ACCOUNTS

(Three hours)

(*Candidates are allowed additional 15 minutes for* *only* *reading the paper.*

***They must NOT start writing during this time.*)**

Section A *- Answer* **Question 1** *(compulsory) from Part I and any other* ***four*** *questions from Part II.*

Section B and Section C – Answer ***two*** *questions from* ***either*** *section B* ***or*** *Section C.*

The intended marks for questions or parts of questions are given in 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 sheet as, and adjacent to, the rest of the answer.

SECTION A

PART I (20 Marks)

Answer ***all*** *questions.*

Question 1 **[10 × 2]**

Answer each of the following questions briefly:

(i) Define *joint venture*.

(ii) State the provisions of the *Partnership Act*, 1932, in the absence of a Partnership Deed regarding (a) Interest on Partner’s Drawing (b) Interest on advances made by a partner to the firm other than capital.

(iii) State the complete accounting treatment of *hidden goodwill* at the time of admission of a partner.

(iv) Why are assets revalued and liabilities reassessed when there is a change in profit sharing ratio amongst the partners?

(v) State *two* differences between *dissolution of partnership* and *dissolution of firm*.

(vi) Why is a *memorandum balance sheet* prepared at the time of dissolution of a partnership firm?

(vii) State *two* similarities between *calls in arrear account* and *calls in advance account*.

(viii) What is the accounting treatment when shares are issued to *promoters* for consideration other than cash?

(ix) Differentiate between Joint Venture account and JV with …… account.

(x) Mention the name and explain the part of capital of a company which is called up only on its winding up.

PART II (40 Marks)

*Answer **any four** questions.*

Question 2 **[10]**

Brian and Derek entered into a joint venture agreement sharing profits and losses equally. Brian purchased 10,000 litres of oil @ ₹ 40 per litre and incurred freight and insurance amounting to ₹10,000. The goods were sent to Derek to be sold in the market. Derek incurred ₹5,000 on duty and ₹3,000 on godown rent. During transit, 100 litres were stolen against which Brian received an insurance claim of ₹3000. Derek took delivery of the remaining consignment and sold 7,000 litres @ ₹ 50 per litre.
Finally, Derek took over the closing stock for business use.
Assume a normal loss of 10 litres due to leakage and evaporation.

You are required to prepare the Joint Venture Account and Derek's account in the books of Brian assuming both coventurers maintain all accounts.

Note: All calculations are to be made to the nearest rupee.

Question 3 **[10]**

The capital accounts of Adam and Batty stood at ₹ 40,000 and ₹ 30,000 respectively after the necessary adjustments in respect of the drawings and the net profit for the year ended 31st December 2011. It was subsequently ascertained that interest on capital and on drawings @ 5% per annum were not taken into account in arriving at the divisible profits for the year.

The drawings of the partners had been: Adam – ₹ 1,200 drawn at the end of each quarter and Batty – ₹1,800 drawn at the end of each half year.

The net profit for the year amounted to ₹ 20,000. The partners share profits and losses in the ratio of 3:2.

You are required to pass the necessary journal entries to rectify the lapse in accounting and also prepare the adjusted capital accounts of the partner.

Question 4 **[10]**

Following is the Balance Sheet of John and Jimmy as on 31st December 2010:

Liabilities	Amount	Assets	Amount
	₹		₹
John's capital	50,000	Goodwill	6,000
Jimmy's capital	35,000	Land and building	40,000
Reserve	6,000	Furniture	3,750
Creditors	25,000	Stock	25,000
		Debtors	20,000
		Investments	15,250
		Bank	4,500
		Cash	1,500
	1,16,000		1,16,000

The partners shared profits and losses in the ratio of 2:1. From 1st January, 2011. They agreed to share profits and losses equally. For this purpose, the following particulars are provided:

(a) Land and building are to be appreciated by 25% .

(b) Furniture valued at ₹ 3,250.

(c) Market value of stock is ₹ 22,500.

(d) A provision for bad debts @ 5% is to be created on debtor.

(e) Goodwill is valued at ₹ 15,000.

Show the revised Balance Sheet of the firm as on 1st January, 2011 along with appropriate ledger accounts as proper working notes.

