

**2021**  
**ACCOUNTANCY (NEW COURSE)**

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.*

1. What is meant by legacy? 1
2. State the primary motive of not for profit organization. 1
3. Define partnership deed. 1
4. Why is Profit & Loss Appropriation Account prepared? 1
5. State the accounting treatment of accumulated profit in case of retirement of a partner. 1
6. Who is liable for firm's debts? 1
7. What is meant by redemption of debenture? 1
8. Write any three differences between fixed capital method and fluctuating capital method. 3
9. X, Y and Z are sharing profits and losses in the ratio of 5:3:2. They decided to share future profits and losses in the ratio of 2: 3: 5 with effect from 1<sup>st</sup> April 2020. The following items appear in the balance sheet as at 31<sup>st</sup> March, 2019. General Reserve ₹30,000; Advertisement Suspense A/C (Dr.) ₹20,000; Contingencies Reserve ₹5,000 and Profit & Loss A/C (Cr.) ₹15,000. Pass the necessary journal entries. 3
10. Write any three points of difference between an equity share and a preference share. 3
11. X Limited purchased Machinery from Y Limited for ₹4,95,000, payable 20% in

cash and the balance by the issue of fully paid 15% debentures of ₹100 each at par. Journalise these transactions in the books of the company. **3**

12. Explain three sources of redemption of debentures. **3**

13. a. Write any six features of Income and Expenditure Account. **6**

**Or**

b. From the following, prepare Income and Expenditure Account of R.K Sports Club for the year ended 31<sup>st</sup> March, 2020.

**Receipt & Payment Account of R.K Sports Club  
for the year ended 31<sup>st</sup> March, 2020**

Dr.			Cr.
Receipts	₹	Payments	₹
Balance(b/f):		Administrative Expenses	32,000
Cash	10,000	Repairs	1,600
Bank	6,500	Rent	1,000
Donations	10,000	Investments	8,000
Subscriptions	30,000	Salaries	7,000
Legacy	8,000	Furniture	5,200
Interest	1,400	Balance c/f	
Miscellaneous Receipts	3,600	Cash	6,000
		Bank	8,700
	69,500		69,500

Managing committee decided to treat 50% donations and legacy as capital receipts and balance revenue receipts.

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

a. Explain any six interested users in financial analysis.

b. Current Assets ₹2,00,000, Inventories ₹30,000, Prepaid expenses ₹10,000, Working Capital ₹1,68,000. Calculate current ratio and quick ratio.

c. Prepare Common Size Statement of Profit & Loss from the following information:

	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2020
	₹	₹
Revenue from operation	20,00,000	30,00,000
Other income	4,00,000	3,60,000
Expenses	12,00,000	21,00,000
Tax rate	50%	50%

15. a. The Balance Sheet of A and B sharing profits and losses in the ratio of 3:1 is given below:

**BALANCE SHEET of A and B**

Liabilities	₹	Assets	₹
A's capital	6,000	Bank	1,000
B's capital	2,000	Debtors	6,000
Creditors	1,000	Stock	3,000
Workmen's Compensation Fund	2,000	Investment	5,000
Reserve	4,000	Goodwill	1,000
Employees Provident Fund	1,000		
	16,000		16,000

C was admitted for  $\frac{2}{5}^{th}$  share in future profits on the following terms:

- i) C will bring ₹8,000 for capital and ₹2,000 for goodwill.
- ii) Market value of investment is ₹4,500.
- iii) Claim on account of workmen's compensation is ₹1,000.
- iv) Goodwill is not to appear in the new firm at all.

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

**Or**

**10**

- b. The following is the Balance Sheet of X and Y as on 31.3.2020:

**Balance Sheet of X and Y as on 31<sup>st</sup> March, 2020**

Liabilities	₹	Assets	₹
Creditors & Bills Payable	38,000	Cash & Bank Balance	8,500
Loan from Mrs.X	5,000	Stock	5,000
Loan from Mrs.Y	10,000	Investments	10,000
Workmen's Compensation Reserve	10,000	Debtors	20,000
Fixed Assets Replacement Reserve	1,000	Less: Provision	<u>2,000</u>
X's Capital	10,000	Fixed Assets	18,000
Y's Capital	10,000	Profit & Loss A/C	3,000
		Advertisement Suspense A/C	500
	84,000		84,000

The firm was dissolved on the same date and the following transactions took place:

- i) X promised to pay off Mrs. X's Loan and took away the stock at 20% discount.
- ii) Y took away half of the investment at 10% discount.
- iii) Debtors falling due after 10 months were realized at a discount of 6% per annum.
- iv) Creditors and bills payable due after one (1) month were paid at 6% discount per annum.

