



ACCOUNTANCY ALL INDIA (Main paper) 2019

PART A

ACCOUNTING FOR PARTNERSHIP FIRM AND COMPANIES

1. How are Specific donations treated while preparing final of a 'Not-For-Profit Organisation' ?

Or

State the basic of accounting of preparing 'Income and Expenditure Account' of a Not-For-Profit Organisation.

2. Chavvi and Neha were partners in a firm sharing profit and losses equally. Chavvi withdrew a fixed amount at the beginning of cash quarter. Interest on drawings is charged @ 6% p.a. at the end of the year, interest on Chavvi's drawings amounted to Rs.900. Pass the necessary journal entry for charging interest on drawings.
3. What is meant by 'Gaining Ratio' on retirement of a partner ?

Or

P, Q and R were partners in a firm. On 31st March, 2018 R retired. The amount payable to R Rs.2,17,000 was transferred to his loan amount, R agreed to receive interest on this amount as per the provisions of Partnership Act, 1932. State the rate at which interest will be paid to R.

4. What is meant by 'Issued Capital' ?

Or

What is meant by 'Employees Stock Option Plan' ?

5. Atul and Neera were partners in a firm sharing profits in the ratio of 3 : 2. They admitted Mitali as a new partner. Goodwill of the firm was valued at Rs.2,00,000. Mitali brings her share of goodwill premium of Rs.20,000 in cash, which is entirely credited to Atul's Capital Account. Calculate the new profit sharing ratio.
6. State any two contingencies that may result into dissolution of a partnership firm.
7. Garvit Ltd. invited applications for issuing 3,000, 11% Debentures of Rs.100 each at a discount of 6%. The full amount was payable on application. Application were received for 3,600 debentures. Applications for 600 debentures were rejected and the application money was refunded. Debentures were allotted to the remaining applicants. Pass the necessary journal entries for the above transactions in the books of Garvit Ltd.

Or

On 1st April 2015, P Ltd. Issued 6,000 12% Debentures of Rs.100 each at par redeemable at a premium of 7%. The Debentures were to be redeemed at the end of third year. Prepare Loss on issue of 12% Debentures Account.

8. L, M and N were partners in a firm sharing profits and losses in the ratio of 5 : 3 : 2. On 1st April, 2018 they admitted S as a new partner in the firm for 1/5th share in the profits. On S' admission the goodwill of the firm was valued at 3 years purchase of last five years average profits. The profits during the last five years were :

Year ended 31 st March	Profit (Rs.)
2014	4,00,000
2015	3,00,000
2016	2,00,000
2017	50,000
2018	(50,000)

Calculate the value of the goodwill of the firm. Pass necessary journal entry for the treatment of goodwill on S's admission.

9. From the following information calculate the amount of 'Sports Material' to be debited to Income and Expenditure Account of Young Football Club for the year ended 31st March, 2018.

	Rs.
Opening Stock of Sports Material	21,000
Closing Stock of Sports Material	24,000



Opening Creditors of Sports Material	23,500
Closing Creditors of Sports Material	27,000

During the year the creditors for sports material were paid Rs.1,10,000

10. On 1st April, 2013 Anushka Ltd. issued Rs.70,00,000, 9% debentures of Rs.100 each at par, redeemable at a premium of 5% on 31st March, 2018. The company created the necessary, minimum amount of debenture redemption reserve and purchased debenture redemption reserve investments. The debentures were redeemed on 31st March, 2018.

Pass necessary journal entries for the redemption of debentures, in the books of the company.

11. Ravi, Shankar and Madhur were partners in firm sharing profits in the ratio of 7 : 2 : 1. On 31st March, 2018. The firm was dissolved, after transferring sundry assets (other than cash in hand and cash at bank) and third party liabilities in the realization account the following transaction took place.
- Debtors amounting to Rs.1,40,000 were handed over to a debt collection agency which charged 5% commission. The remaining debtors were Rs.47,000, out of which debtors of Rs.17,000 could not be recovered because the same became insolvent.
 - Creditors amounting to Rs.5,000 were paid Rs.3,500 in full settlement of their claim and balance creditors were handed over stock of Rs.90,000 in full settlement of their claim of Rs.95,000.
 - A bills receivable Rs.2,000 discounted with the bank was dishonoured by its acceptor and the same had to be met by the firm.
 - Profit on realization amounted to Rs.6,000.

Pass necessary journal entries for the above transactions in the books of Ravi, Shankar and Madhur.

12. Aman, Bobby and Chandani were partners in a firm sharing profits and losses in the ratio of 5 : 4 : 1. From 1st April, 2018 they decided to share profits equally. The revaluation of assets and re-assessment of liabilities resulted in a loss of Rs.5,000. The goodwill of the firm on its reconstitution was valued at Rs.1,20,000. The firm had a balance of Rs.20,000 in General Reserve.

Showing your working clearly pass necessary journal entries on the reconstitution of the firm.

