

Roll No. 7 38 28

Total No. of Questions - 6

Total No. of Printed Pages - 12

Time Allowed - 3 Hours



Maximum Marks - 100

## AJQ

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 who has not opted for Hindi Medium, his/her answers in Hindi will not be evaluated.

Question No. 1 is compulsory.

Answer any **four** questions from the remaining **five** questions.

Working notes should form part of the answers.

Candidate found copying or receiving or giving any help or defying instructions of the invigilators or having/using mobile phone or smart watch will be expelled from the examination and will also be liable for further punitive action.

- Marks**
1. (a) State with reasons, whether the following statements are True or False : **6×2 =12**
- (i) Matching concept is based on accrual concept.
  - (ii) Customers of business should not be considered as users of accounts prepared by business. They are not interested in knowing the performance of the business.
  - (iii) Under inflationary conditions, FIFO will not show lowest value of cost of goods sold.
  - (iv) For redemption of preference shares, proceeds from fresh issue of equity shares and debentures can be utilized.
  - (v) Book keeping and accounting are not synonymous terms; they are different from each other.
  - (vi) A ledger is also known as the principal books of accounts.

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- (b) Explain four main functions of Accounting. 4
- (c) From the following transactions, prepare the Sales Return Book of Kay & Co., a readymade garments dealer : 4

Date	Particulars
06/12/2024	Return received from Aar Store 30 shirts @ ₹ 300/- and 15 trousers @ ₹ 500/- each Less : Trade Discount @ 8%
12/12/2024	Modern tailors returned 10 frocks (which were sold for cash) @ ₹ 200/- each.
16/12/2024	Return received from Tulip Store - 12 T-shirts @ ₹ 100/- each. Less : Trade discount @ 10%.

2. (a) A firm purchased a second-hand machinery on April 1, 2021 for ₹ 15,00,000 subsequent to which ₹ 2,00,000 were spent on its repairs and installation. On October 1, 2021 another machinery was purchased for ₹ 9,00,000 and cost of installing the machine in a new plant is ₹ 20,000. The firm also shifted the machinery purchased on April 1, 2021 to the new plant and incurred freight of ₹ 10,000. They adopted a policy of charging depreciation @ 12% per annum on diminishing balance method. 10

On April 1, 2023 it was decided to change the method and rate of depreciation to straight line basis. On this date, the remaining useful life was assessed as 5 years for both the machines purchased with no scrap value.

On October 1, 2023 the first machine become outdated and sold for ₹ 2,50,000. On the same date, another machinery was purchased for ₹ 8,50,000. The estimated useful life of the machine is 10 years and residual value is ₹ 30,000.

You are required to prepare the machinery account for the year ending March 31, 2024.

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(b) From the following information, prepare a Bank Reconciliation Statement as on June 30, 2024 for M/s XYZ Limited : 10

- (i) The Bank column of Cash Book was overdrawn to the extent of ₹ 24,768.
- (ii) Bank charges amounting to ₹ 350 had not been entered in the Cash Book.
- (iii) Cheque amounting to ₹ 88,678 issued before June 30, 2024 but not yet presented to Bank.
- (iv) One payment of ₹ 4,590 was recorded in the Cash Book as if there is no bank column.
- (v) The company paid ₹ 15,500 to a creditor and received a cash discount @ 2%. The cashier erroneously entered the gross amount in the bank column of the Cash Book.
- (vi) A debit of ₹ 5,700 appeared in the Bank Statement for an unpaid cheque, which had been returned marked 'out of date'. The cheque had been re-dated by the customer and paid into the Bank again on July 8, 2024.
- (vii) Cheques deposited in bank but not yet cleared amount to ₹ 45,789.
- (viii) Dividends of ₹ 1,980 collected by the Bank was not recorded in the Cash Book.
- (ix) Amount of ₹ 2,340 wrongly credited by bank to company account for which no details are available.
- (x) On June 25, 2024 the credit side of bank column of the Cash Book was overcast by ₹ 6,789.

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3. (a) From the following schedule of balances extracted from the books of Mr. Piyush, prepare Trading and Profit and Loss Account for the year ended 31<sup>st</sup> March, 2024 and the Balance Sheet as on that date after making the necessary adjustments :

Particulars	Dr. (₹)	Cr. (₹)
Capital Account		8,85,000
Stock on 1.4.2023	3,86,000	
Cash in hand	18,500	
Cash at Bank	73,500	
Investments (at 9%) as on 1.4.2023	50,000	
Deposits (at 10%) as on 1.4.2023	3,00,000	
Drawings	78,000	
Purchases	24,95,000	
Sales		29,86,000
Return Inwards	1,10,000	
Return outwards		1,38,000
Carriage inwards	1,26,000	
Rent	66,000	
Salaries	1,15,000	
Sundry Debtors	2,35,000	
Sundry Creditors		1,37,500
Bank Loan (at 12%) as on 1.10.2023		2,00,000
Furniture as on 1.4.2023	25,000	
Interest paid	12,500	
Interest received		28,500
Advertisement	40,300	
Printing & Stationery	32,200	
Electricity Charges	57,700	
Discount allowed	55,200	
Discount received		24,600
Bad debts	18,500	
General expenses	36,800	
Motor Car Expenses	8,500	
Insurance Premium	30,000	
Travelling Expenses	21,800	
Postage & Courier	8,100	
	<b>43,99,600</b>	<b>43,99,600</b>

