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Sample Paper (CBSE)

Series ACC/SP/1A

Code No. SP/1-A

ACCOUNTANCY

Time Allowed: 3 hours *Maximum Marks: 80*

General Instructions:

(i) The paper contains two parts A and B.
(ii) All parts of the questions should be attempted at one place.
(iii) Both parts are compulsory for all candidates.

PART A

1. A, B and C are partners sharing profits in the ratio of 9:5:4. B retires and his share is taken entirely by C. Calculate new profit sharing ratio of A and C. 1

2. Give two items that are usually shown on the credit side of partners' current account. 1

3. Name two rights acquired by a new partner after admission into the partnership firm. 1

4. With what amount Share Forfeiture A/c is transferred to capital reserve? 1

5. The subscribed share capital of XYZ Ltd. is Rs. 80,00,000 of Rs. 100 each. There were no calls in arrears till the final call was made. The final call made was paid on 77,500 shares. The calls in arrears amounted to Rs. 62,500. Calculate the amount of final call made by the company. 1

6. State the condition under which a company can refund the application amount in the event of under subscription. 1

7. A, B and C are partners sharing profit in 3:2:1 ratio. Z was admitted for 1\6 share which was given to him by A and B equally. Z gave stock Rs. 30,000; debtors Rs.10,000 and computer Rs. 20,000 on account of his capital and goodwill. Total value of goodwill was Rs. 48,000. Pass journal entries. 3

8. Alfa Ltd. issued 10,000, 9% debentures of Rs. 100 each. Pass the necessary journal entries for issuing of debentures in the following cases:

a. When the debentures are issued at par and redeemable at premium of 10%

b. When debentures are issued at a premium of 25% to the vendors for the purchase of machinery worth Rs. 12,50,000. 3

9. Manish Ltd. took assets of Rs. 3,50,000 and liabilities of Rs. 30,000 of Harish Ltd. for a purchase consideration of Rs. 3,30,000. Manish Ltd. paid the purchase consideration by issuing 12% debentures of Rs.100 each at 10% premium. Give journal entries in the books of the Manish Ltd. 3

10. What is meant by Buy-Back of Shares by a company? Give two sources from which a company can buy back its shares. 3

11. Mona, Nisha and Priyanka are equal partners in a firm. They contributed Rs. 50,000 each as capital three years ago. At that time Priyanka agreed to look after the business as Mona and Nisha were busy. The profits for the past three years were Rs. 15,000, Rs. 25,000 and Rs. 50,000 respectively. While going through the books of accounts Mona noticed that the profit of the last three years had been distributed in the ratio of 1:1:2.

a. You are required to make necessary corrections in the books of accounts of Mona, Nisha and Priyanka by passing an adjustment entry.
b. Identify the value which was not practiced by them while distributing profits. 4

12. Following is the Balance Sheet of A, B and C as on March 31, 2012.

Liabilities	**Amount (Rs.)**	**Assets**	**Amount (Rs.)**
Sundry Creditors	16,000	Bills Receivable	16,000
General Reserve	16,000	Furniture	22,600
Capital A/c:		Stock	20,400
A 30,000		Sundry Debtors	22,000
B 20,000		Cash at Bank	18,000
C 20,000	70,000	Cash in Hand	3,000
Total	1,02,000	Total	1,02,000

B died on June 30, 2011. Under the term of the partnership deed, the executors of deceased partner were entitled to:

a. Amount standing to the credit of the partner's capital account.
b. Interest on capital at 5% per annum.
c. Share of goodwill on the basis of twice the average of the past three years' profit and
d. Share of profit from the closing of the last financial year to the date of death on the basis of the last three year's profit. Profit for 2010, 2011 and 2012 were Rs. 12,000, Rs. 16,000 and Rs. 14,000 respectively. Profits were shared in the ratio of capitals.

