

ACCOUNTANCY**BOARD QUESTION PAPER****March-2018****Time : 3 Hours]****[Total Marks : 100****Instructions : As per Question Paper-1****SECTION-A**

- Answer the following multiple choice questions 1 to 10 by selecting the correct option from the given options. Each question carries 1 mark : [10]
- 1. The capital proportion of A, B and C is 3 : 2 : 1 respectively. The divisible profit is Rs. 66,000. What will be the amount of profit of 'C' ?
 (a) ₹ 11,000 (b) ₹ 22,000 (c) ₹ 33,000 (d) ₹ 66,000
- 2. Goodwill depends on which aspects ?
 (a) On employee of business enterprise. (b) On management of business enterprise.
 (c) On assets of business enterprise. (d) On future maintainable profit.
- 3. In which ratio, profit or loss of revaluation account is distributed between the partners ?
 (a) Sacrifice ratio (b) Gain ratio
 (c) New profit-loss ratio (d) Old profit-loss ratio
- 4. Where is the worker profit sharing fund shown in balance-sheet at the time of the reconstruction of a partnership firm ?
 (a) Credit side of revaluation account. (b) Liabilities side of balance-sheet after reconstruction
 (c) Credit side of partner's Capital account. (d) Debit side of partner's Capital account.
- 5. Which is the first payment made from the realisation of assets, at the time of the dissolution of a firm ?
 (a) Dissolution expense (b) Loan of partner's wife
 (c) Liabilities towards third parties (d) Partner's loan
- 6. If the company does not receive subscription for atleast _____ of the public issue, the share issue would be cancelled.
 (a) 50% (b) 75% (c) 90% (d) 100%
- 7. Before the company decides to redeem the debentures out of capital, the company has to transfer _____ of total face value of issued debentures to debenture redemption reserve A/c.
 (a) 10 (b) 25 (c) 100 (d) 15
- 8. Which of the following is not included to compute current ratio ?
 (a) Debtors (b) Stock (c) Bills receivables (d) Furniture
- 9. Working capital means _____.
 (a) difference between current assets and non-current assets.
 (b) difference between current liabilities and non-current assets.
 (c) difference between current assets and non-current liabilities.
 (d) difference between current assets and current liabilities.
- 10. Which of the following is included in financial expense ?
 (a) Factory expenses (b) Administrative expenses
 (c) Sales expenses (d) Interest expenses

SECTION-B

- Answer the following very short questions from 11 to 20 in one sentence. Each question carries 1 mark : [10]

11. Which type of asset is 'goodwill' ?
12. What is sacrificing ratio ? How it is calculated ?
13. Who gives the share in goodwill to the retiring or deceased partner ?
14. Who has to bear dissolution expense, at the time of dissolution of a firm ?
15. What is under-subscription and over-subscription of shares ?
16. On which type of debentures interest coupons are attached ?
17. What is financial analysis ?

OR

17. What is financial statement ?
18. What is stock turnover ?
19. By which ratios, solvency is measured ?
20. What is operating activities ?

SECTION-C

- Answer the following short questions 21 to 26 in brief. Each question carries 3 marks : [18]

21. Penny, Simran and Sonali are partners of a partnership firm. After distribution of the profit of the year it was realised that charging of interest on partner's drawing account respectively ₹ 2,700, ₹ 1,200, ₹ 1,500 was missed out. Write an entry for the rectification of error.
22. Prerna, Jarna and Sanjana are the partners of a partnership firm. Their profit-loss sharing ratio is 5 : 4 : 3. All the partners have decided to change their profit-loss sharing ratio to 2 : 2 : 1. From this information, find out gain ratio.
23. Pass journal entires for the following transactions of the firm in the case of firm's dissolution.
 - (1) Income tax liability of the partnership firm is determined for ₹ 35,000. It is not recorded in the books.
 - (2) Realised ₹ 25,000 for unrecorded machine, at the time of dissolution.
 - (3) One partner accepts to pay loan of his wife of ₹ 40,000.
24. Distinguish between : First and second method of disposal of realisation account.

OR

How would you deal with the following balances disclosed in the balance-sheet at the time of the dissolution of a partnership firm ?

