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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, 24 and 25, 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 – 8 and 26 – 27, the answers and calculations may be as short as possible.
- V. For question Nos. 9 – 16, and 28 – 31, answers and solutions are to be given as required.
- VI. For question Nos. 17 – 21 and 32 – 34, answers and solutions are to be given in detail.
- VII. Question Nos. 22, 23, 35 and 36 are essay type questions. Calculations and solutions are to be shown as required.

P.T.O.

PART - A
PARTNERSHIP AND COMPANY ACCOUNTS
MARKS : 60

1. Goodwill is _____ . 1
(A) a fictitious asset
(B) an intangible asset
(C) a current liability
(D) a tangible asset
2. Minimum subscription must be _____ of the issued amount, as per SEBI guidelines. 1
(A) 6%
(B) 12%
(C) 50%
(D) 90%
3. What is the relation between the partners? 1
4. P and Q are partners in a firm sharing profit and losses 2:3 with effect from 1st April, 2021, they decided to share Profit and Loss equally. What will be Q's gain or sacrifice ? 1
5. How is the balance of a retiring partner's current account dealt with? 1
6. Point out the difference between rate of interest allowed on calls in advance and interest charged on calls in arrear, as per Company Act, 2013. 1
7. Give the meaning of 'Issue of Indebtness as a Collateral Security'. 1
8. Show the entry when Interest as Debentures is transferred to Profit and Loss Account. 1

9. State the provisions of Partnership Act, 1932 in the absence of a partnership deed regarding (a) Interest on advances other than capital and (b) Interest on partners' drawings. 2
10. How are the 'Share of Profit earned by a partner' treated under
 (i) Fixed Capital system and
 (ii) Fluctuating Capital system 1+1=2
11. A, B and C are partners in 3:2:1 ratio. They changed their ratio to 2:2:1 with effect from 1st April, 2022. On this date workmen compensation reserve stood at Rs. 25,000. Show the accounting treatment of when there is a liability of Rs. 7000 against this account. 2
12. L, M and N were partners in a firm. On 1st January, 2021, M retired. On M's retirement, the goodwill of the firm was valued at Rs. 4,20,000. Pass necessary journal entry for the treatment of Goodwill on M's retirement. 2
13. Point out two situations under which a partnership firm can be compulsorily dissolved. 2
14. How do you differentiate between 'Allotment of shares' and 'Allotment money due'? 2
15. State two conditions for the issue of Sweat Equity Shares. 2
16. PS Limited has issued 2000 shares of Rs. 10 each at a premium of 30% on its face value to the promoters of the Company.
 Pass the necessary journal entry to record the above transaction. 2
17. K, P and S are partners in a firm. Their capitals were Rs. 1,60,000, Rs. 80,000 and Rs. 1,00,000 respectively sharing profits as 7:6:4. The rate of interest on capital was agreed at 10% per annum, but was wrongly credited to them as 12% per annum. Showing your working notes, give the necessary adjustment entry. 4
18. X, Y and Z are partners whose books are closed on 31st December each year. Y died on 31st March, 2022 and according to the agreement the share of the profits of a deceased partner upto the date of death is to be calculated on the basis of the average profits for the last five years. The net profits for the last 5

years have been: 2017 - Rs.16,000; 2018 - Rs.20,000;2019 - Rs. 1800; 2020 - Rs. 1200 (Loss) and 2021 - Rs. 18,000. Calculate Y's share of the profits upto the death and pass journal entry. 4

19. SK Ltd. forfeited 800 shares of Rs. 10 each, issued at 30% premium (to be paid at the time of allotment) for non-payment of a first call of Rs. 2 per share. The second and final call of Rs.2 has not been called. Out of these, 200 shares were reissued as Rs.8 paid up for Rs.8 per share. Give necessary journal entries. 4
20. State four characteristics of Debentures. 4
21. SOBI Ltd. purchased computer for Rs. 85,000 from KABI Ltd. It paid Rs. 47,000 by cheque and the balance was paid by issuing 12% debentures of Rs.10 each at 5% discount. Calculate the balance amount of purchase consideration, number of debentures issued by SOBI Ltd. and make the necessary journal entry in the books of SOBI Ltd. 4
22. Naoba and Suraj were in partnership sharing profit and losses in the ratio of 1:4. On 31st March,2020, their Balance sheet stood as follows:

BALANCE SHEET
as on 31-3-2020

Liabilities	Rs.	Assets	Rs.
Bills payable	16,000	Cash	14,000
Employees Provident Fund	4,000	Sundry Debtors – 32,000	
General Reserve	10,000	Less : Provision – 2,000	
Capitals:			30,000
Naoba 40,000		Land	46,000
Suraj 1,00,000		Furniture	80,000
	1,40,000		
	1,70,000		1,70,000

On 1st April 2021, Johnson was admitted to the partnership on the following terms:

- (a) Johnson was entitled to 2/7 share in profits.
- (b) Johnson will introduce Rs. 80,000 as his capital and pay Rs. 40,000 to the partners as premium privately.
- (c) The book value of Furniture would be decreased by Rs. 20,000.
- (d) 20% of the Reserve is to remain as Provision for Doubtful Debts.

