

INTERNATIONAL INDIAN SCHOOL – DAMMAM  
Model Test Paper - 2010 - 11

ACCOUNTANCY

Grade : XII

Time : 3 Hours  
Max Marks : 80

Instructions :

- 1) The question paper contains three parts A, B & C.
- 2) Part A is compulsory for all.
- 3) Attempt only one part of the remaining parts B & C.
- 4) All parts of a question should be attempted at one place.

PART – A

1. What is meant by Revenue Receipts? 1
  
2. A and B are partners in a firm having no partnership agreement. They had advanced to the firm a sum of Rs. 30,000 as a loan in their profit sharing ratio on July 1, 2009. Calculate interest payable to A, assuming that books are closed on 31<sup>st</sup> March each year. 1
  
3. state any two occasions when reconstitution of partnership firm takes place. 1
  
4. A and B are partners in a firm sharing profits and losses in the ratio of 6 : 4. C was admitted for 1/4<sup>th</sup> share. Calculate sacrificing ratio. 1
  
5. What are the sources of finance for redemption of debentures ? 1
  
6. Nageena Ltd. issues 10,000 debentures of Rs.50 each with the condition that they will be redeemed at a premium of 5% after the expiry of 4 years. Pass the necessary journal entries for the issue and redemption of these debentures . 3
  
7. Calculate the amount of expenses which will be posted to the Income & Expenditure Account for the year ending March 31,2007 : 3

Total Expenses paid during 2006 – 2007	Rs. 32,300
Prepaid expenses on April 1,2006	Rs. 800
Outstanding expenses on April 1,2006	Rs. 3,000
Prepaid expenses on March 31, 2007	Rs. 1,000
Total Outstanding expenses on March 31,2007	Rs. 1,200

Expenses of Rs. 1,000 are still to be paid for the year 2005 – 2006.

8. W Ltd. has the following balances appearing in its Balance Sheet :

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Particulars	Amount ( Rs. )
10% Debentures	1,20,00,000
Securities Premium	22,00,000
Preliminary Expenses	10,00,000

The company decided to redeem its 10% debentures at a premium of 10%. You are required to suggest the ways in which the company can utilize the security premium amount.

9. a) A and B are partners in the ratio of 2 : 1. They admitted C for  $\frac{1}{3}$ <sup>rd</sup> share, which he acquires in equal proportions from both. Find the new profit sharing ratio.

b) A,B and C were partners in a firm sharing profits in the ratio of 6 : 5: 4. C retires and his share is taken up equally by A and B. Find the new profit sharing ratio.  $(2 + 2) = 4$

10.a) G.M. Ltd. did not receive the first call on 2,700 shares @ Rs.3 per share which was due on 1.1.08 This amount was received on 1.2. 2008.

Open calls in arrear account and record the above transactions in the books of the company on 1.1.2008 and 1.2.2008.

b) A company issued 5,000 equity shares of Rs.15 each to its promoters as the remuneration of the services rendered by them at par. Pass journal entry to record the same.  $(2 + 2) = 4$

11. Shiv and Shanker were partners in a firm sharing profits in 3:2 ratio. Their fixed capitals were Rs.1,70,000 and Rs.2,10,000 respectively. The partnership deed provided for the following:

- i) Interest on Capital @ 12%
- ii) Interest on drawings @ 18%

Shiv withdrew Rs.12,000 on 30.6.2006 and Shanker withdrew Rs.18,000 on 30.9.2006. The profit of the firm for the year ended 31.3.2007 was Rs.97,000, which was distributed among the partners without providing for the above adjustments. Pass adjustment entry. 4

12 a) Pramod Ltd. decided to redeem Rs.50,000, 10% debentures of Rs 100 each. It purchased Rs. 40,000 debentures in the open market at Rs. 97.50 each. The expenses being Rs.200 and redeemed the balance of Rs. 10,000 debentures by draw of lots. Give journal entries assuming that the company has enough funds in its D.R.R.

b) Z Ltd. had 2000, 12% debentures of Rs.60 each on December 31, 2007 redeemable at a premium of 10%. They are to be converted into equity shares of Rs.10 each issued at a premium of Rs.15 (3+3=6)

13.X,Y & Z were sharing profits & losses in 2:2:1 ratio respectively. Their Balance Sheet as on March 31, 2008 was as follows ;