- (1) General reserve
 - (2) Workmen accident compensation fund
 - (3) Provident fund
25. Aroma Limited issued 12,000, 8% debentures of ₹ 100 each at par as on 1-7-2007. These debentures are to be redeemed on 30-6-2013 at ₹ 115 per debenture.
- Pass the necessary journal entries in the books of the company for issued and redemption of debentures. (without narration).
26. Write the types of debentures on the basis of conditions for convertibility.

OR

26. A company purchased its own 1,500 debentures of ₹ 100 each at ₹ 96 in the open market and immediately cancels them after purchase.

Pass journal entries in the books of company. (without narration)

SECTION-D

- Answer the following questions from 27 to 30 with necessary calculations as asked. Each question carries 4 marks : [16]

27. From the following information of Virat and Vaman partnership firm, compute the value of goodwill on the basis of 2 years purchase of weighted average profit.

Information of last five years profit is as under :

Year	Profit (₹)
2012--13	90,000
2013-14	1,10,000
2014-15	1,20,000
2015-16	1,30,000
2016-17	1,40,000

28. The abridged profit and loss statement ending on 31-3-2016 and 31-3-2017 of Gyanda Company Limited are given as follows :

Prepare comparative statement of profit and loss.

Particulars	31-3-2017 (₹)	31-3-2016 (₹)
Sales revenue	66,00,000	44,00,000
Other income	4,50,000	3,00,000
Expenses	47,52,000	30,80,000
Income tax rate 30%		

29. From the following information of 'Ekta' Ltd., calculate current ratio.

Particulars	Amt. (₹)	Particulars	Amt. (₹)
Debtors	45,000	Bills receivables	15,000
Land Building	2,50,000	Furniture	30,000
Outstanding Expenses	20,000	Non current Investment	35,000
Current Investment	15,000	Cash and Cash equivalent	15,000
Creditors	30,000	Bills Payables	10,000
Bad-debts reserve	10,000	Stock	30,000

OR

29. From the following information of 'Shivani' Co. Ltd., calculate debt-equity ratio.

Particulars	Amt. (₹)	Particulars	Amt. (₹)
Non-current assets	14,00,000	Creditors	45,000
Current assets	8,50,000	Bills payables	20,000
Total Liabilities	7,50,000	Outstanding expenses	35,000

30. From the following information of Bharat Company, prepare statement of cash-flow from operating activities.

Profit before changes in working capital	₹ 4,95,000
Increase in debtors	₹ 75,000
Decrease in bills receivables	₹ 40,000
Decrease in Stock	₹ 30,000
Increase in prepaid expenses	₹ 25,000
Outstanding expenses (increase)	₹ 15,000
Decrease in Creditors	₹ 20,000

OR

30. From the following information of Yash Company Ltd., calculate cash-flow from financing activities.

Particulars	31-3-2017 (₹)	31-3-2016 (₹)
Equity Share Capital	18,00,000	12,00,000
Preference Share Capital	8,00,000	10,00,000
Debentures	6,00,000	6,00,000

Additional information :

- (1) Dividend paid :

Equity Share Capital ₹ 2,00,000

Preference Share Capital ₹ 1,00,000

- (2) Debenture interest paid ₹ 50,000

SECTION-E

- Answer the following long type questions 31 to 33 as asked. Each question carries 8 marks : [24]

31. Aasha and Tina are partners in a firm sharing profit and loss in the ratio of 2 : 1 Their balance sheet as on 31-3-2017 was as under :

Liabilities	Amt. (₹)	Assets	Amt. (₹)
Capital Accounts :		Goodwill	18,000
Aasha 80,000		Land and Building	72,000
Tina 60,000	1,40,000	Machinery	40,000
General Reserve	18,000	Stock	36,000
Workmen Compensation reserve	4,500	Debtors 24,000	
Investment Fluctuation Fund	1,500	– Bad debt reserve 2,000	22,000
Creditors	28,000	Investments	8,000
Bills payable	12,000	Cash-Bank	2,000
		Advertisement Campaign Expenditure	6,000
Total	2,04,000	Total	2,04,000

They admitted Lina as a new partner from 1-4-2017 on the following conditions :

- (1) Lina will bring ₹ 1,00,000 as her Capital and ₹ 24,000 as Goodwill in cash.
 (2) Value of land and building is to be increased by ₹ 17,000.

