

2018

ACCOUNTANCY

Full Marks : 100

Pass Marks : 33

Time : Three hours

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, four alternatives are given of which one is correct or the best. Choose the correct or the best alternatives and re-write them.*
- IV. For question Nos. 4 – 6, 23 and 24, the 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, 27, 28 and 29 answers and solution 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.*

P.T.O.

PART - A
PARTNERSHIP AND COMPANY ACCOUNTS
MARKS : 60

1. The Indian Partnership Act was passed in – 1
 - (A) 2013.
 - (B) 2008.
 - (C) 1932.
 - (D) 1956.

2. When the new partner is unable to bring his share of goodwill, his share of goodwill will be _____ . 1
 - (A) Credited to his Capital Account.
 - (B) Debited to Goodwill Account.
 - (C) Debited to his Current Account.
 - (D) Debited to his Capital Account.

3. Interest payable on debentures is _____ . 1
 - (A) a charge against profit.
 - (B) an appropriation of profit.
 - (C) transferred to Debenture Redemption Reserve A/C.
 - (D) transferred to General Reserve.

4. State one circumstance under which the fixed capital of partners may change. 1

5. In what ways does the gaining partner pay compensation to the sacrificing partner in case of change in profit - sharing ratio ? 1

6. Give the meaning of Issue of Debentures as Collateral Security. 1

7. What are accounting entries for sharing net loss among partners when capital Accounts of partners are (i) Fixed and (ii) Fluctuating ? 2

8. A firm earns annual profit of ₹ 20,000 and the normal rate of return is 10%. The gross assets are of ₹ 1,90,000. The value of goodwill is ₹ 55,000. Calculate the outsiders' liabilities. 2
9. State *any two* reasons for the preparation of Revaluation Account on the admission of a partner. 2
10. Enumerate the amount payable to deceased partner. 2
11. PP Ltd. invited application for issuing 80,000 equity shares of ₹ 10 each. The public applied for 68,800 shares. Can the Company proceed for the allotment of shares? Give reasons. 2
12. What is meant by 'Capital Reserve'? For what purpose it can be used? 2
13. SS Ltd. has issued 1000 shares of ₹ 10 each at a premium of 40% on its face value. Make a journal entry for recording this transaction if it has been issued to promoter of the company. 2
14. The Profit and Loss Appropriation Account of X and Y is given below. They do not have any agreement. Identify with reasons what is wrong in this account. 4

PROFIT AND LOSS APPROPRIATION ACCOUNT

Particulars	₹	Particulars	₹
TO INTEREST ON CAPITAL:		By Profit b/d	44,000
X	5,000	BY INTEREST ON DRAWINGS:	
Y	6,000	X	700
To Salary to Y	12,000	Y	800
To Commission to X	3,000		
To Bonus to Y	4,000		
To General Reserve	7,000		
To Profit sharing :			
X – 3/5	5,100		
Y – 2/5	3,400		
	45,500		45,500

15. *P*, *Q* and *R* are partners sharing profits in the ratio of 2 : 3 : 1. *R* decides to retire. On this date capital balances of *P*, *Q* and *R* after making all adjustments were as follows :

<i>P</i>	₹ 33,000
<i>Q</i>	₹ 48,000
<i>R</i>	₹ 18,000

After *R*'s retirement, *P* and *Q* decided to share profits in the ratio of 4 : 5 and the capital of the new firm was fixed at ₹ 90,000. Which would be shared in new profit showing ratio.

Any adjustment in capital account was to be made through :

- (a) Cash Account and
- (b) Current Account

Give the necessary journal entries for adjustment of Capital Accounts of partners.

4

16. ABC Ltd. issued 2000 shares of ₹ 100 each. All the money was received except on 200 shares on which only ₹ 90 per share were received. These share were forfeited and out of the forfeited shares, 100 shares were reissued at ₹ 80 each as fully paid up. Pass necessary journal entries for the above transactions. 4

17. State *any two* points of distinction between fixed charge and floating charge debentures. 4

18. Priya Industries Ltd. purchased assets of ₹ 8,00,000 and liabilities worth ₹ 4,00,000 of a vendor company. If priya Industries I.td. agreed to issue 12 % debentures in full settlement of the claim of the vendor company for –

- (a) ₹ 4,80,000 and
- (b) ₹ 3,60,000

pass necessary journal entries to record the above transactions.

