SAMPLE PAPER - 2008
Class - XII
SUBJECT - ACCOUNTANCY

Time Allowed - 3 Hrs. **Max. Marks - 80**

General Instructions :-

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

Part A

(Accounting for Not-for-Profit organizations, Partnership firms and Companies)

1 State whether each of the following is a revenue receipt or capital receipt for a not-for-profit organization. 1

i. Sale of Grass
ii. Municipal Grant
iii. Sale of old sports equipment
iv. Legacy

2 List any four features of a partnership. 1

3 When a new partner is admitted, what are the methods of goodwill treatment? 1

4 A,B and C are partners sharing profits in the ratio of 5:3:2. A retires and his share is equally taken over by B and C. Find new ratio. 1

5 What is meant by call option and put option? 1

6 Receipts and payments a/c of a club for the year 2007 show Locker Rent received as Rs 16,000. At the beginning of 2006, locker rent received in advance stood at Rs 1,000 for 2007 and Outstanding locker at Rs 3,000. At the end of the year, Outstanding locker related to 2007 amounted to Rs 3,000. This year's locker rent received include Rs 2,500 for the year 2006. Show income and expenditure a/c, balance sheets as on 31.12.2006 and as on 31.12.2007. 3

7 ABC plastics ltd issued 30,000 shares of Rs 10 each at a premium of Rs 2. Applications were received for 50,000 shares. Applications for 10,000 shares were rejected and the remaining applicants were allotted shares on pro-rata basis. Journalise. 3

8 XYZ steel ltd issued 40,000 5%debentures of Rs 20 each at a discount of 10% redeemable at a premium of 6%, payable as Rs 8 on application and allotment and balance on call. Journalise. 3

9 John and Mathew share profits and losses in the ratio of 3:2. They admit Mohanty into their firm to 1/6 share in profits. John personally guaranteed that Mohanty's share of profit, after charging interest on capital @ 10 per cent per annum would not be less than Rs. 30,000 in any year. The capital provided was as follows: 4
John Rs. 2,50,000, Mathew Rs. 2,00,000 and Mohanty Rs. 1,50,000. The profit for the year ending March 31,2006 amounted to Rs. 1,50,000 before providing interest on capital. Show the Profit & Loss Appropriation Account if new profit sharing ratio is 3:2:1.

10 A, B and C were partners sharing profits in the ratio of 5:3:2. They decided to give C 1/3rd share and A and B would share the future profits in 2:1. Land with a book value of Rs 60,000 was valued at Rs 90,000. Parnters decide to not to show the revised figure in the new balance sheet. Journalise 4

11 Raja cements ltd issued 30,000 shares of Rs.10 each payable Rs.3 on application, Rs.3 on allotment and Rs.2 on first call after two months. All money due on allotment was received, but when the first call was made a shareholder 4
having 400 shares did not pay the first call and a shareholder of 300 shares paid the money for the second and final call of Rs.2 which had not been made as yet. Give the necessary journal entries

12 a. A ltd issued Rs 5,00,000 10% debentures of Rs 1000 each at RS.950. Debentureholders have an option to get their debentreus redeemed at a premium of 10% by conversion into equity shares of Rs 10 each. Holders of Rs 60,000 debenture exercised the option. Journalise. 3+3

b. B ltd redeemed 1,200 5% debentures of RS 100 in the following manner.

i. Redeemed at a premium of 20% by conversion int equity shares issued at par.
ii. Redeemed at a premium of 10% by conversion into equity shares issued at 90%

13 From the following receipts and payments a/c for the year ended 2006 and balance sheet as on 1.1.2006, prepare income and expenditure a/c for the year ended 31.12.2006 and balance sheet as on that date. 6

Receipts	Amount	Payments	Amount
To Subscriptions	15,000	By Balance b/d	1,200
To legacies	4,000	By Salary	10,000
To admission fees	2,000	By Investments	8,000
To sale of furniture (book value Rs 1,000)	800	By Furniture	6,000
To Table Tennis fees	5,000	By Table Tennis Match expenses	3,500
To Govt. Grant for building	6,000	By Sports materials	6,000
	0	By General expenses	2,600
To Interest on Table Tennis fund	2,500		

investments			
To balance c/d	2,000		
	37,300		**37,300**

Balance Sheet as on 31.12.2006

Liabilities	RS	Assets	RS
Capital fund	36,000	Table Tennis Match Fund Investments	20,000
o/s salary	2,000	o/s subscription	2,000
Advance subscriptions received	1,500	Furniture	19,000
creditors	2,000	Sports materials	1,500
Table Tennis Match Fund	20,000	Building	18,000
		Prepaid salary	1,000
Total	**61,500**		

61,500

14 On December 31, 2007, the Balance Sheet of Pinki, Qureshi and Rakesh showed as under : 6

Balance Sheet as on March 31, 2007

Liabilities	Rs	Assets	Rs
Sundry Creditors Reserve Fund Capitals: Pinki 15,000 Qureshi 10,000 Rakesh 10,000	25,000 20,000 35,000 80,000	 Buildings Investments Debtors Bills Receivables Stock Cash	 26,000 15,000 15,000 6,000 12,000 6,000 80,000

The partnership deed provides that the profit be shared in the ratio of 2:1:1 and that in the event of death of a partner, his executors be entitled to be paid out :

(a) The capital of his credit at the date of last Balance Sheet.

(b) His proportion of reserves at the date of last Balance Sheet.

(c) His proportion of profits to the date of death based on the average profits of the last three completed years, plus 10%, and

(d) By way of goodwill, his proportion of the total profits for the three preceding years. The net profit for the last three years were :

(Rs.)

2005 16,000

2006 16,000

2007 15,400

Rakesh died on April 1, 2007. He had withdrawn Rs.5,000 to the date of his death. The investment were sold at par and R's Executors were paid off. Prepare Rakesh's Capital Account that of his

executors.

15 8

On January 1, 2002, the director of X Ltd. issued for public subscription 50,000 equity shares of Rs. 10 each at Rs. 12 per share payable as to Rs. 5 on application (including premium), Rs. 4 on allotment and the balance on call in May 01, 2002.

The lists were closed on February 10, 2002 by which date applications for 70,000 were received. Of the cash received Rs. 40,000 was returned and Rs.60,000 was applied to the amount due on allotment, the balance of which
was paid on February 16, 2002. All the shareholders paid the call due on May 01, 2002 with the exception of an allottee of 500 shares. These shares were forfeited on September 29, 2002 and reissued us fully
paid at Rs. 8 per share on November 01, 2002. The company, as a matter of policy, maintains a Calls-in-Arrears acount. Give journal entries.

OR

Garima Limited issued a prospectus inviting applications for 3,000 shares of Rs. 100 each at a premium of Rs.20 payable as follows:
On Application Rs.20 per share
On Allotment Rs.50 per share (Including premium)
On First call Rs.20 per share
On Second call Rs.30 per share
Applications were received for 4,000 shares and allotments made on prorate basis to the applicants of 3,600 shares, the remaining applications being rejected, money received on application was adjusted on account of sums due on allotment. Renuka whom 360 shares were allotted failed to pay allotment money and calls money, and her shares were forfeited. Kanika, the applicant of 200 shares failed to pay the two calls, her shares were also forfeited. All these shares were sold to Naman as fully paid for Rs.80 per share. Show the journal entries in the books of the company.

