

## **SAMPLE PAPER ACCOUNTANCY**

### **Class - XII**

**TIME ALLOWED : 3 HOURS**

**MAXIMUM MARKS : 80**

- 1) A & B ARE PARTNERS. A WITHDRAWS RS 800 AT BEIGINING OF EVERY MONTH FOR EIGHT MONTH ENDING & B WITHDRAWS RS 800 AT THE END OF EVERY MONTH FOR NINE MONTHS ENDING AT 2003. CALCULATE INTEREST ON DRAWINGS @ 12% P.A. 2
- 2) WRITE A NOTE ON MINIMUM SUBSCRIPITON? 2
- 3) LIST THE SOURCES OF REDEMPTION OF DEBENTURE? 2
- 4) LIST THE VAPIOUS METHODS BY WHICH WE CAN ISSUE DEBENTURE? 2
- 5) AMAR KARAN & SARAN WERE PARTNERS SHARING PROFITS IN THE RATIO OF 2:2:1.COMMISSION OF RS 1,500 WAS PAYABLE TO AMAR BUT WAS OMITED. PROFITS OF RS 4,80,000 WERE DISTRIBUTED AMONG THE PARTNERS WITHOUT PROVIDING FOR COMMISSION TO AMAR.PASS NECESSARY ADJUSTMENT ENTRY FOR RECTIFICATION. 3
- 6) THE PROMISING COMPANY LTD. TOOK OVER ASSETS OF RS 3,50,000 & LIABILITES OF RS 30,000 OF X LTD. FOR A PURCHASE CONSIDERATION OF RS 3,30,000. THE PROMISING COMPANY LTD. PAID THE PURCHASE CONSIDERATIO N BY ISSUING 12% DEBENTURE OF RS 100 EACH AT 10 % PREMIUM. GIVE JOURNAL ENTRIES IN THE BOOKS OF PROMISING LTD. 3
- 7) A & B ARE PARTNERS SHARING PROFITS IN THE RATIO OF 5:3. THEY ADMIT C IN THE FIRM FOR 3/10<sup>TH</sup> SHARE IN PROFIT WHICH HE TAKES 2/10<sup>TH</sup> FROM A & 1/10<sup>TH</sup> FROM B. C BRINGS RS 30,000 AS PREMIUM IN CASH OUT OF HIS SHARE OF RS 7,800. GOODWILL A/C DOES NOT APPEAR IN THE BOOKS OF A & B. GIVE NECESSARY JOURNAL ENTRIES IN THE BOOKS OF THE FIRM. 4
- 8) PASS THE JOURNAL ENTRIES FOR THE FOLLOWING AT THE TIME OF DISSOLUTION OF THE FIRM :
  - SALE OF ASSETS RS 50,000
  - PAYEMENT OF LIABILITES RS 10,000
  - A COMMISSION OF 5% ALLOWED TO MR X A PARTNER ON SALE OF ASSETS. 4
- 9) WHAT IS MEANT BY ISSUE OF SHARES AT DISCOUNT ? EXPLAIN THE PROVISION OF SECTION 79 OF THE COMPANIES ACT REGARDING ISSUE OF SHARES AT DISCOUNT. 4
- 10) JOURNALISE THE BELOW TRANSATION ASSUMING THAT THE DEBENTURE WERE CONVERTED AT THE OPTION OF THE DEBENTUREHOLDERS BEFORE THE DATE OF REDEMPTION  
X LTD. REDEEMED 5,000, 12% DEBENTURE OF RS 100 EACH WHICH WERE ISSUED AT 94 BY CONVERTING THEM INTO EQUITY SHARES OF RS 100 EACH AT 25% PREMIUM.

X LTD. REDEEMED 2,000 14% DEBENTURE OF RS 100 EACH WHICH WERE ISSUED AT A DISCOUNT OF 5% BY CONVERTING THEM INTO EQUITY SHARES OF RS 10 EACH ISSUED AT A DISCOUNT OF 5%.

4

11) P LTD. ISSUED RS 4,00,000 10% DEBENTURE OF RS 100 EACH AT PAR, REDEEMABLE AT 5% PREMIUM AT THE OPTION OF DEBENTUREHOLDERS. ONE DEBENTUREHOLDING 200 DEBENTURE EXERCISED HIS OPTION. PASS JOURNAL ENTRIES TO RECORD THE ISSUE & CONVERSION OF DEBENTURES.