- (3) Value of machinery is to be decreased upto ₹ 32,000.
 (4) Provision for bad-debt is to be kept at 10% on debtors.
 (5) Provision for outstanding electricity bill is to be made at ₹ 1,100.
 (6) New profit sharing ratio of all three partners is to be kept at 2 : 1 : 2.

Prepare Revaluation account, Partners' Capital Accounts, Cash-bank account and Balance-sheet after admission.

32. Virat, Anu and Dhauny are partners in a firm sharing profit and loss in the ratio of their capitals.

Balance-sheet of the firm as on 31-3-2017 was as under

Liabilities	Amt. (₹)	Assets	Amt. (₹)
Creditors	16,000	Goodwill	40,000
Workmen Compensation reserve	12,000	Land-Building	2,00,000
Employee's profit sharing Fund	30,000	Patents	60,000
Provident fund	45,000	Machinery	80,000
Capital Accounts :		Debtors	35,000
Virat	2,00,000	– Bad debt reserve	5,000
Anu	1,20,000	Stock	53,000
Dhauny	80,000	Bank	40,000
Total	5,03,000	Total	5,03,000

Dhauny retires on the above date. Partners decided the following terms of retirement.

- (1) The new profit-loss sharing ratio of Virat and Anu is to be kept at 2 : 3.
 (2) Goodwill of the firm is to be valued at ₹ 80,000.
 (3) Paid ₹ 60,000 for patents during current year which is for total 4 years.
 (4) Machinery is to be depreciated by 10%.
 (5) Bad-debt on debtors is to be written off ₹ 3,000.
 (6) ₹ 20,000 is to be paid to Dhauny.
 (7) Market value of Stock is ₹ 54,000.
 (8) New firm's total capital will be equal to total capital of old firm. The entire capital of the new firm is to be kept in new profit and loss sharing ratio of Virat and Anu. All necessary adjustments are to be made through bank.

Prepare :

- (i) Revaluation A/c
 (ii) Capital accounts of partners
 (iii) Bank account
 (iv) Balance-sheet after retirement of Dhauny.

33. Dhruva Limited issued 3,00,000 equity shares of ₹ 10 each at a premium of ₹ 5 per share. Amount was called up as under :

On application ₹ 4 per share

On allotment ₹ 7 per share (including premium)

On First call ₹ 2 per share

On Final call ₹ 2 per share

Company received application for 3,50,000 shares. Excess applications were rejected and money paid thereon was refunded to applicants. All the sums due were received in full except First and final call on 3,000 equity shares held by Mira.

Pass journal entries in books of company. (Narration not required)

OR

33. Write journal entries in the books of company for forfeiture and reissue of forfeited shares from the following information :

- (1) Company forfeited 800 equity shares of ₹ 10 each of a shareholder for non payment of allotment money of ₹ 4 per share and Call money of ₹ 3 per share. This shareholder had paid ₹ 3 per share with application. Forfeited shares were reissued at ₹ 8 per share.
- (2) R.K. Company Limited forfeited 600 shares of ₹ 10 each of Sunil. Sunil had paid application and allotment money at ₹ 5 per share, but had not paid ₹ 3 per share and ₹ 2 per share on first call and second call respectively. Out of the forfeited shares, 400 shares were reissued at ₹ 6 per share to Mittal.

SECTION-F

● Answer the following essay type questions 34 and 35 as asked. Each question carries 11 marks : [22]

34. Radha and Krishna are partners of a firm sharing profit-loss in the proportion 3 : 2. From the trial balance dated 31-3-2017 and adjustments, prepare annual accounts of the firm.

Trial Balance of Partnership firm of Radha and Krishna as on 31-3-2017

Debit Balance	Amt. (₹)	Credit Balance	Amt. (₹)
Drawings :		Capital Accounts :	
Radha	5,000	Radha	55,000
Krishna	5,000	Krishna	45,000
Leasehold building (from 1-4-2016 for 10 years)	60,000	Discount received	400
Machinery (office)	50,000	Creditors	25,000
Discount allowed	350	Commission	2,500
Debtors	40,000	Bills payables	5,000
Carriage Outward	1,200	Trading A/c	97,250
Furniture and Fixtures	5,000	Loan of Radha (from 1-7-2016)	50,000
Salary	7,500		
Bad-debts	1,200		
Bills receivables	20,000		
Trading expense	5,900		
Cash balance	6,000		
Stock (31-3-2017)	73,000		
Total	2,80,150	Total	2,80,150

Adjustments :

- (1) Provide depreciation 6% on machinery and 20% on furniture and fixtures.
- (2) Write off ₹ 500 from debtors as bad-debts.
- (3) Annual salary of ₹ 5,000 and ₹ 4,000 payable to Radha and Krishna respectively.