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**Adjustments :**

- (i) The value of stock as on 31<sup>st</sup> March, 2024 is ₹ 7,65,000. This includes goods returned by customers on 31<sup>st</sup> March, 2024 to the value of ₹ 25,000 for which no entry has been passed in the books.
- (ii) Purchases include one furniture item purchased on 1<sup>st</sup> January, 2024 for ₹ 10,000. Depreciation @ 10% p.a. is to be provided on furniture.
- (iii) One months' rent is outstanding and ₹ 12,000 is payable towards salary.
- (iv) Interest paid includes ₹ 9,000 paid against Bank loan and Interest received pertains to Investments and Deposits.
- (v) Provide for interest payable on Bank Loan and interest receivable on investments and deposits.
- (vi) Make provision for doubtful debts at 5% on the balance under sundry debtors.
- (vii) Insurance premium includes ₹ 18,000 paid towards proprietor's life insurance policy.

- (b) X and Y are partners sharing profits and losses in the ratio of their effective capital. As on 1<sup>st</sup> April, 2023, they had ₹ 2,80,000 and ₹ 1,60,000 respectively in their Capital Accounts. 5

X introduced a further capital of ₹ 20,000 on 1<sup>st</sup> June, 2023 and another ₹ 15,000 on 1<sup>st</sup> October 2023. On 31<sup>st</sup> January 2024, X withdrew ₹ 25,000.

On 1<sup>st</sup> August, 2023 Y introduced further capital of ₹ 30,000.

During the Financial year 2023-24, the partners drew the following amounts in anticipation of profit :

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X drew ₹ 5,000 at the beginning of each quarter and Y drew ₹ 1,500 per month at the end of each month beginning from April, 2023

As per partnership agreement, the profits were to be shared in capital ratio. The interest on Capital @ 12% p.a. is allowable and interest on drawings @ 10% p.a. is chargeable.

You are required to calculate - (i) Profit-sharing ratio; (ii) Interest on capital; and (iii) interest on drawings.

4. (a) A, B and C are partners sharing profits & losses in the ratio of 3:2:1. 15  
The following is the Balance Sheet of their firm M/s ABC Trading Corporation as on 31<sup>st</sup> March, 2024 :

**Balance Sheet as on 31<sup>st</sup> March, 2024**

Liabilities	Amount (₹)	Assets	Amount (₹)
Capital Accounts :		Land & Building	2,40,000
A	2,80,000	Machinery	1,50,000
B	1,90,000	Furniture & Fixtures	1,05,000
C	1,50,000	Trade Receivables	1,55,200
General Reserve	1,35,000	Less : Provision for	
Trade Payables	97,400	Doubtful debts	<u>5,700</u>
		Stock	85,600
		Joint Life Policy	90,000
		Cash & Bank	32,300
	<b>8,52,400</b>		<b>8,52,400</b>

C died on 30<sup>th</sup> June, 2024. As per Partnership deed the following arrangement was to be put into effect :

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Goodwill of firm was to be valued at 1 year purchase of average profit of four years to 31<sup>st</sup> March preceding the death of partner. The profits were as under

31 <sup>st</sup> March, 2021	₹ 1,14,000
31 <sup>st</sup> March, 2022	₹ 1,22,000
31 <sup>st</sup> March, 2023	₹ 1,19,000
31 <sup>st</sup> March, 2024	₹ 1,25,000

Goodwill Account will not be opened in the books of accounts and C was to be credited with his share. The new profit-sharing ratio of A and B will be 5:3.

- ii. Profit till the date of death to be ascertained on the basis of average profit of previous four years and share of C was to be credited to his capital account.
- iii. Assets were to be revalued: Land & Building was appreciated by 15%, Machinery to be depreciated by 5%, Furniture & Fixtures to be revalued at ₹ 1,00,000 and the value of Stock to be taken at ₹ 40,000.
- iv. Provision for doubtful debts to be increased by ₹ 1,800.
- v. A sum of ₹ 2,40,000 was received from insurance company against Joint Life Policy.
- vi. Amount due to C was paid to the executors.

You are required to prepare Revaluation Account, Partners' Capital Accounts and Balance Sheet as on 30<sup>th</sup> June, 2024, along with necessary workings.

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- (b) Following are the details of Assets and Liabilities of Mr. Sarthak for the year ended 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2024 :

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	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2024
	(₹)	(₹)
<b>Assets :</b>		
Building	2,00,000	?
Furniture	75,000	?
Inventory	1,05,000	1,95,000
Sundry Debtors	68,000	94,000
Cash at Bank	72,500	86,800
Cash in hand	2,400	3,800
<b>Liabilities :</b>		
Loans	1,50,000	1,25,000
Sundry Creditors	58,400	79,500

It was decided to depreciate Building by 5% p.a. and Furniture by 10% p.a. On 1<sup>st</sup> June, 2023 an additional capital of ₹ 40,000 was brought in the business. Proprietor has withdrawn @ ₹ 2,500 p.m. for meeting the family expenses.

