

2016
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.*

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|---|----------|
| 1. What is meant by partnership deed? | 1 |
| 2. Mention two methods of calculating interest on drawings. | 1 |
| 3. What is meant by hidden goodwill? | 1 |
| 4. Mention two modes of dissolution of firm. | 1 |
| 5. What is meant by issue of shares at par? | 1 |
| 6. Define company. | 1 |
| 7. What is a debenture? | 1 |
| 8. The average capital employed in the business is ` 3,60,000. The rate of return expected from capital invested in such class of business is 8%. The expected net profit of the firm is ` 70,000 per year. The remuneration of the partners is estimated to be ` 12,000 per annum. Calculate the value of goodwill on the basis of two years purchase of super profit. | 3 |
| 9. Distinguish between revaluation account and realization account on three basis. | 3 |
| 10. Distinguish between preference shares and equity shares on three basis. | 3 |

11. Garima Limited obtained a term loan from IDBI of ₹ 4,00,00,000 for a period of 6 years @11% per annum. The loan is secured by a mortgage of plant and machinery since IDBI was not satisfied with security of plant and machinery, the company issued 1,00,000, 10% debentures of ₹ 100 each as collateral security. Record necessary entries in the books of Garima Limited including payment of interest on loan taken from IDBI for the first year. Pass journal entries in the books of Garima Limited. **3**

12. State any three objectives and importance of balance sheet. **3**

13. a. Write any six features of debenture. **6**

Or

- b. X Limited issued 5,000, 10% debentures of ₹ 100 each at a premium of ₹ 10 per debenture, payable ₹ 20 on application, ₹ 60 (including premium) on allotment and ₹ 30 on final call.

Application were received for 7,000 debentures. Allotment was made on pro-rata basis to all the applicants. Surplus application money was adjusted against money due on allotment. All moneys were duly received. Pass necessary journal entries in the book of the company.

14. Answer **any two** from the following: **2x6=12**

- a. State any six significance of financial analysis.

- b. Prepare a comparative Balance Sheet of Y Limited from the following Balance Sheets on 31st December, 2013 and 2014:

Balance Sheets of Y Limited as on 31st December, 2013 and 2014

Liabilities	2013	2014	Assets	2013	2014
Share capital	30,000	36,000	Fixed assets	60,000	75,000
Reserve & surplus	12,000	15,000	Current assets	14,000	13,500
Loans	17,000	25,500			
Current liabilities	15,000	12,000			
	74,000	88,500		74,000	88,500

- c. Calculate gross profit ratio from the following :

Credit sales was $\frac{1}{4}^{th}$ of total sales, credit sales was ₹ 1,15,000, credit purchases was $\frac{1}{5}^{th}$ of cash purchases. Credit purchases was ₹ 50,000, opening stock was ₹ 60,000; it was ₹ 20,000 more than closing stock, carriage ₹ 10,000, wages ₹ 30,000.

- 15.a. The following was the balance sheet of A and B who were sharing profits in the ratio of 2:1 on 31st December, 2014.

**BALANCE SHEET of A and B
as on 31st December, 2014**

Liabilities	₹	Assets	₹
Sundry creditors	65,900	Buildings	50,000
A's capital	50,000	Plant & machinery	35,000
B's capital	30,000	Stock	20,000
		Sundry debtors	9,700
		Cash in hand	31,200
	1,45,900		1,45,900

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

- (i) C was to bring ₹ 15,000 as his capital and ₹ 6,000 as goodwill for $\frac{1}{4}^{th}$ share in the firm.
- (ii) The value of stock and plant & machinery were to be reduced by 5%.
- (iii) A reserve was to be created in respect of sundry debtors ₹ 750.
- (iv) The building was to be appreciated by 10%.
- (v) Goodwill money was to be retained in the business.

Prepare revaluation account, partners' capital account and balance sheet of the new firm.