13. Girija, Yatin and Zubin were partners sharing profits in the ratio 5 : 3 : 2. Zubin died on 1st August, 2015. Amount due to Zubin's executor after all adjustments was Rs.90,300. The executor was paid Rs.10,300 in cash immediately and the balance in two equal annual instalments with interest @ 6% p.a. starting from 31st March, 2017. Accounts are closed on 31st March each year.

Prepare Zubin's Executors Account till he is finally paid.

14. Sonu and Rajat started a partnership firm on April 1, 2017. They contributed Rs.8,00,000 and Rs.6,00,000 respectively as their capitals and decided to share profits and losses in the ratio of 3 : 2.

The partnership deed provided that Sonu was to be paid a salary of Rs.20,000 per month and Rajat a commission of 5% on turnover. It also provided that interest on capital be allowed @ 8% p.a. Sonu withdrew Rs.20,000 on 1st December, 2017 and Rajat withdrew Rs.5,000 at the end of each month. Interest on drawings was charged @ 6% p.a. The net profit as per profit and loss Account for the year ended 31st March, 2018 was Rs.4,89,950. The turnover of the firm for the year ended 31st March, 2018 amounted to Rs.20,00,000.

Pass the necessary journal entries for the above transactions in the books of Sonu and Rajat.

Or

Jay, Vijay and Karan were partners of an architect firm sharing profits in the ratio of 2 : 2 : 1. Their partnership deed provided the following :



- i. A monthly salary of Rs.15,000 each to Jay and Vijay.
- ii. Karan was guaranteed a profit of Rs.5,00,000 and Jay guaranteed that he will earn an annual fee of Rs.2,00,000. Any deficiency arising because of guarantee to Karan will be borne by Jay and Vijay in the ratio of 3 : 2. During the year ended 31st March, 2018 Jay earned fee of Rs.1,75,000 and the profits of the firm amounted to Rs.15,00,000. Showing your workings clearly prepare Profit and Loss Appropriation Account and the Capital Account of Jay, Vijay and Karan for the year ended 31st March, 2018.
15. For the following Receipt and Payment Account and additional information, prepare Income and Expenditure Account and Balance Sheet of Sears Club, Noida as on March 21, 2018.

Receipt and Payments Account of Sears Club for the year ended 31-3-2018

Receipts	Amount (Rs.)	Payments	Amount (Rs.)
To Balance b/d	20,000	By Stationary	23,400
To Subscriptions		By 12% Investments	8,000
2016 – 17 40,000		By Electricity expenses	10,600
2017 – 18 94,000		By Expenses on lectures	30,000
2018 – 19 7,200	1,41,200	By Sports equipment	59,000
To Donations for building	40,000	By Books	40,000
To Interest on Investments	800	By Balance c/d	50,000
To Government Grant	17,400		
To Sale of old furniture (Book value Rs.4,000)	1,600		
	2,21,000		2,21,000

Additional Information

- i. The club has 200 members cash paying an annual subscription of Rs.1,000. Rs.60,000 were in arrears for last year and 25 members paid in advance in the last year for the current year.
- ii. Stock of stationery on 1-4-2017 was Rs.3,000 and on 31-3-2018 was Rs.4,000.
16. DF Ltd. invited applications for issuing 50,000 share of Rs.10 each at a premium of Rs.2 per share. The amount was payable as follows :
- On Application : Rs.3 per share (Including premium Rs.1)
- On Allotment : Rs.3 per share (Including premium Rs.1)
- On first call : Rs.3 per share
- On Second and Final call : Balance amount
- Application for 70,000 share were received. Allotment was made on the following basis.
- Application for 5,000 share – full
- Application for 50,000 shares – 90%
- Balance of the applications were rejected. Rs.1,11,000 were received on account of allotment. The amount of allotment due from the shareholders to whom shares were allotted on prorata basis was fully received. A few shareholders to whom shares were allotted in full, failed to pay the allotment money. Rs.1,20,000 were received on first call. Directors decided to forfeit shares on which allotment and call money was due. Half of the forfeited shares were re-issued @ Rs.8 per share fully paid up. Final call was not made.

Pass the necessary journal entries for the above transactions in the book of DF Ltd.

Or

- EF Ltd. invited applications for issuing 80,000 equity shares of Rs.50 each at a premium of 20%. The amount was payable as follows :
- On application : Rs.20 per share (including premium Rs.5)
- On allotment : Rs.15 per share (including premium Rs.5)



On First Call : Rs.15 per share

On Second and Final call : Balance amount

Applications for 1,20,000 shares were received. Applications for 20,000 shares were rejected and pro-rata allotment was made to the remaining applications.

Seema, holding 4,000 share failed to pay the allotment money. Afterwards the first call was made. Seema paid allotment money along with the first call. Sahaj who had applied for 2,500 shares failed to pay the first call money. Sahaj's shares were forfeited and subsequently reissued to Geeta for Rs.60 per share, Rs.50 per share paid up. Final call was not made.

Pass necessary journal entries for the above transactions in the books of EF Ltd. by opening calls-in-arrears account.

