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HS/XII/Com/Ac/19

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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)**

(Marks : 60)

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

(a) Receipts and Payments A/c is a

(i) Personal A/c

(ii) Real A/c

(iii) Nominal A/c

(2)

(b) In the absence of an agreement between the partners, interest will be allowed to the partners for loans given by them to the firm at the rate of

(i) 4% p.a.

(ii) 5% p.a.

(iii) 6% p.a.

(c) If a new partner brings the amount of goodwill in cash, goodwill is transferred to old partners' Capital A/cs in

(i) sacrificing ratio

(ii) new ratio

(iii) gaining ratio

(d) Called-up Capital is a part of

(i) Reserve Capital

(ii) Paid-up Capital

(iii) Subscribed Capital

(3)

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

- (a) Write one feature of Income and Expenditure A/c.
- (b) Define partnership deed.
- (c) Write one situation where reconstitution of partnership takes place.
- (d) Give one point of difference between Ordinary share and Preference share.

3. What do you mean by 'subscription'? 2

4. The average profit of a firm is ₹ 60,000. The total assets of the firm are ₹ 9,00,000 and value of other liabilities is ₹ 5,00,000. Normal rate of return in the same business is 10% p.a.

Find out the value of goodwill on the basis of three years' purchase of superprofits. 2

5. Briefly explain average profit method of valuing goodwill. 2

- 6.** Write the journal entry for issuing shares at premium which is included in allotment. 2
- 7.** Write a brief note on fixed capital and fluctuating capital in Partnership Accounts. 3
- 8.** C. B. Ltd. forfeited 100 shares of ₹ 10 each, ₹ 8 called-up, for non-payment of allotment and 1st call of ₹ 5. 80 shares were reissued at ₹ 7 per share, ₹ 8 paid-up.

Pass necessary Journal Entries in respect of forfeiture and reissue of shares. 3
- 9.** Give three points of difference between a share and a debenture. 3
- 10.** Excellancy Company Limited took over the assets of ₹ 5,00,000 and liabilities worth ₹ 2,00,000 of J. J. Ltd. Company.

Pass necessary Journal Entries for the purchase, if the company agrees to issue 9% debentures in full settlement of the claim of J. J. Ltd. for ₹ 3,40,000. 3
- 11.** Write four points of difference between a Partnership and a Joint-Stock Company. 4
- 12.** What do you mean by Employee Stock Option Plan? 4

(5)

13. From the following Receipts & Payments A/c of Diana Club and from the information supplied, prepare an Income & Expenditure A/c for the year ended 31st March, 2018 : 6

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

<i>Receipts</i>	<i>₹</i>	<i>Payments</i>	<i>₹</i>
Balance b/d	5,000	Wages and Salaries	9,000
Annual Subscription	25,000	Power and Light	3,000
Entrance Fees	4,000	Expenses on	
Donations	5,000	Charity Show	15,000
Life Membership Fees	8,000	Rent	12,000
Proceeds of		Investment	20,000
Charity Show	25,000	Balance c/d	15,000
Interest on			
Investment	2,000		
	<u>74,000</u>		<u>74,000</u>

On 1st April, 2017, the following balances appeared in the books of the club :

	<i>₹</i>
Investment	10,000
Furniture	5,000
Life Membership Fund	3,000
Annual Subscription Outstanding	2,000
Annual Subscription Received in advance	1,000
Annual Subscription due on 31st March, 2018	4,000

(6)

Or

The following is the Receipts & Payments A/c of a club for the year ended 31st December, 2017 :

*Receipts & Payments A/c
for the year ended 31st December, 2017*

<i>Receipts</i>	<i>₹</i>	<i>Payments</i>	<i>₹</i>
Balance b/d	15,000	Salaries	15,000
Subscriptions :		Entertainment	
2016	1,000	Expenditure	6,000
2017	20,000	General Expenses	5,000
2018	2,000	Investments	10,000
Sale of Old Furniture		Printing and Stationery	4,000
(cost—₹ 1,000)	600	Newspapers and	
Entertainment		Periodicals	3,000
Receipts	10,000	Furniture	3,000
Sale of Newspapers	400	Balance c/d	3,000
	<u>49,000</u>		<u>49,000</u>

Additional Information :

The club has 250 members each paying an annual subscription of ₹ 100, ₹ 50 are still in arrears for subscription of 2016. In 2016, 10 members had paid their subscriptions for 2017 as well. Salaries paid included ₹ 1,000 for 2016 and ₹ 1,500 for 2018. Outstanding salaries for 2017 amounted to ₹ 2,000. Interest for three months @ 6% p.a. was accrued on investments.

