10+2 Accounts* (Mock Test- 01)** ***Max .M. 80

Part- A

Q.1 A partnership deed provides for the payment of interest on capital but there was a loss instead of profits during the year 2011-2012. At what rate will the interest on capital be allowed? **(1)**

Q.2 A firm earns a profit of Rs. 37,000 per year. In the same business a 10% return is generally expected. The total assets of the firm are Rs. 4,00,000. The value of other liabilities is Rs. 90,000. Find out the value of goodwill**.** **(1)**

Q.3 State the need for treatment of Goodwill on admission of a partner. **(1)**

Q.4 Pass the necessary journal entry when 10,000 debentures of Rs. 100 each are issued as collateral security against a Bank Loan of Rs. 8,00,000. **(1)**

Q.5 Can 'securities premium' be distributed as dividend? **(1)**

Q.6 At what rate interest on Calls-in-Advance may be paid by a Company according to Table A? **(1)**

Q.7 A and B share profits in the ratio of 2 : 1. C is admitted with 1/3rd share in profits. C acquires 2/3 of his share from A and 1/3 of his share from B. What will be the new profit sharing ratio? **(1)**

Q.8 Aman and Aditya were partners in a firm sharing profits in the ratio of 5 : 3. Their fixed capitals on 1.4.2010 were: Aman Rs. 60,000 and Aditya Rs. 80,000. They agreed to allow interest on capital @ 12% per annum and to charge on drawings @ 15% per annum. The profit of the firm for the year ended 31.3.2011 before all above adjustments were Rs. 12,600. The drawings made by Aman were Rs. 2,000 and by Aditya Rs. 4,000 during the year. Prepare Profit and Loss Appropriation Account of Aman and Aditya. Show your calculations clearly. The interest on capital will be allowed even if the firm incurs a loss. **(3)**

Q.9 X Ltd. had Rs. 10,00,000, 9% debentures due to be redeemed out of profits on 1 st October 2009 at a premium of 5%. The company had a Debenture Redemption Reserve of Rs. 4,14,000. Pass necessary journal entries at the time of redemption. **(3)**

Q.10 Pass necessary journal entries for the following transactions :

(i) Issued 60,000, 9% debentures of Rs. 75 each at a premium of Rs. 25 per debenture redeemable after three years.

(ii) Converted 1,800,9% debentures of Rs. 100 each into 12% debentures of Rs. 100 each issued at a premium of 25%. **(3)**

Q.11 Faizan and Anuj belonging to two different religions and States of the country were close friends; formed partnership in the year 2007. They were continuing their partnership business since 2007. Their Balance Sheet as at 31st March, 2012 was under:

Sundry Creditors	25,000	Cash in Hand	15,000
Employees' Provident Fund	15,000	Sundry Debtors	10,000
Reserve Fund	20,000	Patents	75,000
Capital Accounts:		Plant and Machinery	1,20,000
Faizan 85,000			
Anuj 75,000	1,60,000		
	2,20,000		2,20,000

They were sharing profits in the ratio of 3:1 but were continuously facing problems in administration of the firm so were in need of a person who could monitor the business by sitting and observing the CCTVs in the firm. Anuj requested Faizan to admit his friend Zeenat a differently able girl as third partner on the following terms:

(i) Zeenat will introduce Rs. 80,000 as her capital and takes 1/3rd share in profits.
(ii) Goodwill of the firm is valued at Rs. 24,000, however, and Zeenat could bring only 50% of her requisite share of goodwill in share.
(iii) Patents should be written off.
(iv) Plant and Machinery written up by Rs. 1,00,000.

Faizan accepted the proposal. Keeping in view of the accident which took place in their factory in the recent past years, they decided to create workman compensation reserve to the tune of the Rs. 5,000.

a) **Identify four values which according to you to motivated them to form a partnership a firm.**
b) **Prepare revaluation a/c, Partners capital a/c and Balance sheet of the new firm.**

(4)

Q.12 Mysore Tea Ltd. forfeited 500 shares of Rs. 10 each (Rs. 8 called-up) issued at a discount of 10% to Mr. Ratnakar on which he did not pay allotment money of Rs. 2 per share and first call money of Rs. 2 per share. 200 of these shares were re-issued at Rs. 8 per share credited as fully paid. Give journal entries to record the forfeiture and re-issue of shares. **(4)**

Q.13 X, Y and Z were partners sharing profits in the ratio of 3 : 2 : 1. The firm had insured the partners lives separately, X for Rs. 60,000; Y for Rs. 30,000 and Z for Rs. 24,000. Premiums paid have been charged to P & L A/c, which is prepared annually on 31st March. **(4)**
Y died on 30th June, 2011. On this date surrender value of the policies are ¼ of the amount of policy. Under the partnership deed, the executors of the deceased partner are entitled to:

I. His capital as per balance sheet.
II. Interest on Capital @ 10% p.a. upto the date of death.
III. His share of profit to the date of death, calculated on the basis of last year's profit.
IV. His share of insurance money.