16 The following was the Balance Sheet of Arun, Bablu and Chetan sharing profits and losses in the ratio of 6: 5: 3 8

Liabilities	Rs	Assets	RS
Creditors	9,000	Land and Buildings	24,000
Bills Payable	3,000	Furniture	3,500
Capital Accounts	43,000	Stock	14,000
Arun 19,000		Debitors	12,600
Bablu 16,000		Cash	900
Chetan 8,000			
	55,000		**55,000**

They agreed to take Deepak into partnership and give him a share of 1/8 on the following terms:

a) that Deepak should bring in Rs. 4,200 as goodwill and Rs. 7,000 as his Capital; (b) that furniture be depreciated by 12%; (c) thatstock be depreciated by 10% (d) that a Reserve of 5% be created for doubtful debts: (e) that the value of land and buildings having appreciated be brought upto Rs. 31,000 ;
(f) that after making the adjustments the capital accounts ofthe old partners (who continue to share in the same proportion as before) be adjusted on the basis of the proportion of Deepak's Capital to his share in the business, i.e., actual cash to be paid off to, or brought in by the old partners as the case may be.

Prepare Cash Account, Profit and Loss Adjustment Account (Revaluation Account) and the Opening Balance Sheet of the new firm.

OR

X, Y and Z are partners sharing profits in the ratio of 5:3:2 respectively. Balance Sheet on March 31,2003 was as follows:

Balance sheet as at March 31,2006

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Sundry Creditors	22,000	Fixed Assets	1,00,000
Bills Payable	8,000	Stock	45,000
Profit and Loss	18,000	Debtors	45,000
Capital Accounts:		Cash	10,000
A 65,000		Goodwill	3,000
B 50,000			
C 40,000	1,55,000		
	2,03,000		2,03,000

A retires on the above date and for this purpose-

Goodwill was valued at	Rs. 25,000
Fixed Assets were valued at	Rs.1,25000
Stock was considered worth	Rs. 40,000

A is to be paid in cash brought in by B and c in such a way so as to make their capitals proportionate to their new profit sharing ratio, which is 3:2 respectively.
Prepare Revaluation Account, Capital Accounts and the Balance Sheet of B and C.
(8)

Part B (Analysis of Financial Statements)

17 Assuming that the Debt - Equity Ratio is 1:2, state giving reason, whether the ratio will improve, decline or will have for redemption of debentures by conversion into shares 1

18 Give two major inflow and two major outflow of cash from financing activities. 1

19 Dividend paid by a trading company is classified under which kind of activity while preparing cash flow statement 1

20 Prepare the Common Size Income Statement from the following information : 3

. From the following data prepare a comparative income statement

Particulars	31.3.2004 (Rs.)	31.3.2005 (Rs.)
Sales	6,00,000	8,00,000
GP ratio	40%	40%
Administrative Expenses	50,000	1,00,000
Income tax	50%	50%

21 Rearrange the following items under the major heads of a company balance sheet. 4

(i) Debentures (ii) B/P
(iii) Provision for taxation (iv) Bank Overdraft
(v) Provident Fund (vi) livestock

22 Inventory Turnover Ratio is 5 times. Sales are Rs. 1,50,000, The firm makes 20% profit on sales. Opening Stock is Rs. 15, 000 more than the closing stock. Calculate the opening and closing stock. 4

23 Balance Sheets of A and B on 1-1-2006and 31-12-2006 were as follows: 6

Liabilities	1-1-06	31-12-06	Assets	1-1-06	31.12. 06
	Rs.	Rs.		Rs.	Rs.
Creditors	40,000	44,000	Cash	10,000	7,000
Mrs. A's Loan	25,000	_	Debtors	30,000	50,000
Loan from Bank	40,000	50,000	Stock	35,000	25,000
Capital	1,25,000	1,53,000	Machinery	80,000	55,000
			Land	40,000	50,000
			Building	35,000	60,000
	2,30,000	2,47,000		2,30,000	2,47,000

During the year a machine costing Rs.10,000 (accumulated depreciation Rs. 3,000) was sold for Rs. 5,000. The provision for depreciation against machinery as on 1st Jan .2005 and 31st December 2005 were of Rs. 25,000 and Rs.40,000 respectively. Total amount of interest paid during the year was Rs.7,000. Net Profit for the year 2006 amounted to Rs. 45,000. You are required to compute cash from operating activities.

(6)

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TEST PAPER

1. List any four factors that help in the creation of goodwill of a partnership firm. (2)
2. Give the meaning of 'Authorised Capital'. (2)
3. What is meant by 'Preferential Allotment of Shares' (2)
4. Give any two points of distinction between a share and a debenture. (2)

5. Janata Ltd. invited applications for issuing 1,00,000 equity shares of Rs. 100 each at a discount of 5%. The amount was payable as follows :
On Application Rs. 30
On Allotment Rs. 40
Balance on First and Final Call
Applications for 1,30,000 shares were received. Applications for 10,000 shares were rejected and pro-rata allotment was made to the remaining applicants. Overpayments received on applications were adjusted towards sums due on allotment. Vinod, to whom 500 shares were allotted, failed to pay allotment and first and final call. His shares were forfeited. The forfeited shares were re-issued for Rs. 55,000 fully paid up.
Pass necessary journal entries in the books of Janata Ltd., showing the workings clearly. (6)

6. A, B and C were partners in a firm sharing profits in proportion of their capitals. On 31.3.2006 their Balance Sheet was as follows :
Balance Sheet of A, B and C as on 31.3.2006

Liabilities		Amount (Rs)	Assets	Amount (Rs)
Creditors		16,000	Building	1,40,000
Reserve		12,000	Machinery	60,000
Capitals:			Stock	8,000
A	40,000		Debtors	12,000
B	60,000		Cash	8,000
C	1,00,000	2,00,000		
		2,28,000		2,28,000

B died on 30.6.2006. Under the partnership agreement the executors of a deceased partner were entitled to :
(i) Amount standing to the credit of partner's capital account.
(ii) Interest on capital at 12% per annum.
(iii) Share of goodwill. The goodwill of the firm on B's death was valued at Rs. 2,40,000.
(iv) Share of profit from the closing of last financial year to the date of death on the basis of last year's profit. Profit for the year ended 31.3.2006 was Rs. 15,000.
Prepare B's Capital Account to be rendered to his executors (8)

7. X and Y were partners in a firm sharing profits in 3 : 1 ratio. They admitted Z as a new partner for 1/4 share in the profits. Z was to bring Rs. 20,000 as his capital and the capitals of X and Y were to be adjusted on the basis of Z's capital in the profit sharing ratio. The Balance Sheet of X and Y on 31.3.2006 was as follows :

Balance Sheet of X and Y on 31.3.2006

Liabilities			Amount	Assets	Amount
Creditors			18,000	Cash	5,000
Bills Payable			10,000	Debtors	17,000
General Reserve			12,000	Stock	12,000
Capitals:				Machinery	21,000
	X	25,000		Building	20,000
	Y	10,000	35,000		
			75,000		75,000

Other terms of agreement on Z's admission were as follows :
(i) Z will bring Rs. 6,000 for his share of goodwill.
(ii) Building will be valued at Rs. 25,000 and machinery at Rs. 19,000.
(iii) A provision at 5% on debtors will be created for bad debts.
(iv) Capital Accounts of X and Y were adjusted by opening Current Accounts.
Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of X, Y and Z.

