

RTS

Roll No.

Total No. of Printed Pages : 12

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) The financial statements are not prepared on the assumption that an enterprise is a going concern and will continue its operation for the foreseeable future.
 - (ii) Periodic inventory system is a method of ascertaining inventory by taking an actual physical count.
 - (iii) The provision for discount on creditors is often not provided in keeping with the principle of conservatism.
 - (iv) If the errors are detected after preparing trial balance, then all the errors are rectified through suspense account.
 - (v) Both revenue and capital nature transactions are recorded in the Receipts and Payments Account.
 - (vi) A fixed charge generally covers all the assets of the company including future one. (6 × 2 = 12 Marks)
- (b) Differentiate between Provisions and Contingent Liabilities. (4 Marks)

RTS

P.T.O.

(2)

RTS

- (c) A purchased a machinery for ₹ 1,30,000 on 1st April, 2019 and paid ₹ 20,000 for freight & installation charges. On 1st October, 2021 another machine was purchased for 50,000 and sold old machinery for ₹ 1,00,000. The machine purchased on 1st October, 2021 was installed on 1st January, 2022.

Under existing practice, the company is charging depreciation @ 20% p.a. on the original cost. However, from 1st April, 2021 it decided to adopt WDV method and charge depreciation @15% p.a. You are required to prepare Machinery Account from 1st April, 2019 to 31st March, 2022. (4 Marks)

2. (a) The cash book of Mr. Karan shows ₹ 2,60,400 as the balance of bank as on 31st December, 2021 but you find that it does not agree with the balance as per the bank pass book. On analysis, you found the following discrepancies :

- (i) On 15th December, 2021 the payment side of the cash book was overcast by ₹ 10,000.
- (ii) A Cheque for ₹ 1,18,000 issued on 6th December, 2021 was not taken in the bank Column.
- (iii) On 20th December, 2021 the debit balance of ₹ 8,460 as on the previous day, was brought forward as credit balance in the cash book.
- (iv) Of the total cheques amounting to ₹ 12,370 drawn in the last week of December 2021, cheques aggregating ₹ 9,360 were encashed in December, 2021.
- (v) Dividends of ₹ 35,000 collected by the bank and fire insurance premium of ₹ 7,900 paid by the bank were not recorded in the cash book.
- (vi) A Cheque issued to a creditor of ₹ 1,75,000 was recorded twice in the cash book.
- (vii) Bill for collection amounting to ₹ 53,000 credited by the bank on 21st December, 2021 but no advice was received by Mr. Karan till 31st December, 2021.
- (viii) A Customer, who received a cash discount of 3% on his account of ₹ 60,000 paid a cheque on 10th December, 2021. The cashier erroneously entered the gross amount in the bank column of the cash book.

You are required to prepare the bank reconciliation statement as on 31st December, 2021. (10 Marks)

RTS

(3)

RTS

(b) Before preparation of the Trial Balance, the following errors were found in the books of Hare Rama & Sons. Give the necessary entries to correct them.

- (i) Minor Repairs made to the building amounting to ₹ 1,850 were debited to the Building Account.
- (ii) An amount of ₹ 3,000 due from Shayam Lal, which had been written off as bad debts in the previous year, recovered in the current year, and had been posted to the personal Account of Shayam Lal.
- (iii) Furniture purchased for office use amounting to ₹ 20,000 has been entered in the purchase day book.
- (iv) Goods purchased from Ram Singh amounting to ₹ 8,000 have remained unrecorded so far.
- (v) College fees of proprietor's son, ₹ 15,000 debited to the Audit fees Account.
- (vi) Receipt of ₹ 4,500 from Meet Kumar credited to the Pinki Rani.
- (vii) Goods amounting to ₹ 6,200 had been returned by a customer and were taken in to inventory, but no entry was made in the books.
- (viii) ₹ 1500 paid for wages to workmen for making office furniture had been charged to wages account.
- (ix) Salary paid to a clerk ₹ 12,000 has been debited to his personal Account.
- (x) A purchase of goods from Raghav amounting to ₹ 20,000 has been wrongly entered through the sales book. (10 Marks)

3. (a) T draws on J a bill of exchange for ₹ 1,80,000 on 1st April, 2022 for 3 months. J accepts the bill and sends it to T, who gets it discounted from his banker for ₹ 1,72,800. T immediately remits ₹ 57,600 to J. On the due date, T, being unable to remit the amount due, accepts a bill for ₹ 2,52,000 for three months, which is discounted by J from his banker for ₹ 2,40,660, J sends ₹ 40,440 to T. Before the maturity of the bill, T becomes bankrupt and his estate paying fifty paise in a rupee. Give the journal entries in the books of T and J. (15 Marks)

RTS

P.T.O.

