

Time : 3 hours

Full Marks : 100

GROUP - A

1. From the alternatives given under each bit, choose and write serially the correct answer along with its serial number against each bit:

[1x15 = 15]

- (i) Depreciation is charged on:
 (a) Fictitious asset (b) Liquid asset
 (c) Current asset (d) Fixed asset
- (ii) Profit and Loss Appropriation Account shows:
 (a) Excess of income over expenditure
 (b) Appropriation of profit
 (c) Net profit (d) Gross profit
- (iii) The maximum amount up to which a company can issue capital, is called:
 (a) Subscribed capital (b) Issued capital
 (c) Called-up-capital (d) Authorised capital
- iv) Depreciation is:
 (a) a loss (b) a liability
 (c) an income (d) an asset
- (v) When depreciation is charged under Straight-line method, the amount of depreciation:
 (a) increases some years and decreases some years
 (b) remains constant
 (c) increases year after year
 (d) decreases year after year
- (vi) The document required for issue of share capital by a public company, is:
 (a) Articles of Association
 (b) Memorandum of Association
 (c) Prospectus
 (d) Certificate of Incorporation
- (vii) Receipt and Payment Account is prepared in lieu of:
 (a) Cash Book
 (b) Profit and Loss Adjustment Account
 (c) Balance Sheet
 (d) Profit and Loss Account

- (viii) Interest on capital is:
 (a) a liability (b) an asset
 (c) an expense (d) an income
- (ix) Goodwill is a/an:
 (a) Liquid asset (b) Wasting asset
 (c) Intangible asset (d) Current asset
- (x) Outstanding salary is a:
 (a) Representative Personal Account
 (b) Nominal Account
 (c) Real Account (d) Personal Account
- (xi) Expenditure on installation of a new machinery is:
 (a) Recurring expenditure
 (b) Deferred Revenue expenditure
 (c) Revenue expenditure
 (d) Capital expenditure
- (xii) Income and Expenditure Account is prepared to know:
 (a) Excess of income over expenditure
 (b) Financial position
 (c) Gross profit (d) Net profit
- (xiii) Mine is a:
 (a) Liquid asset (b) Fictitious asset
 (c) Intangible asset (d) Wasting asset
- (xiv) A debenture holder gets:
 (a) Salary (b) Interest
 (c) Commission (d) Dividend
- (xv) Profit and Loss Account reveals:
 (a) Financial position (b) Cash balance
 (c) Net profit (d) Gross profit
2. Answer the following questions as per instructions. [1x15]
- (a) Fill up the blanks of the following sentences
- (i) When closing stock appears in the Trial Balance, is shown only in the _____.
- (ii) Calls in advance is a _____ for the company.
- (iii) In the absence of any mention in the Partnership Deed, the partners share profit in _____ ratio.
- (b) Correct the underlined portion of the following sentences:
- (iv) Special donation is a revenue receipt

- (v) Sacrificing ratio is calculated at the time of retirement of a partner.
- (vi) Accrued income is a liability.
- (vii) General reserve is created out of capital profit.
- (c) Answer the following questions within **one sentence each**:
- (viii) What is the meaning of "depreciation"?
- (ix) Define Partnership.
- (x) How is capital reserve created?
- (xi) What do you mean by "issue of shares at a discount"?
- (d) Answer the following questions within **one word/term each**:
- (xii) Where is the balance of Income and Expenditure Account transferred?
- (xiii) What does Trading Account reveal?
- (xiv) What is the most liquid asset?
- (xv) Give an example of Intangible asset.
- (n) Write any two special features of an equity share.
4. Answer the following questions in six sentences each: [3x6]
- (i) What is the importance of the 'objects' clause of the Memorandum of Association?
- (ii) Write any three differences between an equity share and a preference share.
- (iii) How is the sacrificing ratio calculated?
- (iv) Write any three differences between Receipts and Payments Account and Income and Expenditure Account.
- (v) Show any three distinctions between Share and Debenture.
- (vi) Write any three clauses of Partnership Deed.
- (vii) What is fluctuating capital?
- (viii) Mention the different methods of valuation of goodwill.