Vijay, Vivek and Vinay were partners in a firm sharing profits in 2 : 2 : 1 ratio. On 31.3.2006 Vivek retired from the firm. Qn the date of Vivek's retirement the Balance Sheet of the firm was as follows :

Balance Sheet of Vijay, Vivek and Vinay as on 31.3.2006

Liabilities			Amount	Assets	Amount
Creditors			54,000	Bank	55,200
Bills Payable			24,000	Debtors 12,000	
Outstanding Rent			4,400	Less: prov. For doubtful	
Provision for legal claims			12,000	debts 800	11,200
Capitals:					
	Vijay	92,000		Stock	18,000
	Vivek	60,000		Furniture	8,000
	Vinay	40,000		Premises	1,94,000
			1,92,000		
			2,86,400		2,86,400

On Vivek's retirement it was agreed that :
(i) Premises will be appreciated by 5% and furniture will be appreciated by Rs. 2,000.
Stock will be depreciated by 10%.

(ii) Provision for bad debts was to be made at 5% on debtors and provision for legal damages to be made for Rs. 14,400.
(iii) Goodwill of the firm was valued at Rs. 48,000.
(iv) Rs. 50,000 from Vivek's Capital Account will be transferred to his loan account and the balance will be paid by cheque.
Prepare Revaluation Account, Partners' Capital Accounts and Balance Sheet of Vijay and Vinay after Vivek's retirement. (8)

PART B
(Analysis of Financial Statements)

8 Give the meaning of 'Cash Flow Statement'.
9. A Ltd., engaged in the business of retailing of two wheelers, invested Rs. 50,00,000 in the shares of a manufacturing company. State with reason whether the dividend received on this investment will be cash flow from operating activities or investing activities.

10 The Profit and Loss Accounts of Himani & Co. for the years ended March 31, 2005 and 2006 are as follows :

Himani & Co.
Profit and Loss Accounts for the years ended March 31, 2005 and 2006

Particulars	2005 Rs	2006 Rs.
Net sales	4,22,300	4,02,000
Cost of goods sold	3,71,000	3,69,000
Gross Profit	51,300	33,000
Operating Expenses	22,700	19,900
Net Profit	28,600	13,100
Income Tax 50% of Net Profit	14,300	6,550

Compute percentage changes from 2005 to 2006.

11. Explain briefly any three limitations of analysis of financial statements. (3)

12. The following are the summarised Profit and Loss Account and the Balance Sheet of Ashoka Ltd. as on 31.3.2006 :

Liabilities	Amount	Assets	Amount

Opening Stock			
Purchases	20,000	Sales	2,20,000
Direct Expenses	1,25,000	Closing Stock	10,000
Gross profit	15,000		
	70,000		
Total			
	2,30,000		2,30,000
Salary			
Loss on sale of Machinery	16,000		
	4,000		
Net Profit	50,000	Gross Profit	70,000
	70,000		70,000

Ashoka Ltd.
Balance Sheet as on 31.3.2006

Liabilities	Amount	Assets	Amount
Equity Share Capital	1,50,000	Land	2,00,000
Profit & Loss A/c	50,000	Stock	10,000
Creditors	75,000	Debtors	50,000
Outstanding Expenses	25,000	Cash	40,000
	3,00,000		3,00,000

Calculate any *two* of the following ratios on the basis of the information given in the above mentioned financial statements : 4
(i) Gross Profit Ratio
(ii) Stock Turnover Ratio
(iii) Proprietary Ratio (8)

13.Seema Ltd. had a profit of Rs. 20,00,000 for the year ended 31.3.2006 after considering the following :
Depreciation on building Rs. 55,000
Depreciation on plant and machinery Rs. 37,000
Goodwill written off Rs. 14,000
Loss on sale of plant and machinery Rs. 8,000
Following was the position of the Current Assets and Current Liabilities of the company as on 31st March, 2005 and 31st March, 2006 :

Particulars	31.3.2005	31.3.2006

Stock	65,000	69,000
Debtors	40,000	25,000
Cash	47,000	74,000
Creditors	94,000	103,000
Outstanding Expenses	5,000	3,000
Bills Payable	49,000	58,000

Calculate Cash Flow from Operating Activities.

OR

With the help of Profit and Loss Account for the year ended 31.3.2006 and Balance Sheets as on 31.3.2005 and 31.3.2006 of Poonam Ltd., calculate 'Cash Flows from Operating Activities'. 6

Profit and Loss Account of Poonam Ltd. for the year ended 31.3.2006

Liabilities	Amount	Assets	Amount
Depreciation	12,000	Gross Profit	4,50,000
Salary	40,000		
Rent	70,000		
Commission	30,000		
Other Expenses	78,000		
Net Profit	2,20,000		
Total	4,50,000	Total	4,50,000
Proposed Diviends	50,000		
Retained Profit	1,70,000	Net Profit	2,20,000
Total	2,20,000	Total	2,20,000

Balance Sheets of Poonam Ltd. as on 31.3.2005 and 31.3.2006

Liabilites	2005	2006	Assets	2005	2006
Share Capital	1,02,000	1,39,000	Plant	4,00,000	4,70,000
Reserves	2,00,000	3,70,000	Patents	-	75,000
Loans	1,80,000	1,05,000	Stock	1,17,000	1,57,000
Proposed Div.	20,000	70,000	Debtors	95,000	87,000
Creditors	80,000	65,000	Cash	40,000	55,000
Bills Payable	70,000	95,000			
Total	6,52,000	8,44,000	Total	6,52,000	8,44,000

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PART A
PARTNERSHIP AND COMPANY ACCOUNTS

1. Mention one point causing difference between cash book and Receipts and Payment A/c. (1)
2. List any two items appearing on the credit side of a partner's current account. (1)
3. Kanchan and Karuna are partners. Their capitals are Rs. 50000 and Rs. 80000 respectively. If Praffula enters as a partner with capital Rs. 30000; calculate new ratio for sharing profit & losses of the firm. (1)
4. Shani, Ravi and Som are partners of a firm. Their capitals on 1-1-90 were Rs. 40000, Rs. 30000 and Rs. 80000 respectively. After profit of 1990 was distributed, it was found that they omitted to charge interest on capital at 8% p.a. Give journal entry for rectifying the mistake. (1)
5. Which term is required to be used in place of debenture premium as per the Companies (Amendment) Act, 1999? (1)
6. These were 400 members of Jamnagar Gymkhana each paying RS. 100 as annual subscription. During the year 1995, total amount received was Rs. 35,500. Subscription received in advance during 1994 was Rs. 2500 and outstanding subscription for 1994 was Rs. 1200.
   Show the details of subscription in the Income and Expenditure A/c for the year 1995. (3)
7. On Jan 1^{st} 1998; Arnold Ltd. issued 8% debentures of Rs.500,000 at a discount of 15%. The debentures are to be paid off in 5 equal annual installments starting from the end of 1st year. Show discount on debenture account for the period. (3)
8. On 1^{st} January 2006, Adinath Ltd. purchased a Machine for Rs.108000 from Divya Manufacturing, for which they issued equity shares at a discount of 10% to the vendor. Pass necessary journal entries. (3)
9. On April 1st, 1998 an existing firm had assets of Rs. 75,000/- including cash of Rs. 5,000/-. The partner's capital account showed a balance of Rs. 60,000/- and reserve constituted the rest. If the normal rate of return is 20% and the goodwill of the firm is valued at Rs. 24,000/- at 4 year purchase of super profits, find the average profits of the firm. (4)
10. A, B and C are partners sharing profits in the ratio of 5 : 4 : 1. C is given a guarantee that his share of profits in any given year would be Rs. 5000/-. Deficiency, if any, would be borne by A and B equally. The profits for the year 1998 amounted to Rs. 40000/-. Pass necessary entries in the books of the firm. (4)
11. Rosita Ltd. purchased assets from Rowan and Co. for Rs. 350000. A sum of Rs. 75000 was paid by means of a bank-draft and for the balance due Rosita Ltd. issued