Prepare Income & Expenditure A/c of the club for the year ended on 31st December, 2017.

14. Sunrise Company Ltd. issued 5000 equity shares of ₹ 10 each for public subscription at par payable as follows :

On application—₹ 4

On allotment—₹ 3

On first and final call—₹ 3

All the shares were subscribed for by the public and money received, except the holders of 100 shares who failed to pay the first and final call. These shares were forfeited by the company. 60 shares were reissued out of the forfeited shares at ₹ 9 each as fully paid-up shares.

Pass necessary Journal Entries in the books of the company.

6

Or

Moonshine Ltd. issued 500 equity shares of ₹ 100 each for public subscription at ₹ 20 premium payable as follows :

On application—₹ 40

On allotment—₹ 50 (including premium)

On first and final call—Balance

The public applied for 600 shares. The excess application money was adjusted towards allotment. All the money was received except the call on 100 shares. These 100 shares were forfeited and reissued them later at ₹ 80 as fully paid-up.

You are required to show Cashbook and Journal Entries to record the above transactions in the books of the company.

15. X and Y are in partnership, sharing profits and losses in the ratio of 5 : 3 respectively. Their Balance Sheet as on 31st March, 2018 is as follows :

*Balance Sheet of X and Y
as on 31st March, 2018*

<i>Liabilities</i>	<i>₹</i>	<i>Assets</i>	<i>₹</i>
Creditors	28,000	Bank	15,800
Workmen Compensation Reserve	12,000	Debtors	40,000
Bank Loan A/c	20,000	Less : Provision	<u>1,800</u>
Capital A/cs :		Stock	56,000
X	50,000	Investments	10,000
Y	40,000	Plant	30,000
	<u>1,50,000</u>		<u>1,50,000</u>

Z is admitted on 1st April, 2018 into partnership on the following terms :

- (i) The new profit sharing ratio will be 4 : 3 : 2 between X, Y and Z
- (ii) The new partner brings ₹ 25,000 as his capital and ₹ 8,000 as premium for goodwill
- (iii) ₹ 8,000 of investments were to be taken over by X and Y in their profit sharing ratio
- (iv) Stock to be reduced by 10%
- (v) Provision for doubtful debts should be @ 5% on debtors
- (vi) The liability of workmen compensation reserve was determined to be ₹ 3,000

Prepare Revaluation A/c, Partners' Capital A/cs and the Balance Sheet of the new firm.

(9)

Or

The following was the Balance Sheet of Anu and Binu who were sharing profits and losses in the ratio of $\frac{2}{3}$ and $\frac{1}{3}$ as at 31st March, 2018 :

*Balance Sheet of Anu and Binu
as on 31st March, 2018*

<i>Liabilities</i>	<i>₹</i>	<i>Assets</i>	<i>₹</i>
Capitals :		Cash	1,200
Anu	30,000	Sundry Debtors	9,700
Binu	20,000	Stock	20,000
Creditors	65,900	Plant and Machinery	35,000
		Building	50,000
	<u>1,15,900</u>		<u>1,15,900</u>

With effect from 1st April, 2018, they agreed to admit Minu into partnership for $\frac{1}{3}$ rd share in the profits on the following terms :

- (i) Minu was to bring ₹ 15,000 as capital and ₹ 6,000 as share of goodwill
- (ii) That the value of plant and machinery were to be reduced by 10%
- (iii) That a provision of 5% was to be created for doubtful debts
- (iv) That the building be appreciated by 20%

Prepare Revaluation A/c, Partners' Capital A/cs and the Opening Balance Sheet of the new firm.

(10)

- 16.** The Balance Sheet of *K*, *N* and *P* who were partners in a firm sharing profits according to their capitals as on 31st March, 2018 was as follows :

*Balance Sheet of K, N and P
as at 31st March, 2018*

<i>Liabilities</i>	₹	<i>Assets</i>	₹
Creditors	42,000	Building	2,00,000
<i>K</i> 's Capital	1,60,000	Machinery	1,00,000
<i>N</i> 's Capital	80,000	Stock	36,000
<i>P</i> 's Capital	80,000	Debtors	40,000
Reserve	40,000	Less : Provision	<u>2,000</u>
		Cash at Bank	38,000
			28,000
	<u>4,02,000</u>		<u>4,02,000</u>

On 1st April, 2018, *N* decided to retire from the firm and was paid for his share in the firm subject to the following :

- (i) Building to be appreciated by 20% and machinery to be depreciated by 20%
- (ii) Provision for bad debts to be increased to 15% on debtors
- (iii) Goodwill of the firm is valued at ₹ 1,44,000 and the retiring partner's share is to be adjusted through the capital accounts of the remaining partners

Prepare Revaluation A/c, Partners' Capital A/cs and the Balance Sheet after *N*'s retirement.

