

2019

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, 20 and 21, 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, 22 and 23, the answers and calculations may be as short as possible.
- V. For question Nos. 7 – 11, 24 and 27, answers and solutions are to be given as required.
- VI. For question Nos. 12 – 27, 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.

1. Interest on capital will be paid to the partners if provided for in the partnership deed but only out of _____ 1
- (A) Reserve
(B) Profits
(C) Accumulated profits
(D) Goodwill
2. A and B are partners sharing profits and losses in the ratio of 5 : 3. They admit C into partnership. The new profit sharing ratio among A, B and C is 7 : 5 : 4. The sacrificing ratio of A and B is _____ 1
- (A) 3 : 1
(B) 1 : 3
(C) 5 : 3
(D) 7 : 5
3. Discount on issue of Debentures is in the nature of _____ 1
- (A) revenue loss
(B) revenue expense
(C) deferred revenue
(D) capital loss
4. Give *one* point of difference between profit and Loss Account and Profit and Loss Appropriation Account. 1
5. What is gaining ratio on retirement of a partner ? 1
6. Why would a conservative investor prefer to invest in the Debentures of a company rather than in its shares ? (give *one* reason) 1
7. What is pro-rata allotment of shares ? 2

8. Give *any two* points of distinction between Reserve capital and Capital Reserve. 2

9. Alpha Ltd. issued 1,50,000 Equity shares of Rs. 10 each to public for subscription. Applications for 1,40,000 shares were received. The Director called Rs.7 per share and the money called was duly received.

Show share capital in the Balance Sheet of the company along with notes to accounts. 2

10. What is Zero Coupon Bond ? 2

11. Give journal entries on issue of debentures under the following term. 2

“Debentures are issued at par and redeemable at premium.”

12. State *any four* provisions of the partnership Act which are related to accounting matters in the absence of the Partnership Deed. 4

13. A and B were partners in a firm sharing profits in the ratio of 3 : 2. Their fixed capitals were : A Rs. 9,00,000 and B Rs. 6,00,000. The partnership deed provided for the following : 4

(i) Interest on capital @ 5% per annum.

(ii) Rs. 60,000 p.a. salary to A and Rs. 2000 per month salary to B.

The profit earned by the firm for the year ended 31-3-2018 was Rs. 2,34,000.

The profits were divided equally without providing for the above.

Pass adjustment entry. Show the working statement clearly.

14. Give the specimen of a Deceased Partner's Capital Account showing 5 items on the credit side and 3 items on the debit side. 4

15. P and Q and partners sharing profits and losses in the ratio of 3 : 2. Their capitals were Rs. 1,20,000 and Rs. 1,10,000 respectively on 31st March, 2018. On this date, they decided to admit R for $\frac{1}{3}$ th share in the firm's profit and on the

condition that he was to pay into the firm Rs. 10,000 as goodwill and sufficient capital to the extent of $\frac{1}{3}$ rd of total capital of the new firm after all adjustments have been made. On revaluation of assets and liabilities of the firm. There was a profit of Rs. 6,500. Calculate the amount of capital to be brought in by R and also calculate P's and Q's new capitals. 4

16. X Ltd. purchased assets from Y Ltd. for Rs. 2,76,000. A sum of Rs. 1,00,000 was paid by a bank draft and for the balance due, X Ltd. issued Equity shares of Rs. 10 each at a premium of 10%.

Make journal entries in the books of X Ltd. 4

17. Z Ltd. had Rs. 10,00,000, 10% Debentures as on 1st April, 2017. During the year the company took a loan of Rs. 5,00,000 from Punjab National Bank and issued 10 % Debentures of Rs. 6,00,000 of Rs.100 each as a collateral security. 4

Show how the issue of debentures and bank loan will appear in the Balance Sheet of the company.

(Assume that the company has recorded the issue of debentures as collateral security through journal entry)

18. P, Q and R were partners in a firm sharing profits in the ratio of 2 : 3 : 5. On 31-3-2018, their Balance Sheet was as follows : 10

Liabilities	Rs.	Assets	Rs.
Creditors	70,000	Bank	45,000
Capital Accounts :		Debtors	40,000
P	80,000	Less provision	
Q	70,000	for doubtful debts	5,000
R	<u>60,000</u>	Stock	50,000
	2,10,000	Building	1,40,000
		Profit & Loss A/C	10,000
	<u>2,80,000</u>		<u>2,80,000</u>

On the above date R retired from the firm due to his illness on the following terms :

- (i) Building was to be depreciated by Rs. 40,000.
- (ii) Provision for doubtful debts was to be maintained at 20% on debtors
- (iii) Salary outstanding Rs. 5000 was to be recorded and creditors Rs. 4,000 will not be claimed.
- (iv) Goodwill of the firm was valued at Rs. 72,000.
- (v) R was to be paid in cash through bank and the balance was to be transferred to his loan Account.

