profit & Loss Appropriation A/c for the year ended 31st December, 2022.

3

Or

A and *B* were partners in a partnership firm sharing profits in the ratio of 2 : 1. On 1st January, 2022, *C* was admitted as a new partner. *C* was to get $\frac{1}{10}$ th of future profits with a guaranteed minimum amount of ₹ 32,000. *A* and *B* continued to share profits as before. The amount of profit for the year ended 31st December, 2022 amounted to ₹ 2,00,000.

Prepare Profit & Loss Appropriation A/c.

(7)

4. Axis Ltd. forfeited 500 shares of ₹ 10 each issued at a premium of ₹ 2 per share for the non-payment of allotment money of ₹ 5 per share (including premium). The first and final call of ₹ 2 has not been made as yet. The forfeited shares were reissued at ₹ 7 each (₹ 8 paid-up).

Pass necessary Journal Entries to record the above transactions.

3

Or

Scooty India Ltd. is registered with an authorized capital of ₹ 50,00,000 divided into 500000 shares of ₹ 10 each. The company issued 100000 shares for subscriptions to the public at par. The amount was payable as follows :

On Application and Allotment—₹ 3 per share

On First Call—₹ 2 per share

On Second and Final Call—₹ 5 per share

The issue was fully subscribed. All calls were made and were duly received except the second and final call on 1000 shares held by Ram. His shares were forfeited and afterwards reissued at ₹ 8 per share as fully paid-up.

Present share capital in the Balance Sheet of the company as per Schedule III, Part I of the Companies Act, 2013. Also prepare Notes to Accounts for the same.

(8)

5. Singh Ltd. purchased plant and machinery from Jain Ltd. for ₹ 9,50,000. ₹ 5,00,000 were paid through bank and the balance by issuing 9% debentures of ₹ 100 each at a discount of 10%.

Pass necessary Journal Entries in the books of Singh Ltd.

3

Or

Pearl Ltd. purchased the business of Sohan Ltd. consisting of sundry assets of ₹ 5,00,000 and Creditors of ₹ 50,000 for a purchase consideration of ₹ 4,30,000. Pearl Ltd. issued 8% debentures of ₹ 100 each at par as purchase consideration.

Pass necessary Journal Entries in the books of Pearl Ltd.

3

6. Average profit of the firm is ₹ 3,00,000. Total assets of the firm are ₹ 28,00,000 and external liabilities are ₹ 8,00,000. In the same type of business, the normal rate of return is 10% of the capital employed.

Calculate the Value of Goodwill by capitalization of Average Profit Method.

3

7. Leo Ltd. issued 600, 9% Debentures of ₹ 500 each. Pass necessary Journal Entries for the issue of debentures in the following cases :

4

- (i) When debentures were issued at 5% discount, redeemable at 10% premium
- (ii) When debentures were issued at 12% premium, redeemable at 6% premium

(9)

8. Alex and Brown are partners in a firm sharing profits and losses in the ratio of 3 : 2. Crown is admitted as a new partner. After Crown's admission, the new profit-sharing ratio among the partners becomes 1 : 1 : 1. Crown brings in ₹ 50,000 as capital and ₹ 30,000 as premium for goodwill.

Give necessary Journal Entries.

4

9. Vikas, Akash and Prakash were partners in a firm sharing profits in the ratio of 2 : 2 : 1. The firm closes its books on 31st March every year. On 30th September, 2022, Prakash died. According to the provisions of partnership deed, the legal representatives of a deceased partner are entitled as follows in the event of his death :

- (i) Capital as per the last Balance Sheet
- (ii) Interest on Capital at 6% p.a.
- (iii) His share of profit to the date of death calculated on the basis of last year's profit which was ₹ 45,000
- (iv) The goodwill of the firm was valued at ₹ 1,35,000

Prakash's capital on 31st March, 2022 was ₹ 60,000. He had withdrawn ₹ 10,000 till the date of death. Interest on drawings amounted to ₹ 300

Prepare Prakash's Capital A/c to be presented to his executors.

4

(10)

10. *A, B and C were partners sharing profits and losses in their capital ratio. Balance Sheet as on 31st March, 2022 was as follows :*

*Balance Sheet
as on 31st March, 2022*

<i>Liabilities</i>	₹	<i>Assets</i>	₹
Capitals :		Plant & Machinery	43,600
A	30,000	Furniture	3,700
B	20,000	Investments	47,600
C	<u>10,000</u>	Stock	16,000
Creditors	<u>57,400</u>	Cash at Bank	6,500
	<u>1,17,400</u>		<u>1,17,400</u>

The firm was dissolved on the above date. A took over investment and stock at ₹ 40,600. Plant and machinery were realized for ₹ 82,040 and furniture at book value. Creditors were paid in full settlement.

Prepare Realization A/c, Partners' Capital A/cs and Bank A/c.

