
SAMPLE PAPER- 03 (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.
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Part – A
Partnership, Share Capital and Debentures

1. If the partnership agreement is silent as to Interest on capital
 - A. No interest on capital is allowed
 - B. 6% interest on capital is allowed
 - C. 5% interest on capital is allowed
 - D. 2% interest on capital is allowed(1)
2. Credit balance of Current Account is shown in which side of Balance sheet:
 - A. Liabilities side (ans)
 - B. Assets side
 - C. Both the side
 - D. None of these side(1)
3. What is meant by Reserve Capital? (1)
4. State any two provisions of the Companies Act, 1956 for the issue of shares at a discount. (1)
5. Company pays interest at a fixed rate on debentures. At what rate interest will be Payable on the debentures issued as collateral security? (1)
6. X, Y and Z are partners their profit sharing ratio is 3:2:1. After the final accounts have been prepared, it was discovered that interest on drawings @5% p.a. had not been taken into consideration. The drawings of the partners were amounted to X Rs.30,000; Y Rs.25,200; Z Rs.24,000. Pass necessary adjusting entry. (3)
(Hint: Z's Capital A/c Dr.270; X's Capital A/c Cr.240; Y's Capital A/c Cr.30)
7. Vinod Limited had a balance of Rs.55,00,000 in its Statement of Profit & Loss. Instead of declaring dividend it decided to redeem its Rs.50,00,000, 8% debentures at a premium of 10% out of profits. Pass the necessary journal entries for the redemption of debentures. (3)
8. Fukrey Limited purchased Machinery worth Rs.5,00,000 from Punjab Limited. 20% of the amount was paid by accepting a Bill of Exchange in favour of Punjab Limited and the balance was paid issuing 11%

Debentures of Rs.100 each at a premium of 25%.

Give necessary journal entries.

(3)

(Hint: No. Of debentures issued 3,200)

9. KK, LK and MK entered into partnership on 1st January 2011 to share profits in the ratio of 3:1:1. It was provided in the deed that MK's share of profit will not be less than Rs.25,000 per annum and KK will be allowed a salary of Rs.10,000 per annum. The losses of the firm for the year ended 31st December 2011 were Rs.1,00,000 before allowing salary to KK. Prepare Profit & Loss Appropriation Account. (4)

(Hint: Loss to KK Rs.93,750 and LK Rs.31,250)

10. The Balance Sheet of X, Y and Z who were sharing profits in the ratio of 5:3:2 as at March 31, 2013:

Liabilities	Amount	Assets	Amount
Creditors	50,000	Plant & Machinery	60,000
Employees' Provident Fund	10,000	Inventory	80,000
Profit & Loss A/c	85,000	Sundry Debtors	1,00,000
Retained Earnings	10,000	Cash at Bank	40,000
Capitals: X	40,000	Deferred Revenue Exp.	10,000
Y	62,000		
Z	<u>33,000</u>		
	1,35,000		
	<u>2,90,000</u>		<u>2,90,000</u>

X retired on March 31, 2013 and Y and Z decided to share profits in future in the ratio of 2:3 respectively.

The other terms on retirement were as follows:

(i) Goodwill of the firm is to be valued at Rs.80,000.

(ii) Plant & Machinery is to be depreciated to Rs.57,500.

(iii) Make a provision for doubtful debts at 5% on debtors.

(iv) A liability for claim, included in creditors for Rs.10,000, is settled at Rs.8,000.

The amount to be paid to X by Y and Z in such a way that their capitals are proportionate to their profit sharing ratio and leave a balance of Rs.15,000 in the Bank A/c.

Prepare P/L Adjustment A/c and Partners Capital Accounts.

(6)

(Hint: Rev. Loss Rs.5,500; Payment to X Rs.1,19,750; Y's A/c 75,800; Z's A/c Rs.1,13,700)

11. Vinod Limited issued 80,000 shares of Rs.10 each payable as Rs.2 per share on application, Rs.4 on allotment and the balance in two equal instalments.

Applications were received for 1,60,000 shares and the allotment was made as:

(a) Applicants of 1,00,000 shares..... Allotted 60,000 shares.

