

2016

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, 2, 3, 20 and 21. Choose the correct alternatives and rewrite them.
- IV. For question Nos. 4, 5, 6, 22 and 23, the answers and calculations may be as short as possible.
- V. For question Nos. 7-11 and 24-27, answers and solutions are to be given as required.
- VI. For question Nos. 12-17, 28 and 29, answers and solutions are to be given in detail.
- VII. Question Nos. 18, 19, 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 Liability of a Partner is _____, 1
(A) fixed
(B) unlimited
(C) 6%
2. After revaluation, a machine having a book value of ₹ 4000 was sold at ₹6000. How much amount will be credited to Revaluation Account : 1
(A) ₹6000
(B) ₹4000
(C) ₹2000
3. Private placement means issue of shares to _____, 1
(A) a selected group of persons
(B) directors, officers and employees
(C) existing share holders.
4. Mr. Tejkumar claims 6% p.a. interest on his capital ₹20,000. Is his claim valid if partnership deed is silent in this matter ? 1
5. What is an Executor's Account ? 1
6. Give one benefit of Preference shares. 1
7. Can a Capital Account show a negative balance under fluctuating system ? State the reasons. 2

8. Capital employed of a firm is ₹30,000. The normal rate of Profit in this type of business is 10% whereas the firm earns a Profit of ₹5,000. Find out the value of goodwill according to capitalization method. 2
9. Write two points of difference between calls in Advance and calls in Arrears. 2
10. Good luck company issued 5,000 shares of ₹10 each payable at a Premium of ₹3 per share. Instalments were fixed as under ; ₹ 3, on application (including ₹1 premium) ; ₹3, on allotment (including ₹1 for premium) and ₹7 on call (including ₹1 for premium). All the amounts were duly received. Prepare Cash Account. 2
11. India Ltd. had ₹20,00,000, 10% Debentures outstanding as on 1st April, 2015. During the year company took a loan of ₹4,00,000 from SBI for which the company placed with the bank debentures for ₹5,00,000 as collateral security. How will you show the items in the Balance sheet ? 2
12. A and B are partners in a Partnership firm in the ratio of 2:1. On 1st January, 2014 C was admitted as a new partner. C is to get 1/10 th of future profits with a guaranteed minimum of ₹32,000. A and B continue to share profits as before.
The amount of profit for the year ended 31st. December, 2014 amounted to ₹2,00,000. Prepare Profit and Loss Appropriation Account of the firm. 4
13. X, Y and Z are partners sharing profits and losses in the ratio of 5:3:2. On admission of a new partner, they decide to share future profit and loss in the ratio of 2:3:5. Their capitals remaining after all adjustments are of ₹1,18,000, ₹60,000 and ₹22,000 respectively. They also decide that their capitals should also be in their new profit sharing ratio. Calculate the amount of actual cash to be paid off or brought in by the old partners for this adjustment and pass the necessary journal entries. 4

14. What is meant by dissolution of Partnership ? On the data of dissolution the Balance sheet of the firm shows creditors at ₹40,000. Pass journal entries when it is directly paid at : 4
(a) Book value (b) ₹38,000 and (c) ₹42,000.
15. Pk. Ltd. has issued 1000 shares of ₹10 each at a Premium of 40% on its face value. Give the journal entry for recording this transaction if : 4
(i) It has been issued to Promoters of the company.
(ii) It has been issued in consideration of assets acquired from a Vendor.
16. Give two point of difference between Bonds and Debentures. 4
17. X Ltd. Company issued 40,000, 12% debentures of ₹100 each on 1st April, 2014. Interest on these debentures is paid half yearly i.e. on 30th June and 31st December. Make necessary journal entries for the year 2014-2015, assuming income tax is deducted at 20% on the amount of interest. 4
18. Anand, Prem and Shyam are partners, sharing profits in the ratio of 3:2:1. The firms Balance Sheet on 31st March, 2011 was as follows : 4

LIABILITIES	Amount ₹	ASSETS	Amount ₹
Sundry Creditors	12,500	Cash in hand	150
Bills Payable	6,400	Cash at Bank	25,500
Profit and Loss Account	4,500	Bills Receivables	5,400
Capital Accounts :		Inventory	22,300
Anand	40,000	Book Debts	17,800
Prem	25,000	Furniture	3,500
Shyam	20,000	Plant and Machinery	9,750
		Buildings	24,000
	<u>1,08,400</u>		<u>1,08,400</u>

'Prem' retires from business from 1st April, 2011 and his share in the firm is to be ascertained on revaluation of assets as follows :

Inventory ₹20,000 ; Furniture ₹3,000 ; Plant and Machinery ₹9,000 ; Buildings ₹20,000 and ₹850 are to be provided for doubtful debts. The goodwill of the firm is agreed to be valued at ₹6,000.

