

Higher secondary second year
Accountancy
Model Question paper - I

Time: 2.30 hrs

Marks:90

Part-I

Choose the correct answer:

20x1=20

1. Return outwards are deducted from.....
 - a. Purchases
 - b. Sales
 - c. Gross Profit

2. The financial position of the business can be ascertained by preparing.....
 - a. Trading and Profit loss
 - b. Trial balance
 - c. Capital accounts

3. Rent outstanding is.....
 - a. Liability
 - b. Asset
 - c. Income

4. Under the net worth method the basis for ascertaining the profit is the difference between.....
 - a. The capital on two dates
 - b. Assets on two dates
 - c. Liabilities on two dates

5. A firm has capital of Rs.60,000/- and liabilities of Rs.40,000/- then its assets is.....
 - a. Rs.1,00,000/-
 - b. Rs.20,000/-
 - c. Rs. 40,000/-

6. If selling price is less than the book value of the asset it denotes.....
 - a. Profit
 - b. Loss
 - c. Expense

7. Cost of asset Rs.5,00,000/-. Rate of depreciation is 10% p.a under diminishing balance method. Book value of the asset under the end of second year is.....
 - a. Rs.4,05,000/-
 - b. Rs.4,00,000/-
 - c. Rs.95,000/-

8. The amount of depreciation charged on a machinery will be debited in.....
 - a. Machinery account

- b. Depreciation account
 - c. Cash account
9. Opening stock is Rs.20,000/-. Purchases Rs.4,00,000/- and closing stock is Rs.10,000/-. Cost of goods sold is.....
- a. Rs.4,30,000/-
 - b. Rs.4,20,000/-
 - c. Rs.4,10,000/-
10. Share holders fund include.....
- a. Equity share capital, Preference share capital, Reserves and surplus.
 - b. Loans from banks and financial institutions
 - c. Equity share capital, Preference share capital, Reserves and surplus and Loans from bank and financial institutions.
11. Redemption of debenture is an example for.....
- a. Cash receipts
 - b. Cash payments
 - c. None of The above
12. Budget is expressed in terms of.....
- a. Money
 - b. Physical units
 - c. Money and physical units
13. If a firm is maintaining both "Capital Accounts and Current Accounts of the partners A and B. Additional capital introduced by B will be recorded in.....
- a. B's current account
 - b. B's capital account
 - c. Either B's capital account or current account
14. When a fixed amount is withdrawn in the beginning of every month, the period calculated for interest on drawings is.....
- a. 11/24
 - b. 12/24
 - c. 13/24
15. Revaluation Account is a.....
- a. Real account
 - b. Nominal account
 - c. Personal account
16. A & B are sharing profits in the ratio of 3:2. C is admitted as a partner giving him 1/5th share of profits. This will be given by A & B
- a. Equally
 - b. In the ratio of their profits
 - c. In the ratio of their capitals
17. When the amount due to an outgoing partner is not paid immediately, then it is transferred to.....
- a. Capital account

- b. Loan account
 - c. Cash account
18.ratio is calculated by taking out the difference between new profit sharing ratio and old profit sharing ratio
- a. Gaining
 - b. Capital
 - c. Sacrifice
19. Premium on issue of shares can be used for.....
- a. Issue of fully paid bonus shares
 - b. Distribution of profit
 - c. Transferring to general reserve
20. The maximum calls a company can make is.....
- a. One
 - b. Two
 - c. Three

Part-II

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

7x2=14

- 21. What is accrued income?
- 22. Define single entry system.
- 23. Write notes on Effluxion of time
- 24. Name any two current assets which are not considered to be liquid assets

25.

	May	June	July
Cash sales	1,37,500	1,62,500	2,37,500
Credit sales	1,37,500	1,72,500	2,00,000

Note: Credit allowed to customers is one month. Show the cash receivables from customers for the month of June & July.

- 26. How does the 'factor efficiency of management' affect the goodwill of the firm?
- 27. If the partnership deed does not specify the rate of interest chargeable on drawings, will the interest still be charged? If yes, at what rate, if not why?
- 28. State any two purposes of admitting a new partner in a firm.
- 29. Define gaining ratio
- 30. Give the meaning of over subscription of shares?

Part-III

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

7x3=21

- 31. Give adjusting and transfer entry for depreciation on machinery Rs.25,000/-
- 32. Calculate the missing figure:

Capital at the end	Rs.1,60,000
Capital at the beginning	Rs.1,20,000
Profit made during the year	Rs.64,000
Additional capital introduced	Rs.20,000
Drawings	?

