

# Financial Accounting (780)

## Sample Paper (2018-19)

### MARKING SCHEME

#### SECTION A

Q1) 1 Mark X 10 Questions = 10 Marks (Out of 12 Questions attempt any Ten questions)

Q2) 2 Marks X 5 Questions = 10 Marks (Out of 7 Questions attempt any five questions)

Q3) 3 Marks X 5 Questions = 15 Marks (Out of 7 Questions attempt any five questions)

⇒ SECTION B

Q4) 5 Marks X 5 Questions = 25 Marks (Out of 7 Questions attempt any five questions)

⇒ SECTION C

Q5) 10 Marks X 2 Questions = 20 Marks (Out of 3 Questions attempt any two questions)

⇒ 15 Minute reading time has been allotted to read this question paper. Students will not be allowed to write any answer on the answer book during this time period.

Time allowed: 3 Hours

Maximum Marks: 80

#### Section - A

1X10=10

Q1 Answer any 10 out of the following:

- i) **Partnership deed** is the written agreement among the partners.
- ii) Goodwill is an **intangible fixed** asset.
- iii) **Sacrificing Ratio = Old Ratio – New Ratio** is the formula to calculate the Sacrificing Ratio at the time of admission of new partner.
- iv) **200** maximum number of members can be possible in a private company.
- v) **When Number of shares applied by the public is more than no. of shares issued by the Company**, it is called oversubscription of shares.
- vi) **Operating activities and Investing Activities** are two activities of Cash Flow Statement.
- vii) Define Working Capital.  
**Excess of Current assets over Current Liabilities is called working Capital. i.e. Current Assets – Current Liabilities**
- viii) Define Position Statement  
**A statement of Assets and Liabilities prepared at the end of accounting year to depict the financial position of the business is called position statement.**
- ix) Write one limitation of financial statement.  
**It may be affected by window dressing.**
- x) Mention any one subhead under the head Shareholders' Fund.  
**Share Capital**  
**Reserves & Surplus (any one)**
- xi) Maximum number of Partners in a partnership firm are **50**.
- xii) Name any one activity ratio.  
**Inventory Turnover Ratio**

(1 Mark)  
For each  
correct  
Answer

Q2 Answer any five out of the following:

2X5=10



Deb app & allot a/c .....Dr. 120

To 8% Deb 100  
To Security Premium Reserve 20 **½ Mark**

8% Debentures account .....Dr. 100

To Debenture holders account 100 **½ Mark**

Debenture holders account....Dr. 100

To Bank 100 **½ Mark**

- v) Two differences between Fund Flow Statement and Cash Flow Statement. **(1 Mark each)**

<b>Fund Flow Statement</b>	<b>Cash Flow Statement</b>
Schedule of changes in working capital is prepared.	Schedule of changes in working capital is not prepared.
Fund Flow Statement is a vast concept deals with working capital changes.	Cash Flow Statement is a comparatively narrow concept deals with inflow or outflow of cash and cash equivalent.

- vi) Two items which may appear on Debit side of Partner's Fixed Capital Account are **a) Permanent withdrawal of Capital, b) Closing balance of Fixed Capital (1 Mark each)**
- vii) How Partnership firm is different from Company? Write any two differences. **(1 Mark each)**

<b>Partnership</b>	<b>Company</b>
Partnership is registered under Partnership act -1932.	Company is registered under Companies Act -2013.
There is unlimited liability in a Partnership Firm (except LLP).	There is Limited liability in a Company.

**Q3** Answer any five out of the following:

3X5=15

- i) **Partnership Deed:** It is a written agreement between two or more persons for managing the affairs of a partnership firm. It helps to settle the disputes among the partners. It can be proved as an evidence in front of law. **(2 Mark)**

**Main Contents:**

- ⇒ Name and address of the firm.
- ⇒ Name and addresses of all the partners.
- ⇒ Date of commencement of the partnership.
- ⇒ Capital contribution by each partner.
- ⇒ Whether interest is to be allowed on capital if yes Rate of Interest.
- ⇒ Whether interest is to be charged on drawings if yes Rate of Interest.
- ⇒ Whether any partner is to be allowed salary.

Or any other valid point **(Any Two) (1 Mark)**

- ii) Any three differences between Dissolution of Firm and Dissolution of Partnership: **(1 Mark each)**

<b>Dissolution of Partnership</b>	<b>Dissolution of Firm</b>
Revaluation account is prepared.	Realisation account is prepared.
Only partnership agreement changes business does not come to an end.	Business comes to an end.
Balance sheet is prepared.	Balance sheet can't be prepared as business is no more existing.

iii) **Any three characteristics of a company are:**

- a) **Limited Liability,**
- b) **Transferability of shares,**
- c) **Artificial Person**

Or any other valid characteristics.