Prepare Revaluation Account, Partner's Capital Account and the Balance Sheet of P and Q after R's retirement.

19. Y Ltd. issued 50,000 shares of Rs. 10 each at a premium of Rs. 2 per share payable as follows : 10

Rs. 3 on Application

Rs. 6 on Allotment (including Premium) and

Rs. 3 on Call

Applications were received for 75,000 shares and pro - rata allotment was made as follows :

- (i) Applicants of 40,000 shares – 30000 shares
- (ii) Applicants of 35,000 shares – 20000 shares

All money dues were received except the allotment and call money from X who had applied for 1200 shares (out of group of 40,000 shares). All his shares were forfeited. The forfeited shares were re-issued for Rs. 7 per shares fully paid up. Pass necessary journal entries in the books of Y Ltd. for the above transactions.

PART – B
ANALYSIS OF FINANCIAL STATEMENTS
MARKS : 40

20. Financial Statement Analysis suffers from which of the following limitation ? 1
- (A) It gives only absolute figures but not comparative figures
 - (B) It cannot present systematic figures
 - (C) Horizontal analysis is not carried out
 - (D) It ignores qualitative aspect
21. Which of the following is cash flow from operating activity ? 1
- (A) Purchase of own debenture
 - (B) Sale of fixed assets
 - (C) Cash received from customer
 - (D) Issue of Equity shares
22. Under which head "Unpaid dividend" will be shown in the Balance Sheet of a company ? 1
23. Why is depreciation added back to net profit while calculating cash flows from operating activities ? 1
24. How is the efficiency of management judged by financial statement analysis ? 2
25. State *any two* advantages of Ratio Analysis. 2
26. Why Quick Ratio is considered to be more dependable than Current Ratio ? 2
27. A business has a Debt-Equity Ratio of 1:2. Which of the following transactions would increase, decrease or not change it ? 2
- Give reasons.
- (i) Issue of shares
 - (ii) Raising of long term borrowings

28. State *any four* importance of preparing Comparative Financial Statements. 4
29. What is meant by solvency Ratios ? Name the solvency Ratios. 2+2=4
30. From the following information, calculate 2×5=10
- Operating Ratio
 - Current Ratio
 - Gross Profit Ratio
 - Inventory Turnover Ratio and
 - Debt Equity Ratio

Information :

Equity share capital	Rs.	5,00,000
12% Debentures	Rs.	6,00,000
9% Preference Share Capital	Rs.	3,00,000
General Reserve	Rs.	1,00,000
Revenue from Operations	Rs.	10,00,000
Opening Inventory	Rs.	80,000
Purchases	Rs.	6,00,000
Wages	Rs.	1,00,000
Closing Inventory	Rs.	1,00,000
Selling and distribution expenses	Rs.	20,000
Other Current Assets	Rs.	5,00,000
Current Liabilities	Rs.	3,00,000

31. Prepare a Cash Flow Statement from the following Balance Sheets of ABC Ltd: 10

Particulars	Note No.	31-3-2018	31-3-2017
I. EQUITY AND LIABILITIES :			
(1) Shareholder's Funds			
(a) Share Capital		2,50,000	2,00,000
(b) Reserve and Surplus		72,000	50,000
(2) Current Liabilities :			
(a) Trade Payables		1,13,000	1,30,000
(b) Short-term Provision	1	24,000	20,000
TOTAL		4,59,000	4,00,000
II. ASSETS			
(1) Non-Current Assets :			
Fixed Assets	2	2,52,000	1,50,000
(2) Current Assets :			
(a) Inventory		41,000	93,000
(b) Trade Receivables		1,40,000	1,40,000
(c) Other Current Assets	3	6,000	5,000
(d) Cash and Cash Equivalents		20,000	12,000
TOTAL		4,59,000	4,00,000
Notes :			
(1) Short-Term Provision :			
Provision for Taxation		24,000	20,000
(2) Fixed Assets :			
Building		2,00,000	1,00,000
Machinery		1,00,000	90,000
Accumulated depreciation		(48,000)	(40,000)
		2,52,000	1,50,000
(3) Other Current Assets			
Prepaid Rent		—	2,000
Prepaid Insurance		6,000	3,000
		6,000	5,000