# Higher secondary second year <br> Accountancy 

Model Question paper - III

## Part-I

1. Closing stock is valued at cost price or $\qquad$ Price which ever is less.
a. Book Value
b. Market Price
c. Selling Price.
2. Trial balance shows sundry creditors Rs.35000._ Provide 2\% discount on Sundry Creditors. $\qquad$ will be the sundry creditors shown in balance sheet.
a. Rs. 30,000
b. Rs. 30,600
c. Rs, 29,400
3. Gross profit is transferred to
a. Capital account
b. Profit \& loss A/c.
c. Trading Account
4. Single entry system is
a. a scientific method
b. an Incomplete double entry system
c. Double entry system
5. Credit purchase is obtained from
a. Trading Account
b. Total Debtors A/c
c. Total Creditors A/c
6. The term depletion is used for
a. Intangible Assets
b. Fixed assets
c. Natural resources.
7. Total amount of depreciation provided on the written down value method at the rate of $10 \%$ p.a on Rs. 10,000 for first three years will be
a. Rs. 2107
b. Rs. 2710
c. Rs. 2701
8. Loss on sale of fixed asset appear on the
a. credit side of depreciation account
b. debit side of fixed asset account
c. Credit side of fixed asset account.
9. Operating ratio is equal to
a. 100-operating profit ratio
b. 100+operating profit ratio
c. Operating profit ratio
10. Current assets of a business concern is Rs. 60,000 and current Liabilities are Rs. 30,000 current ratio will be
a. 1:2
b. $1: 1$
c. 2:1
11. All activity ratios are expressed in terms of
a. Proportion
b. Times
c. Percentages
12. Cash budget deals with
a. Estimated cash receipts
b. Estimated cash payments
c. Estimated cash receipts and Estimated cash payments.
13. The minimum number of persons in a partnership firm is
a. one
b. Two
c. Seven
14. Interest on capital is calculated on the
a. Opening capital
b. Closing capital
c. Average capital
15. In order to maintain fair dealings at the time of admission, it is necessary to revalue asset and liabilities of the firm and show them at
a. Cost price
b. Good will A/c
c. Revaluation $\mathrm{A} / \mathrm{c}$.
16. On admission of a Partner if good will account is to be raised this should be debited to.
a. Partners capital A/c
b. Good will A/c
c. Revaluation A/c.
17. $A, B, C$ are sharing profits in the ratio of $2 / 5,2 / 5,1 / 5 \mathrm{C}$ retired from the business and his share was purchased equally by $A \& B$. Then new profit sharing ratio shall be.
a. A-1/2 \& B-1/2
b. A-3/5 \& B-2/5
c. A-2/5 \& B-3/5
18. A company issued $1,00,000$ shares of Rs. 10 each to the public but only 75,000 shares were subscribed. Its unsubscribed capital is $\qquad$
a. Rs. $10,00,000$
b. Rs. 7,50,000
c. Rs. $2,50,000$
19. The balance of forfeited share account is $\qquad$ in Balance sheet
a. Added to paid up capital
b. added to authorized capital
c. deducted from paid up capital.
20. Capital reserve is shown on the $\qquad$ side of Balance sheet.
a. Asset
b. Liability
c. Both.

## SECTION -II

Answer any seven question in which question No: 21 is compulsory $\quad \mathbf{7 \times 2}=14$
21. What is income received in advance?
22. What is conversion method?
23. Define depreciation.
24. Give any 2 example for non. operating expenses.
25. Give 4 examples for cash receipts
26. If the partners capital accounts are fixed where will you record the following items?
a. Fresh capital introduced by the partners
b. Salary payable to partners.
27. How will you treat undistributed profits and losses at the time of admission of a partner. Give entries?
28. $\mathrm{X}, \mathrm{Y}, \mathrm{Z}$ were partner showing profits \& losses in the ratio of 3:2:1. In view of X 's retirement good will was valued at two years purchase of the average profits of last three years which were Rs. 16,000 , Rs. 30,000 \& Rs. 26,000 . Pass entry for a good will.
29. What is meant by calls in advance?
30. a. State the name of capital which refers to that amount which is stated in memorandum of Association as the share capital of company.
b. D Ltd invited applications for issuing 10,00,000 equity shares of Rs. 10 each. Public applied for $8,55,000$ shares. Can the company proceed for allotment of shares. Give reason in support of your answer.