Prepare B's Executor A/c. 4

13. A and B are partners in a firm sharing profits and losses in the ratio of 3:2. Their balance sheet on 1st January, 2010 was as follows:

Liabilities		Amount (Rs.)	Assets	Amount (Rs.)
Sundry Creditors		15,000	Plant	30,000
General Reserve		10,000	Patents	10,000
Capital A/c:			Stock	20,000
A	30,000		Debtors	18,000
B	25,000	55,000	Cash	2,000
Total		80,000	Total	80,000

C is admitted as a partner on the above date on the following terms:

a. He will pay Rs.10,000 as goodwill for one-fourth share in the profits of the firm.

b. The assets are to be valued as under:
Plant at Rs. 32,000; Stock at Rs. 18,000; Debtors at book figure less a provision of 5% for doubtful debts.

c. It was found that creditors include a sum of Rs. 1,400 which was not to be paid. But it was also found that there was a liability for compensation to workers amounting to Rs. 2,000.

d. C was to introduce Rs. 20,000 as capital and the capital of the other partners were to be adjusted in the new profit sharing ratio. For this purpose current accounts were to be opened.

You are required to prepare necessary accounts and balance sheet ended 31st Dec. 2010. 6

14. Journalise the following transaction in the books of Bajaj Ltd:

a. ABC Ltd. purchased for cancellation Rs.48,000 of its 10%

debentures at Rs.95. The expenses of purchase amounted to Rs.200.

b. Rajesh Ltd. has Rs. 3,40,000 as a credit balance in its Profit and Loss A/c. Instead of declaring dividend, company decided to redeem 10,000 9% debentures of Rs. 100 at a premium of 10%.

c. Issued 500, 10% debentures of Rs. 100 each at a discount of 10% redeemable at a premium of 5% 6

15. A, B and C were partners in a firm sharing profits and losses in the ratio of 5:3:2. Due to difference of opinion they decided to dissolve the partnership with affect from 1st April, 2010, on which date the firm's balance sheet was as under:

Liabilities		**Amount (Rs.)**	**Assets**	**Amount (Rs.)**
Sundry Creditors		1,20,000	Plant and Machinery	80,000
General Reserve		18,000	Furniture and Fixtures	45,000
Capital A/c:			Stock	30,000
A	80,000		Debtors	71,000
B	40,000		Cash	24,000
C	30,000	1,50,000	Motor Car	25,000
			C's Current A/c	13,000
Total		2,88,000	Total	2,88,000

The following information is given below:

a. Plant costing Rs. 40,000 was taken over by A at an agreed valuation of Rs. 45,000 and remaining machinery realized Rs. 50,000

b. Furniture and fixtures realized Rs. 40,000

c. Motor car was taken over by B for Rs. 30,000

d. Sundry debtors included a bad debt of Rs. 1,200 and the rest were realized subject to cash discount of 10%

e. Stock worth Rs. 5,000 was taken over by C and the rest realized at 20% above the book value.

f. The creditors for Rs. 2,000 were untraceable and rest of creditors accepted payment allowing 15% discount.

g. Realisation expenses amounted to Rs. 5,000

You are required to prepare Realisation A/c. 6

16. XYZ Ltd. has been registered with an authorized capital of Rs. 2,00,000 divided into 2,000 shares of Rs. 100 each of which 1,000 shares were offered for public subscription at a premium of Rs. 5 per share payable as under:

On Application	Rs. 10
On Allotment	Rs. 25 (including premium)
On first call	Rs. 40
On Final call	Rs. 30

Applications were received for 1,800 shares of which application for 300 shares were rejected outright and the rest of the applications were allotted 1,000 shares on pro-rata basis. Excess application money was transferred to allotment.

All the monies were duly received except from Ajay, holder of 100 shares, who failed to pay allotment and first call money. His shares were later forfeited and re-issued to Vijay at Rs. 60 per share Rs. 70 paid up. First call has not been made.

