

HAF2

Roll No. **00000000**

Total No. of Printed Pages : 16

Total No. of Questions : 6

Maximum Marks : 100

Time allowed : 3 Hours

INSTRUCTIONS TO CANDIDATES

Answers to questions are to be given only in English except in the case of candidates who have opted for Hindi Medium. If a candidate has not opted for Hindi Medium, his/her answers in Hindi will not be valued.

Question No. 1 is compulsory.

Candidates are also required to answer any four questions from the remaining five questions.

Working notes should form part of the respective answers.

1. (a) State with reasons, whether the following statements are true or false :
 - (i) Amount spent for the construction of temporary huts, which were necessary for construction of the Cinema House and were demolished when the Cinema House was ready, is capital expenditure.
 - (ii) If the amount is posted in the wrong account or it is written on the wrong side of the account, it is called error of principle.
 - (iii) In case of consignment sale, ownership of goods will be transferred to consignee at the time of receiving the goods.

HAF2

P.T.O.

(2)

HAF2

- (iv) In case the due date of a bill falls after the date of closing the account, the interest from the date of closing to such due date is known as Red-Ink interest.
- (v) Limited Liability Partnership (LLP) is governed by Indian Partnership Act, 1932.
- (vi) The relationship between sales and fixed assets is expressed as working capital ratio.

(6 Statements × 2 Marks = 12 Marks)

- (b) Distinguish between Going Concern concept and Cost concept. (4 Marks)
- (c) Give journal entries (with narrations) to rectify the following errors located in the books of a Trader after preparing the Trial Balance :
 - (i) An amount of ₹ 4,500 received on account of Interest was credited to Commission account.
 - (ii) A sale of ₹ 2,760 was posted from Sales Book to the Debit of M/S Sobhag Traders at ₹ 2,670.
 - (iii) ₹ 35,000 paid for purchase of Airconditioner for the personal use of proprietor debited to Machinery a/c.
 - (iv) Goods returned by customer for ₹ 5,000. The same have been taken into stock but no entry passed in the books of accounts. (4 Marks)

HAF2

(3)

HAF2

2. (a) Prepare the Bank Reconciliation Statement of M/s. R.K. Brothers on 30th June 2018 from the particulars given below :

- (i) The Bank Pass Book had a debit balance of ₹ 25,000 on 30th June, 2018
- (ii) A cheque worth ₹ 400 directly deposited into Bank by a customer but no entry was made in the Cash Book.
- (iii) Out of cheques issued worth ₹ 34,000, cheques amounting to ₹ 20,000 only were presented for payment till 30th June, 2018.
- (iv) A cheque for ₹ 4,000 received and entered in the Cash Book but it was not sent to the Bank.
- (v) Cheques worth ₹ 20,000 had been sent to Bank for collection but the collection was reported by the Bank as under.
 - (1) Cheques collected before 30th June, 2018, ₹ 14,000
 - (2) Cheques collected on 10th July, 2018, ₹ 4,000
 - (3) Cheques collected on 12th July, 2018, ₹ 2,000.
- (vi) The Bank made a direct payment of ₹ 600 which was not recorded in the Cash Book.

HAF2

P.T.O.

(4)

HAF2

- (vii) Interest on Overdraft charged by the bank ₹ 1,600 was not recorded in the Cash Book.
- (viii) Bank charges worth ₹ 80 have been entered twice in the cash book whereas Insurance charges for ₹ 70 directly paid by Bank was not at all entered in the Cash Book.
- (ix) The credit side of bank column of Cash Book was undercast by ₹ 2,000.

(10 Marks)

- (b) A Firm purchased an old Machinery for ₹ 37,000 on 1st January, 2015 and spent ₹ 3,000 on its overhauling. On 1st July 2016, another machine was purchased for ₹ 10,000. On 1st July 2017, the machinery which was purchased on 1st January 2015, was sold for ₹ 28,000 and the same day a new machinery costing ₹ 25,000 was purchased. On 1st July, 2018, the machine which was purchased on 1st July, 2016 was sold for ₹ 2,000.

Depreciation is charged @ 10% per annum on straight line method. The firm changed the method and adopted diminishing balance method with effect from 1st January, 2016 and the rate was increased to 15% per annum. The books are closed on 31st December every year.

Prepare Machinery account for four years from 1st January, 2015.

HAF2

(10 Marks)

(5)

HAF2

3. (a) R & S entered into a joint venture and opened a Joint Bank account with an amount of ₹ 1,50,00,000 towards which R contributed ₹1,00,00,000. They agreed to share profits and losses the ratio of 2 : 1. They purchased a big residential house measuring area of 5,000 sq.ft. @ ₹2,900 per sq.ft. Out of the total area, 200 sq.ft. was left over for general use as a community hall and remaining area was sub-divided in 6 equal flats. Out of those 6 flats, 4 front facing flats were sold by R for ₹ 1,28,00,000 and the remaining 2 flats were sold by S for ₹ 56,00,000.