(4) Commission ₹ 500 is receivable.

(5) Outstanding salary ₹ 3,000.

35. Following balances are extracted from books of Shrijee Ltd. Prepare balance-sheet as per Schedule-III of Companies Act, 2013 as at 31-3-2017.

Balances	(₹)
(1) Accrued Commission	20,000
(2) Land-building	10,00,000
(3) Equity share capital	10,00,000
(4) Bank balance	45,000
(5) General reserve	20,000
(6) Closing Stock	1,80,000
(7) Creditors	4,00,000
(8) Debtors	2,30,000
(9) 10% Debentures	1,30,000
(10) Debenture redemption fund investments	30,000
(11) Custom deposit	1,25,000
(12) Gratuity fund	20,000
(13) Provision for taxation	60,000

ACCOUNTANCY

Board Question Paper : March-2018 : Answers

SECTION-A

- | | |
|---|---|
| 1. (b) ₹ 22,000 | 7. (b) 25 |
| 2. (d) On future maintainable profit. | 8. (d) Furniture |
| 3. (d) Old profit-loss ratio | 9. (d) difference between current assets and current liabilities. |
| 4. (b) Liabilities side of balance-sheet after reconstruction | 10. (d) Interest expenses |
| 5. (a) Dissolution expense | |
| 6. (c) 90% | |

SECTION-B

- Goodwill is the value of the reputation of a firm in respect to the profit earning over and above the expected profit.
- Sacrificing ratio is a difference between the old share and the new share of profit of partner.
As per the mathematical method, Sacrificing ratio of a partner = Old share of profit – New share of profit
- Continuing beneficial partners gives the share in goodwill to the retiring or deceased partner.
- Firm has to bear dissolution expense, at the time of dissolution of a firm.
- If applications are received for more number of shares than the shares issued for public subscription, it is known as over subscription. And if applications are received for less number of shares than the shares issued for public subscription, it is known as under subscription.
- The interest coupons are attached with Bearer debentures.

17. Financial analysis is the examination of a business from a variety of perspectives in order to fully understand the greater financial situation and determine how best to strengthen the business.

OR

17. Financial statements are statements presenting accounting information in brief at the end of accounting process for an accounting period.
18. The ratio between the cost of goods sold and average stock means stock turnover.

Formula : Stock turnover = $\frac{\text{Cost of goods sold}}{\text{Average stock}}$

19. Solvency is measured by the following ratios :
 (1) Debt to equity ratio, (2) Total assets to debt ratio, (3) Proprietary ratio and (4) Interest coverage ratio.
20. Operating activities means main activities of business to earn income which are neither investing activities nor financing activities.

SECTION-C

21. Rectification of error :

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
	Fenny's capital / current A/c Dr		900	
	To Simran's capital/current A/c			600
	To Sonal's capital/current A/c			300
	(Being computation of interest on drawings was missed out, is rectified.)			

22. Prerna's gain = $-\frac{1}{60}$ (Sacrifice); Jarna's gain = $\frac{4}{60}$ and Sanjana's gain = $-\frac{3}{60}$ (Sacrifice).

23. Journal entries

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
1	Realisation A/c Dr		35,000	
	To Bank A/c			35,000
	(Being unrecorded income tax liability is paid.)			
2	Cash/bank A/c Dr		25,000	
	To Realisation A/c			25,000
	(Being realised from sale of unrecorded machine.)			
3	Partner's wife's loan A/c Dr		40,000	
	To Respective partner's capital A/c			40,000
	(Being partner has accepted to pay his wife's loan.)			

24. (1) General reserve will be credited to all partners' capital/current accounts in their profit-loss sharing ratio.

General reserve A/c Dr

To Partners' capital/current accounts

- (2) Workmen accident compensation fund will be credited to all partners' capital/current accounts in their profit-loss sharing ratio.

Workmen accident compensation fund A/c Dr

To Partners' capital/current accounts

(3) Provident fund is a liability of the firm. Hence this account is to be closed and transferred to Realisation A/c.

