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Sample Paper (CBSE)

Series ACC/SP/1D

Code No. SP/1-D

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. Why should a firm have a partnership deed? 1

2. List any two situations, which may result the reconstitution of a partnership firm. 1

3. In case of dissolution of a firm, which liabilities are to be paid first? 1

4. State the exceptions to the creation of Debenture Redemption Reserve as per SEBI guidelines. 1

5. What is meant by calls received in advance? 1

6. Give two circumstances where sacrificing ratio may be applied? 1

7. P,Q and R are partners sharing profits in the ratio of 3:2:1. However, R is guaranteed Rs. 20,000 as his share of profits every year. Deficiency if any would be borne by the other partners. The profits for the two year ending 31st March, 2011 and 31st March, 2012 had been Rs. 75,000 and Rs. 80,000 respectively. Show the Profit and Loss Appropriation for the two years. 3

8. Y Ltd. issued Rs. 1,00,000 15% debentures of Rs. 100 each at a premium of 5% redeemable at a premium of 10% at the end of 4 years. The board of directors decided to transfer the minimum required amount to Debenture Redemption Reserve A/c at the time of redemption. Pass the journal entries at the time of redemption of debentures. 3

9. Karan Ltd. purchased the business of Sanjay Ltd. which includes Machinery Rs. 62,000; Furniture Rs. 25,000; Debtors Rs. 60,000; Creditors Rs.20,000; Bills Payables Rs. 8,000; Inventory Rs. 42,000. The purchase consideration discharged by a cash payment of Rs. 17,000 and balance by issue of debentures at discount of 10%. Pass necessary journal entries in the books of Karan Ltd. 3

10. ABC Ltd forfeited 20 shares of Rs.10 each (Rs.7 called-up) on which the shareholders had paid application and allotment of Rs.5 per share. Out of these, 15 shares were reissued to Gagan as Rs.7 per share paid-up for Rs.8 per share. Pass journal entries in the books of ABC Ltd. 3

11. A, B and C were partners. Their capitals were Rs. 30,000; Rs. 20,000 and Rs. 10,000 respectively. According to the partnership deed they were entitled to an interest on capital at 5% p.a. In addition B was also entitled to draw a salary of Rs. 500 p.m. C was entitled to a commission of 5% on the profits after charging the interest on capital but before charging the salary payable to B. The net profits for the year were Rs. 30,000 distributed in the ratio of their capital ratio without providing for any of the above adjustments. The profits were to be shared in the ratio of 2:2:1. Pass the necessary adjustment entry showing the working clearly 4

12. 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. A and B to get a salary of Rs. 1,800 and Rs. 1,600 p.m. respectively

b. In the event of the death of a partner, goodwill was to be valued at 2 years purchase of the average profits of the last 3 years.

c. Profit up to the date of death based on the profits of the previous year.

d. Partners were to be charged interest at 5% p.a. and allowed interest on capitals at 6% p.a.

B died on January 1st, 2011. His drawings to the date were Rs. 2,000 and interest there on was Rs. 60. The profits for the three years ending March 31st 2008, 2009 and 2010 were Rs. 21,200, Rs. 3,200 (loss) and Rs. 9,000 respectively.

Prepare B's Capital A/c to calculate the amount to be paid to his executors. 4

13. X, Y and Z were partners in a firm sharing profits in the ratio of 4:3:3. The firm was dissolved on 31st Dec. 2013. After transfer of assets and external liabilities to Realisation Account following transactions took place:

a. K, a creditor to whom Rs. 6,000 were due to be paid, accepted office equipment at Rs. 4,000 and the balance was paid to him in cash.

b. L, a creditor to whom Rs. 16,000 were due takes away machinery at Rs. 20,000. Balance was paid by him in cash.

c. An unrecorded liability of the firm Rs. 7,800 was paid by A.

d. C agreed to pay his wife loan Rs. 70,000

Pass necessary journal entries for the above transactions in the books of the firm. 6

14. B and C were partners in a firm sharing profits and losses in the ratio of 4:3. They admitted D as a new partner for 1/4th share in the profits, which he acquired from B and C in the ratio of 3:4. D brought Rs. 1,80,000 for his capital and Rs. 42,000 for his 1/4th share in goodwill. Calculate new profit ratio of B, C and D and pass necessary journal entries for the above transactions on D's admission in the books of the firm. 6

15. Shakti Ltd. decided to redeem its 750, 12% Debentures of Rs 100 each. The company purchased 500 Debentures at Rs 94 per Debenture from the open market. The remaining debentures were redeemed out of profits. The company had already made a provision for Debenture Redemption Reserve in its books. Pass necessary Journal Entries in the books of the company for the above transactions. 6

