

2017

ACCOUNTANCY

Full Marks : 100

Pass Marks : 33

Time : Three Hours and *Fifteen Minutes

*(*15 minutes are given as extra time for reading questions)*

PART - A

PARTNERSHIP AND COMPANY ACCOUNTS

MARKS : 60

PART-B

ANALYSIS OF FINANCIAL STATEMENTS

MARKS : 40

INSTRUCTIONS

- I. All the questions are compulsory.*
- II. Marks are indicated on the right margin of each question.*
- III. For question Nos. 1-3, 21 and 22, Choose the correct alternatives and rewrite them.*
- IV. For question Nos. 4-6, 23 and 24 answers and calculations may be as short as possible.*
- V. For question Nos. 7-13, 25 and 26, answers and solutions are to be given as required.*
- VI. For question Nos. 14-18 and 27-29 answers and solutions are to be given in detail.*
- VII. Question Nos. 19, 20, 30 and 31 are Essay Type Questions. Calculations and solutions are to be shown as required.*

PART-A

PARTNERSHIP AND COMPANY ACCOUNTS

MARKS : 60

1. The balance of partner's Capital account will reduce with — 1
(a) interest on Capital
(b) interest on drawing
(c) interest on partner's loan
(d) salaries.
2. The rate of discount on shares cannot exceed — 1
(a) 3%
(b) 5%
(c) 6%
(d) 10%.
3. A company cannot issue — 1
(a) Redeemable Equity Shares
(b) Redeemable Preference Shares
(c) Redeemable Debentures
(d) Fully Convertible Debentures.
4. What is unlimited liability of a partner ? 1
5. What is unsecured debenture ? 1
6. Why does a Company purchase its own debentures ? 1
7. Ram and Shyam are partners. They do not have partnership deed. Ram has given loan of ₹20,00,000 to the firm, he wants interest @10% p.a. but Shyam agrees on 6%. Settle the dispute. 2
8. Distinguish between Calculation of Average profits and Super profit. 2

9. How is new profit sharing ratio calculated at the time of outgoing partner ? 2
10. State *two* purposes for which securities premium reserve can be used by a company. 2
11. How is Initial Public Offer (IPO) made ? 2
12. Distinguish between Debenture and Debenture Stock. 2
13. Why does an investor prefer to invest in the Debenture of a company rather than in its shares ? 2
14. From the following Balance Sheet of A and B, calculate interest on capital @5% p.a. payable to B for the year ending 31st December 2016.

Liabilities	Amount	Assets	Amount
A's Capital	10,000	Sundry Assets	22,000
B's Capital	8,000		
P/L Appropriation A/c	4,000		
	22,000		

During the year B's drawings were ₹3000 and profits during 2016 were ₹6000. 4

15. A, B and C were partners in a firm sharing profits in the ratio of 3:2:1. The firm closes its books on 31st March every year. B died on 12-6-2016. On B's death, the Goodwill of the firm was valued at ₹60,000. On B's death, his share in the profits of the firm till the time of his death was to be calculated on the basis of previous year's profit which was ₹1,50,000. Calculate B's share in the profit of the firm. Pass necessary Journal Entry for the treatment of Goodwill and B's share of profit at the time of his death. 4

16. A and B were in partnership sharing profits in the ratio of 3:1. They agree to dissolve the firm. The assets (other than cash of ₹2,000) of the firm were realised at ₹1,10,000. The liabilities and other particulars of the firm on that date were as follows :

	₹
Creditors	40,000
A's Capital	1,00,000
B's Capital	10,000 (Dr. balance)
P/L A/c.	8,000 (Dr. balance)
Realisation expenses	1,000

Creditors were settled in full settlement at ₹38,000. Prepare Realisation Account of the firm. 4

17. What are the principal sources of Capital Reserve ? 4

18. Enfil Motors' Ltd. took over Assets of ₹10,00,000 and Liabilities of ₹1,50,000 of another company for the purchase consideration of ₹8,80,000. The purchase consideration was paid by the company by issuing its 15% Debentures of ₹100 each at 10% premium. Give Journal Entries in the books of purchasing Company. 4

19. Jain and Gupta were partners in a firm sharing profit and losses in the ratio of 4:3. The following is the Balance Sheet of the firm as on 31st December 2016.