- v) Fixed assets realized at ₹71,000 and remaining investment realized at ₹4,500.  
vi) There was an old furniture which has been written off completely from the books. Y agreed to take away the same at the price of ₹300.  
vii) Realisation expenses were ₹1,000 paid by X.

Prepare Realisation Account, Cash & Bank Account and Partner's Capital Account.

16. a. From the following information, prepare a Cash Flow Statement:

**Balance Sheets as at 31.3.2019 & 31.3.2020**

<b>Particulars</b>	<b>31.3.2020 ₹</b>	<b>31.3.2019 ₹</b>
<b>I. Equity &amp; Liabilities</b>		
i) Shareholders' Fund:		
- Share Capital	65,000	45,000
- Reserves & Surplus (Profit & Loss A/C)	42,500	25,000
ii) Non Current Liabilities	-	-
iii) Current Liabilities		
- Trade Payable	11,000	8,700
<b>Total</b>	<b>1,18,500</b>	<b>78,700</b>
<b>II. Assets</b>		
i) Non Current Assets		
- Tangible Fixed Assets	83,000	46,700
- Intangible Assets (Goodwill)	-	500
ii) Current Assets		
- Inventories	13,000	11,000
- Trade Receivables	19,500	18,000
- Cash & Cash Equivalents	3,000	2,500
<b>Total</b>	<b>1,18,500</b>	<b>78,700</b>

Additional information:

During the year, depreciation charged on tangible fixed assets was ₹14,700 and an interim dividend ₹7,000 was paid.

**Or**

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- b. From the following information, prepare the Cash Flow Statement.

**BALANCE SHEETS**  
**as at 31<sup>st</sup> March, 2019 and 31<sup>st</sup> March, 2020**

Particulars	31 <sup>st</sup> March, 2020 ₹	31 <sup>st</sup> March, 2019 ₹
<b>I. Equity &amp; Liabilities</b>		
i) Shareholders' Funds:		
- Share Capital	1,60,000	80,000
- Reserve and Surplus (Profit & Loss A/C)	70,000	54,000
ii) Non-Current Liabilities	-	-
iii) Current Liabilities		
- Trade Payable	3,000	5,000
- Other Current Liabilities	25,000	15,000
<b>Total</b>	<b>2,58,000</b>	<b>1,54,000</b>
<b>II. Assets</b>		
i) Non Current Assets		
-Tangible Fixed Assets	1,88,000	89,000
-Intangible Fixed Assets(Goodwill)	20,000	30,000
ii) Current Assets		
-Trade Receivables	20,000	15,000
- Cash & Cash Equivalents	30,000	20,000
<b>Total</b>	<b>2,58,000</b>	<b>1,54,000</b>

Additional information:

Depreciation provided during the year on machinery ₹10,000.

17. a. X Limited was registered with a capital of ₹1,00,000 in shares of ₹10 each . It issued a prospectus inviting applications for 10,000 shares at 40% premium payable as follows:

On application                    ₹5 (including ₹1 premium)

On allotment                     ₹4 (including ₹1 premium)

On first call                      ₹3 (including ₹1 premium)

On second & final call    ₹2 (including ₹1 premium)

Applications were received for 10,000 shares. All money was dully received.

Pass the necessary journal entries.

**Or**

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- b. Y Limited offered 24,000 shares of ₹10 each at 20% premium payable as follows:  
On application ₹6 (including ₹1 premium) and balance on allotment (including the balance premium).

Public has applied for 39,000 shares. Shares were allotted on pro-rata to the applicants of 30,000 shares. Money overpaid on applications was employed on account of sum due on allotment. All the shareholders have paid the amount up to allotment except Gama, the allottee of 4,800 shares.

Pass the necessary journal entries.

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