(b) Applicants of 60,000 shares..... Allotted 20,000 shares.

Govind, to whom 1,200 shares were allotted from category (a), failed to pay the allotment money.

Give necessary journal entries upto allotment only.

(4)

(Hint: Allotment Received Rs.1,56,800)

12. Vinod Limited has an authorised capital of Rs.25,00,000 divided into Equity Shares of Rs.100 each. The company offered to the public for 1,25,000 shares. Applications received for only 1,00,000 shares. Company had made allotment and calls and duly received except the final call of Rs.20 per shares on 2,000 shares. 600 of these shares on which final call was not received by the company were forfeited. Prepare a Balance Sheet of the Company showing Share Capital as per Revised Schedule VI of the Indian Companies Act, 1956.

(4)

13. Vinod and Shubh were partners in a firm sharing profits in the ratio of 3:2. On 1.1.2008 their fixed capitals were Rs.1,00,000 and Rs.1,50,000 respectively. On 31.3.2008, they decided that their total capital (fixed) should be Rs.3,00,000 in their profit sharing ratio. Accordingly they introduced or withdrew the necessary capital. The partnership deed provided the following:

- (a) Interest on capital @ 12% and interest on drawings @ 18% p.a.
(b) Monthly salary to Vinod @ Rs.2,000 per month and to Shubh @ Rs.3,000 per month.

The drawings of Vinod and Shubh during the year were as follows:

Date	Vinod	Shubh
1, July	10,000	12,000
30 th September	15,000	12,000

The profit earned by the firm for the year ended 31.12.2012 was Rs.2,00,000. 10% of this profit was to be kept in a reserve.

You are required to prepare P/L Appropriation A/c and Capital and Current Accounts of partners. (6)
(Hint: Share of profit to Vinod Rs.53,217 and Shubh Rs.35,478)

14. Nithya, Sathya and Mithya were partners sharing profits and losses in the ratio of 5 : 3 : 2. Their Balance Sheet as on December 31, 2001 was as follows : (6)

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Creditors	14,000	Investments	10,000
Reserve Funds	6,000	Goodwill	5,000
Capital Accounts :		Premises	20,000
Nithya 30,000		Patents	6,000
Sathya 30,000		Machinery	30,000
Mithya 20,000	80,000	Stock	13,000
		Debtors	8,000
		Bank	8,000
	1,00,000		1,00,000

Mithya dies on 1.5.2002. The agreement between the executors of Mithya and the partners stated that:

- (a) Goodwill of the firm be valued at 2 ½ times the average profits of last four years. The profits of four years were : 1998 Rs. 13,000, 1999 Rs. 12,000, 2000 Rs. 16,000 and 2001 Rs. 15,000.
(b) The Patents are to be valued at Rs. 8,000, Machinery at Rs. 25,000 and Premises Rs.25,000.
(c) The share of profit of Mithya should be calculated on the basis of the profit of 2001.
(d) Rs. 1,000 should be paid immediately and the balance should be paid in 4 equal half-yearly instalments carrying interest @ 10%.
(i) Executor of Mithya has decided to donate 30% of the total amount for the education of girls belongs to deprived and financially weak section of the society.

(ii) Record the necessary journal entries to give effect to the above and write the executor's account till the amount is fully paid. Also prepare the balance sheet of Nithya and Sathya as it would appear on 1.5.2002 after giving effect to the adjustments.

(Hint. Amount transferred to Mithya's Executor Rs.28,600; Balance Sheet : Total Rs. 93,800)

15. Vinod Limited invited applications for 10,000 shares at Rs.10 each, at a premium of Rs.4 payable at:
On Application Rs.4 (including premium Rs.1 per share)
On Allotment Rs.5 (Including premium of Rs.3 per share)

On 1st Call Rs.3

Balance on Final Call

Applications were received for 20,000 shares and pro-rata allotment was made to the applicants of 16,000 shares. Excess application money is to be adjusted towards allotment money only. Mohan who applied for 1,600 share did not pay allotment money and her shares were forfeited after allotment.

