MOCK PAPER

FOR CBSE

EXAMINATION PAPER 2016

Series EAD

Code No. **RSPL**

Roll No. | | | | | | | |

Candidates must write the Code on the title page of the answer-book

- Please check that this question paper contains **10** printed pages.
- Code number given on the right hand side of the question paper should be written on the title page of the answer-book by the candidate.
- Please check that this question paper contains **23** questions.
- **Please write down the Serial Number of the question before attempting it.**
- 15 minutes time has been allotted to read this question paper.

ACCOUNTANCY

Time allowed : 3 hours *Maximum Marks : 80*

General Instructions :

(i) *This question paper contains two parts A and B.*

(ii) *Part A is **compulsory** for all.*

(iii) *Part B has two options – Analysis of Financial Statements and Computerised Accounting.*

(iv) *Attempt only one option of Part B.*

(v) *All parts of the questions should be attempted at one place.*

PART-A

(Accounting for Partnership Firms and Companies)

1. A, B, C and D are partners in a firm sharing profits in the ratio 4:3:2:1. B retires. C proposes to share future profits equally. A requests to retain his original share for which C and D have no objection. Calculate the new profit sharing ratio.

2. On dissolution of the firm of Aarti and Aparna, after the various assets (other than cash) and outside liabilities have been transferred to Realisation Account, what entry will be made for payment of ₹ 4,000 made by Aparna to a creditor.

*3. Ahmed, Abdul and Rahim are in partnership. Ahmed is an active partner and is appointed for carrying on the business of the firm by the other partners. He purchases the goods from a firm that is owned by his sons at double the rate than the prevailing market rate. This fact is not known to his partners. State which values have been violated by Ahmed for not disclosing this information to Abdul and Rahim.

4. Ayush Ltd. incurred preliminary expenses of ₹ 75,000. Suggest the most appropriate approach; the Company must adopt to write off these expenses.

5. A Ltd. issued 50,000 equity shares of ₹ 10 each at a premium of ₹ 2 per share payable ₹ 3 on application, ₹ 5 on allotment (including premium) and balance on first and final call. The issue was oversubcribed by 25,000 shares. The company resolved to make prorata allotment to all applicants. The accountant adjusted the excess application money towards the securities premium. Is he correct in his approach?

6. The Balance Sheet of a partnership firm had a Workmen Compensation Reserve of ₹ 10,000. A new partner is admitted. The liability towards this reserve was ₹ 6,000. How will this be accounted for on the date of admission?

7. Manohar and Kailash are partners in a firm sharing profits in the ratio 2:3. They admit Prakash as a partner for 1/5 share of profit. He brings ₹ 50,000 as his capital and ₹ 9,000 as premium for goodwill out of his share of ₹ 15,000. On the same day Manohar dies. His 'will' indicates that his executors should donate his entire share to a school to provide free education to deserving poor students.

   Pass journal entries for the above and identify the value highlighted in this case.

8. Angad Limited purchased from Avinash & Co. Land and Building worth ₹ 2,20,000, Plant and Machinery worth ₹ 2,10,000, Furniture worth ₹ 60,000 and also took over their liabilities to the extent of ₹ 40,000 for a purchase consideration of ₹ 5,50,000. The amount due was settled by issue of 10% Debentures of ₹ 10 each at a premium of 10%.

   It also took a Loan from the Bank for ₹ 1,00,000 and issued 8% Debentures as Collateral Security.

   Pass necessary Journal entries to record the above transactions.

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*Value Based Question

9. Ashwin Ltd. has an Authorised Capital of ₹ 5,00,000 divided into Equity Shares of ₹ 10 each. The Company invited applications for 30,000 shares. Applications for 28,000 shares were received. All calls were made and duly received except the final call of ₹ 3 per share on 1,000 shares. These shares on which the final call was not received were forfeited. Show how the Share Capital will appear in the Balance Sheet of the Company as per Schedule III Part I of the Companies Act 2013. Also prepare Notes to Accounts for the same.

10. Rajaram Limited decided to grant options to each of its employees numbering 50 to subscribe for 1,000 shares of ₹ 10 each at a price of ₹ 20 per share. Vesting period was three years. Market price of shares as on that date was ₹ 50. 40 employees exercised the option.

Journalise the above transaction.

