Model Test Paper Accountancy

Time Allowed: 3 Hours **Max. Marks:80**

General Instructions:

1. **This question paper contains three parts A, B and C.**
2. **Part A is compulsory for all.**
3. **There are two parts. Part B – Financial Statement Analysis and Part C - Computerised Accounting. Attempt only one part.**
4. **All parts of a question should be attempted at one place.**

PART A – ACCOUNTING FOR PARTNERSHIP FIRMS AND COMPANIES

1. What is maximum number of partners that a firm can have? 1

2. Differentiate between 'Profit and Loss Appropriation Account' and 'Profit and Loss Suspense Account'? 1

3. X, Y and Z who are presently sharing profits and losses in the ratio of 5:3:2, decide to share future profits and losses in the ratio of 2:3:5. Give journal entry to distribute 'Investment Fluctuation Reserve' of Rs.50,000 at the time of change in profit sharing ratio, when Investment (market value Rs.4,80,000) appears in Balance Sheet at Rs.5,00,000. 1

4. Differentiate between 'Dissolution of partnership' and 'Dissolution of partnership firm'. 1

5. How 'Calls in Arrear' is shown in Balance Sheet of a company? 1

6. 'Profit on sale of own debenture' is transferred to which account? 1

7. Give any three points of difference between Reserve Capital and Capital Reserve. 3

8. A, B and C are partners in a firm. Their profit-sharing ratio is 3:2:1. However, C is guaranteed a minimum amount of Rs.1,00,000 as share of profit every year. Any deficiency arising on that account shall be borne by B. The profits for two years ending 31st March, 2014 and 2015 were Rs.4,50,000 and Rs.7,50,000 respectively. Prepare Profit & Loss Appropriation Accounts for two years. 3

9. PQR Ltd. purchased building for Rs.5,00,000 from AKS Ltd. Half of the amount was paid by issuing 12% Debentures of Rs.100 each at a discount of 20%. The balance was paid by issue of Equity Shares of Rs.10 each at a premium of 25%. Journalise in the books of PQR Ltd. 3

10. JPN Ltd. forfeited 1,000 equity shares of Rs.100 each for the non-payment of first call of Rs.20 per share and final call of Rs.25 per share. State:

a) Can these shares be re-issued?

b) If yes, state the minimum amount at which these shares can be re-issued?

c) If these shares were re-issued at Rs.50 per share fully paid-up, what will be the amount of Capital Reserve? **3**

11. A, B and C were partners in a firm sharing profits in 3:2:1 ratio. The firm closes its books on 31st March every year. B died on 12th June, 2015. On B's death, the goodwill of the firm was valued at Rs.60,000. His share in the profits of the firm till the time of his death was to be calculated on the basis of previous year's profit which was Rs.1,50,000. Calculate B's share in the profit of the firm. Give necessary journal entries for the treatment of goodwill and B's share of profit till the time of his death. **4**

12. The Capital Accounts of A, B and C stood at Rs.40,000, Rs.30,000 and Rs.25,000 respectively after the necessary adjustments in respect of the Drawings and the Net Profit for the year ended 31st March, 2015. It was subsequently detected that Interest on capital @ 10% p.a. and on Interest on drawings @10% which were agreed in partnership deed, had not been considered.

The Drawings of the partners have been A Rs.10,000; B Rs.12,500 and C Rs.12,000. The profit for the year as already adjusted amounted to Rs.60,000. The partners share profits in ratio of 2:1:1.

Give the necessary journal entries for the above adjustments and show your workings. **4**

13. a) The average net profit expected in the future of AB Ltd. are Rs.95,000 per year. Average capital employed in the business by the firm is Rs.1,60,000. The rate of interest expected from capital employed in this class of business is 15%. The remuneration of the partners is estimated to be Rs.5,000 p.a. Find out the value of Goodwill on the basis of:

i) 2 year's purchase of Super Profits

ii) Capitalisation of Super Profits

b) The Balance Sheet of A & B who share profits in the ratio of 3:2 as at 31st March, 2015 was as follows:

Liabilities	Amt(Rs.)	Assets	Amt(Rs.)
A's Capital	30,000	Tangible Fixed Assets	1,20,000
B's Capital	20,000	Stock	1,20,000
Reserve	55,000	Debtors	20,000
Profit & Loss A/c	6,000	Cash at Bank	14,000
Creditors	1,64,000	Advertisement Expenditure	1,000
	2,75,000		2,75,000