Balance Sheet as on March 31, 2008

Liabilities	Amount(Rs.)	Assets	Amount(Rs.)
Capitals :		Fixed Assets	1,60,000
X	50,000	Stock	40,000
Y	50,000	Debtors	10,000
Z	50,000	Cash	4,000
Creditors	50,000	Bank	6,000
Workers' compensation Fund	40,000	patents	20,000
	<u>2,40,000</u>		<u>2,40,000</u>

Y died on July 15, 2008. Goodwill was valued at Rs.80,000. The total sale upto the date of death was Rs.4,20,000. The firm makes standard profit of 10% on sale. The patents were worthless and there was an accident claim from a worker for Rs.22,000. Y's drawings upto the date of death was Rs.5,000. Y is entitled to interest on capital @ 6% p.a. A cheque of Rs. 89,875 was issued immediately to the executors of Y. Prepare Y's Capital account and Y's executors account and transfer the balance to the Y's executors loan account. 6

14. Following is the Receipts and Payments Account of Rotary Club, Delhi as on 31.3.2006;

Receipts	Amount(Rs.)	Payments	Amount(Rs.)
Balance b/d	5,000	Salary	9,000
Subscriptions :		Newspaper	2,000
2004 – 2005	1,500	Rent	7,000
2005 – 2006	22,000	Fixed Deposit(1.4.2005 @ 12% p.a.)	25,000
2006 - 2007	1,000	Books	4,000
Sale of Cigarettes	1,500	Furniture	8,000
Municipal grants	20,000	Balance c/d	4,000
Sale of old furniture (Book Value Rs. 8,000)	6,000		
Profit from entertainment	2,000		
	<u>59,000</u>		<u>59,000</u>

**Additional Information :**

1. Subscriptions outstanding as on 31.3.2005 were Rs.2,000 and on 31.3.2006 Rs.3,000.
2. On 31.3.2006 salary outstanding was Rs.4,000 and rent outstanding was Rs.1,000.
3. On 1.4.2005 the Club owned furniture Rs.50,000 and books Rs.28,000.

Prepare Income and Expenditure Account of the club for the year ended 31.3.2006 and ascertain the Capital Fund on 31.3.2005. 6

15.A and B were partners in a firm sharing profits in 3:1 ratio. They admitted C as a partner for 1/4<sup>th</sup> Share in the profits. C was to bring Rs.60,000 for his capital. The Balance Sheet of A & B on 1.4.2008 the date at which C was admitted, was as follows ;

Liabilities	Amount(Rs.)	Assets	Amount(Rs.)
Creditors	70,000	Land & Building	40,000
Capitals :		Plant & Machinery	70,000
A : 50,000		Stock	30,000
B : 80,000	1,30,000	Customers	35,000
General Reserve	10,000	Less Provision for D/D	1,000
		Investments	26,000
		Cash	10,000
	2,10,000		2,10,000

The other terms agreed upon were :

1. Goodwill of the firm was valued at Rs. 24,000.
2. Land and Building were undervalued by Rs.25,000 and Plant and Machinery were valued at Rs.60,000.
3. Provision for bad and doubtful was found in excess by Rs.400.
4. Provision for discount on creditors is to be made @ 2%.
5. A liability of Rs. 1200 included in creditors was not likely to arise.
6. The Capital of the Partners be readjusted on the basis of C's Contribution of capital to the firm.
7. Excess or shortfall if any to be transferred to Current Accounts.

Prepare Profit and Loss Adjustment Account, Partners' Capital Accounts and Balance Sheet of the new firm. 8

OR

X, Y and Z sharing profits in the ratio of 3: 2: 1 agree upon dissolution of the firm. X was appointed to realize the assets and pay off the liabilities for which he was entitled to a lump sum amount of Rs.1000. The balance sheet of the firm on December 31, 2008 was as under :

Liabilities	Amount(Rs.)	Assets	Amount(Rs.)
X's Capital	50,000	Machinery	40,500
Y's Capital	20,000	Investment	20,000
Investment Fluctuation Fund	6,000	Debtors	9,300
S. Creditors	18,500	Less : Provision for D/D	600
		Stock	7,500
		Cash	6,300
		Z's Current Account	11,500
	94,500		94,500

The investments are taken over by X for Rs. 18,000. Y takes over all the stock at Rs. 7,000 and debtors amounting to Rs. 5,000 at Rs. 4,500. Machinery is sold for Rs.55,000. The remaining debtors realized 50% of the book value. The actual expenses of realization amounted to Rs. 600. Show the necessary ledger accounts on the completion of the dissolution of the firm.

