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HS/XII/Com/Ac/18

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ACCOUNTANCY

(Commerce)

Full Marks : 80

Time : 3 hours

The figures in the margin indicate full marks for the questions

General Instructions :

- (i) This question paper contains two Parts—A and B.
- (ii) Part—A and Part—B are compulsory for all candidates.
- (iii) All parts of the questions should be attempted at one place.

PART—A

**(Accounting for Non-Profit Organizations,
Partnership Firms and Companies)**

1. Choose and write the correct answer : 1×4=4

(a) The Receipts and Payments Account records receipt and payment of

(i) revenue nature only

(ii) capital nature only

(iii) both revenue and capital nature

(2)

(b) Which of the following does not appear in the Profit and Loss Appropriation Account?

(i) Salaries to partners

(ii) Interest on capital

(iii) Drawings

(c) A and B are partners sharing profit in the ratio of 5 : 3. C is admitted with $\frac{1}{4}$ th share in profit.

The new sharing ratio will be

(i) 4 : 2 : 1

(ii) 5 : 3 : 4

(iii) 15 : 9 : 8

(d) Premium received on issue of shares is shown at

(i) assets side

(ii) liabilities side

(iii) debit side of statement of Profit and Loss Account

2. Answer the following questions :

1×4=4

(a) What do you understand by life membership fees?

(b) Mention any one essential feature of partnership.

(3)

(c) Give one point of distinction between a share and a debenture.

(d) What is a partnership deed?

3. What do you mean by non-profit organization? 2
4. A and B are partners sharing profit in the ratio of 5 : 4. They admit C for $\frac{1}{3}$ rd share which he acquires in equal proportion from both. Find the new profit sharing ratio. 2
5. A firm has earned ₹ 1,00,000 as average profits during the last few years. Normal rate of return in this class of business is 10%. Find out goodwill according to capitalization of superprofit method, if the value of assets amounted to ₹ 10,00,000 and liabilities amounted to ₹ 2,00,000. 2
6. What is meant by authorised capital? 2
7. Distinguish between equity shares and preference shares (any *three* points). 3
8. Define Profit and Loss Appropriation A/c. 3

- 9.** AB Ltd. purchased building costing ₹ 4,05,000. It was agreed that the purchase consideration be paid by issue 12% debentures of ₹ 100 each. Assuming that debentures have been issued (a) at par and (b) at a discount of 10%.
Pass Journal Entries. 3
- 10.** What are the uses of security premium? 3
- 11.** Alok Ltd. forfeited 300 shares of ₹ 10 each fully called up, held by Ram for non-payment of allotment money of ₹ 3 per share and final call money of ₹ 4 per share. Out of these shares, 250 were reissued to Shyam for a total payment of ₹ 2,000.
Pass necessary Journal Entries. 4
- 12.** Pass the Journal Entries to record the issue of debentures in the following cases : 4
- (i) 5000, 15% debentures of ₹ 100 each issued at a discount of 5% and redeemable at premium of 5% after 5 years
- (ii) 10000, 15% debentures of ₹ 100 each issued at a premium of 10% and redeemable at par after 6 years

(5)

13. Elite Sports Club gives you the following Receipts and Payments Account for the year ended 31st December, 2017 :

<i>Receipts</i>	₹	<i>Payments</i>	₹
Cash in hand	150	Mowing machine	1,100
Cash at bank	2,100	Rent	500
Rent of the hall	3,000	Groundsmen's fees	1,500
Sale of grass	100	Salaries to coaches	4,500
Life membership	2,000	Office expenses	2,400
Entrance fees	200	Sports equipment	1,200
Subscriptions	5,800	Cash in hand	350
Donations	1,500	Cash at bank	3,300
	<u>14,850</u>		<u>14,850</u>

Additional Information :

- (i) Subscription due on 31st December, 2016 and 31st December, 2017 were ₹ 900 and ₹ 800 respectively
- (ii) Subscription received also include subscription for the year 2018 amounting to ₹ 200
- (iii) Sports equipment in hand on 31st December, 2016 was ₹ 1,100. The value placed on this equipment in hand on 31st December, 2017 was ₹ 1,300
- (iv) The mowing machine was purchased on 1st January, 2017 and is to be depreciated @ 20% p.a.
- (v) Office expenses include ₹ 300 for 2016 and ₹ 400 are still due for payment

Prepare Income and Expenditure Account for the year 2017.

6

14. S Ltd. invited application for the allotment of 80000 equity shares of ₹ 10 each at par. The amount was payable as follows :

On application—₹ 2 per share
On allotment—₹ 4 per share
On first and final call—₹ 4 per share

Application for 110000 shares were received. Application for 10000 shares were rejected. Shares were allotted on prorata basis to the remaining applicants. Excess application money received was adjusted towards allotment. All calls were made and were duly received. Manoj who was allotted 2000 shares failed to pay the first and final call. His shares were forfeited. The forfeited shares were reissued for ₹ 24,000 fully paid-up.

Pass necessary Journal Entries to record the above transaction.