Equity shares of Rs. 10 each at a premium of 10%. Journalize the above transactions in the books of the company. (4)

12. Janata Rayons Ltd. issued 1000 debentures of Rs. 100 each at a discount of 10 %. The amount was payable as follows:
    Rs. 25 on application
    Rs. 35 on allotment, and
    Rs. 30 on first and final call
    In all applications for 1200 debentures were received. Applications for 600 debentures were accepted in full. One applicant who had applied for 500 debentures was allotted 400 debentures and the rest of the applications were rejected. All the amount due were received in time. Give journal entries in the books of the company. (6)

13. The following is the Receipts and Payments Account of Super Time Club for the year ended 31st December, 1992: (6)

Receipts and Payments Account

Receipts	Rs.	Payments	Rs.
To cash in hand	10,000	By Bank overdraft (1.1.1992)	14,000
" Subscriptions: 1991 1,200 1992 64,800 1993 600	66,600	" Investments	13,600
" Entrance Fees	2,680	" Furniture	5,960
" Proceeds from drama	8,160	" Salaries	20,400
" Interest from securities	2,000	" Printing and Stationery	3,560
" Sale proceeds from old furniture(cost Rs.320)	400	" Postage and telegrams	4,400
		" Cost of drama	7,000
		" Sundry expenses	5,600
		" Balance:	
		Cash in hand	3,320
		Cash at bank	12,000
	89,840		**89,840**

You are required to compile the Income and Expenditure Account for the year ended 31st December, 1992 and the Balance Sheet as on that date taking into account the following information:

(1) On 1st January, 1992, the club premises stood at Rs. 1,00,000; investments at Rs. 24,000 ; and furniture at RS. 12,000.
(2) The club had 720 members each paying and annual subscription of Rs. 100.

(3) Salaries for December, 1992 amounting to Rs. 1,600 are outstanding.
(4) Half of the entrance fees are to be capitalized.
(5) Stock of stationary on 31st December, 1991 was Rs. 360 and on 31st December, 1992 was Rs.400.

14. The financial position of A, B and C sharing profits and losses in the ratio 2:2:1, as on 31st December 2002 is shown below.

Balance Sheet

(as on 31st December, 2001)

Liabilities	Amount	Assets	Amount
Capital A	25,000	Machinery	22,600
Capital B	25,000	Buildings	24,500
Capital C	15,000	Premises	14,500
Provident fund	8,250	Tools	6,200
Mrs. A's Loan	11,000	Office Equipment	10,400
Creditors	4,250	Cash at Bank	7,800
Petty Cash			2,500
	88,500		**88,500**

A died on 31st March, 2002. The following arrangements have been made for settlement of his account with the legal representatives.

Machinery revalued at 10% less and buildings appreciated by 20%. Office equipment have been sold to B for Rs.9,500. The firm earned a profit of Rs.21,000 during the year 2001. A's share of current year's profit is calculated on the assumption that the same profit will be earned uniformly during the year 2002 as well. There was a Joint Life Policy for Rs.40,000, with 25% surrender value. Insurance company paid Rs.45,000 in settlement with bonus. Rs.9,000 from Mr.A's capital account is transferred to Mrs. A's loan amount to raise it to Rs.20,000. The balance amount in the capital account is settled immediately.

Pass necessary journal entries, prepare ledger accounts and the revised balance sheet of the firm. (6)

15. X Ltd. invited application for 100000 shares of Rs. 10 each at a discount of 6% payable as follows:

On applications	Rs. 2.50
On allotment	Rs. 2.40
On first and Final Call	Rs. 4.50

The applications received were for 90000 shares and all of these were accepted. All money due was received except the first at call on 1000 shares were forfeited. Of these 500 shares were reissued at Rs. 9 as fully paid.

Pass necessary entries in the Cash Book and in the journal of the company. Also show how these transactions would appear in the balance sheet of the company. (8)

OR

15. A company issued for public subscription 150000 shares of Rs. 10 each at a premium of Rs. 2 per share payable as under:

On application Rs. 2 per share, on allotment Rs. 5 per share (including Premium) on 1st call Rs. 2 per share and on 2nd Call Rs. 3 per share.

Applications were received for 225000 shares. Shares were allotted to the applicants for 180000 shares, the remaining applications being rejected. Money over paid on application was utilized towards sum due on allotment.

A, to whom 6000 shares were allotted failed to pay the allotment money and two calls. B on allottee of 7500 shares did not pay two calls. All these shares were forfeited after the final call, 10000 shares including all shares of A were reissued as fully paid shares for Rs. 7.50 per share excluding premium.

Give journal entries to record the above transactions in the books of the company. (8)

16. Pravin, Pankaj and Paresh are partners sharing profits & losses in the ratio of 3:2:1. On 31-3-05 their Balance sheet was as follows: (8)

Liabilities	**Rs.**	**Assets**	**Rs.**
Capital accounts		Machinery	17200
Pravin	20000	Furniture	8000
Pankaj	15000	Stock	10000
Paresh	10000	Debtors 11000	
Creditors	8000	Less: BDR 500	10500
Profit & Loss a/c	1200	Cash	8500
	54200		**54200**

They agree to admit Pradip into partnership as from 1-4-05 on the following terms:

(1) Pradip is to be given 1/6th share, which he acquires 1/8th from Pravin and 1/24th from Paresh.

(2) Pradip is to bring Rs. 12000 by way of his capital and Rs. 8000 by way of his goodwill which is to be retained in the business.

(3) Machinery is to be valued at Rs. 19400 and stock is to be depreciated by 10%.

(4) Create a reserve for doubtful debts at 5% on debtors and reserve for discount on creditors at 2 ½ %.

(5) Taking Pradip's capital as base, all other Partners' capital accounts are to be kept in their new profit sharing ratio. The necessary adjustments are to be made in cash for that purpose.

Journalise the above transactions and prepare Balance sheet of the new firm.

OR

16. Amit, Tiku and Trupti are partners sharing profits and losses in ratio of 3:2:1. The balance sheet of their firm as on 31-3-2005 is as under: (8)

Liabilities	**Rs.**	**Assets**	**Rs.**
Capital:		Debtors	19000

		20000 Less: BDR 1000	
Amit	50000	Bills receivables	8000
Tiku	30000	Stock	20000
Trupti	20000	Plant & machinery	30000
Creditors	10000	Motor car	15000
Bills payable	6200	Cash	25000
Outstanding expenses	800		
	117000		**117000**

Trupti retires on that date on following terms:

(1) Outstanding expenses in the Balance sheet indicates unpaid rent at a rate of Rs. 400 per month. But, it was discovered during the investigation of accounts that in fact three months' rent was unpaid. Moreover, it was also revealed that no adjustment was made for prepaid insurance of Rs. 500.