16. On 31st March, 2011 the Balance Sheet of Ram and Shyam, who were sharing profits in the ratio of 3: 1 was as follows:

Liabilities		**Amount Rs**	**Assets**		**Amount Rs**
Creditors		2,800	Cash at bank		2,000
Employees' provident fund		1,200	Debtors	6,500	
General Reserve		2,000	*Less*: Reserve for bad debts	(500)	6,000
Capitals			Stock		3,000
Ram	6,000		Investment		5,000
Shyam	4,000	10,000			
		16,000			16,000

They decided to admit, Mohan on April 1st 2010 for 1/5th share on the following terms:

a. Mohan shall bring Rs 6,000 as his share of premium.

b. Rs 100 is to be provided for unaccounted accrued income.

c. The market value of investment was Rs 4,500.

d. A debtor whose due of Rs 500 was written off as bad debts paid Rs 400 in full settlement.

e. Mohan to bring in capital to the extent of 1/5th of the total capital of the new firm.

Prepare Revaluation A/c, Partners Capital A/c and the Balance Sheet of the new firm. 8

OR

A, B and C were in partnership sharing profits in proportions to their capitals. Their Balance Sheet on 31-3-2008 was as follows:

Liabilities	Amount Rs	Assets		Amount Rs
Creditors	15,600	Cash		16,000
Reserve	6,000	Debtors	20,000	
A's Capital	90,000	Less: Provision	400	19,600
B's Capital	60,000	Stock		18,000
C's Capital	30,000	Machinery		48,000
		Buildings		1,00,000
	2,01,600			2,01,600

On the above data B retired owing to ill health and the following adjustment were agreed upon:

a. Building is appreciated by 10%.

b. Provision for doubtful debts be increased to 5% of debtors

c. Machinery be depreciated by 15%

d. Goodwill of the firm be valued at Rs 36,000 and be adjusted into the Capital Accounts of A and C who will be share profits in future in the ratio of 3 : 1.

e. A provision is made for outstanding repairs bill of Rs 3,000.

f. Included in the value of creditors is Rs 1,800 for an outstanding legal claim, which is not likely to arise.

g. Out of the insurance premium paid Rs 2,000 is for the next year. The amount was debited to P and L A/c.

h. The partners decide to fix the capital of the new firm as Rs

1,20,000 in the profit sharing ratios.

i. B to be paid Rs 9,000 in cash and the balance to be transferred to his Loan Account.

Prepare the Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the new firm after B's retirement. 8

17. Money well Company issued 50,000 equity shares of Rs. 10 each at a discount of 10% payable as follows:

Rs. 2 on application

Rs. 3 on allotment

Rs. 2 on the first call

Rs. 2 on the final call

The company received applications for 1,25,000 shares. The allotment was done as follows:

a. Applicants of 15,000 shares were refunded the application money.
b. Applicants of 60,000 shares were allotted 30,000 shares
c. The remaining applicants were allotted 20,000 shares.

The excess application money to be adjusted against allotment and calls, if any.

Mohan, a shareholder, who had applied for 3,000 shares and belong to group (b) failed to pay the allotment money and both the calls.

Ramesh, a shareholder belong to group (c) who was allotted 1,500 shares paid the calls money along with the allotment money. Pass the necessary journal entries to record the above. 8

OR

Hema Ltd. invited applications for issuing 30,000 equity shares of

Rs. 100 each at a premium of Rs. 20 each. The amount was payable as follows:

On Application and Allotment Rs. 40 (including premium Rs. 10) per share.

On First call Rs. 50 (Including premium Rs. (10) per share

On Second and Final Call - Balance Amount

Application for 75,000 shares were received. Application for 15,000 shares were rejected and the money received from them was refunded. Shares were allotted on pro-rata basis to the remaining applicants.

All calls were made. A who had applied for 2,000 shares failed to pay the first call and second and final call on the shares allotted to him.

B who was allotted 1,000 shares failed to pay the second and final call. The shares of both A and B were forfeited.

The forfeited shares were re-issued at Rs.160 per share full paid-up.