Y's capital on 31st March, 2011 was Rs. 40,000 and from 1st April, 2011 he has withdrawn Rs. 1,200 per month at the beginning of each month. Interest on drawings is to be charged @ 10% p.a. Last year's profit was Rs. 24,000. Prepare Y's A/c to be rendered to his executors.

Q.14 Y Ltd. forfeited 1,200 shares of Rs. 100 each, issued at a premium of 30% to Deepak on which he had paid application money of Rs. 50 per share and allotment money of Rs. 50 per share (including premium), for non-payment of a first call of Rs. 10 per share. Out of these, 500 shares were re-issued as fully paid for Rs. 105 per share. Journalise. **(4)**

Q.15 The net profit of a firm for the year ended 31st March, 2011, was Rs. 30,000, which has been duly distributed amongst its three partners A, B and C in their agreed proportions of 3 : 1 : 1 respectively. It was discovered on 10th April, 2011 that the under mentioned transactions were not passed through the books of accounts of the firm for the year ended 31st March, 2011, which stood duly closed on that date :

a) Interest on capital at 10% p.a.
b) Interest on drawings : A Rs. 350; B Rs. 250; C Rs. 150.
c) Salary of Rs. 5,000 to A and Rs. 7,500 to B.
d) Commission due to A on a special transaction, Rs. 3,000.

The capital accounts of the partners on 1st April, 2010 were: A Rs. 25,000; B Rs. 20,000; C Rs. 15,000.

SSC

You are required to suggest a journal entry to be passed on 10th April, 2011 which will not affect the Profit and Loss Account of the firm for the year ended 31st March, 2011 and at the same time will rectify the position of the partners. **(6)**

Q.16 Anil and Sunil were partners in a firm sharing profits in the ratio of 3 : 5. On 31.3.2011 their Balance Sheet was as follows:

Liabilities		**Rs.**	**Assets**	**Rs.**
Capitals :			Land and Building	4,00,000
Anil	3,00,000		Machinery	3,00,000
Sunil	5,00,000	8,00,000	Debtors	2,22,000
Creditors		1,79,000	Cash at Bank	78,000
Employees Provident Fund		21,000		
		10,00,000		10,00,000

The firm was dissolved on 1.4.2011 and the assets and liabilities were settled as follows :

(i) Land and Building realised Rs. 4,30,000;
(ii) Debtors realised Rs. 2,25,000 (with interest) and Rs. 1,000 were recovered for bad debts written off last year;
(iii) There was an unrecorded investment which was sold for Rs. 25,000;
(iv) Sunil took-over machinery at Rs. 2,80,000 for cash;
(v) 50% of the creditors were paid Rs. 4,000 less in full settlement and the remaining creditors were paid full amount. Pass necessary journal entries for dissolution of the firm. **(6)**

Q.17 A, B and C are in partnership sharing profits in the ratio of 2 : 3 : 5. The Balance Sheet of the firm on 31st December, 2007 stood as follows :

Liabilities		**Rs.**	**Assets**		**Rs.**
Creditors		20,000	Cash at Bank		27,000
Contingency Reserve		15,000	Debtors	25,000	
Workmen Compensation Reserve		10,000	Less : Provision	2,000	23,000
Capital Accounts :			Stock		30,000
A	50,000		Plant and Machinery		80,000
B	75,000		Land and Building		1,00,000
C	1,00,000	2,25,000	Advertisement Suspense		10,000
		2,70,000			2,70,000

A died on 29th February 2008. It was mutually agreed that :

(i) Land and Building be increased to Rs. 1,20,000.
(ii) Debtors were all good, no provision is required.
(iii) Stock is valued at 90%.
(iv) Goodwill be valued at 1 ½ year's purchase of the average profits of the past four years.
(v) A's share of profits to the date of his death be calculated on the basis of average profits of the preceding three years. The profits of the preceding five years were as under :

2003 Rs. 10,000; 2004 Rs. 17,000; 2005 Rs. 15,000; 2006 Rs. 23,000; and 2007 Rs. 25,000.

A sum of Rs. 18,500 was paid immediately to A's executors and the balance to paid in three equal annual installments together with interest at 8% p.a. on the amount outstanding. The first installment was paid on 28th February, 2009.