Pass necessary journal entries in the books of XYZ Ltd. and show your working clearly. 8

OR

PCS Ltd. offered at par 10,000 shares of Rs. 10 each for public subscription payable as follows:

On Application	Rs. 3
On Allotment	Rs. 2
On First call	Rs. 3

On Final call Rs. 2

Public applied for 13,000 shares. Allotment was made prorate to application of 12,000 shares. All the shareholders paid the amount due on allotment except Janardan the allottee of 200 shares. His shares were forfeited. First call was then made. Forfeited shares were re-issued @ 9 per share treated as Rs. 8 per share called-up.

You are required to show journal entries in the books of PCS Ltd. 8

17. A, B and C were sharing profits and losses in proportion to their capitals. Balance sheet of the firm on Dec. 31, 2006 was as follows:

Liabilities		Amount (Rs.)	Assets		Amount (Rs.)
Sundry Creditors		21,600	Plant and Machinery		48,000
			Building		1,00,000
Capital A/c:			Stock		18,000
A	90,000		Debtors	20,000	
B	60,000		Less: Provision	400	19,600
C	30,000	1,80,000	Cash		8,000
			Bank		8,000
Total		2,01,600	Total		2,01,600

B retires and following adjustments are agreed to:

a. Building to be appreciated by 10%
b. Provision for debts will be increased to 5% of debtors.
c. Rs. 2,000 out of the insurance premium paid shall be treated as pre-paid.
d. Plant and machinery to be depreciated by 5%.
e. Goodwill to be valued at Rs. 36,000. B's share to be adjusted in the capital accounts of A and C who shall be sharing profits in the ratio of 3:1.

f. Provision for outstanding repair bills of machinery is made for Rs. 3,000.

g. A and C also decided to bring in or withdraw cash accordingly so as to maintain their capitals as per new profit sharing ratio. The total capital of the new firm is fixed at Rs. 1,20,000.

h. B to be paid Rs. 6,000 in cash and the balance to be transferred to his loan account.

Prepare Revaluation A/c, Capitals A/c and Balance Sheet of A and C after B's retirement. 8

OR

The Balance Sheet of X,Y and Z who were sharing their profits in proportion to their capital stood as follows on 31st Dec. 2008:

Liabilities		**Amount (Rs.)**	**Assets**		**Amount (Rs.)**
Sundry Creditors		7,000	Plant and Machinery		11,500
			Land and Building		25,000
Capital A/c:			Stock		10,000
X	25,000		Debtors	5,000	
Y	20,000		Less: Provision	100	4,900
Z	15,000	60,000	Cash at bank		15,600
Total		67,000	Total		67,000

Y retires and the following adjustments of the assets and liabilities have been agreed upon before the ascertainment of the amount payable by the firm to Y:

a. That the stock be depreciated by 5%

b. That the land and buildings be appreciated by 20%

c. That a provision of Rs. 750 be made in respect of outstanding legal charges.

d. That a provision for doubtful debts be increased to 5% on debtors.

e. That the goodwill of the entire firm be fixed at Rs. 16,200 and Y's share of the same be adjusted into the accounts of X and Z.

f. That X and Z decided to share the future profits of the firm in equal proportions and capital of new firm is fixed at Rs. 48,000. For this purpose actual cash is to be brought in or paid off.

You are required to prepare the Revaluation A/c, Capitals A/c and the revised Balance Sheet after Y's retirement. 8

PART B

18. Give two examples of cash equivalents. 1

19. State two items of cash outflow from financing activities. 1

20. a. Under which sub headings will the following items be placed in the Balance Sheet of a company as per revised Schedule VI Part I of the Companies Act, 1956:

1. Live Stock
2. Loose Tools
3. Capital Reserve
4. Debentures

2

b. From the following information prepare a comparative income statement.

