

PNB

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.

(a) State **with reasons**, whether the following statements are **True or False**:

- (i) As per Concept of Conservatism the accountant should provide for all possible losses, but should not anticipate income. **F**
- (ii) Expenses in connection with obtaining a license for running the Cinema Hall are Revenue Expenditure. **F**
- (iii) Under or over – casting of a subsidiary book is an example of error of commission. **T**
- (iv) If Del-credere commission is paid to consignee, the loss of bad debts is to be borne by the consignor. **F**
- (v) Perpetual debentures are payable at the time of liquidation of the company. **F**
- (vi) Overhead is defined as the total cost of direct material, direct wages and direct expenses. **F**

(6 × 2 = 12 Marks)

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(b) Briefly explain the following terms:

- (i) Materiality
- (ii) Conservatism
- (iii) Extraordinary item
- (iv) Floating Charge

(4 × 1 = 4 Marks)

(c) Enter the following transactions in Sales Book of Gurgaon Engineers, Gurgaon for January 2022 :

2022 January	
5	Sold to Praneet Electricals 10 pieces of microwaves @ ₹ 8,500/- each less trade discount 15%
10	Sold to Ajanta plaza 8 pieces of Mixer grinders @ ₹ 12,500/- each less trade discount 10%.
20	Sold to Naveen traders, 15 pieces of juicers @ ₹ 5,500/- each less trade discount 5%

72250

50000

78375

(4 Marks)

2. (a) The following balances appear in the books of Dheeraj Enterprises :

	₹
Machinery account as on 01.04.2021	12,00,000
Provision for depreciation account as on 01.04.2021	4,65,000

On 1st October 2021 the Machinery which was purchased on 1st April 2018 for ₹ 2,00,000 was sold for ₹ 1,10,000 and on the same date another Machinery was purchased for ₹ 4,80,000. The firm has been charging depreciation at 10% p.a. on written down value of the Machinery every year. Prepare the Machinery account, Provision for Depreciation account and Machinery disposal account for the year ending 31st March 2022.

(10 Marks)

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- b) From the following information prepare a Bank Reconciliation statement as on 31st March 2022 for A Ltd

		₹	
	Bank overdraft as per cash book as 31 st March 2022	15,50,750	
1.	Cheques deposited on 15 th February, 2022 credited on 5 th April, 2022	12,50,000	+
2.	Interest debited by bank on 31 st March, 2022	1,75,500	+
3.	Cheques issued before 31 st March, 2022 but not yet presented	7,75,000	-
4.	On 10 th March, 2022 bank credited to A Ltd in error	1,50,000	
5.	Draft deposited in bank but not credited till 31 st March, 2022	12,75,000	+
6.	Bills for collection credited by bank but no advice received by the company	9,45,000	-
7.	Bank charges charged by bank not entered in cash book	2,85,000	+
8.	Transport subsidy received from the state government directly by the bank not advised to the company	17,50,000	-

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940500

(c) The Profit and Loss account of Ram showed a net profit of ₹ 5,75,000 after considering the closing stock of ₹ 2,55,000 on 31st March 2022. Subsequently the following information was obtained from scrutiny of the books.

- (i) Purchases for the year included ₹ 10,500 paid for electrical fittings of the shop.
- (ii) Ram gave goods worth of ₹ 25,000 as free samples for which no entry was made.
- (iii) Invoices for goods amounting to ₹ 1,85,000 have been entered on 29th March 2022 but were not included in the stock.
- (iv) Sales amounting to ₹ 2,05,000 were dispatched on 27th March but were included in sales of April, 2022.
- (v) Goods costing ₹ 55,000 were sent on sale or return basis in March 2022 at a margin of profit of $33\frac{1}{3}\%$ on cost. Approval was given in April 2022 but these were considered as sales in March, 2022.

Calculate the value of stock on 31st March 2022 and the adjusted net profit for the year ended 2022.

