

SAMPLE PAPER-8 (unsolved)
ACCOUNTANCY
Class – XII

Time allowed: 3 hours

Maximum Marks: 80

General Instructions:

1. This question paper contains Two parts A & B.
2. Both the parts are compulsory for all.
3. All parts of questions should be attempted at one place.
4. Marks are given at the end of each question.

Question Paper Designed by : **Dr. Vinod Kumar**

Book recommended by author : **ULTIMATE BOOK OF ACCOUNTANCY**

Publisher : **Vishwas Publications** (09216629576, 09256657505)

Dr. Vinod Kumar is Author of Ultimate Book of Accountancy and a great name in the field of accountancy



Part – A
Partnership, Share Capital and Debentures

1. If a partner advances some loan to the firm, he is entitled for interest on loan. Do you think he will get interest on such loan if there is loss in the firm? (1)
(Hint: Yes, because interest on partner's loan is a charge against the profit)
2. State two financial rights acquired by a new partner. (1)
(Hint: Share in future profits and share in assets of the firm)
3. X and Y are partners with Rs. 1,50,000 and Rs.1,00,000 as their respective capitals. They admitted Z as a new partner for $\frac{1}{6}$ th share in profits. What will be his share of capital if he has to bring capital in proportion to his profit sharing ratio. (1)
(Hint: Rs. 50,000)
4. Vinod Limited invited applications for 20,000 shares of Rs.10 each. Applications were Received for 25,000 shares. Name the kind of Subscription. (1)
Give three alternatives for allotting shares.
5. What is meant by Debenture? (1)
6. Following is the extract of the Balance Sheet of, Blue and Red as on March 31, 2007:

Liabilities	Amount	Assets	Amount
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Current Accounts :		Sundry Assets	30,00,000
Blue 1,00,000			
Red 1,00,000	2,00,000		
Capital Accounts :			
Blue 10,00,000			
Red 10,00,000	20,00,000		
P/L Appropriation (31.3.07)	8,00,000		
	30,00,000		30,00,000

During the year Red's drawings were Rs.30,000. Profits during 2007 is Rs.10,00,000.

Calculate interest on capital @ 5% per annum for the year ending March31, 2007. (3)

(Hint: Interest on Blue's Capital Rs.50,000 and Red's Capital Rs.50,000)

7. Explain dissolution of a firm by (i) Agreement and (ii) Notice. (3)

8. What entries would be passed for the following transactions on the dissolution of a firm, if Sundry Assets and Outer Liabilities have already been transferred to Realisation A/c.

- There was an unrecorded Asset of Rs.5,000 which was taken over by C at Rs.4,000.
- Stock worth Rs.7,000 was taken over by partner B.
- Workmen's Compensation paid to employees by the firm Rs.8,000.
- Sundry Creditors amounted to Rs.4,000 were paid off at a discount of 4%.
- There was a debit balance of Profit & Loss Account in the firm.
- Loss on Realisation was Rs.36,000 to be distributed among the partners in 3:2:1 ratio. (3)

9. A Partnership firm earned net profits during the last three years as follows:
Year 2008 Rs.38,000; Year 2009 Rs.44,000; Year 2010 Rs.50,000.
The Capital Employed in the firm throughout the above mentioned period has been Rs.80,000.
Having regard to the risk involved, 15% is considered to be a fair return on the capital. The remuneration of all the partners during the period is estimated to be Rs.20,000 per annum.
Calculate goodwill on the basis of

- Two years purchase of super profits.
- Capitalisation Method (4)

(Hint: (i) Rs.24,000 (ii) Rs.80,000)

10. A, B and C are partners in a trading firm. The firm has a fixed total capital of Rs.60,000 held equally by all the partners. Under the partnership deed the partners were entitled to:

- A and B to a Salary of Rs.1,800 and Rs.1,600 per month respectively.
- In the event of death of a partner, goodwill was to be valued at 2 years purchase of the average profits of the last 3 years.
- Profit upto the date of death based on the profits of the previous year.
- Partners were to be charged interest on drawings at 5% p.a. and allowed interest on capitals at 6% per annum.