33. Find the rate of depreciation under straight line method.

Cost of plant	Rs.2,30,000
Installation charges	Rs.20,000
Expected life in years	10 years
Scrap value	Rs.50,000

34. Calculate Gross Profit Ratio

Sales	Rs.6,50,000
Cost of goods sold	Rs.4,80,000
Sales return	Rs.50,000

35. What are the characteristics of budget?

36. X and Y are partners sharing profits and losses equally. X draws regularly Rs.3000/- at the beginning of every month during the year. Y draws regularly Rs.2000/- at the end of every month during the year. Calculate interest on drawings @ 10% p.a.

37. What are the differences between fixed capital account and fluctuating capital account? (any 3)

38. Ravi and Raja are partners sharing profits in the ratio of 7:3. They admit Rajesh into partnership for 1/5th share, old partners sacrificing equally. Calculate the new profit ratio?

39. A Ltd. Invited applications for issuing 5,00,000 equity shares of Rs.10 each at a premium of Rs.5 per share. Because of favourable market conditions, the issue was oversubscribed. Suggest the alternatives available to the board of directors for the allotment of shares.

40. Vinod Company Ltd. Issued 40,000 preference shares of Rs.10 each at a premium of Rs.3. Give journal entry.

Part-IV

Answer all the questions:

7x5=35

41. a) Trial balance shows on 31.03.2007, sundry debtors Rs.52,000/-.

Adjustments:

1. Bad debts to be written off Rs.2000
2. Provision for bad and doubtful debts be created at 5%
3. Provide discount on debtors at 2%

Pass adjusting entries and also show how these items will appear in the final accounts.

(or)

b) Mr.Suresh keeps his books by incomplete double entry system. He started business with Rs.1,00,000/- on 01.04.2007. On 30.03.2008 his position was under:

Bank balance	Rs.20,000
Stock	Rs.30,000
Sundry debtors	Rs.70,000
Machinery	Rs.50,000
Cash in hand	Rs.10,000
Bills receivables	Rs.30,000
Sundry creditors	Rs.40,000
Bills payable	Rs.20,000
Outstanding expenses	Rs.5,000

During the year he introduced Rs.35000 as additional capital. He has withdrawn Rs.2000 per month for his personal use. Find out his profit or loss for the year 2007-2008.

42. a) The following balances are extracted from the books of Mr.Kavin as on 31st March 2004. Prepare Trading, Profit & Loss A/c and Balance Sheet.

Trial Balance as on 31st March 2004

Debit balances	Rs.	Credit balances	Rs.
Drawings	16,000	Capital	1,20,000
Cash in hand	2,500	Commission	11,000
Stock (1.4.2003)	1,00,000	Bank overdraft	8,500
Purchases	3,00,000	Sales	4,20,000
Wages	50,000	Sundry creditors	50,000
Insurance premium	1,000	Bill payable	25,000
Salaries	15,000		
Sundry debtors	1,50,000		
	6,34,500		6,34,500

Adjustments:

1. Closing stock Rs.1,00,000/-
2. Wages yet to be paid Rs.2,000/-
3. Commission accrued and not yet received Rs.1,000/-
4. Quarterly premium of insurance is paid in advance.

(or)

- b) Prepare capital accounts of the partners Ravi and Raja from the following details assuming that their capitals are fluctuating.

Particulars	Ravi	Raja
Capital as on 1.1.2001	80,000	50,000
Drawings during 2001	6,000	4,000
Interest on capital @ 6%	?	?
Interest on drawings @ 5%	?	?
Profit shares of 2001	8,000	6,000
Partners salary	4,000	2,000
Commission	1,600	1,200
Interest on Raja's loan a/c	4,000	3,000

43. a) The books of Mr.Ravi revealed the following information on 01.04.2000.

Liabilities	Rs.	Assets	Rs.
Capital	83,030	Goodwill	18,540
Sundry creditors	9,010	Furniture	14,010
		Sundry debtors	46,830
		Cash at bank	12,660
	92,040		92,040

Other information:

Cash received from sundry debtors	2,12,460
Drawings	81,600
Salaries paid	18,300
Rent paid	9,450
Cash paid to sundry creditors	90,360
Sundry expenses paid	3,840
Closing stock (31.03.2001)	32,000
Sundry debtors (31.03.2001)	56,700
Sundry creditors (31.03.2001)	16,000
Cash at bank (31.03.2001)	21,570

Prepare Trading and Profit & Loss A/c and Balance Sheet as on 31.03.2001.

(or)

- b) Mala and Geetha are partners sharing profits & losses in the ratio of 3:2. They decided to admit Latha in to partnership and revalue the assets & liabilities as under.
1. To bring into record investment of Rs.12,000/- which had not so far been recorded in the books of the firm.
 2. To depreciate stock, furniture & machinery by Rs.3,000/-, Rs.1,000/- & Rs.5,000/- respectively.
 3. A provision for outstanding liabilities was to be created for Rs.4,000/-.
- Give journal entries & show the revaluation account.