17. Akul, Bakul and Chandan were partners in a firm sharing profits in the ratio of 2 : 2 : 1. On 31st March, 2018 their Balance Sheet was as follows :

Balance sheet of Akul, Bakul and Chandan as on 31-3-2018

Liabilities		Amount (Rs.)	Assets		Amount (Rs.)
Sundry Creditors		45,000	Cash at Bank		42,000
Employees Provident Fund		13,000	Debtors 60,000		
General reserve		20,000	Less : Provision for Doubtful debts 2,000		58,000
Capitals:			Stock		80,000
Akul	1,60,000		Furniture		90,000
Bakul	1,20,000		Plant and Machinery		1,80,000
Chandan	92,000	3,72,000			
		4,50,000			4,50,000

Bakul retired on the above date and it was agreed that :

- Plant and Machinery was undervalued by 10%.
- Provision for doubtful debts was to be increased to 15% on debtors.
- Furniture was to be decreased to Rs.87,000.
- Goodwill of the firm was valued at Rs.3,00,000 and Bakul's share was to be adjusted through the capital account of Akul and Chandan.
- Capital of the new firm was to be in the new profit sharing ratio of the continuing partners.

Prepare Revaluation Account, Partner's Capital Account and Balance Sheet of the firm

Or

Sanjana and Alok were partners in a firm sharing profits and losses in the ratio 3 : 2. On 31st March, 2018 their Balance Sheet was as follows:

Balance Sheet of Sanjana and Alok as on 31-3-2018

Liabilities		Amount (Rs.)	Assets		Amount (Rs.)
Creditors		60,000	Cash		1,66,000
Workmen's Compensation fund		60,000	Debtors 1,46,000		
			Less : Provision for Doubtful debts 2,000		1,44,000
Capital			Stock		1,50,000
Sanjana	5,00,000		Investments		2,60,000
Alok	4,00,000	9,00,000	Furniture		3,00,000
		10,20,000			10,20,000



On 1st April, 2018, they admitted Nidhi as a new partner for 1/4th share in the profits on the following terms :

- a. Goodwill of the firm was valued at Rs.4,00,000 and Nidhi brought the necessary amount in cash for her share of goodwill premium, half of which was withdrawn by the old partners.
- b. Stock was to be increased by 20% and furniture was to be reduced to 90%.
- c. Investments were to valued at Rs.3,00,000. Alok took over investments at this value.
- d. Nidhi brought Rs.3,00,000 as her capital and the capital of Sanjana and Alok were adjusted in the new profit sharing ratio.

Prepare Revaluation Account, Partners Capital Accounts and the Balance Sheet of the reconstituted firm on nidhi's admission.

**Part – B
(OPTION – I)**

18. How will 'commission received' be treated while preparing cash-flow-statement ?
19. How is 'dividend paid' treated by a financial enterprise for the purpose of preparing cash flow statement ?
20. Prepare a comparative statement of Profit and Loss from the information extracted from the statement of Profit and Loss for the year ended 31st March, 2017 and 2018.

Particulars	2017 – 18	2016 – 17
Revenue from operations	15,00,000	10,00,000
Other income (% of Revenue from operations)	60%	50%
Employee benefit expenses (% of total revenue)	40%	30%
Tax-Rate	40%	40%

21. (a) Calculate Revenue from operations of BN Ltd. from the following information :

Current Assets Rs.8,00,000

Quick ratio is 1.5 : 1

Current ratio is 2 : 1

Inventory turnover ratio is 6 times.

Goods were sold at a profit of 25% on cost.

- (b) The Operating ratio of a company is 60%. State whether 'Purchase of goods costing Rs.20,000' will increase, decrease or not change the operating ratio.

Or

- (a) Calculate 'Total Assets to Debts ratio' from the following information :

Equity Share Capital 4,00,000

Long Term Borrowings 1,80,000

Surplus i.e. Balance in statement of Profit and Loss 1,00,000

General Reserve 70,000

Current Liabilities 30,000

Long Term Provisions 1,20,000

- (b) The Debt Equity ratio of a company is 1 : 2. State whether 'Issue of bonus share' will increase, decrease or not change the Debt Equity Ratio.

22. Explain briefly any four objectives of 'Analysis of Financial Statements'.

Or

State under which major heading and sub-heading will the following items be presented in the Balance Sheet of a company as per Schedule-III, Part-I of the Companies Act, 2013.

- i. Prepaid Insurance
- ii. Investment in Debentures
- iii. Calls-in-arrears
- iv. Unpaid dividend
- v. Capital Reserve
- vi. Loose Tools
- vii. Capital work-in-progress



viii. Patents being developed by the company.

**Part – B
(OPTION – II)**

18. What is meant by 'Mixed Reference' ?
19. List any four attributes of information to be stored in Payroll data base ?
20. Differentiate between 'Generic Software' and 'Specific Software' on any four bases.
21. Explain 'Null Values and Complex attributes'.
- Or**
- Explain closing entries and adjusting entries.
22. Explain 'Transparency control' and 'Scalability' as features of Computerized Accounting System.
- Or**
- Explain 'Payroll Accounting Subsystem' & 'Costing Subsystem'.
23. Name and explain the function which return the future value of an investment which has Constant payment and interest.