

**Higher secondary second year**  
**Accountancy**  
**Model Question paper - II**

Time: 2.30 hrs

Marks:90

**Part-I**

**Choose the correct answer:**

**20x1=20**

1. Trial balance shows sundry debtors Rs.75,000/- as on 31.12.2005. Write off bad debts Rs.5000/-.  
Provide 5% for bad & doubtful debts. The amount of provision for bad and doubtful debts  
is.....
  - a. Rs.3,750/-
  - b. Rs.4,000/-
  - c. Rs.3,500/-
  
2. Interest on drawings is deducted from.....
  - a. Income
  - b. Capital
  - c. Expenses
  
3. Trial balance shows bank loan Rs.7,00,000/- at 10% on 01.04.2015. Interest paid Rs.50,000/-.  
Interest outstanding is.....as on 31.03.2015.
  - a. Rs.20,000/-
  - b. Rs.70,000/-
  - c. Rs.50,000/-
  
4. Debtors on 01.04.2004 is Rs.39,600/- and on 31.03.2005 is Rs.49,900/-. Cash received from debtors  
during the year is Rs.69,500/-. Credit sales during the year is.....
  - a. Rs.20,000/-
  - b. Rs.59,200/-
  - c. Rs.79,800/-
  
5. Incomplete records are generally used by.....
  - a. Small traders
  - b. Government
  - c. Company
  
6. Under written down value method depreciation.....
  - a. Increases every year
  - b. Constant every year
  - c. Decreases every year
  
7. Cost of an asset is Rs.2,00,000/-. Rate of depreciation is 10% per annum. Depreciation is calculated  
under straight line method. Book value of the asset at the end of third year is.....
  - a. Rs.1,40,000/-
  - b. Rs.1,60,000/-
  - c. Rs.1,80,000/-
  
8. Under straight line method rate of depreciation is calculated on
  - a. Cost
  - b. Written down value
  - c. Cost less scrap value

9. Gross profit ratio establishes the relationship between.....
- Gross profit & total sales
  - Gross profit & credit sales
  - Gross profit & cash sales.
10. All solvency ratios are expressed in terms of.....
- Proportion
  - Times
  - Percentage
11. Cost of goods sold Rs.4,00,000/-, Average stock Rs.80,000/- stock turnover ratio is.....
- 5 times
  - 4 times
  - 7 times
12. Budget is an estimate relating to .....period.
- Future
  - Current
  - Past
13. Opening balance of cash in January is Rs.15,000/-. Estimated cash receipts are Rs.20,000/- and estimated cash payments are Rs.10,000/-. The opening balance of cash in February will be.....
- Rs.25,000/-
  - Rs.35,000/-
  - Rs.45,000/-
14. Unless the partnership deed provides for it partners are.....
- Entitled to salary
  - Not entitled to salary
  - Active partner will get salary
15. Under fluctuating capital method the profits of partners will be transferred to their.....accounts.
- Current
  - Drawings
  - Capital
16. The excess of average profit over normal profit is.....
- Super profit
  - Goodwill
  - Undistributed profit.
17. In admission profit from revaluation of assets and liabilities will be transferred to the capital accounts of old partners in the.....
- Old profit ratio
  - Sacrifice ratio
  - New ratio
18. A, B & C are partners sharing profits in the ratio of 4:3:2. C retires and the new ratio of A & B.....
- 4:3
  - 3:2
  - 4:2

19. The amount credited to share forfeiture is Rs.500/-. The loss on issue of forfeited share is Rs.200/-. Capital Reserve will be.....
- Rs.200/-
  - Rs.300/-
  - Rs.500/-
20. According to companies (Amendments Act) 2000. A company limited by share can issue.....kinds of shares.
- 1
  - 2
  - 3

### Part-II

Answer any 7 questions: (Question No.21 is compulsory)

7x2=14

- What is a prepaid expense?
- What is net worth method?
- How do you calculate profit or loss on sale of an asset?
- Current ratio of a company is 2:1. What do you infer about the firm's liability to repay the dues?
- List the methods that can be used for the preparation of the cash budget.
- Give two circumstances in which the fixed capitals of partners may change.
- Partnership deed does not specify the rate of interest payable on loan. At what rate interest will be paid, if any? Give reasons
- State whether the revaluation a/c is debited or credited to record the increase in the amount of creditors. Why?
- What are the differences between over subscription and under subscription? (any 2)
- What do you mean by calls in arrears?