(4)

RTS

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

(i) The following are the transactions that took place between G and H during the period from 1st October, 2021 to 31st March, 2022 :

2021		Amount (₹)
Oct. 1	Balance due to G by H	4,500
Oct. 18	Goods sold by G to H	3,750
Nov. 16	Goods sold by H to G (invoice dated November, 26)	6,000
Dec. 7	Goods sold by H to G (invoice dated December, 17)	5,250
2022		
Jan. 3	Promissory note given by G to H, at three months	7,500
Feb. 4	Cash paid by G to H	1,500
Mar. 21	Goods sold by G to H	6,450
Mar. 28	Goods sold by H to G (invoice dated April, 8)	4,050

Draw up an account current up to March 31st, 2022 to be rendered by G to H, charging interest at 10% per annum.

Interest is to be calculated to the nearest rupee.

(5 Marks)

Or

(ii) A trader allows his customers, credit for one week only, beyond which he charges interest@ 12% per annum. D, a customer buys goods as follows :

Date of Transaction	Amount (₹)
January 2, 2022	60,000
January 28, 2022	55,000
February 17, 2022	70,000
March 4, 2022	42,000

D settles his account on 31st March, 2022. Calculate the amount of interest payable by D, using average due date method. Assume 9th January, 2022 as the base date.

(5 Marks)

RTS

(5)

RTS

4. (a) X and Y are in partnership business sharing profits and losses in the ratio of 2:3.
Their Balance Sheet as at 31st March, 2022 is as follows :

Liabilities	Amount (₹)	Assets	Amount (₹)
Capital Accounts :		Building	60,000
X	60,000	Plant	45,000
Y	1,40,000	Furniture	23,500
General Reserve	40,000	Debtors	38,400
Creditors	42,600	Bills receivable	12,500
Bills payable	15,400	Stock	42,600
Salary payable	2,000	Bank	78,000
	<u>3,00,000</u>		<u>3,00,000</u>

On 1st April, 2022 they decided to admit Z into the partnership giving him 1/5th share in the future profits. He brings in ₹ 1,00,000 as his share of capital. Goodwill was valued at ₹ 1, 20,000 at the time of admission of Z. The partners decided to revalue the assets and liabilities as follows :

- Plant ₹ 40,000, Stock ₹ 42,000, Furniture ₹ 20,000 and Bills Receivable ₹ 12,000.
- Out of total Debtors, ₹ 2400 is bad and 5% provision is to be provided for bad and doubtful debts.
- Building is to be appreciated by 75%.
- Actual liability towards salary payable is ₹ 1200 only.

RTS

P.T.O.

(6)

RTS

You are required to show the following accounts in the books of the firm :

(1) Revaluation Account

(2) Partner's Capital Accounts

(3) Balance sheet of the Firm after Admission of Z.

(10 Marks)

(b) The Income and Expenditure Account of the Young Boys Club for the year 2022 is as follows :

Expenditure	Amount (₹)	Income	Amount (₹)
To Salaries	3,750	By Subscription	8,500
To General Expenses	1,500	By Entrance Fees	250
To Audit fees	250	By Contribution for	
To Secretary's Honorarium	1,000	Annual Dinner	1,000
To Stationery and Printing	450	By Annual sports	
To Annual Dinner expenses	1,500	meet receipts	750
To Interest and Bank Charges	150		
To Depreciation	400		
To Surplus	1,500		
	<u>10,500</u>		<u>10,500</u>

RTS

(7)

RTS

This Account has been prepared after the following adjustments :

	Amount (₹)
Subscription outstanding on 31 st December, 2021	700
Subscription received in advance on 31 st December, 2021	550
Subscription received in advance on 31 st December, 2022	370
Subscription outstanding on 31 st December, 2022	750

Salaries outstanding at the beginning and at the end of 2022 were respectively ₹ 600 and ₹ 450. General Expenses include insurance prepaid to the extent of ₹ 150. Audit fee for 2022 is still unpaid. During 2022 audit fee for 2021 was paid amounting to ₹ 200.