(2) The goodwill of the firm was fixed at Rs. 24000 and Trupti's share of the same be adjusted into the accounts of Amit and Tiku who are going to share in future in the ratio of 2:3.

(3) Stock to be depreciated by 10% while plant & machinery to be appreciated by 10%.

(4) A provision of 3% to be made for discount reserve on debtors and creditors.

(5) Motor car to be valued at Rs. 13000.

(6) The entire capital of the firm newly constituted be fixed at Rs. 60000 between Amit and Tiku in their new profit sharing ratio (necessary cash to be paid off or to be brought in by the partners as the case may be).

(7) Amount due to Trupti on retirement is to be retained in the firm as her loan.

You are to prepare P&L adjustment a/c, capital accounts of partners and Balance sheet of the new firm

PART B
ANALYSIS OF FINANCIAL STATEMENTS

17. State any one reason for declining in Gross Profit ratio. (1)
18. State the reasons whether the following would result in an inflow, outflow or no flow of funds. (1)
    (a) Repaid loan on mortgage.
    (b) Debentures converted as preference shares;
19. What are the two major cash inflow from financing activities. (1)
20. Briefly explain the techniques of analyzing these statements. (3)
21. Prepare a comparative income statement with the help of the following information: (4)

Particulars **2004** **2005**

Sales	Rs. 1000000	Rs. 1500000
G.P.	40%	30%
Direct expenses	50% of GP	40% of GP
Income tax	50%	50%

22. The following information is provided to you :

Share Capital	Rs. 80,000/-
General Reserve	Rs. 40,000/-
15% loan	Rs. 5,00,000/-
Sales for the year	Rs. 1,00,000/-
Tax paid during the year	Rs. 20,000/-
Profit after interest & Tax	Rs. 40,000/-

From the above information, calculate any four of the following ratios :
(a) Debt Equity Ratio
(b) Capital Turnover Ratio
(c) Interest coverage ratio
(d) Return on Investment
(e) Debt to total funds ratio (4)

23. From the following Balance Sheet prepare Cash flow statement:

Balance Sheet

Liabilities	1998 Rs.	1997 Rs.	Assets	1998 Rs.	1997 Rs.
Share Capital	4,50,000	4,00,000	Fixed Assets	7,20,000	6,10,000
Debentures	3,50,000	2,40,000	Investments	1,30,000	50,000
Current Liabilities	1,50,000	1,20,000	Current Assets	3,75,000	2,40,000
General Reserve	2,10,000	2,00,000	Discount on shares	5,000	10,000
P and L Account	70,000		P and L Account		50,000
	12,30,000	9,60,000		12,30,000	9,60,000

Additional information :
(a) Depreciation charged on Fixed assets was Rs. 60,000/-.
(b) A machine of book value of Rs. 40,000/- was sold for Rs. 25,000/-. (6)

Sample Paper – 2008
Class – XII
Subject - Accountancy

PART A
Accounting for Not-for-Profit Organizations, Partnership Firms and Companies

1. In the absence of Partnership deed, explain the rules relating to the following: -
   (a) Interest on Capital (b) Interest on Loan
   (1)

2. What is Legacy?
   (1)

3. Give two circumstances in which sacrifice ratio may be applied.
   (1)

4. Why is it necessary to revalue assets and liabilities of a firm in case of admission of a partner?
   (1)

5. What is a Convertible Debenture?
   (1)

6. From the following information calculate the amount of stationery to be debited to Income and Expenditure Account for the year ending 31st March, 2007.
   (3)

Items	1st April 2006(Rs)	31st March 2007(Rs)
Stock of Stationery	72,000	8,000
Creditors for Stationery	36,000	10,000
Advance paid for Stationery	12,000	8,000
Amount paid for Stationery during the year 2006		Rs1,65,000

7. Distinguish between Shares and Debentures
   (3)

8. **Rohan & Brothers Purchased Plant and Machinery worth Rs.8,91,000 from Vishal & Co. The amount was paid by issue of Equity Shares of Rs.100 each. Pass Journal entries in the following cases:**
   (a) If Shares are issued at a Discount of 10%.

   (b) If Shares are issued at a Premium of 10%

(3)

9. Waseem, Mussamil and Saurabh are partners in a firm, their profit sharing ratio is 3:2:1. However Saurabh is guaranteed a minimum amount of Rs.10,000 as share of Profits every year. Any deficiency arising on that account shall be met by Waseem and Mussamil in the profit sharing ratio. The profits for the two years ending 31st December 2006 and 2007 were Rs.30,000 and Rs.90,000 respectively. Prepare Profit and Loss Appropriation account for the two years. (4)

10. Meera, Aditi & Nausheen are Partners sharing profits and losses in the ratio of 5/10, 3/10,& 2/10 respectively. Aditi retires and her share was taken up by Meera and Nausheen in the ratio 2:1. Then immediately, Shilpi was admitted for $1/4^{th}$ share of profits, half of which was gift from Meera and remaining half was purchased equally from Meera and Nausheen. Goodwill of the firm is valued at Rs.80,000.Calculate the new ratio and Pass Journal entries for Goodwill. (4)

11. Ganatra Limited forfeited 200 Equity shares issued @ Rs.100 at a discount of 6%, Rs.60 called up for non payment of allotment money Rs.40 per share. Directors reissued 150 of these shares @ Rs.64, Rs.75 paid up. Pass Journal entries. (4)

12. On 1-1-2005, Vivek Ltd issued 20,000, 9% debentures @ Rs.100 each at a discount of 5%. The terms of issue provide for the redemption of Rs.2,00,000 worth of debentures every year commencing from the end of 2006 either by purchasing from the open market or by draw of lots at the company's option. The company also wrote off Rs.20,000 during years 2005 and 2006 from the debentures discount account. During the year 2006, the company purchased 800 debentures @ Rs.95 and 1,000 debentures @ Rs.96 for cancellation. Journalize these transactions and also show how you would deal with the profit on redemption of debentures. (6)

13. The following particulars relate to Muscat Club for the year ended 31st Dec., 2006:

Receipts and Payments Account for the year ending 31-12-2006

Receipts	Rs.	Payment	Rs.
To Balance b/f	1,200	By Salaries	2,490

To Subscriptions: 2005 48 2006 2,532 2007 96	2,676	By Stationery By Rates and Taxes By Telephone By Investments	480 720 120 1,500
		By Advertisements	210
To Profit from Canteen	1,890	By Postage	200
To Dividends	1,194	By Wages	700
		By Balance c/d	540
	6,960		6.960

You are required to prepare an Income and Expenditure Account and a Balance Sheet after
making the following adjustments:

(i) There are 450 members each paying an annual subscription of Rs.6. Rs.54 being in arrears for 2005at the beginning of this year.

(ii) Stock of Stationary on 31st Dec 2005 was Rs.100 and on 31st Dec., 2006 Rs.88.

(iii) Cost of buildings is Rs.25,000 . Depreciate it at 10%.

(6)

14. Dinesh, Abner and Umran shared profits and losses as 5:3:2.Their Balance Sheet as on March 31, 2006 was as follows: -

Balance sheet as on March 31,2006

Liabilities		Amount Rs.	Assets	Amount Rs.
Creditors		50,000	Goodwill	5,000
JLP Reserve		10,000	JLP (Surrender value)	10,000
General Reserve		40,000	Fixed Assets	67,000
Capital Accounts:			Investments	20,000
Dinesh	30,000		Stock	45,500
Abner	30,000		Debtors	30,000
Umran	40,000	1,00,000	Cash	6,000
			Deferred Revenue Expenditure	14,000
			Dinesh's loan account	2,500
		2,00,000		2,00,000

Dinesh died on July 1, 2006. Abner and Umran decided to share profits equally after Dinesh's death. The executors of Dinesh will get:-

(i) His share of goodwill. The total goodwill of the firm valued at Rs.50,000.