### Part-III

Answer any 7 questions: (Question No.31 is compulsory)

7x3=21

- Give adjusting and transfer entry for interest on drawings Rs.2,000/-
- Calculate credit sales: Rs.

Opening sundry debtors	50,000
Cash received from sundry debtors	80,000
Discount allowed to sundry debtors	2,000
Sales return	5,000
Closing sundry debtors	75,000

- A machine was purchased on 1<sup>st</sup> April 2002 for Rs.75,000/-. After having used it for three years it was sold for Rs.35,000/-. Depreciation is to be provided every year at the rate of 10% p.a. on diminishing balance method. Accounts are closed on 31<sup>st</sup> March every year. Find out profit or loss as sale of machinery. (Give only the working notes)
- Calculate Debt Equity Ratio.

Equity shares	1,00,000	General Reserve	75,000
Debentures	75,000	Sundry creditors	40,000
Outstanding Expenses	10,000		

35. State the advantages of cash budget.
36. 'X' and 'Y' had capitals of Rs.80,000/- and Rs.40,000/- respectively on 01.01.2000. 'X' introduced additional capital of Rs.10,000/- on 30.06.2000. 'Y' withdraw Rs.5,000/- from his capital on 01.10.2000. Calculate interest on capital at 5% for the year 2000.
37. What are the differences between sacrificing ratio & gaining ratio? (any 3)
38. M, N & U are partners sharing profits in the ratio of 4:3:3. U retires and his share is taken up by M & N in the ratio of 3:2. Calculate new ratio.
39. Raja Ltd. Issued 500 shares of Rs.100/- each at a discount of Rs.10/-. Give journal entry assuming all shares are subscribed.
40. On 01.01.2016 Beta Ltd. Issued 50,000 shares of Rs.10/- each payable Rs.2/- on application. The company received application for 1,20,000 shares. The excess applications were rejected & money refunded. Pass necessary entries.

#### Part-IV

Answer all the questions:

7x5=35

41. Following balances are extracted from books of Mr.Kishore as on 31.03.2002.

Debit balances	Rs.	Credit balances	Rs.
Drawings	40,000	Capital	2,00,000
Cash in hand	17,000	Sales	1,60,000
Cash at bank	65,000	Sundry creditors	45,000
Wages	10,000		
Purchases	20,000		
Stock (01.04.2001)	60,000		
Buildings	1,00,000		
Sundry debtors	44,000		
Bills receivable	29,000		
Rent	4,500		
Commission	2,500		
General expenses	8,000		
Furniture	5,000		
	<b>4,05,000</b>		<b>4,05,000</b>

Adjustments:

- Closing stock Rs.40,000
- Interest on Capital @ 6%
- Interest on Drawing @5%
- Wages to be paid Rs. 1000
- Rent Paid Rs. 900

Prepare trading and profit & loss A/C for the year ending 31.03.2002

(or)

b. D and J are partners sharing profits in the ratio of 3:2. They decided to admit Vijayan for 1/5<sup>th</sup> share of future profit. Goodwill of the firm is to be valued at Rs.50,000/-. Give journal entries, if any.

- There is no goodwill in the books of the firm.
- Goodwill appears at Rs.30,000/-
- Goodwill appears at Rs.60,000/-

42. a. The balances appear in Bharani's books which are kept on single entry basis:

Particulars	1 <sup>st</sup> April 2000	31 <sup>st</sup> March 2001
Furniture	4,000	4,000
Stock	10,000	12,000
Sundry debtors	12,000	8,000
Cash	20,000	40,000
Sundry creditors	4,000	7,000
Bills receivable	2,000	1,000
Loan (Dr.)	-	1,000
Investments	-	4,000

His drawings during the year were Rs.4,000/-. Depreciate on furniture by 10% and provide a reserve for bad and doubtful debts at 5% on sundry debtors.