They admit C as a partner with 1/5 share in the profits of the firm. C brings Rs.40,000 as his capital. Give the necessary Journal entry to record Goodwill. **6**

14. a) Bright Ltd. has Rs.8,00,000, 9% Debentures due to be redeemed out of profits on 1st October, 2015 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 of debentures.

b) Ankit Ltd. took a loan of Rs.1,40,000 from Punjab National Bank by issuing 1,500, 11% Debentures of Rs.100 each as collateral security. Prepare Balance Sheet of the company. 6

15. Complete the missing (?) figures in the following accounts: 6

Realisation Account

Particulars	Amt.(Rs.)	Particulars	Amt.(Rs.)
To Fixed Assets A/c	7,00,000	By Mortgage Loan A/c	4,00,000
To Sundry Debtors A/c	3,00,000	By Sundry Creditors A/c	1,00,000
To Stock A/c	1,00,000	By B's Capital A/c (Motor Car)	90,000
To Bank A/c (Repair of car)	20,000		
To Bank A/c (Creditors)	25,000	By A's Capital A/c (Land & Building)	6,00,000
To A's Capital A/c (Mortgage Loan)	?	By Shares in XYZ Ltd. (5,000 x Rs.100)	5,00,000
To Shares in XYZ Ltd. (Loss)	20,000		
To Profit on Realisation transferred to			
A's Capital A/c 50,000			
B's Capital A/c 50,000			
C's Capital A/c 25,000	1,25,000		
	?		?

Partner's Capital Account

Particulars	A(Rs.)	B(Rs.)	C(Rs.)	Particulars	A(Rs.)	B(Rs.)	C(Rs.)
To Balance b/d	-	-	60,000	By Bank A/c	4,00,000	2,50,000	-
To Realisation A/c	?	?	-	By Reserve A/c	24,000	24,000	12,000
To Shares in XYZ Ltd.	2,40,000	2,40,000	-	By Realisation A/c (Mortgage Loan)	?	-	-
To Bank A/c (Final Payment)	34,000	-	-	By Realisation A/c (Profit)	?	?	?
				By Bank A/c	-	6,000	23,000
	8,74,000	3,30,000	60,000		8,74,000	3,30,000	60,000

Bank Account

Particulars	Amt.(Rs.)	Particulars	Amt.(Rs.)
To Balance b/d	50,000	By Realisation A/c (Repair of Car)	?
To C's Capital A/c (Cash brought in)	23,000	By Realisation A/c (Creditors)	?
To B's Capital A/c (Cash brought in)	6,000	By A's Capital A/c (Final Payment)	?
	79,000		79,000

16. Pankaj & Rahul are partners sharing in ratio of 7:3. The following is Balance Sheet on 31/03/15:

Liabilities	Amt(Rs.)	Assets			Amt(Rs.)
Pankaj's Capital A/c	84,000	Cash			2,800
Rahul's Capital A/c	56,000	Prepaid Rent			25,000
Employees Provident Fund	40,000	Debtors		20,500	
Workmen Compensation Fund	7,000	- Provision		- 300	20,200
Creditors	66,000	Stock			26,000
Bank Overdraft	10,000	Investments			24,000
		Plant			70,000
		Buildings			95,000
	2,63,000				2,63,000

They agreed to admit Amit with effect from 01/04/15 with 1/4th share in profits on these terms :-

a) Amit will bring in proportionate capital and his share of goodwill.

b) Buildings are to be appreciated by Rs.13,000 and Plant to be depreciated to Rs.33,000.

c) The provision on Debtors is to be raised to Rs.1,000.

d) The Goodwill of the firm has been valued at Rs.30,000 but no Goodwill is to appear in the books.

e) Half of the Investments are to be taken over by Pankaj and Rahul in their profit sharing ratio and remaining valued at Rs.8,000.