GROUP - B

3. Answer any eleven of the following questions within **two or three sentences**: [2x11]
- (a) How is Life Membership fee treated in the Accounts?
- (b) What do you mean by Entrance fee?
- (c) Write any two manufacturing expenses.
- (d) How is general reserve created and how is it utilised?
- (e) Mention any two factors to be considered for calculating depreciation.
- (f) What does Manufacturing Account reveal and to which account is its balance transferred?
- (g) Show the journal entry for creation of Reserve for discount on creditors.
- (h) Name the methods of marshalling of assets and liabilities in the Balance Sheet.
- (i) What is the purpose of Opening Current Accounts for partners?
- (j) How is "Outstanding subscription" treated in the final accounts of "not for profit organisations"?
- (k) What do you mean by subscribed capital?
- (l) Why is a revaluation account prepared?
- (m) How will prepaid insurance be shown in the Final Accounts when it is given in the adjustments?

GROUP - C

Answer the following questions. [7.5x4]

5. Write notes on:
- (a) Pro-rata allotment of shares
- (b) Issue of shares at a discount
- (c) Diminishing balance method of depreciation
- (d) Profit and Loss Appropriation Account.
6. Discuss the Average Profit and Super Profit methods of valuation of goodwill.
7. Explain the procedure for preparation of Income and Expenditure Account from the given Receipts and Payments Account and other information.
8. On 1st January, 2013 provision for bad debts stood at ₹2,000 and provision for discount on debtors appeared at ₹500. The total debtors on 31st December, 2013 was ₹50,000. During the year, Bad debts amounted to ₹400 and discount allowed was ₹100. It was decided to maintain provision for bad debts @5% and provision for discount on debtors @2%. During the year, 2014, Bad debts amounted to rs. 700 and discount allowed ₹250. Sundry debtors at the end of the year stood at ₹30,000 and provision for bad debts and provision for discount on debtors are to be maintained @5% and 2%, respectively. Prepare Provision for bad debts Account, Bad Debts Account and Provision for discount on debtors Account for both the years.

9. A and B were partners in a firm sharing profits and losses in the ratio of 2:1. Their Balance Sheet as on 31st December, 2014 was as follows:

Liabilities	Rs.	Assets	Rs.
Sundry creditors	50,000	Cash	25,000
Bills Payable	25,000	Stock	25,000
Capital:		Sundry debtors	45,000
A - 75,000		Furniture	50,000
B - 50,000		Machinery	55,000
	1,25,000		
	<u>2,00,000</u>		<u>2,00,000</u>

On the above date C was admitted for 1/3rd share of profit. C brought ₹30,000 as his capital. Stock was decreased by ₹5,000 and furniture was valued at ₹57,500. Machinery was depreciated by 5%. Prepare Capital Accounts of partners and Balance

- Sheet after C's admission.
10. Odisha Copper Ltd. issued 20,000 equity shares of ₹10 each at a premium of ₹2 per share. The amount was payable:

₹2 on application, ₹5 on allotment (including premium), ₹3 on 1st call and ₹2 on final call. Applications were received for 25,000 shares which were allotted on pro-rata basis. All the calls were made and the whole amount was duly received except the final call money on 200 shares. These shares were forfeited and reissued at ₹7 per share, as fully paid up.

Pass journal entries for the above transactions and prepare the Opening Balance Sheet of the company.

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GROUP - A

1. *From the alternatives given under each bit, choose and write serially the correct answer along with its serial number against each bit:*
[1x15 = 15]
- (i) Manufacturing Account reveals:
(a) Cost of production (b) Gross profit
(c) Net profit (d) Financial position
- (ii) Trade mark is a/an:
(a) Intangible asset (b) Current asset
(c) Liquid asset (d) Fictitious asset
- (iii) Outstanding rent is a:
(a) Real Account (b) Nominal Account
(c) Personal Account
(d) Representative Personal Account
- iv) Balance Sheet reveals:
(a) Gross profit (b) Financial position
(c) Net profit (d) Cost of production
- (v) A debenture holder gets:
(a) Interest (b) Dividend
(c) Salary (d) Commission
- (vi) Calls in arrear is:
(a) An asset (b) An liability
(c) An income (d) An expenditure
- (vii) Out of the following, the one which is a liquid asset, is:
(a) Inventory (b) Prepaid insurance
(c) Cash (d) Sundry Debtors
- (viii) Donations received for a special purpose will be treated as:
(a) Income (b) Asset
(c) Liability (d) Expenditure
- (ix) Legacy is usually shown as a/an:
(a) Liability (b) Income
(c) Expenditure (d) Asset
- (x) Depletion method of depreciation is applicable to:
(a) Loose tools (b) Quarries
(c) Machineries (d) Patents
- (xi) Credit balance of Profit and Loss Account forms part of:
(a) General Reserve (b) Specific Reserve
(c) Capital Reserve (d) Secret Reserve
- (xii) For distribution of profit amongst partners, the account which is opened, is:
(a) Profit and Loss Account
(b) Profit and Loss Appropriation Account
(c) Profit and Loss Adjustment Account
(d) Revaluation Account
- (xiii) If vendors are issued fully paid up shares of ₹2,00,000 in consideration of net assets of ₹1,60,000, the balance of ₹40,000 will be debited to:
(a) Profit & Loss Account
(b) Capital Reserve Account
(c) Revenue Reserve Account
(d) Goodwill Account
- (xiv) Goods given as samples should be credited to:
(a) Advertisement Account
(b) Sales Account
(c) Purchases Account (d) Purchases Account
- (xv) Income Tax paid by a sole trader on his business income should be:
(a) Debited to Trading Account
(b) Debited to Profit and Loss Account
(c) Debited to his Capital Account
(d) Credited to his Capital Account
2. **Answer the following questions as per instructions.**
- (a) **Answer the following questions within one sentence each:**
- (i) What is meant by Depletion Method?
(ii) What is accrued income?
(iii) What is Issued Capital?