16 A Company issued to the public for subscription 40,000 shares of Rs. 10 each at a discount of 10% payable as Rs.2 each on application, allotment and first call and Rs. 3 on the final call. Applications were received for 60,000 shares and allotment was made pro-rata to 80% of applicants. R to whom 1,600 shares were allotted paid only the application money, and S who had applied for 2,400 shares paid all the calls due along with the allotment. Pass necessary journal entries to record the above transactions.

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OR

Petro – chemical Ltd. issued 50,000 shares of Rs.10 each at a premium of Rs. 2 per share payable as Rs. 3 on application, Rs. 5 including premium on allotment and the balance in equal installments over two calls. Applications were received for 92,000 shares and the allotment was done as under :

- |                                |                        |
|--------------------------------|------------------------|
| a) Applicants of 40,000 shares | Allotted 30,000 shares |
| b) Applicants of 40,000 shares | Allotted 20,000 shares |
| c) Applicants of 12,000 shares | Nil                    |

Ramesh who had applied for 2,000 shares ( category A ) did not pay any money other than application money. Chander who was allotted 800 shares (category B ) paid the call money due along with allotment. All other allottees paid their dues as per schedule.

Pass necessary journal entries in the books of Petro – chemicals Ltd. to record the above.

PART – B  
Analysis of Financial Statement

17. Write any two items of 'Cash Flow from Investing Activities'. 1
18. In which activity will you include the payment of interest on loan by a Finance company while preparing a Cash Flow Statement? 1
19. Assuming that the Debt- Equity Ratio is 1 : 2 , state with reasons, whether the ratio will improve, decrease or not change in case equity shares are issued for cash. 1
20. How will you disclose the following items in the balance sheet of a Company according to Schedule VI, Part I of Company's Act 1956 : 3
- a) Unclaimed dividend      b) Advertisement Suspense A/C      c) Provision for tax  
d) goodwill                      e) Work in progress                      d) Calls in Arrear
21. From the following information calculate any two of the following ratios : 4
- i) Current Ratio  
ii) Debt – Equity Ratio  
iii) Operating Ratio

Information :

Sales Rs. 1,00,000 ; COGS was 80% of sales ; Equity Share Capital Rs. 7,00,000 ; General Reserve Rs.3,00,000 ; Operating expenses Rs. 10,000 ; Quick Assets Rs. 6,00,000 ; 9% debenture Rs.5,00,000 Closing stock Rs. 50,000 ; Prepaid Expenses Rs. 10,000 and current liabilities Rs. 4,00,000.

22. Prepare the Comparative Balance Sheets of M/S Balaji Traders from the following : 4

Particulars	2006 (Rs.)	2007(Rs.)
Liabilities : Share Capital	40,000	70,000
Reserves	12,000	10,000
Long Term Loans	50,000	50,000
<b>Total Liabilities</b>	<b>1,02,000</b>	<b>1,30,000</b>
Assets : Fixed Assets	80,000	1,02,000
S. Debtors	10,000	20,000
Bank Balance	12,000	8,000
<b>Total Assets</b>	<b>1,02,000</b>	<b>1,30,000</b>

23. From the following Balance Sheets of Asha Ltd., Prepare Cash Flow Statement as on March 31, 2005.

Liabilities	March 31 2005 (Rs.)	March 31 2004 (Rs.)	Assets	March 31 2005 (Rs.)	March 31 2004 (Rs.)
E. Share Capital	6,00,000	6,00,000	Plant and Machinery	9,60,000	7,20,000
5% Pref. Share Capital	3,00,000	4,00,000	Investments	1,75,000	1,10,000
8% Debentures	3,00,000	2,00,000	Current Assets	6,00,000	4,40,000
Profit & Loss A/C	3,00,000	—	Profit & Loss A/C	—	1,00,000
General Reserve	1,50,000	1,00,000	Goodwill	10,000	15,000
Current Liabilities	1,00,000	1,00,000	Preliminary Expenses	5,000	15,000
	17,50,000	14,00,000		17,50,000	14,00,000

Additional Information ;

- Depreciation provided on fixed assets Rs. 90,000.
- Preference shares were redeemed at a premium of 10% on March 31, 2005.
- The Company declared and paid dividend on Equity Shares @ 10%.

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PART –C

Computerized Accounting