Prepare statement of profit or loss for the year 2000 - 2001

(or)

b) A and B are sharing profits in the ratio of 6:4, admits C as a partner with 1/3<sup>rd</sup> share in profits on 1<sup>st</sup> January 2000. The terms agreed upon were:

- C to contribute Rs.25,000/- as capital
- Goodwill of the firm valued at Rs.26,000/-
- Land & Building appreciated by 40%
- Depreciate Plant & Machinery by 10%
- Provision for doubtful debts was to be increased by Rs.800/-
- A liability of Rs.1000/- included in sundry creditors is not likely to arise.

Balance sheet of A & B as on 31.12.1999 before C's admission was as follows:

Liabilities	Rs.	Assets	Rs.
Sundry creditors	29,000	Cash	9,000
Bills payable	6,000	Land & Building	25,000
General reserve	16,000	Plant & Machinery	30,000
Capital		Stock	15,000
A-50,000		Sundry debtors –	20,000
B-35,000			
	85,000	Less: Provision for bad & doubtful	1,000
		Goodwill	10,000
		Profit & Loss a/c	28,000
	<b>1,36,000</b>		<b>1,36,000</b>

Prepare Revaluation account and partners capital account after C Admission

43. a) Mrs.Pramila maintained her account books on single entry system. From the following information available in her records. Prepare Trading, P&L a/c for the year ending 31.03.2003 and a Balance Sheet as on that date depreciating machinery at 10% p.a.

Cash Book

Receipts	Rs.	Payments	Rs.
To bal c/d	16,000	By (cash) purchases	28,000
To (cash) sales	80,000	By sundry creditors	40,000
To sundry debtors	60,000	By general expenses	12,000
		By wages	4,000
		By drawings	16,000
		By bal c/d	56,000
	<b>1,56,000</b>		<b>1,56,000</b>

Other information:

Particulars	31.03.2002	31.03.2003
Sundry debtors	18,000	?
Sundry creditors	28,800	?
Stock	20,000	32,000
Machinery	80,000	80,000
Furniture	6,000	6,000

Additional information:

Discount allowed	2,800
Discount received	3,400
Credit sales	68,800
Credit purchases	28,200

(or)

X, Y & Z were partners of a firm sharing profit & losses in proportion of their capital. Balance sheet as on 31.12.1994 stood as under.

Balance Sheet

Liabilities	Rs.	Assets	Rs.
Sundry creditors	10,500	Cash at bank	8,000
Reserve fund	24,000	Sundry debtors –	10,000
Capital Accounts:		Less: Provision for bad & doubtful	500
X - 45,000		Stock	9,000
Y - 30,000		Machinery	24,000
Z - 15,000	90,000	Land and Buildings	38,000
		Good will	24,000
		P&L A/C	12,000
	<b>1,24,500</b>		<b>1,24,500</b>

On 1<sup>st</sup> January 1995, 'Z' retired from the firm.

- Goodwill was estimated at Rs.18,000/-
- Provision for doubtful debts reduced by Rs.300/-
- That out of the amount of insurance which was debited entirely to profit & loss a/c Rs.1000/- be carried forward for unexpired insurance.
- Machinery depreciated by 5%
- Provision of Rs.1,100/- be made in respect of an outstanding bill for repairs.
- 'Z' be paid Rs.5,000/- cash and the balance be transferred to his loan a/c.

Prepare revaluation A/c and capital A/c of reconstituted Partnership

44. a) From the following calculate profitability ratios.