11. Tanvi and Aashi are partners sharing profit and losses in the ratio of 3:2. Their Balance Sheet as on 31st March, 2015 was as follows:

Liabilities		₹	Assets	₹
Capital A/c:			Land & Building	2,00,000
Tanvi	1,80,000		Plant & Machinery	90,000
Aashi	1,60,000	3,40,000	Furniture	50,000
Creditors		60,000	Vehicle	40,000
Profit and Loss A/c		30,000	Cash in hand	10,000
			Advertisement Suspense A/c	40,000
		4,30,000		4,30,000

On 31st March, 2015 they decide to share profits and losses equally with effect from 1st April, 2015. The following was agreed upon:

Goodwill of the firm was valued at ₹ 1,00,000; Land & Building to be appreciated by 10%; Plant & Machinery to be depreciated by 20%.

Partners decided to record the revised value of assets and liabilities in the books. However, they do not want disturb any accumulated profits and losses appearing in the Balance Sheet.

You are required to pass journal entries to give effect to the above.

12. Anju and Manju are partners sharing profits equally, with Capital of ₹ 50,000 and ₹ 70,000 respectively. Their Current Account had a balance of Anju ₹ 4,400 (Dr.) and Manju ₹ 5,400.

The net profit for the year ended 31st March, 2015 was ₹ 64,000 before taking into account interest on capital @ 4% p.a. and on drawings @ 6% p.a. Drawings of the partners were ₹ 12,000 and ₹ 18,000 respectively.

The following points were omitted while preparing the accounts:

(a) On amount of Personal Accident Insurance premium ₹ 4,000 of Anju was paid by the firm.

(b) Drawings to the extent of ₹ 6,000 of Manju were debited to Trade expenses.

(c) Repairs to Plant and Machinery 12,000 were debited to Machinery account and depreciation @ 20% was charged for the year.

Prepare Profit & Loss Appropriation Account for the year ended 31st March, 2015 and the Partners' Current Accounts.

13. Aztec Limited issued 30,000, 10% Debentures of 100 each on 31st March, 2010 redeemable at a premium of 5% on 31st March, 2015. A Debenture Redemption Reserve was created and the required amount was transferred in three equal instalments starting from 31st March, 2013. The required investments were also made on the date in specific securities on 30th April 2014 earning interest at 10% p.a. Tax was deducted at source @ 10%.

You are to pass necessary Journal entries for transfer of amount to Debenture Redemption Reserve, Investment made and redemption of debentures.

14. A, B and C are partners in a firm with their profit sharing ratio as 1:2:2. The Balance Sheet of the firm as at 31st March, 2015 stood as under:

Liabilities		₹	Assets	₹
Creditors		70,000	Cash at Bank	60,000
Loan		40,000	Sundry Debtors	1,20,000
Employees Provident Fund		12,000	Inventory	60,000
Investment Fluctuation Fund		16,000	Investments	32,000
Advance Rent Received		10,000	Plant & Machinery	60,000
Capital A/c:			Profit & Loss A/c	6,000
A	80,000			
B	60,000			
C	50,000	1,90,000		
		3,38,000		3,38,000

The firm was dissolved and A was appointed to realise all the assets. A was to receive a commission of 5% on sale of all assets and was to bear all the realisation expenses.

A realised the assets as follows: Debtors ₹ 1,00,000; Inventory ₹ 55,000; Plant and Machinery 80% of the book value and Investments ₹ 20,000.

The partnership firm had a claim of ₹ 5,000 which had to be paid. Employees' compensation was ₹ 20,000. Outstanding Wages amounting to ₹ 8,000 was paid.

Realisation expenses amounted ₹ 10,000 and Rent received in advance was refunded after adjusting ₹ 2,000.

Prepare for the firm Realisation Account, Partners' Capital Account and the Bank Account.

15. Complete the missing figures in the following:

Dr. **Revelution A/c** **Cr.**

Particulars		₹	Particulars	₹
To Stock		....	By Unclaimed Liability	4,400
To Plant & Machinery		28,600	By Land and Building	....
To Provison for D/D		....		
To Profit Transferred to:				
Ish	22,000			
Shiva	13,200			
Binu	8,800	44,000		
		....		....

Dr. **Partner's Capital A/c** **Cr.**

Particulars	Ish ₹	Shiva ₹	Binu ₹	Particulars	Ish ₹	Shiva ₹	Binu ₹
To Ish's Capital	–	....	....	By Balance b/d	1,10,000	1,32,000	44,000
To Deferred Revenue Expense	27,500	16,500	11,000	By Revaluation A/c	....	....	....
				By Shiva's Capital	1,58,400	–	–
To Bills Payable	1,43,000	–	–	By Binu's Capital	1,05,600	–	–
To Goodwill	99,000	59,400	39,600	By Reserves	60,500	36,300	24,200
To Ish's Loan A/c	....	–	–	By Workmen Compensation Fund	....	....	....
To Balance c/d	–	2,64,000	176000				
				By Cash A/c	–	2,97,000	2,42,000
	4,89,500	4,98,300	3,32,200		4,89,500	4,98,300	3,32,200