(5 Marks)

3. (a) Akbar & Sons of Surat consigned 500 toys to Amar & Sons of Ahmadabad at a cost of ₹ 800 each. Consignor paid freight ₹ 8,000 and insurance ₹ 2,500. During transit, 30 toys were totally damaged. Amar & Sons took delivery of remaining toys and paid ₹ 14,100 as local taxes. Amar & Sons sent a bank draft to Akbar & Sons for ₹ 80,000 as advance payment and later sent an account sale showing that 400 toys had been sold at ₹ 1,500 each. Amar & Sons incurred expenses on godown rent amounting to ₹ 3,500. Amar & Sons was entitled to commission of 6%. One of the credit customers could not pay for 10 toys and nothing was recovered from insurers due to a defect in the policy.

You are required to prepare Consignment Account of Amar & Sons Account in the books of Akbar & Sons.

(10 Marks)

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(b) Journalise the following transactions in the books of Karthik :

- (i) Karthik accepted a bill to Balu for ₹ 3,500 discharged by a cash payment of ₹ 1,500 and a new bill for the balance plus ₹ 75 for interest.
- (ii) Gopal acceptance for ₹ 4,500 which was endorsed by Karthik to Mohan was dishonoured. Mohan paid ₹ 50 as noting charges. Bill was withdrawn against cheque.
- (iii) Doshi retires a bill for ₹ 2,500 drawn on him by Karthik for ₹ 25 discount.
- (iv) Karthik's acceptance to Prem for ₹ 6,500 discharged by Prem. Ashok's acceptance to Karthik for a similar amount.

(5 Marks)

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

- (i) Seeta and Geeta are two partners in the firm, have drawn the following amounts from the firm during the year ended 31st March 2023 :

Date	Amount	Drawn By
01.04.2022	53,000	Seeta
14.09.2022	20,000	Geeta
20.11.2022	35,000	Seeta
16.01.2023	25,000	Seeta
31.03.2023	22,000	Geeta

Interest is charged @12% p.a. on all drawings. Calculate interest chargeable from each partner by using average due date system.

For calculation of average due date Consider 1st April, 2022 as base date and 1 year = 365 days.

(5 Marks)

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- X (ii) Meera Enterprises sales goods on 'sales or return basis' to few customers. All such transactions are booked as actual sales. On 31st March 2022 the trade receivable balance stood at ₹ 1,10,000 which included ₹ 10,000 goods sent on approval against which no intimation was received during the year. These goods were sent out at 25% over and above cost price to Mr. Arun.

Mr. Arun sent intimation of acceptance for ₹ 6,000 goods on 15th April 2022 and balance goods returned.

Make the adjustment entries and show how these items will appear in the Balance Sheet on 31st March, 2022. Also show the entries to be made during April, 2022. Value of closing inventories as on 31st March, 2022 was ₹ 70,000.

(5 Marks)

4. (a) Following is the Receipts and Payments account of Pune Medical Aid Society for the year ended 31-12-2022.

Receipts and Payments Account for the year ended 31-12-2022

Receipts	Amount ₹	Payments	Amount ₹
To Opening cash in hand	12,000	By Medicine supply	35,000
To Subscription	65,000	By Honorarium to Doctors	15,000
To Donations	25,000	By Salaries	36,000
To Interest on Investment (10%)	10,000	By Sundry expenses	950
To Charity show collection	16,500	By Purchase of Medical equipment	25,000
		By Charity show expenses	2,750
		By Closing Cash in hand	13,800
	1,28,500		1,28,500

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The following is the additional information provided/

	01-01-2022	31-12-2022
	Amount ₹	Amount ₹
Subscription due	2,500	3,100
Subscription received in advance	1,800	1,400
Stock of medicine	12,500	17,250
Amount due for medicine supply	12,000	16,500
Value of equipment	21,500	37,200
Value of building	65,000	61,750

You are required to prepare Income and Expenditure account and Balance sheet as on 31-12-2022. (15 Marks)

- (b) X and Y were partners in a firm, sharing profit and losses in the ratio of 3 : 2. They admit Z for $\frac{1}{6}$ th share in profits and guaranteed that his share of profits will not be less than 50,00,000. Total profits of the firm for the year ended 31st March, 2022 were 1,80,00,000.