The following expenses were incurred in connection with above transaction –

Registration fees	:	₹ 1,50,000
Stamp duty	:	₹ 1,00,000
Renovation Exp.	:	₹ 25,00,000

R and S were entitled to brokerage @ 2% on flats sold by them.

Separate books were maintained for the joint venture. You are required to prepare the necessary ledger accounts.

(10 Marks)

HAF2

P.T.O.

(6)

HAF2

- (b) On 1st January 2018, Akshay draws two bills of exchange for ₹ 16,000 and ₹ 25,000.

The bill of exchange for ₹ 16,000 is for two months while the bill of exchange for ₹ 25,000 is for three months. These bills are accepted by Vishal. On 4th March, 2018, Vishal requests Akshay to renew the first bill with interest @ 15% p.a. for a period of two months. Akshay agreed to this proposal. On 25th March, 2018, Vishal retires the acceptance for ₹ 25,000, the interest rebate i.e. discount being ₹ 250. Before the due date of the renewed bill, Vishal becomes insolvent and only 50 paise in a rupee could be recovered from his estate.

Show the Journal Entries (with narrations) in the books of Akshay. (5 Marks)

- (c) Attempt any one of the following two sub-parts i.e. either (i) or (ii).

- (i) Two Traders Yogesh and Yusuf buy goods from one another, each allowing the others, one month's credit. At the end of 3 months the accounts rendered are as follows :

HAF2

(7)

HAF2

Goods sold by Yogesh to Yusuf		Goods sold by Yusuf to Yogesh	
	(₹)		(₹)
April 18	12,000	April 23	10,600
May 15	14,000	May 24	10,000
June 16	16,000		

Calculate the date upon which the balance should be paid so that no interest is due either to Yogesh or Yusuf. (5 Marks)

OR

- (ii) Exe Collieries Co. Ltd. took from M/s. Zed a lease of coal field for a period of 20 years from 1st April 2013, on a royalty of ₹ 25 per tonne of coal extracted with a dead rent of ₹ 2,50,000 per annum with power to recoup short-working during the first five years of the lease. The company closes its books of account on 31st March every year.

The output in the first five years of the lease was as follows :

Year ended	Tonnes
31 st March 2014	3,000
31 st March 2015	4,800
31 st March 2016	10,600
31 st March 2017	16,800
31 st March 2018	21,000

You are required to compute the amount of royalty payable for the years ended 31st March, 2014, 2015, 2016, 2017 and 2018. (5 Marks)

HAF2

P.T.O.

HAF2

4. (a) Monika, Yedhant and Zoya are in partnership, sharing profits and losses equally. Zoya died on 30th June 2018. The Balance Sheet of Firm as at 31st March 2018 stood as.

Liabilities	Amount	Assets	Amount
	₹		₹
Creditors	20,000	Land and Building	1,50,000
General Reserve	12,000	Investments	65,000
Capital Accounts :		Stock in trade	15,000
Monika	1,00,000	Trade receivables	35,000
Yedhant	75,000	Less : Provision for doubtful debt	<u>2,000</u>
Zoya	75,000	Cash in hand	7,000
		Cash at bank	12,000
	<u>2,82,000</u>		<u>2,82,000</u>

In order to arrive at the balance due to Zoya, it was mutually agreed that :

- Land and Building be valued at ₹ 1,75,000
- Debtors were all good, no provision is required
- Stock is valued at ₹ 13,500

HAF2

(9)

HAF2

- (iv) Goodwill will be valued at one Year's purchase of the average profit of the past five years. Zoya's share of goodwill be adjusted in the account of Monika and Yedhant.
- (v) Zoya's share of profit from 1st April 2018, to the date of death be calculated on the basis of average profit of preceding three years.
- (vi) The profit of the preceding five years ended 31st March were :

2018	2017	2016	2015	2014
25,000	20,000	22,500	35,000	28,750

You are required to prepare :

- (1) Revaluation account
- (2) Capital accounts of the partners and
- (3) Balance sheet of the Firm as at 1st July 2018. (10 Marks)

- (b) Following particulars are extracted from the books of Mr. Sandeep for the year ended 31st December, 2018.

Particulars	Amount	Particulars	Amount
	₹		₹
<u>Debit Balances :</u>		<u>Credit Balances :</u>	
Cash in hand	1,500	Capital	16,000
Purchase	12,000	Bank overdraft	2,000

HAF2

P.T.O.

