

2020

**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, 24 and 25 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, 26 and 27, the answers and calculations may be as short as possible.
- V. For question Nos. 9 – 16, 28, 29, 30 and 31, answers and solutions are to be given as required.
- VI. For question Nos. 17 – 21 and 32-34, answers and solutions are to be given in detail.
- VII. Question Nos. 22, 23, 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. Profit and Loss Appropriation Account is prepared by \_\_\_\_\_ . 1  
(A) Public Company  
(B) Sole Trade Firm  
(C) Partnership Firm  
(D) Private Company
2. Sweat Equity Shares cannot be resold by their holders within a period of \_\_\_\_\_ . 1  
(A) 2 Years  
(B) 3 Years  
(C) 4 Years  
(D) 5 Years
3. Write one point of difference between interest on Capital and interest on partner's loan. 1
4. Where will you record 'increase in plant and machinery' in case of change in profit sharing ratio among the existing partners ? 1
5. Give journal entry for recording deceased partner's share in profit from the closure of last balance sheet till the date of his death. 1
6. Name *two* types of shares which a Company can issue. 1
7. What is the nature of debenture Application Account ? 1
8. How is interest paid on debenture treated ? 1
9. List two items that may appear on the credit side of the Capital Account of a partner if the capitals are (a) Fixed and (b) Fluctuating. 2

10. The Super profit of a firm are ₹ 15,000. If the normal rate of return is 8%. Find out the amount of goodwill by capitalisation of Super Profit method. 2
11. Point out two differences between retirement of a partner and death of a partner. 2
12. On 31st March 2019, the first call of ₹ 2 per share became due on 50,000 equity shares allotted by K. D. Ltd. Ram a holder of 1000 shares did not pay the first call money. Shyam a holder of 750 shares & paid the second and final call of ₹ 4 per share along with the first call. Pass the necessary journal entry for the amount received by opening calls in arrears and calls in advance account in the books of the company. 2
13. State any two purposes of utilisation of capital reserve other than 'writing off the preliminary expenses of the company'. 2
14. **What is meant by issue of shares for consideration other than cash ?** 2
15. Write the meaning of partly and fully convertible debentures. 2
16. S. K. Ltd. obtained a loan of ₹ 4,00,000 from State Bank of India. The company issued 5000, 10% debenture of ₹ 100 each as a collateral security for the same. Show how these items will be presented in Balance Sheet of the Company. 2
17. A, B, and C are partners sharing profits and losses in 3 : 2 : 1 ratio. After final account have been prepared, it was discovered that interest on drawings @ 5% p.a. had not been taken into consideration. The drawings of partners were :
- A – ₹ 15,000
- B – ₹ 12,600
- C – ₹ 12,000
- Give the adjustment entry and show the workings clearly.** 4

18. Why is it necessary to revalue assets and liabilities at the time of retirement of a partner? 4
19. X, Y and Z were partners in a partnership firm. The firm was in the business of manufacturing plastic and polythene bags. After the Government ban on plastic and polythene bags, the partners decided to dissolve the firm. There was a loss of ₹ 1,20,000 on dissolution of firm.
- (i) prepare journal entry to distribute the loss among the partners.
- (ii) Identify the values highlighted by the firm. 4
20. S. S. K. Ltd. forfeited 1,000 equity shares of ₹ 100 each for the non-payment of first call of ₹ 20 per share and second and final call of ₹ 25 per share.
- State :
- (a) Can these shares be re-issued ?
- (b) If yes, state the minimum amount at which these shares can be re-issued ?
- (c) If these shares were re-issued at ₹ 50 per share fully paid up, what will be the amount of capital reserve. 4
21. P. R. Ltd. purchased sundry assets costing ₹ 2,02,500. It was agreed that the purchase consideration was to be paid by issue of 9% debentures. Assume the price has been paid by the issuance of :
- (i) 2025 debentures of ₹ 100 each.
- (ii) 1500 debenture of ₹ 100 each.
- Record necessary journal entries in the book of P. R. Ltd. 4