## SECTION -III

Answer any seven question in which question No: 31 is compulsory $\quad 7 \times 3=21$
31. Give adjusting and transfer entry for depreciation at $10 \%$ pa on machinery of Rs. 50,000
32. Trial balance (31.03.15) Shows the following

|  | Dr | Cr |
| :--- | :---: | :---: |
| Bank Loan @ $10 \%(31.03 .15)$ | - | $20,00,000$ |
| Interest Paid | Rs. $1,20,000$ | - |

Provide Interest outstanding,
Pass adjusting entry and show how it will appear in Balance sheet.
33. From the following find out sundry creditors at the end

|  | Rs |
| :--- | :---: |
| Opening sundry Creditors | 38,000 |
| Cash paid to Sundry Creditors | 80,000 |
| Discount received | 2,000 |
| Returns outwards | 9,600 |
| Credit Purchases | $1,02,400$ |

34. What are the reasons for providing depreciation? (any 3)
35. Why are the different users of accounting interested in the analysis of financial statements? (any 3)
36. Enumerate the steps in the preparation of cash budget.
37. P, Q, \& R were partners sharing profits in the ratio of 3:2:1 P draws Rs. 5000 at the end of each quarter. Q draws Rs. 5,000 at the end of each half year. R draws Rs. 2000 on 01.05 .2004 , Rs. 3,000 on 31.11 .2004 , Rs. 5,000 on 30.11 .2004 Calculate interest on drawings at $10 \%$ P. a for the year ending 31.03.2005.
38. Ramesh, Rajesh \& Rakesh are partners sharing profit in the ratio of 5:4:3 Ramesh retires and his share is taken up entirely by Rajesh calculated new ratio.
39. A, B and C are partners sharing profits and losses in the ratio of 5:3:2 respectively. A retires from the firm on 1st April 2005. After his retirement his capital accounts shows a credit balance of Rs. 1,35,000 after the necessary adjustment are made. Give journal entries if any.
a. amount due is paid off immediately
b. When the amount due is not paid immediately.
c. Rs. 45,000 is paid and balance in future.
40. A company has been incorporated with an autherised capital of Rs., $40,00,000$ divided into $4,00,000$ shares of Rs. 10 each. It offered $3,80,000$ shares to the public, but only $3,60,000$ shares were subscribed for. The directors called for an amount of Rs. 6 Per share. All the amounts were received except the call money of Rs. 2 on 2000 shares. Calculated the amount of different categories of shares capital show it in Balance sheet of company.

## SECTION -IV

## Answer All question

$$
7 \times 5=35
$$

41. a. Trial balance shows sundry debtors as Rs. $1,25,000$. Bad debt Rs. 4,000 as on 31.03.2003.

## Adjustments

(a) Rs 5000 to be written off as bad debt
(b) provide $5 \%$ provision for bad doubtful debts
(c) provide $11 / 2 \%$ provision for discount on Debtors

Give journal entries and show how these items will appear in final accounts.
b. From the following information calculate the value of goodwill at three years purchase of super profit
(i) Average capital employed in the business Rs. 6,00,000
(ii) Net trading profits of the firm for the past three years were

Rs. $1,07,600$ Rs. 90700 Rs. 1,12,500
(iii) Rate of interest expected from capital having to the risk involved is $12 \%$
(iv) Fair remuneration to then partner for their service Rs. 12,000p.a
42. a. Ram \& shyam were partner sharing profits \& losses equally. The accounts are maintained under single entry system.
on 31.3.2002 their positions was as follows.

| Liabilities |  | Assets |  |
| :--- | ---: | :--- | ---: |
| Sundry |  | Cash at Bank | 4,0000 |
| creditors | $1,00,000$ | SundryDebtors | $1,60,000$ |
| Loan | 40,000 | Stock | 40,000 |
| Capital | 8000 | plant\& Machinery | 60,000 |
| Ram | 8000 |  |  |
| shyam | $3,00,00$ |  | $3,00,000$ |
|  | 0 |  |  |

The position of the firm on 31.3.2003 was as follow.

| Sundry creditoss | $1,20,000$ |
| :--- | ---: |
| Stock | 80,000 |
| Plant \& Machinery | $1,00,000$ |
| Sundry debtors | $1,50,000$ |
| Cash at bank | 60,000 |

Depreciate plant \& Machinery by 10\% p.a Drawings Ram Rs. 10,000 Shyam Rs. 6000 Find out the profit or loss during the year 2002-03
(or)
(b) Ashok brothers purchased a machinery on 1.1.2000 for Rs. 5,00,000. On 1.1.2002 the machinery was sold for Rs. 4,00,000. The firm charges depreciation at the rate of $15 \%$ P.a on straight line method. The books are closed an 31st March every year.