Or

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- b. X, Y and Z are partners sharing profits and losses in the ratio of $\frac{1}{2} : \frac{1}{3} : \frac{1}{6}$

respectively. The Balance Sheet of the firm as on 31st December, 2015 stood as follows:

Balance Sheet of X, Y and Z as on 31st December, 2015

Liabilities	₹	Assets	₹
Creditors	29,500	Cash at bank	21,250
Bills payable	2,500	Debtors	8,000
Reserve fund	6,000	Less: Provision for bad debts	<u>250</u>
Capital Accounts:			7,750
X	20,000	Stock	12,500
Y	15,000	Motor vans	4,000
Z	12,500	Machinery	17,500
		Buildings	22,500
	85,500		85,500

Y retired on 31st December, 2015 subject to the following conditions:

- (i) Goodwill of the firm is to be valued at ` 9,000.
- (ii) Machinery to be depreciated by 10% and motor vans by 15%.
- (iii) Stock to be appreciated by 20% and building by 10%.
- (iv) Provision for bad debts to be increased by ` 975.
- (v) Liability for workmen's compensation to the extent of ` 825 is to be created.

It was agreed that X and Z will share profits in future in the ratio of 3:2 respectively. Y is to be paid in cash.

Prepare Revaluation Account, Capital Accounts and the Balance Sheet of the New firm.

16. a. A Limited has submitted the following consolidated balance sheets (as on 31.12.2014) and (as on 31.12.2015). Prepare cash flow statement as per AS-3(revised indirect method).

BALANCE SHEETS of A LIMITED
as on 31st December, 2014 and 2015

Liabilities	2014 `	2015 `	Assets	2014 `	2015 `
Share capital	5,00,000	6,00,000	Fixed assets	12,00,000	13,50,000
General reserve	1,00,000	1,30,000	Less: Accumulated depreciation	4,00,000	4,50,000
Public deposits	28,000	50,000	Stock	8,00,000	9,00,000
Retained earnings	70,000	90,000	Book debts	2,50,000	3,50,000
6% Debenture	4,00,000	3,00,000	Cash in hand & bank	2,00,000	1,70,000
Loan on mortgage of building	-	50,000	Prepaid expenses	1,00,000	30,000
Creditors for goods	2,18,000	1,44,000	Short term investments	2,000	5,000
Outstanding wages	4,000	6,000	Preliminary expenses	28,000	50,000
Provision for income tax	80,000	1,50,000		20,000	15,000
	14,00,000	15,20,000		14,00,000	15,20,000

Or

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- b. From the following balance sheets of Mukesh Limited for the year ended 31st December, 2014 and 2015. Prepare a cash flow statement as per AS-3 revised (indirect method).

BALANCE SHEETS of Mukesh Limited
as on 31st December, 2014 and 2015

Liabilities	2014	2015	Assets	2014	2015
Share capital	1,00,000	2,00,000	Fixed assets	3,00,000	4,86,000
10% debentures	2,00,000	3,00,000	Stock	30,000	40,000
Trade creditors	50,000	60,000	Debtors	20,000	30,000
Outstanding expenses	5,000	2,000	Bills receivable	15,000	10,000
Bills payable	10,000	5,000	Marketable securities	25,000	20,000
Tax payable	8,000	6,000	Preliminary expenses	10,000	5,000
Dividend proposed	15,000	18,000	Cash balance	40,000	80,000
Retained earnings:			Prepaid expenses	38,000	30,000
General reserve	80,000	90,000			
Securities premium	10,000	20,000			
	4,78,000	7,01,000		4,78,000	7,01,000

17. a. Krishna Limited issued 8,000 shares of ₹ 10 each at a discount of 10% to the public. The amount was payable as follows:

₹ 4 on application, ₹ 3 on allotment and the balance on final call.

Applications were received for all the shares. The final call had not yet been made. All applicants paid allotment money. During the year the company made a net profit of ₹ 30,000. It was decided to write off the discount of ₹ 4,000 out of the profits for the year. Pass journal entries and prepare opening balance sheet in the books of the company.

Or

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- b. Shrayansh Limited issued 1,00,000 equity shares of ₹ 10 each at a discount of ₹ 1 per share, payable as follows:

On application ₹ 2 per share, on allotment ₹ 2 per share, on first call ₹ 3 per share and on final call ₹ 2 per share. All money were received except the following:

- (i) Raja who holds 400 shares did not pay the amount of first call and final call.
 - (ii) Ravi who holds 600 shares did not pay the amount of final call.
- Shares of both the shareholders were forfeited. Pass necessary journal entries.
