ACCOUNTANCY SAMPLE PAPER II

PART-A

(ACCOUNTING FOR PARTNERSHIP FIRMS AND COMPANIES)

1. P and Q are partners in a firm. R is admitted into partnership. The new profit sharing ratio is agreed to be 5:3:4. P and Q made equal sacrifices to accommodate R. What was the old ratio of P and Q? (1)

A) 7:5 b) 1:1

c) 3:2 d) 2:3

2. Mahima Ltd. has an authorised capital of ₹ 10,00,000 divided into 1,00,000 equity shares of ₹ 10 each. IT offered 90,000 equity shares of ₹10 each. The public applied for 80,000 equity shares. Till 31st march 2014, ₹8 were called. An applicant holding 1,000 shares did not pay first call of ₹3 per share. State the amount of subscribed capital: (1)

a) ₹10,00,000 b)₹8,00,000

c) ₹9,00,000 d)₹6,40,000

3. Section 4 of Indian Partnership Act, 1932 defines partnership as:

a) Partnership is the relation between two or more persons who have agreed to share the profit or Loss of a business.

b) Partnership is the relation between persons who have agreed to share profit of the business.

c) Partnership is the relation between persons who have agreed to share the profit of a business carried on by all or any one of them acting for all.

d) None of these (1)

4. ABC Ltd. purchased land for ₹5; 50,000. Half of the amount was paid by accepting bills of exchange. The remaining amount was paid by issuing ₹1,000 18% Debentures at 10% premium and the balance by issuing equity shares of ₹10 each at par. State the number of shares to be issued. (1)

5. Give the meaning of minimum subscription. (1)

6. What is the nature of interest on debentures? (1)

7. On 1.01.2012, BLtd. decided to redeem its 15% Debentures and purchased Debentures of ₹35,000 (face value ₹100) from the open market at ₹98.50 each for cancellation purposes. Give journal entries. (3)

8. Abhay and Beena are partners in a firm. On 1.04.2014 they decided to admit Chetan as a partner with 1/4th share in the profits of the firm and on the same date Beena decides to retire from the firm. Chetan brings ₹2,00,000 as his share of capital. Abhay and Chetan decide to share future profits in the ratio of 3:1. On that date value of the firm is ₹5,40,000 and liabilities were ₹1,00,000. Abhay and Chetan decided to conduct collection drive in schools and colleges for foods, clothes, books, blankets etc. for the flood victims of Jammu &Kashmir.

(a) Give the necessary entry to record goodwill at the time of Chetan's admission. Also show your working notes.
(b) Identify the value involved above. (3)

Q9. Mention any three factors which give rise to goodwill of a firm. (3)

Q10. A, B and c were partners sharing profits in the ratio of 5:3:2. C retired from the business. On his retirement, A and B has capital of ₹57,000 and ₹36,000 after all adjustments. They decided to share future profits and losses equally. The total capital of the firm is fixed at ₹1,05,000 which is to be in their profit sharing ratio.

Partners are expected to withdrew or introduce the cash amount required. Show how accounts of A and B will be adjusted. (3)

Q11. A and B are partners in a firm sharing profits in the ratio of 3:2. On 1.1.2013 their capital balances stood at `15,000 and `20,000 respectively. The books also showed a P & L (Dr Balance) of `25,000 and reserve of `80,000. The firm was dissolved on 1.1.2013. Show the capital accounts of the partners, giving effect to the above. (4)

Q12. Explain Section 79 of Companies Act,1956. (4)

Q13. Write short notes on:

i. Necessity to revalue assets and Liabilities in case of admission of a partner.
ii. Firm Debts & Private Debts. (6)

Q14.

(a) X Ltd. Forfeited 1,000 equity shares of ₹10 each issued at a premium of ₹3 per share for non-payment of first call of ₹6 per share (including premium). The forfeited shares were reissued as fully paid up for ₹7 per share.
(b) Y Ltd. Forfeited 800 equity shares of ₹100 each issued at a discount of 10% for non-payment of first and final call of ₹3 per share. The forfeited shares were reissued at ₹12per share as fully paid up. (3+3=6)

Q15. A and B entered into partnership on 1st April 2013 without any partnership deed. They introduced capitals of ₹5,00,000 and ₹3,00,000 respectively.
On 31st October 2013, A advanced ₹2,00,000 by way of loan to the firm without any agreement as to interest. Books are being closed on 31st march each year. Fill the missing information/figures in the following accounts. (6)

PROFIT AND LOSS ACOUNT

For the year ending on 31st march, 2014

Particulars	Amount(₹)	particulars	Amount(₹)
To_________ To profit transferred to profit and loss appropriation A/c	 4,25,000	By Net Profit	

PROFIT AND LOSS APPROPRIATION ACCOUNT

for the year ended March 31, 2014

Particulars	Amount(₹)	particulars	Amount (₹)
To A's capital A/c .... To B's capital A/c		By profit & loss A/c	....