Sohan did not pay 1st Call and final call on 400 shares and her shares were forfeited after the final call. Out of the forfeited shares 600 shares of Mohan and 300 shares of Sohan were reissued to Mr. David at fully paid up Rs.9. Give necessary journal entries.

Identify the values has been affected by rejecting the 4,000 applications of the applicants? Suggest a better alternative for the same. (8)

(Hint. Allotment Received Rs.23,400; Capital Reserve Rs.3,600)

OR

Satyam Limited invited applications for issuing 2,00,000 Equity Shares of Rs.100 each at a premium of Rs.60 per share. The amount was payable as follows:

On Application Rs.30 per share (including premium Rs.10)

On Allotment Rs.70 per share (Including premium Rs.50)

Balance on 1st & final call

Applications for 1,90,000 shares were received. Shares were allotted to all the applicants and the company received all money due on allotment except Mr. Mohan who had been allotted 1,000 shares, and his shares were immediately forfeited. Afterwards first & final call was made. Mr. Sohan did not pay the first & final call on his 2,000 allotted shares. His shares were also forfeited. 50% of the forfeited shares of both Mr. Mohan and Mr. Sohan were reissued for Rs.90 per share fully paid up.

Pass necessary journal entries in the books of the company and also identify the values disclosed by the company by issuing shares to all the applicants.

16. The following was the Balance Sheet of A, B and C sharing profits in the ratio of 6:5:3 respectively:

<i>Liabilities</i>	<i>Amount (Rs.)</i>	<i>Assets</i>	<i>Amount (Rs.)</i>
Creditors	13,900	Land and Building	50,400
E.P.F	11,300	Furniture	7,350
Profit & Loss A/c	14,000	Stock	29,400
Capital Accounts :		Debtors	26,460
A 38,900		Cash	1,890
B 33,600		C's Current Account	13,000
C <u>17,800</u>	90,300	Preliminary Expenses	28,000
Current Accounts :			
A 15,000			
B <u>12,000</u>	27,000		
	1,56,500		1,56,500

They agreed to take D into partnership a physically challenged person by giving $\frac{1}{8}$ th share on the following terms:

- That D should bring Rs.14,700 as capital.
- Furniture depreciated by Rs.920 and Stock by 10%.
- A reserve of Rs.1,320 be made for outstanding repairs bill.
- Land and Building appreciated by Rs.14,700.
- Goodwill of the firm was Rs.11,200.

(f) Capitals of partners will be adjusted on the basis of D's Capital and difference if any will be adjusted through cash account.

Prepare Revaluation A/c, Partners Capital A/cs and Balance Sheet. Also identify the values disclosed by the old partners. (8)

(Hint: Revaluation Profit Rs.9,520; Balance Sheet Rs.1,68,700)

OR

The following is the Balance Sheet of A and B on 31st December 2010:

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Sundry Creditors	30,000	Cash in Hand	500
Bills Payable	8,000	Cash at Bank	8,000
Mrs. A's Loan	5,000	Stock-in-Trade	5,000
Mrs. B's Loan	10,000	Investment	10,000
General Reserve	10,000	Debtors	20,000
Outstanding Salaries	1,000	Less : Provision	<u>2,000</u>
Capital Accounts :		Plant	20,000
A	10,000	Buildings	15,000
B	<u>10,000</u>	Goodwill	4,000
	20,000	Profit and Loss A/c	3,500
	<u>84,000</u>		<u>84,000</u>

In spite of repeated reminders by the authorities, they kept dumping hazardous material into a nearby river. The Court ordered for the dissolution of their partnership firm on 31st December, 2010.

Partners were agreed for the following terms:

(i) A promised to pay off Mrs. A's loan and took away stock-in-trade at Rs.4,000.

(ii) B took away half the investment at 10% Discount.

(c) Debtors realised Rs.19,000.

(d) Creditors and Bills payable were due, on an average basis, on month after 31st December, but they were paid immediately on 31st December, at a discount of 6% per annum.

(e) Plant realised Rs.25,000; Building Rs.40,000, Goodwill Rs.6,000 and remaining investments at Rs.4,500.