4

12) SONAM LTD. ISSUED 20,000 SHARES OF RS 10 EACH AT A DISCOUNT OF RS 1 PER SHARE PAYABLE AS FOLLOWS:  
RS 2.50 PER SHARE ON APPLICATION  
RS 4.00 PER SHARE ON ALLOTMENT  
RS 2.50 PER SHARE ON 1<sup>ST</sup> & FINAL CALL.  
SUBSCRIPTION LIST WAS CLOSED ON 1<sup>ST</sup> JANUARY, 1994 BY WHICH DATE APPLICATION FOR 45,000 SHARES HAD BEEN RECEIVED. ALLOTMENT WAS MADE AS FOLLOWS:

LIST A --APPLICANTS FOR 5,000 SHARES WERE ALLOTTED IN FULL.

LIST B - APPLICANTS FOR 10,000 SHARES WERE ALLOTTED 5,000 SHARES ON PRO-RATA BASIS.

LIST C -APPLICANTS FOR 30,000 SHARES WERE ALLOTTED 10,000 SHARES ON PRO-RATA BASIS.

APPLICATION MONEY IN EXCESS OF THAT REQUIRED ON ALLOTMENT COULD BE UTILIZED FOR CALLS.

ALL THE SHAREHOLDERS PAID THE AMOUNTS DUE ON ALLOTMENT & CALLS EXCEPT Y (WHO WAS ALLOTTED 400 SHARES UNDER LIST B) & Z (WHO WAS ALLOTTED 200 SHARES UNDER LIST C). BOTH OF THESE SHAREHOLDERS PAID ONLY THE APPLICATION MONEY.

THEIR SHARES WERE DULY FORFEITED & WERE RE-ISSUED AT RS 7 PER SHARE FULLY PAID. PASS THE NECESSARY JOURNAL ENTRIES.

6

13) THE BALANCE SHEET OF J, K & L WHO WERE SHARING PROFITS IN 5:3:2, IS GIVEN BELOW AS ON 31<sup>ST</sup>/MARCH/2003:

LIABILITIES	RS	ASSETS	RS
SUNDRY CREDITORS	78,600	LAND	1,85,000
J'S CAPITAL	5,78,800	BUILDINGS	2,87,000
K'S CAPITAL	3,47,800	PLANT & MACHINERY	3,86,000
L'S CAPITAL	2,37,900	STOCK	1,85,000
		DEBTORS	92,100
		CASH	1,08,000
	12,43,100		12,43,100

L RETIRES ON THE ABOVE DATE & THE FOLLOWING ADJUSTMENTS IN THE VALUE OF ASSETS & LIABILITIES WERE AGREED UPON:

- LAND WAS UNDER VALUED BY RS 1,20,000; PLANT & MACHINERY OVERVALUED BY RS 35,000.
- PROVISION FOR DOUBTFUL DEBT WAS REQUIRED FOR RS 6,000.
- GOODWILL WAS VALUED AT RS 3,00,000 & WAS TO BE ADJUSTED AGAINST THE CAPITAL OF REMAINING PARTNERS.
- L WAS PAID RS 75,000 IMMEDIATELY & THE BALANCE AMOUNT WAS TO BE TRANSFERRED TO HIS LOAN A/C. PREPARE CASH A/C; REVALUATION A/C; CAPITAL A/C & BALANCE SHEET OF THE RECONSTITUTED FIRM ON THE ABOVE DATE.

6

OR

A,B&C WERE PARTNERS WHOSE BALANCE SHEET AS ON 31<sup>ST</sup>/DEC/1987 WAS AS BELOW:

LIABILITES	RS	ASSETS	RS
CREDITORS	7,096	CASH AT BANK	6,496
GENERAL RESERVE	3,000	DEBTORS	9,000
CAPITAL: A'S-8,000 B'S-6,000 C'S-4,000	18,000	STOCK	10,600
		FURNITURE	2,000
	28,096		28,096

B RETIRED ON THAT DATE & FOLLOWING ADJUSTMENT WERE DONE:

- TO REDUCE STOCK & FURNITURE BY 5% & 10%.
- TO PROVIDE DOUBTFUL DEBTS 5% ON DEBTORS.
- RENT OUTSTANDING WAS RS 260;GOODWILL WAS VALUED AT RS 4,200.

A & C DECIDED TO SHARE PROFITS&LOSSES IN 5:3;NOT TO SHOW GOODWILL IN THE BOOKS;READJUST THEIR CAPITALIN THE PROFIT SHARING RATIO;BRING IN SUFFICIENT CASH TO PAY OFF "B" IMMEDIATELY & TO LEAVE A BALANCE OF RS 1,000 IN THE BANK. PREPARE NECESSARY A/C'S.