You are required to prepare (i) Partner' Capital Accounts and (ii) Balance Sheet of new firm. 5+3=8

23. SUR Prospects Limited issued 30,000 Equity shares of Rs. 10 each at a premium of Rs. 2 per share, payable as follows:

- | | |
|--|-------|
| (a) On Application – | Rs. 2 |
| (b) On Allotment (including Premium) – | Rs. 5 |
| (c) On first and final call – | Rs. 5 |

All shares were applied for and allotted. All money were received with the exception of first and final call on 500 shares.

Prepare the necessary Journal Entries and show the value of Shareholders' Funds in Balance Sheet of the company in respect of the above transactions. 6+2=8

PART – B
ANALYSIS OF FINANCIAL STATEMENTS
MARKS : 40

24. In common size statement of Profit and Losses, _____ is taken as 100 . 1
- (A) Total Revenue
(B) Revenue from operations
(C) Total Expenses
(D) Cost of Revenue from operations
25. Satisfactory Ratio between Long-term Debts and Shareholders's Funds is ____ . 1
- (A) 1:1
(B) 1:2
(C) 2:1
(D) 3:2
26. Write the example of Capital-work -in-progress. 1
27. What does a Low Proprietary Ratio mean ? 1
28. Why Horizontal Analysis is considered dynamic in nature ? 2
29. Compute : (i) Trade Receivables Turnover Ratio and
(ii) Average collection period
- Information :
- | | | |
|------------------------|--------------|---|
| Revenue from operation | Rs. 3,60,000 | |
| Bills Receivable | 8,000 | |
| Debtors | 40,000 | 2 |
30. State two uses of Cash Flow Statement. 2

31. Distinguish between Cash from operating activities and Net profit. 2

32. Prepare comparative statement of Profit and Loss from the following: 4

Particulars	Note No.	31st March 2022 (Rs.)	31st March 2021(Rs.)
Revenue from operations		3,00,000	2,00,000
Other Income (% of revenue from operations)		15%	20%
Expenses (% of operating Revenue)		60%	50%

33. Enumerate the categories into which the ratios are grouped on the basis of the purposes which they serve. 4

34. Gross Profit of JIRIBAM Tea Plantation Limited was 30%. Its credit Revenue from operations were Rs. 2,50,000 and its cash Revenue from operations were 80% of the total Revenue from operations. Indirect expenses of the company were Rs. 25,000. Calculate its Net Profit Ratio. 4

35. With the help of the given below for PRIYA-Auto company, calculate:

$$2+3+3=8$$

(a) Current Liabilities

(b) Inventory and

(c) Revenue from operations

Information : Current assets is Rs. 8,00,000

Quick Ratio is 1.5:1

Current Ratio is 2:1

Inventory turnover Ratio is 6 times.

Goods were sold at a Profit of 25% on cost.

36. Following is the Balance Sheet of MANIPUR Handloom Limited for the year ended 31st March, 2021 and 2022.

Particulars	2021 - 22 Rs	2020-21 Rs.
I. EQUITY & LIABILITIES :		
(1) Shareholder's funds		
(a) Share Capital	1,20,000	80,000
(b) Reserve and Surplus (Balance in statement of Profit and Loss)	35,000	40,000
(2) Non-current Liabilities		
Long term borrowings	44,000	35,000
(3) Current Liabilities		
(a) Trade Payables	6,000	5,000
Total	2,05,000	1,60,000
II. ASSETS :		
(1) Non-current Assets :		
(a) Fixed Assets		
i) Tangible	1,20,000	90,000
(2) Current Assets :		
(a) Inventories	20,000	10,000
(b) Trade Receivables	31,000	23,000
(c) Cash and cash equivalentents	34,000	37,000
Total	2,05,000	1,60,000

Prepare a Cash Flow Statement as per AS-3 (revised) indirect method after taking into account the following adjustments -

- (a) The company paid interest Rs. 3,600 on its long term borrowings. 8
- (b) Depreciation charged on tangible fixed assets was Rs. 12,000.