

2023

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, 22 and 23, 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 – 6 and 24 – 27, the answers and calculations may be as short as possible.
- V. For question Nos. 7 – 13, and 28 – 32, answers and solutions are to be given as required.
- VI. For question Nos. 14 – 19 and 33 – 34, answers and solutions are to be given in detail.
- VII. Question Nos. 20, 21, 35 and 36 are essay type questions. Calculations and solutions are to be shown as required.

PART – A
PARTNERSHIP AND COMPANY ACCOUNTS
MARKS : 60

1. Interest on capital will be paid to the partners if provided for in the partnership deed but only out of _____ . 1
 - (A) Profits
 - (B) Reserves
 - (C) Accumulated profits
 - (D) Goodwill
2. If shares of Rs. 3,00,000 are issued for purchase of assets of Rs. 3,50,000, Rs. 50,000 will be treated as _____ . 1
 - (A) Discount
 - (B) Premium
 - (C) Profit
 - (D) Loss
3. Why is it necessary to have a partnership deed ? 1
4. What is gaining ratio ? 1
5. An unrecorded asset was valued at Rs. 50,000 on firm's dissolution and it was sold for 75%. Calculate the amount to be credited to Realisation Account. 1
6. What is under- subscription of shares ? 1
7. State any two circumstances under which the fixed capital of partners may change. 2
8. Give any two points of distinction between Profit and Loss Account and Profit and Loss Appropriation Account. 2
9. A and B are partners sharing profits in the ratio of 5:3. They admit C for $\frac{1}{4}$ th share which he acquires $\frac{1}{6}$ th from A and $\frac{1}{12}$ th from B. Calculate the new profit sharing ratios of the partners. 2

10. Classify preference shares on the basis of :
- carrying right of claiming arrear of dividend
 - carrying right of claiming surplus profit
11. What is issue of debentures as a collateral security ?
12. Distinguish between a Share and a Debenture.
13. Give the necessary journal entries for the issue of debentures in the following condition.
 “Issued 1000, 10% debentures of Rs. 100 each at par but redeemable at 5% premium”.
14. X, Y and Z are partners sharing profits and losses in the ratio of 4:3:3. Their fixed capitals were Rs. 100000 , Rs. 200000 and Rs. 300000 respectively. For the year ended 31st March, 2022 interest on capital was credited to them @ 10% instead of 9% p.a.
 Pass the necessary adjusting journal entry.
15. Give four circumstances (without the intervention of court) under which a partnership firm is dissolved.
16. A, B and C are partners sharing profits in the ratio of 4:2:3. B retires. On this date his capital after making adjustments for reserves and profit/ loss on revaluation exists at Rs. 1,50,000. A and C agreed to pay him Rs. 1,80,000 in full settlement of his account.
 Calculate B's share of goodwill and give journal entry for treatment of goodwill if A and C decided to share profits equally.
17. Z Ltd. was registered with an Authorised Capital of Rs. 20,00,000 divided into 2,00,000 equity shares of Rs. 10 each. The Company offered 1,50,000 equity shares for subscription to public and applications were received for 1,40,000 equity shares. The director called Rs. 7 per equity share upto 31st March, 2022 and received the money except the first call of Rs. 2 per share on 5000 shares. Show the Share Capital in the Balance Sheet of the Company together with notes to accounts.

18. Y Ltd. issued 50,000 shares of Rs. 10 each payable as Rs. 2 per share on application, Rs. 3 per share on allotment and Rs. 2.50 each on first and final call. Application were received for 70,000 shares. Allotment was made on the following basis.

- (a) To applicants for 10,000 shares Nil
 (b) To applicants for 15,000 shares 100%
 (c) To the applicants for remaining shares on prorata basis

Suresh who belonged to the category (c) and was allotted 3500 shares failed to pay the allotment money.

Calculate the amount received on allotment. 4

19. ABC Ltd. purchased Assets of the book value of Rs. 12,00,000 and Liabilities of Rs. 2,20,000 of Z Company Ltd. for a purchase consideration of Rs. 9,40,000. The purchase consideration was discharged by the issue of debentures of Rs. 500 each at a discount of 6%.

Pass journal entries in the books of ABC Ltd. 4

20. X and Y sharing profits in the ratio of 3:2 admit Z as a partner with $\frac{1}{3}$ share in profit. He had to contribute proportionate capital. They had the following financial position :

Liabilities	Rs.	Assets	Rs.
Creditors	40,000	Cash at bank	5000
Reserve fund	50,000	Debtors	60,000
Capitals :		Stock	35,000
X	50,000	Plant and	
Y	40,000	Machinery	80,000
	1,80,000		1,80,000

They agreed to admit Z as a partner on the following terms :

- 1) Plant and Machinery to be reduced by 10%
- 2) Stock to be increased by Rs. 3,000
- 3) Bad debts provision was to be created at 5%
- 4) Accrued incomes not appearing in the books Rs. 900
- 5) Z was to introduce Rs. 20,000 as premium for goodwill for $\frac{1}{3}$ share of the future profits of the firm

Prepare Revaluation Account, Partners' Capital Account and Balance Sheet of the new firm.