Prepare Machinery Account \& Depereciation Accounts.
43. (a) (i) Calculate Debtors turnover ratio.

| Total Sales | $1,75,000$ |
| :--- | ---: |
| Sales return | 10,000 |
| Closing Debtors | 12,000 |
| Cash Sales | 35,000 |
| Opening Debtors | 8,000 |

(ii) Calculate Creditors turnover ratio

| Total Purchases | 85,000 |
| :--- | ---: |
| purchase return | 5,000 |
| Closing Creditors | 15,000 |
| Cash Purchases | 20,000 |
| Opening Creditors | 25,000 |

(or)
(b) prepare cash budget for the month of March \& April 2006

| Month | Credit Purchases | Credit Sales |  <br> Selling expenses |
| :--- | :--- | :--- | :--- |
| January | 75,000 | $1,50,000$ | $1,20,000$ |
| February | $1,00,000$ | $1,35,000$ | $1,35,000$ |
| March | 85,000 | $1,75,000$ | 65,000 |
| April | $1,25,000$ | $1,20,000$ | 70,000 |

## Additional Information

(i) Expected cash balance on 1.3 .2006 is Rs 80,000
(ii) Suppliers allowed a credit period of two months
(iii) A credit Period of one month is allowed to customes
(iv) Expenses are paid in the same month
(v) Sale of fixed asset Rs 25,000 in April
44. (a) The following is the balance - sheet of seetha and Geetha sharing profits in the ratio of 3:2 as on 31.3.2005

| Liabilites | Rs. | Asset | Rs. |
| :--- | ---: | :--- | :---: |
| Sundry creditors | 80,000 | Bank | 10,000 |
| Bills payable | 20,000 | Sundry debtors | 30,000 |
| Capital accounts |  | Stock | 20,000 |
| Seetha <br> Geetha 3,000 | 70,000 | Machinery | 40,000 |
|  |  | Land \& Buildings | 70,000 |
|  | $1,70,000$ |  | $1,70,000$ |

On 1.4.2005 they deceded ot admit Latha into the partnership on the following terms.
(a) Lathe shall bring in a capital of Rs 30,000
(b) Good will of the firm valued at Rs 20,000
(c) Land \& buildings appreciated by $10 \%$
(d) provision for out standing liability be Created at Rs 2000.
prepare Revaluation $\mathrm{A} \backslash \mathrm{C}$ \& Capital $\mathrm{A} \backslash \mathrm{C}$ only.
(or)
(b) GG Ltd had issued 50,000 equity shares of Rs. 10 each. Incomplete Journal entries related to the issued are given. You are required to complete the blanks.

| Date | particulars | Lf | Dr(Rs) | Cr (Rs) |
| :---: | :---: | :---: | :---: | :---: |
| 2015 Jan 10 | $\qquad$ |  | ? | ? |
| Jan 16 | Equity Share Application A/c <br> To $\qquad$ <br> To $\qquad$ <br> (Transfer of Application money to Share capital, money refused on 20000 shares) |  | ? | ? |
| Jan 31 | $\qquad$ <br> Dr <br> (Amount due on allotment @ Rs. 4 per share |  | ? | ? |
| Feb 20 | $-\mathrm{To} \quad \mathrm{Dr}$ (Balance received an allotment) |  | ? | ? |
| April 1 | To $\quad$ Dr (First \& final call money due) |  | ? | ? |
| April 20 | $\begin{array}{\|l} \hline \\ \hline \text { To } \quad \text { Dr } \\ \text { (Money received on } 49500 \text { Shares } \\ \text { to wards first on final call } \end{array}$ |  | ? | ? |

45. (a) Ashwin Ltd issued $1,70,000$ shares of Rs. 10 each at discount of $10 \%$. The shares were payable as under.