44. a) Navin & Nithin were partners of a firm showing profit & loss in the ratio of 7:5. Set out below was their balance sheet as on 31st December 2004.

Liabilities	Rs.	Assets	Rs.
Sundry creditors	40,000	Bank	52,000
General reserve	72,000	Sundry debtors	40,000
Workmen's compensation fund	60,000	Stock	72,000
Capital A/c		Machinery	1,60,000
<i>Naveen - 1,20,000/-</i>		P & L A/c	48,000
<i>Nithin - 80,000/-</i>	2,00,000		
	3,72,000		3,72,000

Nitin retired from the partnership from 1st January 2005 and that Navin will take over the business on the following terms.

1. Goodwill was to be valued at Rs.36,000/-
 2. Machinery was depreciated at 10%
 3. Provision for doubtful debts created at 5% on sundry debtors
 4. The liability on workmen's compensation fund is determined at Rs.36,000/-
- Show revaluation A/c and Capital A/c & Balance Sheet of the reconstituted firm.

(or)

- b. Calculate liquidity ratios from the following particulars :

Particulars	Rs.	Particulars	Rs.
Debtors	5000	Creditors	4000
Cash in hand	4000	Bills payable	3000
Cash at bank	6000	Outstanding expenses	250
Short term investment	2000	Bills receivable	3000
Prepaid expenses	1000	Closing stock	8000

45. a) Sunita Limited issued 1000 shares of Rs.10 each at Rs.12 per share. The amount is payable as under.
Rs.3/- on application

Rs.5/- on allotment (including premium)

Rs.2/- on first call

Rs.2/- on final call.

1. The company did not make the final call. Mr. Mani was allotted 25 shares. Give Journal entries for forfeiture in the following case.

Mr. Mani failed to pay first call money and his shares were forfeited.

2. Company made all the calls. Mr. Mani failed to pay first call & final call money, his shares were forfeited. Give journal Entry for forfeiture

(or)

b) Machinery Account showed a balance of Rs.40,000/- on 1st April 2001. On 1st October 2003, another machinery was purchased for Rs.48,000/-. On 30th September 2003, a machinery which has book value of Rs.40,000/- on 01.04.2001 was sold for Rs.24,000/-. Depreciation is to provided at 10% p.a. on written down value method. The accounting year ends on 31st March.

Prepare Machinery A/c for three years.

46. a) From the following prepare cash budget for August and September 2004.

Particulars	July (Rs)	August (Rs)	September (Rs)
Cash purchases	2,00,000	4,00,000	6,00,000
Cash sales	5,50,000	6,50,000	9,50,000
Credit purchases	2,90,000	4,90,000	6,50,000
Credit Sales	5,50,000	6,90,000	8,00,000
Expenses	1,00,000	1,20,000	1,40,000

1. Estimated opening balance of cash on 1st August Rs.1,60,000/-.

2. Credit allowed by suppliers and to customers is one month.

3. Expenses are payable in the same month.

4. Dividend receivable in August is Rs.32,000/-

5. Commission payable in September is Rs.5,40,000/-

(or)

b) A and B are partners sharing profits in the ratio of 3:2 with capitals of Rs.50,000/- & Rs.40,000/- respectively. Interest on capital is agreed at 8% p.a. Interest on drawings is fixed at 10% p.a. The drawings of partners were Rs.15,000/- and Rs.10,000/-. A is entitled to a salary of Rs.12,000/- p.a. and B is entitled to get a commission of 10% on net profit before charging such commission. Net profit of the firm before making the above adjustment was Rs.60,000/- for the year ended 31st March 2005.

Prepare Profit & Loss Appropriation A/c.

47. a) Sun Ltd. Offered for subscription of 20,000 shares of Rs.10/- each payable at a premium of

Rs.2.50 per share.

Rs.2.50/- on application

Rs.5.00/- on allotment (including premium)

Rs.3.00/- on first call

Rs.2.00/- on final call

Applications were received for 30,000 shares. Applications for 5000 shares were rejected. Applications money for other 5000 shares was applied towards the amount due on allotment. The balance money was received in due time. Pass journal entries.

(or)

b) Calculate Stock Turnover Ratio and Gross Profit Ratio

From the following Trading Account of Charles & Co. for the year ended 31.03.2004.

Particulars	Rs.	Particulars	Rs.
To opening stock	40,000	By sales	2,00,000
To purchases	1,20,000	By closing stock	20,000
To carriage	10,000		
To gross profit	50,000		
	2,20,000		2,20,000