**(1/2 Mark for Heading and ½ Mark for explanation)**

iv) Main Headings of Company's Balance Sheet according to Companies Act 2013 under format of Company's Balance Sheet:

**Balance Sheet (Main Headings)**

**As at 31 March 20XX**

Particulars	Note No.	Current year (RS)	Previous Year (RS)
<b>Equity and Liabilities</b>			
Shareholders' Fund			<b>½ Mark</b>
Share Application money pending allotment			<b>½ Mark</b>
Non-Current Liabilities			<b>½ Mark</b>
Current Liabilities			<b>½ Mark</b>
Total			
<b>Assets</b>			
Non-current Assets			<b>½ Mark</b>
Current Assets			<b>½ Mark</b>
Total			

v) Head and sub-head the following items will appear as per Schedule III Part I of the companies act 2013:

- a) Loose tools – Current assets – Inventory **½ Mark**
- b) Unclaimed dividend- Current Liabilities **½ Mark**
- c) Stores and spare parts- Current assets - Inventory **½ Mark**
- d) Fixed deposit in canara Bank-Non-current Assets- Non Current Investments **½ Mark**
- e) Share forfeiture a/c- Share holders' fund- Notes to accounts (Sub cap) **½ Mark**
- f) Security premium Reserve-Shareholders' Fund-Reserves & Surplus **½ Mark**

vi) **Any three purpose of Security Premium reserve (1 Mark each)**

- a) Like writing off preliminary expenses
- b) Writing off loss / discount on issue of debentures
- c) Buy back of own shares etc....

vii)

- i) Adjusted Average Profit =  $2,50,000 - 10,000 = \text{RS } 2,40,000$  ½ Mark
- ii) Normal Profit =  $1400000 \times 15/100 = \text{RS } 210000$  1 Mark
- iii) Super Profit = i) – ii) =  $\text{RS } 30,000$  ½ Mark
- iv) **Goodwill =  $\text{RS } 30000 \times 4 = \text{RS } 1,20,000$**  1 Mark

### Section – B

5X5=25

**Q4** Answer any five out of the following:

i) Sacrificing ratio:

Madhav =  $2/8$  and Akshit = Nil (2 Marks)

Bank .....Dr. 180000  
 To Gaurang's Capital 120000 (1 Mark)  
 To premium for Goodwill 60000

Premium for Goodwill .....Dr.60000 (2 Marks)  
 To Madhav's Capital 60000

ii) Journal entries at the time of dissolution of firm:

a) Land worth Rs. 90,000 already transferred to realization a/c was taken over by Mr. Piyush one of the partner at agreed value of Rs. 9,08,000.

**Piyush's Capital account.....dr. 9,08,000**  
**To Realisation account**

b) Firm has Equipment of RS 2,00,000, Ms. Vanshika one of the partner took over 60% of the equipment at a discount of 20%.

**Vanshika's Capital account.....dr. 96,000**  
**To Realisation account**

c) There was an old typewriter which had been written off completely from the books. It was estimated to realize RS30,000. It was taken away by Mr. Yash one of the partners at an agreed price of RS19,500.

**Yash's Capital account..... dr. 19,500**  
**To Realisation account**

d) Yuvraj, an old customer who's a/c for RS 18,000 was written off as bad debt in the previous year, paid 10 Paise in a rupee as final payment.

**Cash..... dr. 1,800**  
**To Realisation account**

e) Creditors of RS 40,000 took over the furniture of RS 30,000 and firm paid RS 17,000 to them in full settlement.

**Realization a/c .....Dr.17,000**

## To Cash

(1 Mark each entry)

iii) Bank .....Dr. 4,00,000  
To Deb App & Allot a/c 4,00,000 (1 Mark)

Deb app & allot a/c .....Dr. 4,00,000  
Loss on issue of Debentures....Dr. 80,000  
To 8% Deb 4,00,000  
To Premium on redemption of Debentures 80,000 (2 Mark)

8% Debentures account .....Dr. 4,00,000  
Premium on Redemption of Debentures a/c .....Dr. 80,000  
To Debenture holders account 4,80,000  
(1 Mark)

Debenture holders account....Dr. 4,80,000  
To Bank 4,80,000  
(1 Mark)

iv) Sh. Capital .....Dr 24,000  
To Sh. Allot 6,000  
To Sh Ist & Final Call 9,000  
To Sh. Forfeited a/c 9,000 (2 Marks)

Bank .....Dr. 22,000  
To Sh. Cap. a/c 20,000  
To Sec. Prem Res 2,000 (2 Marks)

Sh. Forfeiture a/c.....Dr. 6,000  
To capital Reserve a/c 6,000 (1 Mark)

v) A firm has Current Ratio 3:1 and Quick Ratio 1:1. If inventory at the end is RS 1,50,000. Find Current Assets, Current Liabilities and Quick Assets.

