

2017
ACCOUNTANCY

Full marks : 70

Time : 3 hours

General instructions:

- i) *Approximately 15 minutes is allotted to read the question paper and revise the answers.*
- ii) *The question paper consists of 17 questions. All questions are compulsory.*
- iii) *Marks are indicated against each question.*
- iv) *Internal choice has been provided in some questions.*

N.B: *Check that all pages of the question paper is complete as indicated on the top left side.*

1. Which Act governs the partnership business in India? 1
2. Give two circumstances in which the fixed capitals of partners may change. 1
3. Where is the balance of deceased partner's capital account transferred? 1
4. What is revaluation account? 1
5. What is the nature of profit made on re-issue of forfeited shares? 1
6. Under which heading 'discount on issue of shares' is shown in the balance sheet of a company? 1
7. What is collateral debenture? 1
8. P and Q started a partnership business on 1st January, 2015. Their capital contributions were ` 2,00,000 and ` 1,50,000 respectively. The partnership deed provided:
 - i) Interest on capital @10% per annum.
 - ii) P to get a salary of ` 2,000 per month and Q ` 3,000 per month.
 - iii) Profits are to be shared in the ratio of 3:2.The profits for the year ended 31st December, 2015 before making above appropriations were ` 2,16,000. Interest on drawings amounted to ` 2,200 for P and ` 2,500 for Q.
Prepare Profit and Loss Appropriation Account. 3
9. Explain any three differences between sacrificing ratio and gaining ratio. 3

10. Explain any three points of differences between over-subscription and under-subscription. **3**
11. A Limited purchased assets of ₹10,00,000 and liabilities of ₹1,50,000 from B Limited for a purchase consideration of ₹8,10,000. A Limited issued debentures of ₹100 each at a discount of 10% to pay the purchase price. Give journal entries in the book of A Limited. **3**
12. Under which head the following items are shown in the balance sheet of a company.
- | | |
|-----------------------|--------------------------|
| i) Stock | ii) Goodwill |
| iii) Bills payable | iv) Preliminary expenses |
| v) Unclaimed dividend | vi) Proposed dividend |
- 3**
13. a. Explain any six distinctions between shares and debentures. **6**
- Or**
- b. Ashoka Limited issued 1,000, 10% debentures of ₹500 each at a discount of 10% per debenture, payable ₹200 on application and balance on allotment. All the debentures were applied and duly received. Expenses on issue of debentures amounted to ₹10,000. It was decided to write off $\frac{1}{4}$ of expenses and discount from profit and loss account each year. Pass necessary journal entries in the book of Ashoka Limited.
14. Answer **any two** from the following: **2x6=12**
- a. Explain any six uses of financial analysis.
- b. Prepare a Common Size Balance Sheet of Z Limited from the following Balance Sheets given below as on 31st December, 2014 and 2015

**Balance Sheets of Z Limited
as on 31st December, 2014 and 2015**

Liabilities	2014	2015	Assets	2014	2015
Equity Share capital	6,00,000	6,00,000	Land and building	4,00,000	4,00,000
General Reserve	40,000	80,000	Plant and machinery	1,50,000	2,25,000
10% Debentures	1,50,000	3,50,000	Investments	50,000	1,00,000
Bills payable	50,000	40,000	Closing Stock	2,50,000	3,00,000
Sundry Creditors	1,50,000	1,20,000	Sundry debtors	1,00,000	1,50,000
Outstanding expenses	10,000	10,000	Cash	50,000	25,000
	10,00,000	12,00,000		10,00,000	12,00,000

c. From the following particulars, calculate :

- i) Gross profit ratio ii) Operating ratio

Particulars	Amount(`)
Sales	4,90,000
Sales returns	50,000
Opening stock	50,000
Purchases	2,10,000
Closing stock	40,000
Office and administrative expenses	30,000
Selling and distribution expenses	36,000

15. a. The balance sheet of M, N and O who were sharing profits and losses in the ratio of $\frac{1}{2}$, $\frac{1}{3}$ and $\frac{1}{6}$ respectively, as at 31st March, 2016 was as follows:

BALANCE SHEET of M, N and O as at 31st March, 2016

Liabilities	`	Assets	`
Bills Payable	6,400	Cash in hand	150
Sundry creditors	12,500	Cash at bank	25,500
Capital Accounts:		Bills receivable	5,400
M 40,000		Book debts	17,800
N 25,000		Stock	22,300
O <u>20,000</u>	85,000	Furniture	3,500
Profit & Loss A/C	4,500	Plants & machinery	9,750
		Buildings	24,000
	1,08,400		1,08,400

M retires from business on 1st April, 2016 and his share in the firm is to be ascertained on evaluation of assets as follows:

Stock ` 20,000 furniture ` 3,000, Plant & 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.