Calculate share of profit for each partner when :

- Guarantee is given by firm
- Guarantee is given by A and B equally.

(5 Marks)

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5. A, B and C were trading in partnership sharing profits and losses in the proportion of 4:3:3. The balances in the books of the firm as on 31st December, 2022 subject to final adjustment were as under:

	Debit	Credit
	Amount	Amount
	₹	₹
Capital Accounts		
A		2,25,000
B		1,12,500
C		1,35,000
Current Account		
A	36,000	
B	54,000	
C	54,000	
Land and Building	1,80,000	
Furniture and Fixtures	33,750	
Stock	2,81,250	
Debtors	45,000	
Bank Account	90,000	
Profit for the year before charging interest		2,34,000
Creditors		67,500
Total	7,74,000	7,74,000

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Regarding Goodwill may be made separately, instead of through Revaluation Account
C died on 30th June, 2022. The Partnership deed provided that:

- (a) Interest was credited on Capital Account of Partners as @ 12% per annum on the balance at the beginning of the year.
- (b) On the death of partner
 - (i) Goodwill was to be valued at three years purchase of average annual profits of three years up to the death, after deducting interest on capital employed at 10% p.a. and a fair remuneration for each of the partners.
 - (ii) Fixed assets were to be valued by an independent valuer and all other assets and liabilities to be taken at book value, and
- (c) Whenever necessary, profit or loss should be apportioned on a time basis. You ascertain that:
 - (i) Profit for three years, before charging partners' interest were:

2019	2,52,000
2020	2,83,500
2021	2,70,000

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(ii) The independent valuation on the date of death revealed:

Land and Building ₹ 2,25,000

Furniture and Fixtures ₹ 22,500

(iii) For valuation of goodwill a fair remuneration for each of the partners would be ₹ 56,250 per annum and that the capital employed in the business to be taken as ₹ 5,85,000 throughout.

It was agreed between the partners that :

- (1) Goodwill was not be shown as an asset of the firm as on 31st December, 2022. Therefore, adjustment for goodwill was to be made in Capital Accounts.
- (2) The amount due to C's Estate was to remain as loan with the firm carrying interest at 12% p.a.
- (3) A and B would share profits equally from the date of death of C.
- (4) Depreciation on revised value of assets would be ignored.

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You are required to prepare:

- (A) Partners' Capital Account and Current Account; and
- (B) Balance Sheet of the firm as on 31st December, 2022.

Working should be done correct to the nearest rupee.

(20 Marks)

6. (a) BP Limited issued a prospectus inviting applications for 1,20,000 equity shares of ₹ 10 each at a premium of ₹ 2 per share payable as follows :

On Application — ₹ 3 per share

On Allotment — ₹ 5 per share (including premium)

On First and Final Call — ₹ 4 per share

Applications were received for 3,60,000 equity shares. Applications for 80,000 shares were rejected and the money refunded. Shares allotted to remaining applications as follows:

Category	No. of shares Applied	No. of shares Alloted
I	1,60,000	80,000
II	1,20,000	40,000

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Excess money received with applications was adjusted towards sums due on Allotment and the balance amount returned to the applicants. All calls were made duly received except the final call by a shareholder belonging to Category I who has applied for 680 shares. His shares were forfeited. The forfeited shares were reissued at ₹ 13 per share fully paid-up.

Pass necessary journal entries for the above transactions in the books of BP Ltd.
Open call in arrears account whenever required.

(b) What are the importance of Journal?

(15 Marks)

(P = 4080)

(5 Marks)

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