Balance Sheet of Ish, Shiva and Binu

as at 31st March, 2015

Liabilities		₹	Assets		₹
Capital A/c:			Land & Building (1,76,000 + 88,000)		2,64,000
Shiva	....		Machinery		70,400
Binu	....	....	Stock (1,59,500 – 11,000)		1,48,500
Ish's Loan		....	Debtors	1,76,000	
Employees Provident Fund		77,000	*Less:* Provision for D/D	....	1,67,200
Bills Payable		....	Cash at Bank		....
Trade Creditors (3,30,000 – 4,400)		3,25,600			
		12,05,600			12,05,600

16. Shiv and Aashi are partners in a firm with their profit sharing ratio as 3:2. The Balance Sheet of the firm as at 31st March, 2015 stood as under:

Liabilities		₹	Assets		₹
Creditors		6,200	Cash at Bank		23,640
General Reserve		5,000	Sundry Debtors	8,800	8,360
Employees Provident Fund		7,300	*Less:* Provison for D/D	440	50,000
Investment Fluctution Fund		3,500	Investments		1,80,000
Loan		4,000	Land & Building		18,000
Capital A/c:			Plant & Machinery		16,000
Shiv	1,50,000		Furniture		
Aashi	1,20,000	2,70,000			
		2,96,000			2,96,000

Vikram is admitted as a partner on the following terms:

(a) Shiv to surrender 1/6th of his share and Aashi 1/3rd of her share in favour of Vikram.

(b) Goodwill of the firm is valued @ ₹ 90,000. Vikram brings only half his share of goodwill in cash and ₹ 105,000 as his Capital.

(c) Plant and Machinery was to be depreciated by 10% and furniture was valued @ ₹ 10,000.

(d) The market value of Investment was ₹ 45,000.

(e) An amount of ₹ 800 owing from a Debtor was not likely to be received. Provision was to be maintained @ 5% of Debtors.

(*f*) Capital of Shiv and Aashi will be adjusted on the basis of Vikram's Capital and the amount of excess or deficiency to be adjusted in cash.

Prepare Revaluation Account, Partners' Capital Account and the Balance Sheet of the new firm.

Or

Shyam, Rahul and Karishma are partners in a firm with their profit sharing ratio as 5:3:2. The Balance Sheet of the firm as at 31st March, 2015 stood as under:

Liabilities	₹	Assets	₹
General Reserve	16,000	Cash at Bank	33,000
Bills Payable	12,000	Inventory	62,000
Mrs. Rahul's Loan	18,000	Land & Building	1,00,000
Capital A/c:		Investments	50,000
Shyam	90,000	Sundry Debtors	25,000
Rahul	90,000	Shyam's Loan	16,000
Karishma	60,000		
	2,86,000		2,86,000

On 31th July, Shyam meets with an accident and dies. As per the partnership deed the following was agreed upon on the death of a partner:

(a) Interest on Capital @ 10% per annum.

(b) The share of profit of the deceased partner was to be calculated on the basis of current year's sales. The sales for the last year was ₹ 6,50,000 and the current year's sale upto 31st July, 2015 was ₹ 2,80,000. The profit for the year ended 31st March, 2015 was ₹ 1,95,000.

(c) Goodwill of the firm was to be calculated on the basis of one and half years purchase of the average profit of the last three years. The last three years profits was: 31st March, 2015 ₹ 1,95,000; 31st March, 2014 ₹ 1,45,000, 31st March 2013 ₹ 80,000.

(d) An amount of ₹ 32,000 was to be paid immediately to Shyams' Executor and the balance was to be paid in two equal annual instalments along with interest @ 12% per annum.

Prepare Shyam's Capital Account and Shyam's Executors Account till the full amount is paid off.

17. Raaga Limited issued 10,000 shares of ₹ 10 each payable as ₹ 2 on application; ₹ 4 (including premium) on allotment and ₹ 3 each on two calls.

Applications were received for 18,000 shares. They allotted 500 shares to A who applied for 3,000 shares, allotted 1,500 shares to persons who applied for 6,000 shares and 8,000 shares to others who applied for 9,000 shares.

All excess amounts were utilised towards allotment and calls due.

All amounts were received with the exception of the following:

B to whom 400 shares were allotted from the 8,000 category failed to pay his allotment and first call. Thereafter, his shares were forfeited.

C who applied for 400 shares from the 1,500 category failed to pay his final call. His shares were also forfeited.