Current Ratio = 3 : 1  
 $\frac{\text{Current Assets (CA)}}{\text{Current Liabilities (CL)}} = \frac{3}{1}$  (1 Mark)

CA = 3 CL  
Quick Ratio = 1 : 1  
 $\frac{\text{Liquid Assets (LA)}}{\text{Current Liabilities (CL)}} = \frac{1}{1}$   
LA = CL (1 Mark)

Now, CA – Closing inventory – Prepaid expenses = LA  
3 CL – 1,50,000 = CL

2 CL = RS 150000

**Current Liabilities (CL) = RS 75,000 (1 Mark)**

**Liquid Assets (LA) = RS 75,000 (1 Mark)**

**Current Assets (CA) = RS 2,25,000 (1 Mark)**

vi) Return on Investment = ?

Net profit after interest and tax	RS 6,00,000
8% Debentures	RS. 10,00,000
12% Bank loan	RS 8,00,000
Tax rate	40%
Share holders' fund	RS 80,00,000
Security Premium Reserve	RS 2,00,000

**ROI = NPBIT/ Capital employed X 100**

**= 1176000/9800000 \*100 = 12% (2 Marks)**

NPBIT = NP after Tax + Interest + Tax (1 Mark)

NPBIT = RS 9800000 (1 Mark)

Cap. Employed= 1000000+ 176000 = RS 1176000 (1 Mark)

vii) Necessary entries in the books of Samay Ltd.

Assets .....Dr. 11,00,000

To Rohit Ltd (1 Mark)

Rohit Ltd.....Dr. 2,20,000

To Cash (2 Marks)

Rohit Ltd.....Dr. 880000

To Equity share Capital 800000

To security prem Res 80000 (2 Marks)

### Section – C

10X2=20

Q5 Answer any two out of the following:

i)

Dr. Revaluation Account (4 Marks)

Cr.

Particulars	Amount	Particulars	Amount
<b>Profit:</b>		Building	19600
<b>Anshita 22440</b>		Prov. On Debtors.	7000
<b>Arjun 14960</b>	37,400	Creditors	10800
	<u>37,400</u>		<u>37,400</u>

Sacrifice Ratio – Anshita 2/20; Arjun 3//20 (2 Marks)

Dr.				Partners' Capital Account (4 Marks)				Cr.			
Particulars	Anshita	Arjun	K		Anshita	Arjun	K		Anshita	Arjun	K
To Bal. c/d	100000	50000	50000	By Bal. b/d	119000	112000					
To Cash*	48040	84860		By Cash							50000
				By Premium	4200	6300					
				By	22440	14960					
				Revaluation							
				By Inv. Fluc.	2400	1600					
				Reserve							

ii) Cash Flow Statement of Panorama Ltd.:

**Calculation of operating activities**

Net loss (60000)

+Dep 10000

+ Loss on sale 8000

+o/s exp. 20000

+T/Rec 160000

- Inventory 20000

- Prepaid exp. 10000

**Cash inflow from Operating activities 18000 (4 Marks)**

Sale of P&M 12000

Pur of P&M = (60000)

**Cash outflow from Investing activities (48000) (2 Marks)**

Equity Share Capital = + 70000

Preference Share Capital = (10000)

**Cash inflow from Financing activities = +60000 (2 Marks)**

**Working Notes and Format 2 Marks**

Net flow = 30,000

Op cash & its equivalent = 20000

Cl. Cash & its equivalent = 50000

iii)

a) WCR .....Dr. 60000

To Prov. For workmen claim 24000 (1 Mark)

To Arushi's Capital 18000

To Bhavya's Capital 12000

To Harsheen's Capital 6000 (1 Marks)

b) WCR.....Dr. 60000

Revaluation account .....Dr. 15000

To Provision for workmen claim 75000 (1 Mark)

Arushi's Capital.....Dr. 7500

Bhavya's Capital.....Dr. 5000

Harsheen's Capital....Dr. 2500



	To Revaluation account	15000	( 1 Marks)
c)	IFR.....Dr.	30000	
	Revaluation account .....Dr.	24000	

	To Investment account	54000	( 1 Mark)
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Arushi's Capital.....Dr.	12000	
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Bhavya's Capital.....Dr.	8000	
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Harsheen's Capital....Dr.	4000	
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	To Revaluation account	24000	( 2 Marks)
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d) IFR.....Dr. 30000

To Arushi	15000	
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To Bhavya	10000	
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To Harsheen	5000	( 1 Mark)
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Investment .....Dr. 6000

To Revaluation	6000	( 1 Mark)
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Revaluation .....Dr. 6000

To Arushi's Capital	3000	
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To Bhavya's Capital	2000	
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To Harsheen's Capital	1000	( 1 Mark)
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