M is to be paid ` 11,050 in cash on retirement and the balance to be transferred to his loan account.

Prepare Revaluation A/C, Partner's Capital A/C and the Balance Sheet of the new firm.

Or

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- b. A, B and C were partners sharing profits and losses in the ratio of 2:2:1 on 1st January, 2012 their balance sheet was as follows:

Balance Sheet of A, B and C as on 1st January, 2012

Liabilities	`	Assets	`
Creditors	24,000	Cash at bank	24,400
Reserve	10,000	Debtors	16,000
Capital Accounts:		Less: Provision for bad debts	<u>400</u>
A-30,000			15,600
B-24,000		Stock	12,000
C- <u>12,000</u>	66,000	Furniture	4,000
		Buildings	44,000
	<u>1,00,000</u>		<u>1,00,000</u>

The firm was dissolved on that date. The assets realized were as follows: Debtors ` 14,000, Stock ` 10,000, Furniture ` 2,000, Building ` 50,000. The creditors were settled for ` 22,000. It was found that there was a liability for ` 6,000 for damages which had to be paid. Realisation expenses amounted to ` 2,000.

Prepare Realisation Account, Partners Capital Account and Bank Account to close the book of the firm.

16. a. Asian paints Ltd. was registered with a capital of ` 5,00,000 divided into 20,000 shares of ` 25 each. The company invited applications for 10,000 shares. The amount was payable as follows: ` 10 on application, ` 5 on allotment and ` 5 on 1st call and ` 5 on final call.

Applications were received for 12,000 shares, application money on 2,000 shares were returned. All the applicants paid their dues in full with the exception of one applicant holding 500 shares who did not pay any call money.

Pass necessary journal entries and prepare the balance sheet of the company.

Or

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- b. Shinestar Ltd. issued 10,000 shares of ` 10 each at par. The amount payable was as follows: ` 2.50 on application, ` 2.50 on allotment, ` 3 on 1st call and ` 2 on final call.

The company did not make final call. Gopal, a holder of 1,000 shares, failed to pay allotment and first call money. Directors forfeited their shares and immediately re- issued the forfeited shares at ` 8.50 per share.

Pass journal entries in the book of the company and prepare the opening balance sheet of the company.

17. a. Prepare cash flow statement as per AS-3(Revised) from the following comparative balance sheets.

Balance Sheets of Zee Ltd.
as on 31st December, 2014 and 2015

Liabilities	2014	2015	Assets	2014	2015
Share capital	5,50,000	6,00,000	Goodwill	20,000	15,000
Securities premium	-	50,000	Trade investment	1,50,000	2,00,000
Profit and loss A/c	-	25,000	Fixed assets	5,50,000	5,50,000
Debentures	2,00,000	-	Debtors	60,000	40,000
Bank loan (Long term)	80,000	1,00,000	Stock	1,20,000	80,000
Creditors	60,000	75,000	Cash	12,000	-
Proposed dividend	10,000	15,000	Prepaid expenses	8,000	5,000
Provision for taxation	20,000	25,000			
	9,20,000	8,90,000		9,20,000	8,90,000

Or

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- b. Following are the comparative balance sheets of AMCO for the year ended 31st December, 2011 and 2012. Prepare a cash flow statement as per AS-3 (Revised).

BALANCE SHEETS OF AMCO
as on 31st December, 2011 and 2012

Liabilities	2011	2012	Assets	2011	2012
Provision for doubtful debt	2,000	3,000	Cash	43,000	58,000
Accumulated depreciation:			Prepaid expenses	2,000	2,000
Machinery	3,000	7,500	Debtors	80,000	90,000
Buildings	12,000	18,000	Stock	32,000	40,000
Creditors	33,000	40,000	Investments (Long term)	50,000	30,000
Outstanding expenses	3,500	4,500	Machinery (at cost)	25,000	40,000
Debentures	90,000	35,000	Buildings (at cost)	75,000	90,000
Equity share capital	1,50,000	2,00,000	Land	10,000	10,000
Profit and Loss A/c	23,500	52,000			
	3,17,000	3,60,000		3,17,000	3,60,000