4

19. X, Y and Z sharing profits in the proportion of 3 : 2 : 1 agreed upon dissolution of their partnership firm on 31st march, 2017 on which date their balance sheet was as under :

Liabilities	₹	Assets	₹
CAPITAL ACCOUNTS :		Machinery	40,500
X 40,000		Inventory	7,550
Y <u>20,000</u>	60,000	Investments	20,830
Mrs. X's loan	10,000	Debtors	9300
Creditors	18,500	Less : Provision for	
Investments Fluctuation	6,000	Doubtful Debts	<u>600</u>
Fund		Current Account – Z	11,500
		Cash at bank	<u>5,420</u>
	<u>94,500</u>		<u>94,500</u>

The investments are taken over by X for ₹17,500. X agrees to discharge his wife's loan. Y takes over all the Inventory at ₹7000 and debtors amounting to ₹5000 at ₹4000. Machinery is sold for ₹67,000. The remaining debtors realise 50% of the book value. The expenses of realisation amount to ₹600. It is found that an investment not recorded in the books is worth ₹3000 and it is taken over by one of the creditors at this value. Prepare : 6+4=10

- (i) Realisation Account and
(ii) Partners capital Account.
20. SK Ltd. with an authorised capital of ₹3,00,000 invited applications for 20,000 shares of ₹10 each payable ₹3 on application : ₹4 allotment (including premium) and ₹4 on first and final calls. There was over subscription and applications were received for 36,000 shares. Allotment was made as follows :

To applicants of 15,000 shares – 15,000 shares

To applicants of 2500 shares – Nil

To applicants of 18,500 shares - 5000 shares

Excess money on application was adjusted against the sums due on allotment and call. All money due was duly received. Journalise the transactions and show the share capital in the Balance Sheet of the company. 6+4=10

PART – B
ANALYSIS OF FINANCIAL STATEMENTS
MARKS : 40

21. Financial statement analysis is significant because it – 1
- (A) ignores qualitative aspect
 - (B) judges operational efficiency
 - (C) ignores personal bias of the Analyst
 - (D) considers changing in prices
22. Ratios provide a _____ measure of a company's performance and conditions. 1
- (A) Relative
 - (B) Definite
 - (C) Quantitative
 - (D) Qualitative
23. Why are common size statements known as 100% statements? 1
24. When is the liquidity of Debtors better? 1
25. Name *two* sub-headings under which shareholders' funds is shown in a company's Balance Sheet. 2
26. State *any two* purposes of preparing a cash flow statement. 2

27. Prepare a comparative statement of Profit and Loss for the year ended 31st March, 2017 with the help of the following information : 4

<i>Particulars</i>	<i>Note No.</i>	<i>2017</i> ₹	<i>2016</i> ₹
Revenue from operations		3,00,000	2,00,000
Less : Expenses			
Cost of material consumed		2,10,000	1,20,000
Other expenses		36,000	40,000
Income Tax		50%	50%

28. Write the significance and formula of computation of the following : 4

- (a) Net Profit Ratio and
(b) Proprietary Ratio

29. A company has current ratio of 3 : 1 ; 4

Current Liabilities of ₹ 1,30,000 and

Long term debt of ₹ 1,00,000. Afterwards, the company paid Trade payable ₹ 30,000, long term debt ₹ 50,000 and it received ₹ 20,000 from Trade receivables. Calculate the revised current ratio of the company.

30. Following are the ratios of the business of Manipur Handloom and Handicraft Ltd. for the year ending 31st March, 2017 : 2+3+5=10

Trade Receivables Turnover Ratio – 4 times

Inventory Turnover Ratio – 1.5 time

Gross Profit Ratio – 25 %

Opening Profit Ratio – ₹ 1,60,000

Gross profit for the year ended 31st March 2017 amounted to ₹ 2,00,000.

Opening Inventory is ₹ 10,000 less than the closing Inventory. Find out

- (a) Revenue from operation
(b) Closing Trade Receivable and
(c) Opening and closing Inventory

31. Prepare a cash flow statement as per As-3 (Revised) on the basis of the information given in the Balance Sheet of KAVERI LTD :

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Particulars	31-3-2017	31-3-2016
(i) EQUITY AND LIABILITIES :		
Shareholders Fund :		
Equity share capital	5,00,000	4,00,000
Reserve and surplus :		
General Reserve	1,80,000	1,00,000
Non current liabilities		
12% Debentures	1,50,000	2,00,000
Current liabilities		
Trade payables	1,35,000	1,20,000
Outstanding expenses	65,000	55,000
TOTAL	10,30,000	8,75,000
(ii) ASSETS :		
Non Current Assets :		
Land and building	8,00,000	5,00,000
Good will	50,000	70,000
Machinery	1,30,000	1,20,000
Current assets :		
Cash	10,000	35,000
Trade Receivables	20,000	10,000
Inventories	20,000	1,40,000
	10,30,000	8,75,000