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

Or

A, B and C were partners sharing profits and losses in the ratio of 5 : 3 : 2. Om 31st March, 2015 the Balance Sheet of the firm stood as under:

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	26,500	Cash	10,000
Employees' Provident Fund	23,500	Debtors	65,000
Workmen Compensation Fund	15,000	Stock	55,000
A's Capital	1,10,000	Fixed Assets	1,25,000
B's Capital	56,000	Goodwill	20,000
C's Capital	44,000		
	2,75,000		2,75,000

B retires on 31st March, 2015. For the purpose the following adjustments were agreed upon:-

a) The Goodwill be valued at Rs.75,000 but no goodwill is to appear in the books of new firm.

b) That Fixed Assets be appreciated by 20%.

c) The stock be reduced to Rs.50,000.

d) Sufficient cash is to be brought by A and C that is to be paid to B in such a way as to make their capitals proportionate to their new profit sharing ratio which is to be 1:1.

Show Revaluation A/c, Partners' Capital A/c & the Balance Sheet of A and C. 8

17. Reliable Ltd issued a prospectus inviting applications for 20,000 Equity shares of Rs.20 each at a premium

of Rs.3 per share payable as follows:

Application Rs.5; Allotment Rs.8 (including premium); First Call Rs.6; Second call Rs.4.

Applications were received for 25,000 shares and allotment was made pro rata to the applicants of 24,000 shares, the applications for remaining shares being refused. Money overpaid on application was used on account of sums due on allotment.

Anil, to whom 100 shares were allotted, could not pay allotment money and on his subsequent failure to pay the First call, his shares were forfeited after the First Call.

Rina, who had applied for 60 shares, failed to pay the two calls and his shares were also forfeited after the Second Call. Of the shares forfeited, 120 shares were sold as fully paid at Rs.19 per share (all of Anil's shares being included).

Pass the Journal entries in the books of the company to record the above transactions.

Or

P Limited invited applications for 11,000 shares of Rs.10 each issued at 30% premium, payable as:

On Application	**- Rs.3 (including Re.1 Premium)**
On Allotment	**- Rs.5 (including Rs.2 Premium)**
On 1st call	**- Rs.3**
On 2nd & Final Call	**- Rs.2**

Applications received for 24,000 shares

Category I : ¼th of the shares applied for allotted 2,000 shares.

Category II : ¾th of the shares applied for allotted 9,000 shares.

Mohan holding 300 shares out of category II failed to pay allotment and two calls and his shares were forfeited. Later on 250 of his shares were reissued @ Rs.12 fully paid up.

Pass journal entries in the books of P Limited. **8**

PART B – ANALYSIS OF FINANCIAL STATEMENTS

18. 'Dividend Received on Equity Shares' is classified as which activity in Cash Flow Statement? **1**

19. What is meant by 'Financing Activities' in Cash Flow Statement? **1**

20. a) Classify the following under main head and sub-head of Balance Sheet of a company:

Proposed Dividend, Loose Tools

b) Mention two limitations of Analysis of Financial Statements. **4**

21. a) **From the given information calculate the Inventory Turnover Ratio:**

Revenue from operations Rs.2,00,000, Gross profit 25% on cost. Opening Inventory was 1/3rd of the value of closing Inventory. Closing Inventory was 30% of Revenue from operations.

b) **Total Debts Rs.3,90,000; Long-term Debts Rs.3,00,000; Working Capital Rs.1,80,000.**

Calculate Current Ratio. **4**

22. **From the following information, prepare a Comparative Statement of Profit & Loss of XYZ Ltd.:**

Particulars	31st March, 2015(Rs.)	31st March, 2014(Rs.)
Revenue from operations	3,00,000	2,50,000
Purchase of Stock in Trade	1,00,000	1,50,000
Changes in Inventory	35,000	50,000
Other Incomes	5,000	10,000
Income Tax	30% of Profit before Tax	

Also calculate Gross Profit Ratio for both years. **4**

23. **From the following information, Calculate Net Cash Flow from Operating Activities:**

Particulars	31.03.2015 (Rs.)	31.03.2014 (Rs.)
Profit and Loss A/c	1,00,000	4,00,000
Provision for Tax	30,000	30,000
Trade Payables	40,000	1,50,000
Current Assets (Inventories & Trade Receivables)	4,60,000	5,20,000
Fixed Assets	8,50,000	9,32,000
Accumulated Depreciation	4,25,000	4,40,000
Marketable Securities	12,000	11,000
Bank Overdraft	5,000	2,000

Additional Information:

A machine costing Rs.1,22,000 was purchased and a machine (on which depreciation amounting to Rs.30,000 has already been provided) was sold at a profit of Rs.4,000. Tax paid during the year was Rs.30,000. **6**

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