

# 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.)

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**Part I of Section A is Compulsory. Answer any 4 Questions from Part II of Section A and any two questions from either Section B or Section C.**

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

Transactions should be recorded in the answer book.

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.

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## SECTION A

### PART I (12 Marks)

Answer all questions.

#### Question 1

[6 × 2]

Answer briefly each of the following questions:

- (i) What is a *contingent liability*? How are contingent liabilities shown in the Balance Sheet of a company prepared as per Schedule III of the Companies Act 2013?
  - (ii) Why is *abnormal loss* not recorded in the books of a Joint Venture?
  - (iii) Give the formula for calculating the outgoing partner's share in the interim profits of the firm, on the basis of *sales* made by the firm.
  - (iv) How is *Workmen Compensation Fund*, shown in the Balance Sheet of a partnership firm, treated at the time of its dissolution?
  - (v) Give any two differences between *Reserve Capital* and *Capital Reserve*.
  - (vi) Give the *adjusting entry* and *closing entry* for interest on debentures due to the debenture holders of a company.
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**PART II (48 Marks)**  
*Answer any four questions.*

**Question 2**

[12]

Anil and Saji entered into a joint venture to buy and sell old machines. They decided to share profit and losses in the ratio of 3:2.

Anil purchased 200 machines at ₹ 3,000 each and sent them to Saji for sale.

Anil incurred ₹ 26,000 on freight and transit insurance.

Saji took delivery of the machines and incurred ₹ 24,000 as clearing charges and ₹ 6,000 as selling expenses.

Anil drew a bill on Saji for ₹ 4,00,000 which was accepted by Saji. The bill was discounted by Anil for ₹ 3,90,000 with the bank.

Saji was able to sell 190 machines at ₹ 3,850 per machine.

The unsold machines were taken by Anil for his next venture at the original cost *plus* proportionate non-recurring expenses *less* 10%.

Saji was entitled to a commission of 2% on the sales made by him.

The co-venturers settled their accounts by means of a bank draft.

It was decided that Anil would maintain a record of all the transactions.

**You are required to pass journal entries in the books of Anil.**

**Question 3**

[12]

During the year 2014-15, A.B.C. Ltd. issued 10,000 Equity shares of ₹ 50 each at ₹ 55 per share, payable as follows:

On Application	₹ 15	
On Allotment	₹ 20	(including premium ₹ 5)
On 1 <sup>st</sup> and Final Call	₹ 20	

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 1<sup>st</sup> and Final Call with allotment.

After the company had made the 1<sup>st</sup> and Final Call, 200 of the forfeited shares were reissued as fully called up at ₹ 45 per share.

The share issue expenses were ₹ 7,000 which were written off at the end of the year.

**You are required to pass journal entries in the books of the company for the year ending 31<sup>st</sup> March, 2015.**



**Question 4****[12]**

During the year 2014-15, Anderson Ltd. issued 12% Debentures of ₹ 100 each, as per the details given below:

- 900 Debentures issued as collateral security to a bank against a loan of ₹ 60,000.
- The underwriters were to be paid a commission of ₹ 48,000. 25% of the amount was paid to them in cash and the balance was paid by the issue of Debentures at a discount of 10%, to be redeemed at par.
- A machine was purchased for ₹ 2,18,500. The vendor was paid by the issue of Debentures at a premium of 15%, to be redeemed at par.
- 5,000 Debentures were issued to the public at 5% premium, to be redeemed at a premium of 5%.

The company wrote off all capital losses arising from the issue of Debentures at the end of the year from its capital profits and if need be from its revenue profits.

**You are required to journalize the above transactions in the books of Anderson Ltd.**

**Question 5****[12]**

Divya and Pooja are partners in a firm, sharing profits and losses in the ratio of 3:2. On 31<sup>st</sup> March, 2015, their Balance Sheet was as under:

**Balance Sheet of Divya and Pooja  
as at 31<sup>st</sup> March, 2015**

Liabilities	Amount ₹	Assets	Amount ₹
Sundry Creditors	9,800	Goodwill	16,000
General Reserve	23,400	Land and Building	20,000
Profit and Loss A/c	4,000	Investments	66,000
Investment Fluctuation Fund	12,600	Sundry Debtors	18,600
Capital A/c		Bills Receivables	7,400
Divya                      60,000		Cash in Hand	11,100
Pooja                      40,000	1,00,000	Advertisement Suspense A/c	10,700
	<b>1,49,800</b>		<b>1,49,800</b>

The partners decided that with effect from 1<sup>st</sup> April, 2015, they would share profits and losses equally.

