

**KENDRIYA VIDYALAYA SANGATHAN, CHENNAI REGION
COMMON PRE-BOARD EXAMINATION 2008-09**

ACCOUNTANCY

SET-V

Time allowed : 3 hours

Maximum marks: 80

General Instructions

- i. This paper contains two parts part A and part B..
- ii. All the questions are compulsory.
- iii. Show your workings where ever necessary
- iv. Avoid overwriting.

SECTION A

**ACCOUNTING FOR NOT FOR PROFIT ORGANIZATIONS,
PARTNERSHIP FIRMS AND COMPANIES**

- 1 What does Credit balance in Income and Expenditure account known as? (1)
- 2 A, B and C are partners in a firm having no partnership agreement. A,B and C contributed Rs. 5,00,000, Rs. 4,00,000 and Rs. 3,00,000 respectively. A and B desire that the profits should be divided in the ratio of capital contribution. C does not agree to this. How will you settle this dispute?
- 3 Give the formula for calculating ‘Sacrificing share’ of a partner in a partnership firm. (1)
- 4 X and Y are partners sharing profits and losses in the ratio of 7:3. X surrenders $\frac{1}{7}$ th . Of his share and Y surrenders $\frac{1}{3}$ rd of his share in favour of Z, a new partner.Calculate the new profit sharing ratio. (1)
- 5 What is meant by ‘Redeemable debentures’? (1)
- 6 Compute the income from subscription for the year 2007 from the following (3)
Information relating to Hari nagar sports club.

	1.1.2007	31.12.2007
Subscription received in advance	5,000	2,000
Total subscription received during the year 2007 is Rs. 20,000. There are 300 members in the club each paying Rs.100 per annum.		

- 7 As a director of a company you have invited applications for 30,000 equity shares Of Rs. 10 each at a premium of Rs. 2 each. The total application money received @ Rs.2 per share was Rs. 72,000. Name the kind of subscription. List the three alternatives for allotting these shares. (3)
- 8 X limited purchased assets of Rs. 3,80,000 from Ram traders. It issued shares of Rs.100 each fully paid at a discount of 5% in satisfaction of purchase consideration Journalise. (3)
- 9 Varun and Tarun are partners sharing profits equally. Varun's fixed capital was Rs.1,00,000 and Tarun's fixed capital was Rs. 80,000. For the year 2001, the profits were distributed . Later on it was found that interest @10% on capital was not given. Pass the journal entry to adjust the interest on capital. (4)
- 10 X, Y and Z are sharing profits and losses in the ratio of 5:3:2. They decide to share Future profits and losses in the ratio of 2:3:5 with effect from 1.4.2002. They also decide to record the effect of following revaluations without affecting the book values of the assets and liabilities, by passing a single adjusting entry. (4)

	Book figures	Revalued figure
Land and Building	1, 00,000	1, 50,000
Plant and Machinery	1, 50,000	1, 40,000
Trade Creditors	50,000	45,000
Outstanding expenses	45,000	60,000

- 11 Alok Limited 300 forfeited 300 shares of Rs.10 each, fully called up, held by Ram for non payment of allotment money of Rs.3 per share and final call money of Rs.4 per share. Out of these shares 250 were reissued to Shyam for a total payment of Rs.2,000. Give journal entries for forfeiture and reissue. (4)

12 Give journal entries in each of the following alternative cases assuming as the (6) face value of a debenture being Rs.100.

- (a) A 12% debenture issued at Rs.100 repayable at Rs.100
- (b) A 12% debenture issued at Rs.95 repayable at Rs.100.
- (c) A 12% debenture issued at Rs.105 repayable at Rs.100
- (d) A 12% debenture issued at Rs.100 repayable at Rs.105.
- (e) A 12% debenture issued at Rs. 95 repayable as Rs.105.
- (f) A 12% debenture issued at Rs.105 repayable at RS.110.

13 From the undermentioned Receipt and Payment account for the year ending (6) 31st March 2007 of Nagi's Club prepare a income and Expenditure account for the same period.

Receipt and Payment Account for the year ending 31.3.2007

Expenditure	Rs	Incomes	Rs
Balance b/d Bank	25000	Purchase of furniture (1-7-06)	5,000
Subscriptions 2006 1,500		Salaries	2,000
2007 10,000		Telephone expenses	300
2008 500	12,000	Electricity charges	600
Donation	2,000	Postage and Stationery	150
Hall Rent	300	Purchase of Books	2,500
Interest on Bank deposit	450	Entertainment expenses	900
Entrance fees	1,000	Purchase of 5% govt papers (1-10-06)	8,000
		Miscellaneous expenses	600
		Balance c/d	
		Cash	300
		Bank	20,400
	40,750		40,750

The following additional information is available.

- (i) Salaries outstanding Rs.1,500.
- (ii) Entertainment expenses outstanding Rs.500
- (iii) Bank interest receivable Rs.150.
- (iv) Subscriptions accrued Rs.400
- (v) 50% of entrance fees is to be capitalized.
- (vi) Furniture is to be depreciated at 10% per annum.

14.

(6)

Ram, Mohan and Sohan were partners sharing profits and losses in the ratio of 5:3:2. On 31st March 2007 their Balance sheet was as under:

Liabilities	RS	Assets	Rs
Capitals:			
Ram 1,50,000		Leasehold	1,25,000
Mohan 1,25,000		Patents	30,000
Sohan 75,000		Machinery	1,50,000
-----	3,50,000	Stock	1,90,000
Creditors	1,55,000	Cash at Bank	40,000
Workmen's Compensation Reserve	30,000		
	5,35,000		5,35,000

Sohan died on 1st August ,2007. It was agreed that:

- (i) Goodwill of the firm is to be valued at Rs. 1,75,000
- (ii) Machinery be valued at Rs. 1,40,000; Patents at Rs. 40,000; Leasehold at Rs. 1,50,000 on this date.
- (iii) For the purpose of calculating Sohan's share in the profits of 2006-2007, the profits should be taken to have accrued on the same scale as in 2006-2007 which were Rs.75, 000. Prepare Sohan's Capital account and Revaluation account.