Particulars	2013	2014
Sales	10,00,000	12,00,000
Cost of goods sold	7,00,000	8,00,000
Direct expenses	50,000	75,000
Indirect expenses	40,000	50,000

Income tax	40%	50%

2

21. Following are the detail available:

Particulars	Amount (Rs.)
Current Assets	1,00,000
Current Liabilities	70,000
Total Sales	2,00,000
Cost of Goods Sold	1,50,000
Operating Expenses	20,000
Stock Turnover Ratio	5 times

If the closing stock is more by Rs. 4,000 than opening stock, determine the following:

a. Opening Stock

b. Liquid Ratio

c. Operating Profit Ratio 6

22. Calculate the amount of opening debtors and closing debtors from the following figures:

Debtors Turnover Ratio 4 times, Cost of Goods Sold Rs. 6,40,000; Gross Profit Ratio 20%; Closing Debtors were Rs. 20,000 more than at beginning and cash sales is 33.33% of credit sales. 2

23. Prepare a Cash Flow Statement on the basis of the information given in the balance sheet of Simco Ltd. as at 31.3.2013 and 31.3.2012:

	Particulars	Note No	31.3.2013	31.3.2012
1.	**I-Equity and Liabilities:** **Shareholder's Funds:** a. Share Capital		2,00,000	1,50,000

	b. Reserve and Surplus		90,000	75,000
2.	**Non-Current Liabilities:**			
	Long Term Borrowing		87,500	87,500
3.	**Current Liabilities:**			
	Trade Payables		10,000	76,000
	Total		**3,87,500**	**3,88,500**
1.	**II-Assets:**			
	Non Current Assets:			
	a. Fixed Assets			
	1. Tangible Assets		1,87,500	1,40,000
	b. Non Current Investment		1,05,500	1,02,500
2.	**Current Assets:**			
	a. Current Investment		12,500	33,500
	b. Inventories		4,000	5,500
	c. Trade Receivables		9,500	23,000
	d. Cash and cash Equivalent		68,500	84,000
	Total		**3,87,500**	**3,88,500**

Notes to Accounts:

Note 1

Particulars	**2013 (Rs.)**	**2012 (Rs.)**
Reserve and Surplus Surplus (balance instatement of profit and loss)	90,000	75,000

ANSWERS

Part – A

1. 1:1

2. a. Share in firm's profit;
b. Interest on capital

3. a. Right to take part in the conduct and management of the business;
b. Right to have access and inspect the books of accounts

4. Balance of share forfeiture account after adjustment of loss on re-issue of forfeited shares will be transferred to capital reserve account.

5. Rs.25

6. If the company does not receive a minimum subscription of 90% of the issued amount within 60 days from the date of closure of the issue.

7. Z's share of goodwill Rs. 8,000

8. a. Loss on issue of debentures Rs. 1,00,000
b. Security Premium Rs. 2,50,000

9. No. of debentures issued = 3,000

10. Sources of Buy-Back of Shares:
a. Free Reserves;

b. Securities Premium Reserve A/c

11. Dr. Priyanka Rs.15,000; Cr. Mona Rs.7,500 and Nisha Rs.7,500

12. B's Executer's A/c Rs. 33,821

13. Loss on revaluation Rs. 1,500; balance sheet total Rs. 1,09,100

14. a. Profit on cancellation Rs. 2,200

b. Amount transferred to Debenture Redemption Reserve Rs. 1,60,000

15. Profit on Realization Rs. 26,520

16. Capital Reserve Rs. 500

OR

Capital Reserve Rs. 720

17. Profit on revaluation Rs. 6,000; Balance Sheet total Rs. 2,12,600

OR

Profit on revaluation Rs. 3,600; Balance Sheet total Rs. 55,750

Part – B

18. a. Cash in hand;

b. Marketable Securities

19. a. Repayment of loan;

b. Redemption of debentures

20 a. 1. Non –Current Assets –Fixed Assets – Tangible Assets

2. Current Assets

3. Equity and Liabilities – Shareholders' Funds – Reserve and Surplus

4. Non Current Liabilities – Long Term Loans

b. % change in Net Profit after Tax = 12.18%

21. Opening Stock Rs. 28,000; Liquid Ratio 0.97:1 and Operating Profit Ratio 15%

22. Opening Debtors Rs. 1,40,000 and Closing Debtors Rs. 1,60,000

23. Cash used from operating activities Rs.36,000; Cash used in Investing activities Rs. 50,500; Cash flow from financing activities Rs. 50,000