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HS/XII/Com/Ac/OC/20

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ACCOUNTANCY

(Commerce)

(Old Course)

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)**

(Marks : 60)

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

(a) Life membership fee is

(i) liability

(ii) income

(iii) expenses

(iv) assets

(2)

(b) Partners are entitled to receive... in the absence of partnership agreement.

(i) Salaries

(ii) Interest on capital

(iii) Interest on partners' loan

(iv) Interest on drawings

(c) Accumulated profits and losses on the admission will be distributed in the

(i) old profit-sharing ratio

(ii) new profit-sharing ratio

(iii) sacrificing ratio

(iv) gaining ratio

(d) Debenture holders get

(i) interest

(ii) dividend

(iii) bonus

(iv) All of the above

(3)

2. Answer the following questions : 1×4=4

- (a) Give any two examples of capital receipts.
- (b) Write any two items appearing in debit side of Partners' Current Accounts.
- (c) What do you mean by Super Profit?
- (d) What are convertible debentures?

3. Give two points of distinction between Receipts & Payments Account and Income & Expenditure Account. 2

4. Calculate goodwill at one and half years' purchase of the average profit of last 5 years. The firm earned profit during the first three years as ₹ 20,000; ₹ 18,000; ₹ 9,000 and suffered losses of ₹ 2,000 and ₹ 5,000. 2

5. Write any two points of distinction between sacrificing ratio and gaining ratio. 2

6. What is 'Private Placement of Shares'? 2

7. State the provisions of the Partnership Act, 1932, in the absence of a partnership agreement regarding the following : 3

- (a) Division of profit
- (b) Interest on partners' capital
- (c) Interest on partners' drawings

(4)

8. Explain the term 'minimum subscription'. 3

Or

Explain the term 'Employees Stock Option Plan'.

9. A Ltd. forfeited 100 shares of ₹ 20 each fully called up for non-payment of 1st call of ₹ 3 per share and final call of ₹ 5 per share. All these shares were re-issued at ₹15 per share, fully paid up.

Pass Journal entries for the forfeiture and re-issue of shares in the books of A Ltd. 3

10. Moonlight Ltd. purchased a building from Ganesh Ltd. for ₹14,40,000 and issued 15% debentures of ₹100 each.

Pass Journal entries in the books of Moonlight Ltd. if debentures are issued at 20% premium. 3

11. Give any four points of difference between Reserve Capital and Capital Reserve. 4

12. Pass Journal entries to record the issue of debentures in the following cases :

(i) 5000, 15% debentures of ₹100 each issued at a premium of 5% and redeemable at a premium of 10% after 5 years

(ii) 10000, 12% debentures of ₹100 each issued at a premium of 10% and redeemable at par after 6 years 4

(5)

- 13.** Following is the Receipts and Payments Account of Shillong Club for the year ended 31st December, 2018 :

*Receipts & Payments A/c
for the year ended 31st December, 2018*

| <i>Receipts</i> | <i>₹</i> | <i>Payments</i> | <i>₹</i> |
|--------------------------|-----------------|---------------------------|-----------------|
| To Balance b/d | 10,000 | By Salary | 21,000 |
| ” Subscriptions | 52,000 | ” Billiard Table | 20,000 |
| ” Entrance Fee | 5,000 | ” Office Expenses | 16,000 |
| ” Donation | 6,000 | ” Printing and Stationary | 15,000 |
| ” Hire of Hall | 20,000 | ” Sports Equipment | |
| ” Sale of Old Newspapers | 1,000 | (1.07.2018) | 40,000 |
| ” Legacy | 37,000 | ” Balance c/d | 19,000 |
| | <u>1,31,000</u> | | <u>1,31,000</u> |

Other Information :

On 31.12.2018 subscription outstanding was ₹ 2,000 and on 31.12.2017 subscription outstanding was ₹ 3,000. Salary outstanding on 31.12.2018 was ₹ 1,500.