'Prem' is to be paid ₹11,050 in cash on retirement and the balance in three equal yearly instalments including interest at 5% per annum.

Give Journal Entries and Prepare the Loan Account of 'Prem' till it is finally closed. 5+5=10

19. Priya company offered 30,000 shares of ₹10 each Payable as —
- ₹2 on application
 - ₹3 on allotment
 - ₹3 on 1st call
 - ₹2 on the final call

The public applied for 45,000 shares. The shares were allotted on a pro-rata basis to the applicants of 36,000 shares. All shareholders paid the allotment money except one shareholder who was allotted 200 shares. These shares were forfeited. The first call was made thereafter. The forfeited shares were re-issued @ ₹9 per share ₹8 paid up.

The final call was not yet made.

Show Journal Entries in the Books of the Company. 10

PART-B

ANALYSIS OF FINANCIAL STATEMENT

MARKS : 40

20. A company's Revenue from operation is ₹40,000 ; Cost of Revenue from operation is 70% of Revenue from operation ; other expenses is ₹2,000. The amount of Profit before tax is _____ 1
- (A) ₹28,000
 - (B) ₹12,000
 - (C) ₹10,000
21. _____ Ratios show the efficiency of operations of the business. 1
- (A) Profitability
 - (B) Activity
 - (C) Liquidity
22. Mr. Suraj is working in Honda Company. How analysis of its financial statements is significant for him ? 1
23. What is meant by an 'Accounting Ratio' ? 1
24. Differentiate between Deferred Tax Assets and Deferred Tax Liabilities. 2
25. State the meaning and purpose of the Proprietary Ratio. 2
26. Find out Average collection period from the information given below ; 2

Particulars	₹
Net Credit Sales	2,58,000
Debtors	40,000
Bills Receivables	3,000

27. How a Cash Flow Statement is different from Cash Budget? 2

28. Prepare a Common Size Statement of Profit and Loss of Sun Ltd. with the help of the following information: 4

Particulars	Note No.	31.3.2013 ₹	31.3.2014 ₹
Revenue from Operation		3,00,000	4,00,000
Expenses		2,70,000	3,50,000
Other Incomes		30,000	50,000
Income Tax		35%	40%

29. The operating Ratio of a company is 80%. State whether the following transactions will (a) increase (b) decrease or (c) not change if: 4

- (i) Purchased a Machine ₹40,000
- (ii) Sold goods for cash ₹60,000
- (iii) Paid salary ₹5,000
- (iv) Payment to creditors ₹4,000.

30. You are given below the items:

- (i) Sales ₹3,00,000
- (ii) Gross Profit on sales is 20%
- (iii) Stock Turnover Ratio is 6 times and opening stock is ₹8,000 less than closing stock.
- (iv) Current Liabilities is ₹60,000
- (v) Quick Ratio 0.75:1
- (vi) Opening sundry creditors is ₹40,000 and Closing sundry creditors is ₹50,000

Calculate: (a) Net Purchases (b) Current Ratio and (c) Creditors Turnover Ratio. 4+4+2=10

31. From the following Balance Sheet of SSP Ltd. as on 31.3.2012 and 31.3.2013. Prepare a Cash Flow Statement as per AS-3 (Revised)

Particulars	Note No.	31.3.2012	31.3.2013
I. EQUITY AND LIABILITIES			
(1) Shareholders Funds:			
(a) Share Capital		2,00,000	3,00,000
(b) Reserve and Surplus		20,000	30,000
(2) Non Current Liabilities:			
Long-term Borrowings (12% Debentures)		1,00,000	75,000
(3) Current Liabilities:			
(a) Trade Payable		25,000	50,000
(b) Other Current Liabilities (Outstanding Expenses)		15,000	10,000
Total		<u>3,60,000</u>	<u>4,65,000</u>
II. ASSETS			
(1) Non Current Assets:			
Land and Buildings		2,00,000	2,50,000
Plant		50,000	1,00,000
Goodwill		10,000	8,000
(2) Current Assets			
Inventory		65,000	52,000
Trade Receivable		25,000	40,000
Cash and Cash Equivalent		10,000	15,000
Total		<u>3,60,000</u>	<u>4,65,000</u>

4+2+3+1=10