Trading and Profit & Loss A/c of Sudha & Co for the year ending 31.03.2004

Particulars	Rs.	Particulars	Rs.
To opening stock	1,99,000	By sales	17,00,000
To purchases	11,19,000	By closing stock	2,98,000
To gross profit	6,80,000		
	<b>19,98,000</b>		<b>19,98,000</b>
To administration expenses	3,00,000	By gross profit	6,80,000
To selling expenses	60,000	By interest	18,000
To financial expenses	30,000		
To loss on sale of plant	8,000		
To net profit	3,00,000		
	<b>6,98,000</b>		<b>6,98,000</b>

(or)

b) Asha Ltd. Invited applications for 10,000 equity shares of Rs.100/- each at a discount of Rs.10/- per share (allowed at the time of allotment).

Amount payable was as follows:

Rs.30/- on application

Rs.30/- on allotment

Rs.30/- on first & final call

Public applied for 9000 shares and these shares were allotted. All money due was collected with the exception of first and final call on 400 shares. Subsequently these shares were forfeited. 200 of these shares were reissued as fully paid for a payment of Rs.80/- per share.

Journalise the above transactions in the books of the company.

45. a) Following are the balances extracted from the trial balance of Mr.Kishore as on 31.03.2005.

Particulars	Rs.	Rs.
Sundry debtors	65,000	
Bad debts	2,500	
Provision for bad & doubtful debts		1,500

Adjustments:

1. Write off Rs.1500/- as bad debts.
2. Provide for bad & doubtful debts.
3. 3% on sundry debtors.

(or)

b) A company forfeited 400 shares of Rs.10/- each on which the final call money of Rs.3 per shares was not received, the final call of Rs.2/- is yet to be made. These shares were subsequently reissued at Rs.7/- per shares at Rs.8/- paid up. Pass necessary journal entries and prepare ledger accounts for share forfeiture and capital reserve.

46. a) From the following information prepare cash budget for three months from October 2003 onwards.

1. Opening cash balance in October Rs.6,000/-
2. Cash sales October-Rs.50,000/-, November-Rs.40,000/- & December-Rs30,000/-.
3. Credit purchases:

September	Rs.20,000
October	Rs.24,000
November	Rs.28,000
December	Rs.32,000

Period of credit allowed by suppliers is one month.

4. Dividend to be received in December Rs.8,000/-
5. Advance tax Rs.6,000/- payable in October.
6. Sale of an asset for Rs.24,000/- during November.

(or)

b) On 1<sup>st</sup> April 2001, Excel company limited purchased a machine for Rs.56,000/-. On the date of purchase it was estimated that the effective life of the machine will be 10 years and after 10 years its scrap value will be Rs.6000/-.

Prepare machine a/c and depreciation a/c for three years. Depreciation is charged on straight line method. Accounts are closed on 31<sup>st</sup> March of every year.

47. a) Amar and Akbar were partners in a firm sharing profits and losses in the ratio of 3:2. Capitals on 01.04.2004 were Rs.1,50,000/- & Rs.1,00,000/- respectively. Net profit of the firm for the year ended 31<sup>st</sup> March 2005 before making adjustments for the following items was Rs.70,000/-. Drawings of the partners during the year were Amar Rs.15,000/- & Akbar Rs.10,000/-.

Their partnership deed provided for the following:

- a. Interest on capital at 6% p.a.
  - b. Interest on drawings at 8% p.a being Amar Rs.600/- & Akbar Rs.400/-
  - c. Amar and Akbar to get a salary of Rs.10,000/- each per annum.
  - d. Amar to get a commission of Rs.3,600/-. Show P&L app A/c and capital Account of partner.
- Show P&L Appropriation A/c and Capital Account of partner.

(or)

b) On 1<sup>st</sup> October 2000, a company purchased a plant for Rs.6,00,000/-. They spent Rs.40,000/- on its erection. The firm writes off depreciation at the rate of 20% on reducing balance method. The books are closed on 31<sup>st</sup> March every year  
Prepare plant A/c & Depreciation A/c for three years.

\*\*\*\*\*