On 1.1.2018 the club had building ₹ 75,000, furniture ₹ 18,000, 12% investment ₹ 30,000 and sports equipments ₹ 30,000. Depreciation is to be charged on furniture and sports equipment including purchases @ 10% p.a.

Prepare Income & Expenditure A/c of the club for the year ended 31st December, 2018.

6

(6)

Or

From the following Receipts & Payments Account of a club and from the information supplied, prepare an Income & Expenditure Account for the year ended 31st December, 2018 :

*Receipts & Payments A/c
for the year ended 31st December, 2018*

| <i>Receipts</i> | <i>₹</i> | <i>Payments</i> | <i>₹</i> |
|-----------------------------|----------|--------------------|----------|
| To Balance b/d | 250 | By Salaries | 1,200 |
| ” Subscriptions : | | ” General expenses | 300 |
| 2017 | 250 | ” Electric charges | 200 |
| 2018 | 1,000 | ” Books | 100 |
| 2019 | 200 | ” Newspapers | 400 |
| ” Sale of Old Furniture | | ” Postage | 50 |
| (costing ₹100) | 60 | ” Furniture | 250 |
| ” Rent Received for the use | 740 | ” Balance c/d | 500 |
| of Hall | | | |
| ” Profit from Entertainment | 400 | | |
| ” Sale of Newspaper | 100 | | |
| | <hr/> | | <hr/> |
| | 3,000 | | 3,000 |

Information :

- (i) The club has 50 members, each paying annual subscription of ₹25. Subscription outstanding on 31st December, 2017 were ₹300
- (ii) On 31st December, 2018 salaries outstanding amounted to ₹100, salaries paid included ₹100 for the year 2017
- (iii) On 1st January, 2018, the club owned land and building valued at ₹10,000, furniture ₹600 and books ₹500

- 14.** AB Ltd. invited applications for 100000 equity shares of ₹100 each issued at a premium of 10%. The amount was payable as follows :

On application—₹ 30

On allotment—₹ 40 (including premium)

On final call—₹ 40

Applications for 150000 shares were received. Applications for 30000 shares were rejected and pro rata allotment was made to the remaining applicants. All calls were made and were duly received except the final call on 1000 shares held by Kumar. His shares were forfeited. All the forfeited shares were re-issued at ₹ 120 per share as fully paid up.

Pass necessary Journal entries in the books of AB Ltd. 6

Or

A Co. Ltd. offered to the public 20000 shares of ₹100 each at a premium of ₹ 10 per share. The payment was to be as follows :

On application—₹ 20

On allotment—₹ 40 (including premium)

On final call—₹ 50

Applications were received for 35000 shares. Applications for 10000 shares were rejected. The allotment was made pro rata to the remaining applicants, excess application money being applied towards the amount due on allotment. The directors made the call. One shareholder holding 500 shares failed to pay the call and as a consequence his shares were forfeited. These shares were reissued as fully paid at ₹80 per share.

Show the Journal entries in the books of A Co. Ltd.

- 15.** The following was the Balance Sheet of A and B who are sharing profits in the ratio of 2 : 1, as on 31st December, 2018 :

*Balance Sheet of A and B
as on 31st December, 2018*

| <i>Liabilities</i> | <i>₹</i> | <i>Assets</i> | <i>₹</i> |
|--------------------|-----------------|---------------------|-----------------|
| Sundry Creditors | 65,900 | Buildings | 50,000 |
| General Reserves | 30,000 | Plant and Machinery | 35,000 |
| Capital Accounts : | | Stock | 20,000 |
| A 30,000 | | Sundry Debtors | 9,700 |
| B <u>20,000</u> | 50,000 | Cash in Hand | 1,200 |
| | | Bank | 30,000 |
| | <u>1,45,900</u> | | <u>1,45,900</u> |

On this date C is admitted into the partnership on the following terms :

