

**DIPLOMA EXAMINATION IN ENGINEERING/TECHNOLOGY/MANAGEMENT/
COMMERCIAL PRACTICE, APRIL - 2024**

ACCOUNTANCY - IV

[Maximum marks: 100]

[Time: 3 Hours]

PART – A

Maximum marks: 10

I. (Answer *all* the questions in one or two sentences. Each question carries **2** marks)

1. Define partnership.
2. State the meaning of insolvency.
3. Describe goodwill.
4. What is forfeiture of shares?
5. What do you mean by dissolution of firm? (5 x 2 = 10)

PART – B

Maximum marks: 30

II. (Answer any *five* of the following questions. Each question carries **6** marks)

1. Write the features of partnership.
2. From the following calculate the value of goodwill at 3 years purchase of profits under average profits.

Year	1999	2000	2001	2002	2003
Profit (Rs)	21000	22000	25000	30000	20000

3. Explain the principles of Garner v/s Murray.
4. A, B and C are partners sharing profits in the ratio of 4:3:2. On B's retirement A and C decided to share future profits in the ratio 5:4. Find Gaining ratio.
5. Explain the conditions of forfeiture of shares.
6. A company issued 15000 Equity shares ₹ 10 each payable as follows:

On Application	₹ 4 per share
On Allotment	₹ 4 per share
On First call	₹ 2 per share

All shares were fully subscribed. Pass necessary Journal entries.

7. What are the final accounts of the companies? (5 x 6= 30)

PART – C

Maximum marks: 60

(Answer *one full* question from each unit. Each full question carries **15** marks)

UNIT – I

III. Explain the methods of Valuing goodwill. (15)

OR

IV. Jain and Shan started business in Partnership on 1st January 2016 with capitals ₹ 200000 and ₹ 100000 respectively. Jain is entitled to a salary of ₹ 12000 per annum and both the partners are entitled to 10% interest on capital. During the year Jain withdrew ₹ 15000 and Shan withdrew ₹ 12000 respectively. During the year 2016 the firm earned a net profit of ₹ 30000 after on adjustment. They share profit and losses on the ratio of 2:1. Prepare Capital accounts of the Partner under Fixed Capital method. (15)

UNIT - II

V. A and B are equal partners in the firm. The Balance Sheet as on 31st December 2019 was as follows.

Liabilities	₹	Assets	₹
Creditors	10000	Cash	5000
Capitals:		Sundry debtors	10000
A 12000		Stock	8000
B 8000	20000	Furniture	7000
	30000		30000

The firm was dissolved on 31st December 2019. As a result:

1. Assets were realized ₹ 24500.
2. Creditors were paid in full settlement ₹ 8000.
3. Realisation expenses paid ₹ 500.

Prepare necessary accounts to close the Books of the firm. (15)

OR

VI. Explain the reasons for Dissolution. (15)

UNIT - III

VII. Rasal and Company Ltd. issued 12000 equity shares of ₹ 10 each

On application ₹ 2 per share.

On allotment ₹ 3 per share

On first call ₹ 5 per share.

All shares are subscribed. Rajeev to whom 1200 shares were allotted failed to pay first call money. His shares were forfeited. Give entries in the books of the Company. (15)

OR

VIII. Write different types of capital.

(15)

UNIT – IV

IX. Following is the Trial Balance of Ratheesh Ltd., Chennai as on 31.12.2019.

Particulars	Debit	Credit
Share capital (8000 share of ₹ 10 each)		80000
Stock on 1.1.19	51000	
Purchase and sales	220000	330000
Returns	3800	
General expenses	1800	
Wages	12000	
Salaries	18700	
Travelling expenses	3200	
Advertisement	1550	
Rent	4900	
Discount		2200
Bank interest	850	
Bad debts	2500	
Buildings	95000	
Plant	98000	
Debtors & creditors	45000	55500
Loan		25000
Cash	1400	
Reserve		23000
Preliminary expenses	11000	
P & L A/c (cr)		55000
	570700	570700

Adjustments:

1. Transfer ₹ 10000 to Reserve Fund.
2. Provide depreciation on building at 5%.
3. Stock on 31.12.2019 was valued at ₹ 12000.
4. Dividend at 15% on share capital is to be provided.
5. Depreciation on Plant and Machinery at 10%.

Prepare Trading, Profit and Loss Account, Profit and Loss Appropriation Account and Balance Sheet in the prescribed form.

(15)

OR

X. Give a specimen of Horizontal Balance Sheet of a Company.

(15)