Liabilities	Amount	Assets	Amount
Sundry Creditors	20,000	Cash	14,800
Bills payable	3,000	Debtors	20,500
Bank overdraft	17,000	Less : provision	<u>300</u>
Capital –		Stock	20,000
Jain – 70,000		Plant	40,000
Gupta – 60,000	1,30,000	Building	75,000
	1,70,000		1,70,000

They agreed to admit Mishra as partner with effect from 1st January, 2017 with 1/4th share in profits on the following terms :

- (a) Mishra will bring a capital to the extent of 1/4th of the total capital of the new firm after all adjustments have been made.

- (b) Building is to be appreciated by ₹14,000 and plant to be depreciated by ₹7,000.
- (c) The provision on Debtors is to be raised to ₹1,000.
- (d) Goodwill of the firm has been valued at ₹21,000.

Prepare Revaluation A/c., Partners Capital A/c. and Balance Sheet of the new firm immediately after Mishra's admission. 10

20. Max Ltd. Company issued a prospectus inviting application for 2000 shares of ₹10 each at a premium of ₹2 per share payable as follows :

on Application	₹ 2	
on Allotment	₹ 5	(including premium)
on First Call	₹ 3	
on Final and Second Call	₹ 2	

Applications were received for 3000 shares and allotment was made on pro-rata to the applicants for 2400 shares, the remaining applications being refused. Money overpaid on applications were employed on account of sums due on allotment.

X to whom 40 shares were allotted failed to pay the allotment money and on his subsequent failures to pay the first call his shares were forfeited. Y, the holder of 60 shares failed to pay the two calls and his shares were forfeited after second call had been made.

Of the shares forfeited 80 shares were sold to Z credited as fully paid for ₹9, the whole of X's share being included. Pass necessary journal entry in the books of the Company. 10

PART-B

ANALYSIS OF FINANCIAL STATEMENTS

MARKS : 40

21. Ideal quick ratio is _____ . 1
- (a) 1 : 1
- (b) 1 : 2
- (c) 1 : 3
- (d) 2 : 1
22. Cash Flow Statement is prepared for financial planning of _____ . 1
- (a) long range
- (b) medium range
- (c) short range
- (d) very long range.
23. What is trade payable turnover ratio ? 1
24. When is dividend received considered as operating activity ? 1
25. Give *two* areas of interest for management while analysing the financial statement. 2
26. What are the information provided by Comparative Statement of profit and loss ? 2

27. From the following informations for the year ended 31st March 2016, prepare notes to accounts to determine the amount be shown in the statement of Profit and Loss against change in inventory 4

	Opening inventory	Closing inventory
	₹	₹
Finished Goods	10,00,000	9,40,000
Work in progress (Semi finished Goods)	5,00,000	6,00,000
Stock in trade	8,00,000	7,30,000
Materials	1,00,000	1,50,000

28. A company earned a gross profit of 20% on Cost. Its Credit Sales were twice its Cash Sales. If the Credit Sales are ₹4,00,000, calculate Gross Profit of the company. 4

29. The current Ratio of a company is 2:1. State with reason, which of the following items will (i) improve (ii) reduce the current ratio.

- (a) Repayment of current liability
(b) Purchase of goods on credit. 4

30. The following are the figures relating to the activities of Thoibi Ltd.
Gross profit ratio 20%; Opening total Creditors ₹1,00,000; Gross profit ₹1,60,000; Debt collection period 3 months; Average creditors ₹1,22,500; Stock Turnover Ratio 8 times; Cash sales being $33\frac{1}{3}\%$ of Credit Sales.

Closing Stock was ₹10,000 in excess of Opening Stock. Opening total Debtors were less than closing total Debtors by ₹20,000. Closing Bills Receivable amounted to ₹25,000. Closing Bills Payable amounted to ₹10,000.

Find out

- (a) Sales
(b) Closing Stock
(c) Closing Sundry Debtors
(d) Closing Sundry Creditors and
(e) Purchases. 10

31. From the following Summarised Cash Account of Juge Alfa Ltd., prepare Cash Flow Statement for the year ended 31st March 2016 in accordance with AS-3 (Revised) using the indirect method. The Company does not have any cash equivalents

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Summary Cash A/c. for the year ended 31-3-2016

Particulars	Amount	Particulars	Amount
Balance on 1-4-2015	500	Payment to Suppliers	20,000
Issue of Equity Shares	3,000	Purchase of Fixed Assets	2,000
Receipts from Customers	28,000	Overhead Expenses	2,000
Sale of Fixed Assets	1,000	Wages and Salaries	1,000
		Taxation	2,500
		Dividend	500
		Repayment of Bank loan	3,000
		Balance on 31-3-2016	1,500
	32,500		32,500