6

Or

P and Q shared profits in the ratio of 3 : 2. Their Balance Sheet as on 31st December, 2021 was as follows :

*Balance Sheet
as on 31st December, 2021*

<i>Liabilities</i>	₹	<i>Assets</i>	₹
Creditors	20,000	Cash at Bank	7,000
Capitals :		Debtors	40,000
P	1,50,000	Less : Provision	
Q	<u>90,000</u>	for Doubtful	
	<u>2,40,000</u>	Debts	<u>1,800</u>
		Stock	38,200
		Machinery	54,800
		Land & Buildings	40,000
	<u>2,60,000</u>		<u>1,20,000</u>
			<u>2,60,000</u>

(11)

Partners decided to dissolve the firm on the above date.
Assets realized as follows :

Stock—₹ 45,000
Machinery—20% less than book value
Debtors—₹ 35,000
Land and Buildings—₹ 30,000 more than the
book value

Creditors agreed to accept 5% less. Expenses of realization of assets amounted to ₹ 1,200

Prepare Realization A/c, Partners' Capital A/cs and Bank A/c.

11. X and Y are partners sharing profit in ratio of 3 : 2. Their Balance Sheet as on 31st March, 2022 is as follows :

*Balance Sheet
as on 31st March, 2022*

<i>Liabilities</i>	₹	<i>Assets</i>	₹
Creditors	12,000	Bank	20,000
Bank Loan	30,000	Debtors	30,000
General Reserve	15,000	<i>Less : Provision</i>	<u>4,000</u>
Capitals :		Stock	45,000
X	51,000	Machinery	41,000
Y	<u>24,000</u>	75,000	
			<u>1,32,000</u>
			<u>1,32,000</u>

They decided to admit Z into the firm on 1st April, 2022 on the condition that he pays ₹ 5,000 for goodwill and ₹ 30,000 as capital for getting $\frac{1}{3}$ rd share in profits. The other terms agreed upon were :

(i) Machinery is to be valued at ₹ 50,000

(12)

(ii) Debtors are all good

(iii) A liability of ₹ 2,000 included in creditors is not likely to be claimed

(iv) Capital A/cs of X and Y are to be adjusted on the basis of Z's capital. Excess or shortage, if any, to be transferred to Current A/cs

Prepare Revaluation A/c, Partners' Capital A/cs and the Balance Sheet of the firm after the admission of new partner.

8

Or

Moon, Sun and Star are partners in a firm, and share profits and losses in 2 : 2 : 1 ratio. Balance Sheet of the firm as on 31st December, 2022 was as follows :

*Balance Sheet
as on 31st December, 2022*

<i>Liabilities</i>	₹	<i>Assets</i>	₹
Capitals :			
Moon	1,00,000	Building	1,00,000
Sun	90,000	Machinery	60,000
Star	<u>50,000</u>	Investments	20,000
	2,40,000	Furniture	10,000
Profit &		Debtors	60,000
Loss A/c	30,000	Less : Provision	<u>5,000</u>
Creditors	50,000	Stock	33,000
Bills Payable	20,000	Cash in Hand	62,000
	<u>3,40,000</u>		<u>3,40,000</u>

(13)

On 1st January, 2023, Star retired from the firm and partners decided as follows :

- (i) Goodwill to be valued at ₹ 80,000
- (ii) Building to be appreciated by 10% and furniture to be depreciated by 20%
- (iii) Provision for Doubtful Debts to be raised to 10%
- (iv) Stock was overvalued by ₹ 3,000
- (v) ₹ 40,000 to be paid to Star on 1st January, 2023, and remaining amount to be transferred to his Loan Account

Prepare Revaluation A/c, Partners' Capital A/cs and the Balance Sheet of the firm after Star's retirement.

12. MCL Ltd. invited applications for issuing 200000 equity shares of ₹ 10 each at a premium of ₹ 3 per share. The amount was payable as follows :

On Application and Allotment—₹ 8 per share
(including premium)

On first and final call—₹ 5 per share

Applications for 300000 shares were received. Applications for 50000 shares were rejected and money refunded. Shares were allotted on pro-rata basis to the remaining applicants. First and final call was made and was duly received except on 2500 shares applied by Kumar. His shares were forfeited. The forfeited shares were reissued at ₹ 7 per share, fully paid-up.

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

8

(14)

Or

Sourabh Ltd. issued a prospectus inviting applications for 30000 shares of ₹ 10 each at a premium of ₹ 2 per share, payable as follows :

On Application—₹ 2
On Allotment—₹ 5 (including premium)
On First call—₹ 3
On Final call—₹ 2

The company received applications for 45000 shares and pro-rata allotment was made in respect of application of 40000 shares and the remaining applications were rejected. Money overpaid on application was employed towards the sum due on allotment. Both the calls were made.

B, to whom 30 shares were allotted failed to pay the two calls. The company decided to forfeit the shares allotted to *B*. These shares were subsequently reissued to *C* as fully paid for ₹ 9 per share.