15

(8)

Z limited invited applications for issuing 2, 00,000 equity shares of Rs.25 each at a Premium of Rs.10 per share. The amount was payable as follows:

On application and allotment Rs.10 per share, Balance including premium on First and final call. Applicants for 2, 50,000 shares were received. Applications for 25,000 shares were rejected and shares were allotted on prorate basis to the remaining applicants. All calls were made and were duly received except the first and final call On 2000 shares allotted to Vijay. His shares were forfeited. The forfeited shares were Reissued @ Rs.30 per share fully paid up. Pass necessary journal entries in the books Of the company, assuming that the company maintains calls in advance and calls in Arrears accounts.

(OR)

AB ltd invited applications for 1, 00,000 12% equity shares of Rs.100 each issued at a discount of 10%. The amount was payable as follows:

On Application Rs.20

On Allotment Rs.30

On First and final call balance.

Applications for 1, 50,000 shares were received. Applications for 30,000 shares were rejected and pro rata allotment was made to the remaining applicants. All calls were made and duly received except the first and final call on 1,000shares held by Kumar. His shares were forfeited. Out of the forfeited shares 750 shares were reissued at Rs. 120 per share fully paid up.

Pass necessary journal entries in the books of AB ltd.

- 16 L and M share profits of a business in the ratio of 5:3 They admit N into the firm (8) for a fourth share in the profits to be contributed equally by L and M. On the date of admission, the Balance sheet of L and M is as follows:

Balance Sheet as at 1.4.2007

Liabilities	Rs.	Assets	Rs
L's Capital	30,000	Machinery	26,000
M's Capital	20,000	Furniture	18,000
Reserve fund	4,000	Stock	10,000
Bank loan	12,000	Debtors	8,000
Creditors	2,000	Cash	6,000
	-----		-----
	68,000		68,000

Terms of N's admission were as follows:

- (i) N will bring Rs.25,000 as his capital.
- (ii) Goodwill of the firm is to be valued at 4 years purchase of the average super profits of the last three years. Average profits of the last three years are Rs.20,000
While the normal profits that can be earned on the capital employed are Rs.12,000
- (iii) Furniture is to be appreciated to Rs. 24,000 and the value of stock to be reduced by 20%.
- (iv) Prepare Revaluation account, Partners capital accounts and the Balance sheet of the firm after admission of N.

OR

The Balance sheet of A,B and C who were sharing profits in the ratio of 5:3:2. is given as at March 31, 2003.

Liabilities	Rs.	Assets	Rs.
Capitals:			
A	7,20,000	Land	4,00,000
B	4,15,000	Buildings	3,80,000
C	3,45,000	Plant and Machinery	4,65,000
Reserve fund	1,80,000	Furniture and fitting	77,000
Sundry Creditors	1,24,000	Stock	1,85,000
Out standing expenses	16,000	Sundry debtors	1,72,000
		Cash in hand	1,21,000
	18,00,000		18,00,000

B retires on the above the date and the following adjustments are agreed upon his retirement.

- (a) Stock was valued at Rs.1,72,000
- (b) Furniture and fittings were undervalued by Rs.3,000
- (c) An amount of Rs. 10,000 due from Mr.D was doubtful and a provision for the same was required.
- (d) Goodwill of the firm was valued at Rs. 2,00,000 but it was decided not to show goodwill in the books of accounts.
- (e) B was paid Rs.40,000 immediately on retirement and the balance was transferred to his loan account.
- (f) A and C to share future profits in the ratio of 3:2.

Prepare Revaluation account, Capital accounts and Balance sheet of the reconstituted firm.

Part B

Financial Statement Analysis

- 17 Assuming that the current ratio is 2:1, state giving reason whether the ratio will (1) improve decline or will have no change in case of cash is collected from debtors
- 18 State whether cash withdrawn from bank will result in inflow, outflow or no flow (1) of cash.
- 19 Mutual fund company receives a dividend of Rs.25,00,000 on its investments in (1) other company's shares. Why is it a cash inflow from operating activities for this company?
- 20 List any three items under the heading 'Miscellaneous Expenditure'. (3)
- 21 Prepare a Comparative income statement from the following information: (4)

Particulars	2001 (Rs)	2002 (Rs)
Sales	5,00,000	8,00,000
Cost of goods sold	70% of sales	70% of sales
Indirect expenses	5% of sales	5% of sales
Rate of income tax	50% of net profit	50% of netprofit

- 22 Current ratio is 2:5; Working capital is Rs. 60,000. Calculate the amount of (4) Current assets and Current liabilities.
- 23 The net profit of a company before tax is Rs. 12,50,000 as on 31st March 2004 (6) after considering the following.
- | | |
|------------------------------|------------|
| Depreciation on Fixed Assets | Rs. 25,000 |
| Goodwill written off | Rs. 15,000 |

Loss on sale of Machine Rs. 12,000

The Current assets and Current liabilities of the company in the beginning and at the end of the year were follows:

Particulars	March 31, 2003	March 31, 2004
Bills receivable	25,000	15,500
Bills payable	10,000	12,500
Debtors	30,000	38,800
Stock in hand	18,000	14,000
Outstanding expenses	8,000	7,000

Calculate Cash flow from Operating activities.