All shares of C and half of B were re-issued for ₹ 11 per share.

Journalise the above transactions.

Or

(a) Jagriti Limited forfeited 1,000 shares of ₹ 10 each of which ₹ 7 was called up and only ₹ 5 was paid. Subsequently, 600 shares were re-issued @ ₹ 7 per share as ₹ 8 paid up.

(b) Deep Limited purchased ₹ 6,00,000 worth of assets from Nimit & Co and issued shares of ₹ 10 each at a premium of 20% in satisfaction of the purchase consideration.

(c) Raj Limited issued ₹ 2,000 shares of 10 each to promoters for their services as fully paid and also issued 1,000 shares of 10 each to underwriters for their underwriting services as fully paid.

Journalise the above transactions.

PART-B

(Analysis of Financial Statements)

18. Arman Limited purchased Machinery for ₹ 3,00,000 and paid the consideration by issue of equity shares. The accountant has prepared the Cash Flow Statement and has shown the transactions as follows:

Investing Activity: Purchase of Machinery ₹ 3,00,000

Financing Activity: Issue of Equity shares ₹ 3,00,000.

Do you think it is in accordance with AS-3.

19. How will you treat Bank Overdraft in preparing Cash Flow Statement?

20. (a) Prepare a Common size Statement from the following statement of Profit & Loss of Shagun Limited for the year ended 31st March, 2015.

	Particulars	₹
I.	Revenue from Operations	6,00,000
II.	Other Incomes	50,000
III.	Total Revenue	6,50,000
IV.	Expenses	
	Cost of Revenue from Operations	3,60,000
	Operating Expenses	30,000
V.	Total Expenses	3,90,000
VI.	Profit before Tax (III-IV)	2,60,000
	Tax	1,04,000
VII.	Profit after tax	1,56,000

(b) State the significance of Financial Statement Analysis under the following heads:

(*i*) Security Analysis (*ii*) Debt Analysis

21. Prepare Note to Accounts for Changes in Inventory of Sai Apparels Limited for the year ended 31st March, 2015 from the undermentioned information. Find out the amount that will be shown in the Statement of Profit and Loss against Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade.

Particulars	Inventories	
	Opening	Closing
Finished Goods	4,00,000	3,20,000
Work-in-Progress	3,75,000	4,40,000
Stock-in-Trade	6,25,000	5,80,0000

22. (a) From the undermentioned information calculate Inventory Turnover Ratio.

		₹
(i)	Opening Inventory	40,000
(ii)	Closing Inventory	56,000
(iii)	Total Revenue from Operations	7,50,000
(iv)	Carriage on purchases	20,000
(v)	Purchases	4,76,000

(*b*) The Debt-Equity Ratio of a firm is 3:1. State, giving reasons, which of the following transactions will (*a*) Increase; (*b*) Decrease; or (*c*) Not changes the ratio.

(i) Sale of Fixed Asset at a profit

(ii) Payment to Creditors by cash

(iii) Debentures converted into Equity Shares

(iv) Issue of shares for cash. (any two)

23. The Balance Sheet of Continental Containers Limited for the years ended 31st March, 2015 and 31st March, 2014 are given below. Prepare Cash Flow Statement.

Particulars	Note No.	31st March, 2015 ₹	31st March, 2014 ₹
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds:			
(a) Equity Share Capital		7,00,000	4,50,000
(b) Reserves and Surplus			
(i) General Reserve		35,000	40,000
(ii) Balance of Statement of Profit & Loss		32,000	18,000
2. Current Liabilities:			
(a) Trade Payables		52,000	36,000
(b) Short-term Provisions	1	29,000	38,000
Total		8,48,000	5,82,000
II. ASSETS			
1. Non-Current Assets:			
(a) Fixed Assets			
(i) Tangible Assets		4,70,000	2,38,000
(ii) Intangible Assets		80,000	60,000
2. Current Assets:			
(a) Inventory		88,000	78,000
(b) Trade Receivables		1,00,000	99,000
(c) Cash and Cash Equivalents		1,10,000	1,07,000
Total		8,48,000	5,82,000

Notes to Accounts

Particulars	31st March, 2015 ₹	31st March, 2014 ₹
1. Short-term Provisions		
Provision for Tax	14,000	16,000
Proposed Dividend	15,000	22,000
	29,000	38,000

Additional information:

(i) During the year, Machinery having a book value of 35,000 was sold at a loss of 4,000. Depreciation for the year ended 31st March, 2015 amounted to ₹ 25,500.

(ii) Interim Dividend of ₹ 20,000 was paid during the year.