For this purpose, they decided that:

- Investments to be valued at ₹ 60,000.
- Goodwill to be valued at ₹ 24,000.
- General Reserve not to be distributed between the partners.

**You are required to:**

- Pass journal entries
- Prepare the revised Balance Sheet of the firm.



### Question 6

- (a) Pinnacle Instruments Ltd. registered itself with a capital of ₹ 20,00,000 divided into Equity Shares of ₹ 100 each. [9]

On 1<sup>st</sup> June, 2014, the company issued 5,000 Equity Shares as fully paid to Mila Herbals, as purchase consideration for the purchase of plant and machinery.

The remaining shares were issued to the public at par.

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.

**You are required to prepare as at 31<sup>st</sup> March, 2015:**

- (i) **The Balance Sheet of Pinnacle Instruments Ltd. as per Schedule III of the Companies Act, 2013.**

- (ii) **Notes to Accounts.**

- (b) Under which **heads** and **sub-heads** will the following items appear in the Balance Sheet of a company as per Schedule III of the Companies Act, 2013: [3]

- (i) Public Deposits
- (ii) Calls-in-Advance
- (iii) Building under construction

### Question 7

[12]

Shankar and Manu are partners in a firm. On 1<sup>st</sup> April, 2014, their fixed capital accounts showed a balance of ₹ 2,00,000 and ₹ 4,00,000 respectively.

On this date, their current account balances were ₹ 50,000 and ₹ 1,00,000 respectively.

On 1<sup>st</sup> January, 2015, Shankar introduced additional capital of ₹ 2,00,000 while Manu gave a loan of ₹ 1,50,000 to the firm.

The clauses of their partnership deed provided for:

- (a) Interest on capital to be allowed at the rate of 10% per annum.
- (b) Interest on drawings to be charged at the rate of 12% per annum.
- (c) Profits to be shared by them in the ratio of 3:2.
- (d) 10% of the correct net profit to be transferred to General Reserve.

During the financial year 2014-15, both partners withdrew ₹ 6,000 each at the beginning of every quarter.

The net profit of the firm, before any interest, for the financial year 2014-15 was ₹ 5,00,000.

**You are required to prepare for the year 2014 - 15:**

- (i) **Profit and Loss Appropriation Account.**
- (ii) **Partners' Fixed Capital Accounts.**
- (iii) **Partners' Current Accounts.**
- (iv) **Partner's Loan Account.**



**Question 8****[12]**

Pihu, Geeta and Nita are partners in a firm, sharing profits and losses in the ratio of 3:2:1. On 31<sup>st</sup> March, 2015, their Balance Sheet was as under:

**Balance Sheet of Pihu, Geeta and Nita  
as at 31<sup>st</sup> March, 2015**

Liabilities	Amount ₹	Assets	Amount ₹
Sundry Creditors	15,000	Cash at Bank	16,000
General Reserve	9,000	Sundry Debtors 25,000	
Capital A/c		Less Provision for	
Pihu 79,000		Doubtful Debts (1,300)	23,700
Geeta 70,000		Stock	14,300
Nita 61,000	2,10,000	Plant and Machinery	60,000
		Land and Building	1,20,000
	<b>2,34,000</b>		<b>2,34,000</b>

Nita retires on 1<sup>st</sup> April, 2015, subject to the following adjustments:

- (a) Land and building to be reduced by 10%.
- (b) Goodwill to be valued at ₹ 54,000.
- (c) Provision for Doubtful Debts 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.
- (d) Creditors of ₹ 3,000 were paid by Pihu for which she is not to be reimbursed.
- (e) The continuing partners to share profits and losses in future in the ratio of 5:4.
- (f) Nita to be paid ₹ 29,800 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 Nita's loan to be paid on 31<sup>st</sup> March, 2016.