(ii) His share of profit up to his date of death on the basis of average profits of last three years.
March 31, 2006 Rs.25,000
March 31 2005 Rs.18,000
March 31, 2004 Rs.17,000

(iii) Fixed Assets were undervalued by Rs.3,000. A provision @ 5% on debtors is to be created for doubtful debts.

(iv) Investment were sold for Rs.25,000. Half of the amount due to Dinesh was paid to his executors and for the balance they accepted a Bills Payable.
(v) The Joint life policy was for Rs.80,000 for which a premium of Rs.5000 p.a was paid every year. Pass Journal Entries and Prepare Dinesh's Capital account. (6)

15. Pawan, Vinay and Neeraj were partners sharing profits and losses as 50%,30% and 20% respectively. On March 31, 2007, their Balance Sheet stood as follows:

Balance sheet as on March 31,2007

Liabilities		Amount (Rs.)	Assets	Amount (Rs.)
Creditors		21,000	Premises	62,000
Profit and Loss A/c		15,000	Motor Vans	20,000
Workmen Compensation Fund		10,000	Investment	19,000
			Plant	12,000
General Reserve		25,000	Stock	15,000
Capitals:			Debtors 40,000	
Pawan	50,000		Less: provision 3,000	37,000
Vinay	40,000		Cash	16,000
Neeraj	20,000	1,10,000		
		1,81,000		1,81,000

On this date Vinay retires and Pawan and Neeraj agreed to continue on the following terms:

(i) Goodwill of the firm was valued at Rs. 51,000.
(ii) There is a claim for workmen's compensation to the extent of Rs. 4,000.
(iii) Investments are brought down to Rs. 15,000.
(iv) Provision for bad debts is to be reduced by Rs. 1,000.
(v) Vinay will be paid Rs. 8,200 in cash and balance will be transferred to his Loan Account which will be paid in 3 equal installments together with interest @ 10% p.a.
(vi) Pawan's and Neeraj's capital will be adjusted in their new profit sharing ratio i.e.3:2 through cash accounts.

Prepare Revaluation account, Capital Accounts and Vinay's Loan Account till it is finally paid.
(8)

OR

Kinjal and Aishwarya are in partnership sharing profits and losses in the ratio of 3:2. Their Balance Sheet as on 31st December,2007, was as under:

Liabilities	Rs.	Assets	Rs.
Creditors	15,000	Bank	5,000
General Reserve	12,000	Debtors 20,000	
Capital Accounts:		Less :Provision 800	19,200
Kinjal	60,000	Patents	9,800

Aishwarya	30,000	Investments	8,000
Profit and Loss a/c	10,000	Fixed Assets	72,000
Salary Outstanding	2,000	Goodwill	10,000
		Advertisement Suspense A/c	5,000
	1,29,000		1,29,000

They admit Natalia for 2/7th share on the following terms:

(i) A provision of 5% is to be created on Debtors.

(ii) That out of the amount of insurance which was debited entirely to profit and loss account, Rs.1,200 be carried forward as unexpired insurance in the books.

(iii) Credit Purchase of goods Rs. 5,000 not included in Creditors.

(iv) Present market value of Investments is Rs. 6,000. Kinjal takes over the Investments at this value.

(v) Natalia will bring Rs. 20,000 as her capital and Rs.15,000 as her share of goodwill.

(vi) Capital of old partners should be adjusted in the new profit sharing ratio taking Natalia's Capital as the base. Prepare Revaluation a/c, Capital accounts and the new Balance sheet. (8)

16. On 1st Feb.2007, the Directors of Lalitha Ltd issued 50,000 shares of Rs.10 each at Rs.12 per share, payable as to Rs.5 on application (including the premium), Rs.4 on allotment and the balance on 1st May,2007

The lists were closed on 10th February 2007, by which date applications for 70,000 shares had been received. Of the cash received Rs.40,000 was returned and Rs.60,000 was applied to the amount due on allotment, the balance of which was paid 0n 16th February 2007. All shareholders paid the call due on 1st May 2007, with the exception of one allottee of 500 shares. These shares were forfeited on 29th September 2007 and reissued for Rs.4,750. Pass Journal entries in the books of the company. (8)

OR

Alena Limited was registered with an authorized Capital of Rs.20,00,000 in Rs.100 per share. Of these 8,000 shares issued to the public and during the first year Rs.50 per share were called up; payable Rs.20 on application, Rs.10 on allotment, Rs.10 on first call and Rs.10 on second call. The amounts received in respect of these shares were as follows:
On 6,250 shares the full amount called.
On 1,000 shares Rs.40 per share
On 500 shares Rs.30 per share
On 250 shares Rs.20 per share.
The directors forfeited the 750 shares on which less than Rs.40 had been paid. The shares were subsequently re-issued at Rs.60 per share.
Give Journal entries recording the above transactions and prepare the Company's Balance

sheet. (8)

PART B

Financial Statement Analysis

17. Name any two tools of Financial Analysis (1)

18. Classify the following into Operating/Investing/Financing Activities
(i) Interest Received by bank (ii) Dividend paid by Real Estate Company (1)

19. Explain the terms (i) Cash Equivalent (ii) Cash flows (1)

20. Explain any three limitations of Financial Statements. (3)

21. From the following Income statements, Prepare a Comparative Income statement

Particulars	31-12-2006 (Rs)	31-12-2007 (Rs)
Sales	10,00,000	20,00,000
Cost of goods sold	60% of Sales	70% of Sales
Administrative Expenses	10% of Gross Profit	12% of Gross Profit
Other income	25,000	40,000
Income tax	50% of net profit before tax	50% of net profit before tax

(4)

22. Calculate the amount of opening debtors and closing debtors from the following figures.
Debtors turnover ratio 4 times
Cost of goods sold Rs.6,40,000.
Gross profit ratio 20%.
Closing debtors were Rs.20,000 more than at the beginning.
Cash sales being 33 1/3% of Credit Sales. (4)

23. The Net income of Maria Ltd. for the year ended March 31, 2007 was Rs. 4,89,000. Depreciation charged for the year was Rs. 87,000 . Income for the year was arrived at after adjusting for gain on sale of land Rs.1,05,000, loss on sale of equipment Rs.48,000 and writing off cost of equity issue Rs. 25,000. The current assets and current liabilities of Maria Ltd. as at March 31,2006 and 2007 are given below:

	March 31,2006 Rs.	March 31,2007 Rs.
Stock	1,85,000	1,67,000
Receivables	1,42,000	1,45,000
Prepaid Expenses	12,000	8,000
Cash in hand and at bank	87,000	1,02,000
Payables	95,000	1,07,000
Expenses outstanding	30,000	45,000

Accrued Income	9,000	7,000	(6)

Prepare Cash Flow Statement showing Operating Activitits.