B died on January 1st, 2011. His drawings to the date of death were Rs.2,000 and interest there on was Rs.60. The profits for the three years ending March 31st 2008 Rs.21,200; 2009 Rs.3,200 (Dr.); and in 2010 Rs.9,000 respectively.
Prepare B's Capital A/c to calculate the amount to be paid to his executors. (6)
(Hint: B's Executors A/c Rs.41,490)

11. (a) Ranbaxy Limited purchased a machinery worth Rs.5,00,000 from Laborate Pharmaceutical. Rs.2,75,000 was paid by issue of 9% Preference Shares of Rs.100 each at a premium of 10%. The balance was paid by cheque. Give necessary entries.
(b) On 1.1.2014 Govardhan Limited received in advance the first call of Rs.2 per share on 10,000 equity shares. The first call was made due on 15.2.2014. journalise the transaction and transfer the advance to first call account by opening a calls in advance account. (4)
12. Registered capital of Sunshine Limited is Rs.5,00,000 divided in 50,000 Equity Shares of Rs.10 each. Out of these 50,000 shares, company issued 10,000 shares to Luxmi Machines Limited as fully paid as purchase consideration for a Machinery acquired. Remaining 40,000 shares were offered to the public but applications were received for 36,000 shares only, full allotment was made to the applicants. Company called Rs.6 per share and received the entire amount except a call of Rs.3 per share on 6,000 shares.
How would you show the relevant items in the Company's Balance Sheet? (4)
13. Himanshu and Jayant were partners in a firm sharing profits in the ratio of 3:2. Their fixed capitals on 1-4-2013 were : Himanshu Rs.6,00,000 and Jayant Rs.12,00,000. They agreed to allow interest on capitals @12% per annum and to charge on drawings @15% per annum. Himanshu will get a commission of Rs.10,000 after charging interest on capital (if any profit available). The firm earned a profit, before all above adjustments, Rs.1,80,000 for the year ended 31.3.2014. The drawings of Himanshu and Jayant were Rs.18,000 and Rs.30,000 respectively. Prepare P/L Appropriation Account if interest on capital is treated as a charge and will be allowed even if the firm incurs a loss. (6)
(Hint: Loss to Himanshu Rs.19,440 and Jayant Rs.12,960)
14. On January 1, 2004, Vinod Limited company made an issue of 1,000, 6% debentures of Rs.1,000 each at Rs.960 per debenture. The terms of issue provided for the redemption of 200 debentures every year starting from the end of 2005 either by purchase or draw of lot at par at the company's option. Discount was written off in the same year against the available profit balance. On 31.12.2005 the company purchased for cancellation, debentures of the face value of Rs.80,000 at Rs.9.50 per debenture and of the face value of Rs.1,20,000 at Rs.900 per debenture. Journalise the above transactions i.e. issue, redemption, profit on cancellation and discount written off etc. (6)
15. Rainbow Limited issued prospectus inviting applications of 4,000 Equity Shares of Rs.10 each at a premium of Rs.4 per share payable as follows:
On Applications Rs.2 ; On Allotment Rs.7 (including premium);
First call Rs.3 and Second Call Rs.2 per share.
Applications were received for 6,000 shares and allotment made on pro-rata basis to the applicants for 4,800 shares, the remaining applications being refused. Money received in excess on Applications was adjusted towards allotment.
Mr. M to whom 80 Shares were allotted failed to pay the allotment and first call money so his shares were forfeited.
Mr. N the holder of 120 shares, failed to pay two calls. So his shares were forfeited.
Of the shares forfeited 160 shares were reissued to Mr.SK credited as fully paid up for Rs.8 per share. The whole share of Mr. M included. Give journal entries. (8)
(Hint: Capital Reserve Rs.272)

OR

Vinod Limited invited applications for 10,000 shares of Rs.100 each at 10% premium included in the allotment money. Applications were received for 18,000 shares of which applications of 3,000 shares were rejected and their money was returned. Rest of the applicants were issued shares at pro-rata basis and their excess money was adjusted towards allotment. The money was called as follows:

On Applications Rs.30; Allotment Rs.30; 1st Call Rs.30; 2nd Call Rs.20.

Mr. David, a holder of 300 shares paid only the application money and Mr. Robert, a holder of 600 shares paid up to the first call money. All the calls were made and the payment received except that in case of Mr. David and Mr. Robert. Their shares were forfeited after the 2nd Call and reissued at 15% discount. Pass necessary journal entries.

(Hint: Capital Reserve Rs.48,000)

16. The Balance Sheet of Mohan and Sohan carrying on business in partnership and sharing profits in proportion of 2/3rd and 1/3rd respectively, stood as follows:

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Creditors	10,300	Machinery	50,000
Reserve Funds	1,500	Furniture	3,000
Capital Accounts :		Debtors	18,000
Mohan 51,450		Stock	27,000
Sohan 36,750	88,200	Cash	2,000
	1,00,000		1,00,000

They admitted Kapil physical challenged person but expert in management, into partnership giving him 1/5th share of profits on the following terms:

(a) The goodwill of the firm is to be valued at two years profits calculated on the average of the 1st three years profits, which amounted to Rs.20,000; Rs.15,000 and Rs.22,000.