(f) There was an old typewriter in the firm which had been written off completely from the books of the firm. It was not estimated to realize Rs.300. It was taken away by B at this estimated price.

(g) Realisation expenses were Rs.1,000.

Prepare necessary accounts to close the books of the firm and also identify the Values violated by the partners.

(Hint: Realisation Profit Rs.30,490; Cash Account Rs.1,03,000)

Part – B

Financial Statement Analysis

17. State how 'Window Dressing' is the limitation of Financial Statement Analysis. (1)

18. Interest paid by a manufacturing company is classified under which kind of activity while Preparing a Cash Flow Statement? (1)

19. What is meant by the term Cash Equivalents as per AS-3? (1)

(Hint: Short term highly liquid investments i.e. Treasury Bills, Commercial papers and Call money etc.)

20. Give major heads and sub heads under which following items will be disclosed in the Balance Sheet as per Revised Schedule VI of the Companies Act, 1956: (3)

(a) Proposed Dividend	(d) Live Stock
(b) Premium on Redemption of Debentures	(e) Bank Overdraft
(c) Licenses and Franchise	(f) Outstanding Expenses

21. From the following information, prepare Comparative Statement of Profit & Loss: (4)

Particulars	2012	2013
Revenue from Operations	500% of other income	500% of other income
Other income	40,000	50,000
Cost of Material Consumed	60% of Revenue from operations	50% of Revenue from operations
Other Expenses	2 ½ % of Cost of Material Consumed	2 ½ % of Cost of Material Consumed
Tax	30%	30%

22. (a) Net Credit Sales of Vinod Limited during the year were Rs.4,50,000. If Debtors Turnover Ratio is 4 Times, calculate the debtors in the beginning and at the end of the year. you are informed that closing debtors are two times in comparison to opening debtors.

(b) Opening Inventory Rs.50,000; Inventory Turnover Ratio 4 Times; Gross Profit 20% of Sales (Revenue from operation). Closing Inventory was two times in comparison of Opening Inventory. Find out the amount of sales (Revenue from operations). (2 + 2 = 4)

(Hint: (a) Opening Debtors Rs.30,000 and Closing Debtors Rs.60,000

(b) Sales or Revenue from Operation Rs.3,75,000)

23. From the Balance Sheets and information given below prepare Cash Flow Statement: (6)

Particulars	Note No.	31 st March 2005 (Rs.)	31 st March 2006 (Rs.)
I. Equity and Liabilities			
1. Shareholders' Funds			
(a) Share Capital		1,25,000	1,53,000
2. Non-current Liabilities			
Long-term Borrowings : <i>Mortgage Loan</i>		65,000	50,000
3. Current Liabilities			
(a) Trade Payables (Creditors)		40,000	44,000
Total		<u>2,30,000</u>	<u>2,30,000</u>
II Assets			
1. Non-current Assets			
(a) Fixed Assets:			
(i) Tangible Assets	1	1,55,000	1,65,000
2. Current Assets			
(a) Inventories		35,000	25,000
(b) Trade Receivables (Debtors)		30,000	50,000
(b) Cash and Cash Equivalents		10,000	7,000
Total		<u>2,30,000</u>	<u>2,30,000</u>

Notes to Accounts

1. Tangible Assets	31st March 2005	31st March 2006
Land	40,000	50,000
Machinery	80,000	55,000
Building	35,000	60,000

During the year Machine Costing Rs.10,000 (Accumulated Depreciation Rs.3,000) was sold for Rs.5,000. The provision for depreciation against Machinery as on 31st March 2005 and on 31st March 2006 were Rs.25,000 and Rs.40,000 respectively. Net Profit for the year amounting to Rs.4,500.

(Hint: Operating Activities Rs.59,000; Investing (Rs.30,000); Financing (Rs.32,000))

Working Note: Profit given outside means it was not adjusted in capital as we do at the time of preparation of Balance Sheet. Opening Capital + Profit – Drawings = Closing Capital

So in this case drawings will be

Rs.18,000 = 1,25,000 (Opening Capital) + 45,000 (Profit) – Rs.1,53,000 (Closing Capital)

Drawings Rs.18,000 will be deducted in financing activities.