

Question Paper for MR Students
ACCOUNTANCY-II

Time : 3 Hours

Theory : 80 Marks
Project/Practical : 15 Marks
IA = 05 Marks
Total : 100 Marks

Section-A

- (i) If a sports fund is created, then sports expenses are transferred to—
 - (a) Sports Fund Investment
 - (b) Income & Expenditure A/c
 - (c) Sports Fund
 - (d) None of these
- (ii) What are Non-Profit Organisations ?
- (iii) Legal fees paid to acquire a property is capital expenditure. (True/False)
- (iv) When interest is to be allowed on the capitals of the partners, it is calculated on the
 - (a) average capital
 - (b) capital at the end less drawings if any
 - (c) capital in the beginning of the year
 - (d) capital at the end of the year
- (v) Interest on partner's capital is allowed @ 6%. (True/False)
- (vi) An increase in the value of assets is recorded on which side of Revaluation Account ?
- (vii) The sacrifice of old partners is equal to :
 - (a) New share-old share
 - (b) Old share-new share
 - (c) Their old share
 - (d) Their new share
- (viii) A decrease in the provision for bad and doubtful debts is recorded on the side of Revaluation Account. (debit/credit)
- (ix) It is not necessary that new partner pays goodwill to old partners. (True/False)
- (x) On the admission of a new partner the increase in the value of assets is debited to
 - (a) assets account
 - (b) profit and loss adjustment account
 - (c) old partners capital account
 - (d) None of these
- (xi) If the adjustments in the value of assets at the time of retirement of a partner shows a profit, it should be credited to the capital accounts of
 - (a) the remaining partners in their old profit sharing profit
 - (b) all the old partners in their profit sharing ratio
 - (c) the remaining partners in their new profit sharing ratio
 - (d) None of these
- (xii) In the event of death, the combined share of profit of continuing partners will increase. (True/False)
- (xiii) Revaluation Account is a Account. (real/nominal)
- (xiv) At the time of dissolution an unrecorded asset taken away by Mr. X a partner should be debited to
 - (a) asset account
 - (b) Mr. X capital account
 - (c) realisation account
 - (d) None of the above
- (xv) Employees saving fund is an outside liability. (True/False)

- (xvi) In the event of dissolution of a firm the partners personal assets are first used for payment of the liabilities. 16 x 2 = 32

Attempt any three out of four.

2. What are Fluctuating Capital Accounts ?
3. What do you mean by Change in Profit Sharing Ratio ?
4. A and B are partners sharing profits in the ratio of 3 : 2. They admit C into the firm for $\frac{1}{4}$ th share in profit which he takes $\frac{1}{6}$ th from A and $\frac{1}{12}$ from B. C brings Rs. 50,000 goodwill out of his share of Rs. 90,000. No goodwill account appears in the books of the firm. Pass necessary journal entries to record this arrangement.
5. X, Y and Z were partners sharing profits in the ratio of $\frac{1}{2}$, $\frac{3}{10}$ and $\frac{1}{6}$. X retired from the firm. Calculate the new profit-sharing ratio and the gaining ratio of the remaining partners.

4 x 3 = 12

Attempt any two questions out of three.

6. (i) Discuss main features of Receipts and Payments Account.
- (ii) Divya and Jyoti were partners sharing profits in the ratio of 3 : 2. Their Balance Sheet as at 31st March 2022 was as follows :

Liabilities	₹	Assets	₹
Creditors	49,000	Cash	14,800
Bills Payable	3,000	Debtors	20,500
Bank Overdraft	17,000	Less : Provision for Bad Debts	300
Reserve	15,000	Stock	44,000
Divya's Capital	70,000	Plant	40,000
Jyoti's Capital	60,000	Building	75,000
		Motor Vehicles	20,000
	2,14,000		2,14,000

They agreed to admit Anant for $\frac{1}{4}$ th share from 1-4-2022 subject to the following terms :

- (a) Anant to bring in capital 40,125 equal to $\frac{1}{4}$ th of the total capital.
 - (b) Building is undervalued by 25% and Stock is overvalued by 10%.
 - (c) Provision for Bad debts on Debtors to be raised to ₹ 1,000.
 - (d) A provision be made for ₹ 14,800 for outstanding legal charges.
 - (e) Anant share of goodwill/premium was calculated at ₹ 10,000 which is brought by him in cash.
- Prepare Revaluation Account, Partner's Capital Accounts and Balance Sheet.

(iii) A, B and C sharing profits and losses in the ratio of 2 : 3 : 5. On 1-4-2022, their Balance Sheet was as under :

Liabilities	₹	Assets	₹
Creditors	11,500	Furniture	3,000
General Reserve	5,000	Stock	13,000
Capital Accounts:		Debtors	20,000
A	9,000	Less : Provision	1,000
B	8,000	Cash	1,000
C	2,500		
	19,500		
	36,000		36,000

The firm was dissolved on that date. The assets realized were : Furniture ₹ 1,000; Stock ₹ 10,000; Debtors ₹ 12,000; Creditors of ₹ 500 were not to be paid and the remaining creditors were paid at a discount of 10%. It was found however that there was a liability for ₹ 3,050 for damages, which had to be paid. The expenses of realization amounted to ₹ 1,500. You are required to show the Realisation Account, Partner's Capital Accounts and Cash Account.

2 x 4 = 8

Section-B

- (i) Equity shareholders are :
 - (a) customers of the company
 - (b) creditors
 - (c) owners
 - (d) none of above
- (ii) Company's shares are generally transferable. (True/False)
- (iii) A debenture is said to be issued when the amount collected for it is more than its face value.)
 - (a) at par
 - (b) at a premium
 - (c) at a discount
 - (d) as collateral security
- (iv) Debenture interest is payable only when company makes profit. (True/False)
- (v) The assets of a business can be classified as
 - (a) fixed assets and current assets
 - (b) only fixed assets
 - (c) only current assets
 - (d) None of above
- (vi) A balance sheet is a statement of the assets and liabilities as on a given date. (True/False)
- (vii) Horizontal Analysis is also known as Analysis. (Dynamic/Non-dynamic)
- (viii) Inflow of cash will take place due to....
 - (a) increase in land
 - (b) issue of shares
 - (c) decrease in capital
 - (d) payment of tax
- (ix) "Cash Sales" is an example of "Cash Flow from Operating Activities". (True/False)

9 x 2 = 18

8. R Ltd. purchased the assets of S Ltd. for ₹ 5,00,000. It also agreed to take over the liabilities of S Ltd. amounting to ₹ 2,00,000 for a purchase consideration of ₹ 2,80,000. The payment to S Ltd. was made by issue of 12% debentures of ₹ 100 each at par. Pass the necessary journal entries in the books R Ltd.

9. Define Financial Statements Analysis.

3 x 2 = 6

Attempt any one question out of two.

10. (i) What do you mean by share ? Name its various types.

(ii) R Ltd. purchased the assets of S Ltd. for ₹ 5,00,000. It also agreed to take over the liabilities of S Ltd. amounting to ₹ 2,00,000 for a purchase consideration of ₹ 2,80,000. The payment to S Ltd. was made by issue of 12% debentures of ₹ 100 each at par. Pass the necessary journal entries in the books R Ltd.

4 x 1 = 4