

2018 ANNUAL

Time – 3 Hours

Full Marks – 80

GROUP - A

1. From the following alternatives, write serially the correct answer along with its serial number against each bit: [1 x 12 = 12]
- (i) Pre-paid insurance is a/an:
 a) Asset b) Liability
 c) Expense d) Income
- (ii) Outstanding office rent Account is a:
 a) Personal Account b) Real Account
 c) Fictitious Account
 d) Representative Personal Account
- (iii) Coal mine is a:
 a) Liquid asset b) Current asset
 c) Wasting asset d) Fictitious asset
- (iv) Shareholder gets:
 a) Commission b) Dividend
 c) Salary d) Interest
- (v) Trading account reveals:
 a) Financial position b) Net profit
 c) Gross profit d) Cash position
- (vi) Outstanding subscription is:
 a) Expense b) Income
 c) Liability d) Asset
- (vii) The current Account of a partner always shows:
 a) Debit balance b) Credit balance
 c) Both debit and credit balance
 d) Either debit and credit balance
- (viii) After re-issue of forfeited shares, the balance of share forfeited Account is transferred to:
 a) General Reserve b) Capital Reserve
 c) Revenue Reserve
 d) Capital Redemption Reserve
- (ix) Income and Expenditure Account is prepared to know:
 a) Gross profit b) Net profit
 c) Excess of income over expenditure
 d) Financial position
- (x) Depreciation is charged on:
 a) Current asset b) Fixed asset
 c) Liquid asset d) Fictitious asset
- (xi) Under 'accounts from incomplete records', the opening capital can be ascertained by preparing:
 a) Opening Capital Account
 b) Opening Balance Sheet
 c) Opening Statement of Affairs
 d) Opening Cash Account
- (xii) When drawings are made evenly through out the year, interest is charged for:
 a) 12 months b) 9 months
 c) 6 months d) 3 months
2. Answer the following questions as per instructions under each part: [1 x 12 = 12]
- (a) Answer the following questions within one word/term each:
- i) What type of liability is 'Bank Overdraft'?
- ii) Where is closing stock shown in the final accounts, if given in the Trial balance?
- iii) What type of asset is trade mark?
- (b) Answer the following questions within one sentence each:
- iv) Why is the Profit and Loss appropriation Account prepared?
- v) What is Authorised Capital?
- vi) What is meant by Entrance fee?
- (c) Correct the underlined portions of the following sentences:
- vii) Income received in advance is asset.
- viii) 'Calls-in-arrear' is a liability.
- ix) At the time of admission of a new partner, gaining ratio is calculated.
- (d) Fill up the blanks of the following sentences:
- x) In the absence of any mention in the Partnership Deed, the partners share profits and losses in _____ ratio.
- xi) 'Sundry debtors' is a _____ asset.
- (xii) Wages paid for erection of new machinery is a _____ expenditure.

GROUP - B

3. Answer any ten of the following questions within 30 (thirty) words each : [2x10=20]
- Write the legal definition of 'Partnership'.
 - State the factors taken into consideration for calculating depreciation.
 - What do you mean by 'Bearer debenture'?
 - How is Life membership fee treated in accounts?
 - What is the purpose of preparing Revaluation Account?
 - What is meant by pro-rata allotment?
 - Describe current liabilities.
 - How is Manager's commission calculated on Net Profit after charging such commission?
 - How is specific donation treated in the accounts of 'Not for profit' organizations?
 - What is 'Premium on issue of shares'? How is it brought into books of accounts?
 - What do you mean by 'Forfeiture of shares'?
 - What is Capital Fund?
 - What do you mean by Fictitious assets?

4. Answer any FOUR of the following questions within 50 (Fifty) words each: [3 x 4 = 12]

- What are opening entries? Explain opening entries with illustration.
- Distinguish between Share and Debenture.
- Describe any three causes of Depreciation.
- Distinguish between Profit and Loss Account and Profit and Loss Adjustment Account.
- What are the different methods of maintaining capital in partnership firm? Explain.
- Explain any four clauses of Partnership Deed.

GROUP - C

Answer any Three of the following questions:

[8 x 3 = 24]

5. Mohanty and Co.Ltd. issued 25,000 Equity shares of ₹10 each payable as: ₹2 on application, ₹5 on

allotment (including premium), ₹3 on 1st call and ₹2 on final call. Applications were received for 20,000 shares and allotment was made in full. Both the calls were made and amounts were duly received, except 100 shares on which final call money was not received. Pass journal entries for the above transactions. :

6. A and B are partners in a business sharing profits and losses equally. Their Balance Sheet on 31.12.2017 was as follows:

Liabilities	₹	Assets	₹
Capital:		Building	70,000
A 75,000		Machinery	30,000
B 75,000	1,50,000	Stock	35,000
Reserve	30,000	Sundry Debtors	34,000
Sundry Creditors	6,000	Bills Receivable	11,000
Bills Payable	2,000	Cash at bank	5,400
		Cash-in-hand	2,600
	1,88,000		1,88,000

On the above date, they admit C as a partner for one-fourth share in future profits. C brings ₹50,000 as capital. The goodwill of the firm was valued at ₹30,000; Building at ₹75,000; Stock at ₹32,500 and Machinery to be depreciated by 10%. Prepare the Profit and Loss Adjustment Account and Capital Accounts of all the partners.

- Ajay purchased a machine for ₹2,85,000 on 1st January, 2014. He spent ₹15,000 on its installation. He decided to write off depreciation @10% per annum on Diminishing balance method. Show the Machinery Account and Depreciation Account for the first four years, assuming that the accounts are closed on 31st December each year.
- Explain the procedure for preparation of Income and Expenditure Account from the given 'Receipts and Payments' Account and additional information.
- Distinguish between Single entry and Double entry system of Book-keeping.