PARTNER'S CAPITAL ACCOUNT

Date	Particulars	A(₹)	B(₹)	Date	particulars	A(₹)	B(₹)
31.3.14	To Balance c/d	....	.....	1.4.13	By Bank By profit &loss Appropriation	....	....

A's loan Account

Date	particulars	Amount (₹)	Date	particulars	Amount (₹)
2014 Mar 31	 To Balance b/d		2014 Oct 31	 By ..... By....	 ....

16. Dinesh , Yasmine and Faria are partners in a firm, sharing profits and losses in 11:7:2 respectively. The Balance sheet of the firm as on 31st December,2013 was as follows:

Balance Sheet

As at 31.12.2013

Liabilities	₹	Assets		₹
Sundry Creditors	800	Factory Building		7,350
Public Deposits	1,190	Plant &Machinery		1,800
Reserve fund	900	Furniture		2,600
Capital Accounts:		Stock		1,450
Dinesh	5,100	Debtors	1,500	
Yasmine	3,000	Less: Provision	300	1,200
Faria	5,000	Cash in Hand		1,590

On 1.1.2014,Annie is admitted as a partner for one-sixth share in the profits with a capital of ₹4,500 and necessary amount for her share of goodwill on the following terms :

(i)Furniture of ₹2,400 were to be taken over by Dinesh, Yasmine, Faria equally.

(ii)A Liability of ₹1,670 be created against bills discounted.

(iii) Goodwill of the firm is to be valued at 2.5 years' purchase of average profits of last two years. The profits are as under:

2011- ₹ 2,000 2012- ₹ 6,000

iv)Drawings of Dinesh ,Yasmine and Faria were ₹2,750; ₹1,750 ; ₹500 respectively.

v)Machinery and Public Deposits are revalued to ₹2,000 and ₹ 1,000 respectively.

Prepare Revaluation Account, Partner's Capital Account and the Balance Sheet of the new firm.

OR

The Balance Sheet of A, B and C on 31st December 2013 was as under:

BALANCE SHEET

As at 31.12.2013

Liabilities	₹	Assets	₹
A’s Capital	40,000	Debtors	20,000
B’s Capital	30,000	Motor Car	18,000
C’s Capital	20,000	Stock	20,000
General Reserve	17,000	Investments	1,20,000
Sundry Creditors	1,23,000	Debtors	40,000
		Patents	12,000
	2,30,000		2,30,000

The partners share profits in the ratio 8:4:5 On 1.1.2014 C retires from the firm on following terms and conditions :-

i)20% of the General Reserve is to remain as a reserve for bad and doubtful debts.

ii)Motor Car is to be decreased by 5%.

iii) Stock is to be revalued at ₹ 17,500.

iv) Goodwill is valued at $2^{1/}{}_{2}$ years purchase of the average profits of last 3 years. Profits of last 3 years were-2011:₹11,000;2012 :₹16,000:and 2013 :₹24,000

C was paid in full. A&B borrowed the necessary amount from the bank on the security of motor car and stock to pay off C . Prepare Revaluation account ,Partners Capital Accounts and Balance Sheet of A and B.

17. Mustafa Ltd. issued a prospectus inviting applications for 1,00,000 shares of

₹10 each at a discount of ₹ 1 per share payable as -

₹ 3 on application
₹ 3 on allotment
₹ 2 on fist call
₹ 1 on final call

Application were received for₹ 1,20,000 shares. Allotment was made as under --
i)To applicants for 20,000 shares – if full

ii) To applicants for 40,000 shares- 30,000 shares

iii) To applicants for 60,000 shares – 50,000 shares

The shares were fully called and paid up except amount on allotment , first and final call not paid by those who applied for applied for 2,000 shares out of group applying for 40,000 shares. These shares were forfeited by the directors and 1,200 shares of them were reissued @ ₹7 per share. Show the journal entries in the books of Mustafa Ltd. (8)

OR

On 1.1.2011 Yusuf Manzil Ltd. Issued 5,000, 12% debentures of ₹100 each at premium of 10%. The terms of issue provided for the redemption of ₹ 50,000 debentures every year commencing from the end of the year 2011-12, either by purchase or by drawing at par at the company's option.

On 31.3.2013, the company purchased some debentures at 5% discount and paid 42,750 for immediate cancellation. The brokerage being 1%.

Journalise the transactions relating to issue and redemption of debentures assuming that 50% of the nominal value of debenture were redeemed out of profits. Treat the securities premium and profit on redemption in the best way you consider fit (ignore interest on debentures).