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Sample Paper – 2008
Class – XII
Subject - Accountancy

PART A
Accounting for Not-for-Profit Organizations, Partnership Firms and Companies

1. In the absence of Partnership deed, explain the rules relating to the following: -
   (a) Interest on Capital (b) Interest on Loan
   (1)

2. What is Legacy?
   (1)

3. Give two circumstances in which sacrifice ratio may be applied.
   (1)

4. Why is it necessary to revalue assets and liabilities of a firm in case of admission of a partner?
   (1)

5. What is a Convertible Debenture?
   (1)

6. From the following information calculate the amount of stationery to be debited to Income and Expenditure Account for the year ending 31st March, 2007.
   (3)

Items	1st April 2006(Rs)	31st March 2007(Rs)
Stock of Stationery	72,000	8,000
Creditors for Stationery	36,000	10,000
Advance paid for Stationery	12,000	8,000
Amount paid for Stationery during the year 2006		Rs1,65,000

7. Distinguish between Shares and Debentures
   (3)

8. **Rohan & Brothers Purchased Plant and Machinery worth Rs.8,91,000 from Vishal & Co. The amount was paid by issue of Equity Shares of Rs.100 each. Pass Journal entries in the following cases:**
   (a) If Shares are issued at a Discount of 10%.

   (b) If Shares are issued at a Premium of 10%

(3)

9. Waseem, Mussamil and Saurabh are partners in a firm, their profit sharing ratio is 3:2:1. However Saurabh is guaranteed a minimum amount of Rs.10,000 as share of Profits every year. Any deficiency arising on that account shall be met by Waseem and Mussamil in the profit sharing ratio. The profits for the two years ending 31st December 2006 and 2007 were Rs.30,000 and Rs.90,000 respectively. Prepare Profit and Loss Appropriation account for the two years. (4)

10. Meera, Aditi & Nausheen are Partners sharing profits and losses in the ratio of 5/10, 3/10,& 2/10 respectively. Aditi retires and her share was taken up by Meera and Nausheen in the ratio 2:1. Then immediately, Shilpi was admitted for $1/4^{th}$ share of profits, half of which was gift from Meera and remaining half was purchased equally from Meera and Nausheen. Goodwill of the firm is valued at Rs.80,000.Calculate the new ratio and Pass Journal entries for Goodwill. (4)

11. Ganatra Limited forfeited 200 Equity shares issued @ Rs.100 at a discount of 6%, Rs.60 called up for non payment of allotment money Rs.40 per share. Directors reissued 150 of these shares @ Rs.64, Rs.75 paid up. Pass Journal entries. (4)

12. On 1-1-2005, Vivek Ltd issued 20,000, 9% debentures @ Rs.100 each at a discount of 5%. The terms of issue provide for the redemption of Rs.2,00,000 worth of debentures every year commencing from the end of 2006 either by purchasing from the open market or by draw of lots at the company's option. The company also wrote off Rs.20,000 during years 2005 and 2006 from the debentures discount account. During the year 2006, the company purchased 800 debentures @ Rs.95 and 1,000 debentures @ Rs.96 for cancellation. Journalize these transactions and also show how you would deal with the profit on redemption of debentures. (6)

13. The following particulars relate to Muscat Club for the year ended 31st Dec., 2006:

Receipts and Payments Account for the year ending 31-12-2006

Receipts	Rs.	Payment	Rs.
To Balance b/f	1,200	By Salaries	2,490

To Subscriptions:			By Stationery	480
2005	48		By Rates and Taxes	720
2006	2,532		By Telephone	120
2007	96	2,676	By Investments	1,500
			By Advertisements	210
To Profit from Canteen		1,890	By Postage	200
To Dividends		1,194	By Wages	700
			By Balance c/d	540
		6,960		6.960

You are required to prepare an Income and Expenditure Account and a Balance Sheet after

making the following adjustments:

(i) There are 450 members each paying an annual subscription of Rs.6. Rs.54 being in arrears for 2005at the beginning of this year.

(ii) Stock of Stationary on 31^{st} Dec 2005 was Rs.100 and on 31^{st} Dec., 2006 Rs.88.

(iii) Cost of buildings is Rs.25,000 . Depreciate it at 10%.

(6)

14. Dinesh, Abner and Umran shared profits and losses as 5:3:2.Their Balance Sheet as on March 31, 2006 was as follows: -

Balance sheet as on March 31,2006

Liabilities		Amount Rs.	Assets	Amount Rs.
Creditors		50,000	Goodwill	5,000
JLP Reserve		10,000	JLP (Surrender value)	10,000
General Reserve		40,000	Fixed Assets	67,000
Capital Accounts:			Investments	20,000
Dinesh	30,000		Stock	45,500
Abner	30,000		Debtors	30,000
Umran	40,000	1,00,000	Cash	6,000
			Deferred Revenue Expenditure	14,000
			Dinesh's loan account	2,500
		2,00,000		2,00,000

Dinesh died on July 1, 2006. Abner and Umran decided to share profits equally after Dinesh's death. The executors of Dinesh will get:-

(i) His share of goodwill. The total goodwill of the firm valued at Rs.50,000.

(ii) His share of profit up to his date of death on the basis of average profits of last three years.

March 31, 2006 Rs.25,000
March 31 2005 Rs.18,000
March 31, 2004 Rs.17,000

(iii) Fixed Assets were undervalued by Rs.3,000. A provision @ 5% on debtors is to be created for doubtful debts.

(iv) Investment were sold for Rs.25,000. Half of the amount due to Dinesh was paid to his executors and for the balance they accepted a Bills Payable.

(v) The Joint life policy was for Rs.80,000 for which a premium of Rs.5000 p.a was paid every year. Pass Journal Entries and Prepare Dinesh's Capital account. (6)

15. Pawan, Vinay and Neeraj were partners sharing profits and losses as 50%,30% and 20% respectively. On March 31, 2007, their Balance Sheet stood as follows:

Balance sheet as on March 31,2007

Liabilities		Amount (Rs.)	Assets	Amount (Rs.)
Creditors		21,000	Premises	62,000
Profit and Loss A/c		15,000	Motor Vans	20,000
Workmen Compensation Fund		10,000	Investment	19,000
			Plant	12,000
General Reserve		25,000	Stock	15,000
Capitals:			Debtors 40,000	
Pawan	50,000		Less: provision 3,000	37,000
Vinay	40,000		Cash	16,000
Neeraj	20,000	1,10,000		
		1,81,000		1,81,000

On this date Vinay retires and Pawan and Neeraj agreed to continue on the following terms:

(i) Goodwill of the firm was valued at Rs. 51,000.

(ii) There is a claim for workmen's compensation to the extent of Rs. 4,000.

(iii) Investments are brought down to Rs. 15,000.

(iv) Provision for bad debts is to be reduced by Rs. 1,000.

(v) Vinay will be paid Rs. 8,200 in cash and balance will be transferred to his Loan Account which will be paid in 3 equal installments together with interest @ 10% p.a.

(vi) Pawan's and Neeraj's capital will be adjusted in their new profit sharing ratio i.e.3:2 through cash accounts.

Prepare Revaluation account, Capital Accounts and Vinay's Loan Account till it is finally paid.

(8)

OR

Kinjal and Aishwarya are in partnership sharing profits and losses in the ratio of 3:2. Their Balance Sheet as on 31st December,2007, was as under:

Liabilities	Rs.	Assets	Rs.
Creditors	15,000	Bank	5,000
General Reserve	12,000	Debtors 20,000	
Capital Accounts:		Less :Provision 800	19,200
Kinjal	60,000	Patents	9,800

Aishwarya	30,000	Investments	8,000
Profit and Loss a/c	10,000	Fixed Assets	72,000
Salary Outstanding	2,000	Goodwill	10,000
		Advertisement Suspense A/c	5,000
	1,29,000		1,29,000

They admit Natalia for 2/7th share on the following terms:

(i) A provision of 5% is to be created on Debtors.