**You are required to prepare:**

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



**SECTION B (20 Marks)***Answer any two questions***Question 9****[10]**

You are required to prepare a Cash-Flow Statement (as per AS-3) for the year 2014-15 from the following Balance Sheets.

**Balance Sheets of Janaki India Ltd.  
as at 31<sup>st</sup> March, 2015 and 31<sup>st</sup> March, 2014**

	Particulars	Note No.	31.03.2015 ₹	31.03.2014 ₹
<b>I</b>	<b>EQUITY AND LIABILITIES</b>			
1.	<b>Shareholders' Funds</b>			
	(a) Share Capital (Equity Share Capital)		3,00,000	2,00,000
	(b) Reserves and Surplus (Statement of P/L)		1,20,000	70,000
2.	<b>Non-Current Liabilities</b>			
	(a) Long Term Borrowing (8% Debentures)		1,50,000	1,20,000
3.	<b>Current Liabilities</b>			
	(a) Short Term Borrowings (Bank Overdraft)		19,000	5,000
	(b) Trade Payables (Creditors)		31,000	20,000
	(c) Short Term Provisions	1.	1,30,000	1,20,000
	<b>TOTAL</b>		<b>7,50,000</b>	<b>5,35,000</b>
<b>II</b>	<b>ASSETS</b>			
1.	<b>Non-Current Assets</b>			
	(a) Fixed Assets			
	Tangible	2.	2,04,200	1,83,000
	(b) Non-Current Investments		1,30,000	1,20,000
2.	<b>Current Assets</b>			
	(a) Inventories		1,41,500	1,25,000
	(b) Trade Receivables	3.	62,600	62,900
	(c) Cash and Bank Balances (Cash at Bank)		2,11,700	44,100
	<b>TOTAL</b>		<b>7,50,000</b>	<b>5,35,000</b>



**Notes to Accounts:**

Particulars	31.03.2015 ₹	31.03.2014 ₹
<b>1 Short term provisions</b>		
Proposed dividend	50,000	60,000
Provision for taxation	80,000	60,000
	1,30,000	1,20,000
<b>2 Fixed Assets (Tangible)</b>		
Plant and Machinery	2,43,000	2,23,000
Less Accumulated Depreciation	(38,800)	(40,000)
	2,04,200	1,83,000
<b>3 Trade Receivables</b>		
Debtors	64,600	64,500
Less Provision for Doubtful Debts	(2,000)	(1,600)
	62,600	62,900

**Additional Information:**

During the year 2014-15:

- A part of the machine was sold for ₹ 21,000 at a profit of ₹ 4,000.
- The company charged ₹ 3,000 as depreciation on its Plant and Machinery.
- New Debentures were issued on 31<sup>st</sup> March, 2015, at a discount of 10%.
- Interest of ₹ 9,600 was paid on Debentures.

**Question 10**

- What is a *Common Size Balance Sheet*? [2]
- While preparing a Cash Flow Statement, identify the following transactions as belonging to *Operating Activities*, *Investing Activities*, *Financing Activities*: [2]
  - Goodwill written off.
  - Interest received by a company on its investments.
- From the following data, prepare a **Common Size Statement of Profit and Loss** of Nicholson Ltd. [6]

Particulars	31.3.2015	31.3.2014
Revenue from Operations	₹ 6,00,000	₹ 4,00,000
Cost of Materials consumed	60% of revenue from operations	50% of revenue from operations
Finance Cost	₹10,000	₹ 8,000
Tax Rate	40% of profit before tax	40% of profit before tax



**Question 11**

- (a) Calculate Liquid Ratio from the following (up-to two decimal places): [2]

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

- (b) From the following Statement of Profit and Loss of Dixon Ltd. for the year 2014 - 15, calculate (up to two decimal places) : [8]

