

2022

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, 2, 23 and 24. 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. 3 – 8, 25 and 26, the answers and calculations may be as short as possible.*
- V. *For question Nos. 9 – 14, and 27 – 32, answers and solutions are to be given as required.*
- VI. *For question Nos. 15 – 20 and 33 – 34, answers and solutions are to be given in detail.*
- VII. *Question Nos. 21, 22, 35 and 36 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 ratio in which a partner surrenders his share in favour of a partner is known as _____ . 1
 - (A) New profit sharing ratio
 - (B) Sacrificing ratio
 - (C) Gaining ratio
 - (D) Capital ratio
2. Share Allotment Account is a _____ . 1
 - (A) Real account
 - (B) Personal account
 - (C) Nominal account
 - (D) Impersonal account
3. What is a share ? 1
4. At what rate is interest payable on the amount remaining unpaid to the executor of deceased partner? 1
5. What is the nature of "Revaluation account" ? 1
6. State one occasion on which a firm can be reconstituted. 1
7. Name the Debenture which does not carry a specific rate of interest. 1
8. What are "Convertible debentures"? 1
9. Profit earned by a partnership firm for the year ended 31st March, 2021 was distributed equally among partners A and B without allowing interest on capital (Rs. 3,000 due to A and Rs. 1000 due to B).
Pass the necessary adjustment entry. 2
10. X and Y are partners in a firm in which they had invested Rs. 50,000. On an average, the profits were Rs. 16,000. The usual rate of earning in the industry is 15%. Goodwill is to be valued at four years purchase of super profit.
Calculate the amount of Goodwill. 2
11. A, B and C were partners sharing profits in the ratio of 1/2, 2/5 and 1/10. Find the new ratio of remaining partners if C retires. 2

12. Write one point of difference between Capital Reserve and Reserve capital. 2
13. When and why would an investor prefer to invest in the Debentures of a company rather than in its shares ? 2
14. Apple Computers Ltd issued 10,000, 7% Debentures of Rs. 100 each at a premium of Rs. 10 per Debenture on 1st October, 2020. Calculate interest on Debentures for the year ended 31st March, 2021. 2
15. State any four features of Partnership. 4
16. Show how the following will be recorded in the Capital Accounts of the partners A and B for the year ended 31st March, 2021 when their capitals are fluctuating. 4

<i>Particulars</i>	<i>A</i>	<i>B</i>
Interest on capital @ 10% P.a.	18,000	12,000
Share of divisible profits	1,04,400	69,600

- A had withdrawn Rs. 3000 each in the beginning of every months commencing from 1st April, 2020 and B had withdrawn Rs. 4000 during the year charging interest @ 6% p.a.
17. P and Q are in partnership sharing profit and losses as 3 : 1. They admit R into the firm, R paying a premium of Rs. 15,000 for 1/3rd share of profits. As between themselves P and Q agree to share the future profits and losses equally. Draft the Journal entries showing appropriations of the premium money. 4
18. Z Ltd forfeited 250 shares of Rs.10 each, fully called up, held by C for non-payment of allotment money of Rs. 3 per share and first and final call money of Rs. 4 per share. These shares were re-issued @ Rs. 8 per share as fully paid up. Give journal entries to record the above. 4
19. A Ltd issued 30,000 fully paid up Equity shares of Rs. 100 each for purchase of the following assets and liabilities from Sharma & Co.
 Plant Rs. 7,00,000 : Stock in trade Rs. 9,00,000
 Land Rs. 12,00,000 : Creditors Rs. 2,00,000
 You are required to pass the necessary journal entries in the Books of A Ltd. 4
20. X Ltd. took a loan of Rs. 3,00,000 from IDBI Bank. The Company issued 4000, 9% Debentures of Rs. 100 each as collateral security for the same. Show how these items will be presented in the Balance Sheet of the company if the company decided not to record the issue of the Debentures. 4

21. A, B and C are in partnership sharing profits in the ratio of 4 : 3 : 2. Their Balance sheet as at 31st March, 2021 stood as follows :

Balance Sheet

LIABILITIES	Rs.	ASSETS	Rs.
Capitals :		Land	5,50,000
A: 4,00,000		Stock	2,00,000
B: 2,00,000		Debtors	1,00,000
C: <u>50,000</u>	6,50,000	Cash	1,50,000
General Reserve	1,80,000		
Profit & Loss A/c	90,000		
Creditors	80,000		
	<u>10,00,000</u>		<u>10,00,000</u>

They agree to dissolve their partnership firm of 31st March, 2021.

A agrees to take over the stock at a valuation of Rs. 1,50,000 and the Debtors at Rs. 70,000. Land is sold at an auction for Rs. 2,70,000. Rs. 60,000 is paid to creditors in full settlement. The cost of winding up comes to Rs. 4,700.

Draw up Realisation A/c and Capital A/c.