Prepare Statement of Affairs as on 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2024. Find the profit or loss earned by Mr. Sarthak for the year ended 31<sup>st</sup> March, 2024.

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5. (a) From the following income and expenditure account of a Club for the year ending 31<sup>st</sup> March, 2024, you are required to prepare receipt and payment account for the year ending 31<sup>st</sup> March, 2024 and Balance Sheet as on 1<sup>st</sup> April, 2023.

**INCOME AND EXPENDITURE ACCOUNT**

**For the year ending 31<sup>st</sup> March, 2024**

Expenditure	Amount ₹	Income	Amount ₹
To Lawn Maintenance	42,000	By Subscription	1,05,000
To General Expenses	13,000	By Admission fees	12,000
To Stationery (depreciation)	1,500	By Sports material (Sale of second-hand material)	2,400
To Depreciation on Sports material	22,000	By Entertainment	14,000
To Honorarium	10,400		
To Excess of income over Expenditure	44,500		
	<b>1,33,400</b>		<b>1,33,400</b>

**Additional Information :**

(Amount in ₹)

Particulars	1 <sup>st</sup> April, 2023	31 <sup>st</sup> March, 2024
Cash at bank	60,000	-
Stock of sports material	30,000	-
Tournament fund (after deducting tournament expenses of ₹ 14,000)		6,000
Donations for club building		1,40,000
Subscription due	10,000	15,000
Stationery stock	4,000	-

Stationery was depreciated by 25% and Sports material by 50%.

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

- (i) Mr. A accepts two bills of exchange on June 1, 2024 for ₹ 1,50,000 and ₹ 60,000 drawn on him by Mr. B. The bill of exchange for ₹ 1,50,000 is for two months while the bill of exchange for ₹ 60,000 is for three months. Mr. B got the first bill discounted with the bank for ₹ 1,49,000 on June 3, 2024. On August 2, 2024 Mr. A requested Mr. B to cancel both the bills and drew a new bill on him with the combined amount of both the bills along with interest @ 12% per annum for a period of two months. Before the due date of the renewed bill on September 3, 2024, Mr. A becomes insolvent and only 40 paise in a rupee could be recovered from his estate.
- You are required to give the journal entries in the books of Mr. B.

## OR

- (ii) The following details are available of raw material of a manufacturing unit:

1-5-2024	Opening Inventory	100 units @ ₹ 15 per unit
2-5-2024	Purchases	300 units @ ₹ 18 per unit
5-5-2024	Issued for consumption	250 units
16-5-2024	Purchases	500 units @ ₹ 21 per unit
21-5-2024	Issued for consumption	100 units
25-5-2024	Issued for consumption	450 units

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The manufacturer also incurred the following expenses.

- Freight of ₹ 300 and unloading charges of ₹ 150 at the time of every purchase respectively.
- Warehouse rent of ₹ 2,000 per month.
- Administrative Expenses of ₹ 1,500 per month.

You are required to find out the value of inventory as on May 31, 2024 if the company follows :

- (a) Weighted Average method for inventory valuation.
  - (b) First in First Out method for inventory valuation.
- (c) A company had issued 20,000, 8% partly convertible debentures of ₹ 100 each on April 1, 2023. The debentures are due for redemption on June 1, 2024. The terms of issue of debentures provided that 30% of the debentures will be converted into equity shares (Nominal Value ₹ 10) at a price of ₹ 20 per share and remaining will be redeemable at a premium of 5%. 5
- (i) Calculate the number of equity shares to be allotted to the debenture holders at the time of conversion.
  - (ii) Give the necessary journal entries related to the conversion and redemption of debentures assuming that the company has created the Debenture Redemption Reserve and also invested required amount for redemption of debentures at the time of issue. Debenture Redemption Reserve Investment are sold at par value.

- (a) Arpit Ltd., with an authorized capital of ₹ 20,00,000 divided into Equity shares of ₹ 10 each, on 1<sup>st</sup> June, 2023, invited applications for issuing 3,00,000 Equity shares at a premium of ₹ 5 per share. The amount was payable as follows :

On Application	₹ 2 per share
On Allotment (1 <sup>st</sup> July, 2023)	₹ 7 (including premium) per share
On First call (1 <sup>st</sup> Nov., 2023)	₹ 3 per share
On Final call (1 <sup>st</sup> Jan., 2024)	₹ 3 per share

All the shares were applied for and allotted. Mr. Naresh who held 20,000 shares paid the whole of the amount due on calls along with allotment money. The final call was fully paid except a shareholder having 5,000 shares who paid his due amount on 1<sup>st</sup> March, 2024 i.e. after 2 months along with interest on calls in arrears @ 10 % p.a. Company also paid interest @ 12% p.a. on calls in advance to Mr. Naresh on 1<sup>st</sup> Jan., 2024.

Give journal entries with narrations to record all these transactions in the books of Arpit Ltd.

- (b) What are the advantages of Double Entry System ?