6

14) A & B ARE PARTNERS OF 3:2 AS ON 1<sup>ST</sup>/JAN/1999.THEIR BALANCE SHEET AS FOLLOWS:

LIABILITES	RS	ASSETS	RS
SUNDRY CREDITORS	51,000	GOODWILL	15,000
WORKMEN'S COMPENSATION FUND	4,000	PROFIT & LOSS A/C	15,000
CAPITAL:-- A---1,00,000 B--- 1,20,000	2,20,000	PLANT	75,000
		PATENTS	8,000
		STOCK	80,000
		DEBTORS	62,000
		CASH	20,000
	2,75,000		2,75,000

ON THIS DATE THEY AGREED TO ADMIT C ON FOLLOWING TERMS:

- C WILL GET 3/10<sup>TH</sup> SHARE WHICH HE SHALL ACQUIRE 1/5<sup>TH</sup> FROM A & 1/10<sup>TH</sup> FROM B.HE WILL BRING IN RS 60,000 AS HIS CAPITAL.
- GOODWILL OF THE FIRM WAS RS 40,000 & PARTNERS DECIDE TO WRITE OFF GOODWILL FROM THE BOOKS OF NEW FIRM.
- PLANT IS VALUED AT RS 60,000 & STOCK AT RS 70,000.
- CLAIM ON A/C OF WORKMEN'S COMPENSATION FUND IS RS 6,000.
- PATENTS SHOULD BE WRITTEN OFF.
- INVESTMENTS OF RS 5,000 WHICH DIDN'T APPEAR IN THE BOOKS SHOULD BE DULY RECORDED.
- B IS TO WITHDRAW RS 20,000 IN CASH. GIVE JOURNAL;REVALUATION A/C & PARTNERS CAPITAL A/C OF NEW FIRM.

8

OR

A, B & C WERE CARRYING ON BUSINESS WITH THE FOLLOWING ASSETS WITH EFFECT FROM 1/1/1980. FURNITURE RS 18,000, MACHINE RS 72,000 ; CASH RS 10,000; DEBTORS RS 20,000. THEIR RATIO IS 5:3:2. CAPITAL IS ALSO SHARED IN SAME RATIO. B DIED ON 31/6/1980. HIS SON CLAIMED HIS FATHER'S INTEREST IN THE FIRM

THE FOLLOWING WAS THE SETTLEMENT:

ALLOW HIS CAPITAL TO HIS CREDIT ON THE DATE OF DEATH.

GIVE 5% P.A. INTEREST ON HIS CAPITAL .

HE HAD BEEN DRAWING @ RS 600 PER MONTH WHICH HE WITHDRAWS AT THE BEGINNING OF EACH MONTH. HE BE ALLOWED TO RETURN THESE DRAWINGS AS A PART OF HIS SHARE OF PROFIT.

INTEREST @ 6% P.A. BE CHARGED ON HIS DRAWINGS.

THEY HAD SEPARATE LIFE POLICES FOR WHICH THE PREMIUM HAD BEEN PAID OUT OF PROFIT & LOSS A/C OF THE FIRM: A RS 50,000; B RS 60,000; C RS 30,000. THE SURRENDER VALUE OF A'S POLICY WAS 50% WHEREAS OF C'S POLICY IT WAS 40%.

GOODWILL WAS EVALUATED TWICE THE AVERAGE OF PROFITS WHICH WERE RS 3,600. PREPARE B'S PERSONAL A/C.

15) A, B & C ARE PARTNERS OF 3:2:1. ON 31<sup>ST</sup>/DEC/2003 THEIR BALANCE SHEET WAS AS FOLLOWS:

LIABILITIES	RS	ASSETS	RS
CREDITORS	65,000	CASH	22,500
BILL PAYABLE	20,000	DEBTORS	52,300
PROVIDENT FUND	12,000	STOCK	36,000
INVESTMENT FLUCTUATION FUND	6,000	INVESTMENT	15,000
COMMISSION RECEIVED IN ADVANCE	8,000	PLANT	91,200
CAPITAL A/C'S: A---80,000 B---50,000 C---30,000	1,60,000	PROFIT & LOSS A/C	54,000
	2,71,000		2,71,000

ON THIS DATE THE FIRM WAS DISSOLVED. A WAS APPOINTED TO REALISE THE ASSETS. A WAS TO RECEIVE 5% COMMISSION ON THE SALE OF ASSETS (EXCEPT CASH) & WAS TO BEAR ALL EXPENSES OF REALISATION

A REALISED THE ASSETS AS FOLLOWS:

DEBTORS-RS 30,000; STOCK-RS 26,000; INVESTMENT 75% OF BOOK VALUE; PLANT-RS 42,750. EXPENSES ON REALISATION AMOUNTED TO RS 4,100. COMMISSION RECEIVED IN ADVANCE WERE RETURNED TO THE CUSTOMERS AFTER DEDUCTING RS 3,000. FIRM HAD TO PAY RS 7,200 FOR OUTSTANDING SALARY NOT PROVIDED FOR CASH. COMPENSATION PAID TO EMPLOYEES AMOUNTED TO RS 9,800. THE LIABILITY WASN'T PROVIDED FOR IN THE ABOVE BALANCE SHEET. RS 25,000 HAD TO BE PAID FOR PROVIDENT FUND. PREPARE REALISATION; CAPITAL & CASH A/C'S.

