

2019

## ACCOUNTANCY

Full Marks: 100

Pass Marks: 33

Time: Three hours

**PART – A**  
**PARTNESHIP 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 and 20 –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. 3 –4 and 23–25, the answers and calculations may be as short as possible.
- V. For question Nos. 5 –12 and 26, answers and solutions are to be given as required.
- VI. For question Nos. 13 –17 and 27–29 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.



1. On the admission of a new partner – 1
  - A. Old firm is dissolved
  - B. Old partnership is dissolved
  - C. Both old partnership and firm are dissolved
  - D. Neither partnership nor firm is dissolved.
2. Equity shares cannot be issued for the purpose of – 1
  - A. Cash Receipts
  - B. Purchases of assets
  - C. Redemption of debentures
  - D. Distribution of dividends.
3. What is the purpose of calculating sacrificing/gaining share ? 1
4. Authorised capital of a company is divided into 2000 shares of Rs. 100 each. The Company issued 1000 shares. Applications were received for 12,000 shares. What will be the amount of issued capital. 1
5. Explain the average rate of interest method of calculating interest on drawing. 2
6. Mention the two category of goodwill. 2
7. State two items of deduction from the amount payable to the retiring partner. 2
8. State the methods of recording share premium. 2
9. What are the preferential rights carried by a Preference Share ? 2
10. How does a company treat applications in over subscription ? 2
11. A Ltd. Forfeited 100 equity shares of Rs. 10 each issued at a premium of 20% for the non-payment of final call of Rs. 5 including premium. State the maximum amount of discount at which these shares can be re-issued. 2



12. Why does an investor prefer to invest in the debenture of a company rather than in its share ? 2
13. What are the obligation of Partners in a partnership firm ? 4
14. A, B, and C were partners in a firm, on 1-1-2017, their capitals stood at Rs. 50,000, Rs. 25,000 and Rs. 25,000 respectively. As per the provisions of the partnership deed:
- (a) C was entitled for a salary of Rs. 1,500 p.m.
- (b) Partners were entitled to interest on capital at 5% p.a.
- (c) Profits were to be shared in the ratio of capitals.
- The net profit for the year 2017 of Rs. 45,000 was divided equally without providing for the above items.
- Pass an adjusting entry to rectify the above error. 4
15. From the figures given below, calculate goodwill according to the Capitalization of Average profit Method ; 4
- (a) Actual Average profits = Rs. 72,000
- (b) Normal Rate of Return = 15%
- (c) Assets = Rs. 8,70,000
- (d) Liabilities = Rs. 4,00,000
16. What are the advantages of trust deed in debentures ? 4
17. Hellen Ltd. Purchased machinery for Rs. 90,000. Half of the amount was paid in cash and the remaining half by issue of 12% Debentures of Rs. 100 each at a discount of 10%. Pass journal entries. 4
18. A and B dissolved their partnership. Their position as at 31<sup>st</sup> December 2017 was as follows: 10

	Rs.
A's Capital	60,000
B's Capital	40,000
Sundry Creditors	25,000
Cash at Bank	2,000



The balance of A's Loan Account to the firm stood at Rs. 20,000. The realization expenses amounted to Rs. 800, Stock realized Rs. 40,000 and Debtors Rs. 30,000. B took a machine at the agreed valuation of Rs. 20,000. Other fixed assets realized Rs. 60,000.

Prepare necessary accounts.

19. X Ltd. issued a prospectus offering 2,00,000 shares of Rs. 10 each at Rs. 14 per share, payable as follows : 10

On application	Rs. 4
On allotment	Rs. 6 (including premium Rs. 4)
On first call	Rs. 3
On final call	Balance

Booby, the holder of 1,000 shares, did not pay the amount due on allotment and first call. His shares were forfeited and 400 of these shares were immediately re-issued credited Rs. 9 paid for Rs. 8.40 per share.

Final call was made afterwards and it was duly received.

Show entries in the Cash Book and the Journal of the company.

### PART – B

### ANALYSIS OF FINANCIAL STATEMENTS

MARKS : 40

20. Analysis of financial statement is insignificant because the analysis – 1
- A. measures efficiency
  - B. assesses potential growth of the business
  - C. ignores price level changes
  - D. presents simplified and systematized facts



21. The \_\_\_\_\_ ratios are primarily measures of returns. 1
- A. Liquidity  
B. Activity  
C. Debt  
D. Profitability
22. Inflow of cash will take place due to – 1
- A. Issue of share  
B. Decrease in capital  
C. Increase in the value of land  
D. Payment of tax.
23. How is trend percentage analysis useful in comparative study of financial statements ? 1
24. When are Current ratio and Quick ratio same ? 1
25. Rose Ltd., a non-financing company received dividend on shares. How it will be presented while preparing 'Cash Flow Statement' ? 1
26. How can an adequate understanding and analysis of financial statement be achieved. 2
27. From the following information for the ended 31<sup>st</sup> March 2017, prepare notes to accounts to determine the amount to be shown in Statement of profit and loss against "Change in Inventory": 4

	Opening Inventory Rs.	Closing Inventory Rs.
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. Assuming that the Current Ratio is 2:1. State, giving reason, which of the following transactions would (i) improve, (ii) reduce, or (iii) not alter, the current ratio: 1×4=4

- (a) Sales of Inventories at loss for cash.
- (b) Bills receivable endorsed to trade payables.
- (c) Sale of a fixed asset on a credit of 2 months.
- (d) Issue of new shares or debentures against purchase of fixed assets.

29. Calculate Working Capital Turnover Ratio from the following: 4

	Rs.
Revenue from operation	12,00,000
Current Assets	5,00,000
Total Assets	8,00,000
Non-Current Liabilities	4,00,000
Shareholder's Fund	2,00,000

30. Calculate (a) Closing Inventory (b) Current Liabilities (c) Current Assets and (d) Quick Assets from the following figures: 10

Cash Sales	1/4 of total sales	Quick Ratio	1.5
Credit Sales	Rs. 6,00,000	Working Capital	Rs. 1,20,000
Prepaid Expenses	Rs. 5,000	Gross profit Ratio	20%
Inventory Turnover Ratio	8 times		

Closing Inventory was Rs. 10,000 in excess of Opening Inventory.



31. From the following information, Calculate cash from operating activities: 10

	<b>Rs.</b>
Profit and Loss balance on 1 <sup>st</sup> April, 2017	25,000
Profit and Loss balance on 31 <sup>st</sup> March, 2018	80,000
Depreciation on Fixed Assets	12,500
Amortization of goodwill	8,000
Loss on sales of machine	20,000
Provision for taxation	15,000
Transfer to General Reserve	30,000
Decrease in Trade receivables	22,800
Decrease in Trade Payables	4,700
Outstanding Expenses on 1 <sup>st</sup> April, 2017	5,000
Outstanding Expenses on 31 <sup>st</sup> March, 2018	7,000
Prepaid expenses on 1 <sup>st</sup> April, 2017	4000
Prepaid expenses on 31 <sup>st</sup> March, 2018	2000

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