Pass the necessary journal entries in the books of the company for the above transactions. 8

PART B

18. What is meant by Cash Flow Statement? 1

19. List any two items of operating activities that are typical and pertaining to film production house? 1

20. Calculate gross profit ratio from the following information:

Cost of goods sold Rs.1,50,000; Sales are 20% above cost. 2

21. a. Why is Govt. interested in analysing financial statements? 1

b. With the help of the following information obtained from the books of Raghu Ltd. prepare a comparative income statement for the year ended 31.03.2012

Particulars	31.03.2012	31.03.2013
Revenue from Operation	17,00,000	20,00,000
Cost of Material Consumed	60% of revenue from operation	70% of revenue from operation
Other Expenses	68,000	42,000
Other Income	14,000	20,000
Income Tax	50%	50%

3

22. From the following information calculate any two of the following ratios:

a. Net Profit Ratio

b. Debt Equity Ratio

c. Quick Ratio

Particulars	**Amount (Rs.)**
Paid-up Capital	20,00,000
Capital Reserve	2,00,000
9% Debentures	8,00,000
Net Sales	14,00,000

Gross profit	8,00,000
Indirect Expenses	2,00,000
Current Assets	4,00,000
Current Liabilities	3,00,000
Opening Stock	50,000
Closing Stock 20% more than opening stock	

6

23. Prepare a Cash Flow Statement on the basis of the information given in the balance sheet of Rajan 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		6,30,000	5,40,000
	(b) Reserve and Surplus		3,96,000	72,000
2.	**Non-Current Liabilities:**			
	Long Term Borrowing		4,50,000	4,50,000
3.	**Current Liabilities:**			
	Trade Payables		2,25,000	81,000
	Total		**17,01,000**	**11,43,000**
1.	**II-Assets:**			
	Non Current Assets:			

	(a) Fixed Assets			
	(i) Tangible Assets		8,82,000	7,56,000
	(b) Non Current Investment		1,44,000	54,000
2.	**Current Assets:**			
	(a) Current Investment		1,62,000	1,80,000
	(b) Inventories		3,21,000	72,000
	(c) Trade Receivables		1,20,000	52,500
	(d) Cash and cash Equivalent		72,000	28,500
	Total		**17,01,000**	**11,43,000**

Notes to Accounts:

Note 1

Particulars	**2013 (Rs.)**	**2012 (Rs.)**
Reserve and Surplus Surplus (balance in statement of profit and loss)	3,96,000	72,000

Additional Information:

Depreciation charged on fixed assets during the year Rs. 38,000 6

ANSWERS

Part – A

1. A firm should have a partnership deed because in case of dispute or any misunderstanding among partners, partnership deed acts as evidence in the court of law.

2. a. Admission of a partner
b. Retirement or death of a partner

3. Third party debts are to be paid first

4. a. Infrastructure Companies
b. Companies whose debentures are redeemed within 18 months from the date of issue of debentures

5. Calls in advance means call not due but paid by the shareholders in advance.

6. a. When goodwill brought in by the new partner at the time of admission;
b. Adjusting goodwill while changing profit ratio.

7. Share of profit on 31st March, 20111:- P Rs.33,000; Q Rs. 22,000 and R Rs. 20,000; on 31st March, 2012 P Rs. 36,000; Q Rs. 24,000 and R Rs. 20,000

8. Debenture Redemption Reserve is created by Rs. 50,000

9. No. of debentures issued 1,600

10. Capital Reserve Rs.60

11. Debit A's Capital Rs. 5,640; Credit B's Capital Rs. 4,860 and C's Capital Rs. 780

12. Balance of B's Capital A/c Rs. 41,490

13. a. Dr. Realisation A/c and Cr. Cash A/c by Rs. 2,000

b. Dr. Cash A/c and Cr. Realisation A/c by Rs. 4,000

c. Dr. Realisation A/c and Cr. A's Capital A/c by Rs. 7,800

d. Dr. Realisation A/c and Cr. C's Capital A/c by Rs. 70,000

14. New profit sharing ratio 13:8:7

15. Profit on cancellation Rs. 3,000

16. Balance Sheet total Rs. 26,500

OR

Balance Sheet Total Rs. 2,02,800

17. Cash received on allotment Rs. 36,500 (28,500 + 6,000)

OR

Capital Reserve Rs. 1,40,000

Part – B

18. Cash flow statement records inflow and outflow of cash and cash equivalents during a particular period. The statement is prepared to know how the cash and cash equivalents are used in the business.

19. a. Making films

b. Selling to the distributors

20. Gross Profit Ratio 16.67%

21. a. On the basis of analyzing of financial statements, government can judge which industry is progressing on the desired lines and which industry needs help.

b. Percentage change: Revenue from operations 17.65%; Other income 42.86%; Cost of material consumed 37.25%; Other expenses 38.25%; Profit before and after tax 7.67% each

22. Net Profit Ratio 42.86%; Debt Equity Ratio 0.36; Quick Ratio 1.13

23. Cash flow from operating activities Rs. 1,89,500; Cash used from investing activities Rs. (2,54,000) Cash flow from financing activities Rs. 90,000.