21. A Co.Ltd. offered to the public 20,000 shares of Rs. 100 each at a premium of Rs. 10 per share. The payment was to be as follows :

On Application	Rs. 20
On Allotment	Rs. 40 (including premium)
On First and Final call	Rs. 50

Applications were received for 35,000 shares. Application for 10,000 shares were rejected. Applicants for 15,000 shares were allotted 10,000 shares and remaining applications were accepted in full.

The Director made the first and final call. One shareholder holding 500 shares failed to pay the first and final call and as a consequence his shares were forfeited. 200 of these shares were issued as fully paid at Rs. 80 per share.

Pass Journal entries in the books of the Company.

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PART - B

ANALYSIS OF FINANCIAL STATEMENTS

MARKS : 40

22. Unclaimed dividend appears in a Company's Balance Sheet under the Sub-head _____ . 1
- (A) Short-term Borrowings
(B) Trade payables
(C) Other Current Liabilities
(D) Short-term Provisions
23. While calculating cash flow from operating activities which will be added ? 1
- (A) Increase in Inventory
(B) Decrease in Bills Payable
(C) Increase in Creditors
(D) Increase in Trade Receivables
24. Why are prospective investors interested in analysis of financial statement ? 1
25. What is an ideal quick ratio ? 1

26. What does a low Debt Equity ratio indicate ? 1
27. Give one example of non-cash flow transaction which is significant to the business firm. 1
28. State any two limitations of financial statement analysis. 2
29. Give any two points of distinction between Horizontal Analysis and Vertical Analysis. 2
30. From the following information, prepare a Comparative Statement of Profit and Loss : 2

Particulars	2022-23 (Rs.)	2021-22 (Rs.)
Revenue from operations	24,00,000	4,00,000
Other incomes	1,80,000	2,40,000
Expenses	1,40,000	1,60,000

31. A Company's inventory is Rs. 2,00,000. Total liquid assets are Rs. 8,00,000 and Quick ratio is 2:1. Calculate Current Ratio. 2
32. Chaoba & Sons Ltd. purchased a machinery for Rs. 9,00,000. It received a dividend of Rs. 70,000 on investment in shares. The company also sold an old machine of the book value of Rs. 79,000 at a loss of Rs. 10,000. Compute cash flow from investing activities. 2
33. Give the meaning, objectives and significance of following ratios :
 a) Proprietary Ratio
 b) Operating Ratio 4
34. Assuming that the Quick Ratio is 0.75:1, state giving reason which of the following transaction would improve, reduce and not change it. 4
- i) Payment to trade payables
 ii) Sale of Inventory at loss on credit
 iii) Cash collected from trade receivables
 iv) Issue of shares against purchase of building

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

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- i) Liquid Ratio
- ii) Gross Profit Ratio
- iii) Debt Equity Ratio
- iv) Inventory Turnover Ratio

Information :

Revenue from operations	Rs. 4,00,000
Opening Inventory	Rs. 10,000
Closing Inventory	Rs. 3,000 less than opening Inventory
Net purchases	Rs. 80% of Revenue from operations
Direct Expenses	Rs. 20,000
Current Assets	Rs. 1,00,000
Prepaid Expenses	Rs. 3,000
Current Liabilities	Rs. 60,000
9% Debentures	Rs. 4,00,000
Long Term loan from bank	Rs. 1,50,000
Equity Share Capital	Rs. 8,00,000
8% Preference Share Capital	Rs. 3,00,000

36. Following is the Balance Sheet of Z Ltd. as at 31-3-2021 and 31-3-2022.

Particulars	Note No.	31.3.2021 Rs	31.3.2022 Rs.
I. EQUITY & LIABILITIES :			
1) Shareholder's funds			
a) Share Capital		22,00,000	24,00,000
b) Reserve and Surplus	1	4,00,000	6,00,000
2) Non-current Liabilities			
Long term borrowings		3,40,000	4,80,000
3) Current Liabilities			
a) Trade Payables		4,08,000	3,58,000
b) Short Term Provisions (provision for tax)		1,54,000	1,00,000
Total		35,02,000	39,38,000

II. ASSETS :				
1) Non- current Assets :				
a) Fixed Assets				
	i) Tangible	2	17,00,000	21,40,000
	ii) Intangible	3	2,24,000	80,000
2) Current Assets :				
	a) Current Investments		3,00,000	4,80,000
	b) Inventories		2,42,000	2,58,000
	c) Trade Receivables		2,86,000	3,40,000
	d) Cash at Bank		7,50,000	6,40,000
	Total		35,02,000	39,38,000

Notes to Accounts :

Particulars	31.3.2021	31.3.2022
1. Reserve and Surplus		
Surplus(Balance in Statement of Profit and Loss)	4,00,000	6,00,000
2. Tangible Assets		
Machinery	20,00,000	25,40,000
Less Accumulated Depreciation	(3,00,000)	(4,00,000)
3. Intangible Assets		
Goodwill	2,24,000	80,000

Additional Information :

During the year a piece of machinery costing Rs. 48,000 on which accumulated depreciation was Rs. 32,000 was sold for Rs. 12,000.

Prepare Cash Flow Statement.

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