The club owned a freehold lease of ground valued at ₹ 20,000. The club had sports equipment on 1st January, 2022 valued at ₹ 2600. At the end of the year, after depreciation, the balance of equipment amounted to ₹ 3,600. In 2021, the club raised a bank loan of ₹ 5,000, This was outstanding throughout 2022. On 31st December, 2022 cash in hand amounted to ₹ 1600.

You are required to prepare :

- (i) Receipts and Payments Account for 2022
- (ii) Balance Sheet as on 31st December, 2022
- (iii) Balance Sheet as on 31st December, 2021.

(10 Marks)

RTS

P.T.O.

(8)

RTS

5. (a) Prepare a Triple Column Cash Book from the following transactions of M/s Raj Agencies and bring down the balance for the start of next month :

2022		₹	
March	1	Cash in hand	30,000
	1	Cash at bank	1,20,000
	2	Paid into bank	10,000
	5	Bought furniture and issued cheque	15,000
	8	Purchased goods for cash	5,000
	12	Received cash from Mohan	9,800
		Discount allowed to him	200
	14	Cash sales	50,000
	16	Paid to Lata by cheque	14,500
		Discount received	500
	19	Paid into Bank	5,000
	23	Withdrawn from Bank for Private expenses	6,000
	24	Received cheque from Gupta	14,300
		Allowed him discount	200
	26	Deposited Gupta's cheque into Bank	
	28	Withdrew cash from Bank for Office use	20,000
	30	Paid rent by cheque	8,000

(5 Marks)

- (b) R and S are partners in a firm with a capital of 14,00,000 and 12,00,000 respectively. During the year ended on 31st March, 2022 firm earned a profit of ₹ 6,50,000. Assuming that the normal rate of return is 20%. Calculate the amount of Goodwill of the firm by using

- (i) Capitalization method
(ii) Super Profit method, if the goodwill is valued at 6 years purchase of super profits.

(5 Marks)

RTS

(9)

RTS

(c) The balance sheet of S on 1st April, 2021 was as follows :

Particulars	Amount (₹)	Particulars	Amount (₹)
Trade Payables	6,50,000	Furniture and Fixtures	6,50,000
Expenses Payable	75,000	Vehicle	2,75,000
Capital	22,00,000	Trade Receivable	11,00,000
		Cash at Bank	4,75,000
		Inventories	4,25,000
	<u>29,25,000</u>		<u>29,25,000</u>

During 2021–22, his profit and Loss Account revealed a net profit of ₹ 6,70,000. This was after allowing for the following :

- (i) Commission paid to selling agent ₹ 65,000
- (ii) Discount received from creditors ₹ 75,000
- (iii) Purchased a vehicle of ₹ 50,000 on 31st March, 2022
- (iv) Depreciation on Furniture and Fixtures @ 10% and on Vehicle @ 20%
- (v) A provision for doubtful debts @ 3% of the trade receivables as at 31st March, 2022

But while preparing the Profit and Loss Account he had forgotten to provide for

- (1) prepaid expenses ₹ 15,000 and
- (2) outstanding commission ₹ 35,000.

RTS

P.T.O.

(10)

RTS

His current assets and liabilities on 31st March, 2022 were: Inventories ₹ 6,50,000. Trade Receivables 13,00,000 (before provision for doubtful debts), cash at Bank 5,50,000 and Trade Payables ₹ 1,46,000.

During the year he introduced further capital of ₹ 3,00,000 into the business.

You are required to prepare the balance sheet as at March 31, 2022. (10 Marks)

6. (a) PQR Limited issued 2,00,000 equity shares of ₹ 10 each payable as ₹ 3 per share on application, ₹ 5 per share (including ₹ 2 as premium) on allotment and ₹ 4 per share on call. All these shares were subscribed. Money due on all shares was fully received except from Mr. J, holding 5,000 shares who failed to pay the allotment and call money and Mr. K, holding 10,000 shares, who failed to pay the call money. All these 15,000 shares were forfeited. Out of the forfeited shares, 10,000 shares (including whole of J's shares) were subsequently re-issued to Mr. L as fully paid up at a discount of ₹ 1 per share.

Pass necessary journal entries in the books of PQR Limited. Also prepare balance sheet and notes to accounts of the company. (15 Marks)

- (b) "The cost of Property, Plant and Equipment comprises of any cost directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in a manner intended by the enterprise". Give any five examples of such 'directly attributable costs'. (5 Marks)

RTS