(10)

HAF2

Particulars	Amount	Particulars	Amount
	₹		₹
Sales return	1,000	Sales	9,000
Salaries	2,500	Purchase return.	2,000
Tax and Insurance	500	Reserve for Bad debts	1,000
Bad debts	500	Creditors	2,000
Debtors	5,000	Commission	500
Investments	4,000	Bills payable	2,500
Opening stock	1,400		
Drawings	2,000		
Furniture	1,600		
Bills receivables	3,000		
	<u>35,000</u>		<u>35,000</u>

Other information :

- (i) Closing stock was valued at ₹ 4,500
- (ii) Salary of ₹ 100 and Tax of ₹ 200 are outstanding whereas insurance ₹ 50 is prepaid.
- (iii) Commission received in advance is ₹ 100
- (iv) Interest accrued on investment is ₹ 210
- (v) Interest on overdraft is unpaid ₹ 300

HAF2

(11)

HAF2

- (vi) Reserve for bad debts is to be kept at ₹ 1,000
- (vii) Depreciation on furniture is to be charged @ 10%

You are required to prepare the final accounts after making above adjustments.

(10 Marks)

5. (a) What do you understand by Ratio Analysis? Find out the value of Current Assets of a company from the following information:

- (i) Inventory Turnover Ratio : 4 Times.
- (ii) Inventory at the end is ₹20,000 more than inventory in the beginning.
- (iii) Revenue from Operations i.e., Net Sales ₹3,00,000.
- (iv) Gross Profit Ratio 25%.
- (v) Current Liabilities ₹ 40,000.
- (vi) Quick Ratio 0.75.

(10 Marks)

HAF2

P.T.O.

HAF2

- (b) From the following information supplied by M.B.S. Club prepare Receipts and Payments account and Income and Expenditure Account for the year ended 31st March 2019.

	01.04.2018	31.03.2019
	₹	₹
Outstanding subscription	1,40,000	2,00,000
Advance Subscription	25,000	30,000
Outstanding Salaries	15,000	18,000
Cash in Hand and at Bank	1,10,000	?
10% Investment	1,40,000	70,000
Furniture	28,000	14,000
Machinery	10,000	20,000
Sports Goods	15,000	25,000

Subscription for the year amount to ₹ 3,00,000/-. Salaries paid ₹ 60,000. Face value of the Investment was ₹ 1,75,000, 50% of the Investment was sold at 80% of Face Value. Interest on Investments was received ₹ 14,000. Furniture was sold for ₹ 8000 at the beginning of the year. Machinery and Sports Goods purchased and put to use at the last date of the year. Charge depreciation @ 15% p.a. on Machinery and Sports Goods and @10% p.a. on Furniture.

HAF2

(13)

HAF2

Following Expenses were made during the year :

Sports Expenses: ₹ 50,000

Rent : ₹ 24,000 out of which ₹ 2,000 outstanding

Misc. Expenses : ₹ 5,000

(10 Marks)

6. (a) Bhagwati Ltd. invited applications for issuing 2,00,000 equity shares of ₹ 10 each.

The amounts were payable as follows :

On application – ₹ 3 per share

On allotment – ₹. 5 per share

On first and final call – ₹ 2 per share.

Applications were received for 3,00,000 shares and pro-rata allotment was made to all the applicants. Money overpaid on application was adjusted towards allotment money. B, who was allotted 3,000 shares, failed to pay the first and final call money. His shares were forfeited. Out of the forfeited shares, 2,500 shares were reissued as fully paid - up @ ₹ 6 per share.

Pass necessary Journal entries to record the above transactions in the books of Bhagwati Ltd.

(10 Marks)

HAF2

P.T.O.

(14)

HAF2

- (b) On 1st January 2018, Ankit Ltd. issued 10% debentures of the face value of ₹ 20,00,000 at 10% discount. Debenture interest after deducting tax at source @10% was payable on 30th June and 31st December every year. All the debentures were to be redeemed after the expiry of five year period at 5% premium.

Pass necessary journal entries for the accounting year 2018.

(5 Marks)

- (c) Raj Ltd. Prepared their accounts for financial year ended on 31st March 2019. Due to unavoidable circumstances actual stock has been taken on 10th April 2019, when it was ascertained at ₹ 1,25,000. It has been found that ;

- (i) Sales are entered in the Sales Book on the day of dispatch and return inwards in the Returns Inward Book on the day of the goods received back.
- (ii) Purchases are entered in the Purchase Book on the day the Invoices are received.
- (iii) Sales between 1st April 2019 to 9th April 2019 amounting to ₹ 20,000 as per Sales Day Book.
- (iv) Free samples for business promotion issued during 1st April 2019 to 9th April 2019 amounting to ₹ 4,000 at cost.
- (v) Purchases during 1st April 2019 to 9th April 2019 amounting to ₹ 10,000 but goods amounts to ₹ 2,000 not received till the date of stock taking.

HAF2

(15)

HAF2

- (vi) Invoices for goods purchased amounting to ₹ 20,000 were entered on 28th March 2019 but the goods were not included in stock.

Rate of Gross Profit is 25% on cost.

Ascertain the value of Stock as on 31st March 2019.

(5 Marks)

HAF2

P.T.O.