- (i) C was to bring ₹15,000 as his capital and ₹6,000 as goodwill for one-fourth share in the firm
- (ii) That the values of the stock and plant and machinery were to be reduced by 5%
- (iii) That a reserve was to be created in respect of sundry debtors ₹ 750
- (iv) That the Buildings A/c was to be appreciated by 10%
- (v) That goodwill money was to be retained in the business

Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the new firm. 2+2+2=6

(9)

Or

Given below is the Balance Sheet of Krishna and Suresh as at 31st March, 2018 who are partners in a firm sharing profits in the ratio of 3 : 2 :

*Balance Sheet of Krishna and Suresh
as on 31st March, 2018*

| <i>Liabilities</i> | <i>₹</i> | <i>Assets</i> | <i>₹</i> |
|----------------------|---------------|---------------------|---------------|
| Creditors | 15,000 | Plant and Machinery | 30,000 |
| Reserve | 5,000 | Patents | 5,000 |
| Capital Accounts : | | Furniture | 3,000 |
| Krishna 30,000 | | Stock | 16,000 |
| Suresh <u>20,000</u> | 50,000 | Debtors | 15,000 |
| | | Cash | 1,000 |
| | <u>70,000</u> | | <u>70,000</u> |

On 1st April, 2019 Mohan is admitted as a partner for one-fifth share on the following terms :

- (i) He is to contribute ₹14,000 as his share of capital which includes his share of premium of goodwill
- (ii) Goodwill is valued at 2 years' purchase of the average profits of the last 4 years, which were ₹10,000; ₹9,000; ₹8,000 and ₹13,000 respectively
- (iii) Plant and machinery to be written down to ₹25,000 and Patents written up by ₹8,000

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

(10)

16. A, B and C were carrying on partnership business sharing profits in the ratio of 3 : 2 : 1 respectively. On 31st December, 2018, the Balance Sheet of the firm stood as follows :

*Balance Sheet of A, B and C
as on 31st December, 2018*

| <i>Liabilities</i> | <i>₹</i> | <i>Assets</i> | <i>₹</i> |
|--------------------|---------------|-------------------------|---------------|
| Creditors | 27,180 | Cash | 9,400 |
| Capital Accounts : | | Debtors | 16,000 |
| A 30,000 | | Stock | 23,380 |
| B 20,000 | | Building | 46,000 |
| C <u>20,000</u> | 70,000 | Profit and Loss Account | 2,400 |
| | <u>97,180</u> | | <u>97,180</u> |

B retired on the above mentioned date on the following terms :

- (i) Building to be appreciated by ₹14,000
- (ii) Provision for doubtful debts to be made at 5% on debtors
- (iii) Goodwill of the firm is valued at ₹36,000 and adjustment in this respect to be made in the continuing Partners' Capital Accounts without raising Goodwill Account
- (iv) ₹6,000 to be paid to B immediately and the balance in his Capital Account to be transferred to his Loan Account

Prepare Revaluation Account, Capital Accounts and the Balance Sheet after B's retirement.

6

(11)

Or

A, B and C were partners in a firm sharing profits in the ratio of 5 : 3 : 2. On 31st March, 2018, their Balance Sheet was as under :

*Balance Sheet of A, B and C
as on 31st March, 2018*

| <i>Liabilities</i> | <i>₹</i> | <i>Assets</i> | <i>₹</i> |
|--------------------|---------------|---------------|---------------|
| Creditors | 11,000 | Buildings | 20,000 |
| Reserves | 6,000 | Machinery | 30,000 |
| Capital Accounts : | | Stock | 10,000 |
| A 30,000 | | Patents | 11,000 |
| B 25,000 | | Debtors | 8,000 |
| C 15,000 | 70,000 | Cash | 8,000 |
| | <u>87,000</u> | | <u>87,000</u> |

A died on 1st October, 2018. It was agreed between his executors and the remaining partners that :