Prepare Revaluation Account and A's Executor's Account till it is finally settled. Accounts are closed on 31st December each year. **(8)**

Q.18 Rakesh Ltd., was formed for the purpose of purchasing Raj Ltd. and was registered with a nominal capital of Rs. 2,00,000 dividend into 2,000 equity shares of Rs. 100 each. 1,000 shares were issued as fully paid to the vendors in payment of the purchase consideration. The remaining 1,000 shares were offered for public subscription at a premium of Rs. 5 per share payable as under : On Application Rs. 30 per Share; On Allotment Rs. 25 per Share (including premium); On First Call Rs. 20 per Share and on Final Call Rs. 30 per share.
Applications were received for 900 shares which were duly allotted, and the allotment money was duly received. At the time of the first call, a shareholder who held 100 shares failed to pay the first call money and his shares were forfeited. These shares were re-issued at Rs. 60 per share, Rs. 70 per share paid. Final call has not been made.
You are required to (i) give necessary journal entries to record the above transactions, and (ii) show how share capital would appear in the Balance Sheet of the Company. **(8)**

Part- B

Q.19 What will be the operating profit ratio, if operating ratio is 83.64%? **(1)**

Q.20 How the 'solvency' of a business is assessed by Financial Statement Analysis? **(1)**

Q.21 Fine Garments Ltd. is engaged in the export of readymade garments. The company purchased a machinery of Rs. 10,00,000 for the use in packaging of such garments. State giving reason whether the cash flow due to the purchase of machinery will be cash flow from operating activities, investing activities of financing activities? **(1)**

Q.22 From the given information, calculate the inventory turnover ratio :
Revenue from Operations : Rs. 2,00,000; GP : 25% on cost; Opening Inventory was $1/3^{rd}$ of the value of Closing Inventory. Closing Inventory was 30% of Revenue from Operations. **(3)**

Q.23 Prepare the Balance Sheet of Kaveri Ltd. from the following particulars :

	Rs.
Trade Payables	1,60,000
Provision for Tax	40,000
Proposed Dividend	1,20,000
Share Capital	12,00,000
Deferred Tax Liabilities	30 ,000
General Reserve	3,00,000
Balance of Statement of Profit & Loss (Cr.)	2,60,000
Tangible Fixed Assets	17,30,000
Trade Receivables	4,00,000
Provision for Doubtful Debts	20,000

(4)

Q.24 Following information is given to you :

		Rs.
Revenue from Operations (Sales)		4,40,000
Less : Purchases	2,50,000	
Changes in Inventories		
(Opening Inventory – Closing Inventory) (40,000 – 20,000)	20,000	
Direct Expenses	30,000	3,00,000
Gross Profit		1,40,000

Balance Sheet (as at 31 st March, 2012)

Particulars	Note No.	Rs.
1. EQUITY AND LIABILITIES :		
Shareholder's Funds :		
Equity Share Capital		3,00,000
Reserve and Surplus	1	1,00,000
Current Liabilities		
Trade Payables		1,50,000
Other Current Liabilities	2	50,000
TOTAL		6,00,000
2. ASSETS :		
Non-Current Assets :		4,00,000
Current Assets :		
Inventory		20,000
Trade Receivables		1,00,000
Cash & Cash Equivalents		80,000
TOTAL		6,00,000

Note : (1) Reserve & Surplus :
Profit & Loss Balance 1,00,000
(2) Other Current Liabilities :
Outstanding Salary 50,000

On the basis of the information given above, calculate any two of the following ratios :
(i) Current Ratio,
(ii) Inventory Turnover Ratio, and
(iii) Proprietary Ratio. **(4)**

Q.25 From the following information, prepare Cash Flow Statement:

BALANCE SHEET
As at 31.3.2012 and 31.3.2011

Particulars	Note No.	31.3.2012 Rs	31.3.2011 Rs
1. EQUITY AND LIABILITIES :			
Shareholder's Funds :			
Share Capital		1,00,000	80,000
Reserve and Surplus	1	6400	6,000
Non-Current Liabilities			
Long-term Borrowing	2	14,000	12,000
Current Liabilities			
Trade Payables		22,000	24,000
Short term Provisions	3	20,000	16,000
TOTAL		1,62,400	1,38,000

2. ASSETS :			
Non-Current Assets :			
Fixed Assets	4	50,000	60,000
Current Assets:			
Inventory		70,000	60,000
Trade Receivables		48,000	40,000
Cash & Cash Equivalents		(6,600)	(22,600)
Prepaid Expenses	5	1,000	600
TOTAL		1,62,400	1,38,000

Notes : (1) Reserve & Surplus :

	31.3.2012	31.3.2011
General Reserve	4,000	4,000
Profit & Loss Balance	2,400	2,000
	6,400	6,000

(2) Long term Borrowings :

15% Debentures	14,000	12,000

(3) Short term Provision :

Provision for Taxation	8,400	6,000
Proposed Dividend	11,600	10,000
	20,000	16,000

(4) Fixed Assets :

	80,000	82,000
Less : Accumulated Depreciation	30,000	22,000
	50,000	60,000

(5) Cash & Cash Equivalents :

Cash	7,000	2,400
Bank Overdraft	13,600	25,000
	6,600	22,600

Additional Information :

1. Provision for tax made Rs. 9,400.
2. Fixed assets sold for Rs. 10,000, their cost Rs. 20,000 and accumulated depreciation till date of sale is Rs. 6000.
3. An interim dividend paid during the year Rs. 9,000. **(6)**