(ii) That out of the amount of insurance which was debited entirely to profit and loss account, Rs.1,200 be carried forward as unexpired insurance in the books.

(iii) Credit Purchase of goods Rs. 5,000 not included in Creditors.

(iv) Present market value of Investments is Rs. 6,000. Kinjal takes over the Investments at this value.

(v) Natalia will bring Rs. 20,000 as her capital and Rs.15,000 as her share of goodwill.

(vi) Capital of old partners should be adjusted in the new profit sharing ratio taking Natalia's Capital as the base. Prepare Revaluation a/c, Capital accounts and the new Balance sheet. (8)

16. On 1st Feb.2007, the Directors of Lalitha Ltd issued 50,000 shares of Rs.10 each at Rs.12 per share, payable as to Rs.5 on application (including the premium), Rs.4 on allotment and the balance on 1st May,2007

The lists were closed on 10th February 2007, by which date applications for 70,000 shares had been received. Of the cash received Rs.40,000 was returned and Rs.60,000 was applied to the amount due on allotment, the balance of which was paid 0n 16th February 2007. All shareholders paid the call due on 1st May 2007, with the exception of one allottee of 500 shares. These shares were forfeited on 29th September 2007 and reissued for Rs.4,750. Pass Journal entries in the books of the company. (8)

OR

Alena Limited was registered with an authorized Capital of Rs.20,00,000 in Rs.100 per share. Of these 8,000 shares issued to the public and during the first year Rs.50 per share were called up; payable Rs.20 on application, Rs.10 on allotment, Rs.10 on first call and Rs.10 on second call. The amounts received in respect of these shares were as follows:

On 6,250 shares the full amount called.

On 1,000 shares Rs.40 per share

On 500 shares Rs.30 per share

On 250 shares Rs.20 per share.

The directors forfeited the 750 shares on which less than Rs.40 had been paid. The shares were subsequently re-issued at Rs.60 per share.

Give Journal entries recording the above transactions and prepare the Company's Balance sheet. (8)

PART B
Financial Statement Analysis

17. Name any two tools of Financial Analysis (1)

18. Classify the following into Operating/Investing/Financing Activities
(i) Interest Received by bank (ii) Dividend paid by Real Estate Company (1)

19. Explain the terms (i) Cash Equivalent (ii) Cash flows (1)

20. Explain any three limitations of Financial Statements. (3)

21. From the following Income statements, Prepare a Comparative Income statement

Particulars	31-12-2006 (Rs)	31-12-2007 (Rs)
Sales	10,00,000	20,00,000
Cost of goods sold	60% of Sales	70% of Sales
Administrative Expenses	10% of Gross Profit	12% of Gross Profit
Other income	25,000	40,000
Income tax	50% of net profit before tax	50% of net profit before tax

(4)

22. Calculate the amount of opening debtors and closing debtors from the following figures.
Debtors turnover ratio 4 times
Cost of goods sold Rs.6,40,000.
Gross profit ratio 20%.
Closing debtors were Rs.20,000 more than at the beginning.
Cash sales being 33 1/3% of Credit Sales. (4)

23. The Net income of Maria Ltd. for the year ended March 31, 2007 was Rs. 4,89,000. Depreciation charged for the year was Rs. 87,000 . Income for the year was arrived at after adjusting for gain on sale of land Rs.1,05,000, loss on sale of equipment Rs.48,000 and writing off cost of equity issue Rs. 25,000. The current assets and current liabilities of Maria Ltd. as at March 31,2006 and 2007 are given below:

	March 31,2006 Rs.	March 31,2007 Rs.
Stock	1,85,000	1,67,000
Receivables	1,42,000	1,45,000
Prepaid Expenses	12,000	8,000
Cash in hand and at bank	87,000	1,02,000
Payables	95,000	1,07,000
Expenses outstanding	30,000	45,000

Accrued Income	9,000	7,000	(6)

Prepare Cash Flow Statement showing Operating Activitits.

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TIME-1/2HR
MAX.MARKS-20

Each question carries 1 mark.

Which account is debited in case of there is an increase of building ? (1
What should be the rate of interest on Partners' loan in case of absence of partnership deed ? (2
At the time of retirement of a partner the goodwill is adjusted through the Capital accounts by debiting which account ? (3
What should be the Journal entry for goodwill in case of there is change in ratio among the partners ? (4
Interest on drawing is shown in which side of the Profit and Loss Appropriation A/C ? (5
Give the journal entry for distribution of the loss on Revaluation account ? (6
A,B and C decided to have their Capitals in their firm of Rs.1,00,000. Determine the capital of C if their ration is 3:2:5 ? (7
In case of the Capital Account is Prepared on Fluctuating Method , in which account the adjustments like interest on capital etc is recorded ? (8
On which side of the P&L Appropriation A/C the manager's Commission is shown? (9
Calculate the interest on drawing at 10%p.a. if the amount of drawing during during the year is Rs.10,000 ? (10
What should be the rate of interest on partners' capital in absence of Deed ? (11
The Capital invested is Rs.5,00,000. The average profit earned is Rs.60,000. Calculate the amount of Super Profit if the normal rate of return is 10% ? (12
The old profit sharing ration of A and B is 3:2. They decided to change the ratio into equally. Who does sacrifice ? (13
What should be the journal entry in Revaluation Account in case of there is an unrecorded liabilities ? (14
The Reserve Fund in the Balance Sheet is distributed among partners in which ratio ? (15
What is a Gaining Ratio ? (16
A and B shared profit in 3:4. C is admitted for 1/6th share of profit. Calculate the New Profit Sharing Ratio ? (17
The Premium on Joint Life Policy is paid by whom ? (18
Which account is credited when the goodwill is raised ? (19
The profit and loss A/C is shown in the asset side of a Balance Sheet. How it will be treated when a new partner is admitted ? (20

JAWAHAR NAVODAYA VIDYALAYA, DIST-ANGUL(ORISSA)
2ND UNIT TEST(JULY-2007)
ACCOUNTANCY-XI

Time Allowed-1HR. Maximum Marks-25

Answer all questions

1. What shall be the amount of capital if cash is Rs.5,000; Furniture Rs.12,000; Stock Rs.30,000 and creditors Rs.6,000 ? (1)
2. Nominal Accounts are related to which items ? (1)
3. Explain the types of Accounts. (3)
4. What do you mean by Accounting Standard ? Give any two examples of it. (3)
5. How is Revenue of an organization recognized ? (3)
6. Explain the following concepts:
   a) Dual Aspect Concept
   b) Business Entity Concept
   c) Accounting Period Concept
   d) Going Concern Concept
   (4)
7. Explain the Modern Rules of Debit and Credit. (4)
8. Prepare an accounting equation from the following:
   a) Mr. X started business with cash Rs.1,00,000
   b) Purchased furniture for cash Rs.5,000
   c) Purchased goods on credit Rs.30,000
   d) Paid salaries Rs.6,000
   e) Paid cash to creditors Rs.20,000
   f) Rent outstanding Rs.1,000
   (6)

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