

**DIPLOMA EXAMINATION IN ENGINEERING/TECHNOLOGY/MANAGEMENT/
COMMERCIAL PRACTICE, NOVEMBER – 2023**

ACCOUNTANCY IV

[Maximum Marks : 100]

[Time : 3 hours]

PART – A

(Maximum Marks : 10)

Marks

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

1. Define goodwill.
2. What is gaining ratio?
3. State the meaning of dissolution of a firm.
4. State the meaning of oversubscription.
5. What are preliminary expenses?

(5x2=10)

PART – B

(Maximum Marks : 30)

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

1. Explain the rights of an outgoing partner.
2. Compute the value of goodwill on the basis of four years purchase of the average profits based on the last five years. The profit for the last 5 years were as follows:

Year	2000	2001	2002	2003	2004
Profit	30,000	40,000	35,000	45,000	50,000

3. Explain the reason for dissolution of a firm.
4. Ashok Ltd. was incorporated with an authorized capital of Rs. 2,00,00 divided into equity shares of Rs. 10 each. The company offered to the public 20,000 shares payable as follows:
On application Rs. 2 per share.
On allotment Rs. 3 per share.
On first call (2 months after allotment) Rs. 3 per share.
On second call (4 months after allotment) Rs. 2 per share.

The shares were fully subscribed by the public. Application money was received on 25th August, 2003. Directors made the allotment on 15th September, 2003. All amounts due were received within 20 days of allotment and calls.
Pass necessary journal entries.

5. State the conditions for the forfeiture of shares.
6. List out various contingent liabilities shown as footnote in the Balancesheet of Joint Stock Company.
7. Write short note on :
 - i. Capital reserve.
 - ii. Capital redemption reserve.

(5x6=30)

PART – C

(Maximum Marks : 60)

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

UNIT – I

- III.** Anand and Balan entered into a partnership contributing Rs. 50,000 and Rs. 30,000 respectively. They decided to share profits and losses in the ratio of 2:1. Anand was entitled to a salary of Rs. 5,000 p.a. Interest on capital was to be provided @ 6% p.a. The drawings of Anand and Balan for the year ending 31st December, 2007 were Rs.6,000 and Rs.5,000 respectively. Interest on drawing, Anand Rs.300 and Balan Rs.200 to be charged. The profits of the firm after providing for Anand's salary and interest on capital are taking into account, interest on drawings were Rs.15,000. Prepare the Capital Account of Partners under Fixed and Fluctuating Capital Method. (15)

OR

- IV.** Explain Profit and Loss Appropriation Account and also draw the proforma of it. (15)

UNIT – II

- V.** Briefly explain the principles laid down in Garner Vs. Murray. (15)

OR

- VI.** Supriya and Monika are partners, who share profit in the ratio of 3:2. Following is the balance sheet as on March 31, 2017.

Balancesheet of Supriya and Monika as on March 31, 2017

Liabilities	Amount	Asset	Amount
Supriya's capital	32,500	Cash and Bank	40,500
Monika's capital	11,500	Stock	7,500
Sundry creditors	48,000	Sundry debtors 21,500 Less: provision for Doubtful debtors 500	21,000
Reserve fund	13,500	Fixed Assets	36,500
	<u>1,05,500</u>		<u>1,05,500</u>

The firm was dissolved on March 31, 2017. Close the books of the firm with the following information:

- i. Debtors realized at a discount of 5%
 - ii. Stock realized at Rs. 7,000
 - iii. Fixed assets realized at Rs. 42,000
 - iv. Realisation expenses of Rs. 1,500
 - v. Creditors are paid in full.
- Prepare necessary ledger accounts. (15)

UNIT –III

VII. Madam and Company Ltd. issued 12,000 equity shares of Rs. 10 each at a premium of Rs. 2 per share were as follows:

- On application Rs.2 per share
- On allotment Rs.5 per share (including premium)
- On first call Rs.5 per share

Applications were received for 20,000 shares. 5000 applications were rejected and application money refunded. Allotment was made pro-rata to the applicants of 15,000 shares and money overpaid on application was applied towards amount due on allotment.

Jain 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.** (a) Write journal entries for re-issue for forfeited shares at par. (8)
- (b) Explain the treatments of premium received on issue of shares. (7)

UNIT – IV

IX. Give a specimen of Horizontal Balance Sheet of a Company. (15)

OR

X. From the following, prepare a Balance sheet of Uday Ltd. as on 31st March, 2003, in accordance with Schedule VI of the Companies Act. It has an authorized capital of Rs.3,00,000 in shares of Rs.10 each. (15)

Paid up share capital 20,000 shares of Rs.10 each	2,00,000
General reserve	10,000
Profit and Loss A/c	790
15% debentures	1,50,000
Interest on debentures due	9,000
Freehold premises	1,50,000
Plant and Machinery (opening value)	1,65,000
Depreciation of the year	16,500
Furniture & Fixtures (opening value)	3,600
Depreciation of the year	360
Debtors	40,850
Cash at Bank	28,800
Preliminary expenses	2,000
Sundry Creditors	44,000
Proposed dividend	20,000
Stock	60,000
Cash at hand	400