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

(15)

PART—B

(Analysis of Financial Statements)

(Marks : 20)

13. Choose and write the correct answer : $1 \times 3 = 3$

(a) Ideal liquid ratio is

- (i) 1 : 1
- (ii) 1 : 2
- (iii) 2 : 1
- (iv) 3 : 1

(b) Which of the following is a profitability ratio?

- (i) Debt to Equity Ratio
- (ii) Proprietary Ratio
- (iii) Return on Investment Ratio
- (iv) Quick Ratio

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

- (i) issue of debentures
- (ii) repayment of long-term borrowings
- (iii) purchase of raw materials for cash
- (iv) sale of investments by non-financial enterprise

(16)

14. State any two limitations of ratio analysis. 1

15. Give the formula for calculating receivable turnover ratio. 1

16. State the meaning of cash equivalents. 1

17. From the following statement of profit and loss of Nirma Ltd. for the years ended 31st March, 2022 and 2023, prepare a Comparative Statement of Profit and Loss : 4

<i>Particulars</i>	<i>Note</i>	<i>2023</i>	<i>2022</i>
	<i>No.</i>	<i>₹</i>	<i>₹</i>
Revenue from operations		20,00,000	12,00,000
Other incomes		12,00,000	9,00,000
Expenses		13,00,000	10,00,000

Or

State any four tools or techniques of Financial Statement Analysis.

18. A business has Current Ratio of 2.5 : 1 and Quick Ratio of 1.5 : 1. If the working capital is ₹ 1,80,000, calculate the total current assets and inventory. 4

(17)

Or

From the following information related to a company, calculate—

- (a) return on investment;
- (b) total assets to debt ratio :

Information :

	₹
Fixed Assets	75,00,000
Current Assets	40,00,000
Current Liabilities	27,00,000
12% Debentures	80,00,000
Net Profit before Interest, Tax and Dividend	14,50,000

19. Following are the Balance Sheets of Fortuner Ltd. as on 31st March, 2021 and 2022 :

Particulars	2022 ₹	2021 ₹
I. Equity and Liabilities		
1. Shareholders' Funds :		
(a) Share Capital	2,50,000	2,25,000
(b) Reserves and Surplus (Profit & Loss Balance)	59,000	35,000
2. Current Liabilities :		
Trade Payables	49,500	37,500
	<u>3,58,500</u>	<u>2,97,500</u>

(18)

Particulars	2022 ₹	2021 ₹
II. Assets		
1. Non-current Assets :		
Fixed Assets :		
(a) Tangible Assets :		
(i) Plant & Machinery	1,00,000	40,000
(ii) Building	60,000	80,000
(b) Intangible Assets :		
Goodwill	20,000	36,000
2. Current Assets :		
(a) Inventories	15,000	10,000
(b) Trade Receivables	1,54,500	1,19,000
(c) Cash and Cash Equivalents	9,000	12,500
	<u>3,58,500</u>	<u>2,97,500</u>

Additional Information :

Depreciation charged on Plant and Machinery was ₹ 10,000 and on Building ₹ 60,000.

Prepare Cash Flow Statement.

6

Or

From the following Balance Sheets of Weston Ltd.,
prepare a Cash Flow Statement :

Particulars	31.03.2022 ₹	31.03.2021 ₹
I. Equity and Liabilities		
1. Shareholders' Funds :		
(a) Share Capital	14,00,000	10,00,000
(b) Reserves and Surplus (Balance of Profit & Loss)	5,00,000	4,00,000

(19)

<i>Particulars</i>	<i>31.03.2022</i>	<i>31.03.2021</i>
	₹	₹
2. Non-current Liabilities :		
Long-term Borrowings (10% Debentures)	5,00,000	1,40,000
3. Current Liabilities :		
(a) Short-term Borrowings (Bank Overdraft)	20,000	30,000
(b) Trade Payables (Creditors)	1,00,000	60,000
(c) Short-term Provisions (Provision for Taxation)	60,000	30,000
	<u>25,80,000</u>	<u>16,60,000</u>

II. Assets

1. Non-current Assets :		
Fixed Assets :		
(a) Tangible Assets :		
Plant & Machinery	17,60,000	10,00,000
Less : Accumulated Depreciation	(1,60,000)	(1,00,000)
	<u>16,00,000</u>	<u>9,00,000</u>
(b) Intangible Assets :		
Goodwill	1,40,000	2,00,000
2. Current Assets :		
(a) Inventories	2,50,000	2,00,000
(b) Trade Receivables	5,00,000	3,00,000
(c) Cash and Cash Equivalents	90,000	60,000
	<u>25,80,000</u>	<u>16,60,000</u>

(20)

Additional Information :

- (i) A part of the machine, costing ₹ 50,000, accumulated depreciation thereon being ₹ 20,000 was sold for ₹ 18,000
- (ii) Tax paid—₹ 20,000
- (iii) Interest paid on debentures—₹ 50,000

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