6

15. A and B are partners with profit sharing ratio of 2 : 1. The Balance Sheet of the firm on 31st March, 2016 was as follows :

<i>Balance Sheet</i>			
<i>Liabilities</i>	₹	<i>Assets</i>	₹
Creditors	20,000	Sundry Debtors	40,000
Bills Payable	15,000	Less : Provision	<u>3,600</u>
Reserve Fund	12,000	Stock	20,000
Capital :		Building	25,000
A	40,000	Patents	2,000
B	<u>30,000</u>	Machinery	33,600
	<u>1,17,000</u>		<u>1,17,000</u>

(7)

They admitted C into partnership on this date. The new profit sharing ratio is agreed as 3 : 2 : 1 on the following terms :

- (i) C brings ₹ 10,000 in cash as his share of goodwill and ₹ 19,000 as his capital
- (ii) Provision for doubtful debts is to be reduced by ₹ 2,400
- (iii) There is an old typewriter valued at ₹ 2,600. It does not appear in the books of the firm and it is to be recorded now
- (iv) Patents are now valueless

Prepare Revaluation Account, Capital Accounts and Opening Balance Sheet of A, B and C. 2+2+2=6

- 16.** The Balance Sheet of X, Y and Z who are partners in a firm sharing profit according to their capitals as on 31st March, 2016 was as under :

Balance Sheet

<i>Liabilities</i>	₹	<i>Assets</i>	₹
Creditors	21,000	Building	1,00,000
X's Capital	80,000	Machinery	50,000
Y's Capital	40,000	Stock	18,000
Z's Capital	40,000	Debtors	20,000
General Reserve	20,000	Less : Provision	
		for Bad Debts	1,000
		Cash at Bank	14,000
	<u>2,01,000</u>		<u>2,01,000</u>

(8)

On that date, Y decided to retire from the firm on the following terms :

- (i) Building to do appreciated by 20%
- (ii) Provision for bad debts was to be raised to 15%
- (iii) Machinery to be depreciated by 20%
- (iv) Goodwill of the firm is valued at ₹ 72,000 and the retiring partner's share is adjusted through the Capital Accounts of the remaining partners

Prepare Revaluation A/c, Capital A/cs of partners and the Balance Sheet after retirement of Y. 2+2+2=6

Or

A, B and C share profits as 2 : 2 : 1. A died on 30th June, 2017. The partnership deed provides that on the death of a partner, he will get the following :

- (i) Balance in his capital which was ₹ 1,25,000 on 31st March, 2017
- (ii) Goodwill of the firm which was valued at ₹ 90,000

(9)

(iii) His share of profit up to the date of death which is to be based on the average profits of last four years ending on 31st March :

2017—₹ 1,50,000

2016—₹ 90,000

2015—₹ 85,000

2014—₹ 75,000

(iv) Partners are entitled to interest on capital @ 6% p.a.

(v) B and C shared profits equally after the death of A

Prepare A's Capital A/c and A's Executor's A/c.

6

(10)

PART—B

(**Financial Statement Analysis**)

- 17.** Choose and write the correct answer : 1×2=2
- (a) An example of cash flow from investing activities is
- (i) issue of shares
 - (ii) repayment of long-term borrowings
 - (iii) purchase of raw materials
 - (iv) sale of fixed assets
- (b) Ideal current ratio is
- (i) 1 : 1
 - (ii) 1 : 2
 - (iii) 2 : 1
 - (iv) 3 : 1
- 18.** (a) Give the formula of stock turnover ratio. 1
- (b) What are cash and cash equivalent? 1
- 19.** State any three limitations of financial statement analysis. 3
- 20.** What are the liquidity ratios? 3

21. A Ltd. has current ratio of 3.5 and acid test ratio of 2 : 1. If inventory is ₹ 30,000, find out its total current assets and total current liabilities. 2+2=4

22. From the following Liabilities and Assets, prepare a Cash Flow Statement for the year 2017 : 6

<i>Liabilities</i>	<i>31.03.2016</i>	<i>31.03.2017</i>
	(₹)	(₹)
Share Capital	2,00,000	2,50,000
General Reserve	50,000	60,000
Profit and Loss Account	30,500	30,800
Bank Loan	70,000	—
Sundry Creditors	1,50,000	1,35,000
Provision for Tax	30,000	35,000
	<u>5,30,500</u>	<u>5,10,800</u>
 <i>Assets</i>	 <i>31.03.2016</i>	 <i>31.03.2017</i>
	(₹)	(₹)
Land and Building	2,00,000	1,90,000
Plant and Machinery	1,50,000	1,69,000
Stock	1,00,000	74,000
Sundry Debtors	80,000	64,200
Cash	500	600
Bank	—	8,000
Goodwill	—	5,000
	<u>5,30,500</u>	<u>5,10,800</u>

Additional Information :

- (i) Dividend of ₹ 23,000 was paid
- (ii) Depreciation written off on building ₹ 10,000 and machinery ₹ 14,000

(12)

Or

From the following information, prepare Cash Flow Statement of Smart Ltd. for the year ending 31.03.2016 :

<i>Particulars</i>	<i>Amount (₹)</i>
Profit during the year	2,50,000
Issue of shares during the year	1,00,000
Provision for tax made	50,000
Repayment of long-term loans	30,000
Opening balance of cash	25,000
Increase in debtors	31,000
Increase in creditors	40,000
Sale of fixed assets	25,000
Depreciation on fixed assets	5,000
Tax paid during the year	40,000
Closing balance of cash	3,94,000