PART-B

FINANCIAL STATEMENT ANALYSIS

18. The activities classified according to AS-3 (Revised) while preparing the Cash Flow Statement: (1)

(a)Operating Activities (b) Investing Activities

(c)Financing Activities (d) All of these

19. Under which type of activity will you classify 'cash received from debtors' while preparing cash flow statement ? (1)

20. Name the headings under which the 'Equity and Liabilities' of a company are organized and presented in the Balance Sheet. (1)

21. Alfa Ltd, a leading shoe manufacturing company took an initiative to provide employment opportunities in the rural sector of Bihar. During 2013-14, the company has earned huge amount of profits. The company under its Corporate Social Responsibility Policy, decided to start a Programme 'SAMARTH' to help the poor and needy children by funding for their education so that they can take care of themselves when they grow up and become self reliant. The company also started a programme 'SHAKTI' for the empowerment of women. (4)

Following is the Statement of Profit and Loss for two consecutive years:

COMPARATIVE STATEMENT OF PROFIT & LOSS

For the years ended on 31st march, 2013 & 2014

s. no.	particulars	Absolute figures		Absolute changes increase or decrease (B)-(A)	Per cent changes increase or decrease C/A*100
		2012-13	2013-14		
		₹	₹	₹	₹
		(A)	(B)	(C)	(D)
1.	Revenue from operations	9,00,000	13,50,000	4,50,000	50.00
2.	Other income	10,000	16,000	6,000	60.00
3.	Total revenue(1+2)	9,10,000	13,66,000	4,56,000	50.10
4.	Expenses				
	(a)employee benefit expenses	3,00,000	5,25,000	2,25,000	75.00
	(b)other expenses	1,75,000	1,90,000	15,000	8.57
	Total expenses	4,75,000	7,15,000	2,40,000	50.53
5.	Profit before tax (3-4)	4,35,000	6,51,000	2,16,000	49.65
6.	Taxes	50,000	75,000	25,000	50
7.	Profit after tax (5-6)	3,85,000	5,76,000	1,91,000	49.61

(a) From the above information calculate the net profit ratio for both the years.

(b) Identify the value involved above.

Q22. From the following information, calculate return on capital employed (or investment):

	₹		₹
Net profit after interest and tax	1,80,000	Equity share capital	1,00,000
Tax	60,000	10% preference share capital	70,000
Net fixed assets	6,00,000	Reserves and surplus	1,00,000
Long current investments (trade)	40,000	Current liabilities	70,000
Current assets	2,00,000		
9% debentures	5,00,000		

Q23. The Balance Sheets of Sunder Stuti Ltd. as on March 2013 and March 2014 were as follows:

BALANCE SHEETS

as on March 2013 and March 2014

	Particulars	Note no.	31.3.2014(₹)	31.3.2013(₹)
I.	**EQUITY AND LIABLITIES**			
	Shareholders' fund			
	Share Capital	1	2,00,000	1,50,000
	Reserve & Surplus	2	91,000	59,500
	Current liabilities			
	Trade payables	3	84,000	66,500
	Other Current Liabilities	4	1,750	5,950
	Total		3,76,000	2,81,950
II.	**ASSETS**			
	Non- current Assets			
	fixed assets			
	Tangible assets	5	2,85,750	1,99,000
	Intangible assets	6	7,000	-
	Current assets			
	Inventories	7	26,250	38,500
	Trade receivables	8	50,750	35,000
	Cash and cash equivalents		7,000	9,450
	Total		3,76,750	2,81,950

Notes to accounts

	31.3.2014(₹)	31.3.2013(₹)
Note no. 1: **Share Capital**		
Equity share capital	2,00,000	1,50,000
	2,00,000	1,50,000
Note no. 2: **Reserve and Surplus**		
Balance in statement of Profit & Loss	56,000	35,000
General Reserve	24,500	17,500
Securities Premium Reserve	10,500	7,000
	91,000	59,500
Note no.3: **Trade payables**		
Sundry creditors	84,000	66,500
	84,000	66,500
Note no. 4: **Other current liabilities**		
Outstanding expenses	1,750	5,950
	1,750	5,950

Note no.5: **Tangible assets**		
Land & building	42,000	24,500
Plant & machinery	2,43,750	1,74,500
	2,85,750	1,99,000
Note no. 6: **Intangible assets**		
Patents	7,000	---
	7,000	---
Note no.7: **Inventories**		
Stock in trade	26,250	38,500
	26,250	38,500
Note no. 8: **Trade receivables**		
Sundry debtors	50,750	35,000
	50,750	35,000

Additional information:

(i)During the year 2013-14, ₹12,250 have been charged as depreciation on plant and machinery.

(ii)Tax paid during the year ₹5,000.

(iii)a part of machinery costing ₹12,000 (depreciation ₹3,000 was sold for ₹5,500.

Prepare Cash Flow Statement for the year ended 31-3-2014 as per AS-3 (Revised).