22. X and Y are partners sharing profits and losses in ratio of 3 : 1. Their Balance Sheet as on 31.12.2018 was as follows :

Liabilities	₹	Assets	₹
Creditors	4,000	Bank	2,000
Workmen's Compensation Fund	4,000	Debtors	12,000
Capitals :		Inventory	6,000
X – 18,000		Investments	10,000
Y – 6,000	24,000	Goodwill	2,000
	<u>32,000</u>		<u>32,000</u>

Z is admitted for 2/5th share in future profits. For this purpose, following adjustments are agreed upon : Z will bring in ₹ 16,000 for capital and ₹ 4,000 for goodwill. Market value of investment is ₹ 9,000.

Claim on account of workmen's compensation is ₹ 2000. Goodwill is not to appear in the new firm at all.

Prepare : (a) Partner's Capital Accounts.

and (b) Opening Balance Sheet of the new firm.

5+3 = 8

23. Jaya Ltd. invited applications for issuing 70,000 equity shares of ₹ 10 each at a premium of Rs. 2 per share. The amount was payable as follows :

on application ₹ 4 per share (including premium)

on allotment ₹ 3 per share and

on First and Final call Balance.

Applications for 1,00,000 shares were received.

Applications for 10,000 shares were rejected.

Shares were allotted to the remaining applicants on pro-rata basis. Excess money received with applications were adjusted towards sums due on allotment. All calls were made and were duly received except first and final call on 700 shares allotted to Kanan. Her shares were forfeited.

Make necessary journal entries in the books of Jaya Ltd.

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**PART – B**  
**ANALYSIS OF FINANCIAL STATEMENTS**  
**MARKS : 40**

24. In a Company revenue from operations is ₹ 2,00,000 and cost of materials consumed is ₹ 1,20,000. What will be its percentage to revenue from operations? 1
- (A) 20%  
(B) 40%  
(C) 60%  
(D) 100%
25. Operating profit ratio indicates the relationship between \_\_\_\_\_ and net sales. 1
- (A) Gross profit  
(B) Net profit  
(C) Gross sales  
(D) Operation profit
26. Why is horizontal analysis considered dynamic in nature? 1
27. How can stock turnover ratio be improved? 1
28. State the meaning of (a) Deferred Tax and (b) Operating cycle. 2
29. Why is ratio analysis necessary for every analyst? Give two reasons. 2
30. Current liabilities of a Company are ₹ 1,50,000. Its liquid ratio is 1.5 : 1 and current ratio is 2.5 : 1. Calculate quick assets and current assets. 2

31. What does interest coverage ratio indicate ? Who is more interested in this ratio ?

2

32. Give four main points of distinction between comparative statement and common-size statement.

4

33. Calculate trade receivables turnover ratio from the following :

	₹
Credit revenue from operation	38,000
Revenue from operation return	2,000
Trade Receivables on 1-1-2018	7,000
Trade Receivables on 31-12-2018	11,000

State giving reasons, what will be the effect of the following on Trade receivables turnover ratio :

(i) Received ₹ 2,000 from a customer

(ii) Sale of goods on credit ₹ 3,000

2+1+1 = 4

34. Prepare a cash flow statement on the basis of information given below :

Particulars	₹
Opening Cash Balance	15,000
Closing Cash Balance	17,000
Decrease in Trade Receivable	8,000
Increase in Trade Payable	12,000
Sale of Fixed assets	30,000
Repayment of Preference Shares	50,000
Net Profit for the year	2,000

4

35. From the following information, calculate the ratios of :

- (i) Gross profit ratio
- (ii) Working capital turnover ratio and
- (iii) Proprietary ratio.

3+2+3 = 8

Particulars	₹
Share capital	80,000
Current assets	50,000
Credit Revenue from operations	30,000
Cash Revenue from operations 75% of credit	
Revenue from operations	
9% Debenture	34,000
Current Liabilities	29,000
Cost of Revenue from operations	48,000

36. What is cash flow statement ? State the objectives of cash flow statement.

2+6 = 8