(b) Kapil is to bring in cash for the amount of his share of goodwill.

(c) Kapil is to bring in capital in proportion to her profit sharing arrangement with other partners.

Give necessary journal entries and Balance Sheet also identify the values involved in the question. (8)

(Hint: Balance of Capital A/cs Mohan Rs.57,517; Sohan Rs.39,783; Kapil Rs.24,325; B/S Rs.1,31,925)

OR

A, B and C are equal partners in a firm, whose balance sheet as at 31st March 2013 was as follow:

(4)

Liabilities	Amount	Assets	Amount
Creditors	4,000	Cash at Bank	6,400
Bills Payable	3,000	Debtors	9,000
General Reserve	3,000	Stock	10,600
Capitals :		Furniture	2,000
A 8,000			
B 6,000			
C 4,000	18,000		
	28,000		28,000

B retired on the above date and the following was agreed upon:

(a) To reduce stock and furniture by 5% and 10% respectively.

(b) To provide for doubtful debts at 5% on debtors.

- (c) Rent outstanding was Rs.260.
 (d) Goodwill was valued at Rs.4,200.
 A and C decided:
 (i) To share profits and losses in 5:3 respectively.
 (ii) Not to show goodwill in the books.
 (iii) To readjust their capital in their new profit sharing ratio.
 (iv) To bring in sufficient cash to pay off B immediately and to leave a balance of Rs.1,000 in the Bank.
 (v) Provided B's Payment.
 Prepare Revaluation A/c, Partners Capital A/cs and Balance Sheet.

(Hint: Revaluation Loss Rs.480; Balance Sheet Rs.21,420)

Part – B

Financial Statement Analysis

17. Why investors and Bankers are interested in financial analysis? (1)
18. State with reason whether Goodwill amortised would result in inflow, outflow or no flow of cash or cash equivalents. (1)
 (Hint: No flow)
19. How would you record increase in provision for doubtful debts while preparing Cash Flow Statement? (1)
 (Hint: Add, Operating Activities).
20. Give complete proforma of Balance Sheet as per Revised Schedule VI. (3)
21. Prepare a 'Comparative Balance Sheet' with the help of following information: (4)

Particulars	Note No.	31 st March 2012	31 st March 2013
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share capital : Equity Share Capital		15,00,000	20,00,000
(b) Reserve and Surplus : (Statement of P/L)		4,00,000	3,00,000
(2) Non-current Liabilities			
Long term borrowings : 11% Bank Loan		6,00,000	9,00,000
(3) Current Liabilities			
Trade payables : Creditors		2,00,000	3,00,000
Total		27,00,000	35,00,000
II. Assets			
(1) Non-Current Assets			
Fixed Assets			
(a) Tangible Assets : Plant & Machinery		15,00,000	20,00,000
(b) Intangible Asset : Goodwill		6,00,000	9,00,000
(2) Current Assets			
(a) Inventories : Stock		4,00,000	3,00,000
(b) Cash and Cash Equivalents : Cash and Bank Balance		2,00,000	3,00,000
Total		27,00,000	35,00,000

22. Read the following carefully and give treatment

- (a) The Stock Turnover Ratio of a company is 3 Times. State giving reasons, whether the ratio improves, declines or does not change because of increase in the value of closing inventory by Rs.5,000.
- (b) The Current Ratio of a Company is 3:1. State with reasons whether the payment of Rs.20,000 to the creditors will increase, decrease or not change the ratio.
- (c) The Debt Equity Ratio of a company is 0.8:1 State whether the long term loan obtained by the company will improve, decrease or not change the ratio. (4)
- (Hint: (a) Decline (b) Increase (c) Improve)

23. Calculate Cash flows from operating activities from the following information: (6)

Profit for the year 2003-04.....	Rs.50,000
Transfer to General Reserve During the year.....	Rs.10,000
Depreciation provided during the year.....	Rs.20,000
Profit on sale of Furniture.....	Rs.5,000
Loss on sale of Machine.....	Rs.10,000
Preliminary expenses written off during the year.....	Rs.10,000

Particulars	31.3.03	31.3.04
Debtors	10,000	15,000
Bills Receivables	7,000	5,000
Stock	15,000	18,000
Prepaid Expenses	2,000	3,000
Creditors	20,000	18,000
Bills Payable	15,000	25,000
Outstanding Expenses	3,000	4,000

(Hint : Operating Activities Rs.97,000)