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

Statement of Profit and Loss of Dixon Ltd. for the year ending 31 <sup>st</sup> March, 2015		
Particulars	Note No.	₹
Revenue from operations		2,00,000
Other income (Rent received)		10,000
<b>Total Revenue</b>		2,10,000
<b>Expenses</b>		
Purchases		55,000
Change in Inventories	1.	3,000
Employee Benefit Expenses	2.	5,000
Depreciation		2,000
Other Expenses	3.	5,000
<b>Total Expenses</b>		70,000
<b>Profit Before Tax</b>		1,40,000
Less Tax		(56,000)
<b>Profit after Tax</b>		84,000



**Notes to Accounts:**

Particulars	31.03.2015 ₹
<b>1 Change in Inventories</b>	
Opening Inventory	6,000
Closing Inventory	(3,000)
	3,000
<b>2 Employee Benefit Expenses</b>	
Wages	2,000
Salaries	3,000
	5,000
<b>3 Other Expenses</b>	
Carriage inward	2,000
Carriage outward	3,000
	5,000

*Additional Information:*Debtors (as on 31<sup>st</sup> March, 2015) ₹ 7,000Bills Receivable (as on 31<sup>st</sup> March, 2015) ₹ 5,000

Cash Revenue from operations ₹ 50,000

**SECTION C (20 Marks)***Answer any two questions.***Question 12**

- (a) Mention *any four* types of charts available in spreadsheet. [2]
- (b) Assume that a sheet named – ‘Marks’ has to be printed, which has a record of 50 students. When the sheet is previewed, it is found that the last two names are appearing on the third page. Suggest: [2]
- (i) What should be done to record the information of all the 50 students in two pages only?
- (ii) How can the title of the sheet be recorded on both the pages?
- (c) How can the records of a spreadsheet be imported and exported? [2]
- (d) Explain what is meant by *Relative Reference*. [2]
- (e) Distinguish between *sorting of records* and *filtering of records*. [2]



### Question 13

The following business transactions were conducted by Dipankar in the first week of June, 2015:

June 1	Paid ₹ 5,000 in cash as wages on installation of machinery.
June 3	Sold goods to Karim at the list price of ₹ 20,000, trade discount 10% and cash discount 5%. He paid the amount on the same day and availed the cash discount.
June 4	Supplied goods costing ₹ 6,000 to Maria, issued invoice at 10% above cost less 5% trade discount.
June 6	Sold goods costing ₹ 40,000 to Ashley for cash at a profit of 20% on sales and charged 8% sales tax.

The following spreadsheet shows the recording of Dipakar's transactions:

	A	B	C	D	E
1	Date	Particulars	Ledger Folio	Debit (₹)	Credit (₹)
2	June 1	Machinery A/c	4	5,000	
3	June 1	To Cash A/c	1		5,000
4	June 3	Cash A/c	1	?	
5	June 3	Discount allowed A/c	2	?	
6	June 3	To Sales A/c	3		18,000
7	June 4	Maria	7	?	
8	June 4	To Sales A/c	3		?
9	June 6	Cash A/c	1	54,000	
10	June 6	To Sales A/c	3		50,000
11	June 6	To Sales Tax A/c	8		4,000
12		Total			

Based on the information given above, answer the following questions:

- Write the formula and calculate the value of Cash A/c in cell **D4** and Discount Allowed A/c in cell **D5**. [2]
- Write the formula to calculate the value of goods sold to Maria in cell **D7** and mention the amount of sales in cell **E8**. [2]
- If the sales tax charged from Ashley on sales made to him on June 6 had been 10 % instead of 8 %, then what would be the formulae to enable the changes in cells **D9** and **E11**? [2]
- Write the formula:
  - To calculate sum of Column D in cell **D12**. [1]
  - To verify whether sum of cell **D12** and cell **E12** are equal or not. [1]
- Which function is used to show **A4** and **A5** as one cell? [1]
- State *any two* advantages of maintaining a journal using an electronic spreadsheet instead of preparing it manually. [1]



**Question 14**

- (a) Distinguish between the *Form* of a database and *Table* of a database. [2]
- (b) How is an *Electronic Spreadsheet* different from an *Oracle Database*? [2]
- (c) Give *any two* features of: [4]
  - (i) A Primary Key
  - (ii) A Foreign Key
- (d) Name *any two* business applications of DBMS. [2]