- (i) Goodwill to be valued at 2½ years' purchase of the average profits of the previous 4 years, which were :

| <i>Years</i> | <i>₹</i> |
|--------------|----------|
| 2014-2015 | 13,000 |
| 2015-2016 | 12,000 |
| 2016-2017 | 20,000 |
| 2017-2018 | 15,000 |

- (ii) Patents be valued at ₹8,000; Machinery at ₹28,000 and Buildings at ₹25,000

(12)

- (iii) Profit for the year 2018-2019 is to be taken as having accrued at the same rate as that of the previous year
- (iv) Interest on capital be provided at 10% p.a.
- (v) A sum of ₹6,000 was to be paid immediately to the executor and the balance transferred to his (Executor) Loan Account.

Prepare A's Capital Account and A's Executor's Account as on 1st October, 2018.

(13)

PART—B

(**Financial Statement Analysis**)

(Marks : 20)

17. Choose and write the correct answer : 1×2=2

(a) Common-size statements are also known as

(i) horizontal analysis

(ii) vertical analysis

(iii) external analysis

(b) Debt to Equity ratio measures.... of the business.

(i) profitability

(ii) short-term financial position

(iii) long-term financial position

18. (a) Name the formula for calculating operating ratio. 1

(b) Give any two examples of cash inflows from investing activities. 1

19. State three importances of Financial Statement Analysis. 3

20. Calculate Stock Turnover Ratio from the following : 3

₹

| | |
|---------------|----------|
| Opening Stock | 29,000 |
| Closing Stock | 31,000 |
| Sales | 3,20,000 |

Gross profit ratio is 25% on sales.

21. (a) What is the standard norm of liquid ratio?

(b) If current liabilities are ₹ 30,000, current ratio is 2.25 times and liquid ratio is 1.25 times, calculate Current Asset, Liquid Asset and Stock in Trade.

$$1+1+1+1=4$$

22. Charles Ltd. made a profit of ₹1,00,000 after charging depreciation of ₹20,000 on assets and a transfer to general reserve of ₹30,000. The goodwill amortised was ₹7,000 and gain on sale of machinery was ₹3,000.

Other information available to you (changes in the value of current assets and current liabilities) are—trade receivable showed an increase of ₹3,000; trade payables an increase of ₹6,000; prepaid expenses an increase of ₹200 and outstanding expenses decrease of ₹2,000.

Ascertain Cash Flow from operating activities.

6

Or

From the following Balance Sheet of XY Ltd., prepare a Cash Flow Statement :

| Particulars | Note No. | 31.03.2018 ₹ | 31.03.2017 ₹ |
|------------------------------------|-------------|-----------------|-----------------|
| I. <i>Equity and Liabilities</i> : | | | |
| 1. Shareholder's Funds : | | | |
| (a) Share Capital | 1 | 2,50,000 | 2,25,000 |
| (b) Reserve and Surplus | 2 | 59,000 | 35,000 |
| 2. Current Liabilities : | | | |
| Trade Payable | | 49,500 | 37,500 |
| | | <u>3,58,500</u> | <u>2,97,500</u> |

(15)

| <i>Particulars</i> | <i>Note No.</i> | <i>31.03.2018 ₹</i> | <i>31.03.2017 ₹</i> |
|-------------------------------------|---------------------|-------------------------|-------------------------|
| II. Assets | | | |
| 1. Non-current Assets : | | | |
| Fixed Assets : | | | |
| (a) Tangible Assets (Machinery) | 3 | 1,60,000 | 1,20,000 |
| (b) Intangible Assets (Goodwill) | 4 | 20,000 | 36,000 |
| 2. Current Assets : | | | |
| (a) Inventory | | 15,000 | 10,000 |
| (b) Trade Receivable | | 1,54,500 | 1,19,000 |
| (c) Cash and Cash Equivalents | | 9,000 | 12,500 |
| | | <u>3,58,500</u> | <u>2,97,500</u> |

Depreciation charged on Machinery was ₹10,000.

★ ★ ★