- (iv) How are debentures classified from the point of view of security?
- (b) **Fill in the blanks:**
- (v) Where provision for Doubtful Debts Account is maintained, Bad debt is debited to _____ Account.
- (vi) Arrangement of Assets and Liabilities either on the basis of permanence or liquidity, is known as _____ of assets and liabilities.
- (vii) Outstanding income means income which has become _____ during the accounting year but which has not so far been received.
- (viii) Sale of scrap is credited to _____ Account.
- (c) **Correct the underlined portion of the following sentences:**
- (ix) The term 'super profit' refers to the trading profit made by a concern over 'normal profit'.
- (x) If stock at the end appears in the Trial Balance, it is taken to Trading Account.
- (xi) Reserve is a charge against profit.
- (d) **Answer the following questions within one word/term each:**
- (xii) What type of asset is Goodwill?
- (xiii) Which additional account is opened for each partner when they decide to keep their capital fixed?
- (xiv) To which account is General Reserve, at the time of admission of a new partner, transferred?
- (xv) What type of profit is premium on issue of shares?

GROUP - B

3. **Answer the following questions not more than three sentences each:**
- (a) How is Life Membership fee treated in the Accounts of 'non for profit' concerns?
- (b) What entry is passed for making provision for discount on Debtors?
- (c) Give any two examples of current liabilities.
- (d) What adjusting entry is passed for prepaid expense?
- (e) What is meant by factory expenses?
- (f) If the proprietor withdraws money from his business on the 1st of every month of the year, how is interest on drawing calculated? Give an example.
- (g) In a manufacturing concern, what do stocks

constitute?

- (h) For commission received, what entry is passed?
- (i) What is a bearer debenture?
- (j) What do you mean by Authorised Capital?
- (k) Define 'Depreciation'.
- (l) What is meant by Partnership Deed?
- (m) What is meant by calls-in-arrear?
- (n) What do you mean by pro rata allotment?
4. **Answer the following questions in six sentences each:** [3x6]
- (a) State any three differences between share and debenture.
- (b) What are closing entries? How are those passed?
- (c) What is meant by 'Current Account' in partnership?
- (d) What are the elements of Final Accounts of a 'Not for profit' concern?
- (e) Distinguish between Profit and Loss Account and Profit and Loss Appropriation Account.
- (f) Distinguish between Manufacturing Account and Trading Account.
- (g) State any three causes of depreciation.
- (h) State any three differences between Reserve and Provision.

GROUP - C

Answer the following questions. [7.5x4]

5. Distinguish between Receipts and Payments Account; and Income and Expenditure Account.
6. Discuss the features of different types of reserves and provisions.
7. Explain the different terms of Issue of Debentures with journal entries.
8. Anam purchased a machinery for ₹ 5,00,000 on 1st January, 2009. He wanted to write off depreciation @5% per annum on original cost. Show Machinery Account and Depreciation Account for first five years, his accounts being closed on 31st December.
9. Lenka & Co. Ltd. issued 1,00,000 equity shares of ₹ 100 each at a premium of ₹ 20 each, payable as ₹ 20 on application; Rs. 50 on allotment including premium; Rs. 30 on first call; and ₹ 20 on final call.