## PART B

**(ANALYSIS OF FINANCIAL STATEMENTS)**

16) WHO ARE VARIOUS ACTIVITIES CLASSIFIED ACCORDING TO AS-3 (REVISED) WHILE PREPARING THE CASH FLOW STATEMENT. 2

17) FOR CALCULATING CASH FROM OPERATING ACTIVITIES, FROM THE GIVEN FIGURE OF NET PROFIT EARNED DURING A YEAR, HOW WOULD YOU DEAL WITH THE FOLLOWING:

- DECREASE IN STOCK
- INCREASE IN DEBTORS
- INCREASE IN CREDITORS
- REDEMPTION OF DEBENTURES

2

18) NAME THE MAJOR HEADINGS UNDER WHICH THE LIABILITIES & THE ASSETS SIDES OF A COMPANY'S BALANCE SHEET IS ORGANISED & PRESENTED. 3

19) CALCULATE THE TREND PERCENTAGE FROM THE FOLLOWING INFORMATION TAKING YEAR ENDING 1996 AS THE BASE YEAR 3

CURRENT ASSETS	1996	1997	1998	1999
STOCK	1,00,000	1,25,000	1,40,000	1,50,000
DEBTORS	50,000	60,000	75,000	1,00,000
CASH AT BANK	10,000	15,000	25,000	20,000
OTHER CURRENT ASSETS	40,000	30,000	60,000	50,000
	2,00,000	2,30,000	3,00,000	3,20,000

20) X LTD. HAS A CURRENT RATIO OF 4.5:1 & QUICK RATIO OF 3:1. IF ITS INVENTORY IS RS 36,000, FIND OUT ITS TOTAL CURRENT ASSETS, & TOTAL CURRENT LIABILITIES & QUICK ASSETS.

TOTAL DEBT RS 9,00,000. CAPITAL EMPLOYED RS 12,00,000; CURRENT LIABILITIES RS 1,00,000; CALCULATE THE DEBT-EQUITY RATIO. 2

21) FILL IN THE BLANKS: 6

PARTICULARS	1	2	3	4	5	6
Cash flow from financing activity	3	(3)	?	6	9	2
Cash & cash equivalent at the beginning	5	?	1	?	?	(2)
Cash flow from operating activity	1	1	(1)	(2)	?	?
Cash & cash equivalent at the end	?	1	?	2	5	(3)
Cash flow from investing activities	2	(2)	2	?	(6)	3
Net increase /decrease in cash & cash equivalent	?	?	(2)	nil	6	?

OR

FROM THE FOLLOWING PARTICULARS OF BHARAT LTD., CALCULATE CASH FLOWS FROM INVESTING ACTIVITIES: 6

LIABILITIES	2001	2002	ASSETS	2001	2002
			GOODWILL	1,00,000	3,00,000
			PATENTS	2,80,000	1,60,000
			PLANT & MACHINERY	10,20,000	12,40,000

			10% LONG-TERM INVESTMENTS	60,000	1,60,000
			SHARE OF X LTD.	1,00,000	1,00,000
			INVESTMENT IN LAND	1,00,000	1,00,000

**ADDITIONAL INFORMATION:**

PATENTS WERE WRITTEN OFF TO THE EXTENT OF RS 40,000 & SOME PATENTS WERE SOLD AT A PROFIT OF RS 20,000

A MACHINE COSTING RS 1,40,000 (DEPERATION PROVIDED THEREON RS 60,000) WAS SOLD FOR RS 50,000. DEPERATION CHARGED DURING THE YEAR WAS RS 1,40,000.

ON 31<sup>ST</sup>/DEC/2002 10% INVESTMENT WERE PURCHASED FOR RS 1,80,000 & SOME INVESTMENTS WERE SOLD AT A PROFIT OF RS 20,000. INTEREST ON INVESTMENTS WAS RECEIVED ON 31<sup>ST</sup>/DEC/2002.

X LTD PAID DIVIDENT @ 10% ON ITS SHARE.

A PLOT OF LAND WAS PURCHASED OUT OF SURPLUS FUND FOR INVESTMENT PURPOSES & LET OUT FOR COMMERCIAL USE & RENT RECEIVED RS 30,000.