6

Or

Bhatia and Sethia were carrying on a business in partnership sharing profits and losses in the ratio of 3 : 2 respectively. They close their books of accounts on 31st December every year. Their Balance Sheet as on 31st December, 2017 was as follows :

*Balance Sheet of Bhatia and Sethia
as on 31st December, 2017*

<i>Liabilities</i>	<i>₹</i>	<i>Assets</i>	<i>₹</i>
Bhatia's Capital	90,000	Furniture	20,000
Sethia's Capital	60,000	Stock	1,00,000
Reserve	30,000	Debtors	50,000
Creditors	20,000	Cash in Hand	30,000
	<u>2,00,000</u>		<u>2,00,000</u>

Sethia died on 1st May, 2018. Partnership deed provided that in the event of death of a partner, his heirs would be entitled to :

- (i) Capital to his credit at the date of death
- (ii) Share of reserve on the date of the last Balance Sheet
- (iii) Share of profits to the date of his death based on the profit of the last accounting year
- (iv) Share of goodwill which is to be calculated on the basis of the average profit of the last three accounting years

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The profits for the three preceding accounting years were as follows :

<i>Years</i>	<i>₹</i>
2015	41,800
2016	39,200
2017	45,000

Prepare Sethia's Capital A/c, his Executor's A/c.
Workings will form part of your answer.

(13)

PART—B

(**Financial Statement Analysis**)

(Marks : 20)

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

(a) An objective of 'Analysis of Financial Statements' is

- (i) issue of shares
- (ii) measure the solvency
- (iii) purchase raw materials
- (iv) publish final accounts

(b) An example of cash flow from operating activity is

- (i) rent received
- (ii) discount on issue of shares written off
- (iii) interim dividend paid
- (iv) sale of non-current investment

18. (a) Write the formula of debt-equity ratio. 1

(b) Write one limitation of cash flow statement. 1

19. What items are included in shareholders' funds? 3

20. List any three tools for analyzing financial statements. 3

21. From the following information, calculate—

- (a) current ratio;
- (b) debt to equity ratio;
- (c) total assets to debt ratio;
- (d) proprietary ratio :

4

	₹
Long-term Borrowings	1,00,000
Long-term Provisions	50,000
Current Liabilities	25,000
Non-current Assets	1,80,000
Current Assets	45,000

22. From the following Summarized Balance Sheets of a company, prepare a Cash Flow Statement : 6

Particulars	31.03.2018	31.03.2017
	₹	₹
I. <i>Equity and Liabilities</i>		
1. Shareholders' Funds :		
(a) Share Capital	50,000	50,000
(b) Reserves and Surplus	60,000	30,000
2. Non-current Liabilities :		
Long-term Borrowings		
6% Debentures	80,000	60,000
3. Current Liabilities :		
(a) Trade Payables	35,000	48,000
(b) Short-term Provisions		
Provision for Tax	40,000	32,000
	<u>2,65,000</u>	<u>2,20,000</u>

(15)

	<i>Particulars</i>	<i>31.03.2018</i> ₹	<i>31.03.2017</i> ₹
II.	<i>Assets</i>		
1.	Non-current Assets :		
	(a) Fixed Assets	1,40,000	1,00,000
	(b) Investments	30,000	40,000
2.	Current Assets :		
	(a) Inventory	45,000	30,000
	(b) Trade Receivables	40,000	30,000
	(c) Cash and Cash Equivalents	10,000	20,000
		<u>2,65,000</u>	<u>2,20,000</u>

Or

From the following statement, calculate Cash Flow from Operating Activities :

*Statement of Profit and Loss
for the year ended 31st March, 2018*

	<i>Particulars</i>	₹
I.	Revenue from Operation	98,000
II.	Other Income :	
	Profit on sale of machinery	5,000
	Dividend received	7,000
	Income tax refund	<u>6,000</u>
III.	Total Revenue	<u>1,16,000</u>

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<i>Particulars</i>		₹
IV. Expenses :		
Employees benefit	10,000	
Depreciation	20,000	
Goodwill written off	8,000	
Rent	18,000	
Loss on sale of Building	<u>5,000</u>	<u>61,000</u>
V. Profit before tax (III–IV)		<u>55,000</u>
Less : Provision or Tax		<u>25,000</u>
Profit after Tax		<u>30,000</u>
Less : Proposed Dividend		<u>10,000</u>
Balance of Profit		<u>20,000</u>

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