On Application Rs. 3
On Allotment Rs. 4 (with adjustment of discount Rs.1)
On Ist \& final call Rs. 2
Public applied for 160,000 shares and the shares have been duty allotted. All moneys were duty received. pass journal entries.
(or)
(b) A firm, bought a machinery on 1.1.2002 for Rs. $5,00,000$ on 31.12 .2003 the machinery was sold for Rs $3,90,000$ The firm charges depreciation at the rate of $10 \%$ pa on diminishing balance method. The books are closed an 31st March every year.
Prepare Machinery $A \backslash C$ \& Depreciation $A \backslash C$
46. (a) Prepare cash budget for the month of April May \& June 2006 from the following information.

| Month | Sales (Rs) | Purchases(Rs) | Expenses(Rs) |
| :--- | :--- | :--- | :--- |
| March 2006 | $4,00,000$ | $3,00,000$ | 40,000 |
| April 2006 | $5,00,000$ | $5,00,000$ | 60,000 |
| May 2006 | $6,00,000$ | $3,00,000$ | 70,000 |
| June 2006 | $8,00,000$ | $5,00,000$ | 90,000 |

## Additional Information

(i) All sales are for cash.
(ii) Lag in payment of expenses one month
(iii) period of credit allowed by suppliers is one month
(iv) Opening cash balance on 1th April 2006 is Rs. 60,000
(or)
(b) Mr. Arul maitained his accounts books on single entry systerm. on 01.04.2005 his Capital was Rs,5,00,000

## Additional information

|  | Rs. |
| :--- | ---: |
| Opening stock | $2,50,000$ |
| Cash received from sindry dobtors | 50,000 |
| Cash sales | $2,00,000$ |
| Cash paid to Sundry Creditor | 60,000 |
| Opening Sundry debtors | 40,000 |
| Opening Sundry Creditous | $1,83,000$ |
| Business expenses | $1,20,800$ |
| Land\& Building (31.03.2006) | $4,00,000$ |
| Furniture (31.03.2006) | 7,200 |
| Closing Stock | $2,60,000$ |
| Closing Sundry Debtors | 80.000 |
| Closing Sundry Creditors | $2,00,000$ |
| Closing cash balance | 55,000 |
|  |  |

Prepare Trading \& Profit \& loss Account for the year ended 31.03.2006 and Balance-Sheet as an that date.
47. (a) Prepare Trading Profit \& loss $\mathrm{A} \backslash \mathrm{C}$ and Balance sheet as on 31.3.2005 from the following final balance of Mr. Imran.

| particulars | Debit | Credit |
| :--- | ---: | ---: |
| Drawing \& Capital | 8000 | $1,50,000$ |
| Bank overdraft | - | 25,200 |
| Purchases \& sales | $6,60,000$ | $9,00,000$ |
| Furniture | 30,600 | - |
| PATENTS | $1,20,000$ | - |
| Debtors \& Creditors | $1,00,000$ | 79,800 |
| Opening Stock | $1,32,000$ | - |
| Discount | -7000 | 2400 |
| Fuel \& gas | 20,000 | - |
| Wages | 54,000 | - |
| Salaries | 13,200 | - |
| Advertisement | 10,800 | - |
| Carriage on purchases | 800 | - |
| Carriage on sales | 4,000 | - |
| Income Tax |  | - |
|  | $11,57,400$ | $11,00,000$ |

## Adjustments

(i) Closing stock Rs. 1,20,000
(ii) Create provision for discount on creditors @ 2\%
(iii) provide $10 \%$ depreciation on patents(or)
(b) Lalitha, Jothi and Kanaga were partners of a firm sharing profit \& losses in the ratio of 3:2:3 Balance sheet as on 31st December 2003 is as under

## Balance Sheet

| Liabilities |  | Rs | Assets | Rs. |
| :--- | ---: | ---: | :--- | ---: |
| Bills payable |  | 32,000 | Cash in hand | 750 |
| Sundry creditors |  | 62500 | Cash at bank | $2,04,500$ |
| Capitals |  |  | Book debts | 89,000 |
| Lalitha | $2,00,000$ |  | Stock | $1,11,500$ |
| $\quad$ Jothi | $1,25,000$ |  | Furniture | 17,500 |
| Kanaga | $\underline{1,50,000}$ | $4,75,000$ | Plant \& Machinery | 48,750 |
| Profit \& loss AlC |  | 22,000 | Building | $1,20,000$ |
| outstanding expenses |  | 500 |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  | $5,92,000$ |  | $5,92,000$ |

Lalitha retired on 1st January 2004 from partnership on the following terms
(a) Goodwill of the firm to be valued at Rs. 30,000
(b) Assets are to be valued as under Stock Rs. 1,00,000, Furniture Rs. 15,000 Plant \& Machinery Rs. 45,000 Building Rs. 1,00,000
(c) A provision for doubtful debts be created at Rs. 4250
(d) Lalitha was paid off immediately prepare revaluation alc, Capital a/c of the reconstituted partnership.