Provident fund A/c

Dr

To Realisation A/c

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25. **Journal of Aroma Limited**

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
1-7-2007	Bank A/c (12,000 debentures × ₹ 100) Dr		12,00,000	
	To Debentures application and allotment A/c			12,00,000
1-7-2007	Debentures application and allotment A/c Dr		12,00,000	
	Loss on issue of debentures A/c Dr		1,80,000	
	(12,000 debentures × ₹ 15)			
	To 8% Debentures A/c			12,00,000
	To Premium on redemption of debentures A/c			1,80,000
30-6-2013	8% Debentures A/c Dr		12,00,000	
	Premium on redemption of debentures A/c Dr		1,80,000	
	To Debentureholders A/c			13,80,000
30-6-2013	Debentureholders A/c Dr		13,80,000	
	To bank A/c			13,80,000

26. **Journal entries**

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
1	Own debentures A/c Dr		1,44,000	
	(1,500 debentures × ₹ 96)			
	To bank A/c			1,44,000
2	Debentures A/c Dr		1,50,000	
	To Own debentures A/c			1,44,000
	To Profit on redemption of debentures A/c			6,000

SECTION-D

27. Weighted average profit ₹ 1,26,000; Goodwill ₹ 2,52,000.

Particulars	Note No.	31-3-2016 (₹)	31-3-2017 (₹)	Increase/Decrease (₹)	Increase/Decrease (%)
1	2	3	4	5(4 - 3)	6 $\left(\frac{5}{3} \times 100\right)$
(I) Sales revenue		44,00,000	66,00,000	22,00,000	50
(II) Other income		3,00,000	4,50,000	1,50,000	50
(III) Total income (I + II)		47,00,000	70,50,000	23,50,000	50
(IV) Expenses		30,80,000	47,52,000	16,72,000	54.29
(V) Profit before tax (III - IV)		16,20,000	22,98,000	6,78,000	41.85
(VI) Less : Income tax 30%		4,86,000	6,89,400	2,03,400	41.85
(VII) Profit after tax (V - VI)		11,34,000	16,08,600	4,74,600	41.85

29. Current ratio = 1.83

OR

29. Debt-equity ratio = 0.43 : 1

30. Cash-flow operating activities ₹ 4,60,000.

OR

30. Cash-flow from financing activities ₹ 50,000.

SECTION-E

31. Profit of Revaluation A/c ₹ 7,500; Sacrificing ratio of Aasha and Tina 2 : 1, Closing balance of Cash-Bank A/c ₹ 1,26,000; Closing capital : Aasha ₹ 1,01,000; Tina ₹ 70,500 and Leena ₹ 1,00,000; Total of Balance sheet after admission of Leena ₹ 3,12,600.

32. Loss of Revaluation A/c ₹ 20,000; Total gain is received by Anu. Closing balance of Bank A/c ₹ 1,54,400; Closing capital : Virat ₹ 1,60,000; Anu ₹ 2,40,000 and Loan of Dhauny ₹ 66,400; Total of Balance-sheet after retirement of Dhauny ₹ 5,57,400.

At the time of ...	Application	Allotment	First Call	Final Call
Total amount (₹)	14,00,000	21,00,000	6,00,000	6,00,000
Amount returned (₹)	2,00,000	—	—	—
To Equity Share Capital A/c (₹)	12,00,000	6,00,000	6,00,000	6,00,000
To Security Premium A/c (₹)	—	15,00,000	—	—
Calls-in-arrears (₹)	—	—	6,000	6,000
Amount received (₹)	14,00,000	21,00,000	5,94,000	5,94,000

OR

33. (1) To Share forfeiture A/c ₹ 2,400; Out of which ₹ 800 will be transferred to Capital Reserve A/c.

(2) To Share forfeiture A/c ₹ 3,000; Out of which ₹ 400 will be transferred to Capital Reserve A/c.

SECTION-F

34. Net profit ₹ 68,750; Divisible profit ₹ 59,750; Closing capital : Radha ₹ 90,850; Krishna ₹ 67,900; Total of Balance sheet ₹ 2,44,000.

35. Shareholder's funds ₹ 10,20,000; Non-current liabilities ₹ 1,50,000; Current liabilities ₹ 4,60,000; Non-current assets ₹ 11,55,000; Current assets ₹ 4,75,000; Total ₹ 16,30,000.

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