4+4=8

OR

RAM, MOHAN and SOHAN were partners sharing profits and losses in the ratio of 5:3:2. On 31st March, 2021 their Balance Sheet was as follows :

Balance Sheet

LIABILITIES	Rs.	ASSETS	Rs.
Capitals :		Leasehold Assets	1,25,000
RAM : 1,50,000		Patents	30,000
MOHAN: 1,25,000		Machinery	1,50,000
SOHAN : <u>75,000</u>	3,50,000	Stock	1,90,000
Creditors	1,55,000	Cash at hand	40,000
Workmen's			
Compensation Reserve	30,000		
	<u>5,35,000</u>		<u>5,35,000</u>

Sohan died on 1st August, 2021. It was agreed that:

- (i) Sohan's share of Goodwill is valued at Rs. 8000.
- (ii) Machinery be valued at Rs. 140000; Patents increased to Rs. 40,000 ; Leasehold assets increased by Rs. 25000.
- (iii) Sohan's share of profit from the date of Balance sheet till 1st August 2021 amounted to Rs. 3000.
- (iv) The claim on workmen's compensation is only Rs. 10000.

Prepare Revaluation account and Sohan's Capital Account.

4+4=8

22. XYZ Ltd invited applications for issuing 50,000 equity shares of Rs. 10 each. The amount was payable as follows :

On Application Rs. 2, On Allotment Rs. 2, On First call Rs. 3 and on Second and final call Rs. 3 per share.

Applications for 70,000 shares were received. Applications for 10,000 shares were rejected and the application money was refunded.

Shares were allotted to the remaining applicants on Pro-rata basis and excess money received with applications was transferred towards sums due on allotment and calls, if any.

Gopal who applied for 600 shares paid his entire share money with application. Ghosh who had applied for 6,000 shares failed to pay the allotment money and his shares were immediately forfeited.

Journalise the above in the books of XYZ Ltd assuming that

- (i) the company maintain calls in Arrear and Calls in Advance Accounts.

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PART - B

ANALYSIS OF FINANCIAL STATEMENTS

MARKS : 40

23. Dividend received by other than financial enterprise is shown in Cash Flow Statement under _____ .

1

- (A) Operating activities
- (B) General activities
- (C) Financing activities
- (D) Investing activities

24. If cost of Revenue from operation is Rs. 1,60,000 and gross Profit is Rs. 40,000, then Gross Profit Ratio will be _____ . 1
- (A) 20%
 (B) 25%
 (C) 40%
 (D) 50%
25. What is Accounting ratio ? 1
26. Give the meaning of Cash Flow. 1
27. Name any two tools for Financial Statement Analysis. 2
28. Cash and Cash Equivalent are always classified as Current Assets. Can they ever be shown as Non-Current Assets ? 2
29. From the following informations, Calculate Interest coverage Ratio : 2
- | | | |
|-----------------------------|-----|----------|
| Net Profit after TAX | Rs. | 1,70,000 |
| TAX | Rs. | 30,000 |
| Interest on long term debts | Rs. | 50,000 |
30. Why is Liquidity ratio more trustworthy than Current ratio ? 2
31. State whether the Current Ratio will improve or decline or will have no effect in each of the following transactions if Current Ratio is 2 : 1 . Give reasons. 1+1=2
- (a) Cash paid to Trade payables Rs. 10,000.
 (b) Purchase of goods for cash Rs. 50,000.
32. GSC Infetch Pvt. Ltd purchased a building for Rs. 500000 and paid the consideration by issue of Equity shares. 2
- Anil, the accountant, has prepared Cash Flow Statement and shown the transaction as follows :
- | | |
|--|---------------|
| Investing Activity - Purchase Building | Rs. 5,00,000 |
| Financing Activity - Issue of Equity share | Rs. 5,00,000. |
- Is the above cash flow statement correct. If it is not correct, justify it.

33. From the following information prepare a Common Size Statement of Profit and Loss.

Particulars	Note	Rs.
Revenue from Operations		10,00,000
Other Incomes		3,00,000
Total		13,00,000
Cost of Revenue from operations		6,00,000
Other Expenses		1,00,000
Income Tax		50%

Explain the significance of Common Size Statement of Profit and Loss Account.

4

34. Name the different types of Accounting Ratio.

4

35. Draw up a Trading Account comprising Opening inventory, Closing inventory, Purchase, Revenue from operation (Sales) and Gross Profit by using the following data :

Working Capital Rs. 1,08,000

Gross Profit Ratio 20%

Inventory turnover Ratio 5 times

Current Ratio 2.5 : 1; Quick Ratio 2 : 1

Closing Inventory was 20% higher than opening inventory and there is no pre-paid expenses.

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OR

Draw up a Balance Sheet with the figures of Shareholders Fund, Non-Current Liabilities, Current Liabilities, Non-Current Assets and Current Assets by using the following data :

Working Capital Rs. 1,00,000; Current Ratio 1.5 : 1

Capital Employed Rs. 8,00,000

Total Assets to Debt Ratio 10:3

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36. From the following particulars , calculate Cash Flow from Operating Activities.

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Particulars	31/3/2021 Rs.	31/3/2020 Rs.
General Reserve	15,00,000	1,00,000
Balance in Profit and Loss A/c	70,000	(60,000)
Trade Payables	11,75,000	75,000
Cash and Cash Equivalent	1,30,000	90,000
Goodwill	80,000	1,00,000
Machinery	2,45,000	60,000
Provision for doubtful debts	1,50,000	1,00,000
Trade receivables	21,00,000	10,00,000