Question 5 **[10]**

Henry, Jacob and Jackson are partners in a firm. Their Balance Sheet as on 31st December 2011, stood as follows:

Liabilities	Amount ₹	Assets	Amount ₹
Henry's capital	2,00,000	Plant and machinery	2,00,000
Jacob's capital	1,50,000	Furniture and fixtures	25,000
Jackson's capital	40,000	Stock	1,05,000
General reserve	1,00,000	Debtors	1,50,000
Creditors	1,00,000	Investments	1,20,000
	6,00,000		6,00,000

The partnership deed provides that the representatives of the deceased partner shall be entitled to:

(a) Deceased partner's capital as appearing in the last balance sheet.

(b) Interest on capital @ 6% per annum up to date of death.

(c) His share of profit up to date of death on the average of last three years' divisible profit.

(d) His share of goodwill valued at two years' purchase of the average divisible profit of last three years.

(e) His share of any undistributed profits and losses as per last drawn balance sheet.

(f) Interest on drawings up to date of death will be charged @ 10% per annum.

(g) Assets and liabilities of the firm on the date of death will be revalued and reassessed respectively by an independent valuer.

Jacob died on 30th June, 2012 and the valuer appointed by Henry and Jackson with the consent of he legal heirs of Jacob recommended as follows:

(i) Plant and Machinery to be depreciated by 5% .

(ii) Furniture and fixtures to be taken at ₹ 20,000.

(iii) Stock to be reduced by 10% .

(iv) A provision of 2½ % is to be raised against debtors for doubtful debts.

(v) The investments are to be valued at ₹1,50,000.

The divisible profits for the last three years were ₹ 6,50,000 ₹ 6,40,000 and ₹ 6,90,000. Jacob's drawings up to the date of death amounted to ₹ 1,00,000.

Finally, it was decided to transfer the amount due, to Jacob's executor's loan account.

You are required to prepare the revaluation account, partners' capital accounts and the balance sheet.

Note: All calculations are to be made to the nearest rupee.

Question 6 **[10]**

Mathew, Clarke and Adolf are partners sharing profits and losses in the proportion to their capitals, which on 31st December 2011 stood at ₹ 3,00,000, ₹ 2,00,000 and ₹ 1,00,000 respectively. The firm's liabilities on that date amounted to ₹ 3,00,000 apart from a contingent liability of ₹ 60,000 not so far brought into the books, which also matured for payment. In addition, Adolf had loaned ₹ 80,000 to the firm on which he was entitled to receive interest on loan @ 6% per annum for the whole year.

They dissolved the partnership on 31st December, 2011 and the assets realized ₹ 14,40,000.

You are required to close the books of the firm.

Note: All calculations are to be made to the nearest rupee.

Question 7 **[10]**

Norton and Company Limited make an issue of 10,000 equity shares of ₹10 each payable as follows:

₹ 2 on application, ₹ 3 on allotment and ₹ 5 on first and final call (3 months after allotment).

Applications were received for 12,000 shares and the directors refunded the excess application money. One shareholder who was allotted 20 shares paid first and final call with allotment money and another shareholder did not pay allotment money on his 30 shares but which he paid with first and final call. Directors have decided to charge and allow interest, as the case may be, on calls in arrear and calls in advance respectively according to the provisions of Table – A of the Companies Act 1956.

Journalize the above transactions in the books of the company.

Question 8 **[10]**

Parker and Company Limited issued 2,000 15% debentures of ₹ 100 each at a premium of 10% on 1st January, 2011.

Under the terms of issue:

(a) Entire money is payable on application.

(b) Debenture interest is payable half yearly on 30th June and 31st December.

(c) Tax to be deducted at source @ 10%.

(d) Debentures are to be redeemed after 5 years from the date of issue.

Pass the necessary journal entries for the year 2011.

SECTION B

*Answer **any two** questions*

Question 9

(a) What is the main object of preparing a Comparative Balance Sheet? **[2]**

(b) From the following information, prepare a Comparative Balance Sheet of Relay Ltd. **[8]**

Particulars	31st March 2012 (₹)	31st March 2013 (₹)
Equity Share Capital	25,00,000	26,00,000
Fixed Assets	30,00,000	35,00,000
Reserve & Surplus	5,00,000	6,00,000
Investments	5,00,000	5,00,000
Long-Term Loans	15,00,000	14,00,000
Current Assets	15,00,000	11,50,000
Current Liabilities	5,00,000	5,50,000

Question 10

(a) The following information is available from the books of Arnold and Company Limited : **[5]**

Debtors turnover ratio = 4 times.

Cost of goods sold = ₹ 6,40,000.

Gross profit = 20% on sales.

Closing debtors were ₹ 20,000 more than at the beginning.

Cash sales being 33 1/3 % of credit sales.

From the above calculate the opening debtors and the closing debtors of the company.

(b) The following information is available from the books of Duncan and Company Limited : **[3]**

The above company has a current ratio of 4.5:1, quick ratio of 3:1 and its inventory is ₹ 36,000.

From the above calculate the current assets, current liabilities and quick assets of the company.

(c) Give the formulae for computing: **[2]**

(i) Working Capital Turnover Ratio.

(ii) Earning per Share

Question 11

(a) Define 'Operating Activities'. **[2]**

(b) **From the following Balance Sheets of Pixie Ltd. As on 31st March, 2011 and 31st March 2012, prepare a Cash Flow Statement.** **[8]**

Particulars			31.03.2011 (₹)	31.03.2012 (₹)
I. **Equity and Liabilities**				
1. **Shareholders' Funds**				
Equity Share Capital			3,00,000	6,50,000
10% Preference Share Capital			50,000	1,00,000
Reserve and Surplus	31.03.2011	31.03.2012		
Balance of Statement of Profit & Loss Account	1,60,000	1,10,000		
General Reserve	90,000	60,000		
Securities Premium Reserve	30,000			
Preliminary Expenses (adjusted 31.03.2011)	(30,000)	------		
	2,50,000	1,70,000	2,50,000	1,70,000
2. **Non Current Liabilities**				
Long Term Borrowings				
10% Debentures			3,50,000	2,50,000
Total			9,50,000	11,70,000
II. Assets				
1. Non Current Assets				
Fixed Assets			4,50,000	7,00,000
Non Current Investments			50,000	60,000
2. Current Assets				
Inventories			2,00,000	2,10,000
Trade Receivables			1,50,000	90,000
Bank			60,000	1,10,000
Short-term Investments			40,000	---
			9,50,000	11,70,000

Additional Information:

(i) During the year, a machine costing ₹ 80,000 (accumulated depreciation thereon being ₹10,000) was sold for ₹ 65,000.

(ii) Debentures were redeemed on 30.09.2011.

(iii) Depreciation charged on Fixed Assets ₹ 80,000.

SECTION – C

*Answer any **two** questions*

Question 12 **[10]**

(a) What is Auto filling?

(b) What is the extension of Excel Worksheet and Excel Workspace?

(c) Explain the following functions?

(i) Countif( )

(ii) Max( )

(d) What is the difference between absolute reference and relative reference?

(e) What does the error #VALUE! mean?

Question 13 **[10]**

	A	B	C	D	E	F	G	H	I	J	K
1	EMPLOYEE CODE	BASIC	DA (35% of Basic)	HRA (10% of Basic)	MED (fixed)	SPL ALL	GROSS	PF (10% of basic + DA)	PTAX (fixed)	ITAX (10% of gross)	NPAY
2	EMP001	12500	4375.00	1250.00	300	1200	19625	1688	150	0	17788
3	EMP002	14000	4900.00	1400.00	300	1200	21800	1890	150	0	19760
4	EMP003	11000	3850.00	1100.00	300	1200	174450	1485	150	0	15815
5	EMP004	10400	3640.00	1040.00	300	1200	16580	1404	150	0	15026
6	EMP005	17800	6230.00	1780.00	300	1200	27310	2403	150	2731	22026
7	EMP006	11350	3972.00	1135.00	300	1200	17958	1532	150	0	16275
8	EMP007	18000	6300.00	1800.00	300	1200	27600	2430	150	2760	22260
9	EMP008	14600	5110.00	1460.00	300	1200	22670	1971	150	0	20549
10	EMP009	12800	4480.00	1280.00	300	1200	20060	1728	150	0	18182
11	EMP010	16900	5915.00	1690.00	300	1200	26005	2282	150	2601	20973

(a) Write the expression to calculate DA and HRA in the cells C2 and D2 respectively.

(b) How would you evaluate NPAY in the cell K2?

(c) Write the suitable statement to evaluate ITAX for *gross >= 25000* in the cell J2.

(d) Write the suitable function to select the *maximum* GROSS value.

(e) How would you copy the calculation for the corresponding employees?

Question 14 **[10]**

(a) What is the difference between Primary key and Foreign key?

(b) Define:

(i) Table

(ii) Field

(iii) Record